

## CONTRIBUTION AGREEMENT

This Contribution Agreement ("Agreement") is made and entered into and shall be effective as of June \_\_\_\_, 2008 (the "Effective Date"), by and between, on the one hand, APW Avenue Group, Ltd., a California limited partnership ("APW"), Murrieta Silverado Apts. LLC, a Delaware limited liability company ("APW Silverado") and Murrieta Vista Apts. LLC, a Delaware limited liability company ("APW Vista Pointe", and collectively with APW and APW Silverado, the "APW Parties"), and, on the other hand, Murrieta 492 L.P., a California limited partnership (the "492 Partnership"), Murrieta 492 Apartment Village, LLC, a California limited liability company ("492 Apartments LLC"), Murietta 144 Apartments L.P., a California limited partnership (the "144 Partnership"), Murrieta 144 Apartments, LLC, a Delaware limited liability company ("144 Apartments LLC"), James C. Gianulias, Trustee of the James Chris Gianulias Trust dated October 14, 2003 ("J. Gianulias"), Victor Mahony ("Mahony") and David J. Gianulias ("D. Gianulias") (collectively, the "Gianulias Parties"), based on the following facts:

A. 492 Apartments LLC is the current sole general partner and J. Gianulias, Mahony and D. Gianulias are all of the current limited partners of the 492 Partnership. 492 Apartments LLC, J. Gianulias, Mahony, and D. Gianulias are sometimes collectively referred to in this Agreement as the "Existing 492 Partners." The principal asset of the 492 Partnership is the real property improved with a 492-unit residential apartment complex commonly known as the Silverado Luxury Apartment Homes located at 2510 Vista Murrieta, Murrieta, California (the "Silverado Apartments").

B. 144 Apartments LLC is the current sole general partner and J. Gianulias is the sole current limited partner of the 144 Partnership. 144 Apartments LLC and J. Gianulias are sometimes collectively referred to in this Agreement as the "Existing 144 Partners." The principal asset of the 144 Partnership is the real property improved with a 144-unit residential apartment complex commonly known as the Vista Pointe Apartment Homes located at 40680 Walsh Center Drive, Murrieta, California (the "Vista Pointe Apartments").

C. The general and limited partners of both the 492 Partnership and the 144 Partnership have determined that the both the Silverado Apartments and the Vista Pointe Apartments require a substantial amount of additional capital to complete the development and lease up of both properties and have invited APW, APW Silverado and APW Vista Pointe to become partners of the 492 Partnership and the 144 Partnership in exchange for the current and commitment of future contributions of capital to the 492 Partnership and the 144 Partnership, substantially on the terms and conditions set forth in this Agreement.

**NOW, THEREFORE**, the parties hereby agree as follows:

1. **492 Partnership.** At the closing of this transaction (the "Closing"), which shall occur on the Effective Date:

A. APW Silverado and APW shall contribute to the capital of the 492 Partnership the respective sums shown on Schedule 1, to cover amounts required by the 492 Partnership for accounts payable, operational and cash flow needs, construction costs and street improvements to Los Alamos Road (together, the "Initial APW 492 Capital Contribution");

B. APW Silverado, APW and the Existing 492 Partners shall execute and deliver an Amended and Restated Limited Partnership Agreement for the 492 Partnership (the "New 492 LPA"), in the form attached hereto as Exhibit "A", APW and APW Silverado shall each execute an Investor's Certificate (executed by all of the principals of each such entity) in the form attached as Exhibit "E" to the New 492 LPA and APW shall execute a guaranty in a form acceptable to PNC Bank and APW, guaranteeing the obligations of the 492 Partnership to PNC Bank from and after the Closing;

C. As a condition precedent to the Closing, PNC Bank shall have consented to the Agreement and the transactions contemplated thereby (i) without requiring any prepayment fee or penalty, (ii) including without limitation PNC Bank's execution and delivery into escrow of its written consent to the admission of and capital contributions by APW and APW Silverado, a release of J. Gianulias (individually and as trustee of his trust) and Cameo Homes from all guaranties made in favor of PNC Bank (except that Cameo Homes shall not be released from any guaranty to PNC Bank relating to or arising from events occurring prior to the Closing, provided that Cameo Homes shall not be liable for any taxes, mechanics' liens or other liens existing as of the Closing and of record or disclosed to APW), and estoppels in favor of the 492 Partnership, APW and APW Silverado and (iii) all conditions precedent to such consent shall have been satisfied, including without limitation such title endorsements as PNC Bank may require and the parties' execution and delivery of such documents as PNC Bank may require in connection therewith.

D. As a condition precedent to the Closing, First American Title Insurance Company shall have irrevocably committed to issue a "Fairway" endorsement to the 492 Partnership, in connection with this Agreement and the transactions contemplated hereby.

2. **144 Partnership.** At the Closing:

A. APW Vista Pointe and APW shall contribute to the capital of the 144 Partnership the respective sums shown on Schedule 2, to cover amounts required by the 144 Partnership for accounts payable, operational and cash flow needs and construction costs;

B. APW Vista Pointe, APW and J. Gianulias shall enter into an Amended and Restated Limited Partnership Agreement for the 144 Partnership (the "New 144 LPA"), in the form attached hereto as Exhibit "B", APW and APW Vista Pointe shall each execute an Investor's Certificate (executed by all of the principals of each such entity) in the form attached as Exhibit "E" to the New 144 LPA and APW shall execute a guaranty in a form acceptable to PNC Bank and APW, guaranteeing the obligations of the 144 Partnership to PNC Bank from and after the Closing;;

C. As a condition precedent to the Closing, PNC Bank shall have consented to the Agreement and the transactions contemplated thereby (i) without requiring any prepayment fee or penalty, (ii) including without limitation PNC Bank's execution and delivery into escrow of its written consent to the admission of and capital contributions by APW and APW Vista Pointe, a release of J. Gianulias (individually and as trustee of his trust) and Cameo Homes from all guaranties made in favor of PNC Bank (except that Cameo Homes shall not be released from any guaranty to PNC Bank relating to or arising from events occurring prior to the Closing, provided that Cameo Homes shall not be liable for any taxes, mechanics' liens or other liens existing as of the Closing and of record or disclosed to APW), and estoppels in favor of the 144 Partnership, APW and APW Vista Pointe and (iii) all

conditions precedent to such consent shall have been satisfied, including without limitation such title endorsements as PNC Bank may require and the parties' execution and delivery of such documents as PNC Bank may require in connection therewith; and

D. As a condition precedent to the Closing, First American Title Insurance Company shall have irrevocably committed to issue a "Fairway" endorsement to the 144 Partnership, in connection with this Agreement and the transactions contemplated hereby.

3. **APW Total Capital Contribution Commitment.** APW hereby agrees to contribute, in the aggregate, the sum of Fifteen Million Dollars (\$15,000,000) to the capital of the 492 Partnership and the 144 Partnership as follows:

A. The sum of Twelve Million Dollars (\$12,000,000), less the amount of the Initial APW 492 Capital Contribution to the 492 Partnership pursuant to Section 1A, above, in such amounts and at such times as shall be determined by (1) the mutual written agreement of APW Silverado and a Majority in Interest (as that term is defined in the New 492 LPA); and

B. The sum of Three Million Dollars (\$3,000,000), less the Initial APW 144 Capital Contribution to the 144 Partnership pursuant to Section 2A, above, in such amounts and at such times as shall be determined by the mutual written agreement of APW Vista Pointe and a Majority in Interest (as that term is defined in the New 144 LPA).

4. **Warranties of the 492 Partnership.** The 492 Partnership, 492 Apartments LLC, and J. Gianulias, jointly and severally, hereby represent and warrant to APW as follows, which representations and warranties are made as of the Effective Date and are a material consideration for APW making the total capital contribution commitment described in Section 3, above:

A. The Existing 492 Partners are the only partners of the 492 Partnership and none of the partnership interests of 492 Apartments LLC are currently pledged or subject to any lien or other encumbrance or claim or to any option or other right in favor of a third party;

B. A materially true and correct Balance Sheet of the 492 Partnership as of March 31, 2008 is attached to this Agreement as Exhibit "C" (the "492 Partnership Balance Sheet"); there are no material liabilities of the 492 Partnership except as disclosed on the 492 Partnership Balance Sheet or in the other exhibits to this Agreement;

C. All corporate action on the part of the 492 Partnership and the 492 Partners, and their respective officers, directors and interest holders necessary for the authorization, execution, delivery and performance of all obligations under this Agreement have been taken. The persons signing this Agreement for the 492 Partnership and 492 Apartments LLC have the authority and power to sign this Agreement, to perform all of their respective obligations under this Agreement and to sign and deliver all of the documents required to be signed and delivered by them without the consent or approval of any other person other than PNC Bank;

D. The 492 Partnership is a limited partnership and 492 Apartments LLC, is a limited liability company, each duly formed, validly existing and qualified to do business under the laws

of the State of California. Each of the 492 Partnership and 492 Apartments LLC has the full power, capacity, authority and legal right to execute and deliver this Agreement and to perform all transactions (including the execution and delivery of all documents) required of it for the performance of this Agreement;

E. This Agreement has been, and all documents required to be executed by the 492 Partnership and 492 Apartments LLC hereunder shall be, duly authorized and, when executed and delivered, shall constitute the legal, valid and binding obligations of the 492 Partnership and 492 Apartments LLC, enforceable against the 492 Partnership and 492 Apartments LLC in accordance with their terms, subject to the effect of (i) applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and (ii) the exercise of judicial discretion in accordance with general principles of equity (whether a proceeding is brought in law or in equity);

F. The 492 Partnership has not received any written notification with regard to the Silverado Apartments of any violation of any applicable federal, state, county or municipal land use, zoning, environmental law or other law, statute, ordinance, rule, regulation, administrative or judicial order which remain uncured, other than as disclosed on Exhibit "G";

G. The 492 Partnership has not received any written notification with regard to the Silverado Apartments of any proceedings in condemnation, nor any written offer to purchase all or any part of the Silverado Apartments in lieu of condemnation, nor of any contemplated zoning change or other action by any governmental body, authority or agency that will in any way materially affect the Silverado Apartments, including but not limited to the size of, use of, construction on or access to the Silverado Apartments;

H. Neither this Agreement nor the performance by the 492 Partnership or 492 Apartments LLC of their respective obligations hereunder contravene any provision of any present judgment, order, decree, writ or injunction or other proceeding;

I. The 492 Partnership has not received any written notification of any litigation, dispute, action or claim against the 492 Partnership or the Silverado Apartments, whether pending or threatened, nor any governmental claim, demand, litigation, proceedings or investigation pending or threatened against the 492 Partnership, 492 Apartments LLC or the Silverado Apartments, which may have a material adverse effect on the 492 Partnership or the Silverado Apartments, except as disclosed on Exhibit "G" attached hereto;

J. To the 492 Partnership's knowledge, there is no existing material default by the 492 Partnership or 492 Apartments LLC under any agreement, contract, lease or other commitment to which the 492 Partnership or 492 Apartments LLC is a party, or related to the business or assets of any of them, that would materially and adversely affect the 492 Partnership or the Silverado Apartments, except as disclosed on Exhibit "G" attached hereto;

K. Except as disclosed in written materials delivered to the APW Parties, the 492 Partnership has never used, manufactured, stored, buried or disposed of material quantities of hazardous waste, toxic substances or related materials ("Hazardous Materials") on the Silverado Apartments in

violation of applicable law; and except as disclosed in written materials delivered to the APW Parties, to the knowledge of the 492 Partnership and 492 Apartments LLC, there are no material quantities of Hazardous Materials on or buried within the Silverado Apartments in violation of applicable law. For purposes of this representation and warranty, Hazardous Materials shall include, but shall not be limited to, substances defined as "hazardous substances" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sec. 9061 et seq., Hazardous Materials Transportation Act, 49 U.S.C. Sec 1802 et seq., The Resource Conservation and Recovery Act, 42 U.S.C. Sec. 6901 et seq., The Toxic Substance Control Act of 1976, as amended, 15 U.S.C. Sec. 2601 et seq., The Clean Water Act, 33 U.S.C. 466 et seq., as amended, and The Clean Air Act, 42 U.S.C. Sec. 7401 et seq., and in any applicable statute, ordinance rule or regulation of the State of California or any local governmental entity having jurisdiction over the Silverado Apartments, and the regulations adopted and publications promulgated pursuant to any of the foregoing laws;

L. To the 492 Partnership's knowledge, the 492 Partnership and the Silverado Apartments are in material compliance with all federal, state and local laws relating to pollution or protection of the environment ("Environmental Laws"), except as disclosed to APW in writing, and to the 492 Partnership's knowledge there is no civil, criminal or administrative action, suit, demand, claim, hearing, notice of violation, investigation, proceeding, notice or demand letter pending or threatened against the 492 Partnership in respect of the Silverado Apartments or the activities conducted thereon relating in any way to Environmental Laws except as disclosed on Exhibit "G";

M. The 492 Partnership has delivered true and correct copies of all of the leases, licenses and service contracts in effect and in the 492 Partnership's possession, which licenses and service contracts are listed on Exhibit "F" attached hereto and which leases are listed on Exhibit "H" attached hereto (as in effect as of the date of such lease schedule); as of the Effective Date, subject to the rights of PNC Bank, there will be no parties with any rights of possession to the Silverado Apartments other than the 492 Partnership and tenants with leases delivered to APW and identified on Exhibit "H" and the licenses identified on Exhibit "F"; and except as shown on the lease schedule attached as Exhibit "H", no rent has been prepaid under leases and contracts and no rent concessions or free rent periods have been granted to any tenant; the lease schedule is materially correct as of the date shown thereon, except as disclosed to APW in writing; and

N. All of the documents delivered or to be delivered to APW pursuant to this Agreement, which documents are disclosed in Exhibit "E", are true and materially correct copies of such documents in the 492 Partnership's possession.

As used herein, "knowledge" means the present, personal, actual, subjective knowledge of James C. Gianulias, without any inquiry or investigation or any duty to do so. Notwithstanding anything to the contrary herein, the 492 Partnership, 492 Apartments LLC and J. Gianulias shall not be deemed to be in breach of any representation or warranty herein regarding the existence or non-existence of any fact, circumstance or document, to the extent facts to the contrary are disclosed in any document or other material delivered by the 492 Partnership to APW and its Affiliates prior to the Closing.

5. **Warranties of the Existing 492 Partners.** Each of the Existing 492 Partners hereby each represent and warrant to APW as follows with regard to its respective interest (severally and not

jointly), which representations and warranties are a material consideration for APW making the total capital contribution commitment described in Section 3, above:

A. Its partnership interests in the 492 Partnership are not currently pledged or subject to any lien or other encumbrance or claim or to any option or other right in favor of a third party;

B. The persons signing this Agreement for such Existing 492 Partner have the authority and power to sign this Agreement, to perform all of their respective obligations under this Agreement and to sign and deliver all of the documents required to be signed and delivered by such Existing 492 Partner without the consent or approval of any other person other than PNC Bank; and

C. All of the information and documents delivered or to be delivered to APW by or on behalf of such Existing 492 Partner with respect to such Existing Partner's partnership interest, is materially true, complete and correct and do not and will not omit to state a material fact.

6. **Warranties of the 144 Partnership.** The 144 Partnership, 144 Apartments LLC, and J. Gianulias, jointly and severally, hereby represent and warrant to APW as follows, which representations and warranties are made as of the Effective Date and are a material consideration for APW making the total capital contribution commitment described in Section 3, above:

A. The Existing 144 Partners are the only partners of the 144 Partnership and none of the partnership interests of 144 Apartments LLC are currently pledged or subject to any lien or other encumbrance or claim or to any option or other right in favor of a third party;

B. A materially true and correct Balance Sheet of the 144 Partnership as of March 31, 2008 is attached to this Agreement as Exhibit "D" (the "144 Partnership Balance Sheet"); there are no known material liabilities of the 144 Partnership except as disclosed on the 144 Partnership Balance Sheet or in the other exhibits to this Agreement;

C. All corporate action on the part of the 144 Partnership and the 144 Partners, and their respective officers, directors and interest holders necessary for the authorization, execution, delivery and performance of all obligations under this Agreement have been taken. The persons signing this Agreement for the 144 Partnership and 144 Apartments LLC have the authority and power to sign this Agreement, to perform all of their respective obligations under this Agreement and to sign and deliver all of the documents required to be signed and delivered by them without the consent or approval of any other person other than PNC Bank;

D. The 144 Partnership is a limited partnership, duly formed, validly existing and qualified to do business under the laws of the State of California. 144 Apartments LLC is a limited liability company, duly formed and validly existing in the State of Delaware. Each of the 144 Partnership and 144 Apartments LLC has the full power, capacity, authority and legal right to execute and deliver this Agreement and to perform all transactions (including the execution and delivery of all documents) required of it for the performance of this Agreement;

E. This Agreement has been, and all documents required to be executed by the 144 Partnership and 144 Apartments LLC hereunder shall be, duly authorized and, when executed and

delivered, shall constitute the legal, valid and binding obligations of the 144 Partnership and 144 Apartments LLC, enforceable against the 144 Partnership and 144 Apartments LLC in accordance with their terms, subject to the effect of (i) applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and (ii) the exercise of judicial discretion in accordance with general principles of equity (whether a proceeding is brought in law or in equity);

F. The 492 Partnership has not received any written notification with regard to the Vista Pointe Apartments of any violation of any applicable federal, state, county or municipal land use, zoning, environmental law or other law, statute, ordinance, rule, regulation, administrative or judicial order which remain uncured, other than as disclosed on Exhibit "G";

G. The 492 Partnership has not received any written notification with regard to the Vista Pointe Apartments of any proceedings in condemnation, nor any written offer to purchase all or any part of the Vista Pointe Apartments in lieu of condemnation, nor of any contemplated zoning change or other action by any governmental body, authority or agency that will in any way materially affect the Vista Pointe Apartments, including but not limited to the size of, use of, construction on or access to the Vista Pointe Apartments;

H. Neither this Agreement nor the performance by the 144 Partnership or 144 Apartments LLC of their respective obligations hereunder contravene any provision of any present judgment, order, decree, writ or injunction or other proceeding;

I. The 144 Partnership has not received any written notification of any litigation, dispute, action or claim against the 144 Partnership or the Vista Pointe Apartments, whether pending or threatened, nor any governmental claim, demand, litigation, proceedings or investigation pending or threatened against the 144 Partnership, 144 Apartments LLC or the Vista Pointe Apartments, which may have a material adverse effect on the 144 Partnership or Vista Pointe Apartments, except as disclosed on Exhibit "G" attached hereto;

J. To the 144 Partnership's knowledge, there is no existing material default by the 144 Partnership or 144 Apartments LLC under any agreement, contract, lease or other commitment to which the 144 Partnership or 144 Apartments LLC is a party, or related to the business or assets of either of them that would materially and adversely affect the 144 Partnership or the Vista Pointe Apartments, except as disclosed on Exhibit "G" attached hereto;

K. Except as disclosed in written materials delivered to the APW Parties, the 144 Partnership has never used, manufactured, stored, buried or disposed of material quantities of hazardous waste, toxic substances or related materials ("Hazardous Materials") on the Vista Pointe Apartments in violation of applicable law; and except as disclosed in written materials delivered to the APW Parties, to the knowledge of the 144 Partnership and 144 Apartments LLC, there are no material quantities of Hazardous Materials on or buried within the Vista Pointe Apartments in violation of applicable law. For purposes of this representation and warranty, Hazardous Materials shall include, but shall not be limited to, substances defined as "hazardous substances" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sec. 9061 et seq., Hazardous Materials Transportation Act, 49 U.S.C. Sec 1802 et seq., The Resource Conservation

and Recovery Act, 42 U.S.C. Sec. 6901 et seq., The Toxic Substance Control Act of 1976, as amended, 15 U.S.C. Sec. 2601 et seq., The Clean Water Act, 33 U.S.C. 466 et seq., as amended, and The Clean Air Act, 42 U.S.C. Sec. 7401 et seq., and in any applicable statute, ordinance rule or regulation of the State of California or any local governmental entity having jurisdiction over the Vista Pointe Apartments, and the regulations adopted and publications promulgated pursuant to any of the foregoing laws;

L. To the 144 Partnership's knowledge, the 144 Partnership and the Vista Pointe Apartments are in material compliance with all federal, state and local laws relating to pollution or protection of the environment ("Environmental Laws"), except as disclosed to APW in writing, and to the 144 Partnership's knowledge there is no civil, criminal or administrative action, suit, demand, claim, hearing, notice of violation, investigation, proceeding, notice or demand letter pending or threatened against the 144 Partnership in respect of the Vista Pointe Apartments or the activities conducted thereon relating in any way to Environmental Laws except as disclosed on Exhibit "G";

M. The 144 Partnership has delivered true and correct copies of all of the leases, licenses and service contracts in effect and in the 144 Partnership's possession, which licenses and service contracts are listed on Exhibit "F" attached hereto and which leases are listed on Exhibit "I" attached hereto (as in effect as of the date of such lease schedule); as of the Effective Date, subject to the rights of PNC Bank, there will be no parties with any rights of possession to the Vista Pointe Apartments other than the 144 Partnership and tenants with leases delivered to APW and identified on Exhibit "I" and the licenses identified on Exhibit "F"; and except as shown on the lease schedule attached as Exhibit "I", no rent has been prepaid under leases and contracts and no rent concessions or free rent periods have been granted to any tenant; the lease schedule is materially correct as of the date identified thereon, except as disclosed to APW in writing; and

N. All of the documents delivered or to be delivered to APW pursuant to this Agreement, which documents are disclosed in Exhibit "E", are true and materially correct copies of the documents in the 144 Partnership's possession.

As used herein, "knowledge" means the present, personal, actual, subjective knowledge of James C. Gianulias, without any inquiry or investigation or any duty to do so. Notwithstanding anything to the contrary herein, the 144 Partnership, 144 Apartments LLC and J. Gianulias shall not be deemed to be in breach of any representation or warranty herein regarding the existence or non-existence of any fact, circumstance or document, to the extent facts to the contrary are disclosed in any document or other material delivered by the 144 Partnership to APW and its Affiliates prior to the Closing.

7. **Warranties of the Existing 144 Partners.** Each of the Existing 144 Partners hereby each represent and warrant to APW as follows with regard to its respective interest (severally and not jointly), which representations and warranties are a material consideration for APW making the total capital contribution commitment described in Section 3, above:

A. Its partnership interests in the 144 Partnership are not currently pledged or subject to any lien or other encumbrance or claim or to any option or other right in favor of a third party;



B. The persons signing this Agreement for such Existing 144 Partner have the authority and power to sign this Agreement, to perform all of their respective obligations under this Agreement and to sign and deliver all of the documents required to be signed and delivered by such Existing 144 Partner without the consent or approval of any other person other than PNC Bank; and

C. All of the information and documents delivered or to be delivered to APW by or on behalf of such Existing 144 Partner with respect to such Existing Partner's partnership interest, is materially true, complete and correct and do not and will not omit to state a material fact.

8. **Warranties of APW and APW Silverado.** APW and APW Silverado, jointly and severally, hereby represent and warrant to the 492 Partnership and the Existing 492 Partners as follows, which representations and warranties are a material consideration for the 492 Partnership and the Existing 492 Partners agreeing to this Agreement:

A. APW and APW Silverado are acquiring the partnership interests in the 492 Partnership for their own account with the present intention of holding such securities for purposes of investment, and neither APW nor APW Silverado has the intention of selling such securities in a public distribution in violation of the United States securities laws or any applicable state securities laws. Each of APW and APW Silverado represents and warrants that all of its respective interest holders qualify for the exemption specified in Section 25102(f) of the California Corporations Code. APW and APW Silverado each understands that its interests have not been registered under the Securities Act of 1933 as amended (the "Securities Act"), by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment intent as expressed herein. APW and APW Silverado each understands that no public market now exists for any of the securities issued by the 492 Partnership and that it is uncertain that a public market will ever exist for the interests;

B. All corporate action on the part of APW and APW Silverado, and their respective officers, directors and interest holders necessary for the authorization, execution, delivery and performance of all obligations under this Agreement have been taken. The persons signing this Agreement for APW and APW Silverado have the authority and power to sign this Agreement, to perform all of their respective obligations under this Agreement and to sign and deliver all of the documents required to be signed and delivered by APW and/or APW Silverado without the consent or approval of any other person;

C. APW is a limited partnership, duly formed, validly existing and qualified to do business under the laws of the State of California. APW Silverado is a limited liability company, duly formed and validly existing in the State of Delaware. Each of APW and APW Silverado has the full power, capacity, authority and legal right to execute and deliver this Agreement and to perform all transactions (including the execution and delivery of all documents) required of it for the performance of this Agreement;

D. This Agreement has been, and all documents required to be executed by APW and APW Silverado hereunder shall be, duly authorized and, when executed and delivered, shall constitute the legal, valid and binding obligation of APW and APW Silverado, enforceable against APW and APW Silverado in accordance with their terms, subject to the effect of (i) applicable

bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and (ii) the exercise of judicial discretion in accordance with general principles of equity (whether a proceeding is brought in law or in equity);

E. Neither this Agreement nor the performance by APW and APW Silverado of their respective obligations hereunder contravene any provision of any present judgment, order, decree, writ or injunction or other proceeding;

F. Neither APW nor APW Silverado has received any notice of any litigation, dispute, action or claim against any person, whether pending or threatened, nor any claim, demand, litigation, proceedings or governmental investigation pending or threatened against APW or APW Silverado, which may have a material adverse effect on APW or APW Silverado or their ability to perform under this Agreement; and

G. To APW's and APW Silverado's knowledge, there is no existing material default under any agreement, contract, lease or other commitment, with respect to APW or APW Silverado, or related to the business or assets of any of them that would materially and adversely affect APW or APW Silverado or their ability to perform under this Agreement.

As used herein, "knowledge" means the present, personal, actual, subjective knowledge of David Mercer, without any inquiry or investigation or any duty to do so. Notwithstanding anything to the contrary herein, APW and APW Silverado shall not be deemed to be in breach of any representation or warranty herein regarding the existence or non-existence of any fact, circumstance or document, to the extent facts to the contrary are disclosed in any document or other material delivered to the 492 Partnership or the 144 Partnership by APW or its Affiliates prior to the Closing.

9. **Warranties of APW and APW Vista Pointe.** APW and APW Vista Pointe, jointly and severally, hereby represent and warrant to the 144 Partnership and the Existing 144 Partners as follows, which representations and warranties are a material consideration for the 144 Partnership and the Existing 144 Partners agreeing to this Agreement:

A. APW and APW Vista Pointe are acquiring the partnership interests in the 144 Partnership for their own account with the present intention of holding such securities for purposes of investment, and neither APW nor APW Vista Pointe has the intention of selling such securities in a public distribution in violation of the United States securities laws or any applicable state securities laws. Each of APW and APW Vista Pointe represents and warrants that all of its respective interest holders qualify for the exemption specified in Section 25102(f) of the California Corporations Code. APW and APW Vista Pointe each understands that its interests have not been registered under the Securities Act of 1933 as amended (the "Securities Act"), by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment intent as expressed herein. APW and APW Vista Pointe each understands that its interests cannot be resold in a transaction to which the Securities Act applies unless subsequently registered under the Securities Act or an exemption from such registration is available. APW and APW Vista Pointe each is aware of the provisions of Rule 144 promulgated under the Securities Act which permit limited resale of shares purchased in a private placement subject to the satisfaction of certain conditions. APW and APW Vista Pointe each understands that no public market now exists for any of

the securities issued by the 144 Partnership and that it is uncertain that a public market will ever exist for the interests;

B. All corporate action on the part of APW and APW Vista Pointe, and their respective officers, directors and interest holders necessary for the authorization, execution, delivery and performance of all obligations under this Agreement have been taken. The persons signing this Agreement for APW and APW Vista Pointe have the authority and power to sign this Agreement, to perform all of their respective obligations under this Agreement and to sign and deliver all of the documents required to be signed and delivered by APW and/or APW Vista Pointe without the consent or approval of any other person;

C. APW is a limited partnership, duly formed, validly existing and qualified to do business under the laws of the State of California. APW Vista Pointe is a limited liability company, duly formed and validly existing in the State of Delaware. Each of APW and APW Vista Pointe has the full power, capacity, authority and legal right to execute and deliver this Agreement and to perform all transactions (including the execution and delivery of all documents) required of it for the performance of this Agreement;

D. This Agreement has been, and all documents required to be executed by APW and APW Vista Pointe hereunder shall be, duly authorized and, when executed and delivered, shall constitute the legal, valid and binding obligation of APW and APW Vista Pointe, enforceable against APW and APW Vista Pointe in accordance with their terms, subject to the effect of (i) applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and (ii) the exercise of judicial discretion in accordance with general principles of equity (whether a proceeding is brought in law or in equity);

E. Neither this Agreement nor the performance by APW and APW Vista Pointe of their respective obligations hereunder contravene any provision of any present judgment, order, decree, writ or injunction or other proceeding;

F. Neither APW nor APW Vista Pointe has received any notice of any litigation, dispute, action or claim against any person, whether pending or threatened, nor any claim, demand, litigation, proceedings or governmental investigation pending or threatened against APW or APW Vista Pointe, which may have a material adverse effect on APW or APW Vista Pointe or their ability to perform under this Agreement; and

G. To APW's and APW Vista Pointe's knowledge, there is no existing material default under any agreement, contract, lease or other commitment, with respect to APW or APW Vista Pointe, or related to the business or assets of any of them that would materially and adversely affect APW or APW Vista Pointe or their ability to perform under this Agreement.

As used herein, "knowledge" means the present, personal, actual, subjective knowledge of David Mercer, without any inquiry or investigation or any duty to do so. Notwithstanding anything to the contrary herein, APW and APW Vista Pointe shall not be deemed to be in breach of any representation or warranty herein regarding the existence or non-existence of any fact, circumstance or document, to

the extent facts to the contrary are disclosed in any document or other material delivered to the 492 Partnership or the 144 Partnership by APW or its Affiliates prior to the Closing.

10. **Indemnification.**

A. Each of the Existing 492 Partners, to the extent of its respective partnership interests, hereby expressly agrees to indemnify, defend and hold APW, APW Silverado, and the 492 Partnership harmless from and against the breach by such Existing 492 Partner of any of the representations and warranties set forth in Sections 4 and 5 above.

B. Each of the Existing 144 Partners, to the extent of its respective partnership interests, hereby expressly agrees to indemnify, defend and hold APW, APW Vista Pointe and the 144 Partnership harmless from and against the breach by such Existing 492 Partner of any of the representations and warranties set forth in Sections 6 and 7 above.

C. Notwithstanding anything to the contrary in this Agreement, in no event shall the liability of any Existing 492 Partner arising out of this Agreement, in its capacity as a limited partner of the 492 Partnership, including without limitation J. Gianulias, exceed the amount of such Existing 492 Partner's investment in the 492 Partnership. Notwithstanding anything to the contrary in this Agreement, in no event shall the liability of any Existing 144 Partner arising out of this Agreement, in its capacity as a limited partner of the 144 Partnership, including without limitation J. Gianulias, exceed the amount of such Existing 144 Partner's investment in the 144 Partnership.

D. The APW Parties hereby expressly agree, jointly and severally, to indemnify, defend and hold the Gianulias Parties and each of them harmless from and against the breach of any of the representations and warranties set forth in Sections 8 and 9 above.

E. Notwithstanding the limitations on the indemnification of the Existing 492 Partners set forth in Sections 10A and 10C above, in the event an Existing 492 Partner breaches any of the representations and warranties set forth in Sections 4 and 5 above, APW and APW Silverado shall be entitled, as their sole remedy, to (i) any and all then future distributions from the 492 Partnership to all Existing 492 Partners as an offset against all actual damages suffered as a result of such material breach, and (ii) any and all rights of the Existing 492 Partners to vote on or consent to the actions of APW Silverado as the General Partner of the 492 Partnership, in each case until such damages are paid in full. Under no circumstances shall APW or APW Silverado be entitled to any consequential damages, except to the extent of lost profits that would otherwise have accrued to APW and/or APW Silverado directly from the 492 Partnership (and not from any other partnership, transaction or circumstance) but for the Existing 492 Partner's misrepresentation.

F. Notwithstanding the limitations on the indemnification of the Existing 144 Partners set forth in Sections 10B and 10C above, in the event an Existing 144 Partner breaches any of the representations and warranties set forth in Sections 4 and 5 above, APW and APW Vista Pointe shall be entitled, as their sole remedy, to (i) any and all then future distributions from the 144 Partnership to all Existing 144 Partners as an offset against all actual damages suffered as a result of such material breach, and (ii) any and all rights of the Existing 144 Partners to vote on or consent to the actions of APW Vista Pointe as the General Partner of the 492 Partnership, in each case until such

damages are paid in full. Under no circumstances shall APW or APW Vista Pointe be entitled to any consequential damages, except to the extent of lost profits that would otherwise have accrued to APW and/or APW Vista Pointe directly from the 144 Partnership (and not from any other partnership, transaction or circumstance) but for the Existing 144 Partner's misrepresentation.

11. **"As Is" Transaction.** Except with respect to the representations and warranties of the Gianulias Parties set forth in Sections 4 through 7 above, the APW Parties have not relied upon and will not rely upon, either directly or indirectly, any representation or warranty of the Gianulias Parties or any of their respective agents and the APW Parties acknowledge that no such representations have been made. The APW Parties agree and acknowledge that they have been provided all the documents set forth in Exhibit "E" attached hereto and are familiar with their contents, and have been afforded a full and complete opportunity to review, investigate, inspect and study such other documents, things and property (including a physical inspection of the Silverado Apartments and the Vista Pointe Apartments), as they deem necessary or appropriate to undertake and perform under this Agreement and the transaction contemplated hereby. Subject to only to the express representations and warranties set forth in Sections 4 through 7 above, the APW Parties are relying solely upon and have conducted their own independent inspection, investigation and analysis as they deem necessary or appropriate in so acquiring the partnership interests, including, without limitation, the review of all applicable laws, ordinances, rules and governmental regulations affecting the development, use, occupancy or enjoyment of the Silverado Apartments and the Vista Pointe Apartments. Without limiting the generality of the foregoing, the APW Parties specifically acknowledge and agree that some of the documents and materials delivered to APW include projections or other statements relating to future performance and/or results with respect to the 492 Partnership, the 144 Partnerships, the Silverado Apartments and the Vista Pointe Apartments, and that such projections and statements are mere opinions and not covenants, assurances, representations or warranties; the APW Parties are not relying in any manner on any such projections or statements in entering into this transaction. Where the Gianulias Parties have delivered third-party reports and studies, the APW Parties expressly acknowledge and agree that, without limiting the generality of any of the foregoing, the Gianulias Parties make no representation or warranty as to the truth, accuracy or completeness of the contents of such reports and studies. The APW Parties agree and acknowledge that all disclosures made to any of them, or to any of their principals, agents, attorneys, representatives or affiliates shall be deemed made to all of them. In addition to the foregoing, the APW Parties expressly acknowledge that with respect to the Silverado Apartments, the 492 Partnership has advised APW that the City of Murrieta has refused to release certificates of occupancy for fifty-eight (58) units pending completion of Los Alamos Road, including street widening, building curbs and gutters and constructing storm drains and street lights (for which there is a budget line item of \$4,500,000) and that the 492 Partnership and the Existing 492 Partners make no assurances as to the cost, timing or outcome of such dispute, or the effect of such dispute and its outcome on entry into and access to the phase two portion of the Silverado Apartments project.

12. **Miscellaneous.**

A. **Final and Entire Agreement; Integration.** This Agreement, including all exhibits hereto, which are hereby incorporated herein by this reference, is the final, entire and exclusive agreement between the parties and supersedes any and all prior agreements, negotiations and communications, oral or written. No representation, promise, inducement or statement of intention has been made by any of the parties not embodied in this Agreement or in the documents referred to herein,

and no party shall be bound by or liable for any alleged representation, promise, inducement or statements of intention not set forth or referred to in this Agreement.

**B. Successors and Assigns.** The terms, covenants, conditions, representations and warranties, contained herein shall be binding on and inure to the benefit of the heirs, successors and assigns of the respective parties hereto. No party to this Agreement shall assign its rights hereunder without the written consent of all parties to this Agreement, which shall not be unreasonably withheld. Any such assignment shall not relieve the party assigning its rights of its obligations hereunder.

**C. Notices.** Any notice, demand, consent, approval or documents which any party is required or may desire to give or deliver to the other shall be in writing and may be personally delivered or given by United States registered or certified mail, return receipt requested, postage prepaid, or by Federal Express or other air carrier service which provides written evidence of delivery, addressed as follows:

To the 492 Partnership and/or  
the Existing 492 Partners:

Murrieta 492 L.P.  
1105 Quail Street  
Newport Beach, CA 92660  
Attn: James Gianulias

To the 144 Partnership and/or  
the Existing 144 Partners:

Murieta 144 Apartments L.P.  
1105 Quail Street  
Newport Beach, CA 92660  
Attn: James Gianulias

and in either case, with copy to:

Croudace & Dietrich  
5 Park Plaza, Suite 1150  
Irvine, CA 92614  
Attn: Debra Dietrich, Esq.

To APW:

APW Avenue Group, Ltd.  
1990 South Bundy Avenue, Suite 250  
Los Angeles, CA 90025  
Attention: David Mercer

with copy to:

Fainsbert Mase & Snyder, LLP  
11835 W Olympic Blvd, Suite 1100  
Los Angeles, CA 90064  
Attn: Lawrence A. Snyder, Esq.

Any party may designate a different address by notice similarly given. Any notice, demand or document so given, delivered or made by United States mail shall be deemed to have been given or delivered or made on the third day following the day on which the same is deposited in the United States mail as registered or certified mail, addressed as above provided, with postage thereon fully prepaid. Any such notice, demand or document not given, delivered or made by registered or certified mail as aforesaid,

shall be deemed to be given, delivered or made on receipt of the same by the party to whom the same is to be given, delivered or made.

D. **Attorneys' Fees.** In the event any suit, action or proceeding is instituted by any party in connection with the breach, enforcement or interpretation of this Agreement, the prevailing party therein shall be entitled to the award of reasonable attorneys' fees and related costs in addition to whatever relief the prevailing party may be awarded.

E. **Severability.** The invalidity, illegality, or unenforceability of any provision of this Agreement shall in no way affect the validity of any other provision of this Agreement. In the event that any provision of this Agreement is contrary to any present or future statute, law, ordinance, or regulation, the latter shall prevail, but in any such event the provisions of this Agreement affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law.

F. **Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California.

G. **Waiver.** The waiver or failure to enforce any provision of this Agreement shall not operate as a waiver of any future breach of such provision or any other provision hereof.

H. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall together constitute but one and the same Agreement.

I. **Review; Interpretation.** Each party to this Agreement has carefully reviewed this Agreement, is familiar with the terms and conditions herein, and was advised by legal counsel of his or its own choice with respect thereto. This Agreement is the product of negotiation among the parties hereto and is not to be interpreted or construed against any party hereto.

J. **Headings; Constructions.** The headings which have been used throughout this Agreement have been inserted for convenience of reference only and do not constitute matter to be construed in interpreting this Agreement. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise. The words "herein", "hereof", "hereunder" and other similar compounds of the word "here" when used in this Agreement shall refer to the entire Agreement and not to any particular provision or section. If the last day of any time period stated herein shall fall on a Saturday, Sunday or legal holiday, then the duration of such time period shall be extended so that it shall end on the next succeeding day which is not a Saturday, Sunday or legal holiday.

K. **Nonliability.** The parties agree that, in the event any party is a corporation, neither the directors, officers, employees, shareholders nor any agents of any such corporation shall have any personal liability or obligation hereunder, and that each party shall not seek to assert any claim or enforce any of its rights hereunder against such directors, officers, employees, shareholders or agents, whether disclosed or undisclosed.

L. **Survival.** All of the representations, warranties, covenants, indemnities and agreements set forth herein shall survive for one (1) year after the Closing, except that any claim brought by APW, APW Silverado or APW Vista Pointe arising out of the failure of the 492 Partnership to disclose the existence of a contract affecting the 492 Partnership as required by Section 4M above, or the failure of the 144 Partnership to disclose the existence of a contract affecting the 144 Partnership as required by Section 6M above, shall survive for four (4) years after the Closing.

M. **Further Acts.** In addition to the acts recited in this Agreement to be performed by the parties, the parties agree to perform or cause to be performed before or after the Closing any and all such further acts as may be reasonably necessary to consummate the transaction contemplated hereby.

[Signature Page Follows]



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

APW Avenue Group, Ltd.,  
a California limited partnership

By: APW Partners, Ltd., a California limited  
partnership, its general partner

By: Core Asset Management Group, Inc.  
a Texas corporation, its general partner

By: \_\_\_\_\_  
David Mercer,  
Chief Executive Officer

Murrieta Silverado Apts. LLC,  
a Delaware limited liability company

By: MP Core LLC, a California limited  
liability company, its sole member

By: \_\_\_\_\_  
David Mercer,  
Chief Executive Officer

Murrieta Vista Apts. LLC,  
a Delaware limited liability company

By: MP Core LLC, a California limited  
liability company, its sole member

By: \_\_\_\_\_  
David Mercer,  
Chief Executive Officer

MURRIETA 492 L.P., a California limited partnership

By: MURRIETA 492 APARTMENT VILLAGE LLC,  
a California limited liability company

By: Cameo Homes, a California corporation, Manager

By: \_\_\_\_\_  
David Gianulias, President

MURRIETA 492 APARTMENT VILLAGE LLC,  
a California limited liability company

By: Cameo Homes, a California corporation, Manager

By: \_\_\_\_\_  
David Gianulias, President

MURRIETA 144 L.P., a California limited partnership

By: MURRIETA 144 APARTMENT VILLAGE LLC,  
a Delaware limited liability company

By: Cameo Homes, a California corporation, Manager

By: \_\_\_\_\_  
David Gianulias, President

MURRIETA 144 APARTMENTS, LLC,  
a Delaware limited liability company

By: Cameo Homes, a California corporation, Manager

By: \_\_\_\_\_  
David Gianulias, President

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J.C. GIANULIAS, Trustee of the James  
Chris Gianulias Trust dated October 14, 2003

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Victor Mahony

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David J. Gianulias