



# Paladin Realty Income Properties, Inc.

## Transfer Instructions and Forms

This form may be used to transfer shares of common stock ("Shares") of Paladin Realty Income Properties, Inc. (the "Company").

**PLEASE READ THE FOLLOWING IMPORTANT INSTRUCTIONS AND NOTICES BEFORE COMPLETING THIS FORM.**

### **INSTRUCTIONS:**

1. The term "transferor" when used in this form means the seller or sellers (individually or collectively) of the Shares. The term "transferee" is the party or parties (individually or collectively) to whom the Shares are to be transferred.
2. All transferee and transferor signatures must be guaranteed by a member of an approved Signature Guarantee Medallion Program.
3. If the transferee is an entity other than an individual (e.g., a trust, corporation, limited partnership, general partnership or limited liability company), enclose a copy of the organizational documents pertinent to the entity (e.g., trust agreement, article of incorporation, certificate of limited partnership or articles of organization).
4. If the transfer is due to death, enclose a copy of the death certificate. If there is an executor of the estate, enclose a copy of the letters of administration or court appointment of the executor dated within 90 days of the submission of this form.
5. If the transfer is due to divorce, enclose a copy of the divorce decree.
6. If this account involves a custodian, forward this form to the custodian for its signature with instructions to return it to the Company as indicated below.
7. The Company's transfer agent requires a \$50 transfer fee. Include a check for this amount with this form made payable to Phoenix American Financial Services, Inc.
8. **Please return the completed form to:** Phoenix American Financial Services, Inc., Attn.: Paladin Investor Relations Dept., 2401 Kerner Boulevard, San Rafael, California 94901.
9. If you have any questions, please call the Paladin Realty Investor Relations toll free number 1-866-PALREIT (1-866-725-7348).

### **NOTICES:**

1. Shares may be transferred only by the record owner in person or by its duly authorized agent or attorney upon completion of forms obtained from the Company duly executed, delivery of the forms and such other documents as the Company may require to the Company, and payment in full for the Shares and any applicable transfer tax. The transfer of Shares is subject to all the limitation and restrictions contained in the Company's Articles of Incorporation and Bylaws, as amended (the "Company Documents"), including compliance with applicable state and federal securities laws.
2. No transfer or assignment of Shares shall be made unless the transferee has (a) either (i) a net worth of at least forty-five thousand dollars (\$45,000) and an annual gross income of at least forty-five thousand dollars (\$45,000) or (ii) a net worth of at least one hundred fifty thousand dollars (\$150,000) and (b) satisfied any higher suitability standards that may apply in the transferee's state of primary residence (see the prospectus for the sale of the Shares dated February 28, 2005, as amended and supplemented (the "Prospectus"), for such higher suitability standards). For purposes of the foregoing standards, net worth is computed exclusive of home, furnishings and automobiles.
3. No transfer or assignment of Shares may be made (a) if such transfer is for fewer than 100 Shares *unless all Shares of the transferor are transferred*; or (b) if after such transfer, the transferor will own fewer than 100 Shares (the number of shares that must be retained by the transferor or received by the transferee may be higher in states that have established higher requirements for the number of shares which can be assigned and retained). See the "Suitability Standards" section of the prospectus.
4. No transfer or assignment of any Share may be made if counsel for the Company is of the opinion that such transfer or assignment would be in violation of any state securities or "Blue Sky" laws (including investment suitability standards) applicable to the Company. If this would be the case as a result of this transfer the Company will return this form and advise you of the reason that the transfer is void.
5. All Shares originally issued pursuant to qualification under the California Corporate Securities Law of 1968 shall be subject to, and all documents of assignment and transfer evidencing such Shares shall bear, the following legend condition: **"IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES."**
6. No transfer or assignment of any Share may be made (a) in the case of Shares subject to restriction in item 5 immediately above, unless the transferor shall have obtained, if necessary, the consent of the California Commissioner of the Department of Corporations to such transfer, and (b) unless the transferee shall have paid or, at the election of the Company, obligated such transferee to pay, all reasonable expenses connected with such transfer.

7. The Company shall recognize any transfer of Shares properly made as of the close of business on the date recorded by the Company's transfer agent on the books of the Company. The Company shall be entitled to treat the transferor of such Shares interest as the absolute owner thereof in all respects, and shall incur no liability for dividends made in good faith to such transferor, until such time as the properly completed written instrument of transfer and all other required documentation has been received by the Company and recorded on its books.
8. A transfer of Shares will terminate participation in the Company's dividend reinvestment plan (the "Plan") with respect to such transferred Shares unless the transferee demonstrates to the reinvestment agent that the transferee meets the requirements for participation in the Plan and affirmatively elects to participate in the Plan by providing to the reinvestment agent an executed enrollment form or other written authorization required by the reinvestment agent.
9. The Shares are subject in all respects to and are governed by the Company Documents.



# Paladin Realty Income Properties, Inc.

## Transfer Form (to be completed by Transferor)

This form may be used by any current investor(s) (an "Investor") in Paladin Realty Income Properties, Inc. (the "Company") to transfer shares of common stock ("Shares") of the Company.

**Please deliver this form to:** Phoenix American Financial Services, Inc., Attn.: Paladin Realty Investor Relations Dept., 2401 Kerner Boulevard, San Rafael, California 94901. If you have any questions, please call Phoenix American at 1-877-485-4840 (toll free).

### 1. Share Transfer / Minimum Retained Investment

Please note that the interest being acquired by the transferee and retained by the transferor, if any, must be at least \$1,000 and may be higher in states that have established higher requirements for the number of shares which can be assigned and retained. See the "Suitability Standards" section of the Prospectus.

Number of Shares Subject to this Transfer: \_\_\_\_\_

Net Sales Proceeds from the Sale of the Shares: \$ \_\_\_\_\_

(If this is a transfer made by gift, inheritance or family dissolution, or a transfer to an affiliate without consideration paid, please insert \$-0-.)

Number of Shares Retained by Transferor: \_\_\_\_\_

### 2. Share Transfer

FOR VALUE RECEIVED, the undersigned (insert the transferor(s) name(s) exactly as title is held to the Shares being transferred),

\_\_\_\_\_ and whose Social Security or Taxpayer Identification Number(s) is/are \_\_\_\_\_

hereby sells, assigns and transfers unto (name[s]) \_\_\_\_\_

and whose Social Security or Taxpayer Identification Number(s) is/are \_\_\_\_\_

an aggregate of \_\_\_\_\_ shares of common stock, par value \$.01 per share, of Paladin Realty Income Properties, Inc.

### 3. Transferor Signatures

**By executing this form, the undersigned transferor(s) represent and warrant that the transfer effected hereby is made in accordance with all applicable federal and state securities laws and regulations. The signature(s) on this form must correspond with the name(s) in which the transfer(s) hold the transferred Shares in every particular and without any alteration or change whatsoever.**

\_\_\_\_\_  
Signature of Transferor

\_\_\_\_\_  
Printed Name of Transferor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Medallion Stamp Signature Guarantee

\_\_\_\_\_  
Signature of Joint Transferor, if applicable

\_\_\_\_\_  
Printed Name of Joint Transferor, if applicable

\_\_\_\_\_  
Date

\_\_\_\_\_  
Medallion Stamp Signature Guarantee



# Paladin Realty Income Properties, Inc.

## Transferor Acknowledgement

**To be Completed by Transferor:**

The undersigned transferor(s) (the "Transferor"), in connection with the undersigned's request to transfer shares of common stock ("Shares") in Paladin Realty Income Properties, Inc. (the "Company"), hereby represents and warrants to the Company that the following statements are in fact true:

1. The Transferor has completed all forms required by the Company.
2. The Transferor acknowledges that the Shares were originally purchased for long-term investment.
3. The Transferor has agreed upon the requested transfer and agrees that neither the Company nor the Dealer Manager for the public sale of Shares by the Company shall be responsible for any loss incurred by Transferor as a result of such transfer. The request for this transfer has net sales proceeds to the Transferor of \$\_\_\_\_\_ per Share. (If this is a transfer made by gift, inheritance or family dissolution or a transfer to an affiliate without consideration paid please insert \$-0-.)
4. The Transferor understands that the transfer may be made only in compliance with the Prospectus, the Articles of Incorporation and Bylaws, as amended, of the Company, (including the requirements and restrictions described in the Notices section above) and will not be effective if not in compliance therewith.
5. The transfer of the Shares by the Transferor has been made in accordance with all applicable laws and regulations (including investment suitability requirements) and that the Transferor meets the higher suitability requirements imposed by his/her state of primary residence described in the Prospectus under "Suitability Standards."

**IN WITNESS WHEREOF, the undersigned has/have executed this Transferor Acknowledgement as of the \_\_\_\_ day of \_\_\_\_\_ 20\_\_.**

\_\_\_\_\_  
Signature of Transferor

\_\_\_\_\_  
Printed Name of Transferor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Signature of Joint Transferor, if applicable

\_\_\_\_\_  
Printed Name of Joint Transferor, if applicable

\_\_\_\_\_  
Date

\_\_\_\_\_  
Witness



# Paladin Realty Income Properties, Inc.

## Transfer Form (to be completed by Transferee)

### 1. Share Transfer/Minimum Retained Investment

Please note that the interest being acquired by the transferee and retained by the transferor, if any, must be at least \$1,000 and may be higher in states that have established higher requirements for the number of shares which can be assigned and retained. See the "Suitability Standards" section of the Prospectus.

Number of Shares Subject to this Transfer: \_\_\_\_\_

Net Sales Proceeds for the Sale of the Shares: \$ \_\_\_\_\_

(If this is a transfer made by gift, inheritance or family dissolution, or a transfer to an affiliate without consideration, paid please insert \$-0-.)

Transferee's (IRA Beneficiary's) State of Residence: \_\_\_\_\_

### 2. Transferee's Type of Ownership

- |  |  |
|--|--|
| <input type="checkbox"/> Individual  | <input type="checkbox"/> IRA (including Simplified Employee Pensions (SEPs), Rollovers and Beneficiary IRAs) |
| <input type="checkbox"/> Joint Tenants with Right of Survivorship                  | <input type="checkbox"/> Keogh   |
| <input type="checkbox"/> Husband and Wife as Community Property                    | <input type="checkbox"/> 401(k)  |
| <input type="checkbox"/> Married Person as Separate Property                       | <input type="checkbox"/> Other Retirement or Profit-Sharing Plan   |
| <input type="checkbox"/> Tenants in Common   | <input type="checkbox"/> Taxable <input type="checkbox"/> Tax-Exempt   |
| <input type="checkbox"/> Custodian: A Custodian for the benefit of _____ under the | <input type="checkbox"/> Trust (Type: _____)   |

Uniform Gift to Minors Act or the Uniform Transfer to Minors Act of the State of \_\_\_\_\_

*Please specify type (i.e., Family, Living, Revocable, etc.) and include a copy of the trust agreement.*

Company or Company

Other: \_\_\_\_\_

### 3. Transferee's/Owner's Registration Name and Address (Please print name(s) in which Shares are to be registered.)

- Mr.       Mrs.       Ms.       MD       PhD       DDS       Other \_\_\_\_\_

Name of Transferee/Owner

Taxpayer Identification/Social Security Number

--	--	--	--	--	--	--	--	--	--

Name of Joint Transferee/Owner (if applicable)

Taxpayer Identification/Social Security Number

--	--	--	--	--	--	--	--	--	--

Street Address or P.O. Box

Street Address or P.O. Box

City

State

Zip Code

Home Telephone No.

 (    )

Business Telephone No.

 (    )

Email Address (Optional)

Country of Citizenship

**4. Transferee/Beneficial Owner Name and Address**

**(COMPLETE ONLY IF DIFFERENT FROM REGISTRATION NAME AND ADDRESS – FOR EXAMPLE, IF THE ABOVE REGISTRATION NAME AND ADDRESS IS A CUSTODIAN OR TRUST COMPANY, INDICATE THE BENEFICIAL OWNER BELOW)**

Mr.     Mrs.     Ms.     MD     PhD     DDS     Other \_\_\_\_\_

Name	Taxpayer Identification/Social Security Number
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>

Street Address or P.O. Box

City  State  Zip Code

Home Telephone No. (    )  Business Telephone No. (    )

Email Address (Optional)  Country of Citizenship

**Interested Party**

If you would like a duplicate copy of all communications the Company sends to you to be sent to an additional party (such as your accountant or financial advisor), please complete the following:

Name of Interested Party

Name of Firm

Street Address or P.O. Box

City  State  Zip Code

Telephone No. (    )  Facsimile Telephone No. (    )

Email Address (Optional)

**5. Disclosures by the Company**

The Company hereby advises the Transferee that:

- a. You are urged to carefully read the Prospectus. You should rely solely on the Prospectus in deciding whether or not to invest in the Company, and not on any other information or representations from other sources.
- b. You should understand the risks associated with an investment in the Company, as described in the Prospectus, prior to submitting this form to the Company.
- c. The assignability and transferability of the Shares is restricted and will be governed by the Company's Amended and Restated Articles of Incorporation and Bylaws and all applicable laws as described in the Prospectus.
- d. There is no public market for the Shares, and accordingly, it may not be possible to readily liquidate an investment in the Company.
- e. You should not invest in Shares unless you have an adequate means of providing for your current needs and personal contingencies, have no need for liquidity in this investment and are prepared to bear the risk of an investment in the Company for an indefinite period of time.

f. BY EXECUTING THIS FORM, YOU DO NOT WAIVE ANY RIGHTS YOU MAY HAVE UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES EXCHANGE ACT OF 1934.

**6. Transferee Signatures**

Please carefully read and separately initial each of the representations below. Except in the case of fiduciary accounts, you may not grant any person a power of attorney to make such representations on your behalf. In order to induce the Company to accept this transfer, I hereby covenant, represent and warrant to the Company that the following statements are true:

	<i>Transferee</i>	<i>Joint Transferee (if applicable)</i>
(a) I have received the Prospectus and I am purchasing share for my own account.	_____ Initials	_____ Initials
(b) I accept and agree to be bound by the terms and conditions of the Company's Amended and Restated Articles of Incorporation and Bylaws.	_____ Initials	_____ Initials
(c) I have (i) a minimum net worth (not including my home, home furnishings and personal automobiles) of at least \$150,000; or (ii) a minimum net worth (not including my home, home furnishings and personal automobiles) of at least \$45,000 and a minimum annual gross income of at least \$45,000. In addition, I meet the higher suitability requirements, if any, imposed by my state of primary residence as set forth in the Prospectus under "Suitability Standards."	_____ Initials	_____ Initials
(d) If I am a California resident or if the Person to whom I subsequently propose to assign or transfer any Shares is a California resident, I may not consummate a sale or transfer of my Shares, or any interest therein, or receive any consideration therefor, without the prior written consent of the Commissioner of the Department of Corporations of the State of California, except as permitted in the Commissioner's Rules, and I understand that my Shares, or any document evidencing my Shares, will bear a legend reflecting the substance of the foregoing understanding.	_____ Initials	_____ Initials
(e) I acknowledge that there is no public market for the Shares and, thus, my investment in the Shares is not liquid.	_____ Initials	_____ Initials
(f) I have completed all forms required by the Company.	_____ Initials	_____ Initials

**SUBSTITUTE FORM W-9**

I declare that the information supplied above is true and correct and may be relied upon by the Company in connection with my investment in the Company. Under penalties of perjury, by signing this Form, I hereby certify that (a) I have provided herein my correct Taxpayer Identification Number, (b) I am not subject to back-up withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am no longer subject to back-up withholding, and (c) except as otherwise expressly indicated above, I am a U.S. person (including a U.S. resident alien). The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

\_\_\_\_\_  
Signature of Transferee

\_\_\_\_\_  
Signature of Joint Transferee, if applicable

\_\_\_\_\_  
Date

\_\_\_\_\_  
Medallion Stamp Signature Guarantee

\_\_\_\_\_  
Medallion Stamp Signature Guarantee

7. **Dividends**

(Please check one of the following.)

- I prefer to reinvest dividends pursuant to the Company's dividend reinvestment plan.
- I prefer dividends be paid to me at my address listed under Section 3.
- I prefer to direct dividends to a party other than the registered owner per my instructions below.
- I prefer dividends to be deposited directly into the following account: \_\_\_Checking \_\_\_Savings \_\_\_ Other

**Direct Deposit Instructions:** Please enclose a voided check (if this account does not have checking associated with it, please enclose a deposit slip). By enclosing a voided check, deposit slip or otherwise providing below account information for direct deposit of distributions, the Company is authorized and directed to begin making electronic deposits to the checking or savings account designated by the enclosed voided check. An automated deposit entry shall constitute the receipt for each transaction. This authority is to remain in force until the Company has received written notification of its termination at such time and in such manner as to give the Company reasonable time to act. In the event that the Company deposits funds erroneously into the account, it is authorized to debit the account for the amount of the erroneous deposit.

To direct dividends to a Financial Institution, please provide the following information, as applicable:

Name of Institution	<input type="text"/>	Account Number	<input type="text"/>
Name on Account	<input type="text"/>		
Street Address or P.O. Box	<input type="text"/>		
City	<input type="text"/>	State	<input type="text"/>
		Zip Code	<input type="text"/>

8. **Broker-Dealer Information**

Broker-Dealer Name	<input type="text"/>	Telephone No.	( <input type="text"/> ) <input type="text"/>
Broker-Dealer Street Address or P.O. Box	<input type="text"/>		
City	<input type="text"/>	State	<input type="text"/>
		Zip Code	<input type="text"/>
Branch Manager Signature (if required by Broker-Dealer)	<input type="text"/>		
Registered Representative Name	<input type="text"/>		
Registered Representative Number	<input type="text"/>	Telephone No.	( <input type="text"/> ) <input type="text"/>
Registered Representative Street Address or P.O. Box	<input type="text"/>		
City	<input type="text"/>	State	<input type="text"/>
		Zip Code	<input type="text"/>
Email Address (Optional)	<input type="text"/>	<i>Provide only if you would like to receive updated information about Paladin Realty Income Properties, Inc. via email.</i>	

**SPECIAL NOTICE FOR CALIFORNIA RESIDENTS ONLY:**

**CONDITIONS RESTRICTING TRANSFER OF SHARES**

**260.141.11 Restrictions on Transfer.**

- (a) The issuer of any security upon which a restriction on transfer has been imposed pursuant to Sections 260.102.6, 260.141.10 or 260.534 of the Rules (the "Rules") adopted under the California Corporate Securities Law (the "Code") shall cause a copy of this section to be delivered to each issuee or transferee of such security at the time the certificate evidencing the security is delivered to the issuee or transferee.
- (b) It is unlawful for the holder of any such security to consummate a sale or transfer of such security, or any interest therein, without the prior written consent of the Commissioner (until this condition is removed pursuant to Section 260.141.12 of the Rules), except:
  - (1) to the issuer;
  - (2) pursuant to the order or process of any court;
  - (3) to any person described in subdivision (i) of Section 25102 of the Code or Section 260.105.14 of the Rules;
  - (4) to the transferor's ancestors, descendants or spouse, or any custodian or trustee for the account of the transferor or the transferor's ancestors, descendants or spouse; or to a transferee by a trustee or custodian for the account of the transferee or the transferee's ancestors, descendants or spouse;
  - (5) to holders of securities of the same class of the same issuer;
  - (6) by way of gift or donation inter vivos or on death;
  - (7) by or through a broker-dealer licensed under the Code (either acting as such or as a finder) to a resident of a foreign state, territory or country who is neither domiciled in this state to the knowledge of the broker-dealer, nor actually present in this state if the sale of such securities is not in violation of any securities laws of the foreign state, territory or country concerned;
  - (8) to a broker-dealer licensed under the Code in a principal transaction, or as an underwriter or member of an underwriting syndicate or selling group;
  - (9) if the interest sold or transferred is a pledge or other lien given by the purchaser to the seller upon a sale of the security for which the Commissioner's written consent is obtained or under this rule not required;
  - (10) by way of a sale qualified under Sections 25111, 25112, 25113 or 25121 of the Code, of the securities to be transferred, provided that no order under Section 25140 or subdivision (a) of Section 25143 is in effect with respect to such qualification;
  - (11) by a corporation to a wholly owned subsidiary of such corporation, or by a wholly owned subsidiary of a corporation to such corporation;
  - (12) by way of an exchange qualified under Section 25111, 25112 or 25113 of the Code provided that no order under Section 25140 or subdivision (a) of Section 25143 is in effect with respect to such qualification;
  - (13) between residents of foreign states, territories or countries who are neither domiciled or actually present in this state;
  - (14) to the State Controller pursuant to the Unclaimed Property Law or to the administrator of the unclaimed property law of another state;
  - (15) by the State Controller pursuant to the Unclaimed Property Law or by the administrator of the unclaimed property law of another state if, in either such case, such person (i) discloses to potential purchasers at the sale that transfer of the securities is restricted under this rule, (ii) delivers to each purchaser a copy of this rule, and (iii) advises the Commissioner of the name of each purchaser;
  - (16) by a trustee to a successor trustee when such transfer does not involve a change in the beneficial ownership of the securities; or
  - (17) by way of an offer and sale of outstanding securities in an issuer transaction that is subject to the qualification requirement of Section 25110 of the Code but exempt from that qualification requirement by subdivision (f) of Section 25102; provided that any such transfer is on the condition that any certificate evidencing the security issued to such transferee shall contain the legend required by this section.
- (c) The certificates representing all such securities subject to such a restriction on transfer, whether upon initial issuance or upon any transfer thereof, shall bear on their face a legend, prominently stamped or printed thereon in capital letters of not less than 10-point size, reading as follows:

**"IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES."**