FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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BALCOR PENSION INVESTORS VI

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES

EXCHANGE ACT OF 1934.

For the quarterly period ended September 30, 1996

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES

EXCHANGE ACT OF 1934.

For the transition period from ---------- to ----------

Commission file number 0-14332

BALCOR PENSION INVESTORS-VI

(Exact name of registrant as specified in its charter)

Illinois	36-3319330
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2355 Waukegan Road, Suite A200 Bannockburn, Illinois	60015
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (847) 267-1600

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

BALCOR PENSION INVESTORS-VI
(AN ILLINOIS LIMITED PARTNERSHIP)

BALANCE SHEETS
September 30, 1996 and December 31, 1995
(UNAUDITED)

ASSETS

	1996	1995
Cash and cash equivalents	$ 49,373,450	$ 16,076,834
Escrow deposits	812,331	557,405
Accounts and accrued interest receivable	2,483,363	2,522,489
Prepaid expenses	437,838	283,525
Deferred expenses, net of accumulated amortization of $1,354,886 in 1996 and $1,014,165 in 1995	1,892,024	1,935,041
	54,999,006	21,375,294
Investment in loan receivable:		
Investment in acquisition loan		4,434,410
Less:		
Allowance for potential loan loss		274,594
Net investment in loan receivable		4,159,816
Real estate held for sale (net of allowance of $7,700,000 in 1996 and $7,300,000 in 1995)	107,153,308	130,149,878
Investment in joint ventures with affiliates	11,710,982	21,214,156
	118,864,290	155,523,850
	$ 173,863,296	$ 176,899,144

LIABILITIES AND PARTNERS' CAPITAL

Accounts payable	$ 916,085	$ 763,742
Due to affiliates	116,381	51,700
Accrued liabilities, principally real estate taxes	1,225,417	808,262
Security deposits	612,754	665,005
Mortgage note payable	15,524,017	15,657,066
Total liabilities	18,394,654	17,945,775
Affiliates' participation in joint		

ventures	20,582,564	19,861,816

BALCOR PENSION INVESTORS-VI
(AN ILLINOIS LIMITED PARTNERSHIP)

BALANCE SHEETS
September 30, 1996 and December 31, 1995
(UNAUDITED)
(Continued)

Limited Partners' capital (1,382,562 Interests issued and outstanding)	141,770,936	146,274,796
General Partner's deficit	(6,884,858)	(7,183,243)
Total partners' capital	134,886,078	139,091,553
	$ 173,863,296	$ 176,899,144

The accompanying notes are an integral part of the financial statements.

BALCOR PENSION INVESTORS-VI
(AN ILLINOIS LIMITED PARTNERSHIP)

STATEMENTS OF INCOME AND EXPENSES
for the nine months ended September 30, 1996 and 1995
(UNAUDITED)

	1996	1995
Income:		
Interest on loans receivable and from investment in acquisition loan	$ 313,520	$ 699,106
Income from operations of real estate held for sale	8,520,091	9,081,223
Interest on short-term investments	823,041	1,211,829
Total income	9,656,652	10,992,158
Expenses:		
Provision for potential losses on loan and real estate	752,753	
Amortization of deferred expenses	340,721	228,460
Administrative	1,236,233	940,772
Total expenses	2,329,707	1,169,232
Income before joint venture		

participations, equity in loss from investment in acquisition loan, gain on disposition of real estate and extraordinary item	7,326,945	9,822,926
Participation in income (loss) of joint ventures - affiliates before extraordinary item	3,293,750	(292,929)
Equity in loss from investment in acquisition loan	(56,481)	(23,574)
Affiliates' participation in income of joint ventures	(1,393,416)	(1,237,260)
Gains on disposition of real estate	5,153,684	
Income before extraordinary item	14,324,482	8,269,163
Extraordinary item:		
Participation in debt extinguishment expense of joint venture - affiliate	(65,074)	
Net income	$ 14,259,408	$ 8,269,163

BALCOR PENSION INVESTORS-VI
(AN ILLINOIS LIMITED PARTNERSHIP)

STATEMENTS OF INCOME AND EXPENSES
for the nine months ended September 30, 1996 and 1995
(UNAUDITED)
(Continued)

Income before extraordinary item allocated to General Partner	$ 1,432,448	$ 826,916
Income before extraordinary item allocated to Limited Partners	$ 12,892,034	$ 7,442,247
Income before extraordinary item per Limited Partnership Interest (1,382,562 issued and outstanding)	$ 9.32	$ 5.38
Extraordinary item allocated to General Partner	$ (6,507)	None
Extraordinary item allocated to Limited Partners	$ (58,567)	None
Extraordinary item per Limited Partnership Interest (1,382,562 issued and outstanding)	$ (0.04)	None

Net income allocated to General Partner	$ 1,425,941	$ 826,916
Net income allocated to Limited Partners	$ 12,833,467	$ 7,442,247
Net income per Limited Partnership Interest (1,382,562 issued and outstanding)	$ 9.28	$ 5.38
Distributions to General Partner	$ 1,127,556	$ 1,013,879
Distributions to Limited Partners	$ 17,337,327	$ 18,000,957
Distributions per Limited Partnership Interest	$ 12.54	$ 13.02

The accompanying notes are an integral part of the financial statements.

BALCOR PENSION INVESTORS-VI
(AN ILLINOIS LIMITED PARTNERSHIP)

STATEMENTS OF INCOME AND EXPENSES
for the quarters ended September 30, 1996 and 1995
(UNAUDITED)

	1996	1995
Income:		
Interest on loans receivable and from investment in acquisition loan	$ 79,644	$ 144,024
Income from operations of real estate held for sale	2,650,735	2,648,795
Interest on short-term investments	411,750	326,775
Total income	3,142,129	3,119,594
Expenses:		
Provision for potential losses on loan and real estate	400,000	
Amortization of deferred expenses	79,806	82,125
Administrative	470,420	282,829
Total expenses	950,226	364,954
Income before joint venture participations, equity in loss from investment in acquisition loan, gain on disposition of real estate and extraordinary item	2,191,903	2,754,640

Participation in income (loss) of joint ventures - affiliates before extraordinary item	2,306,927	(752,278)
Equity in loss from investment in acquisition loan	(31,651)	(9,141)
Affiliates' participation in income of joint ventures	(485,637)	(281,136)
Gains on disposition of real estate	3,597,779	
Income before extraordinary item	7,579,321	1,712,085
Extraordinary item:		
Participation in debt extinguishment expense of joint venture - affiliate	(65,074)	
Net income	$ 7,514,247	$ 1,712,085

BALCOR PENSION INVESTORS-VI
(AN ILLINOIS LIMITED PARTNERSHIP)

STATEMENTS OF INCOME AND EXPENSES
for the quarters ended September 30, 1996 and 1995
(UNAUDITED)
(Continued)

Income before extraordinary item allocated to General Partner	$ 757,932	$ 171,208
Income before extraordinary item allocated to Limited Partners	$ 6,821,389	$ 1,540,877
Income before extraordinary item per Limited Partnership Interest (1,382,562 issued and outstanding)	$ 4.93	$ 1.11
Extraordinary item allocated to General Partner	$ (6,507)	None
Extraordinary item allocated to Limited Partners	$ (58,567)	None
Extraordinary item per Limited Partnership Interest (1,382,562 issued and outstanding)	$ (0.04)	None
Net income allocated to General Partner	$ 751,425	$ 171,208
Net income allocated to Limited Partners	$ 6,762,822	$ 1,540,877

Net income per Limited Partnership interest (1,382,562 issued and outstanding)	$ 4.89	$ 1.11
Distribution to General Partner	$ 513,084	$ 399,407
Distribution to Limited Partners	$ 10,618,076	$ 9,014,304
Distribution per Limited Partnership Interest	$ 7.68	$ 6.52

The accompanying notes are an integral part of the financial statements.

BALCOR PENSION INVESTORS-VI
(AN ILLINOIS LIMITED PARTNERSHIP)

STATEMENTS OF CASH FLOWS
for the nine months ended September 30, 1996 and 1995
(UNAUDITED)

	1996	1995
Operating activities:		
Net income	$ 14,259,408	$ 8,269,163
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for potential losses on loan and real estate	752,753	
Amortization of deferred expenses	340,721	228,460
Participation in (income) loss of joint ventures - affiliates before extraordinary item	(3,293,750)	292,929
Participation in debt extinguishment expense of joint venture - affiliate	65,074	
Equity in loss from investment in acquisition loan	56,481	23,574
Affiliates' participation in income of joint ventures	1,393,416	1,237,260
Gains on disposition of real estate	(5,153,684)	
Payment of leasing commissions	(297,704)	(192,712)
Net change in:		
Escrow deposits	(254,926)	
Accounts and accrued interest receivable	39,126	128,999
Prepaid expenses	(154,313)	(369,316)
Accounts payable	152,343	498,538
Due to affiliates	64,681	(119,590)
Accrued liabilities	417,155	1,001,236

Security deposits	(52,251)	(2,094)
Net cash provided by operating activities	8,334,530	10,996,447
Investing activities:		
Proceeds from sale of investment in acquisition loan	3,803,640	
Cost incurred in connection with sale of investment in acquisition loan	(53,058)	
Distributions from joint ventures - affiliates	12,731,850	645,060
Contribution to joint ventures - affiliates		(138,899)
Improvements to properties		(520,828)
Proceeds from disposition of real estate	28,650,000	

BALCOR PENSION INVESTORS-VI
(AN ILLINOIS LIMITED PARTNERSHIP)

STATEMENTS OF CASH FLOWS
for the nine months ended September 30, 1996 and 1995
(UNAUDITED)
(Continued)

Costs incurred in connection with disposition of real estate	(899,746)	
Net cash provided by or used in investing activities	44,232,686	(14,667)
Financing activities:		
Distributions to Limited Partners	(17,337,327)	(18,000,957)
Distributions to General Partner	(1,127,556)	(1,013,879)
Distributions to joint venture partners - affiliates	(894,796)	(833,699)
Capital contributions by joint venture partners - affiliates	222,128	
Principal payments on mortgage note payable	(133,049)	
Net cash used in financing activities	(19,270,600)	(19,848,535)
Net change in cash and cash equivalents	33,296,616	(8,866,755)
Cash and cash equivalents at beginning of period	16,076,834	31,007,746
Cash and cash equivalents at end of		

period	$ 49,373,450	$ 22,140,991

The accompanying notes are an integral part of the financial statements.

BALCOR PENSION INVESTORS-VI
(An Illinois Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

1. Accounting Policy:

In the opinion of management, all adjustments necessary for a fair presentation have been made to the accompanying statements for the nine months and quarter ended September 30, 1996, and all such adjustments are of a normal and recurring nature.

2. Transactions with Affiliates:

Fees and expenses paid and payable by the Partnership to affiliates for the nine months and quarter ended September 30, 1996 are:

	Paid		
	Nine Months	Quarter	Payable
Mortgage servicing fees	$8,338	$2,594	None
Reimbursement of expenses to the General Partner, at cost	168,123	37,435	$116,381

3. Investment in Joint Ventures with Affiliates:

As of September 30, 1996, the Partnership owned a 41.30% joint venture interest in the 45 West 45th Street Office Building and a 46.50% joint venture interest in the Jonathan's Landing Apartments.

The following information has been summarized from the September 30, 1996 financial statements of the joint ventures:

Net investment in real estate	$25,140,860
Total liabilities	290,641
Total income	4,728,566
Net income	1,123,321

4. Property Sales:

(a) In June 1996, the Partnership sold the Hawthorne Heights Apartments in an all cash sale for $8,300,000. From the proceeds of the sale, the Partnership paid $309,525 in selling costs. The basis of the property was $6,517,570. For financial statement purposes, the Partnership recognized a gain of $1,472,905

from the sale of this property.

(b) The Sand Pebble Village Apartments - Phase I was owned by a joint venture consisting of the Partnership and an affiliate. The Partnership and the affiliate hold participating percentages in the joint venture of 44.64% and 55.36%, respectively. In August 1996, the joint venture sold the property in an all cash sale for $19,411,765. From the proceeds of the sale, the joint venture

paid $431,822 in selling costs. The joint venture recognized no gain or loss on the sale of this property for financial statement purposes; however, the joint venture recognized a recovery of the allowance for losses of $2,080,943 in connection with the sale of this property, of which $928,933 is the Partnership's share.

(c) The Sand Pebble Village Apartments - Phase II was owned by a joint venture consisting of the Partnership and an affiliate. The Partnership and the affiliate hold participating percentages in the joint venture of 44.64% and 55.36%, respectively. In August 1996, the joint venture sold the property in an all cash sale for $12,088,235. From the proceeds of the sale, the joint venture paid $4,859,155 to the third party mortgage holder in full satisfaction of the first mortgage loan, paid a prepayment penalty of $145,775 and paid $272,701 in selling costs. For financial statement purposes, the joint venture recognized a gain of $2,458,085 from the sale of this property, of which $1,097,289 is the Partnership's share.

(d) In August 1996, the Partnership sold the Woodscape Apartments in an all cash sale for $9,550,000. From the proceeds of the sale, the Partnership paid $299,421 in selling costs. The basis of the property was $6,629,000. For financial statement purposes, the Partnership recognized a gain of $2,621,579 from the sale of this property.

(e) In September 1996, the Partnership sold the Shoal Run Apartments in an all cash sale for $10,800,000. From the proceeds of the sale, the Partnership paid $290,800 in selling costs. The basis of the property was $9,450,000. For financial statement purposes, the Partnership recognized a gain of $1,059,200 from the sale of this property.

5. Sale of Acquisition Loan Receivable:

In August 1996, the Noland Fashion Square acquisition loan, in which the Partnership held a participating interest, was sold. The Partnership's share of the sale price was $3,803,640. From the proceeds of the sale, the Partnership paid $53,058 as its share of the selling costs. The carrying value of the loan was $4,377,929 and the remaining loan balance was written off against the previously established allowance for losses.

6. Contingency:

A proposed settlement has been reached with respect to the class action complaint, Paul Williams and Beverly Kennedy, et al, v. Balcor Pension Investors, et al. between counsel for the Class and counsel for the defendants.

Notice of the proposed settlement terms was sent to class members in September 1996. A final hearing on the proposed settlement is expected to be held in November 1996. The General Partner does not believe that the proposed settlement will have a material adverse impact on the Partnership.

7. Extraordinary Item:

In connection with the sale of Sand Pebble Village Apartments- Phase II in August 1996, the joint venture incurred a prepayment penalty in the amount of $145,775 which was recognized as an extraordinary item and classified as debt extinguishment expense. The Partnership's share of the extraordinary item is $65,074.

8. Subsequent Events:

(a) In October 1996, the Partnership made a distribution of $36,637,893 ($26.50 per Interest) to the holders of Limited Partnership Interests for the third quarter of 1996. This amount includes the regular quarterly distribution from Cash Flow of $2.00 per Interest, a special distribution from Cash Flow reserves of $2.00 per Interest and a special distribution of Mortgage Reductions of $22.50 per Interest from proceeds received in connection with the August 1996 sales of Woodscape Apartments and Sand Pebble Village Apartments - Phases I and II, the August 1996 sale of the Noland Fashion Square acquisition loan and the September 1996 sale of Shoal Run Apartments.

(b) The 45 West 45th Street Office Building was owned by a joint venture consisting of the Partnership and three affiliates. The Partnership held a participating percentage in the joint venture of 41.30%. In November 1996, the joint venture sold the property in an all cash sale for $10,300,000. From the proceeds of the sale, the joint venture paid $579,075 in selling costs. For financial statement purposes, the joint venture will recognize a gain of approximately $2,934,000 from the sale of this property during the fourth quarter of 1996, of which approximately $1,212,000 will be the Partnership's share.

BALCOR PENSION INVESTORS-VI
(An Illinois Limited Partnership)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Balcor Pension Investors - VI (the "Partnership") is a limited partnership formed in 1984 to invest in first mortgage loans and, to a lesser extent, wrap-around loans and junior mortgage loans. The Partnership raised $345,640,500 through the sale of Limited Partnership Interests and utilized these proceeds to fund thirty-one loans. The Partnership sold three properties and its interest in an acquisition loan during 1996. In addition, three properties in which the Partnership held minority joint venture interests with affiliates were also sold during 1996. Currently, the Partnership owns eight properties acquired through foreclosure and holds minority joint venture interests with affiliates in one other property.

Inasmuch as the management's discussion and analysis below relates primarily to the time period since the end of the last fiscal year, investors are encouraged to review the financial statements and the management's discussion and analysis contained in the annual report for 1995 for a more complete understanding of the Partnership's financial position.

Operations

Summary of Operations

The Partnership sold the Hawthorne Heights, Woodscape and Shoal Run apartment complexes in June, August and September 1996, respectively. In connection with the sale of each property, the Partnership recognized a gain on disposition of real estate. Additionally, the Partnership and an affiliate sold the Sand Pebble Village Apartments - Phases I and II in August 1996 and recognized a recovery of loss on real estate and gain on sale, respectively. These events caused participation in income of joint ventures with affiliates in 1996 as compared to a loss in 1995. As a result, net income increased substantially for the nine months and quarter ended September 30, 1996 as compared to the same periods in 1995. Further discussion of the Partnership's operations is summarized below.

1996 Compared to 1995

Unless otherwise noted, discussions of fluctuations between 1996 and 1995 refer to both the nine months and quarters ended September 30, 1996 and 1995.

Interest income on loans receivable and from investment in acquisition loan decreased in 1996 as compared to 1995 as a result of the July 1995 foreclosure of the Jonathan's Landing Apartments loan and the August 1996 sale of the Noland Fashion Square acquisition loan.

Income from operations of real estate held for sale represents the net operations of the properties acquired by the Partnership through foreclosure.

As of September 30, 1996, the Partnership was operating eight properties. Original funds advanced by the Partnership totals approximately $126,000,000 for the remaining eight properties. The Partnership sold the Hawthorne Heights, Woodscape and Shoal Run apartment complexes in June, August and September 1996, respectively, and recognized gains on disposition of real estate of $5,153,684. The property sales also resulted in income from operations of real estate held for sale decreasing during 1996 when compared to 1995. In addition, increased tenant related expenditures at Park Central Office Building and decreased rental and service income at Flamingo Pines Plaza due to lower occupancy rates in 1996 contributed to the decrease in income from operations of real estate held for sale. These decreases were partially offset by an increase in operations at Sun Lake Apartments during 1996 as a result of exterior painting at the property during 1995.

Interest income on short-term investments decreased during the nine months ended September 30, 1996 as compared to the same period in 1995 as a result of lower average cash balances available for investment in 1996 due to special distributions paid to the Limited Partners in 1995. This decrease was fully offset and the Partnership recognized an increase in interest income during the quarter ended September 30, 1996 as compared to the same period in 1995 as a result of proceeds received in 1996 in connection with the above mentioned property sales and the Noland Fashion Square acquisition loan sale.

Provisions are charged to income when the General Partner believes an impairment has occurred to the value of its properties or in a borrower's ability to repay a loan or in the value of the collateral property. Determinations of fair value are made periodically on the basis of performance under the terms of the loan agreement and assessments of property operations. Determinations of fair value represent estimations based on many variables which affect the value of real estate, including economic and demographic conditions. The Partnership recognized provisions of $352,753 and $400,000 for potential losses related to the Noland Fashion Square acquisition loan and the Flamingo Pines Shopping Center, respectively, during the nine months ended September 30, 1996 and no provisions during the same period in 1995. In addition, allowances of $627,347 relating to the Noland Fashion Square acquisition loan were written off during the third quarter of 1996 in connection with the sale of the loan.

Amortization expense recognized during the second quarter of 1996 related to a settlement of disputed leasing commissions at the Perimeter 400 Office Building resulted in increased amortization expense during the nine months ended September 30, 1996 as compared to the same period in 1995.

The Partnership incurred increased legal, consulting, printing, postage and investor processing costs in connection with its responses to a tender offer and certain related litigation during 1996. As a result, administrative expenses increased during 1996 as compared to 1995.

Participation in income of joint ventures with affiliates represents the Partnership's share of the operations of the Sand Pebble Village Apartments - Phases I & II, Jonathan's Landing Apartments and the 45 West 45th Street Office Building. Participation in income of joint ventures with affiliates increased in 1996 as compared to 1995, primarily due to the recovery of losses recognized

in prior years and gain on sale recognized in connection with the sales of Sand Pebble Village Apartments - Phases I & II, respectively. In addition, the July 1995 foreclosure of the Jonathan's Landing Apartments loan and higher rental income along with lower interior maintenance and repairs at the 45 West 45th Street Office Building during 1996 contributed to this increase. Additionally, in connection with the sale of the Sand Pebble Village Apartments - Phase II, the Partnership incurred its share of a prepayment penalty in the amount of $65,074, which was recognized as an extraordinary item and classified as debt extinguishment expense.

The Sun Lake Apartments and the Perimeter 400 Office Building are both owned by joint ventures with affiliates. As a result of a decrease in exterior painting expense at Sun Lake Apartments and increased rental income at Perimeter 400 Office Building, affiliates' participation in income of joint ventures increased during 1996 as compared to 1995.

Liquidity and Capital Resources

The cash position of the Partnership increased by approximately $33,297,000 as of September 30, 1996 when compared to December 31, 1995 primarily as a result of the Partnership's share of the net proceeds received in connection with the sales of five properties and an acquisition loan. Operating activities generated cash of approximately $8,335,000, primarily as a result of cash flow from the operations of the Partnership's properties and interest income earned from short-term investments and from the Partnership's investment in an acquisition loan, net of the payment of administrative expenses. Cash received from investing activities consisted of net proceeds of approximately $3,751,000 received from the sale of the Noland Fashion Square acquisition loan, distributions of cash flow and sale proceeds from joint venture partners of approximately $12,732,000 and net proceeds from the sales of Hawthorne Heights, Shoal Run and Woodscape apartment complexes of approximately $27,750,000. Financing activities consisted of distributions paid to Partners of approximately $18,465,000, net distributions paid to joint venture partners of approximately $673,000 and principal payments on mortgage note payable of approximately $133,000.

The Partnership classifies the cash flow performance of its properties as either positive, a marginal deficit, or a significant deficit, each after consideration of debt service payments unless otherwise indicated. A deficit is considered significant if it exceeds $250,000 annually or 20% of the property's rental and service income. The Partnership defines cash flow generated from its properties as an amount equal to the property's revenue receipts less property related expenditures, which include debt service payments. The Sun Lake Apartments is the Partnership's only property with underlying debt.

During 1996 and 1995, all eight of the Partnership's properties owned at September 30, 1996, as well as the properties in which the Partnership holds minority joint venture interests with affiliates, generated positive cash flow. In addition, the Hawthorne Heights, Woodscape and Shoal Run apartment complexes, sold in June, August, and September 1996, respectively, also generated positive cash flow in 1995 and prior to their sales in 1996. The 45

West 45th Street Office Building, in which the Partnership holds a minority joint venture interest, incurred significant leasing costs in 1995 which were not included in classifying the cash flow performance of the property. Had these nonrecurring expenditures been included, the property would have generated a significant deficit in 1995. As of September 30, 1996, the occupancy rates of the Partnership's commercial properties ranged from 89% to 98%, with the exception of the occupancy at Flamingo Pines Plaza which was 84%. The occupancy rate for Sun Lake Apartments was 98%.

Many rental markets continue to be extremely competitive; therefore, the General Partner's goals are to maintain high occupancy levels, while increasing rents where possible, and to monitor and control operating expenses and capital improvement requirements at the properties.

In June 1996, the Partnership sold the Hawthorne Heights Apartments in an all cash sale for $8,300,000. From the proceeds of the sale, the Partnership paid $309,525 in selling costs. Pursuant to the terms of the sale, $250,000 of the proceeds were retained by the Partnership until October 1996. The remaining proceeds were distributed to the Limited Partners in July 1996. See Note 4 of Notes to Financial Statements for additional information.

The Sand Pebble Village Apartments - Phase I was owned by a joint venture consisting of the Partnership and an affiliate. In August 1996, the joint venture sold the property in an all cash sale for $19,411,765. From the proceeds of the sale, the joint venture paid $431,822 in selling costs. The net proceeds of the sale were $18,979,943 of which $8,472,647 was the Partnership's share. The proceeds were distributed to the Limited Partners in October 1996. See Note 4 of Notes to Financial Statements for additional information.

The Sand Pebble Village Apartments - Phase II was owned by a joint venture consisting of the Partnership and an affiliate. In August 1996, the joint venture sold the property in an all cash sale for $12,088,235. From the proceeds of the sale, the joint venture paid $4,859,155 to the third party mortgage holder in full satisfaction of the first mortgage loan, paid a prepayment penalty of $145,775 and paid $272,701 in selling costs. The net proceeds of the sale were $6,810,604, of which $3,040,254 was the Partnership's share. The proceeds were distributed to the Limited Partners in October 1996. See Notes 4 and 7 of Notes to Financial Statements for additional information.

In August 1996, the Partnership sold the Woodscape Apartments in an all cash sale for $9,550,000. From the proceeds of the sale, the Partnership paid $299,421 in selling costs. Pursuant to the terms of the sale, $500,000 of the proceeds will be retained by the Partnership until December 1996. The remaining proceeds were distributed to Limited Partners in October 1996. See Note 4 of Notes to Financial Statements for additional information.

In August 1996, the Partnership sold its interest in the Noland Fashion Square acquisition loan for $3,803,640. From the proceeds of the loan sale, the Partnership paid $53,058 in selling costs. The proceeds were distributed to the Limited Partners in October 1996. See Note 5 of Notes to Financial Statements for additional information.

In September 1996, the Partnership sold the Shoal Run Apartments in an all cash sale for $10,800,000. From the proceeds of the sale, the Partnership paid $290,800 in selling costs. The proceeds were distributed to the Limited Partners in October 1996. See Note 4 of Notes to Financial Statements for additional information.

The 45 West 45th Street Office Building was owned by a joint venture consisting

of the Partnership and three affiliates. In November 1996, the joint venture sold the property in an all cash sale for $10,300,000. From the proceeds of the sale, the joint venture paid $579,075 in selling costs. The net proceeds from the sale were $9,720,925, of which approximately $4,014,742 was the Partnership's share. Pursuant to the terms of the sale, $500,000 of the proceeds will be retained by the joint venture until April 1997. See Note 8 of Notes to Financial Statements for additional information.

The General Partner believes that the market for multifamily housing and office properties is favorable to sellers of these properties. As described above, the Partnership sold the Hawthorne Heights, Woodscape and Shoal Run apartment complexes in June, August and September 1996, respectively. In addition, the Partnership and affiliates have sold the Sand Pebble Village Apartments - Phases I and II in August 1996 and the 45 West 45th Street Office Building in November 1996. Currently, the Partnership has entered into contracts to sell the Sun Lake Apartments and the Flamingo Pines Plaza for sale prices of $24,000,000 and $10,200,000, respectively. In addition, the General Partner has entered into a contract to sell the Jonathan's Landing Apartments, in which the Partnership holds a minority joint venture interest, for a sale price of $21,300,000. The General Partner is also exploring the sale of the Partnership's remaining commercial properties. The General Partner examines each property individually by property type and market in determining the optimal time to sell each property.

Changing interest rates can impact real estate values in several ways. Generally, declining interest rates may lower the cost of capital allowing buyers to pay more for a property whereas rising interest rates may increase the cost of capital and lower the price of real estate.

The Noland Fashion Square Shopping Center loan had been recorded by the Partnership as an investment in acquisition loan. The Partnership had recorded its share of the collateral property's operations as equity in loss from investment in acquisition loan. The Partnership's share of operations has no effect on the cash flow of the Partnership, and amounts representing contractually required debt service were recorded as interest income. The Partnership and its affiliates sold this loan in August 1996. See Note 5 of Notes to Financial Statements for additional information.

In October 1996, the Partnership paid a distribution of $36,637,893 ($26.50 per Interest) to the holders of Limited Partnership Interests. This amount includes the regular quarterly distribution from Cash Flow of $2.00 per Interest, a special distribution from Cash Flow reserves of $2.00 per Interest and a special distribution of Mortgage Reductions of $22.50 per Interest from proceeds received in connection with the August 1996 sales of Woodscape Apartments and Sand Pebble Village Apartments - Phases I and II, the August 1996 sale of the Noland Fashion Square acquisition loan and the September 1996

sale of Shoal Run Apartments. The level of the regular quarterly distribution is consistent with the amount distributed for the second quarter of 1996. Including the October 1996 distribution, Limited Partners have received cash distributions totaling $240.36 per $250 Interest. Of this amount, $137.86

represents Cash Flow from operations and $102.50 represents a return of Original Capital. In October 1996, the Partnership also paid $460,854 to the General Partner as its distributive share of the Cash Flow distributed for the third quarter of 1996 and made a contribution to the Early Investment Incentive Fund of $153,618.

The Partnership expects to continue making cash distributions, however, the level of future distributions is dependent on cash flow from property operations and future property sales, less fees to the General Partner and administrative expenses. The General Partner, on behalf of the Partnership, has retained what it believes is an appropriate amount of working capital to meet current cash or liquidity requirements which may occur.

During the nine months ended September 30, 1996, the General Partner on behalf of the Partnership used amounts placed in the Early Investment Incentive Fund to repurchase 8,533 Interests from Limited Partners at a cost of $981,877.

Inflation has several types of potentially conflicting impacts on real estate investments. Short-term inflation can increase real estate operating costs which may or may not be recovered through increased rents and/or sale prices depending on general or local economic conditions. In the long-term, inflation can be expected to increase operating costs and replacement costs and may lead to increased rental revenues and real estate values.

BALCOR PENSION INVESTORS-VI
(An Illinois Limited Partnership)

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Proposed Class and Derivative Action Lawsuits

On June 14, 1996, a proposed class and derivative action complaint was filed, Dee vs. Walton Street Capital Acquisition II, LLC (Circuit Court of Cook County, Illinois, County Department, Chancery Division ("Chancery Court"), Case No. 96 CH 06283) (the "Dee Case"), naming the General Partner and the general partners (the "Balcor Defendants") of nine other limited partnerships sponsored by The Balcor Company (together with the Partnership, the "Affiliated Partnerships"), as well as the Affiliated Partnerships, as defendants. Additional defendants were Insignia Management Group ("Insignia") and Walton Street Capital Acquisition II, LLC ("Walton") and certain of their affiliates and principals (collectively, the "Walton and Insignia Defendants"). The complaint alleged, among other things, that the tender offers for the purchase of limited partnership interests in the Affiliated Partnerships made by a joint venture consisting of affiliates of Insignia and Walton were coercive and unfair.

On July 1, 1996, another proposed class action complaint was filed in the same

court, Anderson vs. Balcor Mortgage Advisors (Case No. 96 CH 06884) (the "Anderson Case"). An amended complaint consolidating the Dee and Anderson Cases (the "Dee/Anderson Case") was filed on July 25, 1996.

The complaint seeks to assert class and derivative claims against the Walton and Insignia Defendants and alleges that, in connection with the tender offers, the Walton and Insignia Defendants misused the Balcor Defendants' and Insignia's fiduciary positions and knowledge in breach of the Walton and Insignia Defendants' fiduciary duty and in violation of the Illinois Securities and Consumer Fraud Acts. The plaintiffs amended their complaint on October 8, 1996, adding additional claims. The plaintiffs request certification as a class and derivative action, unspecified compensatory damages and rescission of the tender offers. Each of the defendants have filed motions to dismiss the complaint. The court has not yet ruled on these motions.

The Balcor Defendants intend to vigorously contest this action. No class has been certified as of this date. Management of each of the Balcor Defendants believes they have meritorious defenses to contest the claims. It is not determinable at this time whether or not an unfavorable decision in this action would have a material adverse impact on the Partnership.

Item 5. Other Information

Jonathan's Landing Apartments

As previously reported, a limited partnership in which the Partnership and an affiliate hold interests and which owns Jonathan's Landing Apartments, Kent, Washington, contracted to sell the property to an unaffiliated party, Commercial Ventures, Inc., a Delaware corporation, for a sale price of $22,000,000. Pursuant to a First Amendment to Agreement of Sale, the Partnership and the purchaser have agreed to reduce the sale price to $21,300,000. In addition, the closing has been extended from October 12, 1996 to November 15, 1996.

45 West 45th Street Office Building

As previously reported, on July 29, 1996, a limited partnership (the "Limited Partnership") in which the Partnership and three affiliates hold interests and which owns the 45 West 45th Street Office Building, New York City, New York, contracted to sell the property to an unaffiliated party, Olmstead Properties, Inc., a New York corporation, for a sale price of $10,300,000. The sale closed November 6, 1996. From the proceeds of the sale, the Limited Partnership paid $257,500 to an unaffiliated party as a brokerage commission and closing costs of $321,575. The Limited Partnership received the remaining $9,720,925 of proceeds. Of such amount, $500,000 will be retained by the Limited Partnership and will not be available for use or distribution by the Limited Partnership until 150 days after closing. The Partnership's share of the total net proceeds is $4,014,742.

Sun Lake Apartments

In 1989, the Partnership and an affiliate funded a $11,300,000 second mortgage loan collateralized by the Sun Lake Apartments, Lake Mary, Florida. The Partnership's share of the loan was $7,000,000 for a participating percentage of 61.95%. In 1992, a limited partnership (the "Limited Partnership") in which the Partnership and the affiliate each hold an interest equal to its participating percentage in the loan obtained title to the property through foreclosure.

On October 30, 1996, the Limited Partnership contracted to sell the property for a sale price of $24,000,000 to an unaffiliated party, Ambassador Apartments, L.P., a Delaware limited partnership. The purchaser has deposited $300,000 into an escrow account as earnest money. It is expected that the purchaser will assume the existing first mortgage loan, which was funded through the sale of revenue bonds. The bonds are expected to have an outstanding principal balance of approximately $15,509,000 at closing, scheduled for November 15, 1996. However, the closing may be extended to December 15, 1996 by (i) the Limited Partnership for any reason upon written notice to the purchaser or by (ii) the purchaser in order to obtain the consent of the holder of the bonds to the assumption. From the proceeds of the sale,

the Limited Partnership will pay $300,000 to an unaffiliated party as a brokerage commission and $180,000 to an affiliate of the third party providing property management services for the property as a fee for services rendered in connection with the sale of the property. The Limited Partnership will receive the remaining proceeds of approximately $8,011,000, less closing costs. Of such proceeds, $300,000 is being retained by the Limited Partnership and will not be available for use or distribution by the Partnership until December 23, 1996. The Partnership's share of the total net proceeds is expected to be approximately $4,963,000, less the Partnership's share of closing costs.

Neither the General Partner nor any affiliate will receive a brokerage commission in connection with the sale of the property. The General Partner will be reimbursed by the Partnership for its actual expenses incurred in connection with the sale.

The closing is subject to the satisfaction of numerous terms and conditions, including the consent of the holder of the bonds. There can be no assurance that all of the terms and conditions will be complied with and, therefore, it is possible that the sale of the property may not occur.

Flamingo Pines Plaza

In 1987, the Partnership funded a $14,500,000 first mortgage loan collateralized by the Flamingo Pines (formerly known as Pembroke Pines) Plaza, Pembroke Pines, Florida. The Partnership acquired title to the property through foreclosure in 1990.

On October 31, 1996, the Partnership contracted to sell the property for a sale price of $10,200,000 to an unaffiliated party, Dane Real Estate, Inc., a Florida corporation. The purchaser has deposited $50,000 into an escrow account as earnest money and is obligated to deposit an additional $350,000 upon the completion of the purchaser's due diligence review. The remainder of the sale price will be payable in cash at closing, scheduled for on or before March 31, 1997. From the proceeds of the sale, the Partnership will pay $255,000 as a brokerage commission to an affiliate of the third party providing property management services for other properties owned by the Partnership. The Partnership will receive the remaining proceeds of approximately $9,945,000, less closing costs. Neither the General Partner nor any affiliate will receive a brokerage commission in connection with the sale of the property. The General Partner will be reimbursed by the Partnership for its actual expenses incurred in connection with the sale.

The closing is subject to the satisfaction of numerous terms and conditions. There can be no assurance that all of the terms and conditions will be complied with and, therefore, it is possible that the sale of the property may not occur.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

(4) Form of Subscription Agreement previously filed as Exhibit 4.1 to Amendment No. 1 to the Registrant's Registration Statement on Form S-11 dated January 4, 1985 (Registration No. 2-93840) and Form of Confirmation regarding Interests in the Registrant set forth as Exhibit 4.2 to the Registrant's Report on Form 10-Q for the quarter ended June 30, 1992 (Commission File No. 0-14332) are incorporated herein by reference.

(27) Financial Data Schedule of the Registrant for the nine month period ending September 30, 1996 is attached hereto.

(99)(a) Agreement of Sale relating to the contract to sell Flamingo Pines Plaza, Pembroke, Florida, is attached hereto.

(99)(b) Agreement of Sale relating to the contract to sell Sun Lake Apartments, Lake Mary, Florida, is attached hereto.

(99)(c) First Amendment to Agreement of Sale relating to the sale of Jonathan's Landing Apartments, Kent, Washington, is attached hereto.

(b) Reports on form 8-K:

A Current Report on Form 8-K dated August 12, 1996 was filed reporting the extension of the closing date of the sale of the 45 West 45th Street Office Building in New York City, New York, the closing of the sale of the loan collateralized by the Noland Fashion Square Shopping Center in Independence,

Missouri, the closing of the sale of the Woodscape Apartments in Raleigh, North Carolina, the contract to sell the Jonathan's Landing Apartments in Kent, Washington and the contract and closing of the sale of Shoal Run Apartments in Birmingham, Alabama.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BALCOR PENSION INVESTORS-VI

By: /s/ Thomas E. Meador

Thomas E. Meador
President and Chief Executive Officer
(Principal Executive Officer) of Balcor
Mortgage Advisors-VI, the General Partner

By: /s/ Jayne A. Kosik

Jayne A. Kosik
Vice President, and Chief Financial Officer
(Principal Accounting Officer) of Balcor
Mortgage Advisors-VI, the General Partner

Date: November 14, 1996

AGREEMENT OF SALE

THIS AGREEMENT OF SALE (this "Agreement"), is entered into as of the 31st day of October, 1996, by and between DANE REAL ESTATE, INC., a Florida corporation ("Purchaser"), and PEMBROKE ASSOCIATES LIMITED PARTNERSHIP, an Illinois limited partnership ("Seller").

W I T N E S S E T H:

1. PURCHASE AND SALE. Purchaser agrees to purchase and Seller agrees to sell at the price of Ten Million Two Hundred Thousand and No/100 Dollars ($10,200,000.00) (the "Purchase Price"), that certain property commonly known as Flamingo Pines Plaza, Pembroke Pines, Florida legally described on Exhibit A attached hereto (the "Property"). Included in the Purchase Price is all of the personal property set forth on Exhibit B attached hereto (the "Personal Property").

2. PURCHASE PRICE. The Purchase Price shall be paid by Purchaser as follows:

2.1. Upon the execution of this Agreement, the sum of Fifty Thousand and No/100 Dollars ($50,000.00) (the "Earnest Money") to be held by the Miami office of "Title Insurer" (hereinafter defined) in escrow by and in accordance with the provisions of the Escrow Agreement ("Escrow Agreement") attached hereto as Exhibit C;

2.2. On or before the expiration of the "Inspection Period" (hereinafter defined), Purchaser shall deposit an additional Three Hundred Fifty Thousand and No/100 Dollars ($350,000.00) to be held by the Miami office of Title Insurer in escrow by and in accordance with the provisions of the Escrow Agreement and upon the deposit of such sum all references to "Earnest Money" herein shall mean Four Hundred Thousand and No/100 Dollars ($400,000.00); and

2.3. On the "Closing Date" (hereinafter defined), the balance of the Purchase Price, adjusted in accordance with the prorations, by federally wired "immediately available" funds, on or before 11:00 a.m Chicago time.

3. TITLE COMMITMENT AND SURVEY.

3.1. Attached hereto as Exhibit D is a copy of a title commitment for an owner's standard title insurance policy issued by Chicago Title Insurance Corporation (hereinafter referred to as "Title Insurer") dated 10/1/96 for the Property (the "Title Commitment"). For purposes of this Agreement, "Permitted Exceptions" shall mean: (a) general real estate taxes, association assessments, special assessments, special district taxes and related charges not yet due and payable; (b) matters caused by the actions of Purchaser; and (c) the title exceptions set forth in Exhibit B of the Title Commitment approved by Purchaser by written notice to Seller no later than twenty (20) days after Purchaser's receipt of the "Updated Survey" (hereinafter defined), subject to the terms of Paragraph 3.3 herein. All other exceptions to title

shall be referred to as "Unpermitted Exceptions". The Title Commitment shall be conclusive evidence of good title as therein shown as to all matters to be insured by the title policy, subject only to the exceptions therein stated.

On the Closing Date, Title Insurer shall deliver to Purchaser a standard title policy in conformance with the previously delivered Title Commitment, subject to Permitted Exceptions and Unpermitted Exceptions waived by Purchaser (the "Title Policy"). Purchaser shall pay for the costs of the Title Commitment and Title Policy and Purchaser shall pay for the cost of any endorsements to, or extended coverage on, the Title Policy.

3.2. Purchaser has received a survey of the Property prepared by Schwebke-Shiskin and Associates, Inc., and dated December 31, 1986 (the "Existing Survey"). Purchaser shall each pay for the costs of updating the Existing Survey and Seller shall deliver the updated survey (the "Updated Survey") to Purchaser within 14 days after the date hereof. Purchaser hereby acknowledges that all matters disclosed by the Existing Survey are acceptable to Purchaser.

3.3. Purchaser and Seller shall use good faith efforts to attempt to agree upon a definitive list of Permitted Exceptions on or before the expiration of the fourteen (14) day period following the delivery of Purchaser's notice contained in Paragraph 3.1. If the parties cannot agree upon a mutually acceptable list of Permitted Exceptions on or before the expiration of said fourteen (14) day period, then either party shall have the right to terminate this Agreement by notice to the other party within ten (10) days following the expiration of said fourteen (14) day period; provided, however, Purchaser shall have the right to vitiate Seller's notice of termination by notice to Seller within three (3) business days after Seller's notice to terminate. If either party terminates this Agreement in accordance with the terms of this Paragraph 3.3, this Agreement shall become null and void without further action of the parties and all Earnest Money theretofore deposited into the Escrow by Purchaser, together with any interest accrued thereon, shall be returned to Purchaser, and neither party shall have any further liability to the other, except for Purchaser's obligation to indemnify Seller and restore the Property, as more fully set forth in Paragraph 7.

3.4. The obligation of Purchaser to pay various costs set forth in Paragraphs 3.1 and 3.2 shall survive the termination of this Agreement.

3.5. Notwithstanding the foregoing, Seller will discharge at Closing the following Schedule B-2 exceptions to title listed on the Title Commitment: Items 32, 33 and 34. Seller will use good faith efforts to remove all Schedule B-1 requirements shown on the Title Commitment prior to Closing, to wit: 1(a), 4, 5, 6, 7, 8, 9, 10, 11, 12, 15, and 17. Seller shall provide the necessary mechanics' lien/party in possession/GAP affidavit (as necessary to remove the standard exceptions for said items), except Purchaser acknowledges that Purchaser will take subject to tenants-in-possession under written leases provided that none of said leases contains any option to purchase any portion of the Property. Tenant shall terminate any recorded notice of commencement and provide appropriate documentation to delete any exception for the same from

the Title Policy. Subsequent to the effective date of the Title Commitment, Seller will not cause any documents to be placed of record without Purchaser's consent, which consent shall not be unreasonably withheld.

4. PAYMENT OF CLOSING COSTS. In addition to the costs set forth in Paragraphs 3.1 and 3.2, Seller shall pay for the costs of the documentary or transfer stamps to be paid with reference to the "Deed" (hereinafter defined)

and all other stamps, intangible, transfer, documentary, recording, sales tax and surtax imposed by law with reference to any other sale documents delivered in connection with the sale of the Property to Purchaser. Purchaser shall pay all other charges of the Title Insurer in connection with this transaction.

5. CONDITION OF TITLE.

5.1. If, prior to "Closing" (as hereinafter defined), a date-down to the Title Commitment discloses any new Unpermitted Exception, Seller shall have thirty (30) days from the date of the date-down to the Title Commitment, as applicable, at Seller's expense, to (i) bond over, cure and/or have any Unpermitted Exceptions which, in the aggregate, do not exceed $75,000.00 (a "Minor Unpermitted Exception"), removed from the Title Commitment or to have the Title Insurer commit to insure against loss or damage that may be occasioned by such Unpermitted Exceptions, or (ii) have the right, but not the obligation, to bond over, cure and/or have any Unpermitted Exceptions which, in the aggregate, equal or exceed $75,000.00, removed from the Title Commitment or to have the Title Insurer commit to insure against loss or damage that may be occasioned by such Unpermitted Exceptions. In such event, the time of Closing shall be delayed, if necessary, to give effect to said aforementioned time periods. If Seller fails to cure or have said Unpermitted Exception removed or have the Title Insurer commit to insure as specified above within said thirty (30) day period or if Seller elects not to exercise its rights under (ii) in the preceding sentence, Purchaser may terminate this Agreement upon notice to Seller within five (5) days after the expiration of said thirty (30) day period; provided, however, and notwithstanding anything contained herein to the contrary, if the Unpermitted Exception which gives rise to Purchaser's right to terminate was recorded against the Property as a result of the affirmative, willful action of Seller (and not by any unrelated third party) or if Seller is able to bond over, cure or remove a Minor Unpermitted Exception for a cost not to exceed $75,000 or the Title Insurer is willing to insure over a Minor Unpermitted Exception for a cost not to exceed $75,000 in accordance with the terms hereof and Seller fails to expend said funds in either case, then Purchaser shall have the additional rights contained in Paragraph 11 herein. Absent notice from Purchaser to Seller in accordance with this Paragraph 5.1, Purchaser shall be deemed to have elected to take title subject to said Unpermitted Exception. If Purchaser terminates this Agreement in accordance with the terms of this Paragraph 5.1, this Agreement shall become null and void without further action of the parties and all Earnest Money theretofore deposited into the escrow by Purchaser together with any interest accrued thereon, shall be returned to Purchaser, and neither party shall have any further liability to the other, except for Purchaser's obligation to indemnify Seller and restore the Property, as more fully set forth in Paragraph 7.

5.2. Seller agrees to convey fee simple title to the Property to Purchaser by special warranty deed (the "Deed") in recordable form subject only to the Permitted Exceptions and any Unpermitted Exceptions waived by Purchaser.

6. CONDEMNATION, EMINENT DOMAIN, DAMAGE AND CASUALTY.

6.1. Except as provided in the indemnity provisions contained in Paragraph 7.1 of this Agreement, Seller shall bear all risk of loss with respect to the Property up to the earlier of the dates upon which either

possession or title is transferred to Purchaser in accordance with this Agreement. Notwithstanding the foregoing, in the event of damage to the Property by fire or other casualty prior to the Closing Date, repair of which would cost less than or equal to $200,000.00 (as determined by Seller and Purchaser in good faith) Purchaser shall not have the right to terminate its obligations under this Agreement by reason thereof, but Seller shall have the right to elect to either repair and restore the Property (in which case the Closing Date shall be extended until completion of such restoration) or to assign and transfer to Purchaser on the Closing Date all of Seller's right, title and interest in and to all insurance proceeds paid or payable to Seller on account of such fire or casualty and Seller shall pay to Purchaser at the Closing the amount of Seller's insurance deductible. Seller shall promptly notify Purchaser in writing of any such fire or other casualty and Seller's determination of the cost to repair the damage caused thereby. In the event of damage to the Property by fire or other casualty prior to the Closing Date, repair of which would cost in excess of $200,000.00 (as determined by Seller and Purchaser in good faith), then this Agreement may be terminated at the option of Purchaser, which option shall be exercised, if at all, by Purchaser's written notice thereof to Seller within ten (10) business days after Purchaser receives written notice of such fire or other casualty and Seller's and Purchaser's determination of the amount of such damages, and upon the exercise of such option by Purchaser this Agreement shall become null and void, the Earnest Money deposited by Purchaser shall be returned to Purchaser together with interest thereon, and neither party shall have any further liability or obligations hereunder. Seller shall deliver to Purchaser a copy of all correspondence received by Seller from Seller's insurance carrier in connection with any casualty. In the event that Purchaser does not exercise the option set forth in the preceding sentence, the Closing shall take place on the Closing Date and Seller shall assign and transfer to Purchaser on the Closing Date all of Seller's right, title and interest in and to all insurance proceeds paid or payable to Seller on account of the fire or casualty and Seller shall pay to Purchaser at the Closing the amount of Seller's insurance deductible.

6.2. If between the date of this Agreement and the Closing Date, any condemnation or eminent domain proceedings are initiated which might result in the taking of any part of the Property or the taking or closing of any right of access to the Property, Seller shall immediately notify Purchaser of such occurrence. In the event that the taking of any part of the Property shall: (i) impair access to the Property; (ii) cause any material non-compliance with any applicable law, ordinance, rule or regulation of any federal, state or

local authority or governmental agencies having jurisdiction over the Property or any portion thereof; or (iii) adversely impair the use of the Property as it is currently being operated (hereinafter collectively referred to as a "Material Event"), Purchaser may:

6.2.1. terminate this Agreement by written notice to Seller, in which event the Earnest Money deposited by Purchaser, together with interest thereon, shall be returned to Purchaser and all rights and obligations of the parties hereunder with respect to the closing of this transaction will cease; or

6.2.2. proceed with the Closing, in which event Seller shall assign to Purchaser all of Seller's right, title and interest in and to any award made in connection with such condemnation or eminent domain proceedings.

6.3. Purchaser shall then notify Seller, within ten (10) business days after Purchaser's receipt of Seller's notice, whether Purchaser elects to exercise its rights under Paragraph 6.2.1 or Paragraph 6.2.2. Closing shall be delayed, if necessary, until Purchaser makes such election. If Purchaser fails to make an election within such ten (10) business day period, Purchaser shall be deemed to have elected to exercise its rights under Paragraph 6.2.2. If between the date of this Agreement and the Closing Date, any condemnation or eminent domain proceedings are initiated which do not constitute a Material Event, Purchaser shall be required to proceed with the Closing, in which event Seller shall assign to Purchaser all of Seller's right, title and interest in and to any award made in connection with such condemnation or eminent domain proceedings.

7. INSPECTION AND AS-IS CONDITION.

7.1. During the period commencing on October 7, 1996 and ending at 5:00 p.m. Chicago time on December 16, 1996 (said period being herein referred to as the "Inspection Period"), Purchaser and the agents, engineers, employees, contractors and surveyors retained by Purchaser may enter upon the Property, at any reasonable time and upon reasonable prior notice to Seller, to inspect the Property, including a review of leases located at the Property, and to conduct and prepare such studies, tests and surveys as Purchaser may deem reasonably necessary and appropriate. In connection with Purchaser's review of the Property, Seller agrees to deliver to Purchaser within five (5) days after the date of Seller's execution hereof copies of the current rent roll for the Property, the most recent tax and insurance bills, utility account numbers, service contracts, unaudited year end 1994, 1995 and year-to-date (August 31, 1996) operating statements, a list of personal property and copies of leases affecting the Property. Furthermore, if the following are reasonably available to Seller, Seller shall deliver to Purchaser plans and specifications and aged receivable reports. Within five (5) days from the date hereof and up until the expiration of the Inspection Period, the Seller shall permit Purchaser to examine all books and records of Seller reflecting the net operating income of the Property at Seller's business office upon 72 hours prior notice from Purchaser to Seller.

All of the foregoing tests, investigations and studies to be conducted under this Paragraph 7.1 by Purchaser shall be at Purchaser's sole cost and expense and Purchaser shall restore the Property to the condition existing prior to the performance of such tests or investigations by or on behalf of Purchaser. Purchaser shall defend, indemnify and hold Seller and any affiliate, parent of Seller, and all shareholders, employees, officers and directors of Seller or Seller's affiliate or parent (hereinafter collectively referred to as "Affiliate of Seller") harmless from any and all liability, cost and expense (including without limitation, reasonable attorney's fees, court costs and costs of appeal) suffered or incurred by Seller or Affiliates of Seller for injury to persons or property caused by Purchaser's investigations and inspection of the Property. Purchaser shall undertake its obligation to defend set forth in the preceding sentence using attorneys selected by Seller, in Seller's sole discretion.

Prior to commencing any such tests, studies and investigations, Purchaser shall furnish to Seller a certificate of insurance evidencing comprehensive general public liability insurance insuring the person, firm or entity performing such tests, studies and investigations and listing Seller and Purchaser as additional insureds thereunder.

If Purchaser is dissatisfied (in Purchaser's sole discretion) with the results of the tests, studies or investigations performed or information received pursuant to this Paragraph 7.1, Purchaser shall have the right to terminate this Agreement by giving written notice of such termination to Seller at any time prior to the expiration of the Inspection Period. If written notice is not received by Seller pursuant to this Paragraph 7.1 prior to the expiration of the Inspection Period, then the right of Purchaser to terminate this Agreement pursuant to this Paragraph 7.1 shall be waived. If Purchaser terminates this Agreement by written notice to Seller prior to the expiration of the Inspection Period: (i) Purchaser shall promptly deliver to Seller copies of all studies, reports and other investigations obtained by Purchaser in connection with its due diligence during the Inspection Period; and (ii) the Earnest Money deposited by Purchaser shall be immediately paid to Purchaser, together with any interest earned thereon, and neither Purchaser nor Seller shall have any right, obligation or liability under this Agreement, except for Purchaser's obligation to indemnify Seller and restore the Property, as more fully set forth in this Paragraph 7.1. Notwithstanding anything contained herein to the contrary, the terms of this Paragraph 7.1 shall survive the Closing and the delivery of the Deed and termination of this Agreement.

7.2. Seller acquired title to the Property by foreclosure (or deed-in-lieu thereof) and, therefore, Seller can make no representations or warranties relating to the condition of the Property or the Personal Property, except as specifically set forth herein to the contrary. Except as specifically set forth herein to the contrary, Purchaser acknowledges and agrees that it will be purchasing the Property and the Personal Property based solely upon its inspections and investigations of the Property and the Personal Property, and that Purchaser will be purchasing the Property and the Personal Property "AS IS" and "WITH ALL FAULTS", based upon the condition of the Property and the Personal Property as of the date of this Agreement, wear and

tear and loss by fire or other casualty or condemnation excepted. Without limiting the foregoing, Purchaser acknowledges that, except as may otherwise be specifically set forth elsewhere in this Agreement, neither Seller nor its consultants, brokers or agents have made any representations or warranties of any kind upon which Purchaser is relying as to any matters concerning the Property or the Personal Property, including, but not limited to, the condition of the land or any improvements comprising the Property, the existence or non-existence of "Hazardous Materials" (as hereinafter defined), economic projections or market studies concerning the Property, any development rights, taxes, bonds, covenants, conditions and restrictions affecting the Property, water or water rights, topography, drainage, soil, subsoil of the Property, the utilities serving the Property or any zoning or building laws, rules or regulations or "Environmental Laws" (hereinafter defined) affecting the Property. Seller makes no representation or warranty that the Property complies with Title III of the Americans with Disabilities Act or any fire code or building code. Purchaser hereby releases Seller and the Affiliates of

Seller from any and all liability in connection with any claims which Purchaser may have against Seller or the Affiliates of Seller, and Purchaser hereby agrees not to assert any claims for contribution, cost recovery or otherwise, against Seller or the Affiliates of Seller, relating directly or indirectly to the existence of asbestos or Hazardous Materials on, or environmental conditions of, the Property, whether known or unknown. As used herein, "Environmental Laws" means all federal, state and local statutes, codes, regulations, rules, ordinances, orders, standards, permits, licenses, policies and requirements (including consent decrees, judicial decisions and administrative orders) relating to the protection, preservation, remediation or conservation of the environment or worker health or safety, all as amended or reauthorized, or as hereafter amended or reauthorized, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. Section 9601 et seq., the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. Section 6901 et seq., the Emergency Planning and Community Right-to-Know Act ("Right-to-Know Act"), 42 U.S.C. Section 11001 et seq., the Clean Air Act ("CAA"), 42 U.S.C. Section 7401 et seq., the Federal Water Pollution Control Act ("Clean Water Act"), 33 U.S.C. Section 1251 et seq., the Toxic Substances Control Act ("TSCA"), 15 U.S.C. Section 2601 et seq., the Safe Drinking Water Act ("Safe Drinking Water Act"), 42 U.S.C. Section 300f et seq., the Atomic Energy Act ("AEA"), 42 U.S.C. Section 2011 et seq., the Occupational Safety and Health Act ("OSHA"), 29 U.S.C. Section 651 et seq., and the Hazardous Materials Transportation Act (the "Transportation Act"), 49 U.S.C. Section 1802 et seq. As used herein, "Hazardous Materials" means: (1) "hazardous substances," as defined by CERCLA; (2) "hazardous wastes," as defined by RCRA; (3) any radioactive material including, without limitation, any source, special nuclear or by-product material, as defined by AEA; (4) asbestos in any form or condition; (5) polychlorinated biphenyls; and (6) any other material, substance or waste to which liability or standards of conduct may be imposed under any Environmental Laws. Notwithstanding anything contained herein to the contrary, the terms of this Paragraph 7.2 shall survive the Closing and the delivery of the Deed and termination of this Agreement.

7.3. Seller has provided to Purchaser certain unaudited historical financial information regarding the Property relating to certain periods of time in which Seller owned the Property. Seller and Purchaser hereby acknowledge that such information has been provided to Purchaser at Purchaser's request solely as illustrative material. Seller makes no representation or warranty that such material is complete or accurate or that Purchaser will achieve similar financial or other results with respect to the operations of the Property, it being acknowledged by Purchaser that Seller's operation of the Property and allocations of revenues or expenses may be vastly different than Purchaser may be able to attain. Purchaser acknowledges that it is a sophisticated and experienced purchaser of real estate and further that Purchaser has relied upon its own investigation and inquiry with respect to the operation of the Property and releases Seller and the Affiliates of Seller from any liability with respect to such historical information. Notwithstanding anything contained herein to the contrary, the terms of this Paragraph 7.3 shall survive the Closing and the delivery of the Deed and termination of this Agreement.

7.4. Seller has provided to Purchaser the following existing report: Report of Preliminary Environmental Site Assessment and Limited Asbestos Survey prepared by Law Engineering dated October 12, 1990 ("Existing Report"). Seller makes no representation or warranty concerning the accuracy or completeness of the Existing Report. Purchaser hereby releases Seller and the Affiliates of Seller from any liability whatsoever with respect to the Existing Report, or, including, without limitation, the matters set forth in the Existing Report, and the accuracy and/or completeness of the Existing Report. Furthermore, Purchaser acknowledges that it will be purchasing the Property with all faults disclosed in the Existing Report. Notwithstanding anything contained herein to the contrary, the terms of this Paragraph 7.4 shall survive the Closing and the delivery of the Deeds and termination of this Agreement.

8. CLOSING. The closing of this transaction (the "Closing") shall be on or before March 31, 1997 (the "Closing Date"), at the office of Title Insurer, Miami, Florida at which time Seller shall deliver possession of the Property to Purchaser. Purchaser shall have the right to accelerate the Closing Date upon notice to Seller setting a Closing Date no sooner than ten (10) business days after Seller's receipt of said notice provided that Purchaser has waived all of its rights to terminate the Agreement of Sale pursuant to Paragraph 7. This transaction shall be closed through an escrow with Title Insurer, in accordance with the general provisions of the usual and customary form of deed and money escrow for similar transactions in Florida or at the option of either party, the Closing shall be a "New York style" closing at which the Purchaser shall wire the Purchase Price to Title Insurer on the Closing Date and prior to the release of the Purchase Price to Seller, Purchaser shall receive the Title Policy or marked up commitment dated the date of the Closing Date. In the event of a New York style closing, Seller shall deliver to Title Insurer any customary affidavit in connection with a New York style closing. Notwithstanding the foregoing, if the Closing Date falls on a Saturday, Sunday or legal holiday, the Closing Date shall occur on the immediately following business day.

9. CLOSING DOCUMENTS.

9.1. On or prior to the Closing Date, Seller and Purchaser shall execute and deliver to one another a joint closing statement. In addition, Purchaser shall deliver to Seller the balance of the Purchase Price, an assumption of the documents set forth in Paragraph 9.2.3 and 9.2.4 (which assumption shall be for obligations only with respect to matters that arise subsequent to the Closing Date) and such other documents as may be reasonably required by the Title Insurer in order to consummate the transaction as set forth in this Agreement.

9.2. On the Closing Date, Seller shall deliver to Purchaser the following:

9.2.1. the Deed (in the form of Exhibit E attached hereto), subject to Permitted Exceptions and those Unpermitted Exceptions waived by Purchaser;

9.2.2. a quit claim bill of sale conveying the Personal Property (in the form of Exhibit F attached hereto);

9.2.3. assignment and assumption of intangible property (in the form attached hereto as Exhibit G), including, without limitation, the service contracts listed in Exhibit H;

9.2.4. an assignment and assumption of leases and security deposits (in the form attached hereto as Exhibit I);

9.2.5. non-foreign affidavit (in the form of Exhibit J attached hereto);

9.2.6. original, and/or copies of, leases affecting the Property in Seller's possession (which shall be delivered at the Property);

9.2.7. all documents and instruments reasonably required by the Title Insurer to issue the Title Policy;

9.2.8. possession of the Property to Purchaser, subject to the terms of leases;

9.2.9. evidence of the termination of the management and leasing agreement;

9.2.10. notice to the tenants of the Property of the transfer of title and assumption by Purchaser of the landlord's obligation under the leases and the obligation to refund the security deposits (in the form of Exhibit K); and

9.2.11. an updated rent roll.

10. PURCHASER'S DEFAULT. ALL EARNEST MONEY DEPOSITED INTO THE ESCROW IS TO SECURE THE TIMELY PERFORMANCE BY PURCHASER OF ITS OBLIGATIONS AND UNDERTAKINGS UNDER THIS AGREEMENT. IN THE EVENT OF A DEFAULT OF THE PURCHASER UNDER THE

PROVISIONS OF THIS AGREEMENT, SELLER SHALL RETAIN ALL OF THE EARNEST MONEY AND THE INTEREST THEREON AS SELLER'S SOLE RIGHT TO DAMAGES OR ANY OTHER REMEDY,

EXCEPT FOR PURCHASER'S OBLIGATIONS TO INDEMNIFY SELLER AND RESTORE THE PROPERTY AS SET FORTH IN PARAGRAPH 7.1 HEREOF. THE PARTIES HAVE AGREED THAT SELLER'S ACTUAL DAMAGES, IN THE EVENT OF A DEFAULT BY PURCHASER, WOULD BE EXTREMELY DIFFICULT OR IMPRACTICAL TO DETERMINE. THEREFORE, BY PLACING THEIR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT THE EARNEST MONEY HAS BEEN AGREED UPON, AFTER NEGOTIATION, AS THE PARTIES' REASONABLE ESTIMATE OF SELLER'S DAMAGES.

11. SELLER'S DEFAULT. IF THIS SALE IS NOT COMPLETED BECAUSE OF SELLER'S DEFAULT, PURCHASER'S SOLE REMEDY SHALL BE THE RETURN OF ALL EARNEST MONEY TOGETHER WITH ANY INTEREST ACCRUED THEREON, AND THIS AGREEMENT SHALL THEN BECOME NULL AND VOID AND OF NO EFFECT AND THE PARTIES SHALL HAVE NO FURTHER LIABILITY TO EACH OTHER AT LAW OR IN EQUITY, EXCEPT FOR PURCHASER'S OBLIGATIONS TO INDEMNIFY SELLER AND RESTORE THE PROPERTY AS SET FORTH MORE FULLY IN PARAGRAPH 7 AND PURCHASER'S RIGHT TO RECEIVE FROM SELLER ITS ACTUAL, DOCUMENTED THIRD PARTY EXPENSES INCURRED IN THE PERFORMANCE OF ITS DUE DILIGENCE HEREUNDER, THE PREPARATION OF THIS AGREEMENT AND SYNDICATION OF THE TRANSACTION, NOT TO EXCEED $200,000 IN THE AGGREGATE. NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, IF SELLER'S DEFAULT IS (i) ITS (AND NOT AN UNRELATED THIRD PARTY'S) AFFIRMATIVE, WILLFUL ACTION WHICH RESULTS IN THE RECORDING OF AN ENCUMBRANCE AGAINST THE PROPERTY IN ACCORDANCE WITH THE TERMS HEREOF AND WHICH GIVES RISE TO PURCHASER'S RIGHT TO TERMINATE THIS AGREEMENT PURSUANT TO PARAGRAPH 5 HEREOF; (ii) ITS FAILURE TO EXPEND UP TO $75,000 IF (a) SELLER IS ABLE TO BOND OVER, CURE OR REMOVE A MINOR UNPERMITTED EXCEPTION FOR A COST NOT TO EXCEED $75,000 OR (b) THE TITLE INSURER IS WILLING TO INSURE OVER A MINOR UNPERMITTED EXCEPTION FOR A COST NOT TO EXCEED $75,000 IN ACCORDANCE WITH THE TERMS HEREOF WITH THE TERMS HEREOF OR (iii) ITS WILLFUL REFUSAL TO DELIVER THE DEED OR OTHER CLOSING DOCUMENTS SET FORTH HEREIN, THEN PURCHASER WILL BE ENTITLED TO SUE FOR SPECIFIC PERFORMANCE.

12. PRORATIONS.

12.1. Rents (exclusive of delinquent rents, but including prepaid rents); refundable security deposits (which will be assigned to and assumed by Purchaser and credited to Purchaser at Closing); water and other utility charges; fuels; prepaid operating expenses; real and personal property taxes which shall be prorated on a "net" basis with respect to Eckards and Publix (i.e. adjusted for Eckards' and Publix' liability, if any, for such items) and taking into account the full discount available for payment of real estate taxes; 100% of operating expenses which are reimbursable by Eckards and Publix and 75% of the operating expenses which are reimbursable by the balance of the tenants for the period prior to the Closing Date less any amount previously paid by the tenants shall be credited to Seller and excluding Tenant whose rent is more than thirty (30) days in arrears and also excluding any operating expense which has not typically been previously charges to Tenants; and other similar items shall be adjusted ratably as of 11:59 p.m. on the Closing Date, and credited against the balance of the cash due at Closing. Leasing commissions are currently due and owing to Insignia with respect to the lease with Aficionado Premium Cigars, Sunshine Hair and Dr. Ginsburg. Seller shall

pay Insignia in full prior to Closing all outstanding leasing commissions with respect to the three (3) aforesaid leases. Assessments payable in installments which are due subsequent to the Closing Date shall be paid by Purchaser. If the amount of any of the items to be prorated is not then ascertainable, the adjustments thereof shall be on the basis of the most recent ascertainable data. All prorations will be final except as to delinquent rent referred to in Paragraph 12.2 and percentage rent referred to in Paragraph 12.3 below. Notwithstanding anything contained herein to the contrary, Seller shall retain all rights against Loffy's Deli, including, without limitation, any claims against certain escrowed rent payments.

12.2. All basic rent paid following the Closing Date by any tenant of the Property who is indebted under a lease for basic rent for any period prior to and including the Closing Date and any real estate tax liability for any tenants (other than Eckards and Publix) paid for any period prior to and including the Closing Date (after the payment to Purchaser of all current basic rent and real estate tax liability) shall be deemed a "Post-Closing Receipt" until such time as all such indebtedness is paid in full. Within ten (10) days following each receipt by Purchaser of a Post-Closing Receipt, Purchaser shall pay such Post-Closing Receipt to Seller. Purchaser shall use its best efforts to collect all amounts which, upon collection, would constitute Post-Closing Receipts hereunder, but Purchaser shall not be required to commence any litigation proceedings against said tenants. Within 120 days after the Closing Date, Purchaser shall deliver to Seller a reconciliation statement of Post-Closing Receipts through the first 90 days after the Closing Date. Upon the delivery of the Post-Closing Receipts reconciliation, Purchaser shall deliver to Seller any Post-Closing Receipts owing to Seller and not previously delivered to Seller in accordance with the terms hereof less any actual out-of-pocket cost of collection. Seller retains the right to conduct an audit, at reasonable times and upon reasonable notice, of Purchaser's books and records to verify the accuracy of the Post-Closing Receipts reconciliation statement and upon the verification of additional funds owing to Seller, Purchaser shall pay to Seller said additional Post-Closing Receipts and the cost of performing Seller's audit. Paragraph 12.2 of this Agreement shall survive the Closing and the delivery and recording of the deed. Notwithstanding anything contained herein to the contrary, if Purchaser has not collected any of the Post-Closing Receipts after said 120 day period, Seller may, at Seller's expense, commence litigation to collect such unpaid arrearages; provided, however, that Seller shall have no right to commence any proceeding to evict the tenant or recover possession of any tenant space or interfere with the tenant's ability (other than the financial impact resulting from such litigation) to conduct business.

12.3. Percentage rent payable under the leases shall be prorated as of the Closing Date as follows:

12.3.1. Any percentage rent attributable to a specified period ("Percentage Rent Period") ending prior to the Closing Date shall be promptly paid over to the Seller if and when collected. Seller shall be entitled to all percentage rent attributable to the period prior to Closing Date for any Percentage Rent Period ending prior to Closing Date.

12.3.2. Percentage rent payable with respect to a Percentage Rent Period a portion of which occurs prior to the Closing Date and a portion of which occurs subsequent to the Closing Date shall be apportioned between Purchaser and Seller on the basis of their respective period of ownership during the applicable Percentage Rent Period. Seller shall be entitled to percentage rent determined by multiplying the total percentage rent for such Percentage Rent Period by a fraction, the numerator of which shall be the total number of days in such Percentage Rent Period prior to the Closing Date and the denominator of which shall be the total number of days in the Percentage Rent Period. Purchaser shall be entitled to the remainder of such percentage rent. The amount of such percentage rent allocated to Seller shall be adjusted by the

parties and paid by Purchaser or Seller to the other, as appropriate, upon a final reconciliation on April 15, 1997 for calendar year 1996 and for calendar year 1997 (with percentage rent for calendar year 1997 being based on 75% of the percentage rent payable in calendar year 1996 with no other reproration). Seller shall have similar audit rights as contained in Paragraph 12.2 above. Purchaser agrees to furnish to Seller statements of monthly and annual gross sales (or other required reports or statements) received by Purchaser from tenants with respect to any Percentage Rent Period a portion of which occurs both prior and subsequent to the Closing Date; likewise, Seller agrees to furnish to Purchaser any such statements and reports received by Seller prior to Closing with respect to such Percentage Rent Period.

13. RECORDING. Neither this Agreement nor a memorandum thereof shall be recorded and the act of recording by Purchaser shall be an act of default hereunder by Purchaser and subject to the provisions of Paragraph 10 hereof.

14. ASSIGNMENT. The Purchaser shall not have the right to assign its interest in this Agreement without the prior written consent of the Seller. Any assignment or transfer of, or attempt to assign or transfer, Purchaser's interest in this Agreement shall be an act of default hereunder by Purchaser and subject to the provisions of Paragraph 10 hereof. Notwithstanding the foregoing, Purchaser may assign its interest in this Agreement without the consent of Seller to any entity affiliated with Purchaser, or the principals of Purchaser, or to any fund sponsored by Purchaser (e.g., Dim Vastgoed N.V.) or its affiliate or to a Florida limited partnership in which Jan W. Dane and Barry Ross (and/or entities which they control) own the stock of the corporate general partner of said partnership, provided that Purchaser remains liable for and the assignee assumes the obligations of Purchaser hereunder. If any assignee of Purchaser under this Agreement petitions or applies for relief in bankruptcy or Assignee is adjudicated as a bankrupt or insolvent, or Assignee files any petition, application for relief or answer-seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other statute, law, code or regulation relating to bankruptcy, insolvency, or other relief for debtors (collectively, a "Bankruptcy Filing") on or before the Closing Date, said Bankruptcy Filing shall be a default under this Agreement and Purchaser shall indemnify Seller for all costs, attorney's fees and expenses of Seller resulting from Seller's efforts to obtain the

Earnest Money as liquidated damages and to clear title to the Property from any encumbrance resulting from the Bankruptcy Filing.

15. BROKER. The parties hereto represent and warrant that no broker commission or finder fee is due and payable in connection with this transaction other than to Insignia Mortgage and Investment Company, Inc. ("Insignia") (to be paid by Seller), Aztec Group, Inc. ("Aztec") ($100,000 to be paid by Purchaser if, and only if, the transaction set forth herein closes) and Ross Realty Investments, Inc. ("Ross") (to be paid by Purchaser if, and only if, the transaction set forth herein closes). Seller's commission to Insignia shall only be payable out of the proceeds of the sale of the Property in the event the transaction set forth herein closes. Purchaser and Seller shall indemnify, defend and hold the other party hereto harmless from any claim whatsoever (including without limitation, reasonable attorney's fees, court costs and costs of appeal) from anyone claiming by or through the indemnifying party any

fee, commission or compensation on account of this Agreement, its negotiation or the sale hereby contemplated other than to Insignia, Aztec and Ross. The indemnifying party shall undertake its obligations set forth in this Paragraph 15 using attorneys selected by the indemnifying party and reasonably acceptable to the indemnified party. The provisions of this Paragraph 15 will survive the Closing and delivery of the Deed.

16. REPRESENTATIONS AND WARRANTIES.

16.1. Any reference herein to Seller's knowledge or notice of any matter or thing shall only mean such knowledge or notice that has actually been received by James Mendelson (the "Seller's Representative"), and any representation or warranty of the Seller is based upon those matters of which the Seller's Representative has actual knowledge. Any knowledge or notice given, had or received by any of Seller's agents, servants or employees shall not be imputed to Seller, the general partner or limited partners of Seller, the subpartners of the general partner or limited partners of Seller or Seller's Representative.

16.2. Subject to the limitations set forth in Paragraph 16.1, Seller hereby makes the following representations and warranties: (i) Seller has no knowledge of any pending or threatened litigation, claim, condemnation, cause of action or administrative proceeding concerning the Property; (ii) Seller has the power to execute and deliver this Agreement and consummate the transactions contemplated herein; (iii) to Seller's knowledge the rent roll attached hereto as Exhibit M, which Seller will update, to its knowledge, as of the Closing Date, is accurate as of the date set forth thereon; (iv) Seller has received no notice of any cancellation of its insurance policies affecting the Property; (v) to Seller's knowledge, except as may have been set forth in the Existing Report, Seller has not received any notice from any governmental authority having jurisdiction over the Property of any uncured violation of any Environmental Law with respect to the Property; and (vi) to Seller's knowledge, except as set forth in Paragraph 12.1, there are no outstanding brokerage commissions which are due and owing and there are no obligations of Seller for uncompleted tenant improvements.

16.3. Purchaser hereby represents and warrants to Seller that Purchaser has the full right, power and authority to execute and deliver this Agreement and consummate the transactions contemplated herein.

16.4. Seller will not terminate, modify or extend any lease on the Property and will not accept surrender of any lease on the Property without the prior written consent of Purchaser, which consent shall not be unreasonably withheld, unless the tenant is in default for the non-payment of rent in an amount equal to or greater than two (2) months rent or the default by the tenant causes a default by the Seller under the terms of other leases on the Property. Seller shall provide Purchaser notice of any such termination within three (3) business days of the date of such termination.

16.5. Seller covenants to operate and manage the Property in the same manner that it has managed, maintained and operated the Property during the period of Seller's ownership, subject to reasonable wear and tear and casualty.

16.6. If at any time after the execution of this Agreement, either Purchaser or Seller become aware of information which makes a representation and warranty contained in this Agreement to become untrue in any material respect, said party shall promptly disclose said information to the other party hereto. Provided the party making the representation or warranty did not take any deliberate actions to cause the representation or warranty in question to become untrue in any material respect, said party shall not be in default under this Agreement and the sole remedy of the other party shall be to terminate this Agreement. Notwithstanding anything contained herein to the contrary, if the status of any of the tenancies changes from the date of the rent roll attached hereto and the date of the rent roll delivered at Closing, provided the change in status is not caused by a breach of Seller's covenants contained in Paragraph 16.5 herein or Paragraph 26, then Purchaser shall not have the right to terminate this Agreement or make any claim for a breach of a representation or warranty hereunder involving the rent roll or tenancies thereunder. Purchaser and Seller are prohibited from making any claims against the other party hereto after the Closing with respect to any breaches of the other party's representations and warranties contained in this Agreement that the claiming party has actual knowledge of prior to the Closing.

16.7. The parties agree that the representations and warranties contained herein shall survive Closing for a period of ninety (90) days (i.e., the claiming party shall have no right to make any claims against the other party for a breach of a representation or warranty after the expiration of ninety (90) days immediately following Closing).

17. LIMITATION OF LIABILITY. Neither Seller, nor any Affiliate of Seller, nor any of their respective beneficiaries, shareholders, partners, officers, directors, agents or employees, heirs, successors or assigns shall have any personal liability of any kind or nature for or by reason of any matter or thing whatsoever under, in connection with, arising out of or in any way related to this Agreement and the transactions contemplated herein, and Purchaser hereby waives for itself and anyone who may claim by, through or

under Purchaser any and all rights to sue or recover on account of any such alleged personal liability.

18. TIME OF ESSENCE. Time is of the essence of this Agreement.

19. NOTICES. Any notice or demand which either party hereto is required or may desire to give or deliver to or make upon the other party shall be in writing and may be personally delivered or given or made by overnight courier such as Federal Express, by facsimile transmission or made by United States registered or certified mail addressed as follows:

TO SELLER:
c/o The Balcor Company
Bannockburn Lake Office Plaza
2355 Waukegan Road
Suite A-200
Bannockburn, Illinois 60015
Attention: Ilona Adams

with copies to:
The Balcor Company
Bannockburn Lake Office Plaza
2355 Waukegan Road
Suite A-200
Bannockburn, Illinois 60015
Attention: James Mendelson
(847) 317-4367
(847) 317-4462 (FAX)

and to:
Katten Muchin & Zavis
525 West Monroe Street
Suite 1600
Chicago, Illinois 60661-3693
Attention: Daniel J. Perlman, Esq.
(312) 902-5532
(312) 902-1061 (FAX)

TO PURCHASER:
Dane Real Estate, Inc.
1650 S.E. 17th Street
Suite 310
Fort Lauderdale, Florida 33316
Attention: Jan W. Dane
(954) 523-2070
(954) 463-0515 (FAX)

and one copy to:
Murai Wald Biondo & Moreno
25 S.E. 2nd Avenue
Suite 900
Ingraham Building
Miami, Florida 33131
Attention: Gerald Biondo, Esq.
(305) 358-5900
(305) 358-9490 (FAX)

subject to the right of either party to designate a different address for itself by notice similarly given. Any notice or demand so given shall be deemed to be delivered or made on the next business day if sent by overnight courier, or the same day as given if sent by facsimile transmission and received by 5:00 p.m. Chicago time or on the 4th business day after the same is deposited in the United States Mail as registered or certified matter, 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, by overnight courier or by facsimile transmission as aforesaid shall be deemed to be given, delivered or made upon receipt of the same by the party to whom the same is to be given, delivered or made. Copies of all notices shall be served upon the Escrow Agent.

20. EXECUTION OF AGREEMENT AND ESCROW AGREEMENT. Purchaser will execute two (2) copies of this Agreement and three (3) copies of the Escrow Agreement and forward them to Seller for execution, accompanied with the Earnest Money payable to the Escrow Agent set forth in the Escrow Agreement. Seller will forward one (1) copy of the executed Agreement to Purchaser and will forward the following to the Escrow Agent:

(A) Earnest Money;
(B) One (1) fully executed copy of this Agreement; and
(C) Three (3) copies of the Escrow Agreement signed by the parties with a direction to execute two (2) copies of the Escrow Agreement and deliver a fully executed copy to each of the Purchaser and the Seller.

21. GOVERNING LAW. The provisions of this Agreement shall be governed by the laws of the State of Florida, except that with respect to the retainage of the Earnest Money as liquidated damages the laws of the State of Illinois shall govern.

22. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the parties and supersedes all other negotiations, understandings and representations made by and between the parties and the agents, servants and employees.

23. COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

24. CAPTIONS. Paragraph titles or captions contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Agreement or any provision hereof.

25. RADON GAS. RADON IS A NATURALLY OCCURRING RADIOACTIVE GAS THAT, WHEN IT HAS ACCUMULATED IN A BUILDING IN SUFFICIENT QUANTITIES, MAY PRESENT HEALTH RISKS TO PERSONS WHO ARE EXPOSED TO IT OVER TIME. LEVELS OF RADON THAT EXCEED FEDERAL AND STATE GUIDELINES HAVE BEEN FOUND IN BUILDINGS IN FLORIDA. ADDITIONAL INFORMATION REGARDING RADON AND RADON TESTING MAY BE OBTAINED FROM YOUR COUNTY PUBLIC HEALTH UNIT. THIS PARAGRAPH IS PROVIDED FOR INFORMATIONAL

PURPOSES PURSUANT TO SECTION 404.056(8), FLORIDA STATUTES, (1988).

26. NEW LEASES. Prior to the expiration of the Inspection Period, Seller agrees to deliver to Purchaser five (5) days prior to the expiration of the Inspection Period any new leases executed by Seller. Any such leases executed by Seller prior to the expiration of the Inspection Period shall be with bonafide, arms-length tenants, at market rental rates for a basic term not to exceed five (5) years and on Seller's standard form of lease, for uses which are compatible with the Property and are not prohibited by other existing leases and shall contain concession packages that do not exceed the following: (i) free rent for a period through March 31, 1997, (ii) tenant allowances for $3.00 per square foot of leasable area, and (iii) leasing commissions for the first five (5) years of the term at market rates. After the expiration of the Inspection Period, Seller shall not execute any new lease affecting the Property without Purchaser's prior written consent. Upon requesting Purchaser's consent, Seller shall deliver a complete copy of said lease to Purchaser. Purchaser's consent shall be deemed given if Purchaser has not responded to the contrary within five (5) business days after receipt of Seller's written request and the complete copy of said lease. If approved by Purchaser, a complete copy of any such lease shall be delivered to Purchaser within ten (10) days of the full execution thereof. All costs incurred in connection with the negotiation and execution of any new lease, including

without limitation, leasing costs and commissions, tenant improvement allowances, and reasonable attorneys' fees, shall be paid by Purchaser or credited to Seller at Closing if already paid by Seller. Purchaser and Seller agree that Purchaser shall have the right to represent to prospective tenants that Purchaser has executed the Agreement and has the right to present lease transactions to Seller herein. Seller shall in good faith review all lease transactions presented to Seller by Purchaser and shall execute such leases which Seller deems suitable subject to the reasonable approval of Seller. Seller shall have the right to take into account the following factors in determining whether or not to execute the lease: (i) the creditworthiness of the prospective tenant; (ii) the reputation and operation history of the tenant; (iii) the compatibility of the use and any then existing exclusivity covenants; and (iv) the rental rate and concession package (including, without limitation, tenant allowance and landlord work and rental concessions). Any transaction executed by Seller shall be on Seller's standard form subject to changes reasonably approved by Seller. Notwithstanding anything contained herein to the contrary, Purchaser hereby approves of the proposed lease transaction set forth in Exhibit N attached hereto and incorporated herein. To the extent Purchaser enters into a lease transaction in accordance with the terms set forth in Exhibit N, Purchaser agrees that all costs incurred in connection with the negotiation and execution of such lease, including, without limitation, leasing costs and commissions, tenant improvement allowances of up to $40,000 and reasonable attorneys' fees, shall be assumed and paid by Purchaser or credited to Seller at Closing if already paid by Seller.

27. TENANT CERTIFICATE CONDITION TO CLOSING.

27.1. The following terms have been defined as follows for convenience of

reference:

(i) "Tenant Certificate" means a certificate, commonly known as an estoppel certificate, signed by a tenant with respect to its Lease, either in the form set forth on Exhibit L hereto or on such other form as is substantially consistent with the requirements of the tenant's lease for such certificates.

(ii) "Qualification" means any assertion in a Tenant Certificate (whether in the form of Exhibit L or otherwise) of (i) a claim, counterclaim, offset or defense against the landlord, (ii) a default on the part of the landlord, (iii) unpaid credits, allowances or other sums due from the landlord prior to the date of the estoppel (other than disclosed in Paragraph 12.1 herein or pursuant to a new lease pursuant to Paragraph 26 herein), (iv) an unfulfilled construction or other obligation on the part of the landlord prior to the date of estoppel (other than disclosed in Paragraph 12.1 herein or pursuant to a new lease pursuant to Paragraph 26 herein), or (v) information which is contrary (in an adverse respect to the landlord) (x) to the information contained in the rent roll attached hereto as Exhibit M, or (y) the information pertaining to tenant allowances and concessions and leasing commissions contained in Paragraph 12.1;

(iii) "Unacceptable Qualification" means any Qualification other than the following:

(a) a Qualification which is expressly disclosed on the rent roll attached hereto as Exhibit M or a Qualification relating to non-payment of October, 1996, November, 1996 or December, 1996 rent, provided the same is not as a result of a default by Landlord; or

(b) a Qualification expressly disclosed in this Agreement or the Exhibits hereto.

27.2. If a Qualification is not an Unacceptable Qualification, it shall not affect Purchaser's obligations to close hereunder or give rise to any liability from Seller to Purchaser.

27.3. Seller shall promptly request a Tenant Certificate in the form of Exhibit L from all tenants, and shall vigorously, in good faith, pursue the collection of the same. Seller shall deliver to Purchaser, upon Seller's receipt thereof, all Tenant Certificates signed by tenants (whether in the form of Exhibit L or otherwise). Purchaser shall have the right to assist Seller in obtaining the Tenant Certificates.

27.4. It shall be a condition to Purchaser's obligations hereunder (the "Estoppel Condition") that Seller deliver to Purchaser, at or prior to 5:00 p.m. Chicago time on December 11, 1996 (i) a Tenant Certificate from Eckards and Publix and (ii) a Tenant Certificate from tenants occupying at least 75% of the occupied leasable area of the Property after excluding the leasable area of Eckards and Publix. Seller shall be required to deliver to Purchaser all Tenant Certificates received by Seller from the tenants at the Property.

Notwithstanding the foregoing to the contrary, Seller shall not have satisfied the Estoppel Condition if any of the Tenant Certificates received by Seller, disclose Unacceptable Qualifications other than Unacceptable Qualifications with an "Estoppel Qualification Sum" (hereinafter defined) of less than $50,000 in the aggregate. The "Estoppel Qualification Sum" shall mean the following:

(i) if the claim asserted arises out of a defect which can be cured, with the expenditure of money on a one time basis, such as a physical defect, then such sum shall be calculated by a reasonable estimate of the cost to repair or remediate said defect; and

(ii) if the claim asserted affects a continuing obligation of a tenant under the lease, such as the payment of rent, then the claim shall be calculated by (i) determining the amount of the claim on a per annum basis, (ii) multiplying said amount by the number of years or partial years said claim would affect the monetary obligations under the lease and (iii) discounting said product on a present value basis using a discount rate of 10% per annum.

If the Unacceptable Qualifications have an Estoppel Qualification Sum of less than $50,000 in the aggregate, then Seller shall either (i) grant Purchaser a credit at Closing for an amount equal to the Estoppel Qualification Sum, or (ii) cure all conditions giving rise to an Unacceptable Qualification on or before the Closing. The determination to perform the covenant contained in subparagraphs (i) or (ii) in the preceding sentence shall be made by Seller. Provided Seller performs its covenant in this Paragraph 27.4, the disclosure of Unacceptable Qualifications having an Estoppel Qualification Sum of less than $50,000 in the aggregate shall not affect Purchaser's obligations to close hereunder or give rise to any additional liability from Seller to Purchaser.

27.5. If Seller has not satisfied the Estoppel Condition on or before 5:00 p.m. Chicago time on December 11, 1996, then Purchaser shall have the right to terminate this Agreement by delivering written notice to Seller on or before 5:00 p.m. Chicago time on December 16, 1996. If Purchaser exercises its rights to terminate in accordance with the terms of this Paragraph 27.5, this Agreement shall be null and void without further action of the parties and all Earnest Money theretofore deposited by Purchaser together with any interest accrued thereon, shall be returned to Purchaser, and neither party shall have any further liability to the other, except for Purchaser's obligation to indemnify Seller and restore the Property, as more fully set forth in Paragraph 7 hereof. If Purchaser does not terminate this Agreement pursuant to the first sentence of this Paragraph 27.5, the parties shall proceed to Closing and (i) Purchaser shall receive a credit at Closing equal to the amount of the Estoppel Qualification Sum of the Unacceptable Qualifications contained in the Tenant Certificates, up to an aggregate amount of $50,000 or (ii) Seller shall cure all conditions giving rise to an Unacceptable Qualification Sum up to an aggregate amount of $50,000. The determination to perform the covenant contained in subparagraphs (i) or (ii) in the preceding sentence shall be made by Seller.

27.6. Notwithstanding anything contained herein to the contrary, if Seller does not satisfy the Estoppel Condition because the estoppel

qualification sum exceeds $50,000 and Purchaser has terminated the Agreement pursuant to Paragraph 27.5, Seller shall have the right to vitiate Purchaser's termination by written notice on or before 5:00 p.m. Chicago time on December 20, 1996 in which case the parties shall proceed to Closing and Seller shall either (i) grant Purchaser at Closing for an amount to the Estoppel Qualification Sum or (ii) cure all conditions giving rise to an Unacceptable Qualification on or before the Closing. The determination to perform the covenant contained in subparagraphs (i) or (ii) in the preceding sentence shall be made by Seller.

28. SERVICE CONTRACTS. Attached hereto as Exhibit H is a list of service contracts affecting the Property. Seller shall assign the service contracts to Purchaser at Closing, and Purchaser shall assume responsibility and obligations under the service contracts, but only with respect to matters which arise after the closing. Seller agrees not to enter into any other service contracts affecting the Property. Seller agrees to terminate any and all management agreements affecting the Property as of the Closing Date.

29. SUBORDINATION AGREEMENTS. No later than Nov. 15, 1996, Purchaser shall deliver to Seller the form of Subordination Agreement from Purchaser's mortgage lender for execution by Publix and Eckards in form complying with the terms of the respective Publix and Eckards lease and also from all other Tenants whose lease does not provide for an automatic subordination to any new mortgage financing. The parties acknowledge that Publix and Eckards are required by the terms of the lease to provide a Subordination Agreement in accordance with the terms of their respective leases. Promptly upon receipt of the Subordination Agreement that complies with the terms of the respective Publix and Eckards lease, Seller shall deliver the Subordination Agreements to Publix and Eckards. It shall be a condition of Purchaser's obligations hereunder that Seller deliver to Purchaser no later than forty-five (45) days prior to the Closing an executed Subordination Agreement from Eckards and Publix in a form that complies with the terms of the respective Publix and Eckards lease ("Subordination

Condition"). If Seller has not satisfied the Subordination Agreement on or before forty-five (45) days prior to the Closing, then Purchaser shall have the right to terminate this Agreement by delivering written notice to Seller on or before the Closing Date. If Purchaser exercises its rights to terminate in accordance with the terms of this Agreement, this Agreement shall be null and void without further action of the parties and all earnest money heretofore deposited by Purchaser, together with any interest accrued thereon, shall be returned to Purchaser, and neither party shall have any further liability to the other, except for Purchaser's obligation to indemnify Seller and restore the Property, as more fully set forth in Paragraph 7 hereof.

IN WITNESS WHEREOF, the parties hereto have put their hand and seal as of the date first set forth above.

PURCHASER:

DANE REAL ESTATE, INC., a Florida corporation

By: /s/ Jan W. Dane

Name: Jan W. Dane

Its: President

SELLER:

PEMBROKE ASSOCIATES LIMITED PARTNERSHIP,
an Illinois limited partnership

By: Pembroke Partners, Inc., an Illinois
corporation, its general partner

By: /s/ John K. Powell, Jr.

Name:

Its:
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of Insignia Mortgage and Investment Company, Inc.("Seller's Broker") executed this Agreement in its capacity as a real estate broker and acknowledges that the fee or commission due it from Seller as a result of the transaction described in this Agreement is as set forth in that certain Listing Agreement, dated August 5, 1996 between Seller and Seller's Broker (the "Listing Agreement"). Seller's Broker also acknowledges that payment of the aforesaid fee or commission is conditioned upon the Closing and the receipt of the Purchase Price by the Seller. Seller's Broker agrees to deliver a receipt to the Seller at the Closing for the fee or commission due Seller's Broker and a release, in the appropriate form, stating that no other fees or commissions are due to it from Seller or Purchaser.

Insignia Mortgage and Investment Company, Inc.

By: /s/ Alan G. Lieberman

Alan G. Lieberman

of Aztec Group, Inc. ("Purchaser's Broker") executed this Agreement in its capacity as a real estate broker and acknowledges that

the fee or commission due it from Purchaser as a result of the transaction described in this Agreement is $100,000.00. Purchaser's Broker also acknowledges that payment of the aforesaid fee or commission is conditioned upon the Closing and the receipt of the Purchase Price by the Seller. Purchaser's Broker agrees to deliver a receipt to the Purchaser at the Closing for the fee or commission due Purchaser's Broker from Purchaser and a release, in the appropriate form, stating that no other fees or commissions are due to it from Seller or Purchaser.

Aztec Group, Inc.

By: _____

of Ross Realty Investments, Inc. ("Purchaser's Consultant") executed this Agreement in its capacity as a consultant to Purchaser and acknowledges that the fee due it from Purchaser as a result of the transaction described in this Agreement is as set forth in that certain Consulting Agreement between Purchaser and Purchaser's Consultant (the "Consulting Agreement"). Purchaser's Consultant also acknowledges that payment of the aforesaid fee or commission is conditioned upon the Closing and the receipt of the Purchase Price by the Seller. Purchaser's Consultant agrees to deliver a receipt to the Purchaser at the Closing for the fee due Purchaser's Consultant from Purchaser and a release, in the appropriate form, stating that no other fees or commissions are due to it from Seller or Purchaser.

Ross Realty Investments, Inc.

By: _____

EXHIBITS

A - Legal

B - Personal Property

C - Escrow Agreement

D - Title Commitment

E - Deed

F - Bill of Sale

G - Assignment and Assumption of Intangible Property

H - Service Contracts

I - Assignment and Assumption of Leases and Security Deposits

J - Non-Foreign Affidavit

K - Notice to Tenants

L - Tenant Certificate

M - Rent Roll

N - Proposed New Lease

AGREEMENT OF SALE

THIS AGREEMENT OF SALE (this "Agreement"), is entered into as of the 30th day of October, 1996, by and between AMBASSADOR APARTMENTS, L.P., a Delaware limited partnership ("Purchaser"), and LAKE SUN PARTNERS LIMITED PARTNERSHIP, an Illinois limited partnership ("Seller").

W I T N E S S E T H:

1. PURCHASE AND SALE. Purchaser agrees to purchase and Seller agrees to sell at the price of Twenty Four Million Dollars ($24,000,000.00) (the "Purchase Price"), that certain property commonly known as The Sun Lake Apartments, Lake Mary, Florida legally described on Exhibit A attached hereto (the "Property"). The Property shall include:

1.1. All of the land situated in unincorporated Lake Mary, Seminole County, Florida described on Exhibit A, together with all of the rights, privileges, profits, easements and appurtenances belonging or appertaining to such land, including, without limitation, any right, title and interest in and to streets, alleys, open or proposed roads, and rights-of-way adjacent to such land and all right, title and interest of Seller, if any, in and to any award made or to be made in lieu thereof and in any grade of street or otherwise and in any water, sewer and utility pipes of and facilities in or appurtenant thereto and all inchoate rights, if any, including without limitation, inchoate rights of adverse possession (such land and all such rights, privileges, easements and appurtenances are collectively referred to herein as the "Land").

1.2. The 600 unit apartment complex, ancillary parking lots, and any and all other improvements and structures located on, over, under or in the Land and any and all fixtures, facilities and other property attached to such improvements or structures (hereinafter collectively called the "Improvements"). The Land and Improvements are collectively referred to as the "Real Estate".

1.3. The personal property set forth on Exhibit B attached hereto (the "Personal Property"), together with Seller's right, title and interest, if any, in fixtures and other personal and tangible property or interests therein owned by Seller located at the Property, including, but not limited to, in the heating, sprinkler, plumbing, air conditioning and ventilation systems, furniture, appliances, blinds, offices, equipment and furniture, supplies, replacements, computer hardware, machinery, tools, equipment and any other personal property or interest therein owned by Seller located on the Real Estate or any portion thereof between the date hereof and the Closing Date (hereinafter defined), or used in connection with the ownership, operation management or use of the Real Estate or any portion thereof (collectively, "Personal Property Rights"), specifically excluding from the definitions of Personal Property and Personal Property Rights all computer software owned by Seller or used in connection with the Real Estate.

1.4. To the extent transferrable, all of Seller's right, title and interest, if any, in any intangible property or interest therein owned or held by Seller between the date hereof and the Closing Date in connection with the Real Estate (or any portion thereof), the Personal Property or any business or

businesses conducted by Seller on the Real Estate (or any portion thereof), in connection with the ownership, operation or use thereof, including (1) any trade style or trade name or mark and telephone and facsimile numbers used in connection with the Real Estate; (2) any contract rights to the Service Contracts (hereinafter defined); (3) all "as-built" plans and specifications and other construction drawings of any type in Seller's possession relating to the Real Estate; (4) all booklets and manuals, utility contracts, guarantees and warranties (including guarantees and warranties pertaining to the construction of the Improvements or pertaining to the acquisition of the Real Estate (or any portion thereof) or any Personal Property; (5) all licenses and other governmental permits, approvals and permissions (including, without limitation, certificates of occupancy) relating to the Real Estate (or any portion thereof) or the ownership, operation or use thereof and (6) all non-proprietary tests, studies and reports prepared by third parties which are in Seller's possession relating to the Real Estate (all of the forgoing are collectively referred to as the "Intangible Property").

1.5. All leases, occupancy, license or concession agreements for any units or space in the Improvements or any portion of the Real Estate (each, a "Lease" and collectively, the "Leases");

2. PURCHASE PRICE. The Purchase Price shall be paid by Purchaser as follows:

2.1. Upon the execution of this Agreement, the sum of Three Hundred Thousand Dollars ($300,000.00) (the "Earnest Money") to be held in escrow by and in accordance with the provisions of the Escrow Agreement ("Escrow Agreement") attached hereto as Exhibit C. Notwithstanding anything to the contrary set forth in this Agreement or any Exhibit, all interest on the Earnest Money shall accrue for the benefit of the party to whom the Earnest Money is payable; and

2.2. On the "Closing Date" (hereinafter defined), subject to the satisfaction or waiver of the conditions for closing set forth in this Agreement, the balance of the Purchase Price (i.e., $24,000,000.00 less (a) the then outstanding principal amount of the Bonds (hereinafter defined) and (b) the amount of the Earnest Money, adjusted in accordance with the prorations), by federally wired "immediately available" funds, on or before 11:00 a.m Chicago time.

3. TITLE COMMITMENT AND SURVEY.

3.1. Attached hereto as Exhibit D is a copy of a title commitment for an owner's standard title insurance policy issued by First American Title Insurance Company (the "Title Issuer") dated August 21, 1996 for the Property (the "Title Commitment"). For purposes of this Agreement, "Permitted Exceptions" shall mean: (a) the general printed exceptions contained in the

standard title policy to be issued by Title Insurer based on the Title Commitment; (b) general real estate taxes, association assessments, special assessments, special district taxes and related charges not yet due and payable; (c) matters shown on the "Survey" (hereinafter defined) except for those matters set forth on Schedule 3.1; (d) matters caused by the actions of Purchaser; (e) the Existing Bond and Mortgage Documents including, without limitation, the Regulatory Agreement (hereinafter defined); (f) the title

exceptions set forth in Schedule B-1 of the Title Commitment as Numbers 4 a. and b. and in Section B-II 8 through 18 inclusive, except for those matters set forth on Schedule 3.1, to the extent that same affect the Property; and (g) those Leases set forth in the Rent Roll (hereinafter defined) delivered pursuant to the provisions of Paragraph 7.1 that have not expired or been sooner terminated as of the date of Closing and any additional tenant leases entered into after the date of the Rent Roll in accordance with the provisions of this Agreement, all as tenants only. All other exceptions to title shall be referred to as "Unpermitted Exceptions". The Title Commitment shall be conclusive evidence of good title as therein shown as to all matters to be insured by the title policy, subject only to the exceptions therein stated. On the Closing Date, Title Insurer shall deliver to Purchaser a standard title policy in conformance with the previously delivered Title Commitment, subject to Permitted Exceptions and Unpermitted Exceptions, if any, waived by Purchaser (the "Title Policy"). Seller and Purchaser shall share equally the costs of the Title Commitment and Title Policy (including all search and exam fees), and Purchaser shall pay for the cost of any endorsements to, or extended coverage on, the Title Policy.

3.2. Purchaser has received a survey of the Property prepared by Blount Sikes & Associates dated February 17, 1989 and updated August 28, 1995 and June 21, 1996 (the "Survey"). Seller and Purchaser shall each pay for one-half of the cost of updating the Survey. Purchaser hereby acknowledges that all matters disclosed by the Survey are acceptable to Purchaser.

3.3. The obligation of Purchaser to pay various costs set forth in Paragraphs 3.1 and 3.2 shall not survive the termination of this Agreement.

3.4. Seller will furnish Purchaser searches, dated not more than 2 weeks prior to the Closing Date, of all Uniform Commercial Code financing statements and tax liens (including, without limitation, Tangible Taxes) related to the Property filed against Seller, as debtor, with the appropriate public officials of the States of Florida and Illinois and the appropriate public officials (including land records) of Seminole County, Florida (the "Searches").

4. PAYMENT OF CLOSING COSTS.

4.1. In addition to the costs set forth in Paragraphs 3.1 and 3.2, Seller shall pay the transfer tax associated with the sale, and Purchaser and Seller shall each pay for one-half of the costs of the documentary stamps to be paid with reference to the "Deed" (hereinafter defined) and all other stamps, intangible, mortgage documentary, recording, sales tax and surtax imposed by law with reference to any other sale documents delivered in connection with the

sale of the Property to Purchaser and all other charges of the Title Insurer in connection with this transaction not otherwise provided for elsewhere in this Agreement.

4.2. Purchaser shall pay all costs and expenses incurred in satisfying the "Conditions Precedent" described in Sections 18.2.1, 18.2.2, 18.2.3 and 18.2.4 hereof.

5. CONDITION OF TITLE.

5.1. If, prior to "Closing" (as hereinafter defined), a date-down to the Title Commitment discloses any new Unpermitted Exception, Seller shall have thirty (30) days from the date of the date-down to the Title Commitment, at Seller's expense, to (i) bond over, cure and/or have any Unpermitted Exceptions which, in the aggregate, do not exceed $50,000.00 (a "Minor Unpermitted Exception"), removed from the Title Commitment or to have the Title Insurer commit to insure against loss or damage that may be occasioned by such Unpermitted Exceptions, or (ii) have the right, but not the obligation, to bond over, cure and/or have any Unpermitted Exceptions which, in the aggregate, exceed $50,000.00, removed from the Title Commitment or to have the Title Insurer commit to insure against loss or damage that may be occasioned by such Unpermitted Exceptions as reasonably satisfactory to Purchaser. In such event, the time of Closing shall be delayed, if necessary, to give effect to said aforementioned time periods, but in no event may Closing be extended more than 2 business days after the thirty (30) day period. If Seller fails to cure or have said Unpermitted Exception removed or have the Title Insurer commit to insure as specified above within said thirty (30) day period or if Seller elects not to exercise its rights under (ii) in the preceding sentence, Purchaser may terminate this Agreement upon notice to Seller within five (5) days after the expiration of said thirty (30) day period; provided, however, and notwithstanding anything contained herein to the contrary, if the Unpermitted Exception which gives rise to Purchaser's right to terminate was recorded against the Property as a result of the affirmative, willful action of Seller (and not by an unrelated third party) which prevents the sale of the Property in accordance with the terms hereof or if Seller is able to bond over, cure or remove a Minor Unpermitted Exception for a cost not to exceed $50,000 or the Title Insurer is willing to insure over a Minor Unpermitted Exception for a cost not to exceed $50,000 in accordance with the terms hereof and Seller fails to expend said funds in either case, then Purchaser shall have the additional rights contained in Paragraph herein. Absent notice from Purchaser to Seller in accordance with the preceding sentence, Purchaser shall be deemed to have elected to take title subject to said Unpermitted Exception. If Purchaser terminates this Agreement in accordance with the terms of this Paragraph 5.1, this Agreement shall become null and void without further action of the parties and all Earnest Money theretofore deposited into the escrow by Purchaser together with any interest accrued thereon, shall be returned to Purchaser, and neither party shall have any further liability to the other, except for Purchaser's obligation to indemnify Seller and restore the Property, as more fully set forth in Paragraph 7.

5.2. Seller agrees to convey fee simple title to the Real Estate to

Purchaser by special warranty deed (the "Deed") in recordable form subject only to the Permitted Exceptions and any Unpermitted Exceptions waived by Purchaser.

6. CONDEMNATION, EMINENT DOMAIN, DAMAGE AND CASUALTY.

6.1. Except as provided in the indemnity provisions contained in Paragraph 7.1 of this Agreement, Seller shall bear all risk of loss with respect to the Property up to the earlier of the dates upon which either possession or title is transferred to Purchaser in accordance with this Agreement. Notwithstanding the foregoing, in the event of damage to the Property by fire or other casualty

prior to the Closing Date, repair of which would cost less than or equal to $100,000.00 (as initially determined by Seller in good faith and as reasonably acceptable to Purchaser) Purchaser shall not have the right to terminate its obligations under this Agreement by reason thereof, but Purchaser shall have the right to elect (i) to require Seller to repair and restore the Property (in which case the Closing Date shall be extended until completion of such restoration, which completion shall be diligently pursued in a good and workmanlike manner), (ii) to require Seller to assign and transfer to Purchaser on the Closing Date all of Seller's right, title and interest in and to all insurance proceeds paid or payable to Seller on account of such fire or casualty, or (iii) or to take title to the Property in accordance with the terms of this Agreement, with an abatement of the Purchase Price in the amount agreed to by Seller and Purchaser, as described above and without an assignment or transfer of insurance proceeds. Seller shall promptly notify Purchaser in writing of any such fire or other casualty and Seller's determination of the cost to repair the damage caused thereby. In the event of damage to the Property by fire or other casualty prior to the Closing Date, repair of which would cost in excess of $100,000.00 (as initially determined by Seller in good faith and as reasonably acceptable to Purchaser), then this Agreement may be terminated at the option of Purchaser, which option shall be exercised, if at all, by Purchaser's written notice thereof to Seller within five (5) business days after Purchaser receives written notice of such fire or other casualty and Seller's determination of the amount of such damages, and upon the exercise of such option by Purchaser this Agreement shall become null and void, the Earnest Money deposited by Purchaser shall be returned to Purchaser together with interest thereon, and neither party shall have any further liability or obligations hereunder. In the event that Purchaser does not exercise the option set forth in the preceding sentence, the Closing shall take place on the Closing Date and Seller shall assign and transfer to Purchaser on the Closing Date all of Seller's right, title and interest in and to all insurance proceeds paid or payable to Seller on account of the fire or casualty. In the event that in accordance with the foregoing provisions the insurance proceeds paid or payable to Seller are assigned and transferred to Purchaser, (a) Seller shall pay directly to Purchaser the amount of any deductible, and (b) Seller agrees to cooperate with Purchaser, at no expense or liability to Seller, in enforcing any rights under Seller's insurance policies, which obligations shall survive the Closing and delivery of the Deed.

6.2. If between the date of this Agreement and the Closing Date, any condemnation or eminent domain proceedings are initiated which might result in

the taking of any part of the Property or the taking or closing of any right of access to the Property, Seller shall immediately notify Purchaser of such occurrence. In the event that, in the opinion of Purchaser, the taking of any part of the Property may: (i) impair access to the Property; (ii) cause any non-compliance with any applicable law, ordinance, rule or regulation of any federal, state or local authority or governmental agencies having jurisdiction over the Property or any portion thereof; or (iii) adversely impair the use of the Property as it is currently being operated or used (hereinafter collectively referred to as a "Condemnation Event"), Purchaser may:

6.2.1. terminate this Agreement by written notice to Seller, in which event the Earnest Money deposited by Purchaser, together with interest thereon, shall be returned to Purchaser and all rights and obligations of the parties hereunder with respect to the closing of this transaction will cease; or

6.2.2. proceed with the Closing, in which event Seller shall assign to Purchaser all of Seller's right, title and interest in and to any award made in connection with such condemnation or eminent domain proceedings, whether prior to or at Closing.

6.3. Purchaser shall then notify Seller, within ten (10) business days after Purchaser's receipt of Seller's notice, whether Purchaser elects to exercise its rights under Paragraph 6.2.1 or Paragraph 6.2.2. Closing shall be delayed, if necessary, until Purchaser makes such election. If Purchaser fails to make an election within such ten (10) business day period, Purchaser shall be deemed to have elected to exercise its rights under Paragraph 6.2.1. If between the date of this Agreement and the Closing Date, any condemnation or eminent domain proceedings are initiated which do not constitute a Condemnation Event, Purchaser shall be required to proceed with the Closing, in which event Seller shall assign to Purchaser all of Seller's right, title and interest in and to any award made in connection with such condemnation or eminent domain proceedings. In the event that Purchaser exercises its rights under Paragraph 6.2.2, Seller agrees to cooperate with Purchaser, at no expense or liability to Seller, in enforcing any right in and to any award made in connection with a condemnation or eminent domain proceeding. In no event shall Seller agree to settle any claim without the prior written consent of Purchaser. Such obligations shall survive the Closing and delivery of the Deed.

7. INSPECTION AND AS-IS CONDITION.

7.1. During the period commencing on August 1, 1996 and ending at 5:00 p.m. Chicago time on October 4, 1996 (said period being herein referred to as the "Inspection Period"), Purchaser and the agents, engineers, employees, contractors and surveyors retained by Purchaser have entered upon the Property, to inspect the Property, including a review, audit, transcription or copy of leases, books and records, cash deposit ledgers and maintenance logs maintained at the Property, and to conduct and prepare such studies, tests and surveys as Purchaser deemed reasonably necessary and appropriate. Purchaser may continue to enter upon the Property after the termination of the Inspection Period. In connection with Purchaser's review of the Property, Seller has delivered to

Purchaser copies of the current rent roll for the Property, the tax and insurance bills for the last 3 years, utility account numbers, service contracts, unaudited monthly 1995 and year-to-date operating statements, and copies of Existing Bond and Mortgage Documents. Furthermore, if the following are reasonably available to Seller, Seller shall deliver to Purchaser plans and specifications.

All of the foregoing tests, investigations and studies to be conducted under this Paragraph 7.1 by Purchaser are at Purchaser's sole cost and expense and Purchaser shall restore the Property to the condition existing prior to the performance of such tests or investigations by or on behalf of Purchaser. Purchaser shall defend, indemnify and hold Seller and any affiliate, parent of Seller, and all shareholders, employees, officers and directors of Seller or Seller's affiliate or parent (hereinafter collectively referred to as "Affiliate of Seller") harmless from any and all liability, cost and expense (including without limitation, reasonable attorney's fees, court costs and costs of appeal) suffered or incurred by Seller or Affiliates of Seller for

injury to persons or property caused by Purchaser's investigations and inspection of the Property. Purchaser shall undertake its obligation to defend set forth in the preceding sentence using attorneys selected by Purchaser, with the consent of Seller, which consent shall not be reasonably conditioned, delayed or denied.

Prior to commencing any such tests, studies and investigations, Purchaser shall furnish to Seller a certificate of insurance evidencing comprehensive general public liability insurance insuring the person, firm or entity performing such tests, studies and investigations and listing Seller and Purchaser as additional insureds thereunder.

Purchaser shall have no right to terminate this Agreement on account of the results of its Inspection. However, Purchaser shall have the right to terminate this Agreement by giving written notice of such termination to Seller at any time prior to October 30, 1996 if (i) Purchaser's board of directors does not approve this Agreement on or before October 30, 1996, (ii) or Purchaser objects to any of the information set forth on Schedule 16.2.1. If written notice is not received by Seller pursuant to this Paragraph 7.1 prior to October 30, 1996 at 5:00 p.m., then the right of Purchaser to terminate this Agreement pursuant to this Paragraph 7.1 on account of the disapproval by Purchaser's board of directors shall be waived. If Purchaser terminates this Agreement by written notice to Seller prior to October 30, 1996 at 5:00 p.m., the Earnest Money deposited by Purchaser shall be immediately paid to Purchaser, together with any interest earned thereon, and neither Purchaser nor Seller shall have any right, obligation or liability under this Agreement, except for Purchaser's obligation to indemnify Seller and restore the Property, as more fully set forth in this Paragraph 7.1. Notwithstanding anything contained herein to the contrary, the terms of this Paragraph 7.1, shall survive the Closing and the delivery of the Deed and termination of this Agreement.

7.2. Purchaser acknowledges and agrees that it will be purchasing the

Property and the Personal Property based solely upon its inspections and investigations of the Property and the Personal Property, and that Purchaser will be purchasing the Property and the Personal Property "AS IS" and "WITH ALL FAULTS", based upon the condition of the Property and the Personal Property as of the date of this Agreement, wear and tear and loss by fire or other casualty or condemnation excepted. Without limiting the foregoing, Purchaser acknowledges that, except as may otherwise be specifically set forth elsewhere in this Agreement, neither Seller nor its consultants, brokers or agents have made any representations or warranties of any kind upon which Purchaser is relying as to any matters concerning the Property or the Personal Property, including, but not limited to, the condition of the land or any improvements comprising the Property, the existence or non-existence of "Hazardous Materials" (as hereinafter defined), economic projections or market studies concerning the Property, any development rights, taxes, bonds, covenants, conditions and restrictions affecting the Property, water or water rights, topography, drainage, soil, subsoil of the Property, the utilities serving the Property or any zoning or building laws, rules or regulations or "Environmental Laws" (hereinafter defined) affecting the Property. Seller makes no representation or warranty that the Property complies with Title III of the Americans with Disabilities Act or any fire code or building code. Purchaser

hereby releases Seller and the Affiliates of Seller from any and all liability in connection with any claims which Purchaser may have against Seller or the Affiliates of Seller, and Purchaser hereby agrees not to assert any claims for contribution, cost recovery or otherwise, against Seller or the Affiliates of Seller, relating directly or indirectly to the existence of asbestos or Hazardous Materials on, or environmental conditions of, the Property, whether known or unknown. As used herein, "Environmental Laws" means all federal, state and local statutes, codes, regulations, rules, ordinances, orders, standards, permits, licenses, policies and requirements (including consent decrees, judicial decisions and administrative orders) relating to the protection, preservation, remediation or conservation of the environment or worker health or safety, all as amended or reauthorized, or as hereafter amended or reauthorized, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. Section 9601 et seq., the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. Section 6901 et seq., the Emergency Planning and Community Right-to-Know Act ("Right-to-Know Act"), 42 U.S.C. Section 11001 et seq., the Clean Air Act ("CAA"), 42 U.S.C. Section 7401 et seq., the Federal Water Pollution Control Act ("Clean Water Act"), 33 U.S.C. Section 1251 et seq., the Toxic Substances Control Act ("TSCA"), 15 U.S.C. Section 260c1 et seq., the Safe Drinking Water Act ("Safe Drinking Water Act"), 42 U.S.C. Section 300f et seq., the Atomic Energy Act ("AEA"), 42 U.S.C. Section 2011 et seq., the Occupational Safety and Health Act ("OSHA"), 29 U.S.C. Section 651 et seq., and the Hazardous Materials Transportation Act (the "Transportation Act"), 49 U.S.C. Section 1802 et seq. As used herein, "Hazardous Materials" means: (1) "hazardous substances," as defined by CERCLA; (2) "hazardous wastes," as defined by RCRA; (3) any radioactive material including, without limitation, any source, special nuclear or by-product material, as defined by AEA; (4) asbestos in any form or condition; (5) polychlorinated biphenyls; and (6) any other material, substance or waste to which liability or standards of conduct

may be imposed under any Environmental Laws. Notwithstanding anything contained herein to the contrary, the terms of this Paragraph 7.2 shall survive the Closing and the delivery of the Deed and termination of this Agreement.

7.3. Seller has provided to Purchaser certain unaudited historical financial information regarding the Property relating to certain periods of time in which Seller owned the Property. Such financial information is the financial information relied upon by Seller for reporting purposes to Seller's partners and in the preparation of Seller's tax returns. Seller and Purchaser hereby acknowledge that such information has been provided to Purchaser at Purchaser's request solely as illustrative material. Except as otherwise specifically set forth in this Agreement, Seller makes no representation or warranty that such material is complete or accurate or that Purchaser will achieve similar financial or other results with respect to the operations of the Property, it being acknowledged by Purchaser that Seller's operation of the Property and allocations of revenues or expenses may be vastly different than Purchaser may be able to attain. Purchaser acknowledges that it is a sophisticated and experienced purchaser of real estate and further that Purchaser has relied upon its own investigation and inquiry with respect to the operation of the Property and releases Seller and the Affiliates of Seller from any liability with respect to such historical information. Notwithstanding anything contained herein to the contrary, the terms of this Paragraph 7.3 shall survive the Closing and the delivery of the Deed and termination of this Agreement.

7.4. Seller has provided to Purchaser a true and correct copy the following existing reports: Phase I Environmental Site Assessment prepared by Law Associates, Inc. dated October 15, 1991 and the Phase I Environmental Assessment Report prepared by Consulting Solutions, Inc. dated July 25, 1995 ("Existing Reports"). Seller makes no representation or warranty concerning the accuracy or completeness of the Existing Reports. Seller agrees to cooperate with Purchaser in obtaining a "reliance letter" from Law Associates, Inc. Purchaser hereby releases Seller and the Affiliates of Seller from any liability whatsoever with respect to the Existing Reports, or, including, without limitation, the matters set forth in the Existing Reports, and the accuracy and/or completeness of the Existing Reports. Furthermore, Purchaser acknowledges that it will be purchasing the Property with all faults disclosed in the Existing Reports. Notwithstanding anything contained herein to the contrary, the terms of this Paragraph 7.4 shall survive the Closing and the delivery of the Deed and termination of this Agreement.

7.5. Between the date of the execution of this Agreement and the Closing Date, Seller shall:

7.5.1. operate and manage the Property in the same manner that it has managed, maintained and operated the Property during the period of Seller's ownership, subject to reasonable wear and tear and casualty (subject to the provisions of Paragraph 6);

7.5.2. keep and perform all of the material obligations to be performed by the Seller under each and every of the Leases and the Service

Contracts as performed by Seller in the ordinary course of its business;

7.5.3. neither execute any new lease nor renew or modify any existing Lease without Purchaser's prior written consent. However, Purchaser's consent shall not be required if such lease, as entered into, renewed or modified is made in accordance with each of the following criteria:

(A) such lease is on the form presently used by Seller, a copy of which has been furnished by Seller's manager to Purchaser;

(B) the terms of such lease is for not less than six (6) months or more than one (1) year;

(C) such lease provides for the payment of rent in any amount equal to or greater than the rent charged by Seller under leases for comparable units in the Property executed within three (3) months preceding the date of this Agreement, such rent being free of concession or incentives that would result in more than one month's free rent or have value in excess of one (1) month's rental; and

(D) the tenant under such lease is not related to or affiliated with Seller.

No such lease shall violate the terms of any of the Lease or any of the Existing Bond and Mortgage Documents.

Subject to the foregoing, Seller shall, in the ordinary course of its business, seek tenants for all units that are now vacant or that will become vacant prior to the end of the month following the Closing and render vacant and unoccupied apartment units market-ready at current market rates. Without the prior written consent of Purchaser, which consent shall not be unreasonable withheld, Seller shall not terminate any of the Leases unless the tenant thereunder shall have defaulted under its lease. Seller shall not accept from any of the tenants of the Property payment of rent more than one month in advance or apply any security deposit to rent due for any tenant unless such tenant shall be in default under its lease. Seller shall furnish Purchaser with monthly Rent Rolls, which shall show all leases entered into by Seller after the date hereof;

7.5.4. Not mortgage, hypothecate or further encumber the Property or any portion thereof or permit any liens on the Property or any portion thereof to arise by operation of laws, or otherwise;

7.5.5. Maintain its current insurance coverage on the Property, in full force and effect, through the Closing Date;

7.5.6. Not enter into any new or renewal Service Contract or any other agreement relating to the Property or extension or cancellation thereof except in the ordinary course of business and except as may be canceled upon thirty (30) days notice, without the prior consent of Purchaser, which consent shall not be unreasonably withheld;

7.5.7. Continue Seller's existing program of maintenance, repair and replacement, in the ordinary course of Seller's business;

7.5.8. Except in connection with replacements, repairs and maintenance, not convey or remove from the Property or any portion thereof any of the Improvements, Personal Property or Intangible Property;

7.5.9. Promptly send to Purchaser copies of all written notices it receives from governmental or regulatory authorities concerning Seller, or the Property or the operation, use or maintenance thereof; and

7.5.10. Maintain and repair the Property in the ordinary course of Seller's business.

8. CLOSING.

8.1. The closing of this transaction (the "Closing") shall be on November 15, 1996 (the "Closing Date"), at the office of Title Insurer, First American Title Insurance Company, at which time Seller shall deliver possession of the Property to Purchaser. However, in the event that all of the Conditions Precedent have not been satisfied prior to September 12, 1996, Seller shall grant an extension of the Closing Date to December 15, 1996 on the condition that Purchaser demonstrates to Seller's reasonable satisfaction that it (i) has submitted all applications required to meet the obligations under Paragraph 18.2; (ii) has submitted all information that any of the Issuer, Trustee, Berkshire (hereinafter defined), Fannie Mae and any other applicable parties

have requested as of the date Purchaser has requested such extension from Seller; (iii) has paid all fees and expenses relating to such applications then payable to or at the direction of any of the Issuer, Trustee, Berkshire, Fannie Mae and any other applicable parties; (iv) has provided Seller with copies of all documents that Purchaser has received from any of the Issuer, Trustee, Berkshire, Fannie Mae and any other applicable parties; and (v) is using its commercially reasonable best efforts to obtain the approval of such applications. Alternatively, Seller may extend the Closing Date, in its sole discretion, to December 15, 1996, upon written notice to Purchaser to such effect. This transaction shall be closed with escrow instructions acceptable to Seller and Purchaser to the Title Insurer, in accordance with the general provisions of the usual and customary form of deed and money escrow for similar transactions as a "New York style" closing at which the Purchaser shall wire the Purchase Price to Title Insurer on the Closing Date and prior to the release of the Purchase Price to Seller, Purchaser shall receive the Title Policy or marked up commitment dated the date of the Closing Date. Seller shall deliver to Title Insurer any customary affidavit in connection with a New York style closing. Unless otherwise specified in this Agreement, all closing and escrow fees shall be divided equally between the parties hereto.

8.2. On the Closing Date, the Purchaser shall assume all obligations of the Seller under the Bonds, including all payment obligations and all other obligations, arising on or after the Closing Date as evidenced and/or secured

by, among other items, the Indenture (hereinafter defined), the Financing Agreement (hereinafter defined), the Regulatory Agreement, the Multifamily Note (hereinafter defined) and the Multifamily Deed to Secure Debt (hereinafter defined), which Bonds have an outstanding principal balance of approximately $15,535,000.00 as of November 1, 1996. Purchaser shall not assume or be liable for any obligation of Seller arising prior to the Closing Date regardless of when a claim respecting such obligation is first raised. Seller hereby authorizes Purchaser to discuss any and all issues relating to the Bonds and the Existing Bond and Mortgage Documents with Fannie Mae, the Issuer, the Trustee, Berkshire (all such terms, hereinafter defined) and any other interested parties. Seller will reasonably cooperate with Purchaser in facilitating such discussions.

9. CLOSING DOCUMENTS.

9.1. On or prior to the Closing Date, Seller and Purchaser shall execute and deliver to one another a joint closing statement. In addition, Purchaser shall deliver to Seller the balance of the Purchase Price, an assumption of the documents set forth in Paragraph 9.2.3, 9.2.4 and 9.2.13 and such other documents as may be reasonably required by the Title Insurer in order to consummate the transaction as set forth in this Agreement.

9.2. On the Closing Date, Seller shall deliver to Purchaser the following:

9.2.1. the Deed (in the form of Exhibit E attached hereto), duly executed and acknowledged by Seller, subject to Permitted Exceptions and those Unpermitted Exceptions waived by Purchaser;

9.2.2. a special warranty bill of sale as to the Personal Property and a quit claim bill of sale as to the Personal Property Rights conveying the Personal Property and Personal Property rights (in the form of Exhibit F attached hereto), duly executed and acknowledged by Seller;

9.2.3. an assignment and assumption of Intangible Property (in the form attached hereto as Exhibit G), duly executed and acknowledged by Seller, including, without limitation, the service contracts listed in Exhibit H (the "Service Contracts"). However, if a Service Contract is not assignable or assumable and Purchaser does not want to assume such Service Contract, Seller will cooperate with Purchaser, at no cost or expense to Seller, to terminate such Service Contract;

9.2.4. an assignment and assumption of leases and security deposits (in the form attached hereto as Exhibit I), duly executed and acknowledged by Seller;

9.2.5. non-foreign affidavit (in the form of Exhibit J attached hereto);

9.2.6. original, and/or copies of, leases, lease files, service contracts and all other contracts, agreements or other documentation assigned to Purchaser in accordance with Paragraphs 9.2.3 and 9.2.4 affecting the

Property in Seller's possession, which shall be delivered at the Property;

9.2.7. all documents and instruments reasonably required by the Title Insurer to issue the Title Policy;

9.2.8. possession of the Property to Purchaser, subject to the terms of leases;

9.2.9. evidence of the termination of the management agreement;

9.2.10. notice to the tenants of the Property of the transfer of title and assumption by Purchaser of the landlord's obligation under the leases and the obligation to refund the security deposits (in the form of Exhibit K);

9.2.11. an updated Rent Roll certified as true and correct and dated no later than two (2) business days prior to Closing;

9.2.12. originals, to the extent in Seller's possession or control, or copies of Existing Bond and Mortgage Documents;

9.2.13. an assignment and assumption of Existing Bond and Mortgage Documents (in the form of Exhibit M) duly executed and acknowledged by Seller;

9.2.14. an opinion of bond counsel approved by Purchaser satisfying the requirements of Paragraph 18.2.2 below; and

9.2.15. a certificate of Seller recertifying that the representations and warranties made in this Agreement remain true, in all material respects, as of the Closing, or specifying such ways in which they do not remain true, and if any such representations or warranties do not remain true in all material respects, Purchaser may terminate this Agreement, in which event the Earnest Money deposited by Purchaser shall immediately be paid to Purchaser, with interest thereon. The terms of this paragraph 9.2.15 shall survive termination of this Agreement.

10. PURCHASER'S DEFAULT. ALL EARNEST MONEY DEPOSITED INTO THE ESCROW IS TO SECURE THE TIMELY PERFORMANCE BY PURCHASER OF ITS OBLIGATIONS AND UNDERTAKINGS UNDER THIS AGREEMENT. IN THE EVENT OF A DEFAULT OF THE PURCHASER UNDER THE PROVISIONS OF THIS AGREEMENT, SELLER SHALL RETAIN ALL OF THE EARNEST MONEY AND THE INTEREST THEREON AS SELLER'S SOLE RIGHT TO DAMAGES OR ANY OTHER REMEDY, EXCEPT FOR PURCHASER'S OBLIGATIONS TO INDEMNIFY SELLER AND RESTORE THE PROPERTY AS SET FORTH IN PARAGRAPH 7.1 HEREOF. THE PARTIES HAVE AGREED THAT SELLER'S ACTUAL DAMAGES, IN THE EVENT OF A DEFAULT BY PURCHASER, WOULD BE EXTREMELY DIFFICULT OR IMPRACTICAL TO DETERMINE. THEREFORE, BY PLACING THEIR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT THE EARNEST MONEY HAS BEEN AGREED UPON, AFTER NEGOTIATION, AS THE PARTIES' REASONABLE ESTIMATE OF SELLER'S DAMAGES.

11. SELLER'S DEFAULT. IF THIS SALE IS NOT COMPLETED BECAUSE OF SELLER'S DEFAULT, PURCHASER'S SOLE REMEDY SHALL BE THE RETURN OF ALL EARNEST MONEY TOGETHER WITH ANY INTEREST ACCRUED THEREON, AND THIS AGREEMENT SHALL THEN BECOME NULL AND VOID AND OF NO EFFECT AND THE PARTIES SHALL HAVE NO FURTHER

LIABILITY TO EACH OTHER AT LAW OR IN EQUITY, EXCEPT FOR PURCHASER'S OBLIGATIONS TO INDEMNIFY SELLER AND RESTORE THE PROPERTY AS SET FORTH MORE FULLY IN PARAGRAPH 7. NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, IF SELLER'S DEFAULT IS (i) ITS (AND NOT AN UNRELATED THIRD PARTY'S) AFFIRMATIVE, WILLFUL ACTION WHICH RESULTS IN THE RECORDING OF AN ENCUMBRANCE AGAINST THE PROPERTY WHICH PREVENTS THE SALE OF THE PROPERTY IN ACCORDANCE WITH THE TERMS HEREOF OR WHICH GIVES RISE TO PURCHASER'S RIGHT TO TERMINATE THIS AGREEMENT PURSUANT TO PARAGRAPH 5 HEREOF; (ii) ITS FAILURE TO EXPEND $50,000 IF (a) SELLER IS ABLE TO BOND OVER, CURE OR REMOVE A MINOR UNPERMITTED EXCEPTION FOR A COST NOT TO EXCEED $50,000 OR (b) THE TITLE INSURER IS WILLING TO INSURE OVER A MINOR UNPERMITTED EXCEPTION FOR A COST NOT TO EXCEED $50,000 IN ACCORDANCE WITH THE TERMS HEREOF OR (iii) ITS WILLFUL REFUSAL TO DELIVER THE DEED, THEN PURCHASER WILL BE ENTITLED TO SUE FOR SPECIFIC PERFORMANCE.

12. PRORATIONS.

12.1. Rents (exclusive of delinquent rents, but including prepaid rents); prepaid associations dues, refundable security deposits (which will be assigned to and assumed by Purchaser and credited to Purchaser at Closing); interest on and any fees including, without limitation, credit enhancement, issuer or trustee fees respecting the Bonds; water and other utility charges, if any; fuels; prepaid reasonable and customary operating expenses; real and personal property taxes; and other similar items shall be adjusted ratably as of 11:59 p.m. on the day prior to the Closing Date, and credited against the balance of the cash due at Closing. To the extent any escrows or bond repayment deposits for taxes and insurance established in connection with the Bonds or Existing Bond and Mortgage Documents are not refunded to Seller at Closing, the proceeds in said escrows shall be assigned to Purchaser and the amounts thereof shall be a credit to Seller at the Closing. Assessments payable in installments which are due subsequent to the Closing Date shall be paid by Purchaser. If the amount of any of the items to be prorated is not then ascertainable, the adjustments thereof shall be on the basis of the most recent ascertainable data. All prorations will be final except as to delinquent rent referred to in Paragraph 12.2 below and except for real estate taxes which will be reprorated upon receipt of actual bills. If any unit has remained vacant for more than 9 days without being made "rent ready", Seller will give Purchaser a credit of

$250 for such unit for cleaning, painting touch-up, carpet shampoo and minor appliance repair. If such a unit requires carpet replacement or other renovation not covered by the preceding sentence, Purchaser and Seller will agree on the amount of the credit to Purchaser. If Seller receives a credit for a utility deposit, Seller shall execute an assignment thereof substantially in the form attached as Exhibit N.

12.2. All monies received after Closing by Purchaser from any tenant of the Property who is indebted under a lease for rent for any period prior to the Closing Date will first be applied to rent or other charges currently due to Purchaser under the applicable lease. Any balance remaining after the application of such monies to current rent shall be deemed a "Post-Closing Receipt", but only to the extent such pre-closing indebtedness has not been paid in full. Within ten (10) days following each receipt by Purchaser of a

Post-Closing Receipt, Purchaser shall pay such Post-Closing Receipt to Seller. Purchaser shall use good faith efforts to collect all amounts which, upon collection, would constitute Post-Closing Receipts hereunder. Within 120 days after the Closing Date, Purchaser shall deliver to Seller a reconciliation statement of Post-Closing Receipts through the first 90 days after the Closing Date. Upon the delivery of the Post-Closing Receipts reconciliation, Purchaser shall deliver to Seller any Post-Closing Receipts owing to Seller and not previously delivered to Seller in accordance with the terms hereof. Paragraph 12.2 of this Agreement shall survive the Closing and the delivery and recording of the Deed.

13. RECORDING. Neither this Agreement nor a memorandum thereof shall be recorded and the act of recording by Purchaser shall be an act of default hereunder by Purchaser and subject to the provisions of Paragraph 10 hereof.

14. ASSIGNMENT. Except for any affiliate of Purchaser or an entity that is directly owned or controlled by Purchaser or an entity in which Purchaser has an ownership interest and is a general partner with the power and authority customarily held by a general partner (each, a "Permitted Assignee"), Purchaser shall not have the right to assign its interest in this Agreement without the prior written consent of the Seller. Except for any assignment to a Permitted Assignee, any assignment or transfer of, or attempt to assign or transfer, Purchaser's interest in this Agreement shall be an act of default hereunder by Purchaser and subject to the provisions of Paragraph 10 hereof. Seller shall not assign its rights under or its interest in this Agreement, and any assignment of proceeds of the sale of the Property shall include a payment direction executed by Seller.

15. BROKER. The parties hereto represent and warrant that no broker commission or finder fee is due and payable in connection with this transaction other than to Cushman & Wakefield of Florida, Inc. (to be paid by Seller). Seller's commission to Cushman & Wakefield of Florida, Inc. shall only be payable out of the proceeds of the sale of the Property in the event the transaction set forth herein closes. Purchaser and Seller shall indemnify, defend and hold the other party hereto harmless from any claim whatsoever (including without limitation, reasonable attorney's fees, court costs and costs of appeal) from anyone claiming by or through the indemnifying party any fee, commission or compensation on account of this Agreement, its negotiation or the sale hereby contemplated other than to Cushman & Wakefield of Florida,

Inc. Seller hereby agrees to indemnify, defend and hold Purchaser harmless from any claims whatsoever (including, without limitation, reasonable attorneys' fees, court costs and costs of appeal) from any claim or demand by Cushman & Wakefield of Florida, Inc. (and its successors and assigns). The indemnifying party shall undertake its obligations set forth in this Paragraph 15 using attorneys selected by the indemnifying party and reasonably acceptable to the indemnified party. The provisions of this Paragraph 15 will survive the Closing and delivery of the Deed.

16. REPRESENTATIONS AND WARRANTIES.

16.1. Any reference herein to Seller's knowledge or notice of any matter or thing shall only mean such knowledge or notice that has actually been received by Daniel L. Charleston (Vice President, Property Sales for The Balcor Company) or Michael Becker (Vice President of Asset Management for The Balcor Company) (together, "Seller's Representative"), and any representation or warranty of the Seller is based upon those matters of which the Seller's Representative has actual knowledge. Seller's Representatives shall deliver a copy of the representations and warranties contained in Paragraph 16.2 below to the existing day-to-day on-site property manager, for its review and request the day-to-day on-site property manager inform Seller's Representative of any inaccuracies contained in such representations and warranties. Any knowledge or notice given, had or received by any of Seller's agents, servants or employees shall not be imputed to Seller, the general partner or limited partners of Seller, the subpartners of the general partner or limited partners of Seller or Seller's Representative.

16.2. Subject to the limitations set forth in Paragraph 16.1, Seller hereby makes the following representations and warranties, which representations and warranties are made to Seller's knowledge as of the date hereof and as of the date of Seller's recertification in connection with Closing, and which shall, subject to Paragraph 16.4, be remade at Closing, and shall survive Closing to the extent set forth in Paragraph 16.4:

16.2.1. Seller has no knowledge of any pending or threatened litigation, governmental investigation, governmental inquiry, claim, cause of action or administrative proceeding concerning the Property except as described in Schedule 16.2.1;

16.2.2. Seller has not received written notice from any governmental or regulatory authority that the use and operation of the Property is in violation of applicable codes or laws which has not previously been corrected;

16.2.3. The Rent Roll attached hereto as Exhibit L which Seller will update as of the Closing Date is true, accurate, correct and complete (as to the matters shown thereon) as of the date set forth thereon;

16.2.4. Except as may be set forth in the Existing Report, Seller has not received any written notice from any governmental authority having jurisdiction over the Property of any uncured violation of any Environmental Law with respect to the Property;

16.2.5. The Existing Reports are the only environmental report of the Property provided to or obtained by Seller since October 15, 1991;

16.2.6. Seller has not received any written notice that Seller is in default under any of the Existing Bond and Mortgage Documents to which it is a party;

16.2.7. Seller has all necessary and requisite authority to enter into this Agreement and to consummate all of the transactions contemplated hereby, and the persons executing this Agreement and all other documents

required to consummate the transaction contemplated hereby on behalf of Seller are duly authorized to execute this Agreement and such other documents on behalf of Seller, and are authorized to bind Seller;

16.2.8. Seller is a limited partnership duly formed and validly existing under the laws of the State of Illinois and, to the extent required by law, is qualified to do business in and in good standing as a foreign limited partnership under the laws of the State of Florida;

16.2.9. Seller is a "United States person", as defined by Internal Revenue Code Section 1445 and Section 7701;

16.2.10. The execution of this Agreement by Seller does not, and the performance by Seller of the transaction contemplated by this Agreement will not, violate or constitute a breach of the partnership agreement or any partners' resolution of Seller or any contract, permit, license, order or decree to which Seller is a party or by which Seller or its assets are bound;

16.2.11. Except as shown on the Rent Roll attached hereto as Exhibit L, as updated as of the Closing Date, no party, person or entity is in possession of the Property nor any portion thereof except for Seller's manager, any party to a laundry service contract or cable television contract and no party, person or entity has any interest in the Property, or any portion thereof, except Seller, parties to laundry service contracts and cable television service contracts;

16.2.12. Seller has not received any written notice of a special assessment or any such special assessment being contemplated;

16.2.13. There are no service contracts affecting the Property other than the Service Contracts;

16.2.14. There are not outstanding contracts made by Seller (or any of its agents or affiliates) for the work or materials in connection with the Property or for any improvements to the Property which have not been, or will not be on or before the Closing Date, fully paid for on a timely basis;

16.2.15. No person or entity has any right or option to acquire all or any portion of the Property, other than Purchaser pursuant to this Agreement;

16.2.16. Seller holds, and at all times through the Closing will hold, marketable title to the Personal Property, free and clear of any liens, encumbrances or adverse claims other than the Existing Bond and Mortgage, and Seller has, and at all times through the Closing will have, the right and authority to convey or assign to Purchaser all of the Personal Property;

16.2.17. Seller does not now owe and will not owe any taxes or any penalties or interest thereon pursuant to any governmental law, statute or regulation for which Purchaser is or will be obligated to or liable for a withholding of funds from the Purchaser Price pursuant to any so called "bulk

sales" law or other applicable law, statute or regulation, or which could subject the Real Estate to any liens or the Purchaser to any liability;

16.2.18. Seller has no employees;

16.2.19. The income and expense schedule and operating and maintenance budget delivered to Purchaser in accordance with Paragraph 7.1 are those relied on by Seller in its management of the Property;

16.2.20. The Existing Bond and Mortgage Documents delivered by Seller to Purchaser are true and complete in all material respects and have not been modified, supplemented or amended in writing;

16.2.21. Based on information provided by Berkshire, as servicer under the Existing Bond and Mortgage Documents, as of November 1, 1996, the principal amount of the bonds outstanding is $15,535,000;

16.2.22. Seller has not received written notice that an investigation, enforcement proceeding or litigation has been commenced by the Securities and Exchange Commission or the Internal Revenue Service respecting the Bonds; and

16.2.23. Seller has made available to Purchaser all books, records, agreements and Service Contracts kept at the Property.

16.3. If at any time after the execution of this Agreement, either Purchaser or Seller become aware of information which makes a representation and warranty contained in this Agreement to become untrue in any material respect, said party shall promptly disclose said information to the other party hereto. Provided the party making the representation or warranty did not take any deliberate actions to cause the representation or warranty in question to become untrue in any material respect, said party shall not be in default under this Agreement and the sole remedy of the other party shall be to terminate this Agreement, except for Purchaser's obligation to indemnify Seller and restore the Property, as more fully set forth in Paragraph 7. Notwithstanding anything contained herein to the contrary, if the status of any of the tenancies changes from the date of the Rent Roll and the date of the rent roll delivered at Closing, provided the change in status is not caused by a breach of Seller's covenants or representations contained in Paragraph herein, then Purchaser shall not have the right to terminate this Agreement or make any claim for a breach of a representation or warranty hereunder involving the Rent Roll or tenancies thereunder. Purchaser and Seller are prohibited from making any claims against the other party hereto after the Closing with respect to any breaches of the other party's representations and warranties contained in this Agreement that the claiming party has actual knowledge of prior to the Closing.

16.4. The parties agree that the representations contained herein shall survive Closing for a period ending 5:00 p.m. central time on December 23, 1996 (i.e., the claiming party shall have no right to make any claims against the other party for a breach of a representation or warranty after 5:00 p.m. central time on December 23, 1996.

17. LIMITATION OF LIABILITY. No affiliate of Seller, nor any of Seller or its affiliate's beneficiaries, shareholders, partners, officers, directors, agents or employees, heirs, successors or assigns shall have any personal liability of any kind or nature for or by reason of any matter or thing whatsoever under, in connection with, arising out of or in any way related to this Agreement and the transactions contemplated herein, and Purchaser hereby waives for itself and anyone who may claim by, through or under Seller, any and all rights to sue or recover on account of any such alleged personal liability.

Notwithstanding anything contained herein to the contrary, Purchaser hereby agrees that the maximum aggregate liability of Seller, in connection with, arising out of or in any way related to a breach by Seller under this Agreement or any document or conveyance agreement in connection with the transaction set forth herein after the Closing shall be $300,000. Purchaser hereby waives for itself and anyone who may claim by, through or under Purchaser any and all rights to sue or recover from Seller any amount greater than said limit.

Seller agrees to retain and reserve, and not disburse or distribute, proceeds of the Purchase Price in an amount at least equal to the sum of $300,000 until 5:01 p.m. (Central Time) on December 23, 1996.

No affiliate of Purchaser, nor any of Purchaser or its affiliate's beneficiaries, shareholders, partners, officers, directors, agents or employees, heirs, successors or assigns shall have any personal liability of any kind or nature for or by reason of any matter or thing whatsoever under, in connection with, arising out of or in any way related to this Agreement and the transactions contemplated herein, and Seller hereby waives for itself and anyone who may claim by, through or under Seller, any and all rights to sue or recover on account of any such alleged personal liability.

18. CONDITIONS PRECEDENT.

18.1. The Property is currently encumbered by those certain Multifamily Housing Revenue Refunding Bonds, 1995 Series B (Sun Lakes Apartment Project) in the original aggregate principal amount of $15,700,000 (the "Bonds") as evidenced and/or secured by, among other items, the following documents (collectively with any other documents made in connection with the Bonds and the financing and/or refinancing relating thereto with respect to the Property are hereinafter referred to as the "Existing Bond and Mortgage Documents"): (a) the Multifamily Note made by Seller payable to Berkshire Mortgage Finance Limited Partnership ("Berkshire") endorsed by Berkshire to the Federal National Mortgage Association ("Fannie Mae"); (b) that certain Trust Indenture dated as of October 1, 1995 (the "Indenture") among Orange County Housing Finance Authority (the "Issuer") and Sun Bank, National Associates (the "Trustee"); (c) the Replacement Reserve and Security Agreement between Seller and Berkshire, (d) the Completion/Repair and Security Agreement between Seller and Berkshire; (e) the Amended and Restated Land Use Restriction Agreement dated as of October 1, 1995 (the "Regulatory Agreement") among Issuer and Borrower; (f) the Multifamily Mortgage, Assignment of Rents and Security

Agreement made by Seller for the benefit of Berkshire and assigned to Fannie Mae; (g) the Assumption of Regulatory Agreement and Deed of Trust dated as of

October 1, 1996 among Seller, Issuer and Seller; (h) the Financing Agreement dated October 1, 1995 among Seller, Issuer, Trustee and Berkshire; (i) all documents evidencing Seller's acquisition of the Property and assumption of the obligations respecting the Bonds; and (j) those documents listed on Exhibit M attached hereto.

18.2. Purchaser and Seller agree that the performance of their obligations under this Agreement shall be subject to the parties (as specified below) unconditionally procuring, using commercially reasonable efforts, on or before the Closing Date the following:

18.2.1. Seller and Purchaser obtaining, on terms acceptable to Purchaser, in Purchaser's sole and absolute discretion, the written consent of Issuer, Trustee, Berkshire and Fannie Mae and any other applicable parties to (a) the assignment to and assumption by Purchaser of the Bonds and the Existing Bond and Mortgage Documents, and (b) the sale of the Property to Purchaser;

18.2.2. Purchaser and Seller satisfying all other conditions to the assumption of the obligations arising out of the Existing Bond and Mortgage Documents upon terms acceptable to Purchaser in Purchaser's sole and absolute discretion, including, without limitation, any bond counsel's opinion or opinion of Purchaser's counsel required by the Existing Bond and Mortgage Documents respecting such transfer;

18.2.3. Purchaser and Seller obtaining, on terms acceptable to Seller in Seller's sole and absolute discretion, the written acknowledgment of Issuer, Trustee, Berkshire and Fannie Mae to the release of Seller and Seller's affiliated entities in connection with any and all liabilities and obligations arising out of the Bonds and Existing Bond and Mortgage Documents; and

18.2.4. Purchaser, at Purchaser's sole cost and expense, an opinion of nationally recognized bond counsel acceptable to Purchaser to the effect that (i) the transfer of the Property complies with the provisions of the Existing Bond and Mortgage Documents, (ii) the transfer of the Property and the execution of the Assignment and Assumption Agreement do not, in and of themselves, adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income tax, and (iii) income from the Bonds is excludeable from gross income for purposes of federal income tax.

The foregoing conditions set forth in Paragraphs 18.2.1, 18.2.2, 18.2.3 and 18.2.4 shall hereinafter be referred to as the "Conditions Precedent". Both Seller and Purchaser shall fully cooperate with each other and use good faith efforts to satisfy the Conditions Precedent, including, but not limited to, Purchaser submitting to Issuer, Trustee, Berkshire and Fannie Mae all reasonably requested financial and other information.

18.3. Except for fees and expenses of Seller's attorneys with respect to the performance of Paragraph 18.2.1 and 18.2.2, Purchaser shall pay all

costs and expenses associated with the satisfaction of the Conditions Precedent, the assignment to Purchaser of the Bond Documents, the assumption of the Bond Documents by Purchaser and obtaining Issuer's and Trustee's consent to the foregoing. Purchaser shall cooperate with Seller satisfying the conditions

in Section 18.2.3 so that all submissions and requests by Purchaser made to satisfy the "Conditions Precedent" under Sections 18.2.1, 18.2.2 and 18.2.4 are accompanied by the release provided for in Section 18.2.3. In providing such cooperation, Purchaser shall not be obligated to incur out-of-pocket expenses on behalf of Seller.

18.4. In the event any of the Conditions Precedent are not satisfied on or before the Closing Date, then, unless the Closing Date is extended as provided in Section , this Agreement shall be terminated, and the Earnest Money shall be immediately paid to Purchaser, together with any interest earned thereon, and neither Seller nor Purchaser shall have any right, obligation or liability under this Agreement, except for the indemnities set forth in Paragraphs 7 and 15 of this Agreement.

19. TIME OF ESSENCE. Time is of the essence of this Agreement.

20. NOTICES. Any notice or demand which either party hereto is required or may desire to give or deliver to or make upon the other party shall be in writing and may be personally delivered or given or made by overnight courier such as Federal Express, by facsimile transmission or made by United States registered or certified mail addressed as follows:

TO SELLER: c/o The Balcor Company
Bannockburn Lake Office Plaza
2355 Waukegan Road
Suite A-200
Bannockburn, Illinois 60015
Attention: Ilona Adams

with copies to: The Balcor Company
Bannockburn Lake Office Plaza
2355 Waukegan Road
Suite A-200
Bannockburn, Illinois 60015
Attention: Alan Lieberman
(847) 317-4360
(847) 317-4462 (FAX)

and to: Katten Muchin & Zavis
525 West Monroe Street
Suite 1600
Chicago, Illinois 60661-3693
Attention: Daniel J. Perlman, Esq.
(312) 902-5532
(312) 902-1061 (FAX)

TO PURCHASER: Ambassador Apartments, L.P.
77 West Wacker Drive
Suite 4040
Chicago, IL 60601
Attention: Richard F. Cavenaugh
(312) 917-4410
(312) 917-9910 (FAX)

and one copy to: Ballard Spahr Andrews and Ingersoll
1735 Market Street, 51st Floor
Philadelphia, PA 19103
Attention: Michael L. Lehr
(215) 864-8318
(215) 864-8999 (FAX)

subject to the right of either party to designate a different address for itself by notice similarly given. Any notice or demand so given shall be deemed to be delivered or made on the next business day if sent by overnight courier, or the same day as given if sent by facsimile transmission and received by 5:00 p.m. Chicago time or on the 4th business day after the same is deposited in the United States Mail as registered or certified matter, 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, by overnight courier or by facsimile transmission as aforesaid shall be deemed to be given, delivered or made upon receipt of the same by the party to whom the same is to be given, delivered or made. Copies of all notices shall be served upon the Escrow Agent.

21. EXECUTION OF AGREEMENT AND ESCROW AGREEMENT. Purchaser will execute three (3) copies of this Agreement and three (3) copies of the Escrow Agreement and forward them to Seller for execution, accompanied with the Earnest Money payable to the Escrow Agent set forth in the Escrow Agreement. Seller will forward one (1) copy of the executed Agreement to Purchaser and will forward the following to the Escrow Agent:

(A) Earnest Money;

(B) One (1) fully executed copy of this Agreement; and

(C) Three (3) copies of the Escrow Agreement signed by the parties with a direction to execute two (2) copies of the Escrow Agreement and deliver a fully executed copy to each of the Purchaser and the Seller.

22. GOVERNING LAW. The provisions of this Agreement shall be governed by the laws of the Florida, except that with respect to the retainage of the Earnest Money as liquidated damages the laws of the State of Illinois shall govern.

23. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the parties and supersedes all other negotiations, understandings and representations made by and between the parties and the agents, servants and employees.

24. COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

25. CAPTIONS. Paragraph titles or captions contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Agreement or any provision hereof.

IN WITNESS WHEREOF, the parties hereto have put their hand and seal as of the date first set forth above.

PURCHASER:

AMBASSADOR APARTMENTS, L.P., a Delaware limited partnership

By: Ambassador Apartments, Inc., a Maryland corporation

By: /s/ Richard F. Cavenaugh

Name:

Its:

SELLER:

LAKE SUN PARTNERS LIMITED PARTNERSHIP, an Illinois limited partnership

By: Lake Sun Partners, Inc., an Illinois corporation, its general partner

By: /s/ Daniel L. Charleston

Name: Daniel L. Charleston

Its:

Larry D. Richey of Cushman & Wakefield of Florida, Inc. ("Seller's Broker") executed this Agreement in its capacity as a real estate broker and acknowledges that the fee or commission due it from Seller as a

result of the transaction described in this Agreement is as set forth in that certain Listing Agreement, dated March 15, 1996 between Seller and Seller's Broker (the "Listing Agreement"). Seller's Broker also acknowledges that payment of the aforesaid fee or commission is conditioned upon the Closing and the receipt of the Purchase Price by the Seller. Seller's Broker agrees to deliver a receipt to the Seller at the Closing for the fee or commission due Seller's Broker and a release, in the appropriate form, stating that no other fees or commissions are due to it from Seller or Purchaser.

Cushman & Wakefield of Florida, Inc.

By: _____

SCHEDULE 3.1

I. Survey

1. Encroachments:

a) sidewalk on the northwest property line;

2. Legal description must match title commitment.

3. Certification must match the one given in The Crossings and should include the Title Company.

4. Note 3 must refer to the Title Commitment.

5. The six-space parking area at the southeastern corner of the property is marked as containing six spaces, but lines are drawn only for five.

6. The 100 year flood evaluation must be reverified.

7. Those easements that are plottable must be plotted or where only approximate locations can be given, such should be given. All easements must be listed.

II. Title Commitment

1. The reference to Tangible Taxes in Schedule B-II-8 should be deleted.

2. The reference to Maintenance Assessments in Schedule B-II-17 should be deleted or endorsed over.

SCHEDULE 16.2.1

None

Exhibits

A - Legal

B - Personal Property

C - Escrow Agreement

D - Title Commitment

E - Deed

F - Bill of Sale

G - Assignment and Assumption of Intangible Property

H - Service Contracts

I - Assignment and Assumption of Leases and Security Deposits

J - Non-Foreign Affidavit

K - Notice to Tenants

L - Rent Roll

M - List of Bond Documents

N - Assignment of Sewer, Water, and Utilities Permits, Rights and Deposits

FIRST AMENDMENT TO AGREEMENT OF SALE

THIS AGREEMENT (this "Agreement"), is entered into as of the 22nd day of October, 1996, by and between COMMERCIAL VENTURES, INC., a Delaware corporation ("Purchaser"), and JONATHONS LANDING LIMITED PARTNERSHIP, an Illinois limited partnership ("Seller").

RECITALS

A. Purchaser and Seller entered into an Agreement of Sale dated as of August 30, 1996 (the "Agreement").

B. Purchaser and Seller desire to amend the Agreement. Terms defined in the Agreement will have the same meaning when used herein.

NOW THEREFORE, Purchaser and Seller agree as follows:

1. The Purchase Price is changed to $21,300,000.

2. Purchaser acknowledges that all conditions to Purchaser's obligation to purchase the Property in Sections 7.1 and 9 of the Agreement have been satisfied or waived by Purchaser. The Earnest Money is non-refundable.

3. The Closing Date will be November 15, 1996.

4. Except as amended hereby, the Agreement will remain in full force and effect and is ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have put their hand and seal as of the date first set forth above.

PURCHASER:

COMMERCIAL VENTURES, INC., a Delaware corporation

By: /s/ Richard J. Nathan

Name: Richard J. Nathan

Its: President

SELLER:

JONATHONS LANDING LIMITED PARTNERSHIP, an Illinois limited partnership

By: Jonathons Landing, Inc., an Illinois corporation, its general partner

By: /s/ James E. Mendelson

Name: James E. Mendelson

Its: Sr. VP

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