

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:
Cox, Castle & Nicholson
2049 Century Park East, Suite 2800
Los Angeles, California 90067
Attention: Gary P. Downs, Esq.

(Space Above Line For Recorder's Use Only)

ASSUMPTION AGREEMENT

THIS ASSUMPTION AGREEMENT (this "Agreement") is made this 22nd day of April, 1996, by and among Fullerton Savings and Loan Association, a California corporation ("New Borrower"), and Redlands-558, a California limited partnership (the "Original Borrower"):

WHEREAS, the Original Borrower refinanced, in part, the acquisition, development and construction of that certain real property and certain related amenities commonly known as Parkview Terrace Apartments, located in the City of Redlands, County of San Bernardino, California (the "Project") through the use of funds made available to the City of Redlands (the "Issuer") for such purpose through the issuance of those certain Variable Rate Demand Multifamily Housing Revenue Refunding Bonds (Parkview Terrace Project) 1991 Series A (the "Bonds"), enabling the Issuer to make a loan to the Original Borrower (the "Project Loan") in the principal amount of \$22,650,000, in accordance with the following documents:

1. The Loan Agreement among the Issuer, Bankers Trust Company of California, National Association, as succeeded by First Trust of California, National Association (the "Trustee"), and the Original Borrower, dated as of February 1, 1991;
2. The Regulatory Agreement and Declaration of Restrictive Covenants by and among the Issuer, the Trustee and the Original Borrower, dated as of February 1, 1991;
3. The Deed of Trust, Assignment of Rents and Fixture Filing executed by the Original Borrower for the benefit of the Trustee, dated as of February 1, 1991;
4. The Developer Note executed by the Original Borrower for the benefit of the Issuer, dated February 14, 1991; and
5. The Remarketing Agreement by and among PaineWebber Incorporated, the Issuer and the Original Borrower, dated as of February 1, 1991.

The documents listed in paragraphs 1 through 5 above are herein called the "Bond Documents." All terms used herein and not otherwise defined shall have the respective meaning given to them in the Bond Documents.

WHEREAS, on the date hereof, the New Borrower acquired title in the Project from the Original Borrower through foreclosure, which conveyance requires under the Bond Documents the

assumption by the New Borrower of the rights, duties and obligations of the Original Borrower under the Bond Documents relating to the period from and after the date hereof; and

WHEREAS, the Trustee, the Issuer and the Bank of America National Trust and Savings Association, as the credit enhancement provider for the Bonds (the "Bank"), are willing to consent to the conveyance of the Project to the New Borrower and the assumption of all obligations of the Original Borrower under the Bond Documents; and

WHEREAS, the New Borrower is willing to assume such obligations; and

WHEREAS, by execution of this Agreement, the Original Borrower and the New Borrower will be in compliance with all the terms and conditions set forth in the Bond Documents for the New Borrower's assumption of the Original Borrower's obligations under the Bond Documents, and for the conveyance of the Project to the New Borrower.

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Upon and subject to the acquisition of the Project by New Borrower, New Borrower agrees to assume and hereby does fully and unconditionally assume in full for the benefit of the Issuer, the Trustee and the Bank all of the obligations of the Original Borrower under the Bond Documents arising from and after the date hereof.

2. All correspondence and notices given or required to be given to the New Borrower under the Bond Documents shall be addressed as follows:

Fullerton Savings and Loan Association
200 W. Commonwealth Avenue
Fullerton, California 92632
Attention: Thomas Meyer, Senior Vice President

3. Anything contained herein to the contrary notwithstanding, New Borrower is not remaking any of the representations or warranties contained in the Bond Documents and shall have no liability on account of the breach of any such representation or warranty by the Original Borrower. It is acknowledged and agreed that by the acceptance of this Agreement and consent to the transfer of the Project, the Issuer, the Trustee and the Bank do not waive (unless otherwise provided in a consent by such parties) any of the provisions of the Bond Documents and all of the terms, conditions, and provisions of the Bond Documents shall remain in full force and effect except as the same may be explicitly modified in such parties' consents.

4. The Original Borrower hereby represents, warrants and covenants that (a) to its knowledge after due inquiry, it is not in default under any of the covenants, representations or warranties contained in the Bond Documents, (b) all amounts owing under the Bond Documents are current, and (c) it has not received any notice of default relating to amounts owing under the Bond Documents.

5. The New Borrower hereby represents, warrants and covenants that it will cause this Agreement to be recorded in the Official Records of the County of San Bernardino, California. The New Borrower shall pay all fees and charges incurred in connection with such recording. Within five (5) days following such recording, the New Borrower shall provide to the Trustee and the Issuer satisfactory evidence of such recording.

6. By their consent to this Agreement, the Issuer, the Trustee and the Bank, each for itself and to the extent required by the Bond Documents, consent to the New Borrower's assumption of the Original Borrower's obligations under the Bond Documents relating to the period after the date hereof, and consent to the sale, conveyance and transfer of the Project to the New Borrower.

7. The parties to this Agreement agree that the Issuer, the Trustee and the Bank are third party beneficiaries to this Agreement.

8. This Agreement may be executed in multiple counterparts, all of which, when taken together, shall be deemed an original upon execution.

ALL PURPOSE ACKNOWLEDGMENT

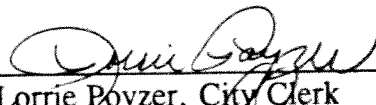
State of California)
County of San Bernardino) SS
City of Redlands)

By the authority granted under Chapter 4, Article 3, Section 1181, of the California Civil Code, and Chapter 2, Division 3, Section 40814, of the California Government Code, on April 22, 1996, before me, Lorrie Poyzer, City Clerk of the City of Redlands, California, personally appeared Swen Larson

{x} 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 entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

(SEAL)


Lorrie Poyzer, City Clerk
City of Redlands, California
(Area Code 909) 798-7531

CAPACITY CLAIMED BY SIGNER(S)

{ } Individual(s) signing for oneself/themselves

{ } Corporate Officer(s)

Title(s) _____

Company _____

{ } Partner(s)

Partnership _____

{ } Attorney-In-Fact

Principal(s) _____

{ } Trustee(s)

Trust _____

{x} Other

Title(s) _____ Mayor

Entity(ies) Represented _____ City of Redlands

This certificate
must be attached
to the document
described at right:

Title or type of document Assumption Agreement

Number of Pages five

Date of Document April 22, 1996

Signer(s) other than named above First Trust of California,
Bank of America, Fullerton Savings and Loan Association,
Redlands-558.

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

"NEW BORROWER"

FULLERTON SAVINGS AND LOAN
ASSOCIATION, a California corporation

By: _____
Its: _____

By: _____
Its: _____

"ORIGINAL BORROWER"

REDLANDS-558, a California limited
partnership

By: _____
Its: _____

CONSENT

The undersigned hereby consent to the terms and conditions of the foregoing Assumption Agreement. This Consent may be executed in multiple counterparts, all of which, when taken together, shall be deemed an original upon execution.

DATED this 22nd day of April, 1996.

CITY OF REDLANDS

By: 
Its: Mayor

FIRST TRUST OF CALIFORNIA,
NATIONAL ASSOCIATION, as Trustee

By: _____
Its: _____

BANK OF AMERICA

By: _____
Its: _____