

PALADIN REALTY INCOME PROPERTIES, INC.
-- WHISTLEBLOWER POLICY --

The Audit Committee of the Board of Directors (the “Board”) of Paladin Realty Income Properties, Inc. (the “Company”) has approved these policies and procedures for: (1) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters (“Accounting Complaints”), and (2) the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters by (a) each of Paladin’s officers and (b) each of the officers, managers, principals and real estate professionals of Paladin Realty Partners, LLC (the “Sponsor”), Paladin Realty Advisors, LLC (the “Advisor”). The persons described in (a) and (b) above are referred to collectively throughout this Policy as “Covered Persons” and the complaints described in this clause (2) are referred to throughout this Policy as “Covered Person Complaints”.

These procedures are contemplated by the Sarbanes-Oxley Act of 2002 and related regulations of the Securities and Exchange Commission. The Audit Committee has established these procedures to facilitate disclosures of questionable practices, encourage proper individual conduct and alert the Audit Committee of potential problems before they have serious consequences.

If a Covered Person or any other person has complaints or concerns regarding accounting, internal accounting controls or auditing matters, such persons are encouraged to report these complaints or concerns to the Audit Committee. Covered Persons may submit such complaints or concerns to the Audit Committee on an anonymous/confidential basis; however, the Company may, in certain circumstances, be obligated by law to disclose the information or the identity of the person providing the information. The Company’s policy is not to retaliate against any Covered Person who provides truthful information relating to the accounting and auditing matters discussed herein.

The Audit Committee has established the following additional procedures relating to such complaints or concerns:

- All complaints will be received by the Executive Vice President, Secretary and Counselor and forwarded to the Audit Committee chair on at least a quarterly basis.
- The Executive Vice President, Secretary and Counselor shall conduct an initial inquiry into the complaint and submit an initial report of findings to the Audit Committee chair.
- The Audit Committee chair will direct such additional inquiry as he or she deems appropriate.
- The status of any ongoing complaints will be reported on at least a quarterly basis to the Audit Committee chair, and, if the chair so directs, to the Audit Committee or the full Board.
- The Audit Committee chair may request special treatment of any complaint, including the retention of outside counsel, accountants or other advisors.
- The Audit Committee chair is authorized to take, or cause to be taken, all appropriate actions in response to any complaint.

* * * *

Adopted by the Board of Directors on September 14, 2005.