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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

**Date of report (Date of earliest event reported): March 25, 2009**

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**Paladin Realty Income Properties, Inc.**  
(Exact Name of Registrant as Specified in Charter)

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**Maryland**  
(State or Other Jurisdiction of Incorporation)

**000-51860**  
(Commission File Number)

**20-0378980**  
(IRS Employer Identification No.)

**10880 Wilshire Blvd., Suite 1400, Los Angeles, California 90024**  
(Address of Principal Executive Offices) (Zip Code)

**Registrant's telephone number, including area code: (310) 996-8704**

**Not applicable**  
(Former Name or Former Address, if Changed Since Last Report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01. Entry into a Material Definitive Agreement.**

On March 25, 2009, PRIP 5060/6310, LLC, a Delaware limited liability company and a subsidiary of Paladin Realty Income Properties, Inc. (the “Company”), entered into a First Amendment to Limited Liability Company Agreement of FPA/PRIP Governor Park, LLC (the “Joint Venture”) with FPA Governor Park Investors, LLC (“FPA Governor Park Investors”), a Delaware limited liability company. The Joint Venture is the sole member of FPA Governor Park Associates, LLC (“FPA Governor Park Associates”), a Delaware limited liability company that holds title to Two and Five Governor Park located at 6310 Greenwich Drive, San Diego, California 92122 and 5060 Shoreham Place, San Diego, California 92122 (“Two and Five Governor Park”). The amendment is intended to clarify the original intent of the parties to the Limited Liability Company Agreement of the Joint Venture that FPA Governor Park Investors is not responsible for guaranteeing the Company’s 15.0% internal rate of return upon a capital event. The amendment does not impact the treatment of the Company’s investment as preferred equity, and the Company is still entitled to receive a priority preferred return of 9.0% on its invested equity from operating cash flow and a fixed, priority 15.0% internal rate of return upon a capital event.

On March 25, 2009, FPA Governor Park Associates entered into a First Amendment to Lease with Trinity Property Consultants, LLC (“Trinity Property Consultants”), a California limited liability company. The First Amendment to Lease amends the Master Lease Agreement (the “Master Lease”) dated December 20, 2008 by and between the Joint Venture and Trinity Property Consultants for all vacant space in Two and Five Governor Park. The amendment is intended to clarify the original intent of the parties to the Master Lease that for the first twelve months of the Master Lease, the base rent payable pursuant to the Master Lease will be paid from the \$225,000 reserve account established for this purpose.

The above descriptions of the First Amendment to the Limited Liability Company Agreement of the Joint Venture and the First Amendment to Lease are qualified in their entirety by the terms of the agreements attached to this Current Report on Form 8-K as Exhibits 10.1 and 10.2, respectively, and incorporated herein by reference.

The above descriptions of the Limited Liability Company Agreement of the Joint Venture and the Master Lease are qualified in their entirety by the terms of the agreements attached to the Current Report on Form 8-K filed with the Securities and Exchange Commission on December 24, 2008 as Exhibits 10.4 and 10.5, respectively, and incorporated herein by reference.

**Item 8.01. Other Events.**

On March 25, 2009, the dividend committee of the board of directors of the Company declared cash distributions for the month of April 2009. The declared distributions will be calculated based on stockholders of record each day during such month at a rate of \$0.0016438 per day and will equal a daily amount that, if paid each day for a 365-day period, would equal a 6.0% annualized rate based on a share price of \$10.00. These distributions will be aggregated and paid in cash on May 15, 2009.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

- 10.1 First Amendment to Limited Liability Company Agreement of FPA/PRIP Governor Park, LLC, dated as of March 25, 2009, by and between FPA Governor Park Investors, LLC and PRIP 5060/6310, LLC
- 10.2 First Amendment to Lease, dated as of March 25, 2009, by and between FPA Governor Park Associates, LLC and Trinity Property Consultants, LLC

**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 hereunto duly authorized.

PALADIN REALTY INCOME PROPERTIES, INC.

Date: March 27, 2009

By: /s John A. Gerson

John A. Gerson  
Chief Financial Officer

## **EXHIBIT INDEX**

- 10.1 First Amendment to Limited Liability Company Agreement of FPA/PRIP Governor Park, LLC, dated as of March 25, 2009, by and between FPA Governor Park Investors, LLC and PRIP 5060/6310, LLC
- 10.2 First Amendment to Lease, dated as of March 25, 2009, by and between FPA Governor Park Associates, LLC and Trinity Property Consultants, LLC

**FIRST AMENDMENT TO  
LIMITED LIABILITY COMPANY AGREEMENT  
OF  
FPA/PRIP GOVERNOR PARK, LLC  
a Delaware limited liability company**

THIS FIRST AMENDMENT TO LIABILITY COMPANY AGREEMENT, dated as of December 19, 2008 (the “Effective Date”), amends that certain Limited Liability Company Agreement of FPA/PRIP GOVERNOR PARK, LLC, a Delaware limited liability company (the “Company”) dated December 19, 2008 (the “LLC Agreement”) and is made and entered into by FPA GOVERNOR PARK INVESTORS, LLC, a Delaware limited liability company (the “FPA Member”), and PRIP 5060/6310, LLC, a Delaware limited liability company (the “Paladin Member”) (collectively, the FPA Member and the Paladin Member are referred to herein as the “Members”) with reference to the following facts:

The Members hereby amend the LLC Agreement, effective as of the Effective Date, as follows:

1. Section 11.65 of the LLC Agreement hereby is deleted in its entirety and replaced with the following:

**11.65 Project Shortfall**

The term “Project Shortfall” means any and all cash necessary, as determined by the Management Committee, to provide sufficient funds for payment of any of the following: (i) repairs resulting from any uninsured casualty or damage or destruction to the Project, (ii) operating deficits of the Project, and (iii) any amounts required to be paid to MIREF Governor Finance, LLC (or its successor or assign), the mortgage lender for the Project, to reduce the principal amount of its mortgage loan so as to enable the Company to satisfy the conditions for the exercise of any option to extend the term of such mortgage loan pursuant to the provisions of such mortgage loan.

2. Except as specifically amended hereby, the terms, covenants, provisions and conditions of the LLC Agreement shall remain unmodified and continue in full force and effect and, as amended hereby, all of the terms, covenants, provisions and conditions of the LLC Agreement hereby are ratified and confirmed in all respects.

*[Remainder of page intentionally left blank]*

IN WITNESS WHEREOF, the Members have executed this Agreement on March 25, 2009 and effective as of the Effective Date.

**“Paladin Member”**

**PRIP 5060/6310, LLC**, a Delaware limited liability company

By: Paladin Realty Income Properties, L.P., a Delaware limited partnership

By: Paladin Realty Income Properties, Inc., a Maryland corporation, its general partner

By: /s/ William K. Dunbar  
William K. Dunbar,  
Chief Investment Officer

**“FPA Member”**

**FPA Governor Park Investors, LLC**, a Delaware limited liability company

By: GF GOVERNOR PARK, LLC, a Delaware limited liability company, its Manager

By: /s/ Michael B. Earl  
Michael Earl, Manager

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT ("Amendment") is made effective as of the 25th day of March, 2009, and is in addition to and supplements the Master Lease Agreement dated December 20, 2008 (the "Master Lease") by and between FPA Governor Park Associates, LLC, a Delaware limited liability company ("Landlord") and Trinity Property Consultants, LLC, a California limited liability company ("Tenant") for all vacant space located at 6310 Greenwich Drive and 5060 Shoreham Place, San Diego, California (the "Premises").

RECITALS:

A. Landlord and Tenant wish to amend the Master Lease in certain respects to allow for the payment of Base Rent from a specified reserve account for the first twelve (12) months of the Master Lease.

NOW, for good and valuable consideration, and other mutual covenants, Tenant and Landlord hereby agree as follows:

AGREEMENT

1. **Definitions.** All capitalized terms not otherwise defined in this First Amendment shall have the meanings given to them in the Master Lease.

2. **Amendment.** The parties agree that the Master Lease shall be further amended in accordance with the following terms and conditions:

A. Base Rent shall be paid from the Preferred Return Reserve Account, as that term is defined in Section 5.06 of the Limited Liability Company Agreement of Landlord's sole member, FPA/PRIP Governor Park, LLC dated December 19, 2008, until such time as the Preferred Return Reserve is exhausted.

3. **Miscellaneous.** The Master Lease, as amended by this First Amendment, shall continue in full force and effect in accordance with its terms.

4. **Successors and Assigns.** This Amendment shall bind and inure to the benefit of the parties hereto and their respective heirs, successors and assigns.

5. **Telecopy Signatures.** The parties hereby acknowledge and agree that the receipt of a telecopied or electronic signature on this Third Amendment shall be deemed to be an original document and that such telecopy or electronic signature shall be deemed to be an original document and that this First Amendment may be executed in counterparts, each of which shall be an original but all of which shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties have executed this First Amendment as of the date first above written.

**Landlord:**

FPA Governor Park Associates, LLC  
a Delaware limited liability company  
By its Sole Member:  
FPA/PRIP Governor Park, LLC  
a Delaware limited liability company  
By its Operating Member:  
FPA Governor Park Investors, LLC  
a Delaware limited liability company  
By its Manager:  
GF Governor Park, LLC  
a Delaware limited liability company

By: /s/ Michael B. Earl  
Name: Michael B. Earl  
Title: Manager

**Tenant:**

Trinity Property Consultants, LLC  
a California limited liability company

By: /s/ Michael B. Earl  
Name: Michael B. Earl  
Title: Manager