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BOOK 7645 PAGE 5

DESIGNATION OF SUBSTITUTE TRUSTEE

THIS INSTRUMENT, given this 26th day of August, 1988, by McNeil Real Estate Fund IX, Ltd., a California limited partnership, with its principal office and place of business c/o Southmark Corporation, 1601 LBJ Freeway, Suite 560, Dallas, Texas 75234 (hereinafter entitled "McNeil"),

W I T N E S S E T H:

WHEREAS, McNeil has acquired all of the beneficial interest in trust of the Hermitage Development Company, Limited, a Tennessee limited partnership, with respect to the interest held in trust pursuant to that certain Trust Agreement dated March 24, 1972, of record in Book 5154, page 715, of the Register's Office for Davidson County, Tennessee (hereinafter referred to as the "Trust Agreement");

WHEREAS, pursuant to the terms and conditions of the Trust Agreement, a substitute trustee was designated on November 14, 1977, evidenced by an instrument of record in Book 5223, page 621, said Register's Office;

INSTRUMENT PREPARED BY:
BARBARA W. FRIEDMAN, ESQ.
Law Offices of William S. Friedman
1270 Avenue of the Americas
New York, New York 10020

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WHEREAS, pursuant to the terms and conditions of the Trust Agreement, an additional substitute trustee was designated on June 28, 1979, evidenced by an instrument of record in Book 5457, page 650, said Register's Office;

WHEREAS, the Trust Agreement was amended and modified on June 28, 1979, evidenced by an instrument of record in Book 5457, page 652, said Register's Office; and,

WHEREAS, it is the desire of McNeil to designate a substitute trustee to replace Bernard D. Craig, Jr. who has resigned as trustee.

NOW, THEREFORE, McNeil hereby designates and appoints Pacific Investors Corporation, a California corporation ("PIC"), as substitute trustee to act in the full place and stead of Bernard D. Craig, Jr. with respect to the assets held pursuant to the Trust Agreement. Bernard D. Craig, Jr. joins in this instrument for the purpose of confirming his resignation as trustee and the designation of PIC as substitute trustee. PIC shall hereinafter serve as trustee, and in such capacity, it shall have the powers, duties, right, title and interest into all assets held in trust pursuant to the Trust Agreement.

IN WITNESS WHEREOF, the undersigned have executed this instrument as of the date first above written.

BENEFICIARY: McNEIL REAL ESTATE FUND IX, LTD.,
a California limited partnership

BY: Pacific Investors Corporation,
a California corporation,
a general partner

BY: _____
Name: WILLIAM S. FRIEDMAN
Title: VICE PRESIDENT

(SIGNATURES CONTINUED ON NEXT PAGE)

RESIGNING TRUSTEE: Bernard D. Craig
BERNARD D. CRAIG, JR.

SUBSTITUTE TRUSTEE: The undersigned hereby accepts the duties and responsibilites of trustee as described in the Trust Agreement and agrees to perform the acts required of it in such capacity as provided in the Trust Agreement.

PACIFIC INVESTORS CORPORATION,
a California corporation

By: William S. Friedman
Name: WILLIAM S. FRIEDMAN
Title: VICE PRESIDENT

STATE OF NEW YORK)
)ss.:
COUNTY OF NEW YORK)

Before me, THERESA PALADINI, a Notary Public in and for said County and State, personally appeared WILLIAM S. FRIEDMAN, with whom I am personally acquainted and who, upon his oath, acknowledged himself to be the VICE PRESIDENT of Pacific Investors Corporation, a California corporation, and the corporate general partner of McNeil Real Estate Fund IX, Ltd., a California limited partnership, and that he as such VICE PRESIDENT, being authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of the corporation as such general partner of McNeil Real Estate Fund IX, Ltd. by himself as such VICE PRESIDENT.

WITNESS my hand and official seal on this 2nd day of ~~August~~ September, 1988.

Theresa Paladini
NOTARY PUBLIC

My Commission Expires: _____

THERESA PALADINI
Notary Public, State of New York
No. 31-4688642
Qualified in Nassau County
Commission Expires March 30, 19 90

STATE OF Missouri)
)ss.:
COUNTY OF Jackson)

Personally appeared before me, Judith Bolaños a Notary Public in and for said County and State, the within named Bernard D. Craig, Jr., with whom I am personally acquainted and who acknowledged that he executed the within instrument for the purposes therein contained.

WITNESS my hand and official seal on this 26 day of August, 1988.

Judith Bolaños
NOTARY PUBLIC

My Commission Expires: JUDITH BOLAÑOS
Notary Public - State of Missouri
Commissioned in Jackson County
My Commission Expires July 18, 1992

STATE OF NEW YORK)
)ss.:
COUNTY OF NEW YORK)

Before me, THERESA PALADINI, a Notary Public in and for said County and State, personally appeared WILLIAM S. FRIEDMAN, with whom I am personally acquainted and who upon his oath, acknowledged himself to be the VICE PRESIDENT of Pacific Investors Corporation, a California corporation, and that he as such VICE PRESIDENT, being authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of the corporation by himself as such VICE PRESIDENT.

WITNESS my hand and official seal on this 2nd day of ~~August~~ September, 1988.

Theresa Paladini
NOTARY PUBLIC

My Commission Expires: _____

THERESA PALADINI
NOTARY PUBLIC, State of New York
No. 30-4680864
Qualified in Nassau County
Commission Expires March 30, 1990