

**CONSTRUCTION RESERVATION ACKNOWLEDGMENT**

The prospective resident, as indicated below (referred to herein as the "Prospective Resident", whether one or more) has, on the date indicated below, delivered to Hanover R.S. Limited Partnership (the "Manager") as the authorized representative of 10420 McKinley Partners, LP (the "Owner") (i) the sum of \$\_\_\_\_\_ which represents the non-refundable application fee (the "Application Fee") for processing the Prospective Resident's application for unit number \_\_\_\_\_ (the "Unit") at Lodge at Lakecrest (the "Apartments") and (ii) the sum of \$\_\_\_\_\_ which represents the deposit and/or administrative fee given to the Manager to reserve the Unit for occupancy by the Prospective Resident ("Security Deposit/Administration Fee").

The prospective Resident acknowledges that the Apartments are currently under construction and that the Unit is scheduled for completion on or about \_\_\_\_\_ ("Target Completion Date"), subject to an extension of fourteen (14) days from such scheduled completion date for any unforeseen construction delays or other matters beyond the reasonable control of the Owner or its contractor. In the event the Unit is not completed for the prospective Resident's occupancy by fourteen (14) days after the original scheduled completion date as denoted above, the prospective Resident may, at its discretion, elect to exercise one of the following options:

- 1) Wait until the Unit is completed for occupancy; or
- 2) Accept an alternative unit (at the alternative unit's current market rental rate) at the Apartments, if available; or
- 3) Request a refund of the Security Deposit.

In the event that the prospective Resident elects to exercise either option 1 or 2 above, the Security Deposit will be retained by the Manager in accordance with the terms and provisions of the lease agreement subsequently entered into by and between the parties hereto. In the event that the prospective Resident elects to exercise option 3 above, the Security Deposit will be returned to the prospective Resident in accordance with the applicable laws in the state in which the Apartments are situated, and neither the prospective Resident nor the Manager will have any further obligations hereunder; however, in no event shall the Application Fee be refunded to the prospective Resident.

**Within 72 hours following receipt of notification from the Manager that the Unit will not be available for occupancy by the Target Completion Date, the Prospective Resident must notify the Manager in writing as to which option the Prospective Resident has elected to exercise. Failure to provide Manager with written notice of the Prospective Resident's election within such 72-hour period shall be deemed the Prospective Resident's election of option 1 above.**

The prospective Resident's right to take occupancy of the Unit or an alternative unit at the Apartments is subject to approval by the Manager of the rental application and execution of a lease agreement and related addenda by the prospective Resident. If the rental application is not approved or after having been approved, the prospective Resident fails or refuses to execute a lease agreement, the Security Deposit shall be refunded to the prospective Resident but the Application Fee shall be deemed earned and retained by the Manager.

The Prospective Resident has read the above acknowledgment and understands and agrees to the terms hereof.

PROSPECTIVE RESIDENT:

MANAGER:

\_\_\_\_\_  
(Signature)

HANOVER R.S. LIMITED PARTNERSHIP

\_\_\_\_\_  
(Date)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
(Signature)

Contact Information:  
Mailing Address: 1551 Union Street  
San Diego, CA 92101

\_\_\_\_\_  
(Date)

Applicant Contact Information:  
Mailing Address: \_\_\_\_\_



City, State, Zip \_\_\_\_\_



August 2007 EQUAL HOUSING OPPORTUNITY