

CITY OF SAN DIEGO

CONSENT TO ASSIGNMENT OF LEASE AGREEMENT

The City of San Diego ("City"), as Lessor under that certain Lease Agreement ("Master Lease") with

Stonewood Garden Apartments, a California general partnership,

a successor in interest to Gentry & Coles, a California general partnership ("Lessee" also referred to as "Assignor"), dated February 22, 1978, as amended, and filed in the office of the City Clerk as Document No. RR-763729, consents to the following assignments of the Master Lease

1. By Assignor to RJC & SC, LLC, a California limited liability company, and Nancy Gentry Boyd Investments, LLC, a California limited liability company [RJC] pursuant to that certain Grant Deed between Assignor and RJC on file in the Office of the San Diego County Recorder; and

2. By RJC to MG Stonewood Garden Apartments, L.P., a California limited partnership

("Assignee" also referred to as the "Partnership"), in accordance with the terms and conditions as follows:

Assignee agrees to assume all rights and obligations of Lessee under the Master Lease and to perform all covenants, conditions and provisions of the Master Lease to be performed by Lessee on and after the date of the assignment.

Pursuant to Section III.D Inspection of Records of the Master Lease, the City's Audit Division will conduct a close-out audit upon Assignment of the Master Lease to determine the exact amounts of rent owed to City by Assignor through the effective date of the assignment to Assignee. The Assignor shall not be relieved of any obligation to pay any sums owed to City through the effective date of the assignment or any other sums subsequently disclosed by a verification of the accuracy of the escrow statement and distribution of proceeds by City. RJC and Assignee shall be jointly and severally liable for any such sums owed to City by Assignor. The failure by either Assignor, RJC or Assignee to pay to City the full amount owed shall constitute a default of the Master Lease; however, Assignor and RJC shall be relieved of any other liability owed to City occurring on or after the effective date of the assignment to Assignee.

Assignee agrees to maintain a policy of public liability and property damage insurance providing coverage required under the Master Lease in the amount of not less than \$5,000,000 combined single limit liability.

Assignee agrees to maintain at all times a minimum reserve of not less than \$3,000,000.

Assignee agrees that Gleiberman Investments, Inc., a California corporation, shall remain as a General Partner of the Partnership at all times and that any proposed change in General Partners of the Partnership shall require City consent, which will not be unreasonably withheld.

Except as provided above with respect to the release of the Assignor i) The execution of this Consent by City does not amend the Master Lease or waive any of City's rights under the Master Lease, and ii) In the event of a conflict between the provisions of this Consent and the Master Lease, the terms of the Master Lease shall prevail.

This Consent is executed by City acting by and through the City Manager and by Lessee/Assignor, RJC and Assignee acting by and through their lawfully authorized officers. This Consent is effective upon the date signed by the City Manager.

LESSOR:

THE CITY OF SAN DIEGO

Dated: 8/27/03

For The City Manager
By: [Signature]

Name: WILLIAM T. GRIFFITH

Title: REAL ESTATE ASSETS DIRECTOR

LESSEE/ASSIGNOR:

STONEWOOD GARDEN APARTMENTS

Dated: 8/27/03

By: Robert J. Coles
CO-TRUSTEE

Name: ROBERT J. COLES
CO-TRUSTEE OF COLES
Title: LIVING TRUST
General Partner.

RJC:

RJC & SC, LLC

Dated: 8/27/03

By: Robert J. Coles

Name: ROBERT J. COLES

Title: Manager/Member.

NANCY GENTRY BOYD
INVESTMENTS, LLC,
a California limited liability company

Dated: 8/27/03

By: Nancy M. Gentry Boyd, Trustee
Nancy M. Gentry Boyd, Trustee
UDT dated March 1, 1984
Its: Sole Member

ASSIGNEE:

MG STONEWOOD GARDEN
APARTMENTS L.P.

Dated: 8/27/03

By: [Signature]

Name: Mark Gleiberman

Title: _____

APPROVED AS TO FORM AND LEGALITY THIS 28th DAY OF August, 2003.

CASEY GWINN, CITY ATTORNEY

Dated: _____

By: [Signature]
Deputy City Attorney

I:\Jones\Stonewood Consent to Assignment.doc

RECORDING REQUESTED BY
AND WHEN RECORDED, RETURN TO:

MG PROPERTIES
11300 Sorrento Valley Road, Suite 220
San Diego, CA 92121-1328

Stonewood Gardens

Above Space for Recorder's Use

ASSIGNMENT OF GROUND LEASE

This Assignment of Ground Lease ("Assignment") is entered into by and between RJC & SC, LLC, a California limited liability company and Nancy Gentry Boyd Investments, LLC, a California limited liability company (collectively, "Assignor") and MG Stonewood Garden Apartments L.P., a California limited partnership ("Assignee") with reference to the following recitals.

A. Assignor is the current holder of the lessee's interest in that certain lease dated February 22, 1978 ("Lease") entered into between The City of San Diego ("Landlord") and Assignor's predecessor-in-interest, Gentry & Coles, a California general partnership ("Original Tenant"). The Lease was recorded in the Official Records of the San Diego County Recorder's Office on June 19, 1978, as Document No. 763729. The Lease was amended by the terms of that certain First Amendment to Lease recorded on January 18, 1980 as Document No. RR-250802 (the "First Amendment"), and by the terms of that certain Second Amendment to Lease executed as of September 12, 1991 (the "Second Amendment"). The Lease covers that certain real property located at 3889 Midway Drive, San Diego, California more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the "Premises").

B. Assignor is the successor-in-interest to Original Tenant's interest under the Lease.

C. The original term of the Lease was for a period of forty (40) years, and was extended to fifty-five (55) years from April 1, 1979 under the terms of the First Amendment.

D. Assignor currently operates an apartment complex on the Premises commonly known as the Stonewood Gardens Apartments (the "Apartments").

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

assignment and agrees to assume performance of all terms, covenants, and conditions occurring or arising under the Lease on or after the effective date of this Assignment. This Assignment shall be effective upon the date of recording of this Assignment in the Official Records of the County Recorder of the County of San Diego, State of California (the "Effective Date").

2. Assumption of Obligations. By acceptance of this Assignment, Assignee hereby assumes and agrees to timely discharge, pay, and perform and to be bound by all of the liabilities, duties, and obligations, if any, imposed in connection with the Lease from and after the Effective Date of this Assignment to the same extent as if Assignee had been original party thereto.

3. Release of Assignor. Upon the Effective Date of this Assignment, Assignor shall be released by Lessor from all further obligations under the Lease as set forth in the Lessor's Consent to Assignment of Lease and Release attached to this Assignment.

4. Indemnification by Assignor. Assignor hereby agrees that it shall defend, indemnify and hold harmless Assignee, its manager, members, partners, shareholders, directors, officers, employees, and agents from and against any and all claims, liabilities, damages, losses, suits, costs and expenses of every kind, nature and type (including reasonable attorneys' fees) asserted by any person, entity, or party for or on account of Assignor's obligations and liabilities arising out of or under the Lease before the Effective Date of this Assignment.

5. Indemnification by Assignee. Assignee hereby agrees that it shall defend, indemnify and hold harmless Assignor, its manager, members, partners, shareholders, directors, officers, employees, and agents from and against any and all claims, liabilities, damages, losses, suits, costs and expenses of every kind, nature and type (including reasonable attorneys' fees) asserted by any person, entity, or party for or on account of Assignee's obligations and liabilities arising out of or under the Lease on and after the Effective Date of this Assignment.

6. Attorneys' Fees. The prevailing party as to any disputes relating to this Assignment shall be entitled to recover from the unsuccessful party to this Assignment all costs, expenses and actual attorneys' fees relating to the enforcement or interpretation of, or any litigation or arbitration relating to, this Assignment. Any judgment or order entered in such action shall contain a specific provision providing for the recovery of attorneys' fees and costs incurred in enforcing such judgment. For purposes of this paragraph, attorneys' fees shall include, without limitation, fees incurred in the following: (1) post judgment motions and appeals; (2) contempt proceedings; (3) garnishment, levee, and debtor and third party examinations; (4) discovery; and (5) bankruptcy proceedings, including, without limitation, all motions, adversary proceedings and contested and uncontested matters in a case under Title 11 of the U.S. Code, where a party has appeared through counsel to protect its interests as a creditor under the Bankruptcy Code.

7. Successors and Assigns. This Assignment shall be binding upon and shall inure to the benefit of the heirs, successors, and assigns of the respective parties hereto.

8. Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the State of California.

9. Counterparts. This Assignment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument.

10. Exhibits. All exhibits attached hereto are hereby incorporated herein by this reference for all purposes.

11. Further Assurances. The parties covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out this Assignment.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the dates set forth below

ASSIGNOR

ASSIGNEE

RJC & SC, LLC, a California limited liability company

MG STONEWOOD GARDEN
APARTMENTS, L.P., a California
limited partnership

By: Robert J. Coles Manager.
Name: Robert Coles
Its: Manager RLC

By: GLEIBERMAN INVESTMENTS,
INC., a California corporation
Its: ~~Administrative~~ General Partner

Dated: August 25th 2003

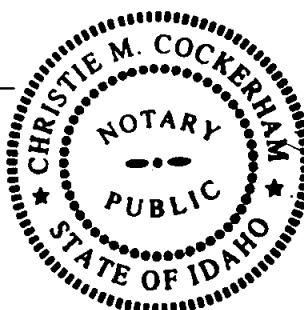
By: _____
Name: Mark Gleiberman
Its: President

NANCY GENTRY BOYD INVESTMENTS,
LLC, a California limited liability company

Dated: _____

By: Nancy Gentry Boyd, Trustee
Name: Nancy Gentry Boyd, Trustee
UDT dated March 1, 1984,
Its: Sole Member

Dated: 8/22/03

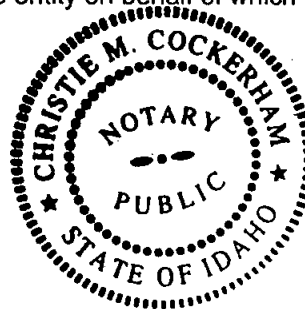


Christie M. Cockerham
- Notary
8/22/03

STATE OF Idaho)
)
COUNTY OF Blaine)

On August 22, 2003, before me, Christie M. Cockerham, [Notary Public], personally appeared Nancy Gentry Boyd ☐ personally known to me - OR - ☒ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/ her/ their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity on behalf of which the person(s), acted, executed the instrument.

WITNESS my hand and official seal.



Signature Christie M. Cockerham

[seal]

STATE OF _____)
)
COUNTY OF _____)

On _____, before me, _____, [Notary Public], personally appeared _____ ☐ personally known to me - OR - ☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/ her/ their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity on behalf of which the person(s), acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

[seal]

STATE OF Idaho)
)
COUNTY OF Blaine)

On August 22, 2003, before me, Christie M. Cockerham, [Notary Public], personally appeared Nancy Gentry Boyd ☐ personally known to me - OR - ☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/ her/ their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity on behalf of which the person(s), acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

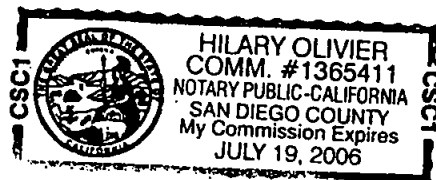
[seal]

STATE OF CALIFORNIA)
)
COUNTY OF SAN DIEGO)

On AUGUST 25 2003, before me, HILARY OLIVIER, [Notary Public], personally appeared ROBERT J. COLES ☐ personally known to me - OR - ☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/ her/ their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity on behalf of which the person(s), acted, executed the instrument.

WITNESS my hand and official seal.

Signature Hilary Olivier



[seal]

STATE OF _____)
COUNTY OF _____)

On _____, before me, _____, [Notary Public], personally
appeared _____ ☐ personally known to me - **OR** - ☐
proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed
to the within instrument and acknowledged to me that he/she/they executed the same in his/ her/ their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the
entity on behalf of which the person(s), acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

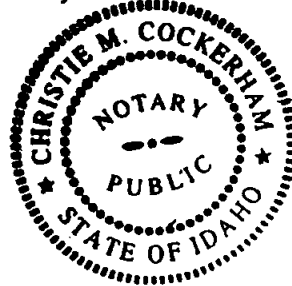
[seal]

STATE OF Idaho)
)
COUNTY OF Blaine)

On August 22, 2003, before me, Christie M. Cockerham, [Notary Public], personally appeared Nancy Gentry Boyd ☐ personally known to me - OR - ☒ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/ her/ their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity on behalf of which the person(s), acted, executed the instrument.

WITNESS my hand and official seal.

Signature Christie M. Cockerham



[seal]

STATE OF California)
)
COUNTY OF San Diego)

On 8/27/03, before me, Kristina Klippert, [Notary Public], personally appeared Mark Gleiberman ☒ personally known to me - OR - ☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/ her/ their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity on behalf of which the person(s), acted, executed the instrument.

WITNESS my hand and official seal.

Signature Kristina Klippert

[seal]



STATE OF Idaho)
)
COUNTY OF Blaine)

On August 22, 2003, before me, Christie M. Cockerham, [Notary Public], personally appeared Nancy Gentry Boyd ☐ personally known to me - OR - ☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/ her/ their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity on behalf of which the person(s), acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

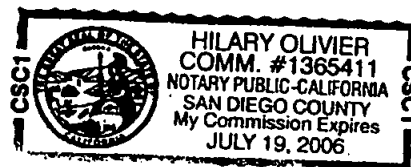
[seal]

STATE OF CALIFORNIA)
)
COUNTY OF SAN DIEGO)

On AUGUST 25 2003, before me, HILARY OLIVIER, [Notary Public], personally appeared ROBERT J. COLES ☐ personally known to me - OR - ☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/ her/ their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity on behalf of which the person(s), acted, executed the instrument.

WITNESS my hand and official seal.

Signature Hilary Olivier



[seal]

STATE OF _____)
)
COUNTY OF _____)

On _____, before me, _____, [Notary Public], personally
appeared _____ ☐ personally known to me - OR - ☐
proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed
to the within instrument and acknowledged to me that he/she/they executed the same in his/ her/ their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the
entity on behalf of which the person(s), acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

[seal]

PURCHASE, SALE AND LEASEHOLD ASSIGNMENT AGREEMENT AND JOINT ESCROW INSTRUCTIONS

THIS PURCHASE, SALE AND LEASEHOLD ASSIGNMENT AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("Agreement") is made effective as of this 11th day of June, 2003 ("Effective Date"), by and between RJC & SC, LLC, a California limited liability company and Nancy Gentry Boyd Investments, LLC, a California limited liability company, as tenants in common (collectively, "Seller") and Gleiberman Investments, Inc., a California corporation or its designated assignee ("Buyer"), with reference to the following recitals of essential facts.

RECITALS

A. Seller is the lessee of that certain real property located at 3889 Midway Drive, in the City of San Diego, County of San Diego, State of California, legally described on Exhibit "A" hereto, which is improved with a 253-unit and 2 manager unit apartment complex commonly known as the Stonewood Garden Apartments, under the terms of a ground lease with the City of San Diego ("Lessor") dated February 22, 1978 (the "Leasehold Interest").

B. Buyer wishes to purchase and Seller wishes to sell and assign, the Leasehold Interest, together with the buildings, parking areas, improvements and fixtures, sewers and other utilities now or hereafter located thereon (the "Improvements"), as well as the personal property related thereto, on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants, promises and undertakings set forth herein, Buyer and Seller hereby agree as follows:

1. AGREEMENT TO PURCHASE

1.1 The Property. Subject to all of the terms, conditions and provisions of this Agreement, and for the consideration herein set forth, Seller hereby agrees to sell and Buyer hereby agrees to buy the following:

- (a) Seller's leasehold estate in and to the Real Property;
- (b) the Improvements;
- (c) All furniture, personal property, machinery, apparatus and equipment owned by Seller and currently used in the operation, repair and maintenance of the Improvements located upon the Real Property, including Seller's computer systems, printers, modems and software. The furniture, personal property, machinery, apparatus and equipment to be conveyed (the "Personal Property") are listed on the Schedule of Personal Property attached as Exhibit "B";
- (d) All signs and trade names relating to the Real Property owned by Seller (specifically including the name "Stonewood Garden Apartments") and all other intangible property owned or hereafter to be acquired by Seller in connection with the Real Property, Improvements and Personal Property, which may be transferred without expense to Seller, including, but not limited to, licenses, use, occupancy and operating permits, brochures,

manuals, lists of prospective tenants, advertising materials and assignable telephone numbers, warranties and guaranties in effect, all plans, specifications, including, without limitation, all working drawings and "as-built" drawings, approvals, reports and studies ("Intangible Personal Property"), provided, however, that Seller may retain the current name of its entities currently possessing any interest in the Real Property; and

(e) All leases of the Real Property or the Improvements disclosed in the Certified Rent Roll (as hereinafter defined) (the "Leases") and all lease deposits, prepaid rentals and whatever rights of any kind or nature related thereto, except as specifically reserved to Seller in this Agreement.

The Leasehold Interest, Improvements, Personal Property, Intangible Personal Property, Leases and all other property described in Sections (a) through (e) above are hereinafter collectively referred to as the "Property."

1.2 Purchase Price. The purchase price which Seller agrees to accept and Buyer agrees to pay for the Property is the sum of SEVENTEEN MILLION FOUR HUNDRED AND FIFTY THOUSAND DOLLARS (\$17,450,000.00) (the "Purchase Price"), payable and allocated in accordance with Section 1.3 below.

1.3 Payment of Purchase Price.

(a) Deposit. Within three (3) days of the Effective Date, Buyer shall deposit into Escrow (as hereinafter defined) the sum of FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) (the "Deposit"). Immediately upon deposit thereof by Buyer, the Deposit shall be released by Escrow Holder (as hereinafter defined) to Seller, shall be nonrefundable to Buyer except in the event of (i) Seller's default hereunder or (ii) the failure of any of Buyer's Conditions Precedent set forth in Section 4.1 below, in which case, the Deposit shall be returned to Buyer. Except as set forth above, the Deposit shall be credited toward the Purchase Price upon the Closing (as hereafter defined).

(b) Balance of Purchase Price. The Purchase Price, less the Deposit, shall be deposited by Buyer with Escrow Holder by 10:00 a.m. on the Scheduled Closing Date by cashier's check or wire transfer of immediately available funds.

2. **ESCROW**

2.1 Opening of Escrow. Within two (2) business days following the execution of this Agreement by all parties, in order to open the escrow (the "Escrow"), a signed copy or fax counterpart of this Agreement shall be deposited by Seller with Chicago Title Company, Park Camino Branch ("Escrow Holder") at 3703 Camino del Rio South, Suite 100, San Diego, California 92108, Attention: Kathy Robinson, Telephone No.: (619) 282-3200, Facsimile No.: (619) 282-5201 (the "Opening of Escrow"). Escrow Holder shall signify its acceptance of the Escrow and its agreement to be bound by the escrow instructions contained in this Agreement by signing the signature page hereto in the space provided. Escrow Holder shall immediately notify Buyer and Seller of the date of Opening of Escrow and the Escrow number. Escrow Holder is hereby authorized and instructed to act in accordance with the provisions of this Agreement, which, together with Escrow Holder's standard, general escrow instructions, shall constitute

escrow instructions to Escrow Holder. Seller and Buyer shall each deposit such other instruments and funds as are necessary to close the Escrow and complete the sale and purchase of the Property in accordance with the terms of this Agreement. In the event of a conflict between the provisions of this Agreement and those of the Escrow Holder's standard, general escrow instructions, this Agreement shall control.

2.2 Close of Escrow.

(a) Scheduled Closing Date. The Escrow shall be scheduled to close forty-five (45) days following the Opening of Escrow (the "Scheduled Closing Date") at the offices of the Escrow Holder. Notwithstanding the foregoing, Buyer shall have the option to elect to extend the Scheduled Closing Date by an additional thirty (30) days by notifying Seller of its intent to extend the close of escrow a minimum of twelve (12) days prior to the Scheduled Closing Date, and by depositing an additional One Hundred Thousand Dollars (\$100,000.00) with Escrow Holder (the "Extension Deposit"). Immediately upon receipt by Escrow Holder, the Extension Deposit shall be released by Escrow Holder to Seller, shall be nonrefundable to Buyer except in the event of Seller's default hereunder, and shall be credited toward the Purchase Price upon the Closing (as hereafter defined). In the event that Buyer does exercise its option to extend the Scheduled Closing Date, Seller may also exercise a right to extend for an additional thirty (30) days, by notifying Buyer of its intent to extend the close of escrow within ten (10) days of receipt of Buyer's notice. In the event that Buyer does not exercise its option to extend the Scheduled Closing Date, Seller may do so, for the same thirty (30) day period, by notifying Buyer and Escrow Holder a minimum of ten (10) days prior to the Scheduled Closing Date. Time is specifically a matter of essence with respect to the performance of the parties' respective obligations under this Agreement. The terms "Close of Escrow" and "Closing" shall mean the date the Assignment of Lease (as hereinafter defined) is fully executed by Buyer, Seller and Lessor.

(b) Consequences of Failure to Close. If Escrow fails to close following a breach of this Agreement by Buyer, the costs incurred through the Escrow to the date the Escrow is terminated, shall be paid by Buyer. If Escrow fails to close because of a breach of this Agreement by Seller, such costs, without limitation of Buyer's remedies, shall be paid by Seller. If Escrow fails to close for any reason other than a breach by Seller or Buyer, the cost of terminating the Escrow shall be divided equally between Buyer and Seller.

2.3 Escrow Instructions. This Agreement shall also constitute escrow instructions to Escrow Holder. Additionally, Buyer and Seller agree to execute any form of escrow instructions as Escrow Holder customarily requires as escrow holder in real property escrows administered by it. In the event of a conflict between any such additional terms and provisions of this Agreement, this Agreement shall supersede and be controlling. Upon any termination of this Agreement or cancellation of the Escrow, Escrow Holder shall forthwith return all monies and documents, less only Escrow Holder's reasonable cancellation fees and expenses, as set forth herein. Except as otherwise provided herein, the termination of the Escrow and this Agreement and/or the return of deposited funds or documents shall not constitute a waiver, release or discharge of any breach or default that has occurred in the performance of either party's obligations, agreements, covenants, representations or warranties contained herein.

2.4 Conveyance of Leasehold Interest. On or before 12:00 noon on the business day preceding the Closing Date, Seller shall deliver to Escrow Holder an Assignment of Leasehold Interest ("Assignment of Ground Lease") in the form attached hereto as Exhibit "C", or such other form as may be reasonably acceptable to Buyer and Seller, which Assignment of Lease shall convey all of Seller's interest in and to the Real Property to Buyer, duly executed by Lessor and Seller. Escrow Holder shall be instructed to record such Assignment of Lease with the County Recorder of San Diego County, California, if and when Escrow Holder holds the instruments and funds accruing to Buyer and Seller as set forth herein and can obtain for Buyer a CLTA leasehold owner's coverage policy of title insurance, or in the event elected by Buyer, an ALTA leasehold owner's extended coverage policy of title insurance (the "Title Policy") issued by First American Title Insurance Company (the "Title Company") with liability in an amount equal to the Purchase Price, together with such endorsements to the Title Policy as may be reasonably requested by Buyer, subject to Title Company approval showing the Leasehold Interest vested in Buyer (or Buyer's assignee or nominee) free and clear of options, rights of first refusal or other purchase rights, lis pendens and monetary liens and/or encumbrances and subject only to:

(a) Non-delinquent real property taxes and other assessments, and taxes subject to proration on the Scheduled Closing Date;

(b) Non-monetary title exceptions approved by Buyer pursuant to Section 3.2 below; and

(c) Title exceptions, if any, resulting from documents being recorded or delivered through the Escrow.

2.5 Additional Closing Obligations of Seller. On or before 12:00 noon on the business day preceding the Closing Date (unless indicated otherwise), Seller shall deliver to Escrow Holder (unless indicated to be delivered directly to Buyer) copies of the following documents and other items:

(a) Two (2) duplicate original copies of a Bill of Sale conveying the Personal Property appurtenant to the Real Property to Buyer ("Bill of Sale") in the form attached hereto as Exhibit "D", duly executed by Seller;

(b) Two (2) duplicate original copies of an Assignment of Leases assigning the Leases, security deposits, prepaid rents, Laundry Lease (as defined in Section 5.3 below) and other rights by Seller to Buyer (the "Assignment of Leases") in the form attached hereto as Exhibit "E", duly executed by Seller;

(c) The original Leases, including any amendments, modifications, letter agreements and correspondence relating thereto in the possession or control of Seller or Seller's property manager(s);

(d) A Rent Roll for the Property certified by Seller's property manager, in its capacity as Seller's duly authorized agent, as true and correct (a "Certified Rent Roll"), dated as of the first day of the calendar month during which the Escrow closes, together

with a statement updating the Certified Rent Roll to three (3) business days prior to the Closing Date (the "Statement");

(e) A Certificate of Non-Foreign Status (the "Non-Foreign Affidavit") executed by Seller in the form attached hereto as Exhibit "F" and a California Franchise Tax Board Form 590-RE executed by Seller;

(f) Originals or, if unavailable, copies of all Intangible Personal Property which Seller has in its possession and/or control;

(g) An original estoppel certificate, in form attached hereto as Exhibit "G", executed by Lessor, or such other form as may reasonably be approved by Buyer;

(h) Two (2) duplicate original copies of a notice to the tenants under the Leases of the transfer of title and assumption by Buyer of the landlord's obligations under the Leases in the form attached as Exhibit "H" hereto (the "Notice to Tenants");

(i) Two (2) duplicate original copies of the Lead Based Paint Disclosure Statement in the form attached as Exhibit "I" hereto (the "Paint Disclosure Statement");

(j) Two (2) duplicate original copies of the Natural Hazard Disclosure Statement in the form attached as Exhibit "J" hereto (the "Hazard Disclosure Statement");

(k) Two (2) duplicate original copies of the Closing Statement described in Section 5.11, duly executed by Seller;

(l) All keys to the Improvements which Seller or Seller's agents have in their possession (to be delivered directly to Buyer); and

(m) Any other documents, instruments, funds and records required to be delivered by Seller under the terms of this Agreement which have not been previously delivered.

2.6 Closing Obligations of Buyer. On or before 12:00 noon on the business day preceding the Closing Date, Buyer shall deliver to Escrow Holder copies of the following documents and other items:

(a) The balance of the Purchase Price, in immediately available funds, which delivery shall be a condition precedent to all of Seller's obligations under this Agreement;

(b) Two (2) duplicate original copies of the Assignment of Ground Lease duly executed by Buyer;

(c) Two (2) duplicate original copies of the Assignment of Leases, duly executed by Buyer;

(d) Two (2) duplicate original copies of the Paint Disclosure Statement;

(e) Two (2) duplicate original copies of the Natural Hazard Disclosure Statement;

(f) Two (2) duplicate original copies of the Closing Statement, duly executed by Buyer;

(g) Evidence of the existence, organization and authority of Buyer and of the authority of persons executing documents on behalf of Buyer to enter into this Agreement and purchase the Property in a form reasonably satisfactory to Escrow Holder and Title Company; and

(h) Any other documents, instruments or funds required to be delivered by Buyer under the terms of this Agreement or are otherwise required by Escrow Holder or Title Company in order to close the Escrow which have not previously been delivered.

2.7 Delivery of Documents by Escrow Holder. On the Close of Escrow, Escrow Holder shall deliver to Buyer all of the items listed in Section 2.5 above which were delivered by Seller to Escrow, except that Escrow Holder shall be instructed to record the original Assignment of Ground Lease with the County Recorder of San Diego County, California upon Close of Escrow and to deliver a conformed copy of the Assignment of Ground Lease to Buyer after recordation thereof and Escrow Holder shall only deliver to Buyer one duplicate original of the documents submitted as duplicate originals. Escrow Holder shall deliver the Purchase Price, less costs, expenses and prorations chargeable to Seller hereunder, by wire transfer as provided in written instructions to be furnished to Escrow Holder by Seller prior to the Close of Escrow, together with one duplicate original of all of the items listed in Section 2.6 above on the Close of Escrow and a conformed copy of the Assignment of Ground Lease, as recorded.

3. INSPECTIONS AND REVIEW

3.1 Due Diligence. By this Agreement, Buyer acknowledges that it has completed its due diligence investigation of the physical condition of the Property and has previously approved the same. Buyer acknowledges receipt of the due diligence materials provided by Seller pursuant to the terms of that certain Letter of Intent between Buyer and Seller dated April 7, 2003. Seller shall be permitted to continue to perform investigations and inspections of the Property until Close of Escrow, provided that any such physical inspections and investigations of the Property shall be conducted upon no less than twenty-four (24) hours' prior written notice to Seller and shall be conducted at such times and in such a manner as to minimize any disruption to tenants. Such tests, investigations and inspections may include, without limitation, surveying the Property, performing soils, engineering and environmental tests and investigations and other tests and investigations concerning any other aspect of the Property. Purchaser shall repair any and all damage to the Property or to any tenants' property caused by such inspections or investigations in a timely manner and shall indemnify and hold Seller harmless from any damage to the Property resulting from Purchaser's entry onto the Property,

except that Purchaser shall have no obligation to indemnify Seller as a result of damage to the Property caused by the gross negligence or wrongful misconduct of Seller or as a result of the discovery or presence of hazardous materials on the Property. Seller or its property manager shall have the right, but not the obligation, to accompany Buyer during such investigations and/or inspections. Prior to entry onto the Property, Buyer shall provide Seller with evidence that Buyer maintains comprehensive general liability insurance in an amount not less than One Million Dollars (\$1,000,000.00) combined single limit. Buyer will provide Seller with one (1) business day's prior written notice of any meetings with the Lessor relating to the Leasehold Interest, and Seller shall have the right to be present at any such meeting. Immediately following the termination of this Agreement for any reason other than Seller's default, all due diligence materials previously provided by Seller to Buyer shall be returned to Seller, along with copies of all reports concerning the Property obtained by Buyer, if requested by Seller.

3.2 Preliminary Report. Intentionally Omitted.

3.3 Cancellation of Contracts. With the exception of the Leases and the Laundry Lease, Seller shall cancel all contracts which may affect the Property effective as of the Close of Escrow.

4. CONDITIONS TO AGREEMENT

4.1 Buyer's Conditions Precedent. Buyer's obligation to purchase the Property shall be conditioned upon the fulfillment of the following conditions precedent, all of which shall be satisfied or waived in writing pursuant to Section 4.4 below prior to the Close of Escrow except as indicated otherwise:

- (a) Buyer's receipt of the Estoppel Certificate, duly executed by Lessor;
- (b) The delivery of the Assignment of Ground Lease duly executed by Seller and Lessor;
- (c) The due performance by Seller of each and every material undertaking and agreement to be performed by Seller hereunder; and
- (d) Title Company has committed to issue the Title Policy in the form described in Section 2.4.

4.2 Seller's Conditions Precedent. Seller's obligation to convey the Property to Buyer shall be conditioned upon the satisfaction or written waiver in writing, in whole or in part, by Seller of the following conditions precedent:

- (a) The due performance by Buyer of each and every material undertaking and agreement to be performed by Buyer hereunder; and
- (b) The timely delivery of the Purchase Price.

4.3 Satisfaction of Conditions. Where satisfaction of any of the foregoing conditions requires action by Buyer or Seller, each party shall use its diligent reasonable efforts, in good faith, and at its own cost, to satisfy such condition. Where satisfaction of any of the foregoing conditions requires the approval of a party, such approval shall be in such party's sole and absolute discretion.

4.4 Waiver. Buyer may at any time or times, at its election, waive any of the conditions set forth in Section 4.1 above to its obligations hereunder. Seller may at any time or times, at its election, waive any of the conditions set forth in Section 4.2 above to its obligations hereunder.

5. PRORATIONS, CLOSING COSTS, POSSESSION AND DEPOSITS

5.1 Proration of Taxes and Rentals. Real, supplemental and personal property taxes for the Property shall be prorated by the parties as of the Closing Date on the basis of a three hundred sixty-five (365) day year on the basis that Seller is responsible for (i) all such taxes for the fiscal year of the applicable taxing authority occurring prior to the Current Tax Period (as defined below) and (ii) that portion of such taxes for the Current Tax Period to 11:59 p.m. on the Closing Date, whether or not the same shall be payable prior to the Closing Date, provided, however, that Seller shall not be responsible for any portion of an increase in real, supplemental or personal property taxes resulting from the sale of the Property to Buyer. The phrase "Current Tax Period" refers to the fiscal year of the applicable taxing authority in which the Closing occurs. All tax prorations shall be based upon the latest available tax statement(s). If the tax statements for the fiscal tax year during which Escrow closes do not become available until after the Closing Date, then the rates and assessed values of the previous year, with known changes, shall be used, and the parties shall re-prorate said taxes outside of Escrow following the Closing Date when such tax statements become available. Any special assessment affecting the Property shall not be prorated whether or not it is then a lien on the Property payable prior to or on the date of Closing. All unpaid installments of any such assessment (including those which are to become due and payable after the date of Closing) shall be deemed to be due and payable prior to the Closing and shall be paid and discharged by Seller at or prior to the Closing.

5.2 Rents, Other Income and Operating Expenses. All Rent due under the Leasehold Interest, rents (exclusive of Delinquent Rents [as hereinafter defined]), all revenues under all space leases, licenses, security agreements and all other fees and miscellaneous income arising out of the operation of the Property shall be prorated as of the Closing Date for the calendar month in which the Close of Escrow occurs, but not for prior periods, on the basis that Buyer is entitled to receipt of such income on the Closing Date. If, as of the Closing Date, any rent is in arrears ("Delinquent Rent") for the calendar month in which the Closing occurs but not for prior periods, then the first rent collected by Buyer shall be deemed to be attributable to the calendar month in which the Closing occurred and it shall be prorated between Buyer and Seller as of the Close of Escrow. Provided the Close of Escrow occurs on or after the 12th day of the month, if Delinquent Rent is in arrears for a period prior to the calendar month in which the Closing occurs, then rents collected by Buyer shall first be applied to current rent and then to Delinquent Rent. In the event the Close of Escrow occurs prior to the 12th day of the month, if Delinquent Rent is in arrears for a period prior to the calendar month in which the Closing occurs, then rents collected by Buyer shall first be applied to Delinquent Rent, then to current

rent. Buyer shall deliver to Seller its pro rata share of Delinquent Rent within ten (10) days of Buyer's receipt of that Delinquent Rent. Buyer covenants and agrees that after the Closing, it will use reasonable efforts to attempt to collect and deliver to Seller all Delinquent Rent and other payments that were due and payable under the Leases prior to the Closing. After the Closing, Seller shall not pursue any tenant for Delinquent Rent. In order to identify the Delinquent Rents, no later than two (2) business days before the Scheduled Closing Date, Seller shall prepare and provide to Escrow Holder and Buyer, a schedule listing, by tenant name, the rents anticipated to be delinquent at closing (the "Delinquent Rent Schedule"). This Section shall survive the Closing and delivery and recording of the Grant Deed.

5.3 Laundry Lease. The monthly rent paid by the provider of laundry services/equipment under a laundry lease assumed by Buyer ("Laundry Lease") shall be prorated to the Closing Date. In addition, any bonuses paid by the lessor of such machines during the term of the Laundry Lease shall be prorated over the term of such lease. The Laundry Lease shall be taken "subject to" by Buyer at the Closing.

5.4 Deposits. All security deposits and other tenant deposits and prepaid rents which have been paid by tenants shall be credited to Buyer at the Closing.

5.5 Utilities. Seller shall have utility meters read as of the date that the Escrow closes and shall be responsible for all utility services to the Property until the Closing Date. In the event Seller is unable to have the utility meters read as of the date the Escrow closes, Buyer and Seller shall jointly prepare and deposit an estimated utility statement based upon the average daily usage over the six (6) month period preceding the Close of Escrow and Escrow Holder shall initially prorate utilities based upon such estimated utility statements and the parties shall subsequently prorate utilities based upon the actual utility usage upon receipt of such utility statements.

5.6 Maintenance Contracts. Seller shall be responsible for payment of all maintenance services, such as janitorial services, guard services and similar services to the Closing Date. All contracts for such services shall be terminated by the Closing Date.

5.7 Insurance. Seller shall cause its policies of insurance for the Property to be terminated effective immediately after the Closing Date and Buyer shall be responsible for obtaining its own insurance.

5.8 Possession. Subject to the rights of tenants in possession, Buyer shall be entitled to possession of the Property on the Closing Date.

5.9 Closing Costs.

(a) Seller's Costs. Seller shall pay (1) one-half (½) of the costs charged by Escrow Holder; (2) the portion of the cost of the Title Policy equal to the cost of a CLTA leasehold owner's standard coverage policy; and (3) all documentary transfer taxes, if any.

(b) Buyer's Costs. Buyer shall pay (1) one-half (½) of the costs charged by Escrow Holder; (2) all costs of recording all documents to be recorded in accordance

with this Agreement; (3) the cost of the premium, excess of the portion to be paid by Seller, for any ALTA leasehold owner's extended coverage policy of title insurance requested by Buyer; (4) the costs of any survey performed by or on behalf of Buyer; (5) the cost of any special or custom endorsements to the Title Policy requested by Buyer not previously approved by Seller in its sole discretion; and (6) all sales taxes resulting from the sale of the Personal Property.

(c) Other Costs. Any other expenses or closing costs in connection with this transaction shall be apportioned in the manner customary in San Diego County, California. Each party shall pay their respective attorneys' fees.

5.10 Broker's Fees. Buyer and Seller each represent and warrant to the other that there will be no brokers' or finders' fees payable with respect of the transaction contemplated in this Agreement based upon any statement, representation or agreement made by Buyer or Seller, respectively, except for a commission payable by Seller as follows: Two Hundred Thousand Dollars (\$200,000.00) payable to Lou Bulte/IPC Commercial Real Estate ("Broker"). It is understood that Broker is the only broker involved in this transaction. If any other claims for brokers' or finders' fees are asserted with respect to the subject transaction, then Buyer hereby agrees to indemnify, save harmless and defend Seller from and against such claims if they shall be based upon any statement or representation or agreement by Buyer, and Seller hereby agrees to indemnify, save harmless and defend Buyer if such claims shall be based upon any statement, representation or agreement made by Seller.

5.11 Closing Statement. No later than two (2) business days prior to the Closing Date, Escrow Holder shall prepare for approval by Buyer and Seller a closing statement (the "Closing Statement") on Escrow Holder's standard form indicating, among other things, Escrow Holder's estimate of all Closing costs and prorations made pursuant to this Agreement. Buyer and Seller shall assist Escrow Holder in determining the amount of all prorations.

5.12 LIQUIDATED DAMAGES. IN THE EVENT THAT BUYER BREACHES ITS OBLIGATIONS UNDER THIS AGREEMENT, THE DAMAGES THAT SELLER WILL INCUR BY REASON THEREOF ARE AND WILL BE IMPRACTICAL AND EXTREMELY DIFFICULT TO ESTABLISH. BUYER AND SELLER, IN A REASONABLE EFFORT TO ASCERTAIN WHAT SELLER'S DAMAGES WOULD BE IN THE EVENT OF SUCH A DEFAULT BY BUYER, HAVE AGREED THAT SUCH DAMAGES SHALL BE IN AN AMOUNT EQUAL TO THE AMOUNT OF THE DEPOSIT (AND EXTENSION DEPOSIT, IF APPLICABLE), AND THAT SUCH DEPOSIT SHALL BE DELIVERED TO SELLER UPON SUCH DEFAULT BY ESCROW HOLDER WITHOUT THE NECESSITY OF AN INSTRUCTION BY BUYER, AND RETAINED BY SELLER AS LIQUIDATED DAMAGES, WHICH DAMAGES SHALL BE SELLER'S SOLE AND EXCLUSIVE REMEDY AT LAW OR IN EQUITY IN THE EVENT OF AND FOR SUCH DEFAULT BY BUYER. SELLER AND BUYER ACKNOWLEDGE AND AGREE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF THIS PARAGRAPH AND BY THEIR INITIALS AGREE TO BE BOUND BY ITS TERMS. NOTWITHSTANDING THE FOREGOING, SELLER MAY SEEK TO RECOVER FROM BUYER ANY FEES OR COSTS INCURRED IN COLLECTING THE DEPOSIT PURSUANT TO THIS PARAGRAPH.

7/11/13

7/11/13

Buyer's Initials

Seller's Initials

6. REPRESENTATIONS AND WARRANTIES

6.1 Representations and Warranties by Seller.

(a) Buyer acknowledges and agrees that except as set forth in this Agreement, Seller (or any officer, director, shareholder, investor, partner, agent, representative, employee, affiliate or attorney of Seller) has made no representations or warranties regarding the Property (whether written or oral, express or implied), including, without limitation, its condition, its past use, or its suitability for Buyer's intended use, and that Buyer is purchasing the Property on an "AS-IS" basis, subject, however, to subparagraphs (b) through (e) below.

(b) Seller is now and at all times between the date hereof and Closing, inclusive, will be the owner (either of record or beneficially) of (and Buyer will acquire hereunder) the entire right, title and interest of Seller in and to the Property.

(c) The persons executing any instruments for or on behalf of Seller were fully authorized to act on behalf of Seller.

(d) Between the date of the execution of this Agreement and the Closing Date, without the prior written consent of the Buyer, which consent shall not be unnecessarily withheld or delayed, none of the leases at the Property will be amended to reduce the rents or other charges thereunder or will be renewed for rents or other charges which are less than those payable prior to such renewal; and no new lease or extension to an existing lease will be made unless it is for a term of not more than three (3) months and at rent not less than that charged for similar apartments at the Property, nor will Seller enter into any new contracts relating to the Property that are not terminable as of the Closing Date.

(e) To the best of Seller's Actual Knowledge (as that term is defined below), with no requirement of independent investigation, the Property is in compliance with all applicable building, life, health and safety codes, and all other governmental rules and regulations, orders, ordinances, laws and statutes, including, without limitation, the provisions of the Americans with Disabilities Act, and no litigation has been threatened or filed against either Seller or the Property;

(f) Seller shall cooperate with all reasonable requests for information, documents and materials made by any lender selected by Buyer to finance the acquisition of the Property, at no cost to Seller;

(g) Between the date of this Agreement and the Closing Date, Seller will continue to manage, operate and maintain the Property in the same manner as existed at the time of the execution of this Agreement.

(h) Seller's Actual Knowledge is defined as the actual knowledge of Michael McNally, Robert Cole, and/or Nancy Gentry Body.

6.2 Representations and Warranties By Buyer.

(a) Buyer acknowledges that it is purchasing the Property in reliance solely on (i) the accuracy of the representations and warranties of Seller contained in this Agreement, (ii) Buyer's inspection of the Property, (iii) Buyer's independent verification of the truth of any documents delivered by Seller to Buyer, (iv) except as provided in clause (i) above, Buyer's independent verification of the truth of any statements made by Seller to Buyer concerning the Property and its development, (iv) Buyer's due diligence review and inspection of the Property which Buyer has completed and approved, and (v) the opinions and advice concerning the Property and its further development of consultants engaged by Buyer. Buyer acknowledges that will undertake and complete a thorough inspection and study of the Property, as Buyer deems necessary and appropriate.

(b) Subject to Seller's expressed representations set forth in Section 6.1 above, Buyer will accept the Property, and the matters relating to the Property listed below, in the "as is, where is" condition or status the same will be in at the close of this Escrow. The matters include, without limitation, the following:

(i) Soils, Topography, Etc. Soils and geological condition, topography, area and configuration; archeological, prehistoric and historic artifacts, remains and relics; environmental and hazardous substances conditions; and endangered species.

(ii) Utilities, Schools, Etc. Availability of utilities, schools, public access and fire and police protection.

(iii) Planning and Zoning. Applicable federal, state and local planning, zoning, subdivision, environmental, conservation and building statutes, ordinances, codes, regulations and permits (collectively, the "Governmental Requirements").

(iv) Development Fees. The character and amount of any fee or charge which must be paid by Buyer to further develop the Property.

(v) Easements and Encroachments. Any easement, licenses, or encroachment which is not a matter of public record, whether or not visible upon inspection of the Property.

(vi) Improvements. The physical condition of all improvements, including, without limitation, any structural and other defects therein (whether patent or latent), irrespective of whether such conditions are known or unknown by Seller; and the compliance or noncompliance of such improvements with all applicable Governmental Requirements.

(vii) City of San Diego RFQ. The City of San Diego has indicated that it may seek proposals for the redevelopment of the Property and certain portions of the surrounding area.

(viii) Other Matters. Any other matter relating to the Property or to the operation of the Property, including, but not limited to, value, feasibility, cost, governmental permissions, marketing and investment return.

6.3 No Obligation to Repair. Except for a breach of Seller's representations contained in Sections 6.1(b) and (e) and its covenant contained in Section 6.1(g) of this Agreement, Seller has no obligation to repair or correct any such facts, matters, circumstances, conditions or defects (including, without limitation, any of the above-described "as is" matters) or to compensate Buyer for the same and Seller shall have no liability whatsoever to Buyer for the same.

6.4 Survival. All representations and warranties made herein shall be true and correct as of the Closing Date, and shall survive the Closing Date for a period of one (1) year.

6.5 Representations of Authority. Each party hereby represents to the other that this Agreement has been duly executed by it or its duly authorized officers, partners or agents and constitutes a valid, binding and enforceable obligation of such party.

7. DAMAGE, DESTRUCTION AND CONDEMNATION

7.1 Risk of Physical Loss. If the Property suffers Material Damage as a result of any casualty prior to the Closing, then Seller shall give written notice thereof to Buyer promptly after the occurrence of the casualty. In such event, Buyer agrees that its remedies shall be limited to its election to either (i) terminate the Agreement, in which case the Deposit shall be refunded to Buyer and the parties shall have no further obligations hereunder; or (ii) accept the Property in its damaged condition, together with an assignment of Seller's insurance proceeds, if any, and a reduction in the Purchase Price equal to the amount of Seller's deductible relating to the insured loss. Seller hereby agrees that in such event, it shall not sell or compromise any insurance claim affecting the Property without Buyer's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. For purposes of this paragraph, the term Material Damage shall mean and refer to damage exceeding One Hundred Thousand Dollars (\$100,000.00) in repair costs.

7.2 Condemnation. In the event that, prior to the Close of Escrow, any governmental entity shall commence any actions of eminent domain or similar type proceedings to take any portion of the Property, Seller shall give prompt written notice thereof to Buyer, and Buyer shall have the option either to (i) elect not to acquire the Property, or (ii) complete the acquisition of the Property, in which case Buyer shall be entitled to all the proceeds of such taking (and Seller hereby agrees that it shall not settle or compromise the proceedings without Buyer's prior written consent, which consent will not be unreasonably withheld, conditioned or delayed).

8. MISCELLANEOUS

8.1 IRC Section 1031 Exchange. Buyer and/or Seller may wish to transfer/acquire the Property as part of a transaction in which the parties desire to effect a tax-deferred exchange under Internal Revenue Code Section 1031 ("1031 Exchange"). Buyer agrees to cooperate with Seller for the purpose of permitting Seller to effect a 1031 Exchange provided

Buyer shall not incur any liability in connection with or any cost or expense as a result thereof. Seller agrees to cooperate with Buyer for the purpose of permitting Buyer to effect a 1031 Exchange provided Seller shall not incur any liability in connection with or any cost or expense as a result thereof. Buyer and Seller agrees that the Closing Date shall not be delayed as a result of any 1031 Exchange.

8.2 Attorneys' Fees. In the event of any dispute between Buyer and Seller seeking enforcement of any of the terms and conditions to this Agreement, or otherwise in connection with the Property, the prevailing party in such action, whether by fixed judgment or settlement, shall be entitled to recover, in addition to damages, injunctive or other relief, its actual costs and expenses, including, but not limited to, actual attorneys' fees, court costs and expert witness fees. Such costs shall include attorneys' fees, costs and expenses incurred in (a) post-judgment motions, (b) contempt proceedings, (c) garnishment, levy and debtor and third-party examination, (d) discovery, and (e) bankruptcy litigation.

8.3 Notices. All notices under this Agreement shall be effective upon (i) personal delivery to Buyer or Seller as the case may be, or (ii) facsimile transmission with a printed confirmation of delivery, or (iii) one (1) business day after deposit with an overnight courier service (e.g., Federal Express), or (iv) three (3) business days after deposit in the United States mail, registered, certified, postage fully prepaid and addressed to the respective parties as follows:

To Seller: Robert Coles
c/o Gary R. King and Associates
30950 Rancho Viejo Road, Suite 155
San Juan Capistrano, CA 92675
Attn: Gary King, Esq.
Telephone No.: 949-443-3390
Facsimile No.: 949-443-3385

Copy to: Gary R. King and Associates
30950 Rancho Viejo Road, Suite 155
San Juan Capistrano, CA 92675
Attn: Gary King, Esq.
Telephone No.: 949-443-3390
Facsimile No.: 949-443-3385

To Seller: Nancy M. Gentry Boyd, Trustee
2325 Avenida de la Playa
La Jolla, CA 92037
Telephone No.: (858) 459-8985
Telecopier No.: (858) 459-7452

Copy to: Kolodny & Pressman
11975 El Camino Real, Suite 201
San Diego, CA 92130
Attn: Robert Kolodny, Esq. and Arthur G. Peinado, Esq.

Telephone No.: 858-453-0309

Facsimile No.: 858-453-9347

To Buyer: Glieberman Investments, Inc.
 11300 Sorrento Valley Road, Suite 220
 San Diego, CA 92121-1328
 Attn: Mark Glieberman
 Telephone No.: 858-658-0500
 Facsimile No.: 858-526-0800

Copy to: Procopio, Cory, Hargreaves & Savitch LLP
 530 B Street, Suite 2100
 San Diego, CA 92101
 Attn: Lorne R. Polger, Esq.
 Telephone No.: (619) 515-3298
 Facsimile No.: (619) 235-0398

or to such other addresses as the parties may from time to time designate in writing.

8.4 Entire Agreement. This Agreement and the items incorporated herein contain all the agreements of the parties hereto with respect to the matters contained herein; and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose. No provisions of this Agreement may be amended or modified in any manner whatsoever except by an agreement in writing signed by duly authorized officers or representatives of each of the parties hereto.

8.5 Successors. The terms, covenants and conditions of this Agreement shall be binding upon and shall inure to the benefit of the heirs, executors, administrators and assigns of the respective parties hereto.

8.6 Assignment. Buyer may transfer and assign the rights and obligations of Buyer under this Agreement to an entity in which Buyer or its principals have a controlling interest, after giving notice to Seller, without Seller's consent. Any other contemplated assignment by Buyer must occur with Seller's consent, which consent shall not be unreasonably withheld and on condition that such assignment occur no later than ten (10) days prior to the scheduled Close of Escrow. Upon any such assignment, the assignor's liabilities and obligations hereunder or under any instruments, documents or agreements made pursuant thereto shall be binding upon such assignee, and the assignor shall be relieved therefrom.

8.7 Choice of Laws. This Agreement shall be governed by the laws of the State of California and any questions arising hereunder shall be construed or determined according to such law.

8.8 Headings. Headings at the beginning of each numbered Article and Section of this Agreement are solely for the convenience of the parties and are not a part of this Agreement.

8.9 Survival. This Agreement and all covenants, representations and warranties contained herein shall survive the close of this transaction and this Agreement shall remain a binding contract between the parties hereto.

8.10 Time. Time is expressly made of the essence to this Agreement, it being understood that each date set forth herein and the obligations of the parties to be satisfied by such date have been the subject of specific negotiation by the parties.

8.11 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one document. The facsimile signatures of the parties shall be deemed to constitute original signatures, and facsimile copies hereof shall be deemed to constitute duplicate original counterparts.

8.12 Interpretation. Whenever the context so requires in this Agreement, all words used in the singular shall be construed to have been used in the plural (and vice versa), each gender shall be construed to include any other genders, and the word "person" shall be construed to include a natural person, a corporation, a firm, a partnership, a joint venture, a trust, an estate, or any other entity.

8.13 Broker Notice. Seller is advised that Buyer and/or its principal is a licensed California Real Estate Broker.

8.14 Information Report. Escrow Holder shall file and Buyer and Seller agree to cooperate with Escrow Holder and with each other in completing any report ("Information Report") and/or other information required to be delivered to the Internal Revenue Service pursuant to Internal Revenue Code Section 6045(e) regarding the real estate sales transaction contemplated by this Agreement, including, without limitation, Internal Revenue Service Form 1099-B as such may be hereinafter modified or amended by the Internal Revenue Service, or as may be required pursuant to any regulation now or hereinafter promulgated by the Treasury Department with respect thereto. If, and only if this transaction closes, Buyer and Seller also agree that Buyer and Seller, their respective employees and attorneys, and Escrow Holder and its employees may disclose to the Internal Revenue Service, whether pursuant to such Information Report or otherwise, any information regarding this Agreement or the transaction contemplated herein as such party reasonably deems to be required to be disclosed to the Internal Revenue Service by such party pursuant to Internal Revenue Code Section 6045(e), and further agree that neither Buyer nor Seller shall seek to hold any such party liable for the disclosure to the Internal Revenue Service of any such information.

8.15 Incorporation. Exhibits "A", "B", "C", "D", "E", "F", "G", "H", "I", and "J" each as attached to this Agreement, are incorporated herein and made a part hereof.

8.16 Announcements/Publicity. Any announcement or publicity concerning the consummation of the purchase and sale of the Property shall be approved in advance by all parties.

8.17 Waiver. No waiver by Buyer or Seller of a breach of any of the terms, covenants and conditions of this Agreement by the other party shall be construed or held to be a waiver of any succeeding or preceding breach of the same or any other term, covenant or

condition herein. No waiver of any default by Buyer or Seller shall be implied from any omission by the other party to take any action on account of such default if such default persists or is repeated and no express waiver shall affect a default other than as specified in such waiver.

IN WITNESS WHEREOF, Buyer and Seller have executed this Agreement as of the date first above written.

SELLER:

RJC & SC, LLC, a California limited liability company

By: Robert Coles, by Jay R King
his attorney in fact

Name: Robert Coles

Title: Manager

NANCY GENTRY BOYD INVESTMENTS, LLC,
a California limited liability company

By: Nancy Gentry Boyd, Trustee

Name: Nancy Gentry Boyd, Trustee

Title: Manager

BUYER:

Gleiberman Investments, Inc., a California corporation

By: Mark Gleiberman

Name: Mark Gleiberman

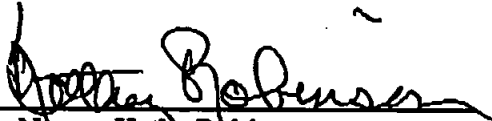
Title: President

ACCEPTANCE BY ESCROW HOLDER

The undersigned hereby acknowledges that it has received originally executed counterparts or a fully executed original of the foregoing Purchase, Sale and Leasehold Assignment Agreement and Joint Escrow Instructions and agrees to act as Escrow Holder thereunder and to be bound by and perform the terms thereof as such terms apply to Escrow Holder.

CHICAGO TITLE COMPANY
a California corporation

Dated: June 16, 2003

By: 

Name: Kathy Robinson
Title: Escrow Agent

ACCEPTANCE BY BROKER

The undersigned broker is executing this Purchase, Sale and Leasehold Assignment Agreement and Joint Escrow Instructions in its capacity as a real estate broker. Said broker also acknowledges that the payment of any fee in consideration for its services relating to the transaction contemplated by this Agreement is conditioned upon the Closing and the receipt of the Purchase Price by Seller, less the Closing costs and prorations chargeable to Seller, and broker shall not be entitled to any commission until such events occur.

IPC COMMERCIAL

Dated: _____, 2003

By: _____

Name: Lou Bulte

Title:

EXHIBIT "A"

LEGAL DESCRIPTION OF REAL PROPERTY

THAT CERTAIN REAL PROPERTY SITUATED IN THE STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO AND DESCRIBED AS FOLLOWS:

EXHIBIT A-1

EXHIBIT "B"

SCHEDULE OF PERSONAL PROPERTY

EXHIBIT B-1

EXHIBIT "C"

RECORDING REQUESTED BY
AND WHEN RECORDED, RETURN TO:

MG PROPERTIES, INC.
11300 Sorrento Valley Road, Suite 220
San Diego, CA 92121-1328

Stonewood Gardens

Above Space for Recorder's Use

ASSIGNMENT OF GROUND LEASE

This Assignment of Ground Lease ("Assignment") is entered into by and between RJC & SC, LLC, a California limited liability company and Nancy Gentry Boyd Investments, LLC, a California limited liability company (collectively, "Assignor") and Gleiberman Investments, Inc., a California corporation ("Assignee") with reference to the following recitals.

A. Assignor is the current holder of the lessee's interest in that certain lease dated February 22, 1978 ("Lease") entered into between The City of San Diego ("Landlord") and Assignor's predecessor-in-interest, Gentry & Coles, a California general partnership ("Original Tenant"). The Lease was recorded in the Official Records of the San Diego County Recorder's Office on June 19, 1978, as Document No. 763729. The Lease was amended by the terms of that certain First Amendment to Lease recorded on January 18, 1980 as Document No. RR-250802 (the "First Amendment"), and by the terms of that certain Second Amendment to Lease recorded on _____ as Document No. _____ (the "Second Amendment"). The Lease covers that certain real property located at 3889 Midway Drive, San Diego, California more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the "Premises").

•

B. Assignor is the successor-in-interest to Original Tenant's interest under the Lease.

C. The original term of the Lease was for a period of forty (40) years, and was extended to fifty-five (55) years from April 1, 1979 under the terms of the First Amendment.

D. Assignor currently operates an apartment complex on the Premises commonly known as the Stonewood Gardens Apartments (the "Apartments").

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Assignment. Assignor hereby grants, assigns, transfers, conveys, and delivers to Assignee, all of Assignor's interest in and to the Lease, and Assignee hereby accepts such assignment and agrees to assume performance of all terms, covenants, and conditions occurring or arising under the Lease on or after the effective date of this Assignment. This Assignment shall be effective upon the date of recording of this Assignment in the Official Records of the County Recorder of Alachua County, Florida (the "Effective Date").

2. Assumption of Obligations. By acceptance of this Assignment, Assignee hereby assumes and agrees to timely discharge, pay, and perform and to be bound by all of the liabilities, duties, and obligations, if any, imposed in connection with the Lease from and after the Effective Date of this Assignment to the same extent as if Assignee had been original party thereto.

3. Release of Assignor. Upon the Effective Date of this Assignment, Assignor shall be released by Lessor from all further obligations under the Lease as set forth in the Lessor's Consent to Assignment of Lease and Release attached to this Assignment.

4. Indemnification by Assignor. Assignor hereby agrees that it shall defend, indemnify and hold harmless Assignee, its manager, members, partners, shareholders, directors, officers, employees, and agents from and against any and all claims, liabilities, damages, losses, suits, costs and expenses of every kind, nature and type (including reasonable attorneys' fees) asserted by any person, entity, or party for or on account of Assignor's obligations and liabilities arising out of or under the Lease before the Effective Date of this Assignment.

5. Indemnification by Assignee. Assignee hereby agrees that it shall defend, indemnify and hold harmless Assignor, its manager, members, partners, shareholders, directors, officers, employees, and agents from and against any and all claims, liabilities, damages, losses, suits, costs and expenses of every kind, nature and type (including reasonable attorneys' fees) asserted by any person, entity, or party for or on account of Assignee's obligations and liabilities arising out of or under the Lease on and after the Effective Date of this Assignment.

6. Attorneys' Fees. The prevailing party as to any disputes relating to this Assignment shall be entitled to recover from the unsuccessful party to this Assignment all costs, expenses and actual attorneys' fees relating to the enforcement or interpretation of, or any litigation or arbitration relating to, this Assignment. Any judgment or order entered in such action shall contain a specific provision providing for the recovery of attorneys' fees and costs incurred in enforcing such judgment. For purposes of this paragraph, attorneys' fees shall include, without limitation, fees incurred in the following: (1) post judgment motions and appeals; (2) contempt proceedings; (3) garnishment, levee, and debtor and third party examinations; (4) discovery; and (5) bankruptcy proceedings, including, without limitation, all motions, adversary proceedings and contested and uncontested matters in a case under Title 11 of the U.S. Code, where a party has appeared through counsel to protect its interests as a creditor under the Bankruptcy Code.

7. Successors and Assigns. This Assignment shall be binding upon and shall inure to the benefit of the heirs, successors, and assigns of the respective parties hereto.

8. Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the State of California.

9. Counterparts. This Assignment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument.

10. Exhibits. All exhibits attached hereto are hereby incorporated herein by this reference for all purposes.

11. Further Assurances. The parties covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out this Assignment.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the dates set forth below

ASSIGNOR

ASSIGNEE

RJC & SC, LLC, a California limited liability company

GLEIBERMAN INVESTMENTS, INC., a California corporation

By: _____
Name: Robert Coles
Its: Manager

By: Mark Gleiberman
Its: President

Dated: _____

Dated: _____

NANCY GENTRY BOYD INVESTMENTS, LLC, a California limited liability company

By: _____
Name: Nancy Gentry Boyd, Trustee
Its: Manager

Dated: _____

LESSOR'S CONSENT TO ASSIGNMENT OF LEASE AND RELEASE

The undersigned, the Lessor under the Lease described above, hereby consents to the foregoing Assignment of Lease. Lessor agrees that following the effective date of such Assignment, Assignor shall no longer remain liable for the performance of the obligations of the lessee under the Lease and shall be fully released from all further obligations as the lessee under the Lease. Lessor does hereby fully and forever release and discharge Assignor, and its partners, agents, employees, counsel, affiliates, officers, director, heirs, legal representatives, beneficiaries, predecessors, successors and assigns (other than Assignee) (collectively, "Assignor Parties") from any and all claims, rights and causes of action of any nature or sort, known or unknown, which Lessor may now or hereafter have which arise out of or relate in any way to the Lease and fully and forever release and discharge the Assignor Parties from all liabilities and obligations of any nature whatsoever in any way arising out of or in connection with the Lease. Lessor agrees that this release is fully effective regardless of any present lack of knowledge on the part of the Lessor to any possible claim or any facts or circumstances pertaining to the Lease. Lessor expressly waives the benefits and provisions of Section 1542 of the Civil Code of the State of California, and any similar law of any state or territory of the United States or other jurisdiction. Civil Code Section 1542 provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with debtor."

The foregoing release may be plead by the Assignor Parties as a full and complete defense to, and may be used as the basis for an injunction against, any action, suit, claim or other proceeding of any type which may be prosecuted, initiated or attempted in violation of the terms hereof.

LESSOR

THE CITY OF SAN DIEGO

By: _____

Its:

Dated: _____

EXHIBIT "D"

BILL OF SALE

RJC & SC, LLC, a California limited liability company and NANCY GENTRY BOYD INVESTMENTS, LLC, a California limited liability company (collectively, "Grantor"), for good and valuable consideration to Grantor in hand paid by GLEIBERMAN INVESTMENTS, INC., a California corporation ("Grantee"), the receipt and sufficiency of which is hereby acknowledged, does hereby sell and deliver to Grantee all of Grantor's right, title and interest, if any, in and to:

The tangible personal property (the "Personal Property") currently existing on and used in connection with the apartment complex located at 3889 Midway Drive, San Diego, California improved with a 253 rental unit and 2 manager unit apartment complex ("Premises"), including, without limitation, that certain tangible personal property shown on **Schedule 1** attached hereto and incorporated herein.

The Personal Property is in used condition, and Grantor is neither a manufacturer, nor distributor of, nor dealer nor merchant in, said Personal Property. Grantor makes no representations, express or implied, as to the condition or state of repair of the Personal Property, including warranties of fitness or merchantability, it being expressly understood that the Personal Property is being sold to Grantee in its present "AS IS, WHERE IS" condition and with all faults. There are no representations or warranties, express, implied or statutory, that extend beyond the description of said Personal Property set forth above, except that Grantor represents and warrants that: (i) Grantor has not previously sold or conveyed said Personal Property; (ii) Grantor has full power, right and authority to convey title thereto; (iii) Grantor is lawfully possessed of good title to the Personal Property; and (iv) the Personal Property shall be conveyed and delivered to Grantee free and clear of all liens, encumbrances and creditors' rights, other than a lien for current taxes not yet delinquent.

Signatures contained on following page

IN WITNESS WHEREOF, Grantor has executed this Bill of Sale as of the date below.

GRANTOR:

RJC & SC, LLC, a California limited liability company

By: _____
Name: Robert Coles
Its: Manager

Dated: _____

NANCY GENTRY BOYD INVESTMENTS,
LLC, a California limited liability company

By: _____
Name: Nancy Gentry Boyd, Trustee
Its: Manager

Dated: _____

Schedule 1

Personal Property

Leasing Office

Foyer

Business Center

Rec Room

Patios

Fitness Center

Pool Furniture

Maintenance Inventory (Major Tools and Equipment)

Property Inventory

___ refrigerators
___ microwaves
___ ranges
___ dishwashers

EXHIBIT "E"

ASSIGNMENT OF LEASES

THIS ASSIGNMENT OF LEASES ("Assignment") is entered into by and between RJC & SC, LLC, a California limited liability company and NANCY GENTRY BOYD INVESTMENTS, LLC, a California limited liability company (collectively, "Assignor"), and GLEIBERMAN INVESTMENTS, INC., a California corporation ("Assignee"), with reference to the following recitals.

A. Assignor is the current holder of the lessor's interest under those certain leases, including all guaranties and security received by the landlord in connection therewith (collectively, "Leases"), entered into between Assignor, or Assignor's predecessors-in-interest, as Lessor, and the tenants of the Property (defined herein). The Leases cover certain premises in the 253 rental unit and 2 manager unit apartment complex located at 3889 Midway Drive, San Diego, California (the "Property") situated on the land located in San Diego County, California, more particularly described on Schedule 1 attached hereto and incorporated herein by this reference.

B. Concurrently herewith, Assignee is acquiring Assignor's leasehold interest in the Property.

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Assignment and Assumption. Assignor hereby grants, assigns, transfers, conveys, and delivers to Assignee, all of Assignor's interest in and to the Leases, and Assignee hereby accepts such assignment and agrees to assume performance of all terms, covenants, and conditions arising under the Leases on or after the date of this Assignment, but, as to security and other deposits, only to the extent actually received by Assignee. A list of rentals is included on Schedule 2 attached hereto and incorporated.

2. Indemnification by Assignor. Assignor shall defend, protect, indemnify and hold harmless Assignee, its partners, shareholders, directors, officers, employees, and agents from and against any and all claims, liabilities, damages, losses, suits, costs and expenses of every kind, nature and type (including reasonable attorneys' fees) asserted by any person, entity, or party for or on account of Assignor's obligations and liabilities arising out of or under the Leases before the Effective Date of this Assignment.

3. Indemnification by Assignee. Assignee shall defend, protect, indemnify and hold harmless Assignor, its partners, shareholders, directors, officers, employees, and agents from and against any and all claims, liabilities, damages, losses, suits, costs and expenses of every kind, nature and type (including reasonable attorneys' fees) asserted by any person, entity, or party for or on account of Assignee's obligations and liabilities arising out of or under the Leases on and after the Effective Date of this Assignment which have been assumed by Assignee hereunder.

4. Attorneys' Fees. The prevailing party as to any disputes relating to this Assignment shall be entitled to recover from the unsuccessful party to this Assignment all costs, expenses and actual attorneys' fees relating to the enforcement or interpretation of, or any litigation or arbitration relating to, this Assignment. Any judgment or order entered in such action shall contain a specific provision providing for the recovery of attorneys' fees and costs incurred in enforcing such judgment. For purposes of this paragraph, attorneys' fees shall include, without limitation, fees incurred in the following: (1) post judgment motions and appeals; (2) contempt proceedings; (3) garnishment, levee, and debtor and third party examinations; (4) discovery; and (5) bankruptcy proceedings, including, without limitation, all motions, adversary proceedings and contested and uncontested matters in a case under Title 11 of the U.S. Code, where a party has appeared through counsel to protect its interests as a creditor under the Bankruptcy Code.

5. Successors and Assigns. This Assignment shall be binding upon and shall inure to the benefit of the heirs, administrators, executors, successors, and assigns of the respective parties hereto.

6. Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the State of California, without regard to choice of law principles.

7. Counterparts. This Assignment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument.

8. Exhibits. All exhibits and schedules attached hereto are hereby incorporated herein by this reference for all purposes.

Further Assurances. The parties covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out this Assignment.

Signatures contained on following page

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the dates set forth below.

ASSIGNOR:

RJC & SC, LLC, a California limited liability company

By: _____
Name: Robert Coles
Its: Manager

Dated: _____

NANCY GENTRY BOYD INVESTMENTS, LLC, a California limited liability company

By: _____
Name: Nancy Gentry Boyd, Trustee
Its: Manager

Dated: _____

ASSIGNEE:

GLEIBERMAN INVESTMENTS, INC., a California corporation

By: _____
Mark Gleiberman
President

Dated: _____

SCHEDULE 1

LEGAL DESCRIPTION OF THE PROPERTY

Schedule 1 to
EXHIBIT E

SCHEDULE 2

LIST OF RENTALS

[See attached]

Schedule 2 to
EXHIBIT E

EXHIBIT "F"

CERTIFICATE OF NON-FOREIGN STATUS

[TO BE PREPARED BY ESCROW HOLDER]

EXHIBIT G

LANDLORD ESTOPPEL CERTIFICATE

Gleiberman Investments, Inc.
c/o MG Properties, Inc.
11300 Sorrento Valley Road, Suite 220
San Diego, CA 92121
Attn: Mr. Mark Gleiberman

Re: Lease between City of San Diego, as Landlord, and _____,
as Tenant, (the "Lease") for premises at 3889 Midway Drive, San Diego,
California (the "Premises").

Dear Mr. Gleiberman:

The undersigned Landlord hereby certifies as follows:

1. A true and correct copy of the Lease (together with all addenda and amendments currently in effect) is attached to this certificate. The Lease (together with any such attached addenda and amendments) constitutes the entire understanding between Landlord and Tenant and is currently in full force and effect.
2. The term of the Lease is for a period of _____ () years. The commencement date of the term of the Lease is February 22, 1978, and the expiration date of the term of the Lease is _____.
3. Pursuant to the Lease, the tenant thereunder may extend the term of the Lease for _____ () successive additional periods of _____ () years each, the last of which would expire on _____.
4. As of the date of this Estoppel Certificate, the monthly rent for the Premises is _____ (\$ _____), payable on the first day of each calendar month. The monthly rent has been paid through _____, 2003.
5. Landlord is presently holding the sum of _____ (\$ _____) as a security deposit (and/or prepaid rent in the amount of \$ _____) under the Lease.
6. As of the date of this Agreement, to Landlord's actual knowledge and without undertaking any independent investigation, Tenant is not in default under the Lease and no event exists that, with notice or lapse of time or both, would constitute a default.

7. This Certificate shall inure to the benefit of and may be relied upon the addressee and its successors and assigns, and shall be binding upon Landlord and its successors and assigns.

Very Truly Yours,

Date: _____, 2003

The City of San Diego

By: _____

Name:

Title:

EXHIBIT "H"
NOTICE TO TENANTS

EXHIBIT H-1

EXHIBIT "I"

LEAD-BASED PAINT DISCLOSURE AND ACKNOWLEDGMENT

[TO BE PREPARED BY ESCROW HOLDER]

EXHIBIT "J"

NATURAL HAZARD DISCLOSURE STATEMENT

This statement applies to the following property:

Property Address: 3889 Midway Drive, San Diego, California

THE FOLLOWING INFORMATION IS PROVIDED BY THE SELLER BASED ON ITS KNOWLEDGE AND/OR MAPS DRAWN BY THE STATE. THIS INFORMATION IS A DISCLOSURE AND IS NOT INTENDED TO BE PART OF THE PURCHASE AGREEMENT BETWEEN THE BUYER AND THE SELLER. THIS DISCLOSURE STATEMENT DOES NOT SUPERSEDE OR AMEND ANY OF THE PROVISIONS OF THE PURCHASE AGREEMENT RELATING TO THE RIGHTS AND OBLIGATIONS OF THE BUYER AND THE SELLER, INCLUDING, WITHOUT LIMITATION, THE BUYER'S OBLIGATION TO CONDUCT INVESTIGATIONS TO DETERMINE WHETHER THE PROPERTY IS LOCATED IN A HAZARDOUS AREA. BUYER SHOULD CONTACT THE APPROPRIATE LOCAL OR STATE AGENCY WITH RESPECT TO ANY QUESTIONS THAT BUYER MAY HAVE REGARDING ANY MATTER CONTAINED IN THIS DISCLOSURE STATEMENT.

THIS REAL PROPERTY LIES WITHIN THE FOLLOWING HAZARDOUS AREA(S)
(Check the answer(s) which apply(ies)):

A SPECIAL FLOOD HAZARD AREA (any type Zone "A" or Zone "V") designated by the Federal Emergency Management Agency.

_____ Yes _____ No _____ (a) Do not know and (b)
information not available from local
jurisdiction (Only check if both (a)
and (b) apply.)

AN AREA OF POTENTIAL FLOODING shown on a dam failure inundation map pursuant to Section 8589.5 of the Government Code.

_____ Yes _____ No _____ (a) Do not know and (b)
information not available from local
jurisdiction (Only check if both (a)
and (b) apply.)

A VERY HIGH FIRE HAZARD SEVERITY ZONE pursuant to Section 51178 or 51179 of the Government Code. The owner of this property is subject to the maintenance requirements of Section 51182 of the Government Code.

_____ Yes _____ No _____ (a) Do not know and (b)
information not available from local
jurisdiction (Only check if both (a)
and (b) apply.)

A WILDLAND AREA THAT MAY CONTAIN SUBSTANTIAL FOREST FIRE RISKS AND HAZARDS pursuant to Section 4125 of the Public Resources Code. The owner of this property is subject to the maintenance requirements of Section 4291 of the Public Resources Code. Additionally, it is not the state's responsibility to provide fire protection services to any building or structure located within the wildlands unless the Department of Forestry and Fire Protection has entered into a cooperative Agreement with a local agency for those purposes pursuant to Section 4142 of the Public Resources Code.

_____ Yes _____ No _____ (a) Do not know and (b)
information not available from local
jurisdiction (Only check if both (a)
and (b) apply.)

AN EARTHQUAKE FAULT ZONE pursuant to Section 2622 of the Public Resources Code.

_____ Yes _____ No _____ (a) Do not know and (b)
information not available from local
jurisdiction (Only check if both (a)
and (b) apply.)

A SEISMIC HAZARD ZONE pursuant to Section 2696 of the Public Resources Code.

_____ Yes _____ No _____ (a) Do not know and (b)
(landslide) information not available from local
jurisdiction (Only check if both (a)
and (b) apply.)

_____ Yes _____ No _____ (a) Do not know and (b)
(liquefaction) information not available from local
jurisdiction (Only check if both (a)
and (b) apply.)

THE MAPS ON WHICH THESE DISCLOSURES ARE BASED ESTIMATE THE LOCATION WHERE NATURAL HAZARDS EXIST. THE MAPS ARE NOT DEFINITIVE INDICATORS OF WHETHER OR NOT A PROPERTY WILL BE AFFECTED BY A NATURAL DISASTER. IN ADDITION, THE MAPS ARE SUBJECT TO CHANGE AND MAY NOT BE UPDATED. SELLER MAKES NO REPRESENTATION CONCERNING THE ACCURACY OF THE MAPS OR OTHER INFORMATION MAINTAINED BY THE VARIOUS PUBLIC AGENCIES FROM WHICH THE INFORMATION CONTAINED IN THIS DISCLOSURE WAS OBTAINED OR THE IMPACT, IF ANY, THAT THE PRESENCE OF SUCH NATURAL HAZARDS MAY HAVE ON THE PROPERTY. THE INFORMATION PROVIDED IN THIS STATEMENT IS MADE AS OF THE DATE SIGNED BY THE SELLER.

THIS INFORMATION IS PROVIDED FOR THE PURPOSE OF COMPLYING WITH THE NATURAL HAZARD DISCLOSURE ACT AND DOES NOT RELEASE THE BUYER FROM ITS OBLIGATION TO DETERMINE WHETHER THE PROPERTY IS LOCATED IN A HAZARDOUS AREA.

BUYER MAY WISH TO OBTAIN PROFESSIONAL ADVICE REGARDING THE NATURAL HAZARDS. BUYER SHOULD CONTACT THE APPROPRIATE PUBLIC AGENCY FOR UPDATED INFORMATION AND SHOULD INDEPENDENTLY VERIFY ANY INFORMATION THAT IS IMPORTANT TO BUYER.

Seller confirms that the information herein is true and correct to the best of the Seller's knowledge as of the date signed by the Seller.

RJC & SC, LLC, a California limited liability company

By: _____

Name: Robert Coles

Title: Manager

NANCY GENTRY BOYD INVESTMENTS, LLC,
A California limited liability company

By: _____

Name: Nancy Gentry Boyd, Trustee

Title: Manager

Buyer certifies that it has read and understands this document.

GLEIBERMAN INVESTMENTS, INC., a California corporation

By: _____

Name: Mark Gleiberman

Title: President

EXHIBIT J-3

PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS

THIS PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS ("Agreement") is made as of this 15th day of February, 2002, by and between STONEWOOD GARDEN APARTMENTS, a California general partnership (the "Seller"), and FF REALTY LLC, a Delaware limited liability company (the "Buyer").

RECITALS

A. Seller is the owner of the improvements located on that certain real property (the "Real Property") located in the City of San Diego, County of San Diego, State of California, legally described on Exhibit "A", which Real Property is improved with an apartment complex commonly known as the Stonewood Apartments consisting of 253 rentable apartment units and two Manager's units for a total of 255 apartment units.

B. Buyer wishes to purchase and Seller wishes to sell the improvements located on the Real Property and all appurtenant rights thereto, including the buildings, parking areas, improvements and fixtures, roads, streets, parking areas, curbs, sidewalks, landscaping, swimming pools, tennis courts, recreation facilities, sewers and other utilities now or hereafter located thereon (the "Improvements") and assign its interest as ground lessee under that certain ground lease dated February 22, 1978, by and between The City of San Diego, as lessor ("Ground Lessor") and Seller, as ground lessee, being the successor of the original ground lessee under the Lease Agreement filed as Document No. 763729 on June 19, 1978 in the Office of the City Clerk of the City of San Diego, as amended by that certain (i) First Amendment to Lease Agreement dated December 10, 1979, filed as Document No. 250802 on January 18, 1980, in the Office of the City Clerk of the City of San Diego and (ii) Second Amendment to Lease Agreement dated September 12, 1991 filed as Document No. _____ on _____, 1991 in the Office of the City Clerk of the City of San Diego (collectively, the "Ground Lease"), on the terms and conditions set forth herein. Ground Lessor owns fee title to the Real Property.

NOW, THEREFORE, in consideration of the mutual covenants, promises and undertakings set forth herein, Buyer and Seller hereby agree as follows:

ARTICLE 1 AGREEMENT TO PURCHASE

1.1 The Property. Subject to all of the terms, conditions and provisions of this Agreement, and for the consideration herein set forth, Seller hereby agrees to sell and Buyer hereby agrees to buy the following:

- (a) Seller's interest in and to the Improvements and all tenements, hereditaments and appurtenances thereto, subject to the Ground Lease;
- (b) Any and all furniture, personal property, machinery, apparatus and equipment owned by Seller and currently used in the operation, repair and maintenance

of the Improvements located upon the Real Property. The furniture, personal property, machinery, apparatus and equipment to be conveyed (the "Personal Property") are listed in the inventory attached as Exhibit "B";

(c) All signs, logos, trade names, trademarks or styles relating to the Real Property, if any, owned by Seller (specifically including the name "Stonewood Garden Apartments") and all other intangible property owned or hereafter to be acquired by Seller in connection with the Real Property, Improvements and Personal Property including, but not limited to, licenses, use, occupancy and operating permits, brochures, manuals, lists of prospective tenants, advertising materials and assignable telephone numbers), warranties and guaranties in effect, all plans, specifications, including, without limitation, all working drawings and "as-built" drawings, approvals, reports and studies to the extent the foregoing exist and are in the possession or control of Seller (collectively "Intangible Personal Property");

(d) All labor, service, supply, property management, insurance, brokerage leasing and maintenance contracts relating to the Improvements or the Real Property which are to be assumed by Buyer pursuant to Section 3.1(a) below ("Contracts"); provided the same can be assigned to Buyer.

(e) All leases of the Real Property or the Improvements disclosed in the Certified Rent Roll (as hereinafter defined) ("Leases") and all lease deposits, prepaid rentals and whatever rights of any kind or nature related thereto; and

(f) Seller's interest as the ground lessee under the Ground Lease.

The Improvements, Personal Property, Intangible Personal Property, Contracts, Leases and all other property described in Sections (a) through (f) above are hereinafter collectively referred to as the "Property."

1.2 Purchase Price. The purchase price which Seller agrees to accept and Buyer agrees to pay for the Property is the sum of SEVENTEEN MILLION SEVEN HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS (\$17,750,000.00) ("Purchase Price").

1.3 Payment of Purchase Price.

(a) Deposit.

(i) Within three (3) days following the execution of this Agreement, Buyer shall deposit into Escrow (as hereinafter defined) the sum of ONE HUNDRED THOUSAND AND 00/100 DOLLARS (\$100,000.00) (the "Initial Deposit") which shall be applicable to the Purchase Price. Immediately upon deposit thereof by Buyer, the Initial Deposit shall be deposited by Escrow Holder (as hereinafter defined) in an interest-bearing account with interest thereon to accrue for the benefit of Buyer.

(ii) Not later than the expiration of the Survey Review Period (as hereinafter defined), Buyer shall deposit into Escrow an additional sum of TWO

HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS (\$250,000.00) ("First Additional Deposit") which shall be applicable to the Purchase Price. The First Additional Deposit shall be deposited by Escrow Holder into an interest-bearing account with interest to accrue for the benefit of Buyer.

(iii) If Buyer elects to extend the period for satisfying the contingency set forth in Section 4.1(k) below, Buyer shall deposit into Escrow an additional sum of Fifty Thousand Dollars (\$50,000.00) ("Second Additional Deposit"). Twenty-Five Thousand Dollars (\$25,000.00) of the Second Additional Deposit shall be applicable to the Purchase Price and Twenty-Five Thousand Dollars (\$25,000.00) of the Second Additional Deposit shall not be applicable to the Purchase Price, but rather shall be considered a fee for extending the contingency period.

(iv) The term "Deposit" shall hereafter be deemed to refer to the Initial Deposit, the First Additional Deposit, the Second Additional Deposit (if made), the Third Additional Deposit (if made pursuant to Section 2.1.1 below) and all interest earned thereon. Upon the Close of Escrow, the Deposit (less \$25,000 of the Second Additional Deposit) shall be applied as a credit to the Purchase Price. In the event of any of Buyer's conditions precedent to close described in Section 4.1 are not satisfied or waived by Buyer during the times and in such manner as provided therein or should Seller default in its obligations hereunder, then the Deposit, regardless of whether the Deposit or any portion thereof has been released to Seller, shall be returned to Buyer.

(v) Upon Buyer's approval or written waiver of the conditions precedent specified in Section 4.1(b), (c), (d), (i) and (j), Buyer and Seller shall execute, acknowledge and deliver to Escrow Holder a Memorandum of Purchase Agreement in the form attached hereto as Exhibit "M" ("Memorandum") and Buyer shall execute, acknowledge and deliver to Escrow Holder a deed quitclaiming to Seller any interest Buyer may have in the Property ("Quitclaim Deed"). Upon Escrow Holder's receipt of the Memorandum and Quitclaim Deed, Escrow Holder shall cause the Memorandum to be recorded in the Official Records of San Diego County. Upon Escrow Holder's confirmation that the Memorandum was recorded, Escrow Holder shall release Twenty-Five Thousand Dollars (\$25,000.00) of the Deposit to Seller. In the event Buyer receives an allocation of Bond volume from the Allocation Committee (as hereinafter defined) in either the 2002 Round 2 or 2002 Round 3 meeting of the Allocation Committee's 2002 allocation schedule, Escrow Holder shall release the balance of the Deposit to Seller. In the event Buyer makes the Second Additional Deposit to Escrow Holder as provided above, Escrow Holder shall release Fifty Thousand Dollars (\$50,000.00) of the Deposit to Seller. Any remaining balance of the Deposit (which has not been previously released to Seller shall be released by Escrow Holder to Seller upon Buyer's satisfaction or written waiver of the condition set forth in Section 4.1(k). Any portion of the Deposit released to Seller pursuant to this Section 1.3(a)(v) shall become nonrefundable to Buyer, unless Escrow fails to close as a result of a default by Seller or a condition precedent to

closing fails to occur due to the affirmative acts or willful omissions of Seller. In the event Escrow fails to close on or before the Closing Date for any reason other than the default by Seller, Seller may provide written instructions to Escrow Holder to record the Quitclaim Deed. Escrow Holder shall promptly provide Buyer with a copy of said instructions. Buyer shall have five (5) business days from receipt of said instructions to object in writing to the recordation of the Quitclaim Deed. The failure of Buyer to object to the recordation of the Quitclaim Deed within said five (5) business day period shall constitute irrevocable instructions by Buyer to Escrow Holder to record the Quitclaim Deed. If Escrow closes as provided in this Agreement, Escrow Holder shall return the Quitclaim Deed to Buyer.

(b) Balance of Purchase Price. The Purchase Price, less the Deposit (which will not include \$25,000 of the Second Additional Deposit), shall be paid by Buyer on the Closing Date in cash or by wire transfer of funds or, at least one (1) business day before the Closing Date, if made by cashier's check, certified check or teller's check issued by a California financial institution.

ARTICLE 2 ESCROW

2.1 Closing. Closing of the sale of the Property shall take place through an escrow ("Escrow") to be established with First American Title Insurance Company ("Escrow Holder") at 411 Ivy Street, P. O. Box 808, San Diego, California 92101, Attention: Angelique Sizemore, Telephone No.: 800/451-0454, Facsimile No.: 619-231-4666. The "Closing Date" shall be on or before the date that is not later than ninety (90) days after the date that the conditions precedent set forth in Section 4.1(k) are satisfied or waived by Buyer, but no event later than December 31, 2001, except as expressly set forth below in Section 2.1.1. Escrow shall be deemed open upon delivery of a fully executed copy of this Agreement to Escrow Holder ("Opening of Escrow"). Escrow Holder shall immediately notify Buyer and Seller of the date of Opening of Escrow and the Escrow Number. The terms "Close of Escrow" and "Closing" shall mean the date the Grant Deed (hereafter defined) and Assignment of Ground Lease (hereinafter defined) are filed for record in the Official Records of San Diego County, California, and the Purchase Price proceeds are available to be disbursed to Seller subject to the terms and provisions of this Agreement.

2.1.1 Extension of Closing Date. Notwithstanding the foregoing, if the condition precedent set forth in Section 4.1(k) is not satisfied or waived by Buyer until after October 1, 2002, by reason of the 2002 Round 3 meeting of the Allocation Committee being rescheduled to a date after October 1, 2002, provided Buyer has not caused such rescheduling of the 2002 Round 3 meeting, Buyer shall have the unilateral right to extend the Closing Date beyond January 1, 2003, to enjoy the full ninety (90) days' period following satisfaction or waiver of the condition precedent set forth in Section 4.1(k), but only if:

(a) Buyer notifies Seller and Escrow Holder in writing of Buyer's exercise of such right of extension on or before December 1, 2002;

(b) Concurrently with Buyer's delivery of its written notice of extension, Buyer deposits into the Escrow the additional sum of TWO HUNDRED THOUSAND AND 00/100 DOLLARS (\$200,000) ("Third Additional Deposit") which shall be applicable to the Purchase Price; and

(c) Following the deposit by Buyer of the Third Additional Deposit, Escrow Holder immediately releases the entire Third Additional Deposit to Seller.

2.2 Escrow Instructions. Articles I, II, IV, V and VIII also constitute escrow instructions to Escrow Holder. Additionally, Buyer and Seller agree to execute any form of escrow instructions as the Escrow Holder customarily requires as escrow holder in real property escrows administered by it. In the event of a conflict between any such additional terms and provisions of this Agreement, this Agreement shall supersede and be controlling. Upon any termination of this Agreement or cancellation of the Escrow, Escrow Holder shall forthwith return all monies and documents, less only Escrow Holder's reasonable cancellation fees and expenses, as set forth herein. Except as otherwise provided herein, the termination of Escrow and this Agreement and/or the return of deposited funds or documents shall not constitute a waiver, release or discharge of any breach or default that has occurred in the performance of either party's obligations, agreements, covenants, representations or warranties contained herein.

2.3 Conveyance of Title to the Improvements and the Ground Lessee's Interest in the Ground Lease. On or before 12:00 noon on the business day preceding the Closing Date, Seller shall deliver to Escrow Holder (a) a Grant Deed for Ground Leasehold Improvements ("Grant Deed") in the form attached hereto as Exhibit "C", which Grant Deed shall convey all of Seller's interest in the Improvements to Buyer, and (b) an Assignment and Assumption of Ground Lease (the "Assignment of Ground Lease") in the form attached hereto as Exhibit "N", which Assignment of Ground Lease shall convey all of Seller's interest as ground lessee under the Ground Lease to Buyer. Escrow Holder shall be instructed to record such Grant Deed and such Assignment of Ground Lease in the Official Records of San Diego County, California, if and when Escrow Holder holds the instruments and funds accruing to Buyer and Seller as set forth herein and can obtain for Buyer an ALTA extended coverage leasehold policy of title insurance ("Title Policy") issued by First American Title Insurance Company ("Title Company") with liability in an amount equal to the Purchase Price together with such endorsements to the policy as may be reasonably requested by Buyer, showing Buyer (or Buyer's assignee or nominee) as the ground lessee under the Ground Lease and the vested owner of the Improvements, free and clear of options, rights of first refusal or other purchase rights, lis pendens and monetary liens and/or encumbrances and subject only to:

- (a) The Ground Lease;
- (b) Non-delinquent real property taxes;
- (c) Non-monetary title exceptions approved by Buyer pursuant to Sections 3.4 and 3.5 below; and
- (d) Title exceptions, if any, resulting from documents being recorded or delivered through Escrow.

2.4 Additional Closing Obligations of Seller. On or before 12:00 noon on the business day preceding the Closing Date (unless indicated otherwise), Seller shall deliver to Escrow Holder (unless indicated to be delivered directly to Buyer) copies of the following documents and other items:

(a) Two (2) duplicate original copies of a Warranty Bill of Sale conveying the Personal Property to Buyer ("Bill of Sale") in the form attached as Exhibit "D", duly executed by Seller;

(b) Two (2) duplicate original copies of an Assignment of Leases assigning the Leases, security deposits and other rights by Seller to Buyer (the "Assignment of Leases") in the form attached as Exhibit "E", duly executed by Seller;

(c) The original Leases including any amendments, modifications, letter agreements and correspondence relating thereto (to be delivered to Buyer at the Property at the Close of Escrow);

(d) A Rent Roll (as hereinafter defined) certified by Seller as true and correct ("Certified Rent Roll"), dated no earlier than three (3) days prior to the Closing Date;

(e) A Certificate of Nonforeign Status (the "Nonforeign Affidavit") executed and acknowledged by Seller in the form attached as Exhibit "F" and a California Franchise Tax Board Form 590-RE executed by Seller;

(f) Originals of all Contracts which Buyer elects to assume pursuant to Section 3.1(a) hereof or, if unavailable, copies thereof certified as true and correct by Seller (to be delivered to Buyer at the Property at the Close of Escrow);

(g) Originals or, if unavailable, copies of all Intangible Personal Property which Seller has in its possession and/or control (to be delivered to Buyer at the Property at the Close of Escrow);

(h) Two (2) duplicate original copies of an assignment to Buyer of Seller's right, title and interest in and to (i) all Contracts which Buyer has elected to assume pursuant to Section 3.1(a) below; and (ii) all Intangible Personal Property, which assignment shall be in the form attached as Exhibit "G" ("Assignment of Contracts"), duly executed by Seller;

(i) Originals or, if unavailable, copies of all soils, seismic, geologic, drainage, toxic waste and environmental reports, surveys, "as-built" plans and specifications, working drawings, grading plans, elevations and similar information with respect to the Real Property and/or the Improvements heretofore obtained by Seller which Seller knowingly has in its possession and/or control to the extent that originals of such items have not been delivered previously by Seller to Buyer pursuant to Section 3.1 below (to be delivered to Buyer at the Property on the Close of Escrow);

(j) The Certificate regarding Representations and Warranties described in Section 6.1(b), duly executed by Seller in the form attached as Exhibit "I" hereto;

(k) Two (2) duplicate original copies of an Assignment and Assumption of Ground Lease ("Assignment of Ground Lease"), executed and notarized by Seller in the form attached hereto as Exhibit "N";

(l) An executed estoppel and consent to the Assignment of Ground Lease executed by the Ground Lessor, in the form of Exhibit "O" attached hereto with such changes as Buyer shall reasonably request prior to the expiration of the Due Diligence Period based on its review of the Ground Lease ("Ground Lessor's Consent and Estoppel") in a form and content satisfactory to Buyer, the execution of which by the Ground Lessor shall be negotiated, pursued and obtained by Buyer;

(m) Two (2) duplicate original copies of the Ground Lease Amendment (as hereinafter defined) duly executed and acknowledged by the Ground Lessor. The form of the Ground Lease Amendment shall be prepared by Buyer and submitted to Seller prior to the end of the Due Diligence Period for Seller's written approval, which shall not be unreasonably withheld. Seller shall notify Buyer in writing of its approval or disapproval (including with reasonable specificity the reasons for its disapproval) within ten days (10) days after receiving the proposed Ground Lease Amendment from Buyer. Buyer may then revise the Ground Lease Amendment and resubmit it to Seller for its approval on the same basis as provided above until the Ground Lease Amendment has been approved by Seller. If the Ground Lessor requests revisions to the Ground Lease Amendment as a condition to its execution thereof, Seller shall not unreasonably withhold its approval of such revisions. Buyer shall be responsible for negotiating the terms of the Ground Lease Amendment with the Ground Lessor and obtaining the Ground Lessor's execution thereof. Buyer understands that Seller requires that (i) it be fully released as the Ground Lease lessee from all further obligations under the Ground Lease that accrue on or after the Close of Escrow and (ii) the Ground Lease Amendment not become effective until on or after the Close of Escrow and therefore not involve Seller in any manner other than provide for the release mentioned above;

(n) Executed originals of a notice to each tenant under each Lease in the form attached hereto as Exhibit "J" (collectively the "Notices to Tenants") shall be executed by Seller and delivered to Escrow holder;

(o) Two (2) duplicate original copies of the Closing Statement described in Section 5.11, duly executed by Seller;

(p) All keys to the Improvements which Seller or Seller's agents have in their possession, which keys shall include at least one (1) key for every apartment unit, and which keys shall be properly tagged for identification (to be delivered to Buyer at the Property upon Close of Escrow);

(q) A report prepared by Title Company or a search firm approved by Buyer of all UCC liens filed in the California Secretary of State's Office against the Property, Seller and the general partners of Seller (if any, but only with respect to such general partners' interests in the Property) to be delivered to Buyer at least five (5) days prior to the Closing Date;

(r) Evidence of the existence, organization and authority of Seller and of the authority of persons executing documents on behalf of Seller reasonably satisfactory to Escrow Holder and Title Company; and

(s) Any other documents, instruments, funds and records required to be delivered to Buyer under the terms of this Agreement which have not been previously delivered.

2.5 Closing Obligations of Buyer. On or before 12:00 noon on the business day preceding the Closing Date, Buyer shall deliver to Escrow Holder copies of the following documents and other items:

(a) Two (2) duplicate original copies of the Assignment of Leases, duly executed by Buyer;

(b) Two (2) duplicate original copies of the Assignment of Contracts, duly executed by Buyer;

(c) Two (2) duplicate original copies of the Assignment of Ground Lease, duly executed and acknowledged by Buyer;

(d) Two (2) duplicate original copies of the Ground Lease Amendment duly executed and acknowledged by Buyer;

(e) Two (2) duplicate original copies of the Closing Statement, duly executed by Buyer;

(f) Evidence of the existence, organization and authority of Buyer and of the authority of persons executing documents on behalf of Buyer if requested by Escrow Holder or Title Company and which is reasonably satisfactory to the Escrow Holder and the Title Company; and

(g) Any other documents, instruments or funds required to be delivered by Buyer under the terms of this Agreement or are otherwise required by Escrow Holder or Title Company in order to close Escrow which have not previously been delivered.

2.6 Delivery of Documents by Escrow Holder. On the Close of Escrow, Escrow Holder shall deliver to Buyer all of the items listed in Section 2.4 above which were delivered by Seller to Escrow, except that Escrow Holder shall be instructed to record the original Grant Deed and the original Assignment of Ground Lease in the Official Records of San Diego County, California upon Close of Escrow and to deliver a conformed copy of the Grant Deed and the Assignment of Ground Lease to Buyer after recordation thereof and Escrow Holder shall only deliver to Buyer one duplicate original of the documents submitted as duplicate originals. Escrow Holder shall deliver the Purchase Price, less costs, expenses and prorations chargeable to Seller hereunder, to Seller by wire transfer as provided in written instructions to be furnished to Escrow Holder by Seller prior to the Close of Escrow, together with one duplicate original of all of the items listed in Section 2.5 above on the Close of Escrow and a conformed copy of the Grant Deed and the Assignment of Ground Lease.

ARTICLE 3
INSPECTIONS AND REVIEW

3.1 Due Diligence Items. Within five (5) days after the execution of this Agreement, Seller shall deliver true, correct and complete copies or originals of the following documents and items (collectively, "Due Diligence Items") to Buyer:

(a) All Contracts, which Contracts are listed on Exhibit "H" attached hereto, and any and all amendments thereto, provided that such Contracts shall affect the Property following the Close of Escrow. Buyer shall, not later than forty-five (45) days prior to the Close of Escrow, advise Seller in writing of the contracts listed on Exhibit "H" which it elects to assume.

(b) All certificates of occupancy, licenses and permits pertaining to the Property in Seller's possession or control.

(c) A copy of the Ground Lease, including all amendments, modifications, renewals and extensions thereof.

(d) Seller's standard form of lease ("Form Lease") used for the Property.

(e) A current rent roll of the Property ("Rent Roll") identifying and listing in detail by tenant or vacant area, as applicable, tenant name, square footage, monthly rent, deposits, all concessions (financial and other), lease term, defaults (financial or otherwise), lease obligations of Seller, if any, and all legal matters relating to the Leases, which Rent Roll shall be in one or more reports in the form customarily used by Seller; provided such reports contain all of the information described above. During the pendency of Escrow, Seller shall provide Buyer an updated Rent Roll on or before the fifteenth (15th) day of each month.

(f) Copies of all asbestos, lead-based paint, soils, seismic, geologic, drainage, toxic waste, engineering, environmental and similar type reports and surveys (including, but not limited to, any Phase I or Phase II Environmental Site Assessments), ALTA surveys, building grading plans, drawings (including "as-built" plans and specifications), schematics, blueprints and working drawings for the Property or any major capital improvements thereto, zoning ordinances, conditional use permits and correspondence relating thereto, business licenses and CC&Rs within Seller's possession or control. Seller is providing such reports to Buyer without representation or warranty of any kind as to the accuracy of the information contained therein.

(g) Copies of any reports relating to termites, dryrot, fungi and other wood destroying pests and organisms, which are in Seller's possession or control.

(h) Copies of the operating, income, expense and capital expenditure records for the Property for calendar years 1998, 1999, 2000 and the latest available for calendar year 2001.

(i) Copies of any notices of violations, including, but not limited to, zoning ordinances, building codes, fire codes, CC&Rs or other agreements affecting the Property in Seller's possession or control.

(j) Disclosure of any legal matters affecting the Property or the collection of rents or deposits.

(k) A schedule of rental rates and occupancy percentages by month covering the calendar years 1998, 1999, 2000 and 2001 year-to-date.

(l) An aging of accounts receivable and current staffing schedules.

(m) A lead-based paint disclosure and acknowledgement in the form attached hereto as Exhibit "K".

(n) A copy of real property tax and assessment bills for the Property for the 1998-1999, 1999-2000 and 2000-2001 (if available) fiscal years.

(o) Copies of all insurance policies and premiums for the preceding two (2) calendar years.

(p) Copies of all filed federal income tax returns of Seller for the ten (10) tax years preceding the date of this Agreement.

Escrow opened 2/19/02

3.2 Due Diligence. From and after the date hereof through and including the date which is thirty (30) days after the Opening of Escrow (the "Due Diligence Period"), Buyer shall, subject to the terms of the Ground Lease, have the right to examine, inspect and investigate the Property and, at Buyer's sole and absolute discretion, to determine whether the Property is acceptable to Buyer and to obtain all necessary internal approvals. Seller shall permit Buyer, its engineers, analysts, contractors, lenders and agents to conduct physical inspections of the Property, including the structural, electrical and mechanical aspects of the Improvements, the interiors of all buildings, supports, site work, foundations, soil, subsurface soils, drainage, seismic and other geological and topographical matters, location of asbestos, toxic substances, hazardous materials or wastes, if any, and any other investigations as Buyer deems prudent with respect to the physical condition of the Property. Such investigations may be made by Buyer and/or its agents during any normal business hours. Buyer shall also have the right to investigate all matters relating to the zoning, use and compliance with other applicable laws which relate to the use and occupancy of the Property. Seller shall cooperate fully, and shall use its reasonable efforts to cause Ground Lessor to cooperate fully, to assist Buyer in completing such inspections and special investigations at no out-of-pocket cost to Seller. Such physical inspections and investigations of the Property shall be conducted only upon no less than two business days' prior notice to Seller and shall be conducted at such times and in such a manner as to minimize any disruption to tenants upon the Property. Seller shall have the right, but not the obligation, to accompany Buyer during such investigations and/or inspections. Further, Buyer will provide Seller with two business day's prior written notice of any meetings with the Ground Lessor relating to the Ground Lease and Seller shall have the right to be present at any such meeting. Buyer shall repair any and all damage to the Property or to any tenants' property caused by such inspections or investigations in a timely manner and shall indemnify the Seller from and against

any liability arising from Buyer's physical inspection hereunder. Prior to entry onto the Property, Buyer shall provide Seller with evidence that Buyer maintains comprehensive general liability insurance in an amount not less than One Million Dollars (\$1,000,000.00) combined single limit, which can be cancelled only after thirty (30) days' (or ten (10) days in the event of a nonpayment of premium) prior written notice has been given to Seller by the insurer issuing such policy of insurance. Buyer shall notify Seller and Escrow Holder in writing ("Buyer's Due Diligence Notice") on or before the expiration of the Due Diligence Period of Buyer's approval or disapproval of the Due Diligence Items, the condition of the Property and Buyer's investigations with respect thereto. Buyer's failure to deliver Buyer's Due Diligence Notice on or before the expiration of the Due Diligence Period shall be conclusively deemed Buyer's disapproval thereof.

3.3 Books and Records. As part of Buyer's due diligence investigations during the Due Diligence Period, Buyer shall be afforded full opportunity by Seller to examine all books and records which relate to the Property in the possession of Seller and/or Seller's agents or employees, including the reasonable right to make copies of such books and records. Such right shall extend to all operating books of account, copies of all Leases and all amendments thereto, rental applications and any other agreements, correspondence or other documents relating to the Leases, tenant files, rent rolls, operating statements, budgets, accounting support for bills, inventories of Personal Property, service contracts, management contracts, maintenance contracts, warranties, general ledgers, journals, vendor files, bank statements, invoices, operating manuals, maintenance records (including replacements of carpeting and appliances), utility bills, marketing data (including brochures), historical occupancy reports, traffic reports of tenant activities, rental histories, leasing floor plans and any summaries of such items.

3.4 Preliminary Title Report. Within five (5) days following the Opening of Escrow, Seller shall deliver to Buyer a preliminary title report or title commitment for an ALTA extended coverage leasehold policy of title insurance issued by Title Company, describing the state of title of the Property, together with copies of all exceptions specified therein and with all easements plotted (the "Preliminary Title Report"). Buyer shall notify Seller in writing ("Buyer's Title Objection Notice") of any objections Buyer may have to title exceptions contained in the Preliminary Title Report prior to the expiration of the Due Diligence Period. Seller shall have a period of three (3) days after receipt of Buyer's Title Objection Notice in which to deliver written notice to Buyer ("Seller's Title Notice") of Seller's election to either (i) agree to remove the objectionable items prior to the Close of Escrow, or (ii) decline to remove any such title exceptions; provided, however, that Seller shall be required to remove all monetary liens and encumbrances created by or as a result of Seller's activities, suffered by Seller or assumed by Seller, and shall have no right to decline to remove same pursuant to the foregoing. If Seller notifies Buyer of its election to terminate Escrow rather than remove the objectionable items, Buyer shall have the right, by written notice delivered to Seller within five (5) days after Buyer's receipt of Seller's Title Notice, to agree to accept the Property subject to the objectionable items, in which event Seller's election to terminate the Escrow shall be of no effect, and Buyer shall take title at the Close of Escrow subject to such objectionable items. Upon the issuance of any amendment or supplement to the Preliminary Title Report which adds additional exceptions (including, but not limited to, adding additional exceptions for matters shown on the Survey [as hereinafter defined]), the foregoing right of review and approval shall also apply to said amendment or supplement (provided that the period for Buyer to review such amendment or

supplement shall be the later of the expiration of the Due Diligence Period or ten (10) days from receipt of the amendment or supplement) and Escrow shall be deemed extended by the amount of time necessary to allow such review and approval in the time and manner set forth above; provided, however, that in no event shall the Close of Escrow be extended as a result of such delay for more than thirty (30) days.

3.5 Survey. Buyer at its expense may obtain a survey of the Property prepared by a land surveyor duly licensed by the State of California and in compliance with ALTA/ASCM standards ("Survey") or an update to an existing Survey prepared for or on behalf of Seller, in a form acceptable to the Title Company for the deletion of the standard survey exception in the Title Policy relating to boundaries, without the addition of further exceptions unless the same are acceptable to Buyer in its sole and absolute discretion. Buyer shall have until the date which is forty-five (45) days after the Opening of Escrow ("Survey Review Period") to examine the Survey and to notify Seller in writing of any objections Buyer has to the Survey ("Buyer's Survey Objection Notice"). Seller shall have a period of three (3) days after receipt of Buyer's Survey Objection Notice in which to deliver written notice to Buyer ("Seller's Survey Notice") of Seller's election to either (1) agree to remove the objectionable items prior to the Close of Escrow or (2) decline to remove such items. If Seller notifies Buyer of its intention to not remove the objectionable items, Buyer shall have the right, by written notice delivered to Seller within five (5) days after Buyer's receipt of Seller's Survey Notice, to agree to accept the Property subject to the objectionable items, in which event, Seller's election to terminate the Escrow shall be of no effect, and Buyer shall accept the Property on the Close of Escrow subject to such objectionable items. Prior to the Closing, the Survey shall be recertified to Buyer, Title Company and Buyer's lender.

3.6 Tenant Income Certifications. Upon the satisfaction of the conditions precedent contained in Sections 4.1(i) and (j) and release of \$25,000 of the Deposit to Seller, Buyer may contact tenants under the leases to complete income certifications for qualification of the Property for the Bonds (as hereinafter defined) and low income housing tax credits. Seller and Seller's property manager agree to reasonably cooperate with Buyer in obtaining the income certifications.

3.7 Acknowledgment Regarding Basis of Purchase. Buyer is an experienced and knowledgeable with respect to the purchase and sale, and operation, of improved real property comparable to the Property. In consideration of Seller agreeing to reduce the originally stated Purchase Price from \$18,500,000 to \$17,750,00, Buyer acknowledges that it is purchasing the Property in reliance solely on (i) the accuracy of the representations and warranties of Seller contained in this Agreement, (ii) Buyer's inspection of the Property, (iii) Buyer's independent verification of the truth of any documents delivered by Seller to Buyer, (iv) except as provided in clause (i) above, Buyer's independent verification of the truth of any statements made by Seller to Buyer concerning the Property and its development, (iv) Buyer's due diligence as provided for in this Article 3 and (v) the opinions and advice concerning the Property and its further development of consultants engaged by Buyer. Buyer shall have the right to undertake and complete a thorough inspection and study of the Property, as Buyer deems necessary and appropriate.

3.7.1 "As Is" Purchase. Subject to Seller's expressed representations and warranties set forth in Article 6 below, Buyer will accept the Property, and the matters relating to the Property listed below, in the "as is, where is" condition or status the same will be in at the close of this Escrow. The matters include, without limitation, the following:

(a) Soils, Topography, Etc. Soils and geological condition, topography, area and configuration; archeological, prehistoric and historic artifacts, remains and relics; environmental and hazardous substances conditions; and endangered species.

(b) Utilities, Schools, Etc. Availability of utilities, schools, public access and fire and police protection.

(c) Planning and Zoning. Applicable federal, state and local planning, zoning, subdivision, environmental, conservation and building statutes, ordinances, codes, regulations and permits (collectively, the "Governmental Requirements").

(d) Development Fees. The character and amount of any fee or charge which must be paid by Buyer to further develop the Property.

(e) Easements and Encroachments. Any easement, licenses, or encroachment which is not a matter of public record, whether or not visible upon inspection of the Property.

(f) Improvements. The physical condition of all improvements, including, without limitation, any structural and other defects therein (whether patent or latent), irrespective of whether such conditions are known or unknown by Seller; and the compliance or noncompliance of such improvements with all applicable Governmental Requirements.

(g) Other Matters. Any other matter relating to the Property or to the operation of the Property, including, but not limited to, value, feasibility, cost, governmental permissions, marketing and investment return.

3.7.2 Seller Has No Obligation to Repair. Except as expressly set forth in the covenants, representations and warranties of Seller contained in Section 5.6 and Article 6 of this Agreement, Seller has no obligation to repair or correct any such facts, matters, circumstances, conditions or defects (including, without limitation, any of the above-described "as is" matters) or to compensate Buyer for the same and Seller shall have no liability whatsoever to Buyer for the same.

3.7.3 Seller Makes No Representations Regarding "AS-IS" Matters. Seller (or any officer, director, shareholder, investor, partner, agent, representative employee, affiliate or attorney of Seller) is not making and has not made any representations or warranties (whether written or oral, express or implied, except as specifically set forth in Article 6 of this Agreement,

with respect to any such facts, matters, circumstances, or conditions (including, without limitation, any of the above-described "as is" matters).

3.8. Copies of Submissions to be Provided to Seller. Copies of all applications and other written submissions made by Buyer to the Ground Lessor (or any of its departments or agencies) with respect to the Ground Lease only and all responses thereto shall, within five (5) days after each such submission, be delivered by Buyer to Seller for informational purposes. In addition, Buyer shall notify Seller in writing within five (5) days after submitting its application to the Allocation Committee (defined below) for the approvals described in Section 4.1(k) below and shall notify Seller in writing promptly after any approvals or disapprovals are received by Buyer from the Allocation Committee. Buyer shall make a copy of its application to the Allocation Committee available to Seller if such copy is requested by Seller.

ARTICLE 4 CONDITIONS TO AGREEMENT

4.1 Buyer's Conditions Precedent. Buyer's obligation to purchase the Property shall be conditioned upon the fulfillment of the following conditions precedent, all of which shall be satisfied or waived in writing pursuant to Section 4.4 below prior to the Close of Escrow except as indicated otherwise:

(a) The due performance by Seller of each and every undertaking and agreement to be performed by Seller hereunder, and the truth of each representation and warranty made in this Agreement. For purposes of this subsection (a) only, a representation that is limited to Seller's knowledge or notice shall be untrue if the factual matter that is subject to the representation is untrue, notwithstanding any lack of knowledge or notice to Seller.

(b) Buyer's approval of the contents of all Due Diligence Items and the results of any investigations of or with respect to the Property made by Buyer and/or its designees pursuant to Sections 3.2 and 3.3 herein on or before the expiration of the Due Diligence Period. Buyer shall be deemed to have disapproved such documents unless they are approved on or before 5:00 p.m. on the final day of the Due Diligence Period.

(c) Buyer's approval of the Preliminary Title Report within the time period specified in Section 3.4.

(d) Buyer's approval of the Survey within the time period specified in Section 3.5.

(e) Buyer's approval of any notice of change in representation or warranty given by Seller pursuant to Subsection 6.1(b) hereof and of the Certificate regarding Representations and Warranties to be given by Seller at the Closing pursuant to Subsection 6.1(b) hereof, on or before the Closing Date.

(f) Title Company has committed to issue the Title Policy in the form described in Section 2.3.

(g) There shall not have occurred at any time on or before the Closing Date the making by Seller of any general assignment for the benefit of creditors, or the filing against Seller of a petition to have Seller adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy, or the appointment of a trustee or receiver to take possession of substantially all of the interest of Seller in the Property, or the attachment, execution or judicial seizure of substantially all the assets of Seller or the interests of Seller in the Property or any legal proceeding in which Seller is adjudicated as being, or stipulates to being, insolvent or unable to pay its debts as they come due.

(h) Buyer shall have received the Ground Lessor Consent and Estoppel, the form and content of which consent shall be acceptable to Buyer in its sole and absolute discretion.

(i) A qualified government agency or issuer shall have approved an inducement resolution acceptable to Buyer for the issuance of tax-exempt multi-family housing revenue bonds ("Bonds") in an amount and in a form satisfactory to Buyer and shall have held a TEFRA hearing with respect to the Bonds for the acquisition and rehabilitation of the Property and permitting fifty-five percent (55%) of the units located within the Improvements to be occupied by very-low and low-income households on or before the date which is sixty (60) days after the Opening of Escrow.

(j) Buyer shall have obtained a commitment for credit enhancement of the Bonds on terms and conditions satisfactory to Buyer in its sole and absolute discretion on or before the date which is forty-five (45) days after the Opening of Escrow.

(k) Buyer shall have obtained the following in amounts and on terms and conditions acceptable to Buyer in its sole and absolute discretion (i) an allocation of private activity bond volume for the issuance of the Bonds from the California Debt Limit Allocation Committee (the "Allocation Committee"); and (ii) an allocation of low-income housing tax credits from the California Tax Credit Allocation Committee for the acquisition and rehabilitation of the Property on or before the date the Allocation Committee publishes its Bond volume allocations at its 2002 Round 2 meeting, which is currently scheduled to be held on June 20, 2002 ("Round 2 Publication Date"); provided, however, that Buyer may extend this contingency to the date on which the Allocation Committee publishes its Bond volume allocations at its 2002 Round 3 meeting which is currently scheduled to be held on September 19, 2002, by providing written notice to Seller of its election to extend within five (5) days of the Round 2 Publication Date and making the Second Additional Deposit to Escrow Holder pursuant to Section 1.3(a)(iii), provided such extension of this contingency shall not extend beyond November 15, 2002. Buyer shall use its reasonable best efforts to obtain the satisfaction of the condition precedent set forth in this Section 4.1(k) at the 2002 Round 2 meeting of the Allocation Committee, and if not fully satisfied at the 2002 Round 2 meeting, then at the 2002 Round 3 meeting of the Allocation Committee. Buyer shall not request or cause the rescheduling of the 2002 Round 3 meeting to a date later than the currently scheduled September 19, 2002 date.

(l) The Ground Lessor has agreed to enter into an amendment or new ground lease to the Ground Lease ("Ground Lease Amendment") on terms and conditions satisfactory to Buyer in Buyer's sole and absolute discretion, provided the Ground Lease Amendment sets forth the Ground Lessor's full release of Seller as the Ground Lease lessee from all further obligations under the Ground Lease that accrue on or after the Close of Escrow.

4.2 Seller's Conditions Precedent. Seller's obligation to convey the Property to Buyer shall be conditioned upon the satisfaction or written waiver in writing, in whole or in part, by Seller of the following condition precedent:

The due performance by Buyer of each and every undertaking and agreement to be performed by Buyer hereunder.

4.3 Satisfaction of Conditions. Where satisfaction of any of the foregoing conditions requires action by Buyer or Seller, each party shall use its diligent best efforts, in good faith, and at its own cost, to satisfy such condition. Where satisfaction of any of the foregoing conditions requires the approval of a party, such approval shall be in such party's sole and absolute discretion.

4.4 Waiver. Buyer may at any time or times, at its election, waive any of the conditions set forth in Section 4.1 above to its obligations hereunder, but any such waiver shall be effective only if contained in a writing signed by Buyer and delivered to Seller. Seller may at any time or times, at its election, waive any of the conditions set forth in Section 4.2 above to its obligations hereunder, but any such waiver shall be effective only if contained in a writing signed by Seller and delivered to Buyer.

4.5 Termination. In the event each of the conditions set forth in Section 4.1 is not fulfilled within the time provided in Section 4.1 or waived by Buyer pursuant to Section 4.4, Buyer may, at its option, terminate this Agreement and the Escrow opened hereunder, thereby releasing the parties from further obligations hereunder, and all documents delivered by Buyer to Seller or Escrow Holder shall be returned to Buyer and all documents delivered by Seller to Buyer or Escrow Holder returned to Seller and the Deposit and all accrued and unpaid interest thereon, less Buyer's share of Escrow cancellation charges, shall be returned to Buyer. In the event that the conditions set forth in Section 4.2 are not fulfilled or waived prior to the Closing Date, Seller may, at its option, terminate this Agreement and the Escrow opened hereunder, thereby releasing the parties from further obligations hereunder, and all documents delivered by Seller to Buyer or Escrow Holder shall be returned immediately to Seller. Nothing in this Section 4.5 shall be construed as releasing any party from liability for any default of its obligations hereunder or breach of its representations and warranties under this Agreement occurring prior to the termination of this Agreement and/or the Escrow to be opened hereunder.

ARTICLE 5 PRORATIONS, CLOSING COSTS, POSSESSION AND DEPOSITS

5.1 Proration of Taxes. All real and personal property taxes for the Property (that Seller is responsible for under the Ground Lease) shall be prorated by the parties to the Closing

Date on the basis of a three hundred sixty-five (365) day year on the basis that Seller is responsible for (i) all such taxes for the fiscal year of the applicable taxing authority occurring prior to the Current Tax Period (as defined below) and (ii) that portion of such taxes for the Current Tax Period to 12:00 a.m. on the Close of Escrow, whether or not the same shall be payable prior to the Close of Escrow. The phrase "Current Tax Period" refers to the fiscal year of the applicable taxing authority in which the Close of Escrow occurs. All tax prorations shall be based upon the latest available tax statement. If the tax statements for the fiscal tax year during which Escrow closes do not become available until after the Close of Escrow, then the rates and assessed values of the previous year, with known changes, shall be used, and the parties shall re-prorate said taxes outside of Escrow following the Close of Escrow when such tax statements become available. Seller shall be responsible for and shall pay or reimburse Buyer upon demand for any real or personal property taxes payable following the Close of Escrow applicable to any period of time prior to the Close of Escrow as a result of any change in the tax assessment by reason of reassessment, changes in use of the Property, changes in ownership, errors by the Assessor or otherwise. Any special assessment affecting the Property shall not be prorated whether or not it is then a lien on the Property payable prior to or on the date of Closing. All unpaid installments of any such assessment (including those which are to become due and payable after the date of Closing) shall be deemed to be due and payable prior to the Closing and shall be paid and discharged by Seller at or prior to the Closing.

5.2 Rents, Other Income and Operating Expenses. Prepaid Contracts assumed by Buyer, rents under the Ground Lease and the Leases (exclusive of Delinquent Rents (as hereinafter defined)), rent concessions, all revenues under all space leases, coin-operated laundry machines, licenses, security agreements and all other fees and miscellaneous income arising out of the operation of the Property shall be prorated as of the Close of Escrow. If, as of the Close of Escrow, any rent is in arrears ("Delinquent Rent") for the calendar month in which the Closing occurs but not for prior periods, then the first rent collected by Buyer shall be deemed to be attributable to the calendar month in which the Closing occurred and it shall be prorated between Buyer and Seller as of the Close of Escrow. If Delinquent Rent is in arrears for a period prior to the calendar month in which the Closing occurs, then rents collected by Buyer shall first be applied to current rent and then to Delinquent Rent. Buyer shall deliver to Seller its pro rata share of Delinquent Rent within ten (10) days of Buyer's receipt of that Delinquent Rent. Buyer covenants and agrees that after the Closing, it will use reasonable efforts to attempt to collect and deliver to Seller all rights, Delinquent Rent and other payments that were due and payable under the Leases prior to the Closing. Actual and reasonable third-party costs incurred in collecting rents owed to Seller shall be deducted from rents payable to Seller (on a pro rata basis to the extent such costs are also incurred to collect rents payable to Buyer). After the Closing, Seller shall not pursue any tenant for Delinquent Rent. This Section shall survive the Closing and delivery and recording of the Grant Deed.

5.3 Laundry Lease. The monthly rent and prepaid inducement fees paid by the provider of laundry services under a laundry lease assumed by Buyer shall be prorated to the Close of Escrow.

5.4 Deposits. All security deposits and other tenant deposits and prepaid rents shall be credited to Buyer at the Closing.

5.5 Utilities. Seller shall use its best efforts to have utility meters read as of the date that Escrow closes and shall be responsible for all utility services to the Property until the Close of Escrow. In the event Seller is unable to have the utility meters read as of the Close of Escrow, Buyer and Seller shall jointly prepare and deposit an estimated utility statement based upon the average daily usage over the six (6) month period preceding the Close of Escrow and Escrow Holder shall initially prorate utilities based upon such estimated utility statements. The parties shall subsequently prorate utilities based upon the actual utility usage upon receipt of such utility statements. If utility meters are not read at Closing, Buyer will provide copies of the utility bills to Seller for the period in which the Closing occurred.

5.6 Maintenance Contracts. Seller shall be responsible for payment of all maintenance services, such as janitorial services, guard services and similar services to the Close of Escrow, and shall maintain all plumbing, heating, electrical and other systems on the Property in good working order until the Close of Escrow. Buyer shall be responsible for such services thereafter for any such contracts which it elects to assume. All contracts for such services shall be terminated by the Close of Escrow unless assumed by Buyer.

5.7 Insurance. Seller shall cause its policies of insurance for the Property (other than those elected to be assumed by Buyer pursuant to Subsection 3.1(a) above) to be terminated effective immediately after the Close of Escrow and Buyer shall be responsible for obtaining its own insurance.

5.8 Possession. Subject to the Ground Lease and rights of tenants in possession, Buyer shall be entitled to possession of the Property on the Close of Escrow.

5.9 Closing Costs.

(a) Seller shall pay the cost of premiums for a CLTA leasehold policy of title insurance on the Property in the amount of the Purchase Price, all title charges (including endorsements reasonably requested by Buyer to remove disapproved items shown on the Preliminary Title Report or Survey pursuant to Sections 3.4 and 3.5 above), any documentary or other transfer taxes payable on account of the conveyance of the Property, and one-half (1/2) of the escrow fees which may be charged by Escrow Holder in connection with the closing of this transaction.

(b) Buyer shall pay the cost of the premium for the Title Policy and requested endorsements (to the extent such endorsements are unrelated to removal of any disapproved items shown on the Preliminary Title Report or Survey which are disapproved by Buyer pursuant to Sections 3.4 and 3.5 above) on the Property which exceeds the premium for a CLTA leasehold title policy on the Property, the cost of recording any deeds, and one-half (1/2) of the cost of the escrow fees charged by Escrow Holder.

(c) Any other expenses or closing costs in connection with this transaction shall be apportioned in the manner customary in San Diego County, California.

5.10 Closing Statement. No later than three (3) business days prior to the Closing Date, Escrow Holder shall prepare for approval by Buyer and Seller a closing statement

("Closing Statement") on Escrow Holder's standard form indicating, among other things, Escrow Holder's estimate of all Closing costs and prorations made pursuant to this Agreement. Buyer and Seller shall assist Escrow Holder in determining the amount of all prorations.

5.11 Breach by Seller. In the event that Seller breaches its obligations under this Agreement, Buyer shall have the right to terminate this Agreement and receive a return of the Deposit and Buyer shall have all rights and remedies available at law or in equity.

5.12 LIQUIDATED DAMAGES. IN THE EVENT THAT BUYER BREACHES ITS OBLIGATIONS UNDER THIS AGREEMENT, THE DAMAGES THAT SELLER WILL INCUR BY REASON THEREOF ARE AND WILL BE IMPRACTICAL AND EXTREMELY DIFFICULT TO ESTABLISH. BUYER AND SELLER, IN A REASONABLE EFFORT TO ASCERTAIN WHAT SELLER'S DAMAGES WOULD BE IN THE EVENT OF SUCH A DEFAULT BY BUYER, HAVE AGREED THAT SUCH DAMAGES SHALL BE IN THE AMOUNT OF THE INITIAL DEPOSIT AND FIRST ADDITIONAL DEPOSIT, SECOND ADDITIONAL DEPOSIT AND THIRD ADDITIONAL DEPOSIT, IF AND WHEN MADE BY BUYER PURSUANT TO SECTION 1.3, AND THAT SUCH AMOUNT SHALL BE DELIVERED TO SELLER UPON SUCH DEFAULT BY BUYER, WITHOUT THE NECESSITY OF AN INSTRUCTION BY BUYER, AND RETAINED BY SELLER AS LIQUIDATED DAMAGES, WHICH DAMAGES SHALL BE SELLER'S SOLE AND EXCLUSIVE REMEDY AT LAW OR IN EQUITY IN THE EVENT OF AND FOR SUCH DEFAULT BY BUYER. WITHOUT LIMITING THE FOREGOING PROVISIONS OF THIS PARAGRAPH, SELLER WAIVES ANY AND ALL RIGHTS WHICH SELLER OTHERWISE WOULD HAVE HAD UNDER CALIFORNIA CIVIL CODE SECTION 3389 TO SPECIFICALLY ENFORCE THIS AGREEMENT. SELLER AND BUYER ACKNOWLEDGE AND AGREE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF THIS PARAGRAPH AND BY THEIR INITIALS AGREE TO BE BOUND BY ITS TERMS. AT THE REQUEST OF SELLER, BUYER SHALL IMMEDIATELY EXECUTE AND INITIAL ANY APPROPRIATE AMENDMENT TO THIS AGREEMENT WHICH ESTABLISHES THE TOTAL LIQUIDATED DAMAGES AMOUNT AT A SPECIFIED AMOUNT THAT IS CONSISTENT WITH THIS SECTION 5.12.

Buyer's Initials



Seller's Initials

5.12.1 ADDITIONAL LIMITATIONS. NOTWITHSTANDING THE FOREGOING, BUYER SHALL NOT BE PERSONALLY RELEASED FROM ITS OBLIGATIONS AND LIABILITIES UNDER THIS AGREEMENT UNLESS IT, CONCURRENTLY WITH ITS PAYMENT OF THE APPROPRIATE LIQUIDATED DAMAGES, PROMPTLY SIGNS AN ESCROW CANCELLATION INSTRUCTION WHICH (I) RELEASES SELLER FROM ALL OF ITS OBLIGATIONS UNDER THIS AGREEMENT, (II) AUTHORIZES RECORDATION OF THE QUITCLAIM DEED, (III) REAFFIRMS ITS INDEMNITY OBLIGATIONS UNDER THIS AGREEMENT, (IV) PROVIDES

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Buyer's Initials

7/13 / ____ / ____
Seller's Initials

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Buyer's Initials

Seller's Initials

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FOR THE RETURN TO SELLER OF ALL DOCUMENTS, WRITTEN INFORMATION AND OTHER MATERIALS PROVIDED TO BUYER BY SELLER UNDER THIS AGREEMENT UPON BUYER'S EXECUTION OF SUCH CANCELLATION INSTRUCTION, AND (V) PROVIDES FOR THE DELIVERY TO SELLER OF ALL OF BUYER'S REPORTS, STUDIES AND OTHER DOCUMENTS GENERATED FROM ITS ACQUISITION AND DUE DILIGENCE REVIEW AND INVESTIGATIONS OF THE PROPERTY, ALL WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND (EXPRESSED OR IMPLIED) FROM BUYER, UPON BUYER'S EXECUTION OF SUCH CANCELLATION INSTRUCTION.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.1 Warranties and Representations by Seller.

(a) Seller hereby makes the following representations, covenants and warranties and acknowledges that the execution of this Agreement by Buyer has been made and the acquisition by Buyer of the Property will have been made in material reliance by Buyer on such covenants, representations and warranties:

(i) Warranties True. Each and every undertaking and obligation of the Seller under this Agreement shall be performed by the Seller timely when due; and that, as a condition precedent pursuant to Section 2.4 above, all representations and warranties of the Seller under this Agreement and its exhibits shall be true at the Closing as though they were made at the time of Closing.

(ii) Title. Seller is now and at all times between the date hereof and Closing, inclusive, will be the owner (either of record or beneficially) of (and Buyer will acquire hereunder) the entire right, title and interest in and to the Property to effectively vest in the Buyer good and marketable title to the Property, that Buyer will acquire the Property (and the Property will be on the Closing Date) free and clear of all liens, encumbrances, claims, rights, demands, easements, leases (other than the Ground Lease and the Leases), agreements, covenants, conditions, and restrictions of any kind or character (including, without limitation, on the generality of the foregoing, liens or claims for taxes, mortgages, conditional sales contracts, or other title retention agreement, deeds of trust, security agreements and pledges) except for real property taxes not delinquent, and the exceptions to title approved by Buyer pursuant to Section 3.4.

(iii) No Infringement. To Seller's actual knowledge, the use by Buyer of any name, trademark, trade style or trade name assigned to Buyer hereunder will not infringe upon any copyright or any United States or State trademark existing on the Closing Date, or constitute unfair competition or actionable appropriation of rights with respect to any other person, business or entity.

(iv) Zoning and Use. Seller has not received written notice from any governmental authority that the Property is not in compliance with or violates applicable environmental building and zoning laws, rules or regulations or governmental rules or regulations. Seller has not requested, applied for, given its consent to or has actual knowledge of any pending zoning variances or change with respect to the Property. To Seller's actual knowledge, there is no existing, proposed or contemplated plan to widen, modify or realign any street or highway adjoining the Property which would affect access thereto, or any existing proposed or contemplated eminent domain proceeding that would affect the Real Property in any way whatsoever.

(v) Governmental Inspection. To the Seller's actual knowledge, there is no ruling, ordinance, regulation or statute that requires any governmental agency to inspect the Property and/or issue any documents affecting the continued occupancy and specifications of the apartment project as a result of the sale of the Property to Buyer.

(vi) UCC Financing Statement. As of the Closing Date, no portion of the Property will be affected by any financing statements.

(vii) No Litigation. Except as specifically disclosed to Buyer on Exhibit "L", to the Seller's actual knowledge, there are no pending or threatened claims, allegations or lawsuits of any kind, whether for personal injury, property damage, landlord-tenant disputes, property taxes or otherwise, that could materially and adversely affect the operation or value of the Property or prohibit the sale thereof, nor to the Seller's actual knowledge, is there any governmental investigation of any type or nature pending or threatened against or relating to the Property or the transactions contemplated hereby; and Seller will hold Buyer harmless from all liability, loss, cost and expense resulting from claims arising or becoming applicable during or as a result of Seller's ownership of the Property.

(viii) Insurance Indemnifications. To the Seller's actual knowledge, Seller has not received notices by any insurance company which has issued a policy with respect to any portion of the Property, or by any board of fire underwriters, or from any governmental authority, of zoning, building, fire or health code violations in respect to the Property.

(ix) Enforceability of Agreement. The person executing any instruments for or on behalf of the Seller was fully authorized to act on behalf of Seller and that the Agreement is valid and enforceable against Seller in accordance with its terms and each instrument to be executed by Seller pursuant hereto or in connection therewith will, when executed, be valid and enforceable against Seller in accordance with its terms. Except as may be required by the Ground Lease, to Seller's actual knowledge no approval, consent, order or authorization of, or designation, registration or declaration with, any governmental authority, including, but not limited to, subdivision approval, is

required in connection with the valid execution and delivery of and compliance with this Agreement by Seller.

(x) Ground Lease. The Ground Lease delivered to Buyer (i) is valid and subsisting and in full force and effect, has not been amended, modified or supplemented, and Seller, as ground lessee thereunder is in actual possession, (b) the Ground Lease sets forth the entire agreement between Ground Lessor and Seller, as ground lessee, with respect to the Real Property and there are no other written or oral agreements, understandings or arrangements between Ground Lessor or Seller relating to the ground Lease or the Property; and (c) there are no known uncured defaults by Ground Lessor or Seller under the Ground Lease and to Seller's actual knowledge no event has occurred which with notice, the passage of time or both would constitute a default under the Ground Lease by either of them.

(xi) Rent Roll. The Rent Roll and Certified Rent Roll delivered to Buyer contain a complete and correct list of all Leases. Except as may be set forth in the Rent Roll, each Lease is on the Form Lease and each Lease is valid and subsisting and in full force and effect, has not been amended, modified or supplemented, and the tenant, licensee or occupant thereunder is in actual possession.

(xii) Rental Concessions. Except as set forth on the Rent Roll and the Certified Rent Roll, no tenant, under any of the Lease is, or as of the Closing will be, entitled to any free rent, concessions, allowances, rebates or refunds and no tenant under any of the Leases has, or as of the Closing will have, prepaid any rent or other charges for more than one month in advance.

(xiii) Leasing Commissions. As of the Closing, no brokerage or leasing commissions or other compensation will be due or payable to anyone with respect to or on account of any of the Leases.

(xiv) Service Contracts. Except as set forth on the list of Contracts attached hereto as Exhibit "H", there is no agreement, in writing or otherwise, between the Seller and any other person or persons for service, supply, maintenance, management or the operation of the Property or any portion of the business conducted thereon or thereat, which is not cancelable upon thirty (30) days' notice, without payment of any penalty or premium.

(xv) Hazardous Waste. To the Seller's actual knowledge, the Property has not at any time been used for the purposes of storing, manufacturing, releasing or dumping Hazardous Materials or Substances, except for normal quantities of Hazardous Materials or Substances utilized in connection with the normal maintenance and operation of the Property in compliance with all Environmental Laws (as hereinafter defined) and so-called household Hazardous Materials utilized by tenants of the Property. To Seller's actual knowledge, no underground storage tanks, pipelines or clarifiers have been or are located on the

Property. "Hazardous Materials" or "Substances" shall mean (1) hazardous wastes, hazardous materials, hazardous substances, hazardous constituents, toxic substances or related materials, whether solids, liquids or gases, including, but not limited to, substances deemed as "hazardous wastes," "hazardous materials," "hazardous substances," "toxic substances," "pollutants," "contaminants," "radioactive materials," or other similar designations in, or otherwise subject to regulation under, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), 42 U.S.C. § 9601 et seq.; the Toxic Substance Control Act ("TSCA"), 15 U.S.C. § 2601 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. § 1802; the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. § 9601, et seq.; the Clean Water Act ("CWA"), 33 U.S.C. § 1251 et seq.; the Safe Drinking Water Act, 42 U.S.C. § 300 et seq.; the Clean Air Act ("CAA"), 42 U.S.C. § 7401 et seq.; the Hazardous Waste Control Law, California Health and Safety Code § 25025 et seq., the Carpenter-Presley-Tanner Hazardous Substance Account Act, California Health and Safety Code, Division 20, Chapter 6.8, the Hazardous Materials Release Response Plans and Inventory Act, California Health and Safety Code, Division 20, Chapter 6.95, The Underground Storage of Hazardous Substances Act, California Health and Safety Code, Division 20, Chapter 6.7, the Porter-Cologne Act, California Water Code § 13050 et seq. and in any permits, licenses, approvals, plans, rules, regulations or ordinances adopted, or other criteria and guidelines promulgated pursuant to the preceding laws or other similar federal, state or local laws, regulations, rules or ordinances now or hereafter in effect relating to environmental matters (collectively the "Environmental Laws"); and (ii) any other substances, constituents or wastes subject to any applicable federal, state or local law, regulation, ordinance or common law doctrine, including any Environmental Law, now or hereafter in effect, including, but not limited to, (A) petroleum, (B) refined petroleum products, (C) waste oil, (D) waste aviation or motor vehicle fuel, (E) asbestos, (F) lead in water, paint or elsewhere, (G) radon, (H) polychlorinated biphenyls (PCB's) and (I) ureaformaldehyde.

(xvi) Black Mold. To the Seller's actual knowledge, Seller does not know the levels of mold or fungi, including, but not limited to, penicillium/aspergillus and stachybotrys chartarum, that may be or are located within the improvements on the Property, whether such levels are greater than the levels of such mold or fungi located in the outdoor environment and whether there are not accumulations of mold or fungi located in the interior of the Buildings, except as has been disclosed to Seller by Buyer. Buyer must rely solely on its own investigations with respect to these matters. To Seller's actual knowledge, Seller has not received written notice or complaints from occupants of the Property of mold or fungi, including, but not limited to, penicillium/aspergillus and stachybotrys chartarum, located within the Improvements on the Property. The representations and warranties of Seller set forth in this Subsection 6(a)(xvi) shall be subject to the provisions of Subsection 6.1(c), (d) and (e) and Subsection 6.3(i) below. On or prior to the Due Diligence Deadline, Buyer shall provide Seller with a list of all apartment units in which mold or fungi has been found by Buyer and/or its consultants, which list will also set forth the location within each

unit of such mold or fungi. Upon the written request of Seller, Buyer shall also cause its consultants to promptly and reasonably cooperate with Seller in pointing out the mold or fungi that needs to be remedied and subsequently in confirming in writing that such mold or fungi as identified by Buyer in the above described list has been remedied by Seller (which written confirmation shall not be unreasonably withheld), if Seller elects to remedy such mold or fungi condition. With respect to any mold or fungi condition affecting an apartment unit within the Property found by buyer or Seller at any time prior to the Close of Escrow, Seller may elect with respect to each such apartment unit to either (i) remedy the mold or fungi condition affecting the apartment unit or (ii) move the occupant of the apartment unit to another apartment unit (if available) or terminate such occupant's use and occupancy of the affected apartment unit and leave it vacant without remedying the mold or fungi condition prior to the Close of Escrow. With respect to any remedial efforts undertaken by Seller in connection with a mold or fungi condition, such work shall be completed to the satisfaction of a San Diego County consultant, which is experienced in the detection and treatment of such conditions in residential buildings (the "**M/F Consultant**") so that the mold or fungi condition is, in the written opinion of such M/F Consultant, eliminated or reduced to acceptable levels as then understood and accepted in San Diego County ("**Acceptable M/F Levels**"). Such M/F Consultant shall be selected by Seller subject to the written approval of Buyer, which shall not be unreasonably delayed and withheld. J&M Keystone, Inc. ("**Keystone**") has currently been selected by Seller as its M/F Consultant. As a condition precedent for the benefit of Seller and Buyer, Buyer shall, in writing, approve or disapprove of Keystone as an M/F Consultant on or before the end of the Due Diligence Period. Seller's obligations to remedy any mold or fungi shall be governed solely by this Subsection 6.1(a)(xvi) and Subsection 6.3(i) below.

(xvii) Financial Statements. The financial statements delivered to Buyer present fairly the financial condition of the Property at such date and the result of its operations for the period then ended. With respect to the Property, there are no material liabilities or obligations of Seller, whether accrued, absolute, contingent or otherwise, which arose out of or relate to any transaction of Seller on or prior to December 31, 2000, which are not specifically disclosed as liabilities or obligations on such financial statements and there are no material liabilities or obligations of Seller with respect to the Property occurring since January 1, 2001 other than liabilities or obligations incurred in the normal course of business of Seller.

(xviii) Condition of Improvements. The Seller has no actual knowledge that the Improvements (which term as used in this Agreement includes sewer and water and all parts of the Property, including, without limitation, plumbing, heating, air conditioning, electric systems and the roof) are not in good working order and repair, except for such day-to-day repairs as Seller will be making pursuant to Subsection 6.3(e) below and subject to Subsection 6.3(i) below.

(xix) Structural Defects. The Seller has no actual knowledge of any structural defects in any of the Improvements.

(xx) Property Fully Taxed. To Seller's actual knowledge, the Property and all parts thereof were fully assessed for general tax purposes and there has not been, at any time, a tax break, concession or adjustment (in the condition factor, assessed valuation or otherwise) given or applied, and that no portion of the Property is, or as of the Closing will be subject to or affected by special assessments, whether or not a lien thereon. Seller has not received any notice or information of any contemplated increase of the assessments affecting the Property.

(xxi) Adequacy of Utilities. Seller has not received written notice that the water supply and water purity, the sewer, the sewage and waste disposal systems and all of the utility services now servicing the Property are not sufficient for the operation of the Property.

(xxii) Compliance with Laws. Seller has not received any notices from any governmental authority of zoning, building, environmental protection, clean air, pollution, fire or health code violations with respect to the Property, or violations pertaining to the use and occupancy of the Property, including, without limitation, discrimination on any prohibited basis.

(xxiii) Employees. With reference to the Property, no employees of Seller are under contracts which are not terminable as of the Closing Date. There are no employee benefit plans in effect and there are no unfunded liabilities with respect to employee fringe benefits.

(xxiv) Recapture Agreements. To the Seller's actual knowledge, there are no obligations burdening the Property created by any so called "recapture agreement" involving refund for sewer or water extension or other improvement to any sewer or water systems, oversizing utility, lighting or like expense or charge for work or services done upon or relating to the Property which will bind the Buyer or the Property from and after the Closing.

(xxv) Special Studies Zone. To Seller's actual knowledge, the Property is not located within either a designated earthquake fault zone pursuant to California Public Resources Code § 2621.9 or a designated area that is particularly susceptible to ground shaking, liquefaction, landslides or other ground failure during an earthquake pursuant to California Public Resources Code § 2694.

(xxvi) Acquisition of Property by Seller. Except as permitted pursuant to Section 6.3(f) below, each person or entity comprising Seller acquired title to all of the Property in the same percentage interests currently held by each Seller (and the Improvements were constructed and completed) at least ten (10) years prior to the date of this Agreement and the Property has been continuously

operated as an apartment complex since it was acquired by Seller. Except as permitted pursuant to Section 6.3(f) below, during the ten (10) year period prior to the date of this Agreement, no more than forty-nine percent (49%) of the partnership interests in Seller were transferred in any twenty-four (24) month period.

(xxvii) Substantial Capital Improvements. Seller has not made any capital improvements with respect to the Improvements during any twenty-four (24) month period prior to the date of this Agreement, the cost of which capital improvements equals or exceeds twenty-five percent (25%) of the adjusted basis of the Improvements as of the first day of said twenty-four (24) month period.

(xxviii) No Prior Tax Credits. Seller has not previously applied for a low-income housing tax credit pursuant to Section 42 of the Internal Revenue Code with respect to the Property.

(b) For purposes of Section 6.1(a), "Seller's actual knowledge" shall mean the current actual knowledge of Robert J. Coles and Nancy Gentry Boyd, the general partners in Seller, without any duty of inquiry or investigation other than inquiry of the onsite property manager.

(c) If Seller becomes aware of any act or circumstance which would change or render incorrect, in whole or in part, any representation or warranty made by Seller under this Agreement, whether as of the date given or any time thereafter through the Closing Date and whether or not such representation or warranty was based upon Seller's knowledge and/or belief as of a certain date, Seller will give immediate written notice of such changed fact or circumstance to Buyer. Such notice shall not release Seller of its obligations or liabilities with respect thereto if the notice concerns a changed fact or circumstance that (i) constitutes a breach by Seller of any of its representations and warranties given under this Agreement or (ii) was caused by Seller's affirmative acts or willful omissions subsequent to the giving of the affected representations and warranties of Seller (collectively and singularly, a "Seller-Caused Change"). If, however, such notice concerns a changed fact or circumstance that Seller has become aware of after signing this Agreement and before the Close of Escrow that is not a Seller-Caused Change, then Seller may, in its discretion, correct the change so that it can provide Buyer with the required representations and warranties under this Agreement at the Close of Escrow, or notify Buyer in writing concurrently with Seller's notice of the changed fact or circumstance that Seller elects not to correct such change, and Buyer shall have three (3) business days following its receipt of the written notice of Seller's election (the "3-Day Period") to either (i) approve the Seller's representation and warranty as modified by the changed condition or circumstance by Buyer's written notice of approval delivered to Seller and Escrow Holder within the 3-Day Period or (ii) notify Seller and Escrow Holder in writing within the 3-Day Period that Buyer elects to cancel the Escrow pursuant to cancellation instructions approved by both parties (which approval shall not be unreasonably withheld) and receive reimbursement of the Deposit (less any Escrow cancellation charges for which Buyer is responsible under this Agreement) that has then been made by Buyer from Escrow Holder and/or Seller, with respect to the Deposit or

portions thereof which each may then be holding. Seller shall issue the Certificate regarding Representations and Warranties in the form attached hereto as Exhibit "I" at the Closing Date stating that all the representations and warranties contained in this Section 6.1 are true and correct as of said date, or setting forth in detail which of such matters are not true and correct.

(d) All representations and warranties contained in Subsection (a) of this Section 6.1 made in writing by Seller in connection with the transactions herein provided for shall be true and correct on the date hereof and, as a condition precedent pursuant to Section 2.4 above, on the Closing Date, which representations and warranties shall survive the Closing.

(e) Seller shall indemnify Buyer against and hold Buyer harmless from any and all loss, damage, liability or expense, including court costs and reasonable attorneys' fees, which Buyer may reasonably incur or sustain either prior to or following the Closing Date by reason of or in connection with (i) subject to the provision of Section 6.1(c) above, any breach of Seller's representations and/or warranties contained herein (ii) subject to the provisions of Section 3.7 (and Subsections 3.7.1, 3.7.2 and 3.7.3) above the failure of Seller to fulfill any of its covenants or agreements under this Agreement; (iii) any and all obligations, liabilities, claims, accounts, demands, liens or encumbrances, whether direct, contingent or consequential, and no matter how arising, in any way related to or arising from any act, conduct, omission, contract, agreement or commitment of Seller or in any way relating to or arising from the construction, completion, sale, use or occupancy of the Property prior to the Closing Date, but only during Seller's ownership of the Property and not related in any manner to events or occurrences taking place prior to Seller's ownership of the Property; or (iv) in any way relating to the generation, treatment, storage or disposal of Hazardous Materials or Substances prior to the Close of Escrow, but only during Seller's ownership of the Property and not related in any manner to events or occurrences taking place prior to Seller's ownership of the Property. Buyer shall notify Seller within ten (10) days in the event any claim is made against it for which Seller shall have agreed to indemnify Buyer as set forth in this Agreement, and Seller shall thereupon undertake to defend and hold Buyer free and harmless therefrom. Should Seller fail to discharge or undertake to defend against any such liability, then Buyer may settle the same, and Seller's liability to Buyer shall be conclusively established by such settlement, the amount of such liability shall include both the settlement consideration and the reasonable costs, attorneys' fees and expenses necessarily incurred by the Buyer in effecting such settlement.

6.2 Representations of Authority. Each party hereby represents to the other that this Agreement has been duly executed by it or its duly authorized officers, partners or agents and constitutes a valid, binding and enforceable obligation of such party.

6.3 Covenants of Seller. During the pendency of Escrow, Seller covenants and agrees as follows:

(a) Insurance. Seller will keep all Property conveyed hereunder fully insured against all usual risks and will maintain in effect all insurance policies now maintained on the same, up to and including the Closing Date.

(b) Performance Under Leases. From and after receipt of the Rent Roll by Buyer until the Closing Date, Seller agrees that it will continue to perform all of its obligations as landlord under all of such Leases and shall, immediately upon obtaining knowledge of a material change in facts or circumstances which renders any information contained on the Rent Roll inaccurate, promptly notify Buyer of said facts or circumstances. From and after the Effective Date until the Closing Date, Seller agrees that it will continue to perform all of its obligations as ground lessee under the Ground Lease, including, but not limited to, making all scheduled rent payments. Seller shall use its best efforts to obtain the consent and estoppel from Ground Lessor.

(c) Further Tenancies. Between the date of the execution of this Agreement and the Closing Date, without the prior written consent of the Buyer, none of the Leases will be amended to reduce the rents or other charges thereunder or will be renewed for rents or other charges which are less than those payable prior to such renewal; and no new Lease or extension to an existing Lease will be made unless it is on the Form Lease for a term of not more than six (6) months and at rent not less than that charged for similar apartments.

(d) Operation and Condition Pending Closing. Between the date of this Agreement and the Closing Date, Seller will continue to manage, operate and maintain the Property in the same manner as existed prior to the execution of this Agreement.

(e) Condition of Property. On the Closing Date, all apartment units will be in a "Seller Standard Condition." "Seller Standard Condition" shall mean that all repairs and maintenance with respect to the apartment units after execution of this Agreement until the Close of Escrow shall continue to be undertaken by Seller in the same manner, and to the same extent and degree of quality and workmanship, as was undertaken by Seller prior to the execution of this Agreement, except as provided otherwise in Subsection 6.3(i).

(f) Transfer of Property. Seller will not transfer any interest in the Property to Seller's partners or to any other person or entity and no ownership interests in Seller will be transferred prior to the Close of Escrow. Notwithstanding the foregoing, Seller may contribute its interest in the Property to one or more entities taxable as a partnership for federal income tax purposes with two or more partners pursuant to a nontaxable capital contribution pursuant to Section 721 of the Internal Revenue Code and the Seller may thereafter distribute its interest in such entities to the partners of Seller. The Seller shall not have an interest in such entity in excess of ninety-nine percent (99%). Prior to entering into any such transactions, Seller shall deliver to Buyer for its review and approval all documentation evidencing such contributions and distributions.

(g) Tax Credit Certifications. Seller agrees to provide Buyer, its tax advisers or tax credit investors such additional information (which Seller has in its possession or

under its control), affidavits or certificates relating to Seller's ownership of the Property as may be reasonably required to confirm that the Property qualifies for low income housing tax credits pursuant to Section 42 of the Internal Revenue Code. The form of any required affidavits or certificates shall be subject to the approval of Seller, which shall not be unreasonably withheld.

(h) Property Management Agreements. Seller shall terminate as of the Closing any property management agreement affecting the Property and Seller shall terminate any existing lease (whether written, oral or otherwise) on the Property between Seller and any employee of the existing property management firm or Seller under which rent is waived or is discounted and assure that the subject apartment is vacated effective as of the Closing Date. Seller shall be solely responsible for the payment of any and all wages, salaries, vacation and/or sick leave compensation, pension or profit sharing benefits and other benefits or compensation inuring to the benefit of any and all employees of Seller, any affiliate or agent, employed at the Property through the Closing Date, and all such employees shall, at Seller's cost and expense, be terminated or otherwise employed by Seller effective as of the Closing Date.

(i) Last Minute Repairs and Maintenance. If within the thirty (30) days immediately preceding the Close of Escrow (the "Last 30-Day Period"), Seller becomes aware of any repair or maintenance needed in an apartment unit, Seller shall have no obligation to undertake such repairs or maintenance other than to leave such unit in a broom clean condition if it is then vacant. If Seller becomes aware of any repair or maintenance needed in an apartment unit at any time prior to the Last 30-Day Period provided such unit is then vacant, Seller's obligation to effect such repairs and maintenance shall be governed by the Seller Standard Condition provisions of Subsection 6.3(e) above. If within the Last 30-Day Period, Seller is not able to remedy any mold or fungi condition found in an apartment unit or cause the affected unit to be vacated by the occupant of such apartment unit before the Close of Escrow, then at any time during the Last 30-Day Period, Seller may, by written notice delivered to Buyer and Escrow Holder, unilaterally elect to extend the Closing Date as may be necessary in Seller's sole discretion to remedy the mold or fungi condition in the affected apartment unit or to cause the affected unit to be vacated. During the Last 30-Day Period and any extension of the Closing Date, Seller shall use its reasonable efforts to promptly remedy an affected apartment unit or cause it to be vacated, which may include, without limitation, the institution of unlawful detainer and/or other appropriate proceedings against the occupant of the affected apartment unit, the costs of which shall be borne solely by Seller. As provided in Subsection 6.1(a)(xvi) above, any remedial efforts undertaken with respect to any mold or fungi condition in an apartment unit shall be remedied so that such condition is eliminated or reduced to Acceptable M/F Levels in the written opinion of an M/F Consultant. Notwithstanding the foregoing provisions of this Subsection 6.3(i), by written notice delivered to Seller and Escrow Holder at any time during the Last 30-Day Period or any extension of the Closing Date effected by Seller as provided above, Buyer unilaterally waives any requirement that Seller either remedy all then affected apartment units or cause them to be vacated prior to the Close of Escrow. In the event of such waiver by Buyer, the parties shall thereafter promptly effect the Close of Escrow pursuant to the term of this Agreement, and Seller shall have no further obligations of any kind

with respect to such affected apartment units. Seller's sole obligations with respect to remedying any mold or fungi conditions in an apartment unit are limited to the provisions of Subsection 6.1(a)(xvi) above.

6.4 Indemnification Obligations of Buyer. Buyer, on behalf of itself, its successors, assigns and successors-in-interest, hereby agrees to indemnify, defend (with legal counsel reasonably acceptable to Seller) and hold Seller and Seller Related Parties (defined below) harmless from any and all Claims (defined below) resulting from, related to, or based upon, whether directly or indirectly: (i) the breach by Buyer of any representation, warranty, covenant or obligation contained in this Agreement or in any other agreement, document, exhibit or instrument related hereto or referenced herein; and (ii) any and all obligations, liabilities, claims, accounts, demands, liens or encumbrances, whether direct, contingent or consequential, and no matter how arising, in any way related to or arising from any act, conduct, omission, contract, agreement or commitment of Buyer or in any way relating to or arising from Buyer's entry onto the Property or investigations of any kind conducted by Buyer with respect to the Property prior to the Closing Date; and (iii) any Claim(s) by any third party which Claim(s) (or the basis for which) arose from, is based upon, relates to or pertains to, whether directly or indirectly, any act or omission of Buyer.

6.4.1 Definition of "Claims." For the purposes of this Agreement, the term "Claims" shall mean any and all claims, obligations, liabilities, causes of action, suits, debts, liens, damages, judgments, losses, demands, orders, penalties, settlements, costs and expenses (including, without limitation, reasonable attorneys' fees and any and all costs and expenses related to, whether directly or indirectly, any and all clean-up, remediation, investigations, monitoring, abatement, mitigation measures, fines or removal with respect to Hazardous Materials, which Hazardous Materials have been discharged, released or otherwise become situated upon the Property on or after the Close of Escrow) of any kind or nature whatsoever, excepting therefrom any of the foregoing which arise from any acts or omissions of Seller.

6.4.2 Waiver and Release of Seller. Buyer, for itself and for its successors and assigns, hereby releases, waives, discharges and covenants not to sue Seller and Seller Related Parties (defined below), and each of them, with respect to any and all liabilities, losses, damages, actions (including but not limited to remedial or enforcement actions of any kind and administrative or judicial proceedings, orders and/or judgments), causes of action, injuries, claims, costs and expenses (including, without limitation, attorneys' fees and costs) or any kind or character arising from, related to or caused by Hazardous Materials discharged, released or otherwise becoming situated upon the Property prior to Seller's ownership of the Property. The foregoing waiver and release shall apply to any claim or action brought by a private party or by a Governmental Agency under any statute or common law now or hereinafter in effect. Buyer agrees that the above waiver and release extends to all claims or any nature and kind whatsoever as described above, known or unknown, suspected or unsuspected. BUYER ACKNOWLEDGES THAT IT HAS BEEN ADVISED BY ITS LEGAL COUNSEL AND, FOR ITSELF AND FOR BUYER'S, SUCCESSORS AND ASSIGNS, WAIVES THE BENEFITS OR CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASEEE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR"

Buyer's Initials



Seller's Initials

6.4.3 Definition of "Seller Related Parties." "The term "Seller Related Parties" shall mean the partners of Seller which are trusts; the trustees, trustors and beneficiaries of such trusts; Nancy Gentry Boyd and the members of her family; Robert Coles and Sinee Coles and the members of their family; any affiliates of any of the foregoing and the attorneys and other representatives of Seller.

6.4.4 Survival of this Section After Close of Escrow. Each and every provision of this Section 6.4 shall survive the Close of Escrow and the delivery and recordation of the Seller's Grant Deed. Buyer acknowledges that but for Buyer's agreement to each and every provision of this Section 6.4, Seller would not have entered into this Agreement.

ARTICLE 7 DAMAGE, DESTRUCTION AND CONDEMNATION

7.1 Risk of Physical Loss. Prior to Seller's delivery of possession of the Property to Buyer at the Closing, the risk of loss or damage to the Property shall remain upon Seller. If the Property suffers damages as a result of any casualty prior to the Closing, then Seller shall give written notice thereof to Buyer promptly after the occurrence of the casualty. Buyer shall accept the Property in its damaged condition, together with an assignment of Seller's insurance proceeds and a credit against the Purchase Price for the amount of any deductible (and Seller hereby agrees that it shall not sell or compromise any insurance claim affecting the Property without Buyer's prior written consent, which consent shall not be unreasonably withheld or delayed); provided, however, that if as result of any casualty, (i) any single stand-alone structure on the Property sustains damage in excess of TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000.00) of the replacement cost of such structure or (ii) fifteen (15) or more apartments are rendered uninhabitable for three (3) or more consecutive days (regardless of the replacement costs for such apartments), then Buyer can elect to either: (i) accept the Property in its damaged condition, together with an assignment of Seller's insurance proceeds and a credit against said Purchase Price for the amount of any deductible (and Seller hereby agrees that it shall not settle or compromise any insurance claim affecting the Property without Buyer's prior written consent, which consent shall not be unreasonably withheld or delayed); or (ii) terminate this Agreement upon notice to Seller served within twenty (20) business days of such casualty.

7.2 Condemnation. In the event that, prior to the Close of Escrow, any governmental entity shall commence any actions of eminent domain or similar type proceedings to take any portion of the Property, Seller shall give prompt written notice thereof to Buyer, and Buyer shall have the option either to (i) elect not to acquire the Property, or (ii) complete the acquisition of the Property, in which case Buyer shall be entitled to all the proceeds of such taking (and Seller

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Buyer's Initials

NGB / _____
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6.4.4 Survival of this Section After Close of Escrow. Each and every provision of this Section 6.4 shall survive the Close of Escrow and the delivery and recordation of the Seller's Grant Deed. Buyer acknowledges that but for Buyer's agreement to each and every provision of this Section 6.4, Seller would not have entered into this Agreement.

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7.2 Condemnation. In the event that, prior to the Close of Escrow, any governmental entity shall commence any actions of eminent domain or similar type proceedings to take any portion of the Property, Seller shall give prompt written notice thereof to Buyer, and Buyer shall have the option either to (i) elect not to acquire the Property, or (ii) complete the acquisition of the Property, in which case Buyer shall be entitled to all the proceeds of such taking (and Seller

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Buyer's Initials

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6.4.4 Survival of this Section After Close of Escrow. Each and every provision of this Section 6.4 shall survive the Close of Escrow and the delivery and recordation of the Seller's Grant Deed. Buyer acknowledges that but for Buyer's agreement to each and every provision of this Section 6.4, Seller would not have entered into this Agreement.

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7.2 Condemnation. In the event that, prior to the Close of Escrow, any governmental entity shall commence any actions of eminent domain or similar type proceedings to take any portion of the Property, Seller shall give prompt written notice thereof to Buyer, and Buyer shall have the option either to (i) elect not to acquire the Property, or (ii) complete the acquisition of the Property, in which case Buyer shall be entitled to all the proceeds of such taking (and Seller

hereby agrees that it shall not settle or compromise the proceedings without Buyer's prior written consent, which consent will not be unreasonably withheld or delayed).

ARTICLE 8
MISCELLANEOUS

8.1 Attorneys' Fees. In the event of any action between Buyer and Seller seeking enforcement of any of the terms and conditions to this Agreement, or otherwise in connection with the Property, the prevailing party in such action, whether by fixed judgment or settlement, shall be entitled to recover, in addition to damages, injunctive or other relief, its actual costs and expenses, including, but not limited to, actual attorneys' fees, court costs and expert witness fees. Such costs shall include attorneys' fees, costs and expenses incurred in (a) post-judgment motions, (b) contempt proceedings, (c) garnishment, levy and debtor and third-party examination, (d) discovery, and (e) bankruptcy litigation.

8.2 Notices. All notices under this Agreement shall be effective upon (i) personal delivery to Buyer or Seller, as the case may be, or (ii) telecopier transmission with a hard copy deposited in United States mail, or (iii) one (1) business day after deposit with an overnight courier service (e.g., Federal Express), or (iv) three (3) business days after deposit in the United States mail, registered, certified, postage fully prepaid and addressed to the respective parties as follows:

To Seller: Stonewood Garden Apartments
 919 Urania Avenue
 Encinitas, CA 92024-2232
 Attn: Robert J. Coles
 Telephone No.: (858) 793-1736
 Telecopier No.: (858) 793-6736

 Stonewood Gardens Apartments
 2325 Avenida de la Playa
 La Jolla, CA 92037
 Attn: Nancy Gentry Boyd
 Telephone No.: (858) 459-8985
 Telecopier No.: (858) 459-7452

Copy to: Kolodny Pressman, APC
 11975 El Camino Real, #201
 San Diego, CA 92130
 Attn: Robert J. Kolodny, Esq.
 Telephone No.: (858) 453-0309
 Telecopier No.: (858) 453-9347

Copy to: Hart, King & Coldren
200 E. Sandpointe, Suite 400
Santa Ana, CA 92707
Attn: Gary R. King, Esq.
Telephone No.: (714) 432-8700
Telecopier No.: (714) 546-7457

To Buyer: FF Realty LLC
5510 Morehouse Drive, Suite 200
San Diego, CA 92121
Attn: Christopher E. Hashioka
Telephone No.: (858) 457-2123
Telecopier No.: (858) 457-8082

Copy to: Rutan & Tucker, LLP
611 Anton Boulevard, Suite 1400
Costa Mesa, CA 92626
Attn: Patrick D. McCalla, Esq.
Telephone No.: (714) 662-4635
Telecopier No.: (714) 546-9035

or to such other address as the parties may from time to time designate in writing.

8.3 Entire Agreement. This Agreement and the items incorporated herein contain all the agreements of the parties hereto with respect to the matters contained herein; and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose. No provisions of this Agreement may be amended or modified in any manner whatsoever except by an agreement in writing signed by duly authorized officers or representatives of each of the parties hereto.

8.4 Successors. The terms, covenants and conditions of this Agreement shall be binding upon and shall inure to the benefit of the heirs, executors, administrators and assigns of the respective parties hereto.

8.5 Assignment. Except as specifically provided in Sections 6.3(f) and 8.13, Seller may not assign this Agreement without the prior written consent of Buyer, which consent may be withheld in Buyer's sole and absolute discretion. Buyer may transfer and assign at any time the rights and obligations of Buyer under this Agreement to a limited partnership in which an affiliate of Fairfield Residential LLC is a general partner, in which event, such transferee and assignee shall be entitled to the benefit of and may enforce Seller's covenants, representations and warranties hereunder, provided such assignment is in writing and expressly sets forth the assumption by the assignee of all liabilities and obligations of Buyer under this Agreement. A copy of such written assignment and assumption shall be provided to Seller prior to the Close of Escrow. Upon any such assignment, the assignor's liabilities and obligations hereunder or under any instruments, documents or agreements made pursuant thereto shall be binding upon such assignee, and the assignor shall be relieved therefrom effective as of the Close of Escrow. Any other assignment shall require the prior written consent of Seller.

8.6 Choice of Laws. This Agreement shall be governed by the laws of the State of California and any questions arising hereunder shall be construed or determined according to such law.

8.7 Headings. Headings at the beginning of each numbered Article and Section of this Agreement are solely for the convenience of the parties and are not a part of this Agreement.

8.8 Survival. This Agreement and all covenants, representations and warranties contained herein shall survive the close of this transaction and this Agreement shall remain a binding contract between the parties hereto.

8.9 Time. Time is of the essence of this Agreement, it being understood that each date set forth herein and the obligations of the parties to be satisfied by such date have been the subject of specific negotiation by the parties.

8.10 Counterparts. This Agreement may be signed by the parties in different counterparts and the signature pages combined to create a document binding on all parties.

8.11 Brokerage Commissions. Each party represents and warrants that, other than Burnham Capital and S. D. Capital Resources, Inc., neither party has retained any brokers or finders to represent its interests in connection with this transaction. Seller shall pay a commission to Burnham Capital pursuant to a separate written agreement. Seller shall, upon the Close of Escrow, pay brokerage commissions in the amounts of one percent (1%) of the Purchase Price to S. D. Capital Resources, Inc., if and only if Escrow closes. Except as provided above, each party agrees to indemnify and hold the other harmless from and against all liabilities, costs, damages and expenses, including, without limitation, reasonable attorneys' fees, resulting from any claims or fees or commissions, based upon agreements by it, if any, to pay any additional broker's commission and/or finder's fee.

8.12 Information Report. Escrow Holder shall file and Buyer and Seller agree to cooperate with Escrow Holder and with each other in completing any report ("Information Report") and/or other information required to be delivered to the Internal Revenue Service pursuant to Internal Revenue Code Section 6045(e) regarding the real estate sales transaction contemplated by this Agreement, including, without limitation, Internal Revenue Service Form 1099-B as such may be hereinafter modified or amended by the Internal Revenue Service, or as may be required pursuant to any regulation now or hereinafter promulgated by the Treasury Department with respect thereto. Buyer and Seller also agree that Buyer and Seller, their respective employees and attorneys, and Escrow Holder and its employees may disclose to the Internal Revenue Service, whether pursuant to such Information Report or otherwise, any information regarding this Agreement or the transaction contemplated herein as such party reasonably deems to be required to be disclosed to the Internal Revenue Service by such party pursuant to Internal Revenue Code Section 6045(e), and further agree that neither Buyer nor Seller shall seek to hold any such party liable for the disclosure to the Internal Revenue Service of any such information.

8.13 Exchange. Seller reserves the right to locate or cause to be located property of a like-kind suitable to Seller for the purpose of effectuating one or more exchange transactions

solely by the transfer of this Agreement (but not title to the Property) by Seller to a "qualified intermediary" selected by Seller (the "Accommodator") in connection with a tax-deferred exchange as contemplated by Section 1031 of the Internal Revenue Code of 1986, as amended. Buyer agrees to cooperate with Seller in connection with such tax-deferred exchange, including the execution of such documents as may be reasonably necessary to effectuate the same; provided that (i) the Closing Date shall not be delayed as the result of such exchange; (ii) all additional costs in connection with such exchange shall be borne by Seller; (iii) such exchange is effectuated through an Accommodator; (iv) Seller conveys title to the property directly Buyer (or its permitted assignee) by direct deeding; and (v) Seller shall indemnify Seller and hold Buyer harmless from and against any and all claims, demands, liabilities, costs, expenses, penalties, damages and losses, including, without limitation, reasonable attorneys' fees relating to Buyer's participation in such exchange. This Agreement and Seller's obligations hereunder are not subject to or conditioned upon Seller's ability to consummate an exchange. Buyer's responsibility for reviewing exchange documents shall be limited to determining whether the terms and conditions of such exchange documents are such that they are in compliance with the foregoing provisions. Seller shall be responsible for the payment of all deposits and other costs required to be paid by the "buyer" pursuant to the exchange documents and for making all determinations as to the legal sufficiency or other consideration, including but not limited to tax considerations, relating to such exchange documents. Buyer, in so cooperating in any exchange transaction arranged by Seller, shall in no event be responsible for, or in any way warrant, the tax consequences of the exchange transaction.

8.14 Incorporation. Exhibits "A", "B", "C", "D", "E", "F", "G", "H", "I", "J", "K", "L", "M", "N", and "O" each as attached to this Agreement, is incorporated herein and made a part hereof.

**[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.
SIGNATURES FOLLOW.]**

IN WITNESS WHEREOF, Buyer and Seller have executed this Agreement as of the date first above written.

STONEWOOD GARDEN APARTMENTS,
a California general partnership,

By: Robert J. Coles, Trustee.
Robert J. Coles, Co-Trustee of the Coles
Living Trust, General Partner

By: Since Coles, Trustee.
Since Coles, Co-Trustee of the Coles
Living Trust, General Partner

Nancy M. Gentry Boyd, Trustee
By: GENTRY (NAB)
Nancy M. Boyd, Trustee UDT dated
March 1, 1984, General Partner

"Seller"

FF REALTY LLC, a Delaware limited liability
company

By: FF PROPERTIES, INC, a Delaware
corporation, Member Manager

By: _____
Patrick J. Gavin
Its: Vice President

"Buyer"

IN WITNESS WHEREOF, Buyer and Seller have executed this Agreement as of the date first above written.

STONEWOOD GARDEN APARTMENTS,
a California general partnership,

By: _____
Robert J. Coles, Co-Trustee of the Coles
Living Trust, General Partner

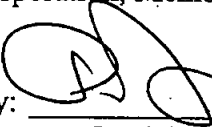
By: _____
Sinee Coles, Co-Trustee of the Coles
Living Trust, General Partner

By: _____
Nancy M. Boyd, Trustee UDT dated
March 1, 1984, General Partner

"Seller"

FF REALTY LLC, a Delaware limited liability
company

By: FF PROPERTIES, INC, a Delaware
corporation, Member Manager

By:  _____
Patrick J. Gavin
Its: Vice President

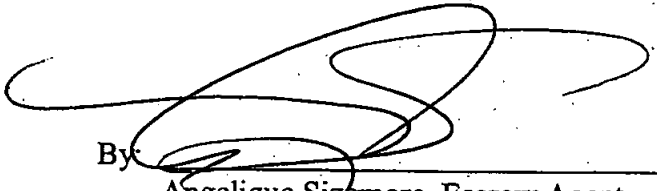
"Buyer"

ACCEPTANCE BY ESCROW HOLDER

The undersigned hereby acknowledges that it has received originally executed counterparts or a fully executed original of the foregoing Purchase and Sale Agreement and Escrow Instructions and agrees to act as Escrow Holder thereunder and to be bound by and perform the terms thereof as such terms apply to Escrow Holder in accordance

with Escrow Holder's General Provisions.
Dated: February 12, 2002

FIRST AMERICAN TITLE INSURANCE
COMPANY, a California corporation

By 

Angelique Sizemore, Escrow Agent

ACCEPTANCE BY BROKERS

The undersigned brokers are executing this Purchase and Sale Agreement and Escrow Instructions in their capacity as real estate brokers and acknowledge that the fee or commission ("Fee") due to them as a result of the transaction described in this Agreement is the amount as set forth in Section 8.11. Said brokers also acknowledge that the payment of the Fee is conditioned upon the Closing and the receipt of the Purchase Price by Seller, less the Closing costs and prorations chargeable to Seller, and brokers shall not be entitled to any commission until such events occur.

Dated: February __, 2002

S.D. CAPITAL RESOURCES, INC.

By: _____

Its: _____

EXHIBIT "A"

LEGAL DESCRIPTION OF REAL PROPERTY

THAT CERTAIN REAL PROPERTY SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SAN DIEGO, AS DESCRIBED AS FOLLOWS:

A LEASEHOLD ESTATE created by that certain Lease dated August 21, 1978, executed by the CITY OF SAN DIEGO, as Lessor and Gentry and Coles, a general partnership, as Lessee, recorded August 4, 1978, as File No. 78-330066 of Official Records, for the term of 40 years upon and subject to all the provisions therein contained, in and to the following described land:

PARCEL 1:

Lot 47 of BAY CREST, in the City of San Diego, County of San Diego, State of California, according to the Map Thereof No. 5334, filed in the Office of the County Recorder of San Diego County, January 24, 1964.

EXCEPTING THAT portion lying Northerly of a line which bears North 65°57'28" East from a point on the Southwesterly line of said Lot distant along said Southwesterly line North 24°02'32" West 91.00 feet from the most Southerly corner of said Lot 47.

PARCEL 2:

That portion of PUEBLO LOT 219 of PUEBLO LANDS OF SAN DIEGO, in the City of San Diego, County of San Diego, State of California, according to Map thereof made by James Pascoe in May 1870, a copy of which said Map was filed in the Office of the County Recorder of said San Diego County, November 14, 1921, and as known as Miscellaneous Map No. 36, included within the following described boundaries:

COMMENCING at the most Easterly corner of said PUEBLO LOT 219; thence South 36°17'20" West along the Southeasterly line of said Lot, a distance of 35.00 feet to an intersection with the Southwesterly line of Midway Drive (Ingraham Street), said intersection being the TRUE POINT OF BEGINNING.

Thence continuing South 36°17'30" West along the Southeasterly line of said Lot, a distance of 298.16 feet to the Northwesternly-Southeasterly center line of said Lot; thence North 53°55'05" West along the Northwesternly-Southeasterly center line, a distance of 660.11 feet to the Northeasterly-Southeasterly center line of said Lot; thence North 36°03'30" East along the Northeasterly-Southwesterly center line, a distance of 327.41 feet to an intersection with the Southerly line of West Point Loma Boulevard; said intersection being also the beginning of a curve concave to the South, having a central angle of 20°54'02" a radius of 2180.00 feet and the center of which said curve bears South 10°53'42" East; thence Easterly along the arc of said curve, being also the Southerly line of said West Point Loma Boulevard, a distance of 110.36 feet to the beginning of a compound curve, concave Southwesterly having a central angle of 44°08' and a radius of 683.34 feet; thence Southeasterly along the arc of said curve, being also the Southerly line of said West Point Loma Boulevard, a distance of 526.36 feet; thence parallel with the North easterly line of said Lot 219, a distance of 107.54 feet to the TRUE POINT OF BEGINNING.

EXHIBIT "B"

LIST OF PERSONAL PROPERTY

Number of Apts	253
Club House	01
Offices	02
Total No. of Buildings	13

APPLIANCES:

Electric Range	254
Refrigerator	254
Air Conditioner	253
Dishwasher	65

OFFICE:

Desks..	02
Office Chairs	06
Computers	02
Copy Machinge (Xerox)	01
Printer (Brothers)	01
Fax Machine (Brothers)	01
Telephones	02
File Cabinets (Métal 4 Drawer)	04
Calculators (Casio)	03
Folding Tables	02
Radio & CD Player (JVD)	01
Wireless Intercom	01

MAINTENANCE SUPPLIES:

Airless Paint Sprayer (Campbell Havsfeld)	01
Reciprocating Saw (D Gwalt)	01
Circular Saw (Milwalkee)	01
Cordless Drill Kit (Bosch)	02
Rotary Cutter Kit (Bosch)	01
Key Cutting Machine	01
Powerless Blowers	02
Hand Grinder	01
Rotary Cutter (Bosch)	01
Electric Sander	01
Chain Saw (20")	01
Mini Rooter (General)	01
Heavy Duty Rooter	01
Floor Polisher/Scrubber	01
Compressor (Campbell)	01
Vacuum Cleaner (Hoover)	01
Vacuum Cleaner (Commercial Quick Kleen)	01
Electric Hand Snake (Power Vee)	01
Harper (Harpen)	01
Ladders	02

EXHIBIT "B"

TO PURCHASE AND SALE AGREEMENT AND
ESCROW INSTRUCTIONS

EXHIBIT "C"

RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:

[ASSIGNEE]

Space above this line for Recorder's Use

MAIL TAX STATEMENTS TO:

DOCUMENTARY TRANSFER TAX \$

.... Computed on the consideration or value of property conveyed; OR

.... Computed on the consideration or value less liens or encumbrances remaining at time of sale.

Signature of Declarant or Agent determining tax – Firm Name

Order No. _____

Escrow No. _____

Loan No. _____

GRANT DEED FOR GROUND LEASEHOLD IMPROVEMENTS

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, STONEWOOD GARDEN APARTMENTS, a California general partnership ("Grantor") hereby grants to [ASSIGNEE], the ground leasehold improvements located on that certain real property in the City of San Diego, County of San Diego, State of California, described on Exhibit "1" attached hereto and incorporated herein by reference, together with all rights, interests, privileges, easements, and appurtenances thereto and all right, title and interest of Grantor in, to and under adjoining streets, rights of way and easements (the "Property").

The Property conveyed hereby is subject to (i) non-delinquent general and special real property taxes; and (ii) matters of record.

Dated: _____, 2002

STONEWOOD GARDEN APARTMENTS,
a California general partnership,

By: _____
Robert J. Coles, Co-Trustee of the Coles
Living Trust, General Partner

By: _____
Since Coles, Co-Trustee of the Coles
Living Trust, General Partner

By: _____
Nancy M. Gentry Boyd, Trustee UDT
dated March 1, 1984, General Partner

EXHIBIT "C"
TO PURCHASE AND SALE AGREEMENT AND
ESCROW INSTRUCTIONS

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On _____, before me, _____, personally
appeared _____

_____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On _____, before me, _____, personally
appeared _____

_____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

Notary Public

[SEAL]

EXHIBIT "1"

LEGAL DESCRIPTION OF REAL PROPERTY

THAT CERTAIN REAL PROPERTY SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SAN DIEGO, AND DESCRIBED AS FOLLOWS:

A LEASEHOLD ESTATE created by that certain Lease dated August 21, 1978, executed by the CITY OF SAN DIEGO, as Lessor and Gentry and Coles, a general partnership, as Lessee, recorded August 4, 1978, as File No. 78-330066 of Official Records, for the term of 40 years upon and subject to all the provisions therein contained, in and to the following described land:

PARCEL 1:

Lot 47 of BAY CREST, in the City of San Diego, County of San Diego, State of California, according to the Map Thereof No. 5334, filed in the Office of the County Recorder of San Diego County, January 24, 1964.

EXCEPTING THAT portion lying Northerly of a line which bears North 65°57'28" East from a point on the Southwesterly line of said Lot distant along said Southwesterly line North 24°02'32" West 91.00 feet from the most Southerly corner of said Lot 47.

PARCEL 2:

That portion of PUEBLO LOT 219 of PUEBLO LANDS OF SAN DIEGO, in the City of San Diego, County of San Diego, State of California, according to Map thereof made by James Pascoe in May 1870, a copy of which said Map was filed in the Office of the County Recorder of said San Diego County, November 14, 1921, and as known as Miscellaneous Map No. 36, included within the following described boundaries:

COMMENCING at the most Easterly corner of said PUEBLO LOT 219; thence South 36°17'20" West along the Southeasterly line of said Lot, a distance of 35.00 feet to an intersection with the Southwesterly line of Midway Drive (Ingraham Street), said intersection being the TRUE POINT OF BEGINNING.

Thence continuing South 36°17'30" West along the Southeasterly line of said Lot, a distance of 298.16 feet to the Northwestern-Southeasterly center line of said Lot; thence North 53°55'05" West along the Northwestern-Southeasterly center line, a distance of 660.11 feet to the Northeasterly-Southeasterly center line of said Lot; thence North 36°03'30" East along the Northeasterly-Southwesterly center line, a distance of 327.41 feet to an intersection with the Southerly line of West Point Loma Boulevard; said intersection being also the beginning of a curve concave to the South, having a central angle of 20°54'02" a radius of 2180.00 feet and the center of which said curve bears South 10°53'42" East; thence Easterly along the arc of said curve, being also the Southerly line of said West Point Loma Boulevard, a distance of 110.36 feet to the beginning of a compound curve, concave Southwesterly having a central angle of 44°08' and a radius of 683.34 feet; thence Southeasterly along the arc of said curve, being also the Southerly line of said West Point Loma Boulevard, a distance of 526.36 feet; thence parallel with the North easterly line of said Lot 219, a distance of 107.54 feet to the TRUE POINT OF BEGINNING.

EXHIBIT "1"

TO GRANT DEED FOR GROUND LEASEHOLD
IMPROVEMENTS

EXHIBIT "D"

WARRANTY BILL OF SALE

For good and valuable consideration, the receipt of which is hereby acknowledged, STONEWOOD GARDEN APARTMENTS, a California general partnership (the "Seller"), does hereby sell, transfer and convey to [ASSIGNEE] (the "Buyer"); all personal property of Seller described in Exhibit "2" attached hereto which is located on and used in the operation, repair and maintenance of the real property described in Exhibit "1" attached hereto, which personal property Seller warrants to be free and clear of all encumbrances.

Seller does hereby covenant with Buyer that Seller is the lawful owner of such personal property, free and clear of all liens, encumbrances, security agreements and financing statements, that such personal property is owned and not leased by Seller and that Seller has good right to sell the same as aforesaid and will warrant and defend the title thereto unto Buyer, its successors and assigns, against the claims and demands of all persons.

By its acceptance of this Warranty Bill of Sale, Buyer acknowledges that it is acquiring all of such personal property in its "as is" condition, as more particularly provided in the Purchase and Sale Agreement and Escrow Instructions pursuant to which Buyer is purchasing the real property described in attached Exhibit "1."

Dated this ____ day of _____, 2002

STONEWOOD GARDEN APARTMENTS,
a California general partnership,

By: _____
Robert J. Coles, Co-Trustee of the Coles
Living Trust, General Partner

By: _____
Sinee Coles, Co-Trustee of the Coles
Living Trust, General Partner

By: _____
Nancy M. Gentry Boyd, Trustee UDT
dated March 1, 1984, General Partner

EXHIBIT "1"

LEGAL DESCRIPTION OF REAL PROPERTY

THAT CERTAIN REAL PROPERTY SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SAN DIEGO, AND DESCRIBED AS FOLLOWS:

A LEASEHOLD ESTATE created by that certain Lease dated August 21, 1978, executed by the CITY OF SAN DIEGO, as Lessor and Gentry and Coles, a general partnership, as Lessee, recorded August 4, 1978, as File No. 78-330066 of Official Records, for the term of 40 years upon and subject to all the provisions therein contained, in and to the following described land:

PARCEL 1:

Lot 47 of BAY CREST, in the City of San Diego, County of San Diego, State of California, according to the Map Thereof No. 5334, filed in the Office of the County Recorder of San Diego County, January 24, 1964.

EXCEPTING THAT portion lying Northerly of a line which bears North 65°57'28" East from a point on the Southwesterly line of said Lot distant along said Southwesterly line North 24°02'32" West 91.00 feet from the most Southerly corner of said Lot 47.

PARCEL 2:

That portion of PUEBLO LOT 219 of PUEBLO LANDS OF SAN DIEGO, in the City of San Diego, County of San Diego, State of California, according to Map thereof made by James Pascoe in May 1870, a copy of which said Map was filed in the Office of the County Recorder of said San Diego County, November 14, 1921, and as known as Miscellaneous Map No. 36, included within the following described boundaries:

COMMENCING at the most Easterly corner of said PUEBLO LOT 219; thence South 36°17'20" West along the Southeasterly line of said Lot, a distance of 35.00 feet to an intersection with the Southwesterly line of Midway Drive (Ingraham Street), said intersection being the TRUE POINT OF BEGINNING.

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EXHIBIT "1"

TO WARRANTY BILL OF SALE

EXHIBIT "2"

LIST OF PERSONAL PROPERTY

This Exhibit shall consist of a list of the furniture, machinery, apparatus, appliances, including, without limitation, refrigerators and equipment to be conveyed by Seller to Buyer. Such list shall be prepared by Seller, delivered to Buyer concurrently with the execution of this Agreement, approved by Buyer and inserted as Exhibit "2" on or before the expiration of the Due Diligence Period.

EXHIBIT "E"

ASSIGNMENT OF LEASES

THIS ASSIGNMENT OF LEASES ("Assignment") is made as of _____, 2002, by and between STONEWOOD GARDEN APARTMENTS, a California general partnership ("Assignor"), and [ASSIGNEE] ("Assignee").

R E C I T A L S:

A. Concurrently with the delivery of this Assignment, Assignor has conveyed to Assignee and Assignee has acquired from Assignor the ground leasehold estate in and to certain real property located in San Diego, California, more particularly described in Exhibit "1" attached hereto (the "Real Property") pursuant to that certain Purchase and Sale Agreement and Escrow Instructions dated February __, 2002 (the "Purchase Agreement"), which Purchase Agreement has been assigned by the buyer thereunder to Assignee.

B. Pursuant to the Purchase Agreement, Assignor is to assign to Assignee and Assignee is to assume certain rights and obligations under those certain leases affecting the Property as amended or modified (collectively, the "Leases"), which Leases are more particularly described in Exhibit "2" attached hereto and incorporated herein by this reference.

NOW, THEREFORE, Assignor and Assignee agree as follows:

ARTICLE I

ASSIGNMENT OF LEASES

1.1 Assignment. Assignor hereby assigns to Assignee all of Assignor's right, title and interest in and to all Leases affecting the Property as of the Effective Date, including, but not limited to, all security and other deposits and prepaid rents paid thereunder (hereafter defined).

1.2 Assumption. Assignee hereby accepts the foregoing assignment, assumes the Leases for the benefit of Assignor and the lessees thereunder; and agrees to timely keep, perform and discharge all of the obligations of the lessor under the Leases that accrue from and after the Effective Date hereof.

1.3 Indemnification. Assignor shall indemnify, protect, defend and hold Assignee harmless from all losses, damages, claims, liabilities, demands, costs, offset rights and expenses, including, without limitation, attorneys' fees arising out of any failure of Assignor to keep, perform and discharge all of the obligations of lessor under the Leases prior to the Effective Date. Assignee shall indemnify, protect, defend and hold Assignor harmless from all losses, demands, damages, claims, liabilities, demands, costs, expenses and offset rights, including, without limitation, attorneys' fees arising out of any failure of Assignee to so keep, perform and

EXHIBIT "E"

TO PURCHASE AND SALE AGREEMENT AND
ESCROW INSTRUCTIONS

discharge all of the obligations of the lessor under the Leases that accrue on or after the Effective Date.

1.4 Effective Date. The "Effective Date" of this Assignment shall be the date that Assignee acquires the Real Property.

1.5 Consistency with Purchase Agreement. Nothing in this Assignment shall be construed to modify or limit any provisions of the Purchase Agreement and in the event of any inconsistency between this Assignment and the Purchase Agreement, the Purchase Agreement shall control.

ARTICLE II

MISCELLANEOUS

2.1 Attorneys' Fees. In the event of any action between Assignor and Assignee seeking enforcement of any of the terms and conditions to this Assignment, the prevailing party in such action, whether by fixed judgment or settlement, shall be entitled to recover, in addition to damages, injunctive or other relief, its actual costs and expenses, including, but not limited to, actual attorneys' fees, court costs and expert witness fees. Such costs shall include attorneys' fees, costs and expenses incurred in (a) post-judgment motions, (b) contempt proceedings, (c) garnishment, levy and debtor and third-party examination, (d) discovery, and (e) bankruptcy litigation.

2.2 Inurement. This Assignment shall inure to the benefit of Assignor and Assignee, and their respective heirs, assigns and successors in interest.

2.3 Counterparts. This Assignment may be signed by the parties in different counterparts and the signature pages combined to create a document binding on all parties.

[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.]

2.4 Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this Assignment as of the day and year first above written.

STONEWOOD GARDEN APARTMENTS,
a California general partnership,

By: _____
Robert J. Coles, Co-Trustee of the Coles
Living Trust, General Partner

By: _____
Sinee Coles, Co-Trustee of the Coles
Living Trust, General Partner

By: _____
Nancy M. Gentry Boyd, Trustee UDT
dated March 1, 1984, General Partner

“Assignor”

[ASSIGNEE]

“Assignee”

EXHIBIT "1"

LEGAL DESCRIPTION OF REAL PROPERTY

THAT CERTAIN REAL PROPERTY SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SAN DIEGO, AND DESCRIBED AS FOLLOWS:

A LEASEHOLD ESTATE created by that certain Lease dated August 21, 1978, executed by the CITY OF SAN DIEGO, as Lessor and Gentry and Coles, a general partnership, as Lessee, recorded August 4, 1978, as File No. 78-330066 of Official Records, for the term of 40 years upon and subject to all the provisions therein contained, in and to the following described land:

PARCEL 1:

Lot 47 of BAY CREST, in the City of San Diego, County of San Diego, State of California, according to the Map Thereof No. 5334, filed in the Office of the County Recorder of San Diego County, January 24, 1964.

EXCEPTING THAT portion lying Northerly of a line which bears North 65°57'28" East from a point on the Southwesterly line of said Lot distant along said Southwesterly line North 24°02'32" West 91.00 feet from the most Southerly corner of said Lot 47.

PARCEL 2:

That portion of PUEBLO LOT 219 of PUEBLO LANDS OF SAN DIEGO, in the City of San Diego, County of San Diego, State of California, according to Map thereof made by James Pascoe in May 1870, a copy of which said Map was filed in the Office of the County Recorder of said San Diego County, November 14, 1921, and as known as Miscellaneous Map No. 36, included within the following described boundaries:

COMMENCING at the most Easterly corner of said PUEBLO LOT 219; thence South 36°17'20" West along the Southeasterly line of said Lot, a distance of 35.00 feet to an intersection with the Southwesterly line of Midway Drive (Ingraham Street), said intersection being the TRUE POINT OF BEGINNING.

Thence continuing South 36°17'30" West along the Southeasterly line of said Lot, a distance of 298.16 feet to the Northwesternly-Southeasterly center line of said Lot; thence North 53°55'05" West along the Northwesternly-Southeasterly center line, a distance of 660.11 feet to the Northeastery-Southeasterly center line of said Lot; thence North 36°03'30" East along the Northeastery-Southwesterly center line, a distance of 327.41 feet to an intersection with the Southerly line of West Point Loma Boulevard; said intersection being also the beginning of a curve concave to the South, having a central angle of 20°54'02" a radius of 2180.00 feet and the center of which said curve bears South 10°53'42" East; thence Easterly along the arc of said curve, being also the Southerly line of said West Point Loma Boulevard, a distance of 110.36 feet to the beginning of a compound curve, concave Southwesterly having a central angle of 44°08' and a radius of 683.34 feet; thence Southeasterly along the arc of said curve, being also the Southerly line of said West Point Loma Boulevard, a distance of 526.36 feet; thence parallel with the North easterly line of said Lot 219, a distance of 107.54 feet to the TRUE POINT OF BEGINNING.

EXHIBIT "1"

TO ASSIGNMENT OF LEASES

EXHIBIT "2"

SCHEDULE OF LEASES

Seller shall prepare a list of the Leases affecting the Real Property including any amendments or modifications thereto and all security and other deposits and prepaid rents thereunder. Such list shall be inserted as Exhibit "2" to the Assignment prior to its execution.

EXHIBIT "F"

NON-FOREIGN AFFIDAVIT

Section 1445 of the Internal Revenue Code provides that the transferee of an interest in real property located in the United States must withhold tax if the transferor is a foreign person. To inform [ASSIGNEE] ("Transferee"), that withholding of tax is not required upon the sale by _____ ("Transferor"), of its leasehold interest in that certain real property sold pursuant to the Purchase and Sale Agreement and Escrow Instructions dated February __, 2002, which real property is described in Exhibit "1", attached hereto and made a part hereof, the undersigned hereby certifies the following:

1. The Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and the income tax regulations promulgated thereunder);
2. The Transferor's United States Taxpayer Identification Number is _____;
3. The Transferor's office address is _____; and
4. The Internal Revenue Service has not issued any notice with respect to Transferor or listed Transferor as a person whose affidavit may not be relied upon for purposes of Section 1445 of the Internal Revenue Code.

The Transferor understands that this certification may be disclosed to the Internal Revenue Service by Transferee and that any false statement contained herein could be punished by fine, imprisonment or both.

Under penalty of perjury, I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I am the _____ of Transferor and that I have authority to sign this document on behalf of the Transferor.

Dated: _____, 2002. By: _____

EXHIBIT "1"

LEGAL DESCRIPTION OF REAL PROPERTY

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PARCEL 2:

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EXHIBIT "G"

ASSIGNMENT OF CONTRACTS, PERMITS, INTANGIBLE
PERSONAL PROPERTY, WARRANTIES AND GUARANTIES

THIS ASSIGNMENT OF CONTRACTS, PERMITS, INTANGIBLE PERSONAL PROPERTY, WARRANTIES AND GUARANTIES ("Assignment") is made and entered into this ____ day of _____, 2002, by and between [ASSIGNOR] ("Assignor"), and [ASSIGNEE] ("Assignee").

R E C I T A L S:

This Assignment is made with reference to the following facts and intentions of the parties:

A. Concurrently with the delivery of this Assignment, Assignor has conveyed to Assignee and Assignee has acquired from Assignor the ground leasehold estate in and to certain real property located in San Diego, California, more particularly described in Exhibit "1" attached hereto (the "Real Property") pursuant to that certain Purchase and Sale Agreement and Escrow Instructions dated _____, 2002 (the "Purchase Agreement"), which Purchase Agreement has been assigned by the buyer thereunder to Assignee.

B. Assignor, in connection with the orderly operation of the Real Property, has entered into certain labor service, supply maintenance, property management, leasing, insurance and other contracts, copies of which have been given to and approved by Assignee. In accordance with the terms and conditions of the Purchase Agreement, Assignor has agreed to assign to Assignee and Assignee has agreed to accept the assignment of all contracts which Assignee elects to assume. A schedule and the originals of all such contracts Assignee has elected to assume are attached hereto as Exhibit "2" (collectively, "Contracts").

C. Assignor is the owner of or holder of certain permits, licenses, plans and specifications and certificates of occupancy relating to the Real Property (collectively, "Permits") including but not limited to those permits, licenses, plans and specifications and certificates of occupancy set forth in the schedule attached hereto as Exhibit "3".

D. Assignor is the owner and possessor of certain trade names, logos, signs, trademarks and styles, if any, telephone listings and numbers, manuals, lists of prospective tenants, advertising materials, all plans and specifications, specifications relating to the improvements and fixtures located on the Real Property, including all working drawings and "as-built" drawings and all reports and studies relating to the Property (as defined in the Purchase Agreement) and similar items included within, related to or otherwise pertaining to the Property (collectively, "Intangible Personal Property"), including but not limited to the Intangible Personal Property set forth in the schedule attached hereto as Exhibit "4".

E. Assignor is the owner or holder of certain warranties and guaranties now in effect with respect to the Property (collectively, "Warranties and Guaranties"), including, but not limited to, the warranties and guaranties listed in the schedule set forth in Exhibit "5" attached hereto.

F. Pursuant to the terms of the Purchase Agreement, Assignor has agreed to assign to Assignee all of its right, title and interest in and to the Contracts, Permits, Intangible Personal Property and Warranties and Guaranties.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the parties agree as follows:

ARTICLE I

ASSIGNMENT OF CONTRACTS, PERMITS, INTANGIBLE

PERSONAL PROPERTY, WARRANTIES AND GUARANTIES

1.1 Assignment of Contracts. Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's right, title and interest in and to all of the Contracts set forth in Exhibit "2", and Assignee accepts and agrees to assume the obligations of Assignor under the Contracts occurring after the Effective Date (as hereinafter defined).

1.2 Assignment of Permits, Intangible Personal Property, Warranties and Guaranties. Assignor hereby assigns to Assignee all of Assignor's right, title and interest in and to all Permits, Intangible Personal Property and Warranties and Guaranties relating to the Real Property, including, without limitation, those Permits, Intangible Personal Property and Warranties and Guaranties described in Exhibits "3", "4" and "5", respectively. Assignee hereby accepts the foregoing assignment of any and all Permits, Intangible Personal Property and Warranties and Guaranties now in effect with respect to the Property.

1.3 No Liability; Indemnification. This Assignment and its acceptance by Assignee shall not impose any liability on Assignee for any default by Assignor under the Contracts occurring prior to the Effective Date. Assignor shall indemnify, protect, defend and hold Assignee harmless from any and all losses, demands, damages, claims, liabilities, costs and expenses, including, but not limited to, attorneys' fees arising out of or in connection with any default by Assignor under the Contracts occurring prior to the Effective Date. Assignee shall indemnify, protect, defend and hold Assignor harmless from any and all losses, damages, claims, liabilities, costs and expenses including, without limitation, attorneys' fees, arising out of or in connection with any default by Assignee under the Contracts that occurs on or after the Effective Date.

1.4 Effective Date. The "Effective Date" of this Assignment shall be the date that Assignee acquires the ground leasehold estate in and to the Real Property described in Exhibit "1".

1.5 Consistency with Purchase Agreement. Nothing in this Assignment shall be construed to modify or limit any provisions in the Purchase Agreement and in the event of any inconsistency between this Assignment and the Purchase Agreement, the latter shall govern and control.

ARTICLE II

MISCELLANEOUS

2.1 Attorneys' Fees. In the event of any action between Assignor and Assignee seeking enforcement of any of the terms and conditions to this Assignment, the prevailing party in such action, whether by fixed judgment or settlement, shall be entitled to recover, in addition to damages, injunctive or other relief, its actual costs and expenses, including, but not limited to, actual attorneys' fees, court costs and expert witness fees. Such costs shall include attorneys' fees, costs and expenses incurred in (a) post-judgment motions, (b) contempt proceedings, (c) garnishment, levy and debtor and third-party examination, (d) discovery, and (e) bankruptcy litigation.

2.2 Inurement. This Assignment shall inure to the benefit of Assignor and Assignee, and their respective heirs, assigns and successors in interest.

2.3 Counterparts. This Assignment may be signed by the parties in different counterparts and the signature pages combined to create a document binding on all parties.

[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.]

2.4 Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date first above written.

[ASSIGNOR]

By: _____
Its: _____

By: _____
Its: _____

“Assignor”

[ASSIGNEE]

By: _____
Its: _____

By: _____
Its: _____

“Assignee”

EXHIBIT "1"

LEGAL DESCRIPTION OF REAL PROPERTY

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EXCEPTING THAT portion lying Northerly of a line which bears North 65°57'28" East from a point on the Southwesterly line of said Lot distant along said Southwesterly line North 24°02'32" West 91.00 feet from the most Southerly corner of said Lot 47.

PARCEL 2:

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EXHIBIT "1"

TO ASSIGNMENT OF CONTRACTS

EXHIBIT "2"

SCHEDULE OF CONTRACTS ASSIGNED

Prior to execution of this document, Assignee shall prepare and insert a schedule of all of the contracts it elects to assume pursuant to this Assignment.

EXHIBIT "3"

SCHEDULE OF PERMITS, LICENSES AND CERTIFICATES OF OCCUPANCY

A list of any and all permits, licenses and certificates of occupancy in Assignor's possession issued or obtained for the Property, or any part thereof, shall be prepared by Assignor and inserted herein prior to the execution of this Assignment.

EXHIBIT "4"

SCHEDULE OF INTANGIBLE PERSONAL PROPERTY

A list of any and all Intangible Personal Property included within the Property shall be prepared by Assignor and inserted herein prior to execution of this Assignment.

[THERE IS NO TANGIBLE PERSONAL PROPERTY]

EXHIBIT "5"

SCHEDULE OF WARRANTIES AND GUARANTIES

Prior to execution of the Assignment, Assignor shall prepare a list of any and all warranties and guaranties then in effect with respect to the Property conveyed to Assignee.

EXHIBIT "H"

SCHEDULE OF ALL LABOR, SERVICE, EMPLOYMENT, SUPPLY,

MAINTENANCE AND BROKERAGE LEASING CONTRACTS

On or before execution of this Agreement, Seller shall prepare a Schedule of all Labor, Service, Employment, Supply, Maintenance and Brokerage Leasing Contracts which relate to the Property and said Schedule shall be inserted herein.

EXHIBIT "I"

CERTIFICATE OF SELLER REGARDING REPRESENTATIONS
AND WARRANTIES

____ ("Seller") has entered into a Purchase and Sale Agreement and Escrow Instructions (the "Agreement") dated February __, 2002 with FF REALTY LLC, a Delaware limited liability company ("Buyer"), for the purchase and sale of that certain real property as described in Exhibit "A" attached to the Agreement, the rights under which have been assigned by Buyer to [ASSIGNEE] ("Assignee"). Pursuant to Section 6.1(b) of the Agreement, Seller hereby certifies to Assignee that all representations and warranties made by Seller pursuant to Section 6.1 of the Agreement are true and correct as of the Close of Escrow excepting those matters which are set forth in detail in Exhibit "1" attached hereto and incorporated herein by this reference.

All representations and warranties made by Seller shall survive the Close of Escrow.

EXHIBIT "1"

† EXCEPTIONS FROM SELLER'S REPRESENTATIONS AND WARRANTIES

EXHIBIT "J"

NOTICE TO TENANTS

TO: All Tenants of Stonewood Apartments

Please be advised that Stonewood Apartments has, on the date hereof, been sold by the undersigned Seller to [ASSIGNEE].

All future rent payments should be made to the new owner at:

Your security deposit in the amount of \$_____ has been assigned to the new owner who will be responsible for complying with the provisions of the California Civil Code with respect to return of the deposit.

If you have any questions, notify: _____

Dated: _____, 2002

SELLER:

EXHIBIT "K"

LEAD-BASED PAINT DISCLOSURE AND ACKNOWLEDGMENT

LEAD WARNING STATEMENT:

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint, paint chips and dust that may place young children at risk of developing lead poisoning. Lead can pose health hazards if not taken care of properly. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in pre-1978 residential real property, prior to the sale, is required to: (a) provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession; (b) notify the buyer of any known lead-based paint hazards; and (c) give the buyer a Federally approved pamphlet on lead poisoning prevention. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

SELLER'S DISCLOSURE

- (A) Presence of lead-based paint and lead-based paint hazards (check one below):
- ☐ Known lead-based paint and/or lead-based paint hazards are present in the housing. (Explanation: _____

_____)
 - ☐ Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.
- (B) Records and reports available to the seller (check one below):
- ☐ Seller has provided the purchaser with all available records and reports pertaining to lead-based paint and/or lead-based paint hazardous in the housing. (List documents:) _____

 - ☐ Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

CERTIFICATION OF ACCURACY

The undersigned has reviewed the information above and certifies, to the best of its knowledge, that the information provided by the signatory is true and accurate.

EXHIBIT "L"

PENDING OR THREATENED CLAIMS, ALLEGATIONS OR LAWSUITS

On or before the execution of this Agreement, Seller shall prepare a Schedule of all pending or threatened claims, allegations or lawsuits whether for personal injury, property damage, landlord-tenant disputes, property taxes or otherwise affecting Seller or the Property and said Schedule shall be inserted herein.

**[THERE ARE NO PENDING OR THREATENED CLAIMS, ALLEGATIONS, OR
LAWSUITS AS OF FEBRUARY 14, 2002]**

EXHIBIT "M"

RECORDING REQUESTED BY:

WHEN RECORDED RETURN TO:

RUTAN & TUCKER, LLP
P. O. Box 1950
Costa Mesa, CA 92628-1950
Attn: Patrick D. McCalla

Space above this line for Recorder's Use

MEMORANDUM OF PURCHASE AGREEMENT

By this Memorandum of Purchase Agreement, **STONEWOOD GARDEN APARTMENTS, a California general partnership** ("Seller"), and **FF REALTY LLC, a Delaware limited liability company** ("Buyer"), agree as follows:

1. Pursuant to that certain [Ground Lease] dated _____, _____, by and between [Ground Lessor] and Seller, Seller is the ground lessee of that certain real property located in the City of San Diego, County of San Diego, State of California, as more particularly described on Exhibit "1" attached hereto and incorporated herein by reference (the "Real Property").
2. Seller and Buyer have entered into that certain Purchase and Sale Agreement and Escrow Instructions dated as of February __, 2002 ("Purchase Agreement") pursuant to which Seller has agreed to sell and Buyer has agreed to buy those certain improvements and related appurtenances located on the Real Property and assign its leasehold interest in the Real Property to Buyer, upon the terms and conditions more particularly set forth therein.
3. This Memorandum may be signed in any number of counterparts, each of which shall be an original and all of which shall constitute the same instrument.

[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.]

EXHIBIT "M"
TO PURCHASE AND SALE AGREEMENT AND
ESCROW INSTRUCTIONS

4. This Memorandum is for purposes of giving record notice only and is not intended to modify the terms and provisions of the Purchase Agreement in any respect.

IN WITNESS WHEREOF, this Memorandum was executed as of the date and year first above written.

STONEWOOD GARDEN APARTMENTS,
a California general partnership,

By: _____
Robert J. Coles, Co-Trustee of the Coles
Living Trust, General Partner

By: _____
Sinee Coles, Co-Trustee of the Coles
Living Trust, General Partner

By: _____
Nancy M. Gentry Boyd, Trustee UDT
dated March 1, 1984, General Partner

"Seller"

FF REALTY LLC, a Delaware limited liability
company

By: FF PROPERTIES, INC, a Delaware
corporation, Member Manager

By: _____
Patrick J. Gavin
Its: Vice President

"Buyer"

EXHIBIT "M"
TO PURCHASE AND SALE AGREEMENT AND
ESCROW INSTRUCTIONS

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On _____, before me, _____, personally
appeared _____

_____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On _____, before me, _____, personally
appeared _____

_____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

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Notary Public

[SEAL]

STATE OF CALIFORNIA)

COUNTY OF)

ss.

On _____, before me, _____, personally
appeared _____

_____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

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Notary Public

[SEAL]

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EXCEPTING THAT portion lying Northerly of a line which bears North 65°57'28" East from a point on the Southwesterly line of said Lot distant along said Southwesterly line North 24°02'32" West 91.00 feet from the most Southerly corner of said Lot 47.

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That portion of PUEBLO LOT 219 of PUEBLO LANDS OF SAN DIEGO, in the City of San Diego, County of San Diego, State of California, according to Map thereof made by James Pascoe in May 1870, a copy of which said Map was filed in the Office of the County Recorder of said San Diego County, November 14, 1921, and as known as Miscellaneous Map No. 36, included within the following described boundaries:

COMMENCING at the most Easterly corner of said PUEBLO LOT 219; thence South 36°17'20" West along the Southeasterly line of said Lot, a distance of 35.00 feet to an intersection with the Southwesterly line of Midway Drive (Ingraham Street); said intersection being the TRUE POINT OF BEGINNING.

Thence continuing South 36°17'30" West along the Southeasterly line of said Lot, a distance of 298.16 feet to the Northwesternly-Southeasterly center line of said Lot; thence North 53°55'05" West along the Northwesternly-Southeasterly center line, a distance of 660.11 feet to the Northeasterly-Southeasterly center line of said Lot; thence North 36°03'30" East along the Northeasterly-Southwesterly center line, a distance of 327.41 feet to an intersection with the Southerly line of West Point Loma Boulevard; said intersection being also the beginning of a curve concave to the South, having a central angle of 20°54'02" a radius of 2180.00 feet and the center of which said curve bears South 10°53'42" East; thence Easterly along the arc of said curve, being also the Southerly line of said West Point Loma Boulevard, a distance of 110.36 feet to the beginning of a compound curve, concave Southwesterly having a central angle of 44°08' and a radius of 683.34 feet; thence Southeasterly along the arc of said curve, being also the Southerly line of said West Point Loma Boulevard, a distance of 526.36 feet; thence parallel with the North easterly line of said Lot 219, a distance of 107.54 feet to the TRUE POINT OF BEGINNING.

EXHIBIT "1"

TO MEMORANDUM OF PURCHASE AGREEMENT

EXHIBIT "N"

FORM ASSIGNMENT AND ASSUMPTION OF GROUND LEASE

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

[ASSIGNEE]

(Space Above For Recorder's Use)

ASSIGNMENT OF LEASEHOLD ESTATE

THIS ASSIGNMENT OF LEASEHOLD ESTATE (this "Assignment") is made as of _____, 2002, by and between _____ [ASSIGNOR] _____ ("Assignor"), and [ASSIGNEE] ("Assignee").

RECITALS

A. Assignor is the ground lessee under that certain Lease Agreement dated as of August 2, 1978, by and between Assignor, as ground lessee, and The City of San Diego, as ground lessor and filed on June 19, 1978, in the Office of the City Clerk of San Diego, California as Document No. 763729 ("Lease Agreement"); First Amendment to Lease Agreement dated January 18, 1980, by and between the ground lessee and ground lessor and filed on January 18, 1980 in the Office of the City Clerk of San Diego, California as Document No. 250802 ("First Amendment"); Second Amendment to Lease Agreement dated September 12, 1991, by and between ground lessee and ground lessor and filed on _____ in the Office of the City Clerk San Diego, California as Document No. _____ ("Second Amendment"), Lease Agreement, First Amendment, and Second Amendment are hereinafter collectively referred to as "Ground Lease." The real property demised by the Ground Lease is legally described in the attached Exhibit "1".

B. Assignor desires to assign the leasehold estate under the Ground Lease and all right, title and interest of Assignor as the ground lessee under the Ground Lease to Assignee, and Assignee is willing to accept said assignment, upon the terms, covenants and provisions of this Assignment.

NOW, THEREFORE, incorporating the foregoing recitals of fact, Assignor and Assignee agree as follows:

1. Assignment. Assignor hereby assigns to Assignee the leasehold estate under the Ground Lease and all right, title and interest of Assignor as the ground lessee under the Ground Lease.

2. Acceptance. Assignee hereby accepts the foregoing Assignment.

EXHIBIT "N"

TO PURCHASE AND SALE AGREEMENT AND
ESCROW INSTRUCTIONS

3. No Liability; Indemnification. This Assignment and its acceptance by Assignee shall not impose any liability on Assignee for any default by Assignor under the Ground Lease occurring prior to the Effective Date. Assignor shall indemnify, protect, defend and hold Assignee harmless from any and all losses, demands, damages, claims, liabilities, costs and expenses, including, but not limited to, attorneys' fees arising out of or in connection with any default by Assignor under the Ground Lease occurring prior to the Effective Date. Assignee shall indemnify, protect, defend and hold Assignor harmless from any and all losses, damages, claims, liabilities, costs and expenses including, without limitation, attorneys' fees, arising out of or in connection with any default by Assignee under the Ground Lease that occurs on or after the Effective Date.

4. Effective Date. The Effective Date of this Assignment shall be the date this Assignment is recorded in the Official Records of San Diego County, California.

5. Attorneys' Fees. In the event of any dispute arising out of the subject matter of this Assignment, the prevailing party shall be entitled to reasonable attorneys' fees and costs.

6. Inurement. This Assignment shall inure to the benefit of Assignor and Assignee and their respective heirs, assigns and successors-in-interest.

7. Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the State of California.

8. Qualification; Authority. Assignor and Assignee each represent and warrant to the other that it is duly formed, is authorized to do business in the State of California and that it has been duly authorized to enter into and perform its obligations under this Assignment.

**[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK
SIGNATURES FOLLOW.]**

IN WITNESS WHEREOF, the parties have executed this Assignment of Leasehold Interest as of the day and year first above written.

ASSIGNOR:

[Assignor]

By: _____

Its: _____

By: _____

Its: _____

ASSIGNEE:

[Assignee]

By: _____

Its: _____

By: _____

Its: _____

STATE OF CALIFORNIA)

) ss.

COUNTY OF)

On _____, before me, _____, Notary Public,
personally appeared _____,
personally known to me (or proved to me on the basis of satisfactory evidence) to be the
person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their
signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s)
acted, executed the instrument.

Witness my hand and official seal.

Notary Public

[SEAL]

STATE OF CALIFORNIA)

) ss.

COUNTY OF)

On _____, before me, _____, Notary Public,
personally appeared _____,
personally known to me (or proved to me on the basis of satisfactory evidence) to be the
person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that
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Witness my hand and official seal.

Notary Public

[SEAL]

STATE OF CALIFORNIA)

) ss.

COUNTY OF)

On _____, before me, _____, Notary Public,
personally appeared _____,
personally known to me (or proved to me on the basis of satisfactory evidence) to be the
person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their
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acted, executed the instrument.

Witness my hand and official seal.

Notary Public

[SEAL]

STATE OF CALIFORNIA)

) ss.

COUNTY OF)

On _____, before me, _____, Notary Public,
personally appeared _____,
personally known to me (or proved to me on the basis of satisfactory evidence) to be the
person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that
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signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s)
acted, executed the instrument.

Witness my hand and official seal.

Notary Public

[SEAL]

EXHIBIT "1"

LEGAL DESCRIPTION OF PREMISES

THAT CERTAIN REAL PROPERTY SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SAN DIEGO, AND DESCRIBED AS FOLLOWS:

A LEASEHOLD ESTATE created by that certain Lease dated August 21, 1978, executed by the CITY OF SAN DIEGO, as Lessor and Gentry and Coles, a general partnership, as Lessee, recorded August 4, 1978, as File No. 78-330066 of Official Records, for the term of 40 years upon and subject to all the provisions therein contained, in and to the following described land:

PARCEL 1:

Lot 47 of BAY CREST, in the City of San Diego, County of San Diego, State of California, according to the Map Thereof No. 5334, filed in the Office of the County Recorder of San Diego County, January 24, 1964.

EXCEPTING THAT portion lying Northerly of a line which bears North 65°57'28" East from a point on the Southwesterly line of said Lot distant along said Southwesterly line North 24°02'32" West 91.00 feet from the most Southerly corner of said Lot 47.

PARCEL 2:

That portion of PUEBLO LOT 219 of PUEBLO LANDS OF SAN DIEGO, in the City of San Diego, County of San Diego, State of California, according to Map thereof made by James Pascoe in May 1870, a copy of which said Map was filed in the Office of the County Recorder of said San Diego County, November 14, 1921, and as known as Miscellaneous Map No. 36, included within the following described boundaries:

COMMENCING at the most Easterly corner of said PUEBLO LOT 219; thence South 36°17'20" West along the Southeasterly line of said Lot, a distance of 35.00 feet to an intersection with the Southwesterly line of Midway Drive (Ingraham Street), said intersection being the TRUE POINT OF BEGINNING.

Thence continuing South 36°17'30" West along the Southeasterly line of said Lot, a distance of 298.16 feet to the Northwesterly-Southeasterly center line of said Lot; thence North 53°55'05" West along the Northwesterly-Southeasterly center line, a distance of 660.11 feet to the Northeasterly-Southeasterly center line of said Lot; thence North 36°03'30" East along the Northeasterly-Southwesterly center line, a distance of 327.41 feet to an intersection with the Southerly line of West Point Loma Boulevard; said intersection being also the beginning of a curve concave to the South, having a central angle of 20°54'02" a radius of 2180.00 feet and the center of which said curve bears South 10°53'42" East; thence Easterly along the arc of said curve, being also the Southerly line of said West Point Loma Boulevard, a distance of 110.36 feet to the beginning of a compound curve, concave Southwesterly having a central angle of 44°08' and a radius of 683.34 feet; thence Southeasterly along the arc of said curve, being also the Southerly line of said West Point Loma Boulevard, a distance of 526.36 feet; thence parallel with the North easterly line of said Lot 219, a distance of 107.54 feet to the TRUE POINT OF BEGINNING.

EXHIBIT "1"

TO MEMORANDUM OF PURCHASE AGREEMENT

EXHIBIT "O"

GROUND LESSOR CONSENT AND ESTOPPEL AGREEMENT

_____, _____
FF Realty LLC
5510 Morehouse Drive, Suite 200
San Diego, California 92121

Re: Stonewood Garden Apartments

Ladies and Gentlemen:

This Ground Lessor Consent and Estoppel Agreement ("Consent and Estoppel") is made with reference to that certain [Ground Lease] dated _____, _____ ("Lease"), between the undersigned, as Ground Lessor thereunder, and _____ [GROUND LESSEE] _____ ("Ground Lessee"), as ground lessee thereunder. The undersigned understands that FF Realty LLC, or its nominee ("Buyer") may be purchasing the leasehold estate created by the Lease ("Property"), which encumbers the real property described therein, which real property is more particularly described on Exhibit "1" attached hereto and incorporated herein by this reference, and that Buyer is relying upon this Consent and Estoppel.

With such understanding, the undersigned hereby represents and agrees, on behalf of itself and its successors and assigns, for the benefit of Buyer, its successors and assigns, that as of the date hereof:

1. The commencement date of the Lease was April 1, 1979, and the expiration date of the Lease is March 31, 2034 with zero options to renew the Lease for a period of _____ years each.

2. The amount of monthly rent currently due under the Lease is \$ _____ per month and the amount of the security deposit paid to Ground Lessor is \$ _____. The payment of rent commenced on _____, _____ and was last paid for the period ending _____, _____.

3. [If applicable.] The monthly rent will increase commencing on _____, _____ based upon [_____], as more particularly set forth in Section _____ of the Lease].

4. The undersigned has not advanced any funds for or on behalf of Ground Lessee for which the undersigned has the right to charge Ground Lessee.

5. The Lease is in full force and effect without default by Ground Lessee or the undersigned. The undersigned has no knowledge of the occurrence of any event which with the passage of time or notice would constitute a default under the Lease by Ground Lessee or the undersigned.

6. The Lease is the entire agreement between Ground Lessee and the undersigned pertaining to the Property and the Lease has not been amended, supplemented or modified.

7. The undersigned agrees that no future amendment of the Lease is enforceable as against Buyer and its successors unless such amendment has been consented to in writing by Buyer.

8. The undersigned does not have the right to terminate the Lease except upon a default under the Lease by Ground Lessee.

9. The current Ground Lessee under the Lease is Stonewood Garden Apartments, a California general partnership.

10. If the undersigned is a corporation, the person executing this Consent and Estoppel on behalf of the corporation is a duly appointed officer of the corporation and is the incumbent in the office indicated under his or her name. If the undersigned is a partnership, the person exercising this Consent and Estoppel on behalf of the partnership is authorized by the partnership agreement to sign this Consent and Estoppel on behalf of the partnership.

11. The undersigned has not been during the term of the Lease, and is not presently, involved as a debtor in any bankruptcy, insolvency or reorganization proceedings.

12. The undersigned consents to the assignment of the Lease to Buyer or its nominee.

The undersigned agrees to notify Buyer of any changes in the information set forth in this Consent and Estoppel which occur prior to the time the undersigned receives notice that Buyer has acquired the Property.

Very truly yours,

By: _____

Its: _____

EXHIBIT "1"

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EXHIBIT "1"

TO GROUND LESSOR CONSENT
AND ESTOPPEL CERTIFICATE