

This instrument prepared by
And when recorded, return to:



200701080176

Skagit County Auditor

1/8/2007 Page

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9 11:46AM

Summerglen Apartments Limited Partnership
1 SunAmerica Center, 36th Floor
Los Angeles, California 90067-6022
Attn: Howard Heitner & Thomas Musante

CHICAGO TITLE COMPANY
IC40501
PTN. NE SW 16-34-4

MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT (the "Memorandum") is made as of the 4th day of January, 2007, by **Summerglen One, LLC** a Washington limited liability company (43.4%), **Summerglen Two, LLC** a Washington limited liability company (34.5%), **Bali Palm Investment Group, LLC** an Arizona limited liability company (15.05%), and **Tram Fam, LLC** an Arizona limited liability company (7.05%), as tenants-in-common ("Buyer"), in favor of **Summerglen Apartments Limited Partnership**, a Washington limited partnership ("Seller").

340416-0-008-0000, 340416-3-001-0001; 340416-0-009-0009, 340416-3-018-0008

WITNESSETH:

WHEREAS, Buyer (the assignee of the buyer thereunder) and Seller entered into that certain Real Estate Purchase Agreement With Escrow Instructions dated October 27, 2006 (the "Agreement") wherein Seller agreed to sell, and Buyer agreed to buy, the Summerglen Apartments, more fully described on Exhibit "A" attached hereto and made a part hereof (the "Property"). Unless otherwise indicated herein, all capitalized terms in this Assignment shall have the meaning ascribed to them in the Agreement;

WHEREAS, pursuant to Paragraph 23 of the Agreement, the parties have agreed to certain matters relative to compliance with Section 42 of the Internal Revenue Code of 1986, as amended, and the regulations applicable thereto ("Section 42"), and pursuant to Paragraph 23 to execute and deliver a memorandum at closing to be recorded in the real property records of Skagit County, Washington;

NOW THEREFORE, in consideration of the transfer of the Property to Buyer, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby execute, deliver and record this memorandum to place third parties on notice of the existence of the surviving covenants and agreements of Buyer with respect to Section 42, as set forth in Paragraph 23 of the Agreement.

1. Seller hereby assigns, sells, transfers, sets over and delivers unto Buyer all of Seller's estate, right, title and interest in and to that certain Regulatory Agreement (Extended Use Agreement) dated November 1, 1995 by and between Seller and Washington State Housing Finance Commission recorded in the Official Records of Skagit County, Washington on

November 16, 1995, Auditor's No. 9511160002, as amended, and that certain Regulatory Agreement dated November 1, 1995 by and between Seller and Washington State Housing Finance Commission recorded in the Official Records of Skagit County, Washington on November 16, 1995, Auditor's No. 9511160003, as amended (collectively, "Regulatory Agreement") and Buyer hereby accepts such assignment and hereby assumes and agrees to undertake all of the obligations of Seller arising under the Regulatory Agreement from and after the date of this Memorandum.

2. Without limiting the foregoing, in Paragraph 23 of the Agreement, Buyer agreed that it would not sell the Property to a third party, unless the prospective buyer agreed in writing to assume all obligations of Buyer under said Paragraph 23 including, without limitation, the Buyer's indemnity obligations set forth in Paragraph 23 thereof.

3. By its execution hereof, this memorandum shall be subordinate to the rights of Artesia Mortgage Capital Corporation, a Delaware corporation and any refinancing(s) thereof. Upon request, Seller shall execute such further documents and instruments as may reasonably be necessary to evidence the subordination of its rights hereunder to the rights of such lienholder(s).

4. Nothing in this Memorandum shall be construed as amending or modifying the rights and obligations of Buyer and Seller under the Agreement.

THIS MEMORANDUM SHALL TERMINATE BY ITS OWN TERMS AND BE OF NO FURTHER FORCE OR EFFECT, WITHOUT ANY FURTHER ACTION REQUIRED OF ANY PARTY, EFFECTIVE AS OF MIDNIGHT ON DECEMBER 31, 2026.

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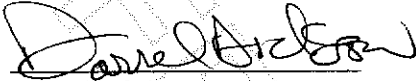
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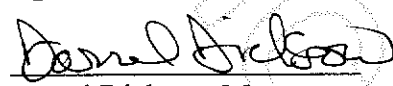
IN WITNESS WHEREOF, the Buyer hereby executes this Memorandum as of the date first written above.

BUYER:

Summerglen One LLC, a Washington limited liability company

By: 
Darrel Dickson, Manager

Summerglen Two LLC, a Washington limited liability company

By: 
Darrel Dickson, Manager

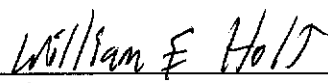
Bali Palm Investment Group LLC, an Arizona limited liability company

By: 
Darrel Dickson, Manager

Tram Fam, LLC, an Arizona limited liability company

By: _____
Kirk Trammell, Manager

Signed in the presence of:


Print Name:

Print Name:



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IN WITNESS WHEREOF, the Buyer hereby executes this Memorandum as of the date first written above.

BUYER:

Summerglen One LLC, a Washington limited liability company

By: _____
Darrel Dickson, Manager

Summerglen Two LLC, a Washington limited liability company

By: _____
Darrel Dickson, Manager

Bali Palm Investment Group LLC, an Arizona limited liability company

By: _____
Darrel Dickson, Manager

Tram Fam, LLC, an Arizona limited liability company

By: _____
Kirk Trammell, Manager

Signed in the presence of:

Print Name:

Print Name:

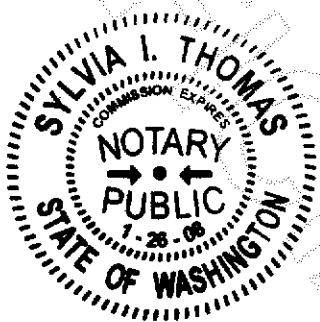


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STATE OF WASHINGTON)
) ss.
County of Pierce)

I certify that I know or have satisfactory evidence that **Darrel Dickson** is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he is authorized to execute the instrument and acknowledged it as the Manager of **Summarglen One LLC**, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 3rd day of January 2007



Sylvia I. Thomas
SYLVIA I. THOMAS
(Type/Print Name above)
Notary Public in and for the State of Washington,
residing at University Place
My Appointment Expires: 1/26/08

STATE OF WASHINGTON)
) ss.
County of Pierce)

I certify that I know or have satisfactory evidence that **Darrel Dickson** is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he is authorized to execute the instrument and acknowledged it as the Manager of **Summarglen Two LLC**, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 3rd day of January 2007



Sylvia I. Thomas
SYLVIA I. THOMAS
(Type/Print Name above)
Notary Public in and for the State of Washington,
residing at University Place
My Appointment Expires: 1/26/08

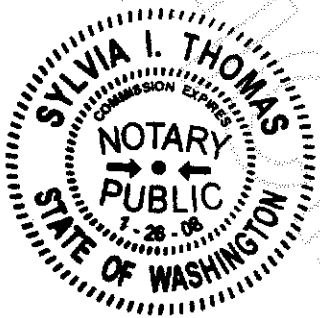


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STATE OF WASHINGTON)
) ss.
County of Pierce)

I certify that I know or have satisfactory evidence that **Darrel Dickson** is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he is authorized to execute the instrument and acknowledged it as the Manager of **Bali Palm Investment Group LLC**, an Arizona limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 3rd day of January 2009.



Sylvia I. Thomas
Sylvia I. Thomas
(Type/Print Name above)
Notary Public in and for the State of Washington,
residing at University Place
My Appointment Expires: 1/26/08

STATE OF _____)
) ss.
County of _____)

I certify that I know or have satisfactory evidence that **Kirk Trammell** is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he is authorized to execute the instrument and acknowledged it as the Manager of **TramFam LLC**, an Arizona limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this _____ day of January 2006.

(Type/Print Name above)
Notary Public in and for the State of Washington,
residing at _____
My Appointment Expires: _____



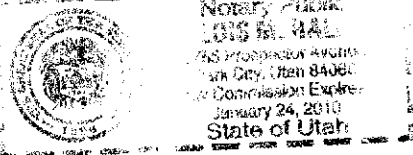
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STATE OF UTAH)

COUNTY OF Summit) ss.

On 1-3-07, personally appeared
before me, Kirk Trammell
duly sworn did say, each for himself, that
Tiam Fam LLC
are the members/managers of
a Utah Limited Liability Company and that the within and foregoing instrument
was signed on behalf of said Limited Liability Company by authority of its
Articles of Organization and each duly acknowledged to me that said Limited
Liability Company executed the same.

My Commission Expires:



[Signature]
NOTARY PUBLIC
RESIDING AT:



200701080176

Skagit County Auditor

EXHIBIT "A" TO MEMORANDUM OF AGREEMENT

LEGAL DESCRIPTION OF THE PROPERTY

PARCEL A:

The Northeast Quarter of the Southwest Quarter of Section 16, Township 34 North, Range 4 East of the Willamette Meridian;

EXCEPT the following described portions:

- A. The North 40 feet thereof conveyed to the City of Mount Vernon by deed recorded under Auditor's File No. 9306240153, records of Skagit County, Washington.
- B. Beginning at the center of said section;
Thence West on the East and West Quarter section line a distance of 1,075 feet;
Thence South a distance of 512 feet;
Thence East a distance of 85 feet;
Thence South to the South line of said Northeast Quarter of the Southwest Quarter;
Thence East to the Southeast corner of said Northeast Quarter of the Southwest Quarter;
Thence North to the point of beginning.
- C. The South 50 feet conveyed to Clear Lake Lumber Company.
- D. That certain strip of land along the West line thereof conveyed to the City of Mount Vernon for 26th Street, by Deed recorded April 26, 1978, under Auditor's File No. 878267, records of Skagit County, Washington.

EXCEPT from all of the above, the South 50 feet as conveyed to the City of Mount Vernon by Deed recorded under Auditor's File No. 9306090039, records of Skagit County, Washington.

Situated in Skagit County, Washington.

PARCEL B:

That portion of the Northeast Quarter of the Southwest Quarter of Section 16, Township 34 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at a point on the North line of said subdivision, a distance of 990 feet West of the Northeast corner thereof;
Thence West a distance of 85 feet;
Thence South a distance of 512 feet;
Thence East a distance of 85 feet;
Thence North to the point of beginning;

EXCEPT the North 40 feet thereof for road purposes, a portion of which was conveyed to the City of Mount Vernon by Deed recorded under Auditor's File No. 8306270029, records of Skagit County, Washington.

Situated in Skagit County, Washington.



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PARCEL C:

That portion of the Northeast Quarter of the Southwest Quarter of Section 16, Township 34 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at the center of said section;

Thence West a distance of 50 rods (825 feet) to the true point of beginning;

Thence West a distance of 10 rods (165 feet);

Thence South a distance of 1,270 feet, more or less, to the North line of the abandoned Puget Sound and Cascade Railway Company Railway right-of-way, as conveyed by Deed recorded December 27, 1915, under Auditor's File No. 111272, records of Skagit County, Washington;

Thence East along the North line of said right-of-way a distance of 10 rods (165 feet) to a point that is a distance of 50 rods (825 feet) West of the center of said section;

Thence North a distance of 1,270 feet, more or less, to the true point of beginning.

EXCEPT Clearlake Road (College Way) running along the North line thereof;

AND EXCEPT from all of the above the North 15 feet and the South 50 feet conveyed to the City of Mount Vernon by Deed recorded under Auditor's File No. 9601190053, records of Skagit County, Washington, as a re-recording of Auditor's File No. 9511170039, records of Skagit County, Washington.

Situated in Skagit County, Washington.

PARCEL D:

A non-exclusive easement for dispersing natural and diverted surface waters from said premises to contiguous property on the East as conveyed by reciprocal easement agreement recorded December 7, 1995, under Auditor's File No. 9512070082, records of Skagit County, Washington.

Situated in Skagit County, Washington.



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