

Third Party Notes and Security Instruments

Title to the property being parked is held in a newly formed special purpose entity (SPE) with National Safe Harbor Exchanges, Inc., a California corporation (NSHE) as the sole member and/or manager. In the event the SPE is a party to a third-party note, security instrument, or other loan document; that loan must be assumable at least once by the Exchanger or NSHE must be permitted to assign its interest in the SPE to the Exchanger. In addition, all the loan documents SPE is party to must contain the following language:

No Recourse to Exchange Accommodator. National Safe Harbor Exchanges, Inc., a California corporation (“NSHE”), is acting as an exchange accommodation titleholder in connection with a like-kind exchange under IRC §1031 and Revenue Procedure 2000-37 for the benefit of _____ (“Exchanger”). NSHE is the sole member of _____, a _____ limited liability company (“SPE”). The general credit of NSHE is not obligated or available for the payment of the indebtedness created or secured by the loan agreement, promissory note, deed of trust / mortgage, environmental indemnities and any other documents executed by NSHE or SPE in connection with this loan (collectively referred to as the “Loan Documents”). Notwithstanding any provisions of the Loan Documents to the contrary, except in the event of fraud or willful misconduct by NSHE, Lender will not look to NSHE or its directors, officers, employees or shareholders (collectively, “NSHE Parties”) with respect to the indebtedness evidenced by the Loan Documents or any covenant, stipulation, promise, indemnity, agreement or obligation contained herein. In enforcing its rights and remedies under the Loan Documents, the Lender will look solely to any or all of the Property, SPE, Exchanger and guarantors for the payment of the indebtedness secured by these Loan Documents and for the performance of the provisions hereof. The Lender will not seek a deficiency or other money judgment against NSHE or NSHE Parties and will not institute any separate action against NSHE or NSHE Parties by reason of any default that may occur in the performance of any of the terms and conditions of the Loan Documents between SPE and Lender. This agreement on the part of the Lender shall not be construed in any way so as 1) to affect or impair the lien of the Loan Documents or the Lender’s right to foreclose as provided by law, or 2) to limit or restrict any of the rights or remedies of the Lender in any foreclosure proceedings or other action to enforce payment of the indebtedness secured by this instrument.

Permitted Transfer: Lender shall allow NSHE to transfer the Property to Exchanger pursuant to a Qualified Exchange Accommodation Agreement between said parties. This transfer shall not constitute an event that would permit Lender to declare the loan immediately due and payable, nor shall such transfer subject NSHE to payment of any Lender transfer fee. Upon such permitted transfer, NSHE shall be released from any and all liability. Lender consents to this transfer of the Property either by 1) deed from SPE to Exchanger or 2) NSHE’s assignment to Exchanger of the sole membership interest in SPE.

There can be no carve-outs. Any additional representations, warranties or indemnities contained in the loan documents must be specifically limited by the non-recourse clause but may be added with recourse to the Exchanger or other guarantor under a separate guaranty agreement.

Please Note: While NSHE is the sole member of SPE, the SPE is not permitted to open any demand deposit accounts or other financial products.