BRG 10-Q 9/30/2013

Section 1: 10-Q (FORM 10-Q)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2013

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 000-54946

BLUEROCK MULTIFAMILY GROWTH REIT, INC.

(Exact Name of Registrant as Specified in Its Charter)

Maryland	**26-3136483**
(State or other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
712 Fifth Avenue, 9th Floor, New York, NY	**10019**
(Address or Principal Executive Offices)	(Zip Code)

(212) 843-1601
(Registrant's Telephone Number, Including Area Code)

None

(Former name, former address or former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☐	Accelerated Filer	☐
Non-Accelerated Filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No☒

As of November 4, 2013 the Registrant had 2,413,811 shares of Common Stock outstanding.

BLUEROCK MULTIFAMILY GROWTH REIT, INC.
FORM 10-Q
September 30, 2013

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

BLUEROCK MULTIFAMILY GROWTH REIT, INC.
CONSOLIDATED BALANCE SHEETS

	September 30, 2013 (Unaudited)	December 31, 2012
ASSETS		
Real Estate		
Land	$ 25,750,000	$ 27,670,000
Building and improvements	97,687,164	115,428,011
Construction in progress	15,698,014	2,206,264
Furniture, fixtures and equipment	2,050,312	2,436,135
Total Gross Operating Real Estate Investments	141,185,490	147,740,410
Accumulated depreciation	(3,525,301)	(1,150,477)
Total Net Operating Real Estate	137,660,189	146,589,933
Operating real estate held for sale, net	19,531,487	-
Total Net Real Estate Investments	157,191,676	146,589,933
Cash and cash equivalents	2,349,181	2,789,163
Restricted cash	1,970,178	2,290,387
Due from affiliates	513,201	5,024
Accounts receivable, prepaids and other assets	530,640	547,600
Investments in unconsolidated real estate joint ventures (Note 5)	3,789,588	2,398,902
In-place leases, net	-	1,195,490
Deferred financing costs, net	740,026	814,932
Assets related to real estate held for sale	808,029	-
Total Assets	$ 167,892,519	$ 156,631,431
LIABILITIES, REEDEMABLE COMMON STOCK AND STOCKHOLDERS' EQUITY		
Mortgage payable	$ 89,060,328	$ 96,099,690
Line of credit (Note 6)	7,611,437	11,935,830
Accounts payable	3,159,253	747,339
Other accrued liabilities	2,620,900	2,412,376
Due to affiliates	2,018,864	1,822,567
Distributions payable	139,499	129,656
Liabilities related to real estate held for sale	15,145,134	-
Total Liabilities	119,755,415	113,147,458
Commitments and contingencies (Note 10)		
Redeemable common stock	570,949	372,581
Stockholders' Equity		
Preferred stock, $0.01 par value, 250,000,000 shares authorized; none issued and outstanding	-	-
Common stock, $0.01 par value, 749,999,000 shares authorized; 2,412,511 and 2,219,432 shares issued and outstanding as of September 30, 2013 and December 31, 2012, respectively	24,125	22,194
Nonvoting convertible stock, $0.01 par value per share; 1,000 shares authorized, issued and outstanding	10	10
Additional paid-in-capital, net of costs	20,997,533	16,157,954
Cumulative distributions and net losses	(8,264,402)	(5,142,197)
Total Stockholders' Equity	12,757,266	11,037,961
Noncontrolling interest	34,808,889	32,073,431
Total Equity	47,566,155	43,111,392
TOTAL LIABILITIES, REEDEAMBLE COMMON STOCK AND STOCKHOLDERS' EQUITY	$ 167,892,519	$ 156,631,431

See Notes to Consolidated Financial Statements

BLUEROCK MULTIFAMILY GROWTH REIT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	**2012**	**2013**	**2012**
Revenues				
Net rental income	$ 2,975,101	$ 963,073	$ 8,754,751	$ 1,004,917
Other	122,702	34,231	349,905	36,712
Total revenues	3,097,803	997,304	9,104,656	1,041,629
Expenses				
Property operating expenses	823,556	274,680	2,426,958	285,627
Management fees	109,309	40,662	328,108	42,471
Depreciation and amortization	1,061,685	698,314	4,088,893	729,318
General and administrative expenses	540,744	426,361	1,493,858	1,147,217
Asset management and oversight fees to affiliates	130,072	62,068	373,859	210,477
Real estate taxes and insurance	331,491	112,549	1,032,676	117,260
Acquisition costs	55,429	-	198,446	40,968
Total expenses	3,052,286	1,614,634	9,942,798	2,573,338
Other operating activities				
Equity in operating earnings of unconsolidated joint ventures (Note 5)	(150,423)	18,479	(97,729)	12,729
Operating loss	(104,906)	(598,851)	(935,871)	(1,518,980)
Other income (expense)				
Gain on revaluation of equity on business combination	-	-	-	2,284,656
Gain on sale of joint venture interests	-	-	-	2,014,533
Equity in gain on sale of real estate asset of unconsolidated joint venture (Note 5)	1,605,094	-	1,605,094	-
Interest expense, net	(1,137,769)	(219,170)	(3,461,251)	(324,209)
Total other (expense) income	467,325	(219,170)	(1,856,157)	3,974,980
Net income (loss) from continuing operations	362,419	(818,021)	(2,792,028)	2,456,000
Discontinued operations				
(Loss) income on operations of rental property	(2,675)	(336,787)	(92,211)	833,596
(Loss) income from discontinued operations	(2,675)	(336,787)	(92,211)	833,596
Net income (loss)	359,744	(1,154,808)	(2,884,239)	3,289,596
Net loss attributable to noncontrolling interest	(171,969)	(434,938)	(993,656)	(447,470)
Net income (loss) attributable to common shareholders	$ 531,713	$ (719,870)	$ (1,890,583)	$ 3,737,066
Earnings (loss) per common share - continuing operations				
Basic Income (Loss) Per Common Share	$ 0.22	$ (0.57)	$ (0.77)	$ 1.07
Diluted Income (Loss) Per Common Share	$ 0.22	$ (0.57)	$ (0.77)	$ 1.06
Earnings (loss) per common share – discontinued operations				
Basic (Loss) Income Per Common Share	$ (0.00)	$ 0.18	$ (0.04)	$ 1.35
Diluted (Loss) Income Per Common Share	$ (0.00)	$ 0.18	$ (0.04)	$ 1.34
Weighted Average Basic Common Shares Outstanding	2,386,426	1,855,791	2,332,144	1,537,554
Weighted Average Diluted Common Shares Outstanding	2,402,143	1,855,791	2,348,204	1,553,873

See Notes to Consolidated Financial Statements

BLUEROCK MULTIFAMILY GROWTH REIT, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Nonvoting Convertible Stock		Common Stock						
	Number of Shares	Par Value	Number of Shares	Par Value	Additional Paid-in Capital	Cumulative Distributions	Net Income (Loss) to Common Stockholders'	Noncontrolling Interests	Total Equity
Balance, January 1, 2012	1,000	$ 10	1,113,968	$ 11,140	$ 7,475,175	$ (810,088)	$ (7,061,122)	$ -	$ (384,885)
Issuance of restricted stock, net	-	-	7,500	75	81,175	-	-	-	81,250
Issuance of common stock, net	-	-	1,127,089	11,251	9,056,044	-	-	-	9,067,295
Redemptions of common stock	-	-	(29,125)	(272)	272	-	-	-	-
Transfers to redeemable common stock	-	-	-	-	(454,712)	-	-	-	(454,712)
Distributions declared	-	-	-	-	-	(1,191,828)	-	-	(1,191,828)
Distributions to noncontrolling interests	-	-	-	-	-	-	-	(398,116)	(398,116)
Noncontrolling interest upon acquisition	-	-	-	-	-	-	-	29,027,080	29,027,080
Net income	-	-	-	-	-	-	3,920,841	3,444,467	7,365,308
Balance at December 31, 2012	1,000	10	2,219,432	22,194	16,157,954	(2,001,916)	(3,140,281)	32,073,431	43,111,392
Issuance of restricted stock, net	-	-	4,500	45	73,705	-	-	-	73,750
Issuance of common stock, net	-	-	198,579	1,984	1,509,543	-	-	-	1,511,527
Redemptions of common stock	-	-	(10,000)	(98)	98	-	-	-	-
Transfers to redeemable common stock	-	-	-	-	(443,034)	-	-	-	(443,034)
Gain on partial sale of controlling interests	-	-	-	-	3,699,267	-	-	-	3,699,267
Distributions declared	-	-	-	-	-	(1,231,622)	-	-	(1,231,622)
Distributions to noncontrolling interests	-	-	-	-	-	-	-	(755,623)	(755,623)
Noncontrolling interests upon acquisition or addition	-	-	-	-	-	-	-	4,484,737	4,484,737
Net income (loss)	-	-	-	-	-	-	(1,890,583)	(993,656)	(2,884,239)
Balance at September 30, 2013 (Unaudited)	1,000	$ 10	2,412,511	$ 24,125	$ 20,997,533	$ (3,233,538)	$ (5,030,864)	$ 34,808,889	$ 47,566,155

See Notes to Consolidated Financial Statements

BLUEROCK MULTIFAMILY GROWTH REIT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Nine Months Ended September 30,	
	2013	**2012**
Cash flows from operating activities:		
Net income	$ (2,884,239)	$ 3,289,596
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	4,583,563	1,134,898
Amortization of fair value adjustment	(605,081)	(125,281)
Equity in (income) loss of unconsolidated joint ventures	97,729	(4,049)
Gain on sale of joint venture interests	-	(2,014,533)
Equity in gain on sale of real estate asset of unconsolidated joint ventures	(1,687,594)	-
Gain on revaluation of equity on business combinations	-	(3,450,460)
Distributions from unconsolidated real estate joint ventures	263,272	476,619
Share-based compensation attributable to director's stock compensation plan	73,750	45,000
Changes in operating assets and liabilities:		
Due to affiliates	(446,042)	(1,379,032)
Accounts receivable, prepaids and other assets	(53,220)	(12,696)
Accounts payable and other accrued liabilities	3,446,367	40,216
Net cash provided by (used in) operating activities	2,768,505	(1,999,722)
Cash flows from investing activities:		
Restricted cash	(469,090)	(196,368)
Cash acquired in excess of acquisition of consolidated real estate investments	-	96,057
Additions to consolidated real estate investments	(13,989,816)	(53,917)
Proceeds from sale of joint venture interests	2,000,040	2,957,622
Investment in unconsolidated real estate joint ventures	-	(6,457)
Net cash (used in) provided by investing activities	(12,458,866)	2,796,937
Cash flows from financing activities:		
Distributions on common stock	(743,464)	(472,942)
Distributions to noncontrolling interests	(755,623)	(115,748)
Noncontrolling equity interest additions to consolidated real estate investments	920,908	-
Repayment on notes payable	-	(3,834,578)
Borrowings (repayments) on mortgages payable	8,291,815	(119,196)
Borrowings from line of credit	1,200,019	-
Deferred financing fees	10,814	-
Issuance of common stock, net	405,897	7,443,431
Payments to redeem common stock	(98,425)	(271,772)
Net cash provided by financing activities	9,231,941	2,629,195
Net (decrease) increase in cash and cash equivalents	(458,420)	3,426,410
Cash and cash equivalents at beginning of period	2,789,163	420,570
Cash and cash equivalents at end of period	$ 2,330,743	$ 3,846,980

BLUEROCK MULTIFAMILY GROWTH REIT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(Continued)

Supplemental Disclosure of Cash Flow Information – Cash Interest Paid	$ 661,991	$ 100,024
Supplemental Disclosure of Noncash Transactions:		
Distributions payable	$ 139,499	$ 114,367
Redemptions payable	$ 169,366	$ 23,125
Accrued offering costs	$ 680,852	$ 399,236
Distributions paid to common stockholders through common stock issuances pursuant to the distribution reinvestment plan including $14,276 and $43,868 declared but not yet reinvested at September 30, 2013 and 2012, respectively	$ 443,034	$ 312,407
Receivable for common stock issuances pursuant to the distribution reinvestment plan	$ (14,276)	$ (43,868)
Line of credit release and extension fee	$ 175,356	$ -
Reduction of line of credit balance in exchange for sale of joint venture equity interest	$ 5,524,412	$ -
Net assets acquired	$ -	$ 5,187,724

See Notes to Consolidated Financial Statements

Note 1 – Organization and Nature of Business

Bluerock Multifamily Growth REIT, Inc. (the "Company") was incorporated on July 25, 2008 under the laws of the state of Maryland. The Company has elected to be treated, and currently qualifies, as a real estate investment trust or REIT for Federal income tax purposes. The Company was incorporated to raise capital and acquire a diverse portfolio of residential real estate assets. Our day-to-day operations are managed by Bluerock Multifamily Advisor, LLC (our "Advisor"), under an advisory agreement (the "Advisory Agreement"). The Advisory Agreement has a one-year term expiring October 14, 2014, and may be renewed for an unlimited number of successive one-year periods upon the mutual consent of our Advisor and us. The use of the words "we," "us" or "our" refers to Bluerock Multifamily Growth REIT, Inc. and its subsidiary Bluerock Multifamily Holdings, L.P., or our operating partnership, except where the context otherwise requires. Bluerock Real Estate, L.L.C. is our sponsor (our "Sponsor").

On August 22, 2008, the Company filed a registration statement on Form S-11 with the Securities and Exchange Commission (the "SEC") to offer a maximum of $1,000,000,000 in shares of its common stock in a primary offering, at an offering price of $10.00 per share, with discounts available for certain categories of purchasers and up to $285,000,000 in shares pursuant to its distribution reinvestment plan at $9.50 per share (the "Initial Public Offering"). The SEC declared the Company's registration statement effective on October 15, 2009. As of May 20, 2010, the Company had received gross offering proceeds sufficient to satisfy the minimum offering amount for the Initial Public Offering. Accordingly, the Company broke escrow with respect to subscriptions received from all states in which the shares were then being offered. On September 20, 2012, the Company filed a registration statement on Form S-11 with the SEC, to register $500.0 million in shares of its common stock (exclusive of shares to be sold pursuant to the Company's distribution reinvestment program) at a price of $10.00 per share (subject to certain volume discounts described in the prospectus), and $50.0 million in shares of its common stock to be sold pursuant to the Company's distribution reinvestment plan at $9.50 per share, pursuant to a follow-on offering to the Initial Public Offering (the "Follow-On Offering," and together with the Initial Public Offering, the "Prior Public Offerings"). As permitted by Rule 415 under the Securities Act, we continued the Initial Public Offering until April 12, 2013, the date the SEC declared the registration statement for the Follow-On Offering effective, which terminated the Company's Initial Public Offering. As of April 12, 2013, the Company had accepted aggregate gross offering proceeds in its Initial Public Offering of $22,231,406.

After consideration by the Company's Board of Directors of strategic alternatives to enhance the growth of our portfolio and the slow rate at which we raised funds in our continuous registered offerings, on August 23, 2013, at the recommendation of its Advisor and following the approval of its Board of Directors, the Company terminated its Follow-On Offering, effective September 9, 2013. As of September 9, 2013, the Company had accepted aggregate gross Follow-On Offering proceeds of approximately $330,251 and aggregate gross Follow-On distribution reinvestment plan proceeds of approximately $275,848. As of September 30, 2013, the Company had redeemed a total of 45,850 shares sold in the Initial Public Offering for $433,532. In conjunction with the termination of the Follow-On Offering, the Company also terminated its dealer manager agreement, effective September 9, 2013.

The Company's ongoing operating expenses exceed the cash flow received from its investments in real estate joint ventures. The Company could not rely on raising offering proceeds in the Follow-On Offering to meet its liquidity needs and has a limited amount of cash resources. The Company must seek other sources of funding to address short and long-term liquidity requirements. The Company anticipated that the sale of its indirect equity investment in The Estates at Perimeter in Augusta, Georgia would generate sufficient cash to support its short-term liquidity requirements; however, the purchaser terminated the membership interest purchase agreement on June 18, 2013. To address short-term liquidity needs, on August 13, 2013, following the approval of our Board of Directors, we sold a 10.27% indirect equity interest in the 23Hundred@Berry Hill development project located in Nashville, Tennessee to an affiliate, Bluerock Growth Fund, LLC, a Delaware limited liability company, with the Company retaining an approximate 53.46% indirect equity interest in the project. The transaction generated proceeds to the Company of approximately $2,000,040, excluding disposition fees of approximately $69,470 deferred by our Advisor, which the Company anticipates will support its primary liquidity requirements through the remainder of 2013. Further, on August 29, 2013, we transferred an additional 28.36% indirect equity interest in the Berry Hill property, or the Additional Berry Hill Interest, to Bluerock Special Opportunity + Income Fund III, LLC ("SOIF III"), an affiliate of our Advisor, in exchange for a $5,524,412 reduction of the outstanding principal balance of our affiliate working capital line of credit, based on a third party appraisal, excluding a disposition fee of approximately $191,886 deferred by our Advisor. If necessary, to meet additional short-term liquidity requirements, the Company may seek to sell assets selectively. The Company can provide no assurances that any such sale or sales will be consummated. The Company will also seek to utilize credit facilities obtained from affiliates or unaffiliated third parties when possible and also seek to extend its existing affiliate working line of credit, which matures in April 2014 but may be extended at our election for an additional six months. To date, the Company has relied on borrowing from affiliates to help finance its business activities. However, there are no assurances that the Company will be able to continue to borrow from affiliates or extend the maturity date of its existing affiliated line of credit. The Company is also exploring alternatives for a larger strategic transaction that would generate cash proceeds to the Company and/or improve operating cash flow. The Company can make no assurances any of these funding arrangements or strategic transactions will occur or be successful.

The Company's Sponsor has deferred payment by the Company as needed of asset management fees, acquisition fees and organizational and offering costs incurred by the Company and has deferred current year reimbursable operating expenses through March 14, 2014, though the Sponsor is not currently advancing cash on behalf of the Company. During the nine months ended September 30, 2013, the Company paid the Advisor approximately $500,000 of its outstanding accounts payable.

As a result of these circumstances and unless the Company is able to locate alternative sources of financing as discussed above, the Company expects that it will continue to generate negative cash flow as its general and administrative costs will remain higher relative to the size of the Company's portfolio, and that its portfolio will not be as diversified as it otherwise would be if the Company had been able to raise capital successfully through its continuous registered offerings.

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

The Company operates as an umbrella partnership REIT in which our wholly owned subsidiary and operating partnership, Bluerock Multifamily Holdings, L.P., a Delaware limited partnership, or its wholly owned subsidiaries, owns substantially all of the property interests acquired on its behalf.

Because the Company is the sole general partner of its operating partnership and has unilateral control over its management and major operating decisions (even if additional limited partners are admitted to the operating partnership), the accounts of our operating partnership are consolidated in its consolidated financial statements. All significant intercompany accounts and transactions are eliminated in consolidation. The Company will consider future majority owned and controlled joint ventures for consolidation in accordance with the provisions required by the Topic 810 *Consolidation* of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

Certain amounts in prior year presentations have been reclassified to conform with current period presentation. Balances and amounts associated with the property held for sale at September 30, 2013 in the consolidated balance sheet for that period and for the statements of operations for the three and nine months ended September 30, 2013 and 2012 have been reclassified to discontinued operations to conform with current year presentation. See Note 3, "Real Estate Assets Held for Sale and Sale of Joint Venture Equity Interests" for further explanation. Also, balances associated with construction in progress have been reclassified from Building and improvements in the consolidated balance sheet as of December 31, 2012 to conform with current year presentation. These reclassifications had no effect on previously reported results of operations.

Interim Financial Information

The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial reporting, and the instructions to Form 10-Q and Article 10-01 of Regulation S-X. Accordingly, the financial statements for interim reporting do not include all of the information and notes or disclosures required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring items) considered necessary for a fair presentation have been included. Operating results for interim periods should not be considered indicative of the operating results for a full year.

The balance sheet at December 31, 2012 has been derived from the audited financial statements at that date, but does not include all of the information and disclosures required by GAAP for complete financial statements. For further information refer to the financial statements and notes thereto included in our audited consolidated financial statements for the year ended December 31, 2012 contained in the Annual Report on Form 10-K as filed with the SEC.

Summary of Significant Accounting Policies

There have been no significant changes to the Company's accounting policies since it filed its audited financial statements in its Annual Report on Form 10-K for the year ended December 31, 2012.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. At the property level, these estimates include such items as purchase price allocation of real estate acquisitions, impairment of long-lived assets, depreciation and amortization, and allowance for doubtful accounts. Actual results could differ from those estimates.

Selling Commissions and Dealer Manager Fees

In connection with the Follow-On Offering, the Company paid the dealer manager up to 7.0% and 2.6% of the gross offering proceeds from the primary offering as selling commissions and dealer manager fees, respectively. A reduced sales commission and dealer manager fee was paid with respect to certain volume discount sales. No sales commission or dealer manager fee was paid with respect to shares issued through the distribution reinvestment plan. The dealer manager could re-allow all or a portion of sales commissions earned to participating broker-dealers. The dealer manager could re-allow, in its sole discretion, to any participating broker-dealer a portion of its dealer manager fee as a marketing fee. As of September 30, 2013 and December 31, 2012, the Company has incurred $2,137,994 and $1,994,749, respectively, of selling commissions and dealer manager fees.

Note 3 – Real Estate Assets Held for Sale and Sale of Joint Venture Equity Interests

Real Estate Assets Held for Sale

ASC Topic 360-10, *Property, Plant and Equipment – Overall*, requires a long-lived asset to be classified as "held for sale" in the period in which certain criteria are met. The Company classifies real estate assets as held for sale after the following conditions have been satisfied: (1) management, having the appropriate authority, commits to a plan to sell the asset, (2) the initiation of an active program to sell the asset, and (3) the asset is available for immediate sale and it is probable that the sale of the asset will be completed within one year.

The Company periodically classifies real estate assets as held for sale, and these assets and their liabilities are stated separately on the accompanying consolidated balance sheets. The real estate assets held for sale and the liabilities related to real estate assets held for sale, representative of the Creekside Property, as of September 30, 2013, were as follows:

	Real Estate Assets Held for Sale
	September 30, 2013
Operating properties held for sale	$ 19,531,487
Other assets	808,029
Assets held for sale	$ 20,339,516

	Liabilities Related to Real Estate Assets Held for Sale
	September 30, 2013
Property indebtedness	$ 14,726,096
Other liabilities	318,802
Liabilities related to assets held for sale	$ 15,044,898

Sale of Joint Venture Equity Interests

On August 13, 2013, the Company sold a 10.27% indirect joint venture equity interest in a to-be developed class A, mid-rise apartment community known as 23Hundred @ Berry Hill, (the "Berry Hill Property") pursuant to the terms of a Membership Interest Purchase and Sale Agreement (the "MIPA") with Bluerock Growth Fund, LLC, a Delaware limited liability company and an affiliate of the Sponsor, with the Company retaining an approximate 53.46% indirect equity interest in the Berry Hill Property. The sale generated proceeds to the Company of $2,000,040, excluding a disposition fee of approximately $69,470 payable per the Advisory Agreement between the Company and its Advisor and deferred by the Advisor, and subject to certain prorations and adjustments typical in a real estate transaction. The Company realized a gain on the partial sale of controlling interests of $971,699, net of disposition fees. As this partial sale of the Company's controlling interest did not result in a change of control, the gain has been recorded as an adjustment to additional paid-in capital and the proportionate carrying value of the partial interest has been reclassified to noncontrolling interests. The sale price in the transaction was determined based on an MAI, independent appraisal dated August 2013 for the Berry Hill Property underlying the subject joint venture.

On August 29, 2013, the Company sold an additional 28.36% indirect joint venture equity interest in the Berry Hill Property to SOIF III, an affiliate of the Company, in exchange for a $5,524,412 reduction of the outstanding principal balance of a working capital line of credit provided by Bluerock Special Opportunity + Income Fund II, LLC ("SOIF II") and SOIF III (the "SOIF LOC"), both of which are affiliates of our Sponsor. The consideration for the Berry Hill Interest was based on the proportionate share of the appraised value of the Berry Hill Property as determined by an MAI, independent appraisal dated August 2013 for the Berry Hill Property, excluding a disposition fee of approximately $191,886 payable per the Advisory Agreement between the Company and the Advisor, and deferred by the Advisor, and was subject to certain prorations and adjustments typical in a real estate transaction. The Company realized a gain on the partial sale of controlling interests of $2,727,568, net of disposition fees. As this partial sale of the Company's controlling interest did not result in a change of control, the gain has been recorded as an adjustment to additional paid-in capital and the proportionate carrying value of the partial interest has been reclassified to noncontrolling interests.

Following these transactions, the Company owns a 25.1% indirect joint venture equity interest in the Berry Hill Property.

On September 30, 2013, the Company, through its indirect joint venture equity interest in Bell BR Hillsboro Village JV, LLC (the "Hillsboro Managing Member JV Entity"), sold the underlying real estate asset to an unaffiliated third party for $44,000,000. The sale generated proceeds to the Company of approximately $2,439,204 based on its proportionate ownership, after closing costs and reserves and excluding a disposition fee of $82,500 payable per the Advisory Agreement between the Company and its Advisor and deferred by the Advisor. The Company recognized a gain of $1,687,594 through its proportionate share of the equity interest in the property.

Note 4 – Investments in Real Estate

As of September 30, 2013, the Company was invested in five operating real estate properties and one development property through joint venture partnerships. The following table provides summary information regarding the Company's in-service investments ($ in thousands), which are either consolidated or presented on the equity method of accounting.

Multifamily Community Name/Location	Approx. Rentable Square Footage	Number of Units	Date Acquired	Joint Venture Equity Investment Information: Property Acquisition Cost[1]	Gross Amount of Our Investment	Our Ownership Interest in Property Owner	Approx. Annualized Base Rent[2]	Average Annual Effective Rent Per Unit[3]	Approx. % Leased[4]
Springhouse at Newport News/Newport News, Virginia	310,826	432	12/3/2009	$ 29,250	$ 2,670	38.25 %	$ 4,390	$ 10	93 %
The Reserve at Creekside Village/Chattanooga, Tennessee	211,632	192	3/31/2010	$ 14,250	$ 717	24.70 %	$ 2,332	$ 12	92 %
The Estates at Perimeter/ Augusta, Georgia	266,148	240	9/1/2010	$ 24,950	$ 1,931	25.00 %	$ 2,991	$ 12	94 %
Enders Place at Baldwin Park/Orlando, Florida	234,600	198	10/02/2012	$ 25,100	$ 4,599	48.40 %	$ 3,492	$ 18	95 %
MDA Apartments/Chicago, Illinois(5)	160,290	190	12/17/2012	$ 54,900	$ 6,098	35.31 %	$ 4,899	$ 26	94 %
Total/Average	1,183,496	1,252		$ 148,450	$ 16,015		$ 18,104	$ 15	94 %

(1) Property Acquisition Cost excludes acquisition fees and closing costs.
(2) Annualized base rent is calculated by annualizing the current, in-place monthly base rent for leases as of September 30, 2013 and does not take into account any rent concessions or prospective rent increases. Total concessions for the nine months ended September 30, 2013 amounted to approximately $439,330.
(3) Annual effective rent per unit includes the effect of tenant concessions over the term of the lease.
(4) Percent leased is calculated as (i) the number of units under commenced leases as of September 30, 2013, divided by (ii) total number of units, expressed as a percentage.
(5) The approximate rentable square footage for the MDA Apartments includes 8,200 square feet of retail space.

On October 18, 2012, the Company acquired a 58.575% indirect equity interest and, on December 17, 2012, the Company acquired an additional 5.158% indirect equity interest in the Berry Hill Property, for a total investment of $4.2 million. Subsequently, the Company has partially disposed of its indirect equity interest, as described in Note 3, "Real Estate Assets Held for Sale and Sale of Joint Venture Equity Interests" above. The Berry Hill Property is anticipated to consist of approximately 194,275 rentable square feet encompassing 266 units. First move-ins are projected in November 2013. The total projected development cost is approximately $33.7 million, or $129,580 per unit. As of September 30, 2013, $21.1 million in development costs had been incurred by the Berry Hill Property joint venture, of which the Company has funded its proportionate share of the equity in the amount of $8.3 million.

As of September 30, 2013, the major components of our consolidated real estate properties, Springhouse at Newport News, The Reserve at Creekside Village, Enders Place at Baldwin Park, 23Hundred @ Berry Hill and MDA Apartments, were as follows:

Property	Land	Building and Improvements	Construction in Progress	Furniture, Fixtures and Equipment	Totals
Springhouse	$ 6,500,000	$ 27,631,082	$ -	$ 1,071,094	$ 35,202,176
Creekside	1,920,000	17,953,934	-	484,127	20,358,061
Enders	4,750,000	19,241,837	284,934	523,859	24,800,630
Berry Hill	5,000,000	-	15,014,061	-	20,014,061
MDA	9,500,000	50,814,245	399,019	455,359	61,168,623
	$ 27,670,000	$ 115,641,098	$ 15,698,014	$ 2,534,439	$ 161,543,551
Less: Accumulated Depreciation	-	(3,828,341)	-	(523,534)	(4,351,875)
Totals	$ 27,670,000	$ 111,812,757	$ 15,698,014	$ 2,010,905	$ 157,191,676

Depreciation expense was $1,070,824 and $3,201,754 for the three and nine months ended September 30, 2013, respectively. Depreciation expense was $450,972 and $470,972 for the three and nine months ended September 30, 2012.

Costs of intangibles related to our consolidated investments in real estate consist of the value of in-place leases and deferred financing costs. In-place leases are amortized over the remaining term of the in-place leases, approximately a six-month term, and deferred financing costs are amortized over the life of the related loan. Amortization expense related to our in-place leases and deferred financing costs was $157,320 and $1,381,809 for the three and nine months ended September 30, 2013. Amortization expense related to our in-place leases and deferred financing costs was $635,674 and $663,926 for the three and nine months ended September 30, 2012.

Operating Leases

The Company's real estate assets are leased to tenants under operating leases for which the terms and expirations vary. The leases may have provisions to extend the lease agreements, options for early termination after paying a specified penalty and other terms and conditions as negotiated. The Company retains substantially all of the risks and benefits of ownership of the consolidated real estate assets leased to tenants. Generally, upon the execution of a lease, the Company requires security deposits from tenants in the form of a cash deposit. Amounts required as a security deposit vary depending upon the terms of the respective leases and the creditworthiness of the tenant, but generally are not significant amounts. Therefore, exposure to credit risk exists to the extent that a receivable from a tenant exceeds the amount of its security deposit. Security deposits received in cash related to tenant leases are included in other liabilities in the accompanying consolidated balance sheets and totaled $257,206 and $234,370 as of September 30, 2013 and December 31, 2012, respectively, for the Company's consolidated real estate properties. No individual tenant represents over 10% of the Company's annualized base rent for the consolidated real estate properties.

Note 5 – Equity Method Investments

The Company accounted for the acquisitions of our unconsolidated interests in properties through managing member LLCs in accordance with the provisions of the Topic 810 *Consolidation* of the FASB ASC. Following is a summary of the Company's ownership interest by property, for investments we report under the equity method of accounting at September 30, 2013 and December 31, 2012.

Property	Joint Venture Interest	Managing Member LLC Interest	Indirect Equity Interest in Property
Augusta	50.00 %	50.00 %	25.00 %
Hillsboro	37.57 %	33.27 %	12.50 %

The carrying amount of the Company's investments in unconsolidated joint ventures was $3,789,588 and $2,398,902 as of September 30, 2013 and December 31, 2012, respectively. Summary unaudited financial information for Augusta and Hillsboro Balance Sheets as of September 30, 2013 and December 31, 2012 and Operating Statements for the three months and nine months ended September 30, 2013 and 2012, is as follows:

	September 30, 2013	December 31, 2012
Balance Sheet:		
Real estate, net of depreciation	$ 22,363,505	$ 53,693,437
Other assets	21,072,660	1,397,388
Total assets	$ 43,436,165	$ 55,090,825
Mortgage payable	$ 17,676,465	$ 41,016,809
Other liabilities	987,779	816,716
Total liabilities	$ 18,664,244	$ 41,833,525
Stockholders' equity	24,771,921	13,257,300
Total liabilities and stockholders' equity	$ 43,436,165	$ 55,090,825

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Operating Statement:				
Rental revenues	$ 1,606,398	$ 1,604,232	$ 4,834,889	$ 4,749,491
Operating expenses	(1,412,880)	(603,606)	(2,569,652)	(1,673,970)
Income before debt service, acquisition costs, and depreciation and amortization	193,518	1,000,626	2,265,237	3,075,521
Mortgage interest	(421,376)	(430,158)	(1,260,673)	(1,281,124)
Depreciation and amortization	(275,023)	(421,053)	(1,112,676)	(1,229,341)
Net income (loss)	(502,881)	149,415	(108,112)	565,056
Net income attributable to JV partners	(361,577)	(130,097)	(21,179)	(486,409)
	(141,304)	19,318	(86,933)	78,647
Amortization of deferred financing costs paid on behalf of joint ventures	9,119	(838)	10,796	(2,515)
Equity in earnings (loss) of unconsolidated joint ventures	$ (150,423)	$ 18,480	$ (97,729)	$ 76,132

On April 3, 2013, an affiliate of the Company, BR Augusta JV Member, LLC (the "Augusta Member JV Entity"), entered into a Membership Interest Purchase Agreement (the "Augusta MIPA") with Trade Street Operating Partnership, LP ("Trade Street OP"), an unaffiliated third party, for the sale of its entire joint venture interest (the "Augusta Interest") in The Estates at Perimeter, formerly known as St. Andrews Apartments, located in Augusta, Georgia (the "Augusta Property"). The sale price for the Augusta Interest was to be $13,725,000, subject to deduction of approximately $8,950,000 for its portion of the outstanding indebtedness on the Augusta Property, and subject to certain prorations and adjustments typical in a real estate transaction. The closing on the sale of the Augusta Interest was expected to occur on or before May 31, 2013. For reasons unrelated to the value and condition of the Augusta Property, Trade Street OP elected not to proceed with the transactions contemplated by the Augusta MIPA, and on June 18, 2013, delivered written notice of termination of the Augusta MIPA to the Augusta Member JV Entity. The Augusta MIPA was terminated effective as of June 18, 2013 by mutual agreement of the parties. We are currently marketing the Augusta Interest to other potential purchasers; however, there is no assurance those efforts will result in the sale of the Augusta Interest.

Note 6 – Line of Credit

On October 2, 2012, the Company entered into the SOIF LOC, a working capital line of credit provided by SOIF II and SOIF III, both of which are affiliates of our Sponsor, pursuant to which it could borrow up to $12.5 million. The SOIF LOC may be prepaid without penalty. Under the original terms of the line of credit, the SOIF LOC was to bear interest compounding monthly at a rate of 30-day LIBOR + 6.00%, subject to a minimum rate of 7.50%, annualized for three months, and thereafter to bear interest compounding monthly at a rate of 30-day LIBOR + 6.00%, subject to a minimum rate of 8.50% for the remainder of the initial term. As described below, beginning October 3, 2013, the SOIF LOC began bearing interest at a rate of 10.0% per annum. Interest on the SOIF LOC will be paid on a current basis from cash flow distributed to the Company from its real estate assets and, if necessary, sales of real estate assets on a selective basis. The SOIF LOC is secured by a pledge of the Company's unencumbered real estate assets, including those of its wholly owned subsidiaries. On March 4, 2013, the working capital line of credit was amended by increasing the commitment amount thereunder to $13.5 million and extending the initial 6-month term by six months to October 2, 2013, from the original maturity date of April 2, 2013. On August 13, 2013, the working capital line of credit was further amended in connection with our sale of the partial interest in our Berry Hill Property, to, among other things, remove the revolving feature of the line of credit such that we may not borrow any further under the SOIF LOC. Further, SOIF II and SOIF III required that the principal amount outstanding under the line of credit be increased $100,000 upon the release of the lien, and that this increase must be paid at the earlier of our next sale of an asset or the maturity date under the line of credit in October 2013. On August 29, 2013, the working capital line of credit was further amended in consideration for a paydown and in exchange for payment of a 1% extension fee in the amount of $75,356 and an increase in the interest rate to 10% per annum, effective beginning on October 3, 2013, to extend the maturity date for an additional six months to April 2, 2014, with an additional option to further extend the term an additional six months for an additional 1% extension fee. All other terms remain unchanged. At September 30, 2013 and December 31, 2012, the outstanding balance on the working capital line of credit was $7,611,437 and $11,935,830, respectively, and no amount and $564,170 was available for borrowing, respectively.

Note 7 – Fair Value of Financial Instruments

As of September 30, 2013 and December 31, 2012, the Company believes the carrying values of cash and cash equivalents and receivables and payables from affiliates, accounts payable, accrued liabilities, distribution payable and notes payable approximate their fair values based on their highly-liquid nature and/or short-term maturities, including prepayment options. As of September 30, 2013, the carrying value and approximate fair value of the mortgage payables, as presented on the balance sheet, were $103.8 million and $101.3 million, respectively. The fair value of mortgage payables is estimated based on the Company's current interest rates (Level 3 inputs) for similar types of borrowing arrangements. The only nonrecurring fair value measurements during the nine months ended September 30, 2013 and the year ended December 31, 2012 were in connection with the consolidation of previously unconsolidated properties, as discussed in Note 3, "Business Combinations and Sale of Joint Venture Equity Interests" in the Company's Annual Report on Form 10-K as filed with the SEC.

Note 8 – Related Party Transactions

In connection with the Company's investments in Enders, Berry Hill and the MDA Apartments, it entered into the SOIF LOC with SOIF II and SOIF III, the terms of which are described above in Note 6 – Line of Credit. Cash payments by the Company on the SOIF LOC as of the nine months ended September 30, 2013 were $1,637,328, including interest. The Company also paid down an additional $5,524,412 in exchange for selling part of its joint venture interest in Berry Hill to SOIF III, as discussed in Note 3, "Business Combinations and Sale of Joint Venture Equity Interests" above.

As of September 30, 2013, $2,396,605 of organizational and offering costs have been incurred on the Company's behalf by the Advisor since inception. The Company is liable to reimburse these costs to the Advisor only to the extent selling commissions, the dealer manager fee and other organization and offering costs do not exceed 15% of the gross proceeds of the applicable offering. In 2010, the Company reimbursed the Advisor for approximately $508,000 of these costs. When recorded by the Company, organizational costs are expensed and third-party offering costs are charged to stockholders' equity. As of September 30, 2013, $3,619,115 of offering costs have been charged to stockholders' equity and, in 2010, $49,931 of organizational costs were expensed. The organizational and offering costs exceed the 15% threshold discussed above, and given the termination of the Initial Public Offering in April 2013 and the Follow-On Offering in September 2013, the Company has recorded a receivable of approximately $508,000 due from the Advisor for the previously reimbursed organizational and offering costs.

The Advisor performs its duties and responsibilities as the Company's fiduciary under an Advisory Agreement. The Advisory Agreement has a one-year term expiring October 14, 2014, and may be renewed for an unlimited number of successive one-year periods upon the mutual consent of the Company and its Advisor. The Advisor conducts the Company's operations and manages its portfolio of real estate investments under the terms of the Advisory Agreement. Certain of the Company's affiliates will receive fees and compensation in connection with the acquisition, management and sale of its real estate investments.

The Advisor is entitled to receive a monthly asset management fee for the services it provides pursuant to the Advisory Agreement. On September 26, 2012, the Company amended the Advisory Agreement to reduce the monthly asset management fee from one-twelfth of 1.0% of the higher of the cost or the value of each asset to one-twelfth of 0.65% of the higher of the cost or the value of each asset, where (A) cost equals the amount actually paid, excluding acquisition fees and expenses, to purchase each asset it acquires, including any debt attributable to the asset (including any debt encumbering the asset after acquisition), provided that, with respect to any properties the Company develops, constructs or improves, cost will include the amount expended by the Company for the development, construction or improvement, and (B) the value of an asset is the value established by the most recent independent valuation report, if available, without reduction for depreciation, bad debts or other non-cash reserves. The asset management fee will be based only on the portion of the cost or value attributable to our investment in an asset if the Company does not own all of an asset.

Pursuant to the Advisory Agreement, the Advisor is entitled to receive an acquisition fee for its services in connection with the investigation, selection, sourcing, due diligence and acquisition of a property or investment. On September 26, 2012, the Company amended its Advisory Agreement to increase the acquisition fee from 1.75% to 2.50% of the purchase price. The purchase price of a property or investment will equal the amount paid or allocated to the purchase, development, construction or improvement of a property, inclusive of expenses related thereto, and the amount of debt associated with such real property or investment. The purchase price allocable for joint venture investments will equal the product of (1) the purchase price of the underlying property and (2) the Company's ownership percentage in the joint venture. Acquisition and disposition fees of $399,284 and $542,302 were incurred during the three and nine months ended September 30, 2013, respectively. Acquisition and disposition fees of no amount and $216,376 were incurred during the three and nine months ended September 30, 2012, respectively.

The Advisor is also entitled to receive a financing fee for any loan or line of credit, made available to the Company. The Advisor may re-allow some or all of this fee to reimburse third parties with whom it may subcontract to procure such financing for the Company. On October 21, 2013, the Company amended its Advisory Agreement to decrease the financing fee from 1.0% to 0.25% of any loan made to the Company. In addition, to the extent the Advisor provides a substantial amount of services in connection with the disposition of one or more of our properties or investments (except for securities that are traded on a national securities exchange), the Advisor will receive fees equal to the lesser of (A) 1.5% of the sales price of each property or other investment sold or (B) 50% of the selling commission that would have been paid to a third-party broker in connection with such a disposition. In no event may disposition fees paid to the Advisor or its affiliates and unaffiliated third parties exceed in the aggregate 6% of the contract sales price. On October 21, 2013, the Company amended its Advisory Agreement to change the disposition fee to only 1.5% of the sales price of each property or other investment sold, such that the disposition fee is no longer determined based on selling commissions payable to third-party sales brokers.

In addition to the fees payable to the Advisor, the Company reimburses the Advisor for all reasonable expenses incurred in connection with services provided to the Company, subject to the limitation that it will not reimburse any amount that would cause the Company's total operating expenses at the end of the four preceding fiscal quarters to exceed the greater of 2% of our average invested assets or 25% of its net income determined (1) without reductions for any additions to reserves for depreciation, bad debts or other similar non-cash reserves and (2) excluding any gain from the sale of our assets for the period. Notwithstanding the above, the Company may reimburse amounts in excess of the limitation if a majority of its independent directors determines such excess amount was justified based on unusual and non-recurring factors. If such excess expenses are not approved by a majority of the Company's independent directors, the Advisor must reimburse us at the end of the four fiscal quarters the amount by which the aggregate expenses during the period paid or incurred by us exceeded the limitations provided above. The Company will not reimburse the Advisor for personnel costs in connection with services for which the Advisor receives acquisition, asset management or disposition fees. Due to the limitation discussed above and because operating expenses incurred directly by the Company exceeded the 2% threshold, the Board of Directors, including all of its independent directors, reviewed the total operating expenses for the four fiscal quarters ended December 31, 2012 and the Company's total operating expenses for the four fiscal quarters ended September 30, 2013 and unanimously determined the excess amounts to be justified because of the costs of operating a public company in its early stage of operation and the Company's initial difficulties with raising capital, which are expected to be non-recurring. As the Board of Directors has previously approved such expenses, all operating expenses for the year ended 2012 and the nine months ended September 30, 2013 have been expensed as incurred.

The Company has issued 1,000 shares of convertible stock, par value $0.01 per share, to the Company's Advisor. The convertible stock will convert to shares of common stock if and when: (A) the Company has made total distributions on the then outstanding shares of its common stock equal to the original issue price of those shares plus an 8% cumulative, non-compounded, annual return on the original issue price of those shares or (B) subject to specified conditions, the Company lists its common stock for trading on a national securities exchange. A "listing" will be deemed to have occurred on the effective date of any merger of the Company in which the consideration received by the holders of its common stock is the securities of another issuer that are listed on a national securities exchange. Upon conversion, each share of convertible stock will convert into a number of shares of common stock equal to 1/1000 of the quotient of (A) 15% of the excess of (1) the Company's "enterprise value" (as defined in the Company's charter) plus the aggregate value of distributions paid to date on the outstanding shares of its common stock over the (2) aggregate purchase price paid by the stockholders for those shares plus an 8% cumulative, non-compounded, annual return on the original issue price of those shares, divided by (B) the Company's enterprise value divided by the number of outstanding shares of common stock, in each case calculated as of the date of the conversion. If an event triggering the conversion occurs after the Advisory Agreement with the Advisor is not renewed or terminates (other than because of a material breach by the Advisor), the number of shares of common stock the Advisor will receive upon conversion will be prorated to account for the period of time the Advisory Agreement was in force.

In general, the Company contracts property management services for certain properties directly to non-affiliated third parties, in which event it will pay the Advisor an oversight fee equal to 1% of monthly gross revenues of such properties.

All of the Company's executive officers and some of its directors are also executive officers, managers and/or holders of a direct or indirect controlling interest in the Advisor and other Bluerock-affiliated entities. As a result, they owe fiduciary duties to each of these entities, their members and limited partners and investors, which fiduciary duties may from time to time conflict with the fiduciary duties that they owe to the Company and its stockholders.

Some of the material conflicts that the Advisor or its affiliates face are: 1) the determination of whether an investment opportunity should be recommended to us or another Bluerock-sponsored program or Bluerock-advised investor; 2) the allocation of the time of key executive officers, directors, and other real estate professionals among the Company, other Bluerock-sponsored programs and Bluerock-advised investors, and the activities in which they are involved; 3) the fees received by the Advisor and its affiliates in connection with transactions involving the purchase, management and sale of investments regardless of the quality of the asset acquired or the service provided us; and 4) the fees received by the Advisor and its affiliates.

Pursuant to the terms of the Advisory Agreement, summarized below are the related party amounts payable to our Advisor, as well as other affiliates, as of September 30, 2013 and December 31, 2012. During the nine months ended September 30, 2013, the Company paid the Advisor approximately $500,000 of its outstanding accounts payable.

	September 30, 2013	December 31, 2012
Asset management and oversight fees	$ 822,308	$ 426,938
Acquisition fees and disposition fees	780,788	322,440
Financing fees	5,891	5,891
Reimbursable operating expenses	254,700	431,850
Reimbursable offering costs	187,697	197,300
Reimbursable organizational costs	49,931	49,931
Other	17,785	388,217
Total related-party amounts payable	$ 2,119,100	$ 1,822,567

As of September 30, 2013 and December 31, 2012, we had $7,814 and $5,024, respectively, in receivables due to us from related parties other than our Advisor.

Note 9 – Stockholders' Equity

Net Income (Loss) Per Common Share

Basic net income (loss) per common share is computed by dividing net income (loss) attributable to common shareholders, less dividends on restricted stock expected to vest plus gains on redemptions on common stock, by the weighted average number of common shares outstanding for the period. Diluted net income (loss) per common share is computed by dividing net income (loss) attributable to common shareholders by the sum of the weighted average number of common shares outstanding and any potential dilutive shares for the period. Under the two-class method of computing earnings per share, net income (loss) attributable to common shareholders is computed by adjusting net income (loss) for the non-forfeitable dividends paid on non-vested restricted stock.

The following table reconciles the components of basic and diluted net income (loss) per common share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net income (loss) from continuing operations attributable to common shareholders	$ 534,388	$ (1,056,657)	$ (1,798,372)	$ 1,654,460
Dividends on restricted stock expected to vest	(2,773)	(3,127)	(8,409)	(8,575)
Gain on redemption of common stock[2]	-	250	1,575	4,018
Basic net income (loss) from continuing operations attributable to common shareholders	$ 531,615	$ (1,059,534)	$ (1,805,206)	$ 1,649,903
Basic net (loss) income from discontinued operations attributable to common shareholders	$ (2,675)	$ (336,787)	$ (92,211)	$ 833,596
Weighted average common shares outstanding	2,386,426	1,855,791	2,332,144	1,537,554
Potential dilutive shares [1]	15,717	-	-	16,319
Weighted average common shares outstanding and potential dilutive shares	2,402,143	1,855,791	2,332,144	1,553,873
Basic income (loss) from continuing operations per share	$ 0.22	$ (0.57)	$ (0.77)	$ 1.07
Basic (loss) income from discontinued operations per share	$ -	$ 0.18	$ (0.04)	$ 1.35
Diluted income (loss) from continued operations per share	$ 0.22	$ (0.57)	$ (0.77)	$ 1.06
Diluted (loss) income from discontinued operations per share	$ -	$ 0.18	$ (0.04)	$ 1.34

[1] Excludes 16,060 shares for the nine months ended September 30, 2013 and 17,723 shares for the three months ended September 30, 2012 related to non-vested restricted stock as the effect would be anti-dilutive. Also excludes any dilution related to the 1,000 shares of convertible stock as currently there would be no conversion into common shares.

[2] Represents the difference between the fair value and carrying amount of the common stock upon redemption.

Common Stock

Pursuant to its Initial Public Offering, the Company offered to the public up to $1 billion in shares of its common stock (exclusive of shares to be sold pursuant to the Company's distribution reinvestment plan) for $10.00 per share, with discounts available for certain categories of purchasers, and up to $28.5 million in shares of common stock to be issued pursuant to our distribution reinvestment plan at $9.50 per share. On September 20, 2012, the Company filed a registration statement on Form S-11 with the SEC, to register $500.0 million in shares of its common stock (exclusive of shares to be sold pursuant to the Company's distribution reinvestment plan) at a price of $10.00 per share (subject to certain volume discounts described in the prospectus), and $50.0 million in shares of its common stock to be sold pursuant to the Company's distribution reinvestment plan at $9.50 per share, pursuant to the Follow-On Offering. As permitted by Rule 415 under the Securities Act, we continued the Initial Public Offering until April 12, 2013, the date the SEC declared the registration statement for the Follow-On Offering effective, which terminated our Initial Public Offering. As of April 12, 2013, the Company had accepted aggregate gross offering proceeds in its Initial Public Offering of $22,231,406. On August 23, 2013, at the recommendation of its Advisor and following the approval of its Board of Directors, the Company terminated its Follow-On Offering, effective September 9, 2013. As of September 9, 2013, the Company had accepted aggregate gross offering proceeds in its Follow-On Offering of $330,251, excluding shares sold pursuant to the Company's distribution reinvestment plan.

Share Repurchase Plan and Redeemable Common Stock

During the nine months ended September 30, 2013, the Company redeemed $98,425 of common stock as a result of redemption requests. Proceeds from our distribution reinvestment plan for the year ended December 31, 2012 were $454,711, which under our share redemption plan establishes the maximum amount of redemption requests we may satisfy during the year ended December 31, 2013, subject to exceptional circumstances as determined by our Board of Directors. In September 2012, $59,005 of shares were repurchased based on extraordinary circumstances, leaving $395,706 available to fulfill redemption requests in 2013. As of September 30, 2013, we received a total of nine redemption requests during the nine month period ended September 30, 2013 for an aggregate of 25,129 shares, not including the partially deferred redemption request from the year ended December 31, 2012 in the amount of $23,125. We honored the deferred redemption requests from 2012 in full. Of the remaining redemption requests, we honored a total of 7,500 shares aggregating $75,300. The average redemption price for the fulfilled redemptions during the nine months ended September 30, 2013 was $9.84 per share. Funds for the payment of redemption requests were derived from the proceeds of our distribution reinvestment plan.

On June 27, 2013, following a meeting of its Board of Directors, the Company decided to explore strategic alternatives to enhance the growth of its portfolio. In anticipation of its review of strategic alternatives, the Board of Directors, including all of the Company's independent directors, voted to suspend the Company's share repurchase plan as of June 27, 2013 through the third quarter of 2013. In addition, the Company's Board of Directors, including all of the Company's independent directors, voted to suspend payment of pending repurchase requests under the share repurchase plan that were queued as of June 27, 2013 for repurchase.

On August 23, 2013, the Company's Board of Directors, including all of the Company's independent directors, voted to terminate the Company's Distribution Reinvestment Plan ("DRP"). The termination of the DRP eliminated the source of proceeds for the repurchase of shares under the share repurchase plan and, therefore, the Company's Board of Directors, including all of the Company's independent directors, voted to terminate the share repurchase plan, effective as of September 9, 2013.

As a result of the termination of the share repurchase program, the repurchase requests received from stockholders during the second quarter of 2013, with respect to 17,629 shares aggregating $169,366, will not be fulfilled. The aggregate amount has been reclassified from redeemable common stock to other accrued liabilities as of September 30, 2013.

Stock-based Compensation for Independent Directors

The Company's independent directors received an automatic grant of 5,000 shares of restricted stock on the effective date of the Initial Public Offering and will receive an automatic grant of 2,500 shares of restricted stock when such directors are reelected at each annual meeting of the Company's stockholders thereafter. Each person who thereafter is elected or appointed as an independent director will receive an automatic grant of 5,000 shares of restricted stock on the date such person is first elected as an independent director and an automatic grant of 2,500 shares of restricted stock when such director is reelected at each annual meeting of our stockholders thereafter. To the extent allowed by applicable law, the independent directors will not be required to pay any purchase price for these grants of restricted stock. The restricted stock will vest 20% at the time of the grant and 20% on each anniversary thereafter over four years from the date of the grant. All restricted stock may receive distributions, whether vested or unvested. The value of the restricted stock to be granted is not determinable until the date of grant. During the nine months ended September 30, 2013, 2,500 shares of restricted stock have been granted to each of the three independent directors.

A summary of the status of the Company's non-vested shares as of September 30, 2013, and changes during the nine months ended September 30, 2013, is as follows:

Non Vested shares	Shares	Weighted average grant-date fair value
Balance at January 1, 2013	16,500	$ 165,000
Granted	7,500	75,000
Vested	(6,000)	(60,000)
Forfeited	-	-
Balance at September 30, 2013	18,000	$ 180,000

At September 30, 2013, there was $133,750 of total unrecognized compensation cost related to unvested stock options granted under the independent director compensation plan. The original cost is expected to be recognized over a period of four years. The total fair value of shares vested during the nine months ended September 30, 2013 was $60,000.

The Company currently uses authorized and unissued shares to satisfy share award grants.

Distributions

Distributions, including distributions paid by issuing shares under the distribution reinvestment plan, for the nine months ended September 30, 2013 were as follows:

	Distributions	
2013	**Declared**	**Paid**
First Quarter	$ 393,291	$ 385,167
Second Quarter	412,265	413,477
Third Quarter	426,066	423,134
Total	$ 1,231,622	$ 1,221,778

Distributions were calculated based on stockholders of record per day during the period. Cash distributions were calculated at a rate of $0.00191781 per share of common stock per day, which would equal a daily amount that, if paid each day for a 365-day period, would equal a 7.0% annualized rate based on a purchase price of $10.00 per share. Stock distributions were calculated at a rate of $0.00219178 per share of common stock per day, which would equal a daily amount that, if paid each day for a 365-day period, would equal an 8.0% annualized rate based on a purchase price of $10.00 per share.

Note 10 – Commitments and Contingencies

The Company is subject to various legal actions and claims arising in the ordinary course of business. Although the outcome of any legal matter cannot be predicted with certainty, management does not believe that any of these legal proceedings or matters will have a material adverse effect on the consolidated financial position or results of operations or liquidity of the Company.

Note 11 – Economic Dependency

The Company is dependent on the Advisor for certain services that are essential to the Company, including the identification, evaluation, negotiation, purchase and disposition of properties and other investments; management of the daily operations of its real estate portfolio; and other general and administrative responsibilities. In the event that the Advisor or its affiliates are unable to provide the respective services, the Company will be required to obtain such services from other sources.

Note 12 – Subsequent Events

The Company has performed an evaluation of subsequent events through the date the Company's consolidated financial statements were issued. No material subsequent events, other than the items disclosed below, have occurred that required recognition or disclosure in these financial statements.

Amended Advisory Agreement

On October 21, 2013, the Board of Directors of the Company, including its independent directors, approved the renewal and amendment of the Third Amended and Restated Advisory Agreement dated February 27, 2013 (the "Advisory Agreement") by and among the Company, the Company's Advisor, and Bluerock Multifamily Holdings, L.P., the Company's operating partnership (the "Operating Partnership"). The Company, the Advisor and the Operating Partnership have entered into a First Amendment to Third Amended and Restated Advisory Agreement effective October 14, 2013 (the "First Amendment"), which (i) renews and extends the Advisory Agreement through October 14, 2014, (ii) reflects a change in the disposition and financing fees payable to the Advisor and (iii) modifies the terms by which the Advisory Agreement may be terminated.

Pursuant to the terms of the Advisory Agreement, as compensation to the Advisor for providing a substantial amount of services to the Company in connection with the disposition of one or more of the Company's properties or investments, a disposition fee (the "Disposition Fee") equal to the lesser of (A) 1.5% of the sales price of each property or other investment sold, or (B) 50% of the selling commission that would have been paid to a third-party sales broker in connection with such disposition, was to be paid by the Company to the Advisor. Pursuant to the First Amendment, the Disposition Fee payable to the Advisor has been amended to be only 1.5% of the sales price of each property or other investment sold and is no longer subject to determination based on selling commissions payable to third-party sales brokers.

In addition, a financing fee in the amount of 1.0% of any loan made to the Company (the "Financing Fee") was to be paid to the Advisor. Pursuant to the First Amendment, the Financing Fee has been amended to 0.25% of any loan made to the Company. Except as amended by the First Amendment, the terms of the renewed Advisory Agreement are identical to those of the Advisory Agreement that was previously in effect.

Resignation of Chief Executive Officer

Effective October 31, 2013, Randy I. Anderson resigned as Chief Executive Officer of the Company, for personal reasons. Mr. Anderson was previously appointed as Chief Executive Officer of our Company on February 26, 2013 by the Board of Directors at the recommendation of R. Ramin Kamfar, Chairman of the Board of Directors. Mr. Anderson has also resigned from his position as Chief Executive Officer of our Advisor, and from his position as President of our Sponsor, both of which are affiliates of the Company. Mr. Anderson's resignation was for personal reasons and not the result of any disagreements with the Company on any matters relating to the company's operations, policies or practices.

Appointment of Chief Executive Officer

On October 31, 2013, the Board of Directors appointed Mr. Kamfar, age 50, to serve as Chief Executive Officer of the Company and Chief Executive Officer of our Advisor until his successor is elected and qualifies or until his earlier death, resignation or removal. The appointment of Mr. Kamfar as Chief Executive Officer was not made pursuant to any arrangement or understanding between him and any other person. Mr. Kamfar previously served as Chief Executive Officer of the Company from its inception until the appointment of Mr. Anderson on February 26, 2013.

Distributions Paid

Distributions Declared Daily For Each Day in Month Listed	Date Paid	Total Distribution	Cash Distribution	Dollar amount of Shares Issued pursuant to the Distribution Reinvestment Plan
September 2013	October 1, 2013	$ 125,263	$ 125,263	$ -
October 2013	November 1, 2013	$ 143,393	$ 143,393	$ -

Declaration of Cash Distributions

On October 21, 2013, the Company's Board of Directors authorized cash distributions payable to the stockholders of record at the close of business on each of October 31, 2013, November 30, 2013 and December 31, 2013. Distributions payable to each stockholder of record will be paid on or before November 15, 2013, December 15, 2013 and January 15, 2014, respectively. The declared distributions for the month of October 2013 equal $0.05945211 per share of common stock, the declared distributions for the month of November 2013 equal $0.0575343 per share of common stock and the declared distributions for the month of December 2013 equal $0.05945211 per share of common stock. A portion of each distribution may constitute a return of capital for tax purposes. There is no assurance that the Company will continue to declare distributions or at these rates.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the accompanying consolidated financial statements of Bluerock Multifamily Growth REIT, Inc., and the notes thereto. As used herein, the terms "we," "our" and "us" refer to Bluerock Multifamily Growth REIT, Inc., a Maryland corporation, and, as required by context, Bluerock Multifamily Holdings, L.P., a Delaware limited partnership, which we refer to as our "operating partnership," and to their subsidiaries.

Forward-Looking Statements

Certain statements included in this quarterly report on Form 10-Q are forward-looking statements. Those statements include statements regarding the intent, belief or current expectations of Bluerock Multifamily Growth REIT, Inc., and members of our management team, as well as the assumptions on which such statements are based, and generally are identified by the use of words such as "may," "will," "seeks," "anticipates," "believes," "estimates," "expects," "plans," "intends," "should" or similar expressions. Actual results may differ materially from those contemplated by such forward-looking statements. Further, forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time, unless required by law.

The following are some of the risks and uncertainties, although not all risks and uncertainties, that could cause our actual results to differ materially from those presented in our forward-looking statements:

- Our portfolio consists primarily of investments in apartment communities concentrated in certain markets. Any adverse developments in local economic conditions or the demand for apartment units in these markets may negatively impact our operating results.
- Our previous public equity offerings have resulted in inadequate capital raises and we have very limited sources of capital to meet our primary liquidity requirements; as a result, we may not be able to pay our short-term debt upon maturity or other liabilities and obligations when they come due, which may limit our ability to fully consummate our business plan and diversify our portfolio
- We continue to generate negative operating cash flow as our current corporate operating expenses exceed the cash flow received from our investments in real estate joint ventures.
- Unless we are able to locate alternative sources of capital to fund real estate investments, our general and administrative costs will remain high relative to the size of our portfolio.
- We have a limited operating history, which makes our future performance difficult to predict.
- We will rely on our Advisor, an affiliate of our officers and non-independent directors, to manage our business and select and manage investments. The success of our business will depend on the success of our Advisor in performing these duties.
- Our officers and non-independent directors have substantial conflicts of interest because they also are officers and owners of our Advisor and its affiliates, including our sponsor.
- During the early stages of our operations, we have funded distributions from offering proceeds, borrowings and the sale of assets to the extent distributions exceeded our earnings or cash flows from operations, and may do so in the future if we are unable to make distributions with our cash flows from our operations. There is no limit on the amount of offering proceeds we may use to fund distributions. Distributions paid from sources other than cash flow or funds from operations may constitute a return of capital to our stockholders. Rates of distribution may not be indicative of our operating results.
- For the year ended December 31, 2012, and the nine months ended September 30, 2013, none of our distributions paid during those periods were covered by our cash flow from operations or our funds from ongoing operations for those same periods.

- We may fail to qualify as a REIT for federal income tax purposes. We would then be subject to corporate level taxation and we would not be required to pay any distributions to our stockholders.

All forward-looking statements should be read in light of the factors identified in Item 1A. Risk Factors and the "Risk Factors" section of our Registration Statement on Form S-11 (File No. 333-184006) filed with the SEC.

Overview

We were incorporated as a Maryland corporation on July 25, 2008. The Company was formed to acquire and develop a diversified portfolio of real estate, with a primary focus on well-located, Class A apartment properties with strong and stable cash flows, and to implement our Advisor's Value Creation strategy at those properties. "Class A" properties are generally properties that are recently built or substantially rehabilitated. Class A properties typically contain high-end interior finishes and modern ceiling heights, and offer a variety of amenities, which may include fitness/spa facilities, resort-style pool, business center and WiFi connectivity, and outdoor/indoor social gathering spaces. We also intend to acquire well-located residential properties that we believe present significant opportunities for short-term capital appreciation, such as those requiring repositioning, renovation or redevelopment.

We are externally advised by our Advisor, an affiliate of our Sponsor. We conduct our operations through our operating partnership, of which we are the sole general partner.

Our revenue is derived from residents under existing leases at the apartment properties underlying our real estate joint ventures. Our operating cash flow is principally dependent on the number of apartment properties in our portfolio; rental rates; occupancy rates; operating expenses associated with these apartment communities; and the ability of residents to make their rental payments. Our ongoing operating expenses exceed the cash flow received from our investments in real estate joint ventures, and therefore, we have continuing negative operating cash flow. See ''— Liquidity and Capital Resources'' below.

As of September 30, 2013, our portfolio consisted of interests in six properties, all acquired through joint ventures, five of which were operational, and one of which was in development. We did not commence real estate operations until the end of 2009 when we made our first equity investment, made several additional equity investments in 2010, made no investments in 2011, made additional equity investments in 2012, as well as one disposition, and made no investments and one disposition in the nine months ended September 30, 2013.

We intend to make reserve allocations as necessary to aid our objective of preserving capital for our stockholders by supporting the maintenance and viability of properties we acquire. If reserves and any other available income become insufficient to cover our operating expenses and liabilities, it may be necessary to obtain additional funds by borrowing, refinancing properties or liquidating our investment in one or more properties. There is no assurance that such funds will be available or, if available, that the terms will be acceptable to us.

We have elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code, as amended, and have qualified beginning with our taxable year ended December 31, 2010. In order to qualify as a REIT, we must distribute to our stockholders each calendar year at least 90% of our taxable income (excluding net capital gains). If we qualify as a REIT for federal income tax purposes, we generally will not be subject to federal income tax on income that we distribute to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income tax on our taxable income at regular corporate rates and will not be permitted to qualify as a REIT for four years following the year in which our qualification is denied. Such an event could materially and adversely affect our net income and results of operations. We intend to continue to organize and operate in such a manner as to remain qualified as a REIT.

Our Prior Public Offerings

We raised capital in our continuous registered offering since our inception until September 9, 2013, when we terminated our continuous registered offering. On August 22, 2008, we filed a registration statement on Form S-11 with the SEC to offer a maximum of $1 billion in shares of our common stock in a primary offering, at an offering price of $10.00 per share, and $285 million in shares of our common stock pursuant to a distribution reinvestment program, at an offering price of $9.50 per share which registration statement was declared effective by the SEC on October 15, 2009 (the "Initial Public Offering").

As of the year ended December 31, 2012, we raised $21.1 million in gross proceeds in our Initial Public Offering. A primary use of funds during the year ended December 31, 2012 was the pay down of affiliate notes and short term debt of approximately $3.8 million. Our total stockholder's equity increased $11.4 million from a deficit of $384,885 as of December 31, 2011 to equity of $11.0 million as of December 31, 2012. The increase in our total stockholder's equity is primarily attributable to gross proceeds raised along with a $2.2 million gain on the sale of our Meadowmont property and a $12.2 million gain on business combinations, not including any acquisition or disposition costs.

On September 20, 2012, we filed a registration statement on Form S-11 with the SEC, to register $500 million in shares of our common stock (exclusive of shares to be sold pursuant to our distribution reinvestment program) at a price of $10.00 per share, and $50.0 million in shares of our common stock to be sold pursuant to our distribution reinvestment plan at $9.50 per share, pursuant to a follow-on offering to the Initial Public Offering (the "Follow-On Offering," and together with the Initial Public Offering, the "Prior Public Offerings"). As of April 12, 2013, the date we terminated our Prior Public Offering, we had accepted aggregate gross offering proceeds of $22.2 million.

Our total stockholders' equity increased $1.8 million from $11.0 million as of December 31, 2012 to $12.8 million as of September 30, 2013. The increase in our total stockholders' equity is primarily attributable to the cumulative gain of $3,699,367, net of disposition fees, which we realized on the partial sale of our controlling indirect joint venture equity interest in the Berry Hill property, reflected in our additional paid-in capital, offset by our net loss of $1,890,583 for the period. From the date of effectiveness of our Follow-On Offering through September 9, 2013, we sold aggregate gross primary offering proceeds of approximately $330,251 under our Follow-On Offering. After consideration by our Board of strategic alternatives to enhance the growth of our portfolio and the slow rate at which we raised funds in our continuous registered offerings, we terminated the Follow-On Offering on September 9, 2013, including the related distribution reinvestment program. We raised an aggregate of $22.6 million in gross proceeds from the sale of shares of our common stock in the Prior Public Offerings.

Results of Operations

The negative trend in our capital sources and liquidity issues discussed above is expected to have a material impact on the revenues and income derived from the operation of our assets unless we are able to obtain viable alternative financing arrangements to our Follow-On Offering. Other than this trend in our liquidity, our management is not aware of any material trends or uncertainties, favorable or unfavorable, other than national economic conditions affecting our targeted portfolio, the apartment housing industry and real estate generally, which may be reasonably anticipated to have a material impact on the revenues or incomes to be derived from the operation of our assets.

Note 3, "Business Combinations and Sale of Joint Venture Equity Interests," to the Consolidated Financial Statements in our Annual Report on Form 10-K, filed with the SEC on March 13, 2013, provides a discussion of the various purchases and sales of joint venture equity interests following the first quarter of 2012. These transactions have resulted in material changes to the presentation of our financial statements.

The following is a summary of our operating investments as of the nine months ended September 30, 2013:

Multifamily Community	Date Acquired	Number of Units	Our Ownership Interest in Property Owner	Occupancy %	Debt Service Coverage Ratio
Springhouse at Newport News	12/03/2009	432	38.25 %	93 %	2.54
The Reserve at Creekside Village	03/31/2010	192	24.70 %	92 %	2.20
The Estates at Perimeter	09/01/2010	240	25.00 %	94 %	2.28
Enders Place at Baldwin Park	10/02/2012	198	48.40 %	95 %	2.48
MDA City Apartments	12/17/2012	190	35.31 %	94 %	1.55

Three Months Ended September 30, 2013 Compared to Three Months Ended September 30, 2012

Revenues, property operating expenses, management fees, depreciation and amortization, and real estate taxes and insurance increased due to the various equity interest investments entered into following the second quarter for the year ended December 31, 2012, including the acquisition of the Enders property, Berry Hill development property and MDA property in the fourth quarter of 2012. Due to these additional acquisitions, virtually all statement of operations financial items increased from the three months ended September 30, 2012 by the following amounts compared to the three months ended September 30, 2013; revenues by $2,100,499, property operating expenses by $548,876, management fees by $68,647, depreciation and amortization by $363,371, and real estate taxes and insurance by $218,942.

General and administrative expenses increased $114,383 from $426,361 for the three months ended September 30, 2012 to $540,744 for the three months ended September 30, 2013. This increase is primarily due to the addition of three properties to our portfolio during the second half of 2012, offset by a decrease in consulting fees attributable to the additional equity interest in the Springhouse and Creekside properties acquired at the end of the second quarter of 2012, incurred in the third quarter of 2012.

Equity in gain on sale of real estate asset of unconsolidated joint venture represents the gain from the sale of the Hillsboro property.

(Loss) income from discontinued operations decreased $334,112 from a $336,787 loss for the three months ended September 30, 2012 to a loss of $2,675 for the three months ended September 30, 2013 primarily due to a large one-time painting project which occurred at the Creekside property during the three months ended September 30, 2012, as well as amortization of in-place leases during the three months ended September 30, 2012. The in-place leases were fully amortized in December 2012, so no such expense was recognized during the three months ended September 30, 2013.

Interest expense increased $918,599 from $219,170 for the three months ended September 30, 2012 to $1,137,769 for the three months ended September 30, 2013. The increase in interest expense is primarily the result of the amortization of the fair value debt adjustment resulting from the consolidation of the Springhouse property late in the second quarter of 2012, having a significant impact on the current period expense on a comparative basis, and the interest expense associated with the affiliate working capital line of credit, entered into during the fourth quarter of 2012.

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012

Revenues, property operating expenses, management fees, depreciation and amortization, and real estate taxes and insurance increased due to the various equity interest investments entered into following the first quarter for the year ended December 31, 2012, including additional equity interest in the Springhouse and Creekside properties late in the second quarter of 2012, the acquisition of the Enders property, Berry Hill development property and the MDA property in the fourth quarter of 2012. The structure of these business combinations allowed us to report consolidated financial information for these investments; we had reported all of our investments under the equity method in previous reporting periods. As the additional equity interests in the Springhouse and Creekside properties were not acquired until June 27, 2012, the prior period results reflect only a partial period of financial information for those investments. Therefore, virtually all statement of operations financial items increased from the nine months ended September 30, 2012 by the following amounts compared to the nine months ended September 30, 2013; revenues by $8,063,027, property operating expenses by $2,141,331, management fees by $285,637, depreciation and amortization by $3,359,575, and real estate taxes and insurance by $915,416.

General and administrative expenses increased $346,641 from $1,147,217 for the nine months ended September 30, 2012 to $1,493,858 for the nine months ended September 30, 2013. This increase is primarily due to the addition of three properties to our portfolio during the last half of 2012 and an increase in legal expenses associated with our business operations.

Gain on sale of JV interests of $2,014,533 represents the gain on sale of our Meadowmont property in June 2012. There were no such sales for the 2013 period.

Equity in gain on sale of real estate asset of unconsolidated joint venture represents the gain from the sale of the Hillsboro property.

(Loss) income from discontinued operations decreased $925,807 from a gain of $833,596 for the nine months ended September 30, 2012 to a loss of $92,211 for the nine months ended September 30, 2013 primarily due to the gain on revaluation of equity on business combination of $1,242,964 we recognized related to additional equity interests purchased in our Creekside property in June 2012.

Interest expense increased $3,137,042 from $324,209 for the nine months ended September 30, 2012 to $3,461,251 for the nine months ended September 30, 2013. The increase in interest expense is primarily the result of the amortization of the fair value debt adjustment resulting from the consolidation of the Springhouse property late in the second quarter of 2012, having a significant impact on the current period expense on a comparative basis, and the interest expense associated with the affiliate working capital line of credit, entered into during the fourth quarter of 2012.

Property Operations

We define "same store" properties as those that we owned and operated for the entirety of both periods being compared, except for properties that are in the construction or lease-up phases, or properties that are undergoing development or significant redevelopment. We move properties previously excluded from our same store portfolio for these reasons into the same store designation once they have stabilized or the development or redevelopment is complete. For newly constructed or lease-up properties or properties undergoing significant redevelopment, we consider a property stabilized upon attainment of 95% physical occupancy, subject loss-to-lease, bad debt and rent concessions, resulting in a net effective occupancy of no lower than 93%. For comparison of our three and nine months ended September 30, 2013 and 2012, the same store properties included properties owned at January 1, 2012. No other properties owned since January 1, 2011 were under construction or redevelopment. Our same store properties for the three and nine months ended September 30, 2013 and 2012 were Springhouse at Newport News, The Reserve at Creekside Village and the Estates at Perimeter. Our non-same store properties for the same periods were The Apartments at Meadowmont, Gardens at Hillsboro Village, Enders Place at Baldwin Park, 23Hundred@Berry Hill and MDA Apartments.

The following table presents the same store and non-same store results from operations for the three and nine months ended September 30, 2013 and 2012:

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2013	2012	$	%	2013	2012	$	%
Property Revenues								
Same Store	$ 2,200,282	$ 2,227,994	$ (27,712)	(1.2)%	$ 6,583,470	$ 6,666,253	$ (82,783)	(1.2)%
Non-Same Store	3,053,836	933,912	2,119,924	227.0 %	8,944,318	4,762,067	4,182,251	87.8 %
Total property revenues	**$ 5,254,118**	**$ 3,161,906**	**$ 2,092,212**	66.2 %	**$ 15,527,788**	**$ 11,428,320**	**$ 4,099,468**	35.9 %
Property Expenses								
Same Store	$ 949,331	$ 1,099,054	$ (149,723)	(13.6)%	$ 2,816,132	$ 2,920,472	$ (104,340)	(3.6)%
Non-Same Store	2,045,764	328,104	1,717,660	523.5 %	4,534,935	1,646,856	2,888,079	175.4 %
Total property expenses	**$ 2,995,095**	**$ 1,427,158**	**$ 1,567,937**	109.9 %	**$ 7,351,067**	**$ 4,567,328**	**$ 2,783,739**	60.9 %
Same Store NOI	$ 1,250,951	$ 1,128,940	$ 112,011	10.8 %	$ 3,767,338	$ 3,745,781	$ 21,557	0.6 %
Non-Same Store NOI	1,008,072	605,808	402,264	66.4 %	4,409,383	3,115,211	1,294,172	41.5 %
Total NOI(1)	**$ 2,259,023**	**$ 1,734,748**	**$ 524,275**	30.2 %	**$ 8,176,721**	**$ 6,860,992**	**$ 1,315,729**	19.2 %

(1) See "Net Operating Income" below for a reconciliation Same Store NOI, Non-Same Store NOI and Total NOI to net income (loss).

Three Months Ended September 30, 2013 Compared to Three Months Ended September 30, 2012

Same store property revenues decreased approximately $27,712, or 1.2%, for the three months ended September 30, 2013 as compared to the same period in 2012 due primarily to increased lease concessions resulting from a promotion offered at our Augusta property. The Creekside property is included in same store sales and is held for sale as of September 30, 2013. The Creekside property consisted of $549,906 and $560,370 in revenues for three months ended September 30, 2013 and 2012, respectively.

Same store property expenses decreased approximately $149,723, or 13.6%, for the three months ended September 30, 2013 as compared to the same period in 2012 due primarily to decreased repairs and maintenance expense of $116,531 and utilities expense of $61,797, offset by an increase in advertising and promotion of $23,173 and property taxes of $7,032, at our same store properties from the prior year period.

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012

Same store property revenues decreased approximately $82,783, or 1.2%, for the nine months ended September 30, 2013 as compared to the same period in 2012 due primarily to decreased rental revenues from the Creekside property resulting from a downturn in the local economy. Same store occupancy increased to 93.12% from 92.79% as of September 30, 2013 and 2012, respectively. Same store average annual and monthly effective rent per unit increased to approximately $10,977 and $1,220, respectively, for the nine months ended September 30, 2013, from approximately $10,852 and $1,206, respectively, for the nine months ended September 30, 2012. The Creekside property is included in same store sales and is held for sale as of September 30, 2013. The Creekside property consisted of $1,588,155 and $1,668,211 in revenues for the nine months ended September 30, 2013 and 2012, respectively. Creekside's occupancy was 92% and 93% as of September 30, 2013 and 2012, respectively. The average annual and monthly effective rent per unit for the Creekside property increased to $11,795 and $1,311, respectively, for the nine months ended September 30, 2013, from approximately $11,278 and $1,253, respectively, for the nine months ended September 30, 2012.

Same store property expenses decreased approximately $104,340, or 3.6%, for the nine months ended September 30, 2013 as compared to the same period in 2012 due primarily to decreased repairs and maintenance expense of $154,199 and utilities expense of $56,978, offset by an increase in salary/benefits of $41,292, advertising and promotion of $25,764, property taxes of $18,453, general & administrative expenses of $12,542, acquisition fees of $6,000, and contract services of $5,345, at our same store properties from the prior year period.

Net Operating Income

We believe that net operating income, or NOI, is a useful measure of our operating performance. We define NOI as total property revenues less total property operating expenses, excluding depreciation and amortization and interest. Other REITs may use different methodologies for calculating NOI, and accordingly, our NOI may not be comparable to other REITs.

We believe that this measure provides an operating perspective not immediately apparent from GAAP operating income or net income. We use NOI to evaluate our performance on a same store and non-same store basis because NOI allows us to evaluate the operating performance of our properties because it measures the core operations of property performance by excluding corporate level expenses and other items not related to property operating performance and captures trends in rental housing and property operating expenses.

However, NOI should only be used as an alternative measure of our financial performance. The following table reflects same store and non-same store contributions to consolidated NOI together with a reconciliation of NOI to net loss as computed in accordance with GAAP for the periods presented (amounts in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net operating income				
Same store	$ 1,251	$ 1,129	$ 3,767	$ 3,746
Non-same store	1,008	606	4,410	3,115
Total net operating income	2,259	1,735	8,177	6,861
Less:				
Interest expense	(1,164)	(913)	(4,314)	(3,531)
Total property income (loss)	**1,095**	**822**	**3,863**	**3,330**
Less:				
Noncontrolling interest pro-rata share of property income	(605)	(635)	(2,604)	(2,568)
Other income (loss) related to JV/MM entities	(11)	23	(10)	(10)
Pro-rata share of properties' income	**479**	**210**	**1,249**	**752**
Less:				
Depreciation and amortization	(486)	(442)	(1,902)	(1,006)
Affiliate loan interest, net	(248)	-	(774)	(100)
Asset management and oversight fees	(138)	(75)	(399)	(240)
Acquisition and disposition costs	(224)	-	(364)	(216)
Corporate operating expenses	(539)	(413)	(1,389)	(1,134)
Add:				
Gain on sale of joint venture interest	-	-	-	2,154
Equity in gain on sale of real estate asset of unconsolidated joint venture interest	1,688	-	1,688	
Gain on revaluation of equity on business combinations	-	-	-	3,527
Net income (loss) attributable to common shareholders	**$ 532**	**$ (720)**	**$ (1,891)**	**$ 3,737**

Organization and Offering Costs

Our organization and offering costs (other than selling commissions and dealer manager fees) may be paid by our Advisor, our dealer manager or their affiliates on our behalf. Other offering costs include all expenses to be incurred by us in connection with our Initial Public Offering and our Follow-On Offering. Organization costs include all expenses incurred by us in connection with our formation, including but not limited to legal fees and other costs to incorporate. Organization costs are expensed as incurred and offering costs, which include selling commissions and dealer manager fees, are charged as incurred as a reduction to stockholders' equity.

As of September 30, 2013, $2,396,605 of organizational and offering costs have been incurred on the our behalf by our Advisor since inception. We are liable to reimburse these costs to our Advisor only to the extent selling commissions, the dealer manager fee and other organization and offering costs do not exceed 15% of the gross proceeds of the applicable offering. In 2010, we reimbursed our Advisor for approximately $508,000 of these costs. When recorded by us, organizational costs are expensed and third-party offering costs are charged to stockholders' equity. As of September 30, 2013, $3,619,115 of offering costs have been charged to stockholders' equity and, in 2010, $49,931 of organizational costs were expensed. The organizational and offering costs exceed the 15% threshold discussed above, and given the termination of the Initial Public Offering in April 2013 and the Follow-On Offering in September 2013, we have recorded a receivable of approximately $508,000 due from our Advisor for the previously reimbursed organizational and offering costs.

Operating Expenses

Under our Advisory Agreement, our Advisor and its affiliates have the right to seek reimbursement from us for all costs and expenses they incur in connection with their provision of services to us, including our allocable share of our Advisor's overhead, such as rent, employee costs, utilities and information technology costs. We do not, however, reimburse our Advisor for personnel costs in connection with services for which our Advisor receives acquisition, asset management or disposition fees or for personnel costs related to the salaries of our executive officers. Our charter limits our total operating expenses at the end of the four preceding fiscal quarters to the greater of (A) 2% of our average invested assets, or (B) 25% of our net income determined (1) without reductions for any additions to reserves for depreciation, bad debts or other similar non-cash reserves and (2) excluding any gain from the sale of our assets for the period. Notwithstanding the above, we may reimburse amounts in excess of the limitation if a majority or our independent directors determines that such excess amounts were justified based on unusual and non-recurring factors. If such excess expenses are not approved by a majority of our independent directors, the Advisor must reimburse us at the end of the four fiscal quarters the amount by which the aggregate expenses during the period paid or incurred by us exceeded the limitations provided above. We will not reimburse the Advisor for personnel costs in connection with services for which the Advisor receives acquisition, asset management or disposition fees. As of September 30, 2013 and December 31, 2012, the Board of Directors approved operating expenses to be expensed as incurred.

Liquidity and Capital Resources

We believe the properties underlying the Company's real estate investments are performing well and had a portfolio-wide debt service coverage ratio of 2.07x and occupancy of 94% at September 30, 2013. Our primary liquidity requirements relate to (a) our operating expenses, (b) our maturing short-term debt, (c) investments and capital requirements to fund development and renovations at existing properties and (d) distributions. Our current cash resources are inadequate to meet these needs as our current corporate operating expenses exceed the cash flow received from our investments in real estate joint ventures.

The primary reason for our negative operating cash flow is the amount of our general and administrative expenses relative to the size of our portfolio. Our general and administrative expenses were $1,493,858 for the nine months ended September 30, 2013. These costs include accounting and related fees to our independent auditors, legal fees, costs of being an SEC reporting company, director compensation and directors and officers insurance premiums.

We believe that the most important uses of our capital resources will be to provide working capital to enable us to cover our negative operating cash flow and meet our maturing short-term debt obligation.

Through September 9, 2013, we had sold shares of our common stock pursuant to a registered continuous offering carried out in a manner consistent with offerings of non-listed REITs. Our Board of Directors subsequently determined to terminate our continuous registered offering. Through September 9, 2013, the date we terminated our continuous registered offering, we had raised $22.6 million in net proceeds from our continuous registered offering.

Therefore, the Company must seek other sources of funding other than the Follow-On Offering to address short and long-term liquidity requirements. On April 3, 2013, the Company, through an affiliate, entered into a membership interest purchase agreement with an unaffiliated third party for the sale of the Company's indirect equity investment in The Estates at Perimeter in Augusta, Georgia (the "Augusta Property"). The Company anticipated that the sale of its indirect equity investment in the Augusta Property would generate sufficient cash to support its short-term liquidity requirements; however, the purchaser terminated the membership interest purchase agreement on June 18, 2013, which created short-term liquidity issues. To address these issues, on August 13, 2013, following the approval of our Board of Directors, we sold, at third party appraised value, a 10.27% indirect equity interest in a to-be developed class A, mid-rise apartment community known as 23Hundred@Berry Hill located in Nashville, Tennessee (the "Berry Hill Property") to an affiliate, Bluerock Growth Fund, LLC, with the Company retaining an approximate 53.46% indirect equity interest in the project. The transaction generated proceeds to the Company of approximately $2,000,040, excluding disposition fees of $69,470 deferred by our Advisor, which the Company anticipates will support its primary liquidity requirements through the remainder of 2013, other than our working line of credit.

Further, on August 29, 2013, we transferred an additional 28.36% indirect equity interest in the Berry Hill property, or the Additional Berry Hill Interest, to Bluerock Special Opportunity + Income Fund III, L.L.C. ("SOIF III"), an affiliate of the Company, in exchange for a $5,524,412 reduction of the outstanding principal balance of a working capital line of credit provided by Bluerock Special Opportunity + Income Fund, II, L.L.C. ("SOIF II") and SOIF III, both of which are affiliates of our Sponsor, pursuant to which it may borrow up to $13.5 million (the "SOIF LOC"), based on a third party appraisal, excluding a disposition fee of approximately $191,886 payable per the Advisory Agreement between the Company and the Advisor and deferred by our Advisor.

While we have no present intention to sell assets to meet liquidity requirements, we have done so in the past, and may in the future selectively harvest assets to meet such requirements. In this regard, The Gardens at Hillsboro Village in Nashville, Tennessee, in which we held an indirect 12.5% joint venture equity interest, was sold on September 30, 2013 at a sales price of $44.0 million. This sale generated net proceeds to us after closing costs of approximately $2.44 million, which will be used to help cover our operating expenses and liabilities, including the pay down of a portion of our working line of credit.

Construction of the Berry Hill Property is in process, and the property is anticipated to begin delivering units for scheduled move-ins in November 2013. The Berry Hill Property is projected to be stabilized by the third quarter of 2014. To date, our funding obligations for this project have been a significant liquidity requirement. The project is expected to produce positive cash flow to us once stabilized.

With respect to debt financing, we obtained an extension of our existing $13.5 million affiliate working line of credit. On October 2, 2012, we entered into the SOIF LOC pursuant to which we may borrow up to $12.5 million. On August 13, 2013, the SOIF LOC was further amended in connection with our sale of the partial interest in the Berry Hill Property, to, among other things, remove the revolving feature of the SOIF LOC such that we may not borrow any further thereunder. Thus, we do not view the SOIF LOC as a source of liquidity. On August 29, 2013, we extended the maturity date of the SOIF LOC to April 2, 2014, and we may extend it for an additional six months. At September 30, 2013 and December 31, 2012, the outstanding balance on the SOIF LOC was $7,611,437 and $11,935,830, respectively, and no amount and $564,170 was available for borrowing, respectively.

We may also utilize other credit facilities or loans from affiliates or unaffiliated parties when possible. To date, the Company has relied on borrowing from affiliates to help finance its business activities. However, there are no assurances that the Company will be able to continue to borrow from affiliates or extend the maturity date of its existing affiliated line of credit.

Our charter prohibits us from incurring debt that would cause our borrowings to exceed 300% of our net assets unless a majority of our independent directors approves the borrowing. Our charter also requires that we disclose the justification for any borrowings in excess of the 300% leverage guideline in the next quarterly report. As of September 30, 2013, the percentage of our borrowings to our net assets was below the 300% guideline.

Our Sponsor has agreed to provide financial support to our Company sufficient for us to satisfy our obligations and debt service requirements as they come due until at least March 14, 2014, and satisfy all liabilities and obligations of our Company that we are unable to satisfy when due through March 14, 2014. Our Sponsor has deferred payment by the Company as needed of asset management fees, acquisition fees and organizational and offering costs incurred by the Company and has deferred current year reimbursable operating expenses, though the Sponsor is not currently advancing cash on behalf of the Company.

In addition, our policy is generally to pay distributions from cash flow from operations. However, through the termination of our Follow-On Offering, all of our distributions have been paid from proceeds from our public offering, and may in the future be paid from additional sources, such as from borrowings, the sale of assets, advances from our Advisor and our Advisor's deferral of its fees and expense reimbursements. None of our distributions for the nine months ended September 30, 2013 or the year ended December 31, 2012 were funded with our cash from ongoing operations for those same periods.

We expect to meet our long-term liquidity requirements, such as scheduled debt maturities, through additional asset sales or consummating other strategic alternatives. The Company has been exploring alternatives for a larger strategic transaction that would generate cash proceeds to the Company. The Company can make no assurances any of these funding arrangements or strategic transactions will occur, be successful or result in net proceeds to help the Company meet its liquidity requirements.

Off-Balance Sheet Arrangements

As of September 30, 2013, we did not have any off-balance sheet arrangements that have had or are reasonably likely to have a material effect on our financial condition, revenues or expenses, results of operations, liquidity, capital resources or capital expenditures. As of September 30, 2013, we own interests in one joint venture that is accounted for under the equity method as we exercise significant influence over, but do not control, the investee.

Cash Flows from Operating Activities

As of September 30, 2013, we owned indirect equity interests in six real estate properties, five of which are consolidated for reporting purposes. During the nine months ended September 30, 2013, net cash provided by operating activities was $2,768,505. After the net loss of $2,884,239 was adjusted for $2,725,639 in non-cash items, net cash used in operating activities consisted of the following:

- Increase in accounts payable and accrued liabilities of $3,446,367;
- Increase in accounts receivable and other assets of $53,220; and
- Decrease in our payables due to affiliates of $446,042.

Cash Flows from Investing Activities

During the nine months ended September 30, 2013, net cash used in investing activities was $12,458,866, primarily due to asset additions at Berry Hill, our development property, offset by the cash proceeds received for the sale of a partial joint venture interest in the Berry Hill property.

Cash Flows from Financing Activities

Our cash flows from financing activities consist primarily of proceeds from our Initial Public Offering and Follow-On Offering and repayments/proceeds from affiliate loans, less distributions paid to our stockholders. For the nine months ended September 30, 2013, net cash provided by financing activities was $9,231,941 which was primarily due to the following:

- $8,413,749 of draws on the Berry Hill property's construction loan,
- Increased noncontrolling equity in the Berry Hill property of $920,908; and
- $1,449,763 of gross offering proceeds related to our Initial Public and Follow-On Offerings, net of (1) payments of commissions on sales of common stock and related dealer manager fees in the amount of $143,245, and (2) offering costs paid by us directly in the amount of $900,621.

This was offset by net cash distributions, after giving effect to distributions reinvested by our stockholders.

Capital Expenditures

The following table summarizes our total capital expenditures for the nine months ended September 30, 2013 and 2012.

	For the nine months ended September 30,	
	2013	2012
New development	$ 12,807,797	$ -
Redevelopment/renovations	816,630	-
Routine capital expenditures – continued operations	186,816	29,257
Total capital expenditures from continuing operations	13,811,243	29,257
Routine capital expenditures – discontinued operations	67,310	24,660
Total capital expenditures	$ 13,878,553	$ 53,917

The majority of our capital expenditures during the nine months ended September 30, 2013 relate to the Berry Hill property, our development project, which was acquired in October 2012. First move-ins are projected in November 2013 and total projected development cost is approximately $33.7 million, for which we anticipate to incur our pro-rata share.

We define redevelopment and renovation costs as non-recurring capital expenditures for significant projects that have been specifically budgeted for and, for the nine months ended September 30, 2013, relate to projects at our Springhouse, Enders and MDA properties. We define routine capital expenditures as recurring capital expenditures, for items that are incurred at every property and included in each individual budget, and are expected to have no significant additional impact on an individual property's operating budget.

Funds from Operations and Modified Funds from Operations

Funds from operations ("FFO") is a non-GAAP financial measure that is widely recognized as a measure of REIT operating performance. We consider FFO to be an appropriate supplemental measure of our operating performance as it is based on a net income analysis of property portfolio performance that excludes non-cash items such as depreciation. The historical accounting convention used for real estate assets requires straight-line depreciation of buildings and improvements, which implies that the value of real estate assets diminishes predictably over time. Since real estate values historically rise and fall with market conditions, presentations of operating results for a REIT, using historical accounting for depreciation, could be less informative. We define FFO, consistent with the National Association of Real Estate Investment Trusts ("NAREIT") definition, as net income, computed in accordance with GAAP, excluding gains (or losses) from sales of property, plus depreciation and amortization of real estate assets, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures will be calculated to reflect FFO on the same basis.

In addition to FFO, we use modified funds from operations ("Modified Funds from Operations" or "MFFO"), as defined by the Investment Program Association ("IPA"). MFFO excludes from FFO the following items:

(1) acquisition fees and expenses;
(2) straight line rent amounts, both income and expense;
(3) amortization of above or below market intangible lease assets and liabilities;
(4) amortization of discounts and premiums on debt investments;
(5) gains or losses from the early extinguishment of debt;
(6) gains or losses on the extinguishment or sales of hedges, foreign exchange, securities and other derivative holdings except where the trading of such instruments is a fundamental attribute of our operations;
(7) gains or losses related to fair value adjustments for derivatives not qualifying for hedge accounting, including interest rate and foreign exchange derivatives;
(8) gains or losses related to consolidation from, or deconsolidation to, equity accounting;
(9) gains or losses related to contingent purchase price adjustments; and
(10) adjustments related to the above items for unconsolidated entities in the application of equity accounting.

We believe that MFFO is helpful in assisting management, investors and analysts assess the sustainability of our operating performance, and in particular, after our offering and acquisition stages are complete primarily because it excludes acquisition expenses that affect property operations only in the period in which the property is acquired. We expect that the exclusion of acquisition and disposition expenses will be our most significant adjustment for the near future. We have incurred $137,928 and $280,946 of acquisition and disposition expense during the three and nine months ended September 30, 2013, respectively. Acquisition and disposition fees of no amount and $216,376 were incurred during the three and nine months ended September 30, 2012, respectively.

In evaluating investments in real estate, including both business combinations and investments accounted for under the equity method of accounting, management's investment models and analysis differentiate costs to acquire the investment from the operations derived from the investment. Acquisition costs related to business combinations are to be expensed. We believe by excluding expensed acquisition costs, MFFO provides useful supplemental information that is comparable for each type of our real estate investments and is consistent with management's analysis of the investing and operating performance of our properties. In addition, it provides investors with information about our operating performance so they can better assess the sustainability of our operating performance after our offering and acquisition stages are completed. Acquisition expenses include those incurred with our Advisor or third parties. Table 1 presents our calculation of FFO and MFFO for the three and nine months ended September 30, 2013 and 2012.

Because we have been raising capital in our Initial Public Offering since our inception, did not commence real estate operations until the end of 2009, made several additional equity investments in 2010, made no investments in 2011, made additional equity investments in 2012, as well as one disposition, and made no additional investments and sold investments in the nine months ended September 30, 2013, the results presented in the table below are not directly comparable and should not be considered an indication of our future operating performance.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net income (loss) attributable to common shareholders	$ 531,713	$ (719,870)	$ (1,890,583)	$ 3,737,066
Add: Pro-rata share of investments depreciation and amortization[1]	485,517	441,240	1,901,881	1,005,965
	1,017,230	(278,630)	11,298	4,743,031
Less: Pro-rata share of investments gain on sale of joint venture interests and	-	-	-	(2,153,749)
equity in gain on sale of real estate assets of unconsolidated joint ventures	(1,687,594)	-	(1,687,594)	-
gain on revaluation of equity on business combinations	-	-	-	(3,527,621)
FFO	**$ (670,364)**	**$ (278,630)**	**$ (1,676,296)**	**$ (938,339)**
Add: Pro-rata share of investments acquisition and disposition costs	223,993	-	364,096	216,376
MFFO	**$ (446,371)**	**$ (278,630)**	**$ (1,312,200)**	**$ (721,963)**

[1] The real estate depreciation and amortization amount includes our share of consolidated real estate-related depreciation and amortization of intangibles, less amounts attributable to noncontrolling interests, and our similar estimated share of unconsolidated depreciation and amortization, which is included in earnings of our unconsolidated real estate joint venture investments.

Operating cash flow, FFO and MFFO may also be used to fund all or a portion of certain capitalizable items that are excluded from FFO and MFFO, such as tenant improvements, building improvements and deferred leasing costs.

Presentation of this information is intended to assist the reader in comparing the sustainability of the operating performance of different REITs, although it should be noted that not all REITs calculate FFO or MFFO the same way, so comparisons with other REITs may not be meaningful. FFO or MFFO should not be considered as an alternative to net income (loss), as an indication of our liquidity, nor is either indicative of funds available to fund our cash needs, including our ability to make distributions. Both FFO and MFFO should be reviewed in connection with other GAAP measurements.

Provided below is additional information related to selected non-cash items included in net loss above, which may be helpful in assessing our operating results.

- Directors stock compensation of $73,750 and $45,000 was recognized for the nine months ended September 30, 2013 and 2012, respectively.
- Amortization of deferred financing costs paid on behalf of our joint ventures of approximately $10,796 and $56,354 was recognized for the nine months ended September 30, 2013 and 2012, respectively.

Distributions

On November 5, 2012, our Board of Directors declared distributions of $0.00191781 per common share based on daily record dates for the period from January 1, 2013 through March 31, 2013. On March 7, 2013, our Board of Directors declared distributions of $0.00191781 per common share based on daily record dates for the period from April 1, 2013 through June 30, 2013. On May 7, 2013, our Board of Directors declared distributions of $0.00191781 per common share based on daily record dates for the period from July 1, 2013 through September 30, 2013. Distributions payable to each stockholder of record were paid in cash on or before the 15th day of the following month. A portion of each distribution may constitute a return of capital for tax purposes. We intend to make regular cash distributions to our stockholders, typically on a monthly basis. As current corporate operating expenses exceed cash flow received from our investments in real estate joint ventures, we can make no assurance that our Board of Directors will continue to approve monthly distributions at the current rate; however the distributions paid to date represent an amount that, if paid each month for a 12-month period, would equate to a 7.0% annualized rate based on a purchase price of $10.00 per share.

On April 1, 2013, our Board of Directors approved stock distributions at a rate of $0.00219178 per share per day in shares of the Company's common stock (based on a value of $10.00 per share of common stock), which would equal a daily amount that, if paid each day for a 365-day period, would equal an 8.0% annualized rate based on a purchase price of $10.00 per share.

Our Board of Directors will determine the amount of distributions to be distributed to our stockholders. The Board's determination will be based on a number of factors, including funds available from operations, our capital expenditure requirements and the annual distribution requirements necessary to maintain our REIT status under the Internal Revenue Code. As a result, our distribution rate and payment frequency may vary from time to time. However, to qualify as a REIT for tax purposes, we must make distributions equal to at least 90% of our "REIT taxable income" each year. Especially during the early stages of our operations, we may declare distributions in excess of funds from operations.

Distributions paid and cash flows from operations were as follows:

	Distributions Paid				
Period	Cash	Reinvested	Total	Cash Flow from Operations	Distributions Declared
First Quarter 2013	$ 236,738	$ 148,429	$ 385,167	$ 89,886	$ 393,291
Second Quarter 2013	251,884	161,593	413,477	1,625,453	412,265
Third Quarter 2013	254,526	168,608	423,134	1,053,166	426,066
Total	$ 743,148	$ 478,630	$ 1,221,778	$ 2,768,505	$ 1,231,622

For the three and nine months ended September 30, 2013, we paid total distributions, including distributions reinvested through our distribution reinvestment plan, of approximately $423,134 and $1,221,778, respectively, all of which were paid from offering proceeds. Our net income for the three and nine months ended September 30, 2013 was approximately $4,230,980 and $1,808,684, respectively. Our FFO for the three and nine months ended September 30, 2013 was approximately $(670,364) and $(1,676,296) respectively. Since our inception on July 25, 2008 through September 30, 2013, we have paid total distributions, including distributions reinvested through our distribution reinvestment plan, of $3,094,039, all of which were paid from offering proceeds, and have had a cumulative net loss of approximately $(1,331,597). Of the 40 months in which we paid distributions prior to October 1, 2013, offering proceeds were used in all of those months to pay distributions. For the year ended December 31, 2012, we paid total distributions, including distributions reinvested through our distribution reinvestment plan, of approximately $1,872,261, all of which were paid from offering proceeds. Our net income for the year ended December 31, 2012 was approximately $3,920,841. For a discussion of how we calculate FFO and why our management considers it a useful measure of REIT operating performance as well as a reconciliation of FFO to our net loss, please see "—Funds from Operations and Modified Funds From Operations" above.

Significant Accounting Policies and Critical Accounting Estimates

Our significant accounting policies and critical accounting estimates are disclosed in our Annual Report on Form 10-K for the year ended December 31, 2012 and Note 2 "Basis of Presentation and Summary of Significant Accounting Policies" to Consolidated Financial Statements.

Subsequent Events

Amended Advisory Agreement

On October 21, 2013, the Board of Directors of the Company, including its independent directors, approved the renewal and amendment of the Third Amended and Restated Advisory Agreement dated February 27, 2013 (the "Advisory Agreement") by and among the Company, the Company's Advisor, and Bluerock Multifamily Holdings, L.P., the Company's operating partnership (the "Operating Partnership"). The Company, the Advisor and the Operating Partnership have entered into a First Amendment to Third Amended and Restated Advisory Agreement effective October 14, 2013 (the "First Amendment"), which (i) renews and extends the Advisory Agreement through October 14, 2014, (ii) reflects a change in the disposition and financing fees payable to the Advisor and (iii) modifies the terms by which the Advisory Agreement may be terminated.

Pursuant to the terms of the Advisory Agreement, as compensation to the Advisor for providing a substantial amount of services to us in connection with the disposition of one or more of our properties or investments, a disposition fee (the "Disposition Fee") equal to the lesser of (A) 1.5% of the sales price of each property or other investment sold, or (B) 50% of the selling commission that would have been paid to a third-party sales broker in connection with such disposition, was to be paid by the Company to the Advisor. Pursuant to the First Amendment, the Disposition Fee payable to the Advisor has been amended to be only 1.5% of the sales price of each property or other investment sold and is no longer subject to determination based on selling commissions payable to third-party sales brokers.

In addition, a financing fee in the amount of 1.0% of any loan made to us (the "Financing Fee") was to be paid to the Advisor. Pursuant to the First Amendment, the Financing Fee has been amended to 0.25% of any loan made to us. Except as amended by the First Amendment, the terms of the renewed Advisory Agreement are identical to those of the Advisory Agreement that was previously in effect.

Resignation of Chief Executive Officer

Effective October 31, 2013, Randy I. Anderson resigned as Chief Executive Officer of Bluerock Multifamily Growth REIT, Inc., or our Company, for personal reasons. Mr. Anderson was previously appointed as our Chief Executive Officer on February 26, 2013 by our Board of Directors at the recommendation of R. Ramin Kamfar, Chairman of the Board of Directors. Mr. Anderson has also resigned from his position as Chief Executive Officer of our Advisor, and from his position as President of our Sponsor, both of which are affiliates of our Company. Mr. Anderson's resignation was for personal reasons and not the result of any disagreements with our Company on any matters relating to our operations, policies or practices.

Appointment of Chief Executive Officer

On October 31, 2013, the Board of Directors appointed Mr. Kamfar, age 50, to serve as our Chief Executive Officer and Chief Executive Officer of our Advisor until his successor is elected and qualifies or until his earlier death, resignation or removal. The appointment of Mr. Kamfar as our Chief Executive Officer was not made pursuant to any arrangement or understanding between him and any other person. Mr. Kamfar previously served as our Chief Executive Officer from our inception until the appointment of Mr. Anderson on February 26, 2013.

Distributions Paid

Distributions Declared Daily For Each Day in Month Listed	Date Paid	Total Distribution	Cash Distribution	Dollar amount of Shares Issued pursuant to the Distribution Reinvestment plan
September 2013	October 1, 2013	$ 125,263	$ 125,263	$ -
October 2013	November 1, 2013	$ 143,393	$ 143,393	$ -

Declaration of Cash Distributions

On October 21, 2013, our Board of Directors authorized cash distributions payable to the stockholders of record at the close of business on each of October 31, 2013, November 30, 2013 and December 31, 2013. Distributions payable to each stockholder of record will be paid on or before November 15, 2013, December 15, 2013 and January 15, 2014, respectively. The declared distributions for the month of October 2013 equal $0.05945211 per share of common stock, the declared distributions for the month of November 2013 equal $0.0575343 per share of common stock and the declared distributions for the month of December 2013 equal $0.05945211 per share of common stock. A portion of each distribution may constitute a return of capital for tax purposes. There is no assurance that we will continue to declare distributions or at these rates.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We have omitted a discussion of quantitative and qualitative disclosures about market risk because, as a smaller reporting company, we are not required to provide such information.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) and Rule 15d-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), our management, including our Chief Executive Officer and Chief Accounting Officer, evaluated, as of September 30, 2013, the effectiveness of our disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e) and Rule 15d-15(e). Based on that evaluation, our Chief Executive Officer and Chief Accounting Officer concluded that our disclosure controls and procedures were effective as of September 30, 2013, to provide reasonable assurance that information required to be disclosed by us in this report filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the rules and forms of the Exchange Act and is accumulated and communicated to management, including the Chief Executive Officer and Chief Accounting Officer, as appropriate to allow timely decisions regarding required disclosures.

We believe, however, that a controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls systems are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud or error, if any, within a company have been detected.

Changes in Internal Control over Financial Reporting

There has been no change in internal control over financial reporting that occurred during the nine months ended September 30, 2013 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

In addition to the other information set forth in this quarterly report, you should carefully consider the factors identified in the "Risk Factors" section of our Registration Statement on Form S-11 (File No. 333-184006) filed with the SEC, as the same may be amended and supplemented from time to time, as well as the risk factors described below. These risk factors could materially affect our business, financial condition, or future results. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, and/or operating results.

We face the maturity of our short-term debt, and we may be unable to repay, extend, or refinance this debt.

Our $13.5 million affiliate working line of credit is scheduled to mature on April 2, 2014, which we refer to as the SOIF LOC. At September 30, 2013, $7,611,437 was outstanding under the SOIF LOC. If we are unable to find alternative funding or extend or refinance this debt at maturity on acceptable terms, we might be forced to dispose of one or more of our properties on disadvantageous terms to satisfy this obligation, which could result in losses to us. Foreclosures could also create taxable income without accompanying cash proceeds, thereby hindering our ability to meet the REIT distribution requirements of the Internal Revenue Code.

Our exploration of potential strategic alternatives may be unsuccessful.

We continue to explore potential strategic alternatives for our Company. We caution that there can be no assurance that the exploration of strategic alternatives will result in any transaction, or that, if completed, any transaction will be on attractive terms.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Use of Proceeds

On October 15, 2009, our Registration Statement on Form S-11 (File No. 333-153135), covering a public offering of up to 130 million shares of common stock, was declared effective under the Securities Act of 1933. We commenced our Initial Public Offering on October 15, 2009. We offered 100 million shares of common stock in our primary offering at an aggregate offering price of up to $1.0 billion, or $10 per share, with a discount available to certain categories of purchasers. The 30 million shares offered under our distribution reinvestment plan were offered at an aggregate offering price of $285.0 million, or $9.50 per share.

On September 20, 2012, the Company filed a registration statement on Form S-11 with the SEC, to register $500.0 million in shares of its common stock (exclusive of shares to be sold pursuant to the Company's distribution reinvestment program) at a price of $10.00 per share (subject to certain volume discounts described in the prospectus), and $50.0 million in shares of its common stock to be sold pursuant to the Company's distribution reinvestment plan at $9.50 per share, pursuant to the Follow-On Offering. As permitted by Rule 415 under the Securities Act, we continued the Initial Public Offering until the date the SEC declared the registration statement for the Follow-On Offering effective. The Follow-On Offering was declared effective April 12, 2013. On August 23, 2013, at the recommendation of its Advisor and following the approval of its Board of Directors, the Company terminated its Follow-On Offering, effective September 9, 2013.

Through September 9, 2013, including shares issued through our distribution reinvestment plan, we had sold approximately 2,458,361 shares of common stock in our Initial Public and Follow-On Offerings and raised gross offering proceeds of approximately $22,561,657. The net proceeds of the offerings, after payment of underwriting compensation and offering and organizational expenses, was $16,128,618. Below is a summary of the sources and uses of capital by the Company, including the use of proceeds from the offerings[(1)]:

	Amount
Sources:	
Capital Raised:	$ 22,561,657
Loans from Affiliates:	24,250,543
Less: Repayments of Loans to Affiliates	(16,639,106)
Current Outstanding Loans From Affiliates	7,611,437
Sales Proceeds:	5,337,844
Distributions from Investments:	3,123,348
Total Sources:	$ 38,634,286
Uses:	
Investments in Real Estate JV's	$ 25,087,844
Less: Disposed Assets (cost basis)	(5,300,189)
Current Investments in Real Estate JV's	19,787,655
Selling Commission, Dealer Manager Fee and Distribution Costs(2)	2,137,994
Offering and Organizational Expenses	4,295,045
Interest on Loans to Affiliates	1,492,991
Fees Paid to Advisor on Investments	2,105,469
Working Capital	4,085,778
Dividends Paid to Investors	3,094,039
Redemptions	433,532
Total Uses:	$ 37,432,503

(1) Figures are based on exact amounts excluding Working Capital, which is based on a reasonable estimate.
(2) Paid to Select Capital Corporation, as the Company's dealer manager until July 11, 2011, and Bluerock Capital Markets, LLC, as the Company's dealer manager commencing July 11, 2011. Bluerock Capital Markets, LLC is as an affiliate of the Advisor.

Unregistered Sale of Equity Securities

During the three and nine months ended September 30, 2013, we did not sell any equity securities that were not registered under the Securities Act of 1933.

Share Repurchases

The Company previously adopted a share repurchase plan that enabled stockholders to sell their shares to the Company in limited circumstances.

There were several limitations on the Company's ability to repurchase shares under the share repurchase plan:

- The Company may not repurchase shares until the stockholder has held the shares for one year.
- During any calendar year, the share repurchase plan limits the number of shares the Company may repurchase to those that the Company could purchase with the net proceeds from the sale of shares under the distribution reinvestment plan during the previous fiscal year.
- During any calendar year, the Company may not repurchase in excess of 5% of the number of shares of common stock outstanding as of the same date in the prior calendar year.

Pursuant to the terms of our share repurchase plan, the purchase price for shares repurchased under the share repurchase plan reflected our estimated value per share of $10.04 as of December 17, 2012. For a discussion of how we determined our estimated value per share, including limitations and assumptions, please review the discussion in Item 8.01 of our Form 8-K dated December 17, 2012 and filed with the Commission on January 2, 2013. Except in the instance of a stockholder's death or qualifying disability, we repurchased shares at the lesser of (1) 100% of the average price per share the original purchaser paid to us for all of the shares (as adjusted for any stock distributions, combinations, splits, recapitalizations, special distributions and the like with respect to our common stock), or (2) $9.04 per share (i.e., 90% of our estimated net asset value per share of $10.04). Repurchases sought upon a stockholder's death or "qualifying disability", as that term as defined in our share repurchase plan, were made at a repurchase price of $10.04 per share. Shares subject to repurchase were required to be held for at least one year. The Company had no obligation to repurchase shares if the repurchase would violate the restrictions on distributions under Maryland law, which prohibits distributions that would cause a corporation to fail to meet statutory tests of solvency.

The Company limits the dollar value of shares that may be repurchased under the program as described above. During the nine months ended September 30, 2013, the Company redeemed $98,425 of common stock as a result of redemption requests. Proceeds from our distribution reinvestment plan for the year ended December 31, 2012 were $454,711, which under our share redemption plan establishes the maximum amount of redemption requests we may satisfy during the year ended December 31, 2013, subject to exceptional circumstances as determined by our Board of Directors. In September 2012, $59,005 of shares were repurchased based on extraordinary circumstances, leaving $395,706 available to fulfill redemption requests in 2013. As of September 30, 2013, we received a total of nine redemption requests during the nine month period ended September 30, 2013 for an aggregate of 25,129 shares, not including the partially deferred redemption request from the year ended December 31, 2012 in the amount of $23,125. We honored the deferred redemption requests from 2012 in full. Of the remaining redemption requests, we honored a total of 7,500 shares aggregating $75,300. The average redemption price for the fulfilled redemptions during the nine months ended September 30, 2013 was $9.84 per share. Funds for the payment of redemption requests were derived from the proceeds of our distribution reinvestment plan.

On June 27, 2013, following a meeting of its Board of Directors, the Company decided to explore strategic alternatives to enhance the growth of its portfolio. In anticipation of its review of strategic alternatives, the Board of Directors, including all of the Company's independent directors, voted to suspend the Company's share repurchase plan as of June 27, 2013 through the third quarter of 2013. In addition, the Company's Board of Directors, including all of the Company's independent directors, voted to suspend payment of pending repurchase requests under the share repurchase plan that were queued as of June 27, 2013 for repurchase.

On August 23, 2013, the Company's Board of Directors, including all of the Company's independent directors, voted to terminate the Company's Distribution Reinvestment Plan ("DRP"). The termination of the DRP eliminated the source of proceeds for the repurchase of shares under the share repurchase plan and, therefore, the Company's Board of Directors, including all of the Company's independent directors, voted to terminate the share repurchase plan, effective as of September 9, 2013.

As a result of the termination of the share repurchase program, the repurchase requests received from stockholders during the second quarter of 2013, with respect to 17,629 shares aggregating $169,366, will not be fulfilled.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Appropriate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
July 1, 2013 through July 31, 2013	-	-	-	-
August 1, 2013 through August 31, 2013	-	-	-	-
September 1, 2013 through September 30, 2013	-	-	-	-
Total	-	-	-	-

(1) A description of the maximum number of shares that may be purchased under our share repurchase plan is included in the narrative preceding this table.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

3.1	Articles of Amendment and Restatement of the Registrant (incorporated by reference to Exhibit 3.1 to Pre-Effective Amendment No. 4 to the Company's Registration Statement on Form S-11 (No. 333-153135)).
3.2	Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-11 (No. 333-153135)).
3.3	Articles of Amendment of the Company, incorporated by reference to Exhibit 3.3 to Pre-Effective Amendment No. 2 to the Company's Registration Statement on Form S-11 (No. 333-184006).
4.1	Distribution Reinvestment Plan (included as Exhibit B to the Prospectus dated April 25, 2013, incorporated by reference to Exhibit B to Post-Effective Amendment No. 1 to the Company's Registration Statement on Form S-11 (No. 333-184006)).
4.2	Form of Subscription Agreement (included as Exhibit A to the Prospectus dated April 25, 2013, incorporated by reference to Exhibit A to Post-Effective Amendment No. 1 to the Company's Registration Statement on Form S-11 (No. 333-184006)).
10.1	Second Amendment to Line of Credit and Security Agreement by and among Bluerock Multifamily Growth REIT, Inc., Bluerock Special Opportunity + Income Fund II, LLC and Bluerock Special Opportunity + Income Fund III, LLC, dated August 13, 2013.
10.2	Replacement Promissory Note by and among Bluerock Multifamily Growth REIT, Inc., Bluerock Special Opportunity + Income Fund II, LLC and Bluerock Special Opportunity + Income Fund III, LLC, dated August 13, 2013.
10.3	Membership Interest Purchase Agreement by and among BEMT Berry Hill, LLC and Bluerock Growth Fund, LLC, dated August 9, 2013.
10.4	First Amendment to Amended and Restated Limited Liability Company Agreement of BR Berry Hill Managing Member, LLC, dated August 13, 2013.
10.5	Assignment of Membership Interest (BR Berry Hill Managing Member, LLC), dated as of August 13, 2013.
10.6	Membership Interest Purchase Agreement by and among BEMT Berry Hill, LLC and Bluerock Special Opportunity + Income Fund III, LLC, dated August 29, 2013.
10.7	Second Amended and Restated Limited Liability Company Agreement of BR Berry Hill Managing Member, LLC, dated August 29, 2013.
10.8	Assignment of Membership Interest (BR Berry Hill Managing Member, LLC), dated as of August 29, 2013.
10.9	Third Amendment to Line of Credit and Security Agreement by and among Bluerock Multifamily Growth REIT, Inc., Bluerock Special Opportunity + Income Fund II, LLC and Bluerock Special Opportunity + Income Fund III, LLC, dated August 29, 2013.
10.10	Replacement Promissory Note by and among Bluerock Multifamily Growth REIT, Inc., Bluerock Special Opportunity + Income Fund II, LLC and Bluerock Special Opportunity + Income Fund III, LLC, dated August 29, 2013.
10.11	Purchase and Sale Agreement between Bell BR Hillsboro Village JV, LLC and Nicol Investment Company, LLC, dated July 26, 2013.
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002.
101.1	The following information from the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2013, formatted in XBRL (eXtensible Business Reporting Language): (i) Balance Sheets; (ii) Statements of Operations; (iii) Statement of Stockholders' Equity; (iv) Statements of Cash Flows.

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 thereunto duly authorized.

BLUEROCK MULTIFAMILY GROWTH REIT, INC.

DATE: November 18, 2013

/s/ R. Ramin Kamfar
R. Ramin Kamfar
Chief Executive Officer
(Principal Executive Officer)

DATE: November 18, 2013

/s/ Christopher J. Vohs
Christopher J. Vohs
Chief Accounting Officer
(Principal Financial Officer and Principal Accounting Officer)

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Section 2: EX-10.1 (EXHIBIT 10.1)

Exhibit 10.1

SECOND AMENDMENT TO LINE OF CREDIT AND SECURITY AGREEMENT

THIS SECOND AMENDMENT TO LINE OF CREDIT AND SECURITY AGREEMENT (this "Agreement") is made as of August 13, 2013, between and among **BLUEROCK MULTIFAMILY GROWTH REIT, INC.**, a Maryland corporation f/k/a Bluerock Enhanced Multifamily Trust, Inc. (the "Borrower"), and **BLUEROCK SPECIAL OPPORTUNITY + INCOME FUND II, LLC**, a Delaware limited liability company ("SOIF II") and **BLUEROCK SPECIAL OPPORTUNITY + INCOME FUND III, LLC**, a Delaware limited liability company ("SOIF III," and together with SOIF II and their collective successors and assigns, the "SOIF Parties").

WITNESSETH:

WHEREAS, the SOIF Parties and the Borrower entered into that certain Line of Credit and Security Agreement dated as of October 2, 2012 (the "LOC Agreement"), which LOC Agreement evidenced a revolving line of credit and the obligation of the Borrower thereunder to repay to the SOIF Parties the principal sum of up to Twelve Million Five Hundred Thousand dollars ($12,500,000.00) (the "Commitment Amount") plus interest, fees and costs; and

WHEREAS, the SOIF Parties and the Borrower entered into that certain Line of Credit and Security Agreement Modification Agreement dated as of March 4, 2013, whereunder the SOIF Parties and the Borrower modified the LOC Agreement to (i) increase the Commitment Amount to Thirteen Million Five Hundred Thousand dollars ($13,500,000.00), and (ii) extend the maturity date thereof by six (6) months to October 2, 2013; and

WHEREAS, the LOC as amended March 4, 2013 (the "Amended LOC") is secured by certain assets owned by the Borrower, including but not limited to the Borrower's membership interests in BR Berry Hill Managing Member, LLC, a majority owner of BR Stonehenge 23 Hundred, LLC, the owner of 23 Hundred, LLC, the owner of a 266-unit multi-family development project known as 23Hundred@Berry Hill, Nashville, Tennessee (the "Berry Hill Collateral"); and

WHEREAS, the outstanding principal balance under Amended LOC as of the effective date is $12,960,000.00; and

WHEREAS, the Borrower is seeking to sell a portion of the Berry Hill Collateral and is requesting the SOIF Parties' consent to a one-time release of their lien on the cash proceeds that would result from such sale; and

WHEREAS, the SOIF Parties are willing to grant such request, subject to the terms and conditions set forth herein, including but not limited to eliminating the Borrower's right to further borrow against the Amended LOC;

NOW, THEREFORE, in consideration of the foregoing premises, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Defined Terms**. All capitalized terms used herein and not otherwise expressly defined herein shall have the respective meanings given to such terms in the Amended LOC.

2. **Amendment to Amended LOC**. The Amended LOC is hereby modified and amended as follows:

A. The second sentence of Section 1 of the Amended LOC - - which sentence provides as follows: "The Line of Credit shall be a revolving line of credit, against which disbursements may be made to Borrower, repaid by Borrower and additional disbursements made to Borrower, subject to the limitations contained in this Agreement; provided, that the SOIF Parties shall have no obligation to make any disbursement (A) that would cause the outstanding principal balance of the Line of Credit plus all outstanding principal and any accrued but unpaid interest to exceed the Commitment Amount or (B) if there is an Event of Default or a Default (as defined below)." - - is hereby deleted in its entirety.

B. Section 2 of the Amended LOC - - which Section provides as follows: "Advances. Advances under the Line of Credit will be made by the SOIF Parties upon receipt by the SOIF Parties of at least five (5) days' prior written notice setting forth the amount of the advance." - - is hereby deleted in its entirety and is replaced as follows as of the effective date:

"2. No Re-Borrowing. Borrower shall have no right to make further draws against, or re-borrow any funds under the Line of Credit."

C. Section 3 of the Amended LOC - - which Section provides as follows: "The Note. Borrower's obligation to pay the principal of and interest on the Line of Credit shall be evidenced by a Promissory Note (the "Note"), substantially in the form attached hereto as Exhibit A, which shall (i) be duly executed and delivered by Borrower, (ii) be dated as of the date hereof, (iii) be in the stated principal amount of the Line of Credit, (iv) mature on the Maturity Date, (v) bear interest as provided in the Note, and (vi) be governed by this Agreement." - - is hereby deleted in its entirety and is replaced as follows as of the effective date:

"3. The Replacement Promissory Note. Borrower's obligation to pay the principal of and interest on the Line of Credit shall be evidenced by a Replacement Promissory Note modified in accordance with this Second Amendment to Line of Credit and Security Agreement including but not limited to providing that it shall (i) be in the stated principal amount of $12,960,000 as of the effective date, (ii) be dated, duly executed and delivered by Borrower as of the effective date hereof, (iii) replace the Note previously delivered under the Amended LOC, (iv) bear interest as provided in the Amended LOC, and (iv) mature on the Maturity Date."

D. Section 15 of the Amended LOC Agreement is deleted in its entirety, and is hereby replaced as follows:

"15. Notices. Any notice required or permitted to be given hereunder shall be in writing and will be deemed received (a) on the date of receipted delivery by a courier service or (b) on the fifth business day after mailing, by registered or certified United States mail, postage prepaid, to the appropriate party at its address set forth below:

If to Borrower:	c/o Bluerock Enhanced Multifamily Advisor 712 Fifth Avenue, 9th Floor New York, NY 10019 Attn: Michael L. Konig, Esq.
If to SOIF II:	c/o BR SOIF II Manager 712 Fifth Avenue, 9th Floor New York, NY 10019 Attn: Jordan B. Ruddy
If to SOIF III:	c/o BR SOIF III Manager 712 Fifth Avenue, 9th Floor New York, NY 10019 Attn: Jordan B. Ruddy"

3. **Partial Release of Berry Hill Collateral**. The SOIF Parties hereby release the lien of their security interest in nineteen and fifty three one-hundredths percent (19.53%) of the Borrower's ownership interests in the Berry Hill Collateral, which is the equivalent of a twelve and forty five one-hundredths percent (12.45%) interest in BR Berry Hill Managing Member, LLC, which is the equivalent of a ten and twenty seven one-hundredths percent (10.27%) indirect ownership interest in 23 Hundred, LLC. This will be a one-time release of the SOIF Parties' security interests, for which the Borrower shall pay the SOIF Parties an aggregate $100,000 release fee, which shall be deemed automatically added to the principal balance of the Replacement Promissory Note as of the date of the Borrower's sale of such interest in the Berry Hill Collateral and payable from the proceeds of the next sale of assets by Borrower or on the Maturity Date, whichever occurs earlier.

4. **Effectiveness**. The modifications provided in paragraph 2 hereof shall be effective as of August 95, 2013.

5. **Reaffirmation of LOC Agreement**. All other provisions of the Amended LOC shall continue to be in full force and effect.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, Borrower and the SOIF Parties have caused their duly authorized officers to set their hands and seals as of the day and year first above written.

Borrower:

BLUEROCK MULTIFAMILY GROWTH REIT, INC.,
a Maryland corporation f/k/a Bluerock Enhanced Multifamily Trust, Inc.

By: /s/ Jordan Ruddy
Name: Jordan Ruddy
Its: Authorized Signatory

SOIF Parties:

BLUEROCK SPECIAL OPPORTUNITY + INCOME FUND II, LLC
a Delaware limited liability company

By: BR SOIF II Manager, LLC
a Delaware limited liability company
Its: Manager

By: Bluerock Real Estate, L.L.C,
a Delaware limited liability company
Its: Sole Member

By: /s/ Ramin Kamfar
Name: Ramin Kamfar
Title: Authorized Signatory

BLUEROCK SPECIAL OPPORTUNITY + INCOME FUND III, LLC
a Delaware limited liability company

By: BR SOIF III Manager, LLC
a Delaware limited liability company
Its: Manager

By: Bluerock Real Estate, L.L.C,
a Delaware limited liability company
Its: Sole Member

By: /s/ Ramin Kamfar
Name: Ramin Kamfar
Title: Authorized Signatory

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Section 3: EX-10.2 (EXHIBIT 10.2)

Exhibit 10.2

REPLACEMENT PROMISSORY NOTE

$12,960,000 **August 13, 2013**

For value received, **BLUEROCK MULTIFAMILY GROWTH REIT, INC.** (f/k/a BLUEROCK ENHANCED MULTIFAMILY TRUST, INC.), a Maryland corporation (the "Borrower"), hereby promises to pay to the order of **BLUEROCK SPECIAL OPPORTUNITY + INCOME FUND II, LLC**, a Delaware limited liability company, and **BLUEROCK SPECIAL OPPORTUNITY + INCOME FUND III, LLC**, a Delaware limited liability company (together with their successors and assigns, the "Lender") the principal sum of **Twelve Million Nine Hundred Sixty Thousand Dollars ($12,960,000)**, plus interest, fees and costs, in accordance with the terms and conditions of this promissory note (the "Note").

This Note is issued, executed and delivered by Borrower to Lender in replacement and full satisfaction of that certain Promissory Note dated October 2, 2012 in the amount of 'up to' $12,500,000, as modified by that certain Promissory Note Modification Agreement dated as of March 4, 2013 (together, the "Prior Note").

This Note shall accrue interest at a simple annual interest rate of the currently pending 30-Day LIBOR Rate plus 6.00%, subject to a minimum interest rate of at least eight and one-half percent (8.5%) per annum. All outstanding principal and interest shall be due and payable on October 2, 2013 (the "Maturity Date").

This Note may be prepaid in whole or in part at any time or from time to time without penalty. Payments shall be applied first against interest or other charges and/or fees (other than principal), and next to the payment of principal. Borrower expressly acknowledges that a $100,000 lien release fee may be added to the principal balance of this Note upon consummation of the sale by Borrower of a 12.447% interest held by its subsidiary in BR Berry Hill Managing Member, LLC.

If this Note is not paid in full on the Maturity Date, then, at the Lender's election, all amounts not paid when due at the Maturity Date shall become part of principal and shall thereafter accrue interest at the rate of twelve percent (12%) per annum. In the event of an acceleration of the maturity of this Note (as described below), this Note shall become immediately due and payable without presentation, demand, protest or notice of dishonor, all of which are hereby waived by the Borrower**.** The Borrower also shall pay and this Note shall evidence Borrower's obligation to pay Lender any and all actual costs incurred by Lender for the interpretation, performance, exercise, enforcement or protection of its rights hereunder and for the collection of Borrower's obligations under this Note and for the protection of the security for this Note, including reasonable attorneys' fees and expenses, and all costs to collect, possess, preserve, repair and liquidate the collateral given by Borrower to secure the obligations owed to Lender.

If the rate of interest required to be paid hereunder exceeds the maximum rate permitted by law, such rate of interest shall be automatically reduced to the maximum rate

permitted by law and any amounts collected in excess of the permissible amount shall be returned to Borrower or applied to principal all pursuant to the terms of and as further set forth herein. To the fullest extent permitted by law, interest shall continue to accrue after the filing by or against Borrower of any petition seeking any relief in bankruptcy or under any act or law pertaining to insolvency or debtor relief, whether state, federal or foreign.

If Borrower makes any payment to Lender that is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party, then, to the extent of such payment, the obligation intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been received by Lender.

The Borrower covenants, warrants, and represents to the Lender that:

(i) the execution, delivery and performance of this Note have been duly authorized;

(ii) this Note is enforceable against the Borrower in accordance with its terms;

(iii) the execution and delivery of this Note does not violate or constitute a breach of any agreement to which the Borrower is a party; and

(iv) the loan evidenced by this Note is for commercial purposes and will not be used in any consumer transaction.

Payment of this Note is secured by the pledge of the Collateral as that term is defined in that certain Line of Credit and Security Agreement dated October 2, 2012, as amended March 4, 2013 and as further amended by that certain Second Amendment to Line of Credit and Security Agreement dated as of August 9, 2013, among the Borrower and the Lender (the "Pledge Agreement").

The occurrence of any one or more of the following shall constitute an Event of Default under this Note:

(a) the Borrower fails to pay Lender any interest, principal or other money due and payable by Borrower to Lender under this Note on or before the Maturity Date thereof;

(b) the failure of Borrower to comply with any material covenant set forth herein and the expiration of any applicable notice and cure provisions contained herein;

(c) the occurrence of an Event of Default under the Pledge Agreement and the expiration of any applicable notice and cure provisions contained therein;

(d) the Borrower terminates its existence, voluntarily or involuntarily, allows the appointment of a receiver for any part of its property or makes an assignment for the benefit of creditors; or

(e) the Borrower does any of the following:

(i) admits in writing its inability to pay its debts generally as they become due;

(ii) consents to, or acquiesce in, the appointment of a receiver, liquidator or trustee of itself or of the whole or any substantial part of its properties or assets;

(iii) files a petition or answer seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the Federal Bankruptcy laws or any other applicable law;

(iv) has a court of competent jurisdiction enter an order, judgment or decree appointing a receiver, liquidator or trustee of Borrower, or of the whole or any substantial part of the property or assets of Borrower, and such order, judgment or decree shall remain unvacated or not set aside or unstayed for sixty (60) days;

(v) has a petition filed against it seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the Federal Bankruptcy laws or any other applicable law and such petition shall remain undismissed for sixty (60) days;

(vi) has, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assume custody or control of Borrower or of the whole or any substantial part of its property or assets and such custody or control shall remain unterminated or unstayed for sixty (60) days;

(vii) has an attachment or execution levied against any substantial portion of the property of Borrower which is not discharged or dissolved by a bond within thirty (30) days; or

(viii) has any materially adverse change in its financial condition since the date of this Note.

Upon the occurrence of an Event of Default, the Lender may at any time thereafter exercise any one or more of the following remedies:

(a) the Lender may accelerate the Maturity Date and declare the unpaid principal balance, accrued but unpaid interest and all other amounts payable hereunder at once due and payable,

(b) the Lender may set off the amount due against any and all accounts, credits, money, securities or other property held by or in the possession of the Lender;

(c) the Lender may exercise any of its other rights, powers and remedies available at law or in equity. All of the rights and remedies of the Lender under this Note, at law or in equity are cumulative, and the exercise by the Lender of any one or more of such rights and remedies shall not preclude the simultaneous or later exercise by the Lender of any or all such other rights and remedies.

The enumeration of Lender's rights and remedies herein is not intended to be exhaustive and the exercise by Lender of any right or remedy shall not preclude the exercise of any other rights or remedies, all of which shall be cumulative, and shall be in addition to any other right or remedy given hereunder or under the Pledge Agreements or that may now or hereafter exist in law or in equity or by suit or otherwise.

This Note shall be governed by and construed in accordance with the internal laws of the State of New York, notwithstanding any conflicts-of-law provision to the contrary. The Borrower and Lender waive their respective rights to a jury trial to the maximum extent permitted by law for any claim or cause of action arising out of this Note. Each party has reviewed this waiver with its counsel.

Except as specifically provided herein and except as prohibited by law, Borrower hereby waives presentment, demand, protest and notice of dishonor, as well as the benefit of any exemption under the Homestead and all other exemption or insolvency laws as to this debt.

Lender's failure at any time to require strict performance by Borrower hereunder shall not waive or affect any right of Lender at any time thereafter to demand strict performance, and any waiver of any Event of Default by Lender shall not waive or affect any other Event of Default, whether prior or subsequent thereto, and whether of the same or a different type. None of the provisions of this Note shall be deemed waived by any act, knowledge or course of dealing of Lender, or its agents, except by an instrument in writing signed by Lender and directed to Borrower specifying such waiver.

All notices, requests, demands and other communications with respect hereto shall be in writing and shall be delivered by hand against a receipt, sent prepaid by FedEx (or a comparable overnight delivery service) or sent by the United States mail, certified, postage prepaid, return receipt requested, at the addresses designated below. Any notice, request, demand or other communication delivered or sent in the manner aforesaid shall be deemed given or made (as the case may be) only when actually received by the intended recipient. Rejection or other refusal to accept or the inability to deliver because of a changed address of which no written notice was given shall be deemed to be receipt of the notice, request, demand or other communication sent as of the date three (3) business days following the date such rejected, refused or undeliverable notice was sent. The Borrower or the Lender may change their addresses by notifying the other party of the new address in any manner permitted by this paragraph.

If to the Borrower: c/o Bluerock Real Estate
712 Fifth Ave., 9th Floor
New York, New York 10022
Attn: R. Ramin Kamfar
Fax: (212) 843-3411

If to the Lender: c/o Bluerock Real Estate, LLC
712 Fifth Ave., 9th Floor
New York, New York 10022
Attn: R. Ramin Kamfar
Fax: (212) 843-3411

To the extent any provision herein is prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note.

This Note shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed by its duly authorized company officer, as of the day and year first above written.

Borrower:

BLUEROCK MULTIFAMILY GROWTH REIT, INC.
a Maryland corporation

By: /s/ Jordan Ruddy
Name: Jordan Ruddy
Title: Authorized Signatory

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Section 4: EX-10.3 (EXHIBIT 10.3)

Exhibit 10.3

MEMBERSHIP INTEREST PURCHASE AGREEMENT

SALE OF BERRY HILL INTEREST

FROM

BEMT BERRY HILL, LLC

TO

BLUEROCK GROWTH FUND, LLC

Exhibit 10.3

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MEMBERSHIP INTEREST PURCHASE AGREEMENT
SCHEDULE OF EXHIBITS AND APPENDICES

Exhibit A	-	Organizational Charts
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Appendix 2.1(a)	-	Form of Assignment of Interest
Appendix 2.1(c)	-	Form of Venture Agreement Amendment

Exhibit 10.3

MEMBERSHIP INTEREST PURCHASE AGREEMENT

This Membership Interest Purchase Agreement (this "Agreement") is made as of the 9th day of August, 2013 (the "Effective Date") by and among BEMT BERRY HILL, LLC, a Delaware limited liability company ("Seller"), and BLUEROCK GROWTH FUND, LLC, a Delaware limited liability company ("Buyer").

RECITALS

A. Seller is the owner and holder of a 77.253% limited liability company interest in BR Berry Hill Managing Member, LLC, a Delaware limited liability company ("BR Berry Hill Member").

B. Buyer is the owner and holder of a 22.747% limited liability company interest in the BR Berry Hill Member.

C. BR Berry Hill Member is a co-manager of, and is the owner and holder of an 82.5% limited liability company interest in, BR Stonehenge 23Hundred JV, LLC, a Delaware limited liability company ("Berry Hill Venture"), which is the sole member of 23Hundred, LLC, a Delaware limited liability company (the "Subsidiary"), which is the fee simple owner and holder of the Berry Hill Property (as defined in Appendix 1.2).

D. BR Berry Hill Member is an indirect owner of the Berry Hill Property, as shown in the organizational chart attached to this Agreement as Exhibit A-1 (the "Existing Organizational Chart").

E. Seller desires to sell, and Buyer desires to purchase from Seller, all of Seller's right, title and interest in a 12.447% limited liability company interest in BR Berry Hill Member (the "Berry Hill Interest"), which equates to an additional 10.269% indirect interest in the Berry Hill Property.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

ARTICLE 1. PURCHASE OF INTEREST; CONSIDERATION; DEFINITIONS

1.1 Purchase of Berry Hill Interest; Purchase Price. In accordance with the Recitals set forth above, which Recitals are incorporated into this Agreement and made a part thereof, Seller agrees to sell and convey, and Buyer agrees to purchase, the Berry Hill Interest on the terms and conditions set forth herein. As consideration for Seller's agreement to sell the Berry Hill Interest to Buyer, Buyer shall pay $2,000,040.00 in cash to Seller (the "Consideration"), payable at the Closing.

1.2 Definitions. Certain terms, capitalized but not defined in the body of this Agreement shall have the meanings ascribed to them on Appendix 1.2 attached hereto.

1.3 Descriptive Headings; Word Meaning. The descriptive headings of the paragraphs of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any provisions of this Agreement. Words such as "herein," "hereinafter," "hereof" and "hereunder" when used in reference to this Agreement, refer to this Agreement as a whole and not merely to a subdivision in which such words appear, unless the context otherwise requires. The singular shall include the plural and the masculine gender shall include the feminine and neuter, and vice versa, unless the context otherwise requires. The word "including" shall not be restrictive and shall be interpreted as if followed by the words "without limitation."

ARTICLE 2. CLOSING

The transaction described herein shall be closed upon (i) the consummation of the purchase and sale of the Berry Hill Interest as contemplated in this Agreement, and (ii) the execution and delivery of the documents set forth in this Article 2.

2.1 Seller Deliveries. Seller shall deliver or cause to be delivered to Buyer the following, each such document being duly executed and, where appropriate, in recordable form and notarized:

(a) Assignment of Interest. An assignment of the Berry Hill Interest, in the form attached hereto as Appendix 2.1(a), executed by Seller (the "Assignment of Interest");

(b) Authority. Evidence of the existence, organization and authority of Seller and of the authority of the Persons executing documents on behalf of Seller reasonably satisfactory to Buyer;

(c) Second Amendment to Venture Agreement. An amendment to the Venture Agreement, in the form attached hereto as Appendix 2.1(c), duly executed by Seller and reflecting the consummation of the purchase and sale of the Berry Hill Interest as contemplated herein (the "Venture Agreement Amendment");

(d) Other Deliveries. Such other documents, certificates and instruments reasonably necessary in order to effectuate the transactions described herein, including without limitation, a lien waiver from the Secured Lender with respect to its security interest in the Berry Hill Interest, transfer tax declarations, broker lien waivers, and any other Closing deliveries required to be made by or on behalf of Seller.

2.2 Buyer Deliveries. Buyer shall deliver or cause to be delivered to Seller the following, each such document being duly executed and, where appropriate, in recordable form and notarized:

(a) Consideration. Payment of the Consideration.

(b) Authority. Evidence of the existence, organization and authority of Buyer and of the authority of the Persons executing documents on behalf of Buyer reasonably satisfactory to Seller;

(c) Venture Agreement Amendment. The Venture Agreement Amendment, duly executed by Buyer; and

(d) Other Deliveries. Such other documents, certificates and instruments reasonably necessary in order to effectuate the transactions described herein, including without limitation, transfer tax declarations, broker lien waivers, and any other Closing deliveries required to be made by or on behalf of Buyer.

2.3 Closing Statement. Seller and Buyer shall execute a closing statement consistent with this Agreement.

ARTICLE 3. PRORATIONS; COSTS

3.1 Prorations. Buyer and Seller agree to use customary commercially reasonable practices to determine all prorations and adjustments to be made between Buyer and Seller at Closing.

3.2 Post-Closing Corrections. Either party shall be entitled to a post-Closing adjustment for any incorrect proration or adjustment, provided such adjustment is claimed by such party within twelve (12) months after Closing. The provisions of this Section 3.2 shall survive the Closing.

3.3 Costs; Transfer Taxes. Buyer shall pay any Transfer Taxes due and payable with respect to the conveyance of the Berry Hill Interest, if any. Seller shall pay the cost of removing any Encumbrances on the Berry Hill Interest. Except as provided in Section 5.1 and Section 6.7 of this Agreement, or in any document or instrument executed pursuant to this Agreement, each party shall be responsible for their own attorneys' and other professional fees. Seller and Buyer shall execute any required city, county and state transfer tax or other declarations, if applicable.

3.4 Sales Commissions. Seller and Buyer represent and warrant each to the other that they have not dealt with any real estate broker or salesperson in connection with this transaction. In the event of any claim for broker's or finder's fees or commissions in connection with the negotiation, execution or consummation of this Agreement or the transaction contemplated hereby, each party shall indemnify, defend and hold harmless the other party from and against any such claim based upon any actual or alleged statement, representation or agreement of the indemnifying party. This provision shall survive the Closing and any termination of this Agreement.

3.5 Excluded Obligations and Assets.

(a) Seller Obligations. Buyer is purchasing the Berry Hill Interest free and clear of any and all of Seller's obligations with respect thereto and Encumbrances thereon.

(b) Survival. The provisions of this Section 3.5 shall survive Closing indefinitely and shall not be subject to the limitations set forth in Section 4.5 or Article 5.

ARTICLE 4. REPRESENTATIONS AND WARRANTIES

4.1 Seller's Representations and Warranties as to Seller. As a material inducement to Buyer to execute this Agreement and consummate the Closing, Seller represents and warrants to Buyer that:

(a) Seller has been duly formed or organized as a limited liability company, is validly existing and is in good standing in the State of Delaware, and is authorized to exercise all its powers, rights and privileges.

(b) Seller has the power and authority, under its Charter Documents, to own and operate its assets, to carry on its business as now conducted, and to enter into and perform its obligations under this Agreement.

(c) All manager, member, or other action on the part of Seller and the BR Berry Hill Member necessary for Seller's authorization, execution and delivery of this Agreement, and the performance of all obligations of Seller hereunder and the completion of the Closing pursuant hereto has been taken prior to the Closing. This Agreement constitutes a legally binding and valid obligation of Seller, enforceable against Seller in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

(d) The execution and delivery of this Agreement by Seller and the performance by Seller of its obligations pursuant hereto will not result in any violation of, be in conflict with, or constitute a default under, with or without the passage of time or the giving of notice: (x) any provision of Seller's Charter Documents as such documents exist immediately prior to the Closing; (y) any provision of any judgment, decree or order to which Seller is a party or by which its properties or assets are bound; or (z) any Laws applicable to Seller or its properties or assets.

(e) The execution and delivery of this Agreement by Seller and the performance by Seller of its obligations pursuant hereto will not result in any violation of, be in conflict with, or constitute a default under, with or without the passage of time or the giving of notice any material contract or agreement to which Seller is a party.

(f) The execution, delivery and performance by Seller of this Agreement does not require the consent, approval, notice, clearance, waiver, order or authorization of any Person or Governmental Authority that has not been obtained or given.

(g) There is no action, suit, proceeding or investigation pending or, to the knowledge of Seller, threatened in writing against Seller that challenges the validity of this Agreement or the right of Seller to enter into this Agreement, or that might result, either individually or in the aggregate, in Seller's inability to perform its obligations under this Agreement. There is no material judgment, decree or order of any court, arbitrator, tribunal or governmental or similar authority in effect against Seller, nor is Seller in material default with respect to any order or any court, arbitrator, tribunal or governmental or similar authority binding upon Seller, by which it or its respective properties or assets are bound, which would prevent Seller from performing its obligations under this Agreement.

(h) Seller is not and is not acting on behalf of (i) an "employee benefit plan" within the meaning of Section 3(3) of ERISA), (ii) a "plan" within the meaning of Section 4975 of the Code or (iii) an entity deemed to hold "plan assets" within the meaning of 29 C.F.R. §2510.3-101 of any such employee benefit plan or plans.

(i) Seller is not acting, directly or indirectly for, or on behalf of, any Person, group, entity or nation named by any Executive Order (including the September 24, 2001, Executive Order Blocking Properties and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism) or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person," or other banned or blocked Person, group, entity, or nation pursuant to any Law that is enforced or administered by the Office of Foreign Assets Control, and is not engaging in the transactions described herein, directly or indirectly, on behalf of, or instigating or facilitating the transactions described herein, directly or indirectly, on behalf of, any such Person, group, entity or nation.

(j) Seller is not insolvent and will not become insolvent by executing or performing its obligations under this Agreement or the documents to be executed in connection herewith.

4.2 Seller's Representations and Warranties as to the Berry Hill Interest. As a material inducement to Buyer to execute this Agreement and consummate the Closing, Seller represents and warrants to Buyer with respect to the Berry Hill Interest, BR Berry Hill Member, Berry Hill Venture and the Subsidiary that:

(a) Seller is the owner and holder of 77.253% of the limited liability company interests in BR Berry Hill Member. The Berry Hill Interest is subject to a lien and security interest held by the Secured Lender, but is otherwise free and clear of any Encumbrances, and is otherwise subject only to restrictions on transfer imposed under applicable U.S. federal and state securities Laws, the Venture Agreement and the Loan Documents. The Berry Hill Interest has been duly and validly issued and, except as contemplated by this Agreement or the Venture Agreement, there exists no agreement, arrangement or obligation (actual or contingent) to issue, transfer, redeem, repay or repurchase the Berry Hill Interest or any portion thereof.

(b) Other than as provided in the limited liability company agreement of Berry Hill Venture or the Subsidiary or the Venture Agreement, there are no options, warrants, stock appreciation rights, calls, pre-emptive rights, subscriptions, contribution rights, convertible securities, or other rights or other agreements or commitments of any character whatsoever which are an obligation of Seller to issue, transfer or sell any securities exercisable for, or otherwise evidencing a right to acquire, any interests of any kind in any of BR Berry Hill Member, Berry Hill Venture or the Subsidiary (except the rights of Buyer under this Agreement).

(c) The Existing Organizational Chart attached at Exhibit A-1 is correct and correctly shows Berry Hill Venture and the Subsidiary and the percentage ownership interest of BR Berry Hill Member in Berry Hill Venture, and indirectly in the Subsidiary, and the existing ownership interests of Seller and Buyer in the BR Berry Hill Member immediately prior to the Closing hereunder.

(d) The Post-Sale Organizational Chart attached at Exhibit A-2 is correct and correctly shows Berry Hill Venture and the Subsidiary and the percentage ownership interest of BR Berry Hill Member in Berry Hill Venture, and indirectly in the Subsidiary, and the pro forma ownership interests of Seller and Buyer in the BR Berry Hill Member immediately following the Closing hereunder.

4.3 Buyer's Representations and Warranties. As a material inducement to Seller to execute this Agreement and consummate the Closing, Buyer represents and warrants to Seller that:

(a) Buyer has been duly formed or organized as a limited liability company, is validly existing and, is in good standing in the state of its organization, and is authorized to exercise all of its powers, rights and privileges.

(b) Buyer has the power and authority, under its Charter Documents, to own and operate its properties, to carry on its business as now conducted, and to enter into and perform its obligations under this Agreement.

(c) All action on the part of Buyer and its members, managers, and officers necessary for the authorization, execution and delivery of this Agreement, the performance of all obligations of Buyer hereunder and completion of the transactions hereunder, has been taken or will be taken prior to the Closing. This Agreement constitutes a legally binding and valid obligation of Buyer enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

(d) The execution and delivery of this Agreement by Buyer and the performance by Buyer of its obligations pursuant hereto will not result in any violation of, be in conflict with, or constitute a default under, with or without the passage of time or the giving of notice: (x) any provision of Buyer's Charter Documents; (y) any provision of any judgment, decree or order to which Buyer is a party or by which it or its property or assets are bound; or (z) any Laws applicable to Buyer or its property or assets.

(e) The execution and delivery of this Agreement by Buyer and the performance by Buyer of its obligations pursuant hereto will not result in any violation of, be in conflict with, or constitute a default under, with or without the passage of time or the giving of notice, any material contract or agreement to which Buyer is a party.

(f) There is no action, suit, proceeding or investigation pending or, to the knowledge of Buyer, threatened in writing against Buyer that challenges the validity of this Agreement or the right of Buyer to enter into this Agreement, or that might result, either individually or in the aggregate, in Buyer's inability to perform its obligations under this Agreement. There is no judgment, decree or order of any court, arbitrator, tribunal or governmental or similar authority in effect against Buyer, and Buyer is not in default with respect to any order of any court, arbitrator, tribunal or governmental or similar authority binding upon Buyer or by which it or its property or assets are bound that would prevent Buyer from performing its obligations under this Agreement.

(g) Buyer is not acting, directly or indirectly for, or on behalf of, any Person, group, entity or nation named by any Executive Order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism) or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person, or other banned or blocked Person, group, entity, or nation pursuant to any Law that is enforced or administered by the Office of Foreign Assets Control, and is not engaging in the transactions described herein, directly or indirectly, on behalf of, or instigating or facilitating the transactions described herein, directly or indirectly, on behalf of, any such Person, group, entity or nation.

(h) Buyer is acquiring the Berry Hill Interest for its own account, for investment purposes only and not with a view to the distribution (as such term is used in Section 2(11) of the Securities Act of 1933, as amended (the "Securities Act")) thereof. Buyer understands that the Berry Hill Interest has not been registered under the Securities Act and cannot be sold unless subsequently registered under the Securities Act or an exemption from such registration is available.

4.4 Limitations. Except for the representations and warranties contained in Sections 4.1 and 4.2, or any documents delivered to Buyer at Closing in connection with this Agreement (collectively, "Seller's Reps"), neither Seller nor any other Person (including, for the avoidance of doubt, any equity holder of Seller) makes any other express or implied representation or warranty in respect of the Berry Hill Interest, BR Berry Hill Member, Berry Hill Venture, the Subsidiary, the Berry Hill Property or the transaction contemplated hereby, and Seller disclaims all other representations or warranties, whether made by BR Berry Hill Member, Berry Hill Venture, the Subsidiary or any of their respective Affiliates, officers, directors, employees, agents or representatives. Except for Seller's Reps, Seller hereby disclaims all liability and responsibility for any representation, warranty, projection, forecast, statement, or information made, communicated, or furnished (orally or in writing) to Buyer or its Affiliates or representatives (including any opinion, information, projection or advice that may have been or may be provided to Buyer by any director, officer, employee, agent, consultant or representative of BR Berry Hill Member, Berry Hill Venture, the Subsidiary or any of their respective Affiliates). EXCEPT FOR AND SUBJECT ONLY TO SELLER'S REPS, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, EXPRESS, IMPLIED OR STATUTORY, RELATING TO THE BERRY HILL INTEREST, BR BERRY HILL MEMBER, BERRY HILL VENTURE, THE SUBSIDIARY, THE BERRY HILL PROPERTY OR ANY PORTION THEREOF, OR THE CONDITION OF OR MATERIALS RELATING TO THE BERRY HILL INTEREST, BR BERRY HILL MEMBER, BERRY HILL VENTURE, THE SUBSIDIARY OR THE BERRY HILL PROPERTY, IN WHOLE OR IN PART, OR ANY OTHER MATTER, ALL SUCH REPRESENTATIONS AND WARRANTIES BEING HEREBY EXPRESSLY DISCLAIMED. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, AND EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT AND SUBJECT ONLY TO SELLER'S REPS, BUYER IS PURCHASING THE BERRY HILL INTEREST "AS IS" AND "WITH ALL FAULTS." The disclaimer expressed in this Section 4.4 shall survive Closing.

4.5 Survival of Representations and Warranties. The representations and warranties set forth in this Article 4 are made as of the Effective Date. Such representations and warranties shall not be deemed to be merged into or waived by the instruments of Closing, but shall survive the Closing for a period of twelve (12) months (the "Limitation Period"); provided that (a) the representations and warranties set forth in Sections 4.1(a), (b), (c) and (d) and Section 4.2, (the "Warranties") shall survive the Closing indefinitely. Seller and Buyer shall have the right to bring an action for breach of such representations and warranties if they give the other party written notice of the circumstances giving rise to the alleged breach within the survival period specified therefor in this Section 4.5.

ARTICLE 5. INDEMNIFICATION AND LIMITATION ON LIABILITY

5.1 Indemnification between Seller and Buyer. Seller, on the one hand, and Buyer, on the other hand (for purposes of this Section 5.1, each an "indemnitor"), shall indemnify, defend and hold the other (for purposes of this Section 5.1, the "indemnified party") harmless from any liability, claim, demand, loss, expense or damage that is: (a) suffered by, or asserted by any third party against the indemnified party arising from any act or omission of the indemnitor, its agents, employees or contractors or otherwise arising out of the ownership of the Berry Hill Interest first arising or occurring prior to the Closing (with respect to Seller as indemnitor) or from and after the Closing (with respect to Buyer as the indemnitor); (b) arising out of the breach or inaccuracy of any of the indemnitor's representations and warranties set forth herein; or (c) arising out of any failure by Seller or Buyer to perform any covenant or obligation of Seller or Buyer, as applicable, set out in this Agreement.

5.2 Limitation on Seller's Liability. Notwithstanding any other provision of this Article 5 to the contrary, (a) Seller shall not have any indemnification obligations for claims under Section 5.1 unless and until the aggregate amount of such claims exceeds $30,000 (provided that, once the amount of such claims exceeds $30,000, Seller shall pay damages from the first dollar of damages) and (b) in no event shall Seller's aggregate liability for claims under Section 5.1 of this Agreement exceed $500,010.00; provided, however, that the limitations on liability set forth in this Section 5.2 shall not apply to any loss or liability arising from any breach of any of Seller's Warranties, or to Seller's obligations with respect to re-prorations under Section 3.2, which liability and obligations shall not be credited against the foregoing cap. The provisions of this Article 5 shall be the sole and exclusive remedy of Buyer with respect to matters which are subject to indemnification by Seller under Section 5.1 of this Agreement, all other remedies with respect to such matters being hereby waived.

5.3 Survival. The provisions of this Article 5 shall survive the Closing; provided that claims under clause (a) or (b) of Section 5.1 shall be subject to the Limitation Period. Any claim for indemnification under Section 5.1(a) or (b) not made on or prior to the expiration of the Limitation Period set forth in Section 4.5 shall be irrevocably and unconditionally waived and released.

ARTICLE 6. MISCELLANEOUS

6.1 Parties Bound. No party may assign this Agreement without the prior written consent of the other party, and any such prohibited assignment shall be void. This Agreement shall be binding upon and inure to the benefit of the respective legal representatives, successors, permitted assigns, heirs, and devises of the parties.

6.2 Headings; Entirety; Amendments. The article and paragraph headings of this Agreement are for convenience only and in no way limit or enlarge the scope or meaning of the language hereof. All exhibits and appendices attached to this Agreement are incorporated herein as if fully set forth in this Agreement and shall be deemed to be a part of this Agreement. This Agreement embodies the entire agreement between the parties and supersedes all prior agreements and understandings relating to the Berry Hill Interest, BR Berry Hill Member, Berry Hill Venture, the Subsidiary or the Berry Hill Property (other than the Charter Documents of BR Berry Hill Member, Berry Hill Venture and the Subsidiary). This Agreement may be amended or supplemented (except as noted in the preceding sentence) only by an instrument in writing executed by the party against whom enforcement is sought.

6.3 Invalidity and Waiver. If any portion of this Agreement is held invalid or inoperative, then so far as is reasonable and possible the remainder of this Agreement shall be deemed valid and operative, and, to the greatest extent legally possible, effect shall be given to the intent manifested by the portion held invalid or inoperative. The failure by a party to enforce against another party any term or provision of this Agreement shall not be deemed to be a waiver of such party's right to enforce against the other party the same or any other such term or provision in the future.

6.4 Governing Law; Calculation of Time Periods; Time. This Agreement shall, in all respects, be governed and enforced in accordance with the laws of the State of New York. Unless otherwise specified, in computing any period of time described herein, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is a Saturday, Sunday or legal holiday for national banks in New York, New York, in which event the period shall run until the end of the next day which is neither a Saturday, Sunday, or legal holiday. The last day of any period of time described herein shall be deemed to end at 5:30 p.m. New York, New York time. Time is of the essence in the performance of this Agreement.

6.5 No Third Party Beneficiary. This Agreement is not intended to give or confer any benefits, rights, privileges, claims, actions, or remedies to any Person as a third party beneficiary, decree, or otherwise, other than the indemnified parties referenced in Section 5.1 pursuant to and for purposes of Section 5.1, who shall be express third party beneficiaries hereof solely for purposes of Section 5.1.

6.6 Confidentiality. No party shall make a public announcement or other disclosure of this Agreement or any information related to this Agreement to outside brokers or third parties, before or after the Closing, without the prior written specific consent of the other, which consent may not be unreasonably conditioned, delayed or withheld so long as such public disclosure is otherwise in compliance with this Agreement; provided, however, that without the consent of the other party, a party may make (i) any public disclosure it reasonably believes is required by applicable Laws (in which event such party shall use reasonable efforts to advise the other party prior to the making of such disclosure); (ii) such disclosure as may be reasonably necessary to enforce any provision of this Agreement; (iii) any disclosure to any lender or prospective lender, creditor, officer, employee, agent, current or prospective investor and their advisors, current or prospective financial partner, or Affiliate as necessary to perform its obligations under this Agreement or (iv) any public disclosure that is deemed advisable by such party or its counsel to be disclosed in connection with financial reporting, securities disclosures or other legal, tax or financial requirements or guidelines applicable to such party or any Affiliate thereof, including any disclosures to the Securities and Exchange Commission and any press release required by the Securities and Exchange Commission in connection therewith.

6.7 Enforcement Expenses. Should any party employ attorneys or arbitrators to bring an action or arbitration to enforce any of the provisions hereof, the non-prevailing party in such action or arbitration shall pay the prevailing party all reasonable costs, charges, and expenses, including attorneys' fees and costs, expended or incurred in connection therewith.

6.8 Notices. All notices required or permitted hereunder shall be in writing and shall be served on the following parties:

If to Buyer: c/o Bluerock Growth Fund
712 Fifth Avenue, 9th Floor
New York, NY 10019
Attn: Jordan B. Ruddy

If to Seller: c/o Bluerock Multifamily Advisor
712 Fifth Avenue, 9th Floor
New York, NY 10019
Attn: Michael L. Konig

6.9 Construction. The parties acknowledge that the parties and their counsel have reviewed and revised this Agreement and the documents to be executed on or prior to the Closing Date and agree that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement, the documents to be delivered on or prior to the Closing Date or any exhibits or amendments thereto.

6.10 Execution in Counterparts. This Agreement may be executed in any number of counterparts, and by each party hereto on separate counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one Agreement. To facilitate execution of this Agreement, the parties may execute and exchange by telephone facsimile or email counterparts of the signature pages which shall be deemed original signatures for all purposes.

6.11 Further Assurances. In addition to the acts and deeds recited herein and contemplated to be performed, executed and/or delivered by either party on or prior to the Closing Date, each party agrees to perform, execute and deliver, but without any obligation to incur any additional liability or expense, on or after the Closing any further deliveries and assurances as may be reasonably necessary to consummate the transactions contemplated hereby or to further perfect the conveyance, transfer and assignment of the Berry Hill Interest to Buyer.

6.12 Waiver of Jury Trial; Forum. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY SHALL BRING ANY ACTION AGAINST THE OTHER IN CONNECTION WITH THIS AGREEMENT IN A FEDERAL OR STATE COURT LOCATED IN NEW YORK, NEW YORK, CONSENTS TO THE JURISDICTION OF SUCH COURTS, AND WAIVES ANY RIGHT TO HAVE ANY PROCEEDING TRANSFERRED FROM SUCH COURTS ON THE GROUND OF IMPROPER VENUE OR INCONVENIENT FORUM.

6.13 Mutual Execution. Until this Agreement has been duly executed by both parties hereto and a fully executed copy has been delivered to each party hereto (which may occur by facsimile transmission or e-mail), this Agreement shall not be legally binding against the parties.

6.14 Cooperation. Subject to the provisions of this Agreement, the parties agree to cooperate and use Commercially Reasonable Efforts to consummate the transactions contemplated hereby.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement as of the Effective Date.

BUYER:

BLUEROCK GROWTH FUND, LLC,
a Delaware limited liability company

By: BR Fund Manager, LLC,
a Delaware limited liability company,
its Manager

By: /s/ Ramin Kamfar
Ramin Kamfar
Authorized Signatory

SELLER:

BEMT BERRY HILL, LLC,
a Delaware limited liability company

By: Bluerock Multifamily Holdings, LP,
a Delaware limited partnership,
its Manager

By: Bluerock Multifamily Growth REIT, Inc.,
a Maryland corporation,
its general partner

By: /s/ Jordan Ruddy
Jordan Ruddy
Authorized Signatory

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Section 5: EX-10.4 (EXHIBIT 10.4)

BR BERRY HILL MANAGING MEMBER, LLC
FIRST AMENDMENT TO AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT

This First Amendment to Amended and Restated Limited Liability Company Agreement (this "First Amendment") of BR Berry Hill Managing Member, LLC, a Delaware limited liability company (the "Company"), is adopted, executed and agreed to effective as of August 13, 2013, by and among Bluerock Special Opportunity + Income Fund III, LLC, a Delaware limited liability company ("SOIF III"), Bluerock Growth Fund, LLC (formerly known as BR Berry Hill Nashville, LLC) ("BGF") and BEMT Berry Hill, LLC, a Delaware limited liability company ("BEMT"). Undefined terms used herein shall have the meaning ascribed to them in the Agreement (as defined below).

WITNESSETH:

WHEREAS, the Company, was formed on October 3, 2012, pursuant to the Act;

WHEREAS, SOIF III and BEMT were the initial members of the Company and entered into that certain Limited Liability Company Agreement dated October 18, 2012 (the "Original LLC Agreement") providing for the operation and administration of the Company;

WHEREAS, SOIF III subsequently sold and transferred to BEMT an additional 6.253% Interest in the Company, as reflected in that certain First Amendment to Limited Liability Company dated December 17, 2012;

WHEREAS, BGF was admitted as a member of the Company and SOIF III, BEMT and BGF subsequently entered into that certain Amended and Restated Limited Liability Company Agreement dated December 26, 2012 (the "Agreement") to supersede and replace the Original Agreement as amended on December 17, 2012;

WHEREAS, BGF pursuant to a separate securities offering purchased Interest in the Company as SOIF III's Interests in the Company were simultaneously redeemed with such securities offering proceeds;

WHEREAS, BEMT and BGF have entered into a Membership Interest Purchase Agreement pursuant to which BEMT will sell to BGF, and BGF will acquire from BEMT, a further ownership interest in the Company;

WHEREAS, the parties hereto wish to amend the Agreement to reflect these and related matters.

NOW, THEREFORE, in consideration of the agreements and covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Except for the 6.253% Interest in the Company sold by SOIF III to BEMT as reflected in the December 17, 2012 First Amendment to the Original Agreement, as to which BEMT is the full successor in interest to such Interest, all Interests in the Company formerly owned or held by SOIF III have been fully redeemed. As such, SOIF III is no longer a Member of the Company nor does it have any further economic or voting interest in or to the Company. Accordingly, SOIF III has withdrawn as a Member and all references in the Agreement to SOIF III being a Member or having any right, title or interest in or to any Interest in the Company are hereby deleted.

2. Section 5.1 of the Agreement is hereby deleted in its entirety and replaced with the following:

“Exhibit A attached hereto reflects the Base Capital Contribution made by the Members.”

3. Exhibit A of the Agreement is hereby deleted in its entirety and replaced with the Exhibit A attached hereto.

4. Section 5.2 of the Agreement is hereby deleted in its entirety and replaced with the following:

"Additional Capital Contributions.

(a) Additional Capital Contributions ("Additional Capital Contributions") may be called for from the Members by the Manager from time to time as and to the extent capital is necessary. Such Additional Capital Contributions shall be requested in an amount for each Member equal to the product of the amount of the aggregate Capital Contribution called for multiplied by that Member's Percentage Interest, as defined in Section 5.3. Such Additional Capital Contributions, if payable, shall be payable by the Members to the Company upon the earlier of (i) twenty (20) days after written request from the Company, or (ii) the date when the Capital Contribution is required, as set forth in a written request from the Company.

(b) [intentionally deleted]

(c) BEMT and BHN shall be required to fund their proportionate share of the Additional Capital Contributions (the "Required Funding Amount") in an amount for each of BEMT and BHN equal to the product of the Required Funding Amount multiplied by the ratio of that Member's Capital Contributions to aggregate Capital Contributions made by BEMT and BHN.

(d) If BEMT or BHN (a "Defaulting Member") fails to make a Capital Contribution that is required as provided in Section 5.2(c) within the time frame required therein (the amount of the failed contribution and related loan shall be the "Default Amount"), then BEMT, if BHN is the Defaulting Member, or BHN, if BEMT is the Defaulting Member (a "Non-Defaulting Member"), in addition to any other remedies each may have hereunder or at law, shall have one or more of the following remedies, provided that the Non-Defaulting Member has made the Capital Contribution required to be made by it under Section 5.2(c):

(i) to advance to the Company on behalf of, and as a loan to the Defaulting Member, an amount equal to the Default Amount to be evidenced by promissory note(s) in form reasonably satisfactory to the Non-Defaulting Member (each such loan, a "Default Loan"). The Capital Account of the Defaulting Member shall be credited with the amount of such Default Amount attributable to a Capital Contribution and the aggregate of such amounts shall constitute a debt owed by the Defaulting Member to the non-failing Member. Any Default Loan shall bear interest at the rate of twenty (20%) percent per annum, but in no event in excess of the highest rate permitted by applicable laws (the "Default Loan Rate"), and shall be payable by the Defaulting Member on demand from the Non-Defaulting Member and from any Distributions due to the Defaulting Member hereunder. Interest on a Default Loan to the extent unpaid, shall accrue and compound on a quarterly basis. A Default Loan shall be prepayable, in whole or in part, at any time or from time to time without penalty. Any such Default Loans shall be with full recourse to the Defaulting Member and shall be secured by the Defaulting Member's interest in the Company including, without limitation, such Defaulting Member's right to Distributions. In furtherance thereof, upon the making of such Default Loan, the Defaulting Member hereby pledges, assigns and grants a security interest in its Interest to the Non-Defaulting Member and agrees to promptly execute such documents and statements reasonably requested by the Non-Defaulting Member to further evidence and secure such security interest. Any advance by the Non-Defaulting Member on behalf of a Defaulting Member pursuant to this Section 5.2(d)(i) shall be deemed to be a Capital Contribution made by the Defaulting Member except as otherwise expressly provided herein. All Distributions to the Defaulting Member hereunder shall be applied first to payment of any interest due under any Default Loan and then to principal until all amounts due thereunder are paid in full. While any Default Loan is outstanding, the Company shall be obligated to pay directly to the Non-Defaulting Member, for application to and until all Default Loans have been paid in full, the pro rata amount of (x) any Distributions payable to the Defaulting Member, and (y) any proceeds of the sale of the Defaulting Member's Interest in the Company;

(ii) subject to any applicable thin capitalization limitations on indebtedness of the Company, to treat its portion of such Capital Contribution as a loan to the Company (rather than a Capital Contribution) and to advance to the Company as a loan to the Company an amount equal to the Default Amount, which loan shall be evidenced by a promissory note in form reasonably satisfactory to the Non-Defaulting Member and which loan shall bear interest at the Default Loan Rate and be payable on a first priority basis by the Company from available Cash Flow and prior to any Distributions made to the Defaulting Member. If both BEMT and BHN have loans outstanding to the Company under this provision, such loans shall be payable to such Member in proportion to the outstanding balances of such loans to such Member at the time of payment. Any advance to the Company pursuant to this Section 5.2(d)(ii) shall not be treated as a Capital Contribution made by the Defaulting Member;

(iii) in lieu of the remedies set forth in subparagraphs (i) or (ii), revoke its portion of such Additional Capital Contribution, whereupon the portion of the Capital Contribution made by the Non-Defaulting Member shall be returned within ten (10) days with interest computed at the Default Loan Rate by the Company.

(e) Notwithstanding the foregoing provisions of this Section 5.2, no additional Capital Contributions shall be required from any Member if (i) the Company or any other Person shall be in default (or with notice or the passage of time or both, would be in default) in any material respect under any loan, indenture, mortgage, lease, agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company (or any of its Subsidiaries) or any of its properties or assets is or may be bound, (ii) any other Member, the Company or any of its Subsidiaries shall be insolvent or bankrupt or in the process of liquidation, termination or dissolution, (iii) any other Member, the Company or any of its Subsidiaries shall be subjected to any pending litigation (x) in which the amount in controversy exceeds $500,000, (y) which litigation is not being defended by an insurance company who would be responsible for the payment of any judgment in such litigation, and (z) which litigation if adversely determined could have a material adverse effect on such other Member and/or the Company or any of its Subsidiaries and/or could interfere with their ability to perform their obligations hereunder or under any Collateral Agreement, (iv) there has been a material adverse change in (including, but not limited to, the financial condition of) any other Member (and/or its Affiliates) which, in Member's reasonable judgment, prevents such other Member (and/or its Affiliates from performing, or substantially interferes with their ability to perform, their obligations hereunder or under any Collateral Agreement. If any of the foregoing events shall have occurred and any Member elects not to make a Capital Contribution on account thereof, then any other Member which has made its pro rata share of such Capital Contribution shall be entitled to a return of such Capital Contribution from the Company."

5. Section 6.1(a) of the Agreement is deleted in its entirety, and is hereby replaced as follows:

"The Manager shall calculate and determine the amount of Distributable Funds for each applicable period. Except as provided in Sections 5.2(d), 6.1(b) or 13.3 or otherwise provided hereunder, Distributable Funds, if any, shall be distributed to the Members on the 15th day of each month or from time to time as determined by the Manager as follows: to the Members in accordance with their Percentage Interests."

6. Section 16.1(a) of the Agreement is deleted in its entirety, and is hereby replaced as follows:

"Notices. Any notice required or permitted to be given hereunder shall be in writing and will be deemed received (a) on the date of receipted delivery by a courier service or (b) on the fifth business day after mailing, by registered or certified United States mail, postage prepaid, to the appropriate party at its address set forth below:

If to BEMT:

c/o Bluerock Enhanced Multifamily Advisor
712 Fifth Avenue, 9th Floor
New York, NY 10019
Attn: Michael L. Konig, Esq.

If to BHN:

c/o BR Fund Manager, LLC
712 Fifth Avenue, 9th Floor
New York, NY 10019
Attn: Jordan B. Ruddy"

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Members have executed this First Amendment as of the date first set forth above.

MEMBERS:

BEMT BERRY HILL, LLC,
a Delaware limited liability company

By: Bluerock Enhanced Multifamily Holdings, LP,
a Delaware limited partnership,
its Manager

By: Bluerock Multifamily Growth REIT, Inc.,
a Maryland corporation,
its General Partner

By: /s/ Jordan Ruddy
Jordan Ruddy
Authorized Signatory

BLUEROCK GROWTH FUND, LLC,
a Delaware limited liability company

By: BR Fund Manager, LLC,
a Delaware limited liability company,
its Manager

By: /s/ Jordan Ruddy
Jordan Ruddy
Authorized Signatory

FORMER MEMBER:

BLUEROCK SPECIAL OPPORTUNITY + INCOME
FUND III, LLC,
a Delaware limited liability company

By: BR SOIF III Manager, LLC,
a Delaware limited liability company,
its Manager

By: /s/ Jordan Ruddy
Jordan Ruddy
Authorized Signatory

Exhibit 10.4

EXHIBIT A

Capital Contributions and Percentage Interests

Member Name	Capital Contribution	Percentage Interest
Bluerock Growth Fund, LLC	$ 2,814,354.08	35.194%
BEMT Berry Hill, LLC	$ 5,182,271.09	64.806%

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Section 6: EX-10.5 (EXHIBIT 10.5)

Exhibit 10.5

BR BERRY HILL MANAGING MEMBER, LLC
ASSIGNMENT OF
MEMBERSHIP INTEREST

Effective as of the 9th day of August, 2013, for value received, BEMT BERRY HILL, LLC, a Delaware limited liability company ("REIT"), a member of BR BERRY HILL MANAGING MEMBER, LLC, a Delaware limited liability company (the "Company"), hereby sells, assigns and transfers unto BLUEROCK GROWTH FUND, LLC, a Delaware limited liability company, all of the REIT's right, title, and interest in and to a 12.447% limited liability company interest in the Company, together with any and all claims, title, interests, entitlements, capital account balances, distributions, and other rights related to such membership interest.

IN WITNESS WHEREOF, the REIT has duly authorized and executed this assignment effective as of the date first written above.

[Signature Page Follows]

Exhibit 10.5

ASSIGNOR:

BEMT BERRY HILL, LLC,
a Delaware limited liability company

By: Bluerock Enhanced Multifamily Holdings, LP,
a Delaware limited partnership,
its Manager

By: Bluerock Multifamily Growth REIT, Inc.,
a Maryland corporation,
its general partner

By: /s/ Jordan Ruddy
Jordan Ruddy
Authorized Signatory

[Signature Page to BR Berry Hill Managing Member, LLC Assignment of Membership Interest]

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Section 7: EX-10.6 (EXHIBIT 10.6)

Exhibit 10.6

MEMBERSHIP INTEREST PURCHASE AGREEMENT

SALE OF BERRY HILL INTEREST

FROM

BEMT BERRY HILL, LLC

TO

BLUEROCK SPECIAL OPPORTUNITY + INCOME FUND III, LLC

Exhibit 10.6

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MEMBERSHIP INTEREST PURCHASE AGREEMENT
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Appendix 2.1(c)	-	Form of Venture Agreement Amendment

MEMBERSHIP INTEREST PURCHASE AGREEMENT

This Membership Interest Purchase Agreement (this "Agreement") is made as of the 29th day of August, 2013 (the "Effective Date") by and among BEMT BERRY HILL, LLC, a Delaware limited liability company ("Seller"), and BLUEROCK SPECIAL OPPORTUNITY + INCOME FUND III, LLC, a Delaware limited liability company ("Buyer").

RECITALS

A. Seller is the owner and holder of a 64.806% limited liability company interest in BR Berry Hill Managing Member, LLC, a Delaware limited liability company ("BR Berry Hill Member").

B. BR Berry Hill Member is a co-manager of, and is the owner and holder of an 82.5% limited liability company interest in, BR Stonehenge 23Hundred JV, LLC, a Delaware limited liability company ("Berry Hill Venture"), which is the sole member of 23Hundred, LLC, a Delaware limited liability company (the "Subsidiary"), which is the fee simple owner and holder of the Berry Hill Property (as defined in Appendix 1.2).

D. BR Berry Hill Member is an indirect owner of the Berry Hill Property, as shown in the organizational chart attached to this Agreement as Exhibit A-1 (the "Existing Organizational Chart").

E. Seller desires to sell, and Buyer desires to purchase from Seller, all of Seller's right, title and interest in a 34.381% limited liability company interest in BR Berry Hill Member (the "Berry Hill Interest"), which equates to a 28.36% indirect interest in the Berry Hill Property.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

ARTICLE 1. PURCHASE OF INTEREST; CONSIDERATION; DEFINITIONS

1.1 Purchase of Berry Hill Interest; Purchase Price; Payment Methodology. In accordance with the Recitals set forth above, which Recitals are incorporated into this Agreement and made a part thereof, Seller agrees to sell and convey, and Buyer agrees to purchase, the Berry Hill Interest on the terms and conditions set forth herein. As consideration for Seller's agreement to sell the Berry Hill Interest to Buyer, Buyer shall pay $5,524,412 to Seller (the "Consideration"), due at the Closing. The Consideration shall be payable by way of Buyer providing a credit against and deemed paydown of the Seller's outstanding principal balance under that certain Line of Credit and Security Agreement dated as of October 2, 2012 by and between Seller and Secured Lender, as subsequently amended by that certain Line of Credit and Security Agreement Modification Agreement dated March 4, 2013, that certain Second Amendment to Line of Credit and Security Agreement dated August 9, 2013 and that certain Third Amendment to Line of Credit and Security Agreement dated of even date herewith.

1.2 Definitions. Certain terms, capitalized but not defined in the body of this Agreement shall have the meanings ascribed to them on Appendix 1.2 attached hereto.

1.3 Descriptive Headings; Word Meaning. The descriptive headings of the paragraphs of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any provisions of this Agreement. Words such as "herein," "hereinafter," "hereof" and "hereunder" when used in reference to this Agreement, refer to this Agreement as a whole and not merely to a subdivision in which such words appear, unless the context otherwise requires. The singular shall include the plural and the masculine gender shall include the feminine and neuter, and vice versa, unless the context otherwise requires. The word "including" shall not be restrictive and shall be interpreted as if followed by the words "without limitation."

ARTICLE 2. CLOSING

The transaction described herein shall be closed upon (i) the consummation of the purchase and sale of the Berry Hill Interest as contemplated in this Agreement, and (ii) the execution and delivery of the documents set forth in this Article 2.

2.1 Seller Deliveries. Seller shall deliver or cause to be delivered to Buyer the following, each such document being duly executed and, where appropriate, in recordable form and notarized:

(a) Assignment of Interest. An assignment of the Berry Hill Interest, in the form attached hereto as Appendix 2.1(a), executed by Seller (the "Assignment of Interest");

(b) Authority. Evidence of the existence, organization and authority of Seller and of the authority of the Persons executing documents on behalf of Seller reasonably satisfactory to Buyer;

(c) Amendment to Venture Agreement. An amendment to the Venture Agreement, in the form attached hereto as Appendix 2.1(c), duly executed by Seller and reflecting the consummation of the purchase and sale of the Berry Hill Interest as contemplated herein (the "Venture Agreement Amendment"); and

(d) Other Deliveries. Such other documents, certificates and instruments reasonably necessary in order to effectuate the transactions described herein, including without limitation, a lien waiver from the Secured Lender with respect to its security interest in the Berry Hill Interest, transfer tax declarations, broker lien waivers, and any other Closing deliveries required to be made by or on behalf of Seller.

2.2 Buyer Deliveries. Buyer shall deliver or cause to be delivered to Seller the following, each such document being duly executed and, where appropriate, in recordable form and notarized:

(a) Consideration. Payment of the Consideration in the manner described in Section 1.1 of this Agreement;

(b) Authority. Evidence of the existence, organization and authority of Buyer and of the authority of the Persons executing documents on behalf of Buyer reasonably satisfactory to Seller;

(c) Venture Agreement Amendment. The Venture Agreement Amendment, duly executed by Buyer; and

(d) Other Deliveries. Such other documents, certificates and instruments reasonably necessary in order to effectuate the transactions described herein, including without limitation, transfer tax declarations, broker lien waivers, and any other Closing deliveries required to be made by or on behalf of Buyer.

2.3 Closing Statement. Seller and Buyer shall execute a closing statement consistent with this Agreement.

ARTICLE 3. PRORATIONS; COSTS

3.1 Prorations. Buyer and Seller agree to use customary commercially reasonable practices to determine all prorations and adjustments to be made between Buyer and Seller at Closing.

3.2 Post-Closing Corrections. Either party shall be entitled to a post-Closing adjustment for any incorrect proration or adjustment, provided such adjustment is claimed by such party within twelve (12) months after Closing. The provisions of this Section 3.2 shall survive the Closing.

3.3 Costs; Transfer Taxes. Buyer shall pay any Transfer Taxes due and payable with respect to the conveyance of the Berry Hill Interest, if any. Seller shall pay the cost of removing any Encumbrances on the Berry Hill Interest. Except as provided in Section 5.1 and Section 6.7 of this Agreement, or in any document or instrument executed pursuant to this Agreement, each party shall be responsible for their own attorneys' and other professional fees, except that Seller shall cover and pay for $5,000 of Buyer's attorneys' fees. Seller and Buyer shall execute any required city, county and state transfer tax or other declarations, if applicable.

3.4 Sales Commissions. Seller and Buyer represent and warrant each to the other that they have not dealt with any real estate broker or salesperson in connection with this transaction. In the event of any claim for broker's or finder's fees or commissions in connection with the negotiation, execution or consummation of this Agreement or the transaction contemplated hereby, each party shall indemnify, defend and hold harmless the other party from and against any such claim based upon any actual or alleged statement, representation or agreement of the indemnifying party. This provision shall survive the Closing and any termination of this Agreement.

3.5 Excluded Obligations and Assets.

(a) Seller Obligations. Buyer is purchasing the Berry Hill Interest free and clear of any and all of Seller's obligations with respect thereto and Encumbrances thereon.

(b) Survival. The provisions of this Section 3.5 shall survive Closing indefinitely and shall not be subject to the limitations set forth in Section 4.5 or Article 5.

ARTICLE 4. REPRESENTATIONS AND WARRANTIES

4.1 Seller's Representations and Warranties as to Seller. As a material inducement to Buyer to execute this Agreement and consummate the Closing, Seller represents and warrants to Buyer that:

(a) Seller has been duly formed or organized as a limited liability company, is validly existing and is in good standing in the State of Delaware, and is authorized to exercise all its powers, rights and privileges.

(b) Seller has the power and authority, under its Charter Documents, to own and operate its assets, to carry on its business as now conducted, and to enter into and perform its obligations under this Agreement.

(c) All manager, member, or other action on the part of Seller and the BR Berry Hill Member necessary for Seller's authorization, execution and delivery of this Agreement, and the performance of all obligations of Seller hereunder and the completion of the Closing pursuant hereto has been taken prior to the Closing. This Agreement constitutes a legally binding and valid obligation of Seller, enforceable against Seller in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

(d) The execution and delivery of this Agreement by Seller and the performance by Seller of its obligations pursuant hereto will not result in any violation of, be in conflict with, or constitute a default under, with or without the passage of time or the giving of notice: (x) any provision of Seller's Charter Documents as such documents exist immediately prior to the Closing; (y) any provision of any judgment, decree or order to which Seller is a party or by which its properties or assets are bound; or (z) any Laws applicable to Seller or its properties or assets.

(e) The execution and delivery of this Agreement by Seller and the performance by Seller of its obligations pursuant hereto will not result in any violation of, be in conflict with, or constitute a default under, with or without the passage of time or the giving of notice any material contract or agreement to which Seller is a party.

(f) The execution, delivery and performance by Seller of this Agreement does not require the consent, approval, notice, clearance, waiver, order or authorization of any Person or Governmental Authority that has not been obtained or given.

(g) There is no action, suit, proceeding or investigation pending or, to the knowledge of Seller, threatened in writing against Seller that challenges the validity of this Agreement or the right of Seller to enter into this Agreement, or that might result, either individually or in the aggregate, in Seller's inability to perform its obligations under this Agreement. There is no material judgment, decree or order of any court, arbitrator, tribunal or governmental or similar authority in effect against Seller, nor is Seller in material default with respect to any order or any court, arbitrator, tribunal or governmental or similar authority binding upon Seller, by which it or its respective properties or assets are bound, which would prevent Seller from performing its obligations under this Agreement.

(h) Seller is not and is not acting on behalf of (i) an "employee benefit plan" within the meaning of Section 3(3) of ERISA), (ii) a "plan" within the meaning of Section 4975 of the Code or (iii) an entity deemed to hold "plan assets" within the meaning of 29 C.F.R. §2510.3-101 of any such employee benefit plan or plans.

(i) Seller is not acting, directly or indirectly for, or on behalf of, any Person, group, entity or nation named by any Executive Order (including the September 24, 2001, Executive Order Blocking Properties and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism) or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person," or other banned or blocked Person, group, entity, or nation pursuant to any Law that is enforced or administered by the Office of Foreign Assets Control, and is not engaging in the transactions described herein, directly or indirectly, on behalf of, or instigating or facilitating the transactions described herein, directly or indirectly, on behalf of, any such Person, group, entity or nation.

(j) Seller is not insolvent and will not become insolvent by executing or performing its obligations under this Agreement or the documents to be executed in connection herewith.

4.2 Seller's Representations and Warranties as to the Berry Hill Interest. As a material inducement to Buyer to execute this Agreement and consummate the Closing, Seller represents and warrants to Buyer with respect to the Berry Hill Interest, BR Berry Hill Member, Berry Hill Venture and the Subsidiary that:

(a) Seller is the owner and holder of 64.806% of the limited liability company interests in BR Berry Hill Member. The Berry Hill Interest is subject to a lien and security interest held by the Secured Lender, but is otherwise free and clear of any Encumbrances, and is otherwise subject only to restrictions on transfer imposed under applicable U.S. federal and state securities Laws, the Venture Agreement and the Loan Documents. The Berry Hill Interest has been duly and validly issued and, except as contemplated by this Agreement or the Venture Agreement, there exists no agreement, arrangement or obligation (actual or contingent) to issue, transfer, redeem, repay or repurchase the Berry Hill Interest or any portion thereof.

(b) Other than as provided in the limited liability company agreement of Berry Hill Venture or the Subsidiary or the Venture Agreement, there are no options, warrants, stock appreciation rights, calls, pre-emptive rights, subscriptions, contribution rights, convertible securities, or other rights or other agreements or commitments of any character whatsoever which are an obligation of Seller to issue, transfer or sell any securities exercisable for, or otherwise evidencing a right to acquire, any interests of any kind in any of BR Berry Hill Member, Berry Hill Venture or the Subsidiary (except the rights of Buyer under this Agreement).

(c) The Existing Organizational Chart attached at Exhibit A-1 is correct and correctly shows Berry Hill Venture and the Subsidiary and the percentage ownership interest of BR Berry Hill Member in Berry Hill Venture, and indirectly in the Subsidiary, and the existing ownership interest of Seller and the ownership interest of Bluerock Growth Fund, LLC ("BGF") in the BR Berry Hill Member immediately prior to the Closing hereunder.

(d) The Post-Sale Organizational Chart attached at Exhibit A-2 is correct and correctly shows Berry Hill Venture and the Subsidiary and the percentage ownership interest of BR Berry Hill Member in Berry Hill Venture, and indirectly in the Subsidiary, and the pro forma ownership interests of Seller, Buyer and BGF in the BR Berry Hill Member immediately following the Closing hereunder.

4.3 Buyer's Representations and Warranties. As a material inducement to Seller to execute this Agreement and consummate the Closing, Buyer represents and warrants to Seller that:

(a) Buyer has been duly formed or organized as a limited liability company, is validly existing and, is in good standing in the state of its organization, and is authorized to exercise all of its powers, rights and privileges.

(b) Buyer has the power and authority, under its Charter Documents, to own and operate its properties, to carry on its business as now conducted, and to enter into and perform its obligations under this Agreement.

(c) All action on the part of Buyer and its members, managers, and officers necessary for the authorization, execution and delivery of this Agreement, the performance of all obligations of Buyer hereunder and completion of the transactions hereunder, has been taken or will be taken prior to the Closing. This Agreement constitutes a legally binding and valid obligation of Buyer enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

(d) The execution and delivery of this Agreement by Buyer and the performance by Buyer of its obligations pursuant hereto will not result in any violation of, be in conflict with, or constitute a default under, with or without the passage of time or the giving of notice: (x) any provision of Buyer's Charter Documents; (y) any provision of any judgment, decree or order to which Buyer is a party or by which it or its property or assets are bound; or (z) any Laws applicable to Buyer or its property or assets.

(e) The execution and delivery of this Agreement by Buyer and the performance by Buyer of its obligations pursuant hereto will not result in any violation of, be in conflict with, or constitute a default under, with or without the passage of time or the giving of notice, any material contract or agreement to which Buyer is a party.

(f) There is no action, suit, proceeding or investigation pending or, to the knowledge of Buyer, threatened in writing against Buyer that challenges the validity of this Agreement or the right of Buyer to enter into this Agreement, or that might result, either individually or in the aggregate, in Buyer's inability to perform its obligations under this Agreement. There is no judgment, decree or order of any court, arbitrator, tribunal or governmental or similar authority in effect against Buyer, and Buyer is not in default with respect to any order of any court, arbitrator, tribunal or governmental or similar authority binding upon Buyer or by which it or its property or assets are bound that would prevent Buyer from performing its obligations under this Agreement.

(g) Buyer is a Secured Lender and consents to the release of its lien on the Berry Hill Interest, and has also obtained the consent of the other Secured Lender to release its lien on the Berry Hill Interest so as to permit Buyer to purchase the Berry Hill Interest free and clear of all Secured Lender liens and encumbrances on the Berry Hill Interest. Secured Lender (including Buyer) have jointly and severally agreed to enter into a Third Amendment to Line of Credit and Security Agreement and a Replacement Promissory Note in the amount of $7,610,944, both effective of even date herewith.

(h) Buyer is not acting, directly or indirectly for, or on behalf of, any Person, group, entity or nation named by any Executive Order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism) or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person, or other banned or blocked Person, group, entity, or nation pursuant to any Law that is enforced or administered by the Office of Foreign Assets Control, and is not engaging in the transactions described herein, directly or indirectly, on behalf of, or instigating or facilitating the transactions described herein, directly or indirectly, on behalf of, any such Person, group, entity or nation.

(h) Buyer is acquiring the Berry Hill Interest for its own account, for investment purposes only and not with a view to the distribution (as such term is used in Section 2(11) of the Securities Act of 1933, as amended (the "Securities Act")) thereof. Buyer understands that the Berry Hill Interest has not been registered under the Securities Act and cannot be sold unless subsequently registered under the Securities Act or an exemption from such registration is available.

4.4 Limitations. Except for the representations and warranties contained in Sections 4.1 and 4.2, or any documents delivered to Buyer at Closing in connection with this Agreement (collectively, "Seller's Reps"), neither Seller nor any other Person (including, for the avoidance of doubt, any equity holder of Seller) makes any other express or implied representation or warranty in respect of the Berry Hill Interest, BR Berry Hill Member, Berry Hill Venture, the Subsidiary, the Berry Hill Property or the transaction contemplated hereby, and Seller disclaims all other representations or warranties, whether made by BR Berry Hill Member, Berry Hill Venture, the Subsidiary or any of their respective Affiliates, officers, directors, employees, agents or representatives. Except for Seller's Reps, Seller hereby disclaims all liability and responsibility for any representation, warranty, projection, forecast, statement, or information made, communicated, or furnished (orally or in writing) to Buyer or its Affiliates or representatives (including any opinion, information, projection or advice that may have been or may be provided to Buyer by any director, officer, employee, agent, consultant or representative of BR Berry Hill Member, Berry Hill Venture, the Subsidiary or any of their respective Affiliates). EXCEPT FOR AND SUBJECT ONLY TO SELLER'S REPS, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, EXPRESS, IMPLIED OR STATUTORY, RELATING TO THE BERRY HILL INTEREST, BR BERRY HILL MEMBER, BERRY HILL VENTURE, THE SUBSIDIARY, THE BERRY HILL PROPERTY OR ANY PORTION THEREOF, OR THE CONDITION OF OR MATERIALS RELATING TO THE BERRY HILL INTEREST, BR BERRY HILL MEMBER, BERRY HILL VENTURE, THE SUBSIDIARY OR THE BERRY HILL PROPERTY, IN WHOLE OR IN PART, OR ANY OTHER MATTER, ALL SUCH REPRESENTATIONS AND WARRANTIES BEING HEREBY EXPRESSLY DISCLAIMED. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, AND EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT AND SUBJECT ONLY TO SELLER'S REPS, BUYER IS PURCHASING THE BERRY HILL INTEREST "AS IS" AND "WITH ALL FAULTS." The disclaimer expressed in this Section 4.4 shall survive Closing.

4.5 Survival of Representations and Warranties. The representations and warranties set forth in this Article 4 are made as of the Effective Date. Such representations and warranties shall not be deemed to be merged into or waived by the instruments of Closing, but shall survive the Closing for a period of twelve (12) months (the "Limitation Period"); provided that (a) the representations and warranties set forth in Sections 4.1(a), (b), (c) and (d), Section 4.2 and Section 4.3(g) (the "Warranties") shall survive the Closing indefinitely. Seller and Buyer shall have the right to bring an action for breach of such representations and warranties if they give the other party written notice of the circumstances giving rise to the alleged breach within the survival period specified therefor in this Section 4.5.

ARTICLE 5. INDEMNIFICATION AND LIMITATION ON LIABILITY

5.1 Indemnification between Seller and Buyer. Seller, on the one hand, and Buyer, on the other hand (for purposes of this Section 5.1, each an "indemnitor"), shall indemnify, defend and hold the other (for purposes of this Section 5.1, the "indemnified party") harmless from any liability, claim, demand, loss, expense or damage that is: (a) suffered by, or asserted by any third party against the indemnified party arising from any act or omission of the indemnitor, its agents, employees or contractors or otherwise arising out of the ownership of the Berry Hill Interest first arising or occurring prior to the Closing (with respect to Seller as indemnitor) or from and after the Closing (with respect to Buyer as the indemnitor); (b) arising out of the breach or inaccuracy of any of the indemnitor's representations and warranties set forth herein; or (c) arising out of any failure by Seller or Buyer to perform any covenant or obligation of Seller or Buyer, as applicable, set out in this Agreement.

5.2 Limitation on Seller's Liability. Notwithstanding any other provision of this Article 5 to the contrary, (a) Seller shall not have any indemnification obligations for claims under Section 5.1 unless and until the aggregate amount of such claims exceeds $30,000 (provided that, once the amount of such claims exceeds $30,000, Seller shall pay damages from the first dollar of damages) and (b) in no event shall Seller's aggregate liability for claims under Section 5.1 of this Agreement exceed $500,010.00; provided, however, that the limitations on liability set forth in this Section 5.2 shall not apply to any loss or liability arising from any breach of any of Seller's Warranties, or to Seller's obligations with respect to re-prorations under Section 3.2, which liability and obligations shall not be credited against the foregoing cap. The provisions of this Article 5 shall be the sole and exclusive remedy of Buyer with respect to matters which are subject to indemnification by Seller under Section 5.1 of this Agreement, all other remedies with respect to such matters being hereby waived.

5.3 Survival. The provisions of this Article 5 shall survive the Closing; provided that claims under clause (a) or (b) of Section 5.1 shall be subject to the Limitation Period. Any claim for indemnification under Section 5.1(a) or (b) not made on or prior to the expiration of the Limitation Period set forth in Section 4.5 shall be irrevocably and unconditionally waived and released.

ARTICLE 6. MISCELLANEOUS

6.1 Parties Bound. No party may assign this Agreement without the prior written consent of the other party, and any such prohibited assignment shall be void. This Agreement shall be binding upon and inure to the benefit of the respective legal representatives, successors, permitted assigns, heirs, and devises of the parties.

6.2 Headings; Entirety; **Amendments**. The article and paragraph headings of this Agreement are for convenience only and in no way limit or enlarge the scope or meaning of the language hereof. All exhibits and appendices attached to this Agreement are incorporated herein as if fully set forth in this Agreement and shall be deemed to be a part of this Agreement. This Agreement embodies the entire agreement between the parties and supersedes all prior agreements and understandings relating to the Berry Hill Interest, BR Berry Hill Member, Berry Hill Venture, the Subsidiary or the Berry Hill Property (other than the Charter Documents of BR Berry Hill Member, Berry Hill Venture and the Subsidiary). This Agreement may be amended or supplemented (except as noted in the preceding sentence) only by an instrument in writing executed by the party against whom enforcement is sought.

6.3 Invalidity and Waiver. If any portion of this Agreement is held invalid or inoperative, then so far as is reasonable and possible the remainder of this Agreement shall be deemed valid and operative, and, to the greatest extent legally possible, effect shall be given to the intent manifested by the portion held invalid or inoperative. The failure by a party to enforce against another party any term or provision of this Agreement shall not be deemed to be a waiver of such party's right to enforce against the other party the same or any other such term or provision in the future.

6.4 Governing Law; Calculation of Time Periods; Time. This Agreement shall, in all respects, be governed and enforced in accordance with the laws of the State of New York. Unless otherwise specified, in computing any period of time described herein, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is a Saturday, Sunday or legal holiday for national banks in New York, New York, in which event the period shall run until the end of the next day which is neither a Saturday, Sunday, or legal holiday. The last day of any period of time described herein shall be deemed to end at 5:30 p.m. New York, New York time. Time is of the essence in the performance of this Agreement.

6.5 No Third Party Beneficiary. This Agreement is not intended to give or confer any benefits, rights, privileges, claims, actions, or remedies to any Person as a third party beneficiary, decree, or otherwise, other than the indemnified parties referenced in Section 5.1 pursuant to and for purposes of Section 5.1, who shall be express third party beneficiaries hereof solely for purposes of Section 5.1.

6.6 Confidentiality. No party shall make a public announcement or other disclosure of this Agreement or any information related to this Agreement to outside brokers or third parties, before or after the Closing, without the prior written specific consent of the other, which consent may not be unreasonably conditioned, delayed or withheld so long as such public disclosure is otherwise in compliance with this Agreement; provided, however, that without the consent of the other party, a party may make (i) any public disclosure it reasonably believes is required by applicable Laws (in which event such party shall use reasonable efforts to advise the other party prior to the making of such disclosure); (ii) such disclosure as may be reasonably necessary to enforce any provision of this Agreement; (iii) any disclosure to any lender or prospective lender, creditor, officer, employee, agent, current or prospective investor and their advisors, current or prospective financial partner, or Affiliate as necessary to perform its obligations under this Agreement or (iv) any public disclosure that is deemed advisable by such party or its counsel to be disclosed in connection with financial reporting, securities disclosures or other legal, tax or financial requirements or guidelines applicable to such party or any Affiliate thereof, including any disclosures to the Securities and Exchange Commission and any press release required by the Securities and Exchange Commission in connection therewith.

6.7 Enforcement Expenses. Should any party employ attorneys or arbitrators to bring an action or arbitration to enforce any of the provisions hereof, the non-prevailing party in such action or arbitration shall pay the prevailing party all reasonable costs, charges, and expenses, including attorneys' fees and costs, expended or incurred in connection therewith.

6.8 Notices. All notices required or permitted hereunder shall be in writing and shall be served on the following parties:

If to Buyer: c/o Bluerock Real Estate, LLC
712 Fifth Avenue, 9th Floor
New York, NY 10019
Attn: Jordan B. Ruddy

If to Seller: c/o Bluerock Multifamily Advisor, LLC
712 Fifth Avenue, 9th Floor
New York, NY 10019
Attn: Michael L. Konig

6.9 Construction. The parties acknowledge that the parties and their counsel have reviewed and revised this Agreement and the documents to be executed on or prior to the Closing Date and agree that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement, the documents to be delivered on or prior to the Closing Date or any exhibits or amendments thereto.

6.10 Execution in Counterparts. This Agreement may be executed in any number of counterparts, and by each party hereto on separate counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one Agreement. To facilitate execution of this Agreement, the parties may execute and exchange by telephone facsimile or email counterparts of the signature pages which shall be deemed original signatures for all purposes.

6.11 Further Assurances. In addition to the acts and deeds recited herein and contemplated to be performed, executed and/or delivered by either party on or prior to the Closing Date, each party agrees to perform, execute and deliver, but without any obligation to incur any additional liability or expense, on or after the Closing any further deliveries and assurances as may be reasonably necessary to consummate the transactions contemplated hereby or to further perfect the conveyance, transfer and assignment of the Berry Hill Interest to Buyer.

6.12 Waiver of Jury Trial; Forum. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY SHALL BRING ANY ACTION AGAINST THE OTHER IN CONNECTION WITH THIS AGREEMENT IN A FEDERAL OR STATE COURT LOCATED IN NEW YORK, NEW YORK, CONSENTS TO THE JURISDICTION OF SUCH COURTS, AND WAIVES ANY RIGHT TO HAVE ANY PROCEEDING TRANSFERRED FROM SUCH COURTS ON THE GROUND OF IMPROPER VENUE OR INCONVENIENT FORUM.

6.13 Mutual Execution. Until this Agreement has been duly executed by both parties hereto and a fully executed copy has been delivered to each party hereto (which may occur by facsimile transmission or e-mail), this Agreement shall not be legally binding against the parties.

6.14 Cooperation. Subject to the provisions of this Agreement, the parties agree to cooperate and use Commercially Reasonable Efforts to consummate the transactions contemplated hereby.

[signatures on following page]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement as of the Effective Date.

BUYER:

BLUEROCK SPECIAL OPPORTUNITY + INCOME FUND III, LLC,
a Delaware limited liability company

By: BR SOIF III Manager, LLC,
a Delaware limited liability company,
its Manager

By: /s/ Jordan Ruddy
Jordan Ruddy
Authorized Signatory

SELLER:

BEMT BERRY HILL, LLC,
a Delaware limited liability company

By: Bluerock Multifamily Holdings, LP,
a Delaware limited partnership,
its Manager

By: Bluerock Multifamily Growth REIT, Inc.,
a Maryland corporation,
its general partner

By: /s/ Ramin Kamfar
Ramin Kamfar
Authorized Signatory

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Section 8: EX-10.7 (EXHIBIT 10.7)

SECOND AMENDED AND RESTATED

LIMITED LIABILITY COMPANY AGREEMENT

OF

BR BERRY HILL MANAGING MEMBER, LLC

A DELAWARE LIMITED LIABILITY COMPANY

DATED AS OF AUGUST 29, 2013

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BR BERRY HILL MANAGING MEMBER, LLC
SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT

This Second Amended and Restated Limited Liability Company Agreement (this "Agreement") is adopted, executed, and agreed to effective as of August 29, 2013 (the "Effective Date"), by and among BEMT Berry Hill, LLC, a Delaware limited liability company ("BEMT"), Bluerock Growth Fund, LLC (f/k/a BR Berry Hill Nashville, LLC), a Delaware limited liability company) ("BGF"), and Bluerock Special Opportunity + Income Fund III, LLC, a Delaware limited liability company ("SOIF III"), as Members (together, the "Members"), and BEMT as Manager (the "Manager").

WITNESSETH:

WHEREAS, BR Berry Hill Managing Member, LLC, a Delaware limited liability company, was formed on October 3, 2012, pursuant to the Act (the "Company");

WHEREAS, SOIF III and BEMT were the initial members of the Company and entered into that certain Limited Liability Company Agreement dated October 18, 2012 (the "Original LLC Agreement") providing for the operation and administration of the Company;

WHEREAS, SOIF III subsequently sold and transferred to BEMT an additional 6.253% Interest in the Company, as reflected in that certain First Amendment to Limited Liability Company dated December 17, 2012;

WHEREAS, BGF was admitted as a member of the Company and SOIF III, BEMT and BGF subsequently entered into that certain Amended and Restated Limited Liability Company Agreement dated December 26, 2012 (the "First Amended Agreement") to supersede and replace the Original Agreement, as amended on December 17, 2012;

WHEREAS, BGF pursuant to a separate securities offering purchased Interests in the Company and SOIF III's Interests in the Company were simultaneously redeemed;

WHEREAS, on August 13, 2013, BEMT sold to BGF a further ownership interest in the Company and a First Amendment to the First Amended Agreement was adopted;

WHEREAS, as of August 29, 2013, BEMT and SOIF III have entered into a Membership Interest Purchase Agreement ("MIPA") pursuant to which BEMT will sell to SOIF III, and SOIF III will acquire from BEMT, a 34.381% ownership interest in the Company;

WHEREAS, the parties hereto wish to amend and fully supersede and replace the First Amended Agreement and the August 13, 2013 First Amendment thereto, with this Second Amended and Restated Limited Liability Company Agreement (the "Agreement").

NOW, THEREFORE, in consideration of the agreements and covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. **Definitions**. As used in this Agreement:

"Act" shall mean the Delaware Limited Liability Company Act (currently Chapter 18 of Title 6 of the Delaware Code), as amended from time to time.

"Additional Capital Contributions" shall have the meaning provided in Section 5.2(a).

"Advisor" shall mean any accountant, attorney or other advisor retained by a Member.

"Affiliate" shall mean as to any Person any other Person that directly or indirectly controls, is controlled by, or is under common control with such first Person. For the purposes of this Agreement, a Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management, policies and/or decision making of such other Person, whether through the ownership of voting securities, by contract or otherwise. In addition, "Affiliate" shall include as to any Person any other Person related to such Person within the meaning of Code Sections 267(b) or 707(b)(1). Notwithstanding the foregoing, none of BEMT, BGF or SOIF III shall be considered Affiliates of one another.

"Agreed Upon Value" shall mean the fair market value (net of any debt) agreed upon pursuant to a written agreement between the Members of property contributed by a Member to the capital of the Company, which shall for all purposes hereunder be deemed to be the amount of the Capital Contribution applicable to such property contributed.

"Agreement" shall mean this Second Amended and Restated Limited Liability Company Agreement, as amended from time to time.

"Bankruptcy Code" shall mean Title 11 of the United States Code, as amended or any other applicable bankruptcy or insolvency statute or similar law.

"Bankruptcy/Dissolution Event" shall mean, with respect to the affected party, (i) the entry of an Order for Relief under the Bankruptcy Code, (ii) the admission by such party of its inability to pay its debts as they mature, (iii) the making by it of an assignment for the benefit of creditors generally, (iv) the filing by it of a petition in bankruptcy or a petition for relief under the Bankruptcy Code or any other applicable federal or state bankruptcy or insolvency statute or any similar law, (v) the expiration of sixty (60) days after the filing of an involuntary petition under the Bankruptcy Code without such petition being vacated, set aside or stayed during such period, (vi) an application by such party for the appointment of a receiver for the assets of such party, (vii) an involuntary petition seeking liquidation, reorganization, arrangement or readjustment of its debts under any other federal or state insolvency law, provided that the same shall not have been vacated, set aside or stayed within sixty (60) days after filing, (viii) the imposition of a judicial or statutory lien on all or a substantial part of its assets unless such lien is discharged or vacated or the enforcement thereof stayed within sixty (60) days after its effective date, (ix) an inability to meet its financial obligations as they accrue, or (x) a dissolution or liquidation.

"Base Capital Contributions" shall mean, with respect to any Member, the Capital Contributions shown for that Member on the Exhibit A attached to this Agreement as of the Effective Date (which has taken into account the Capital Contributions made pursuant to Section 5.1(a) or otherwise accounted for by the provisions of Section 5.1(a)) and which may be updated from time to time to reflect Capital Contributions as of a particular date.

"BEMT" shall have the meaning provided in the first paragraph of this Agreement.

"BEMT Transferee" shall have the meaning set forth in Section 12.2(b)(ii).

"Beneficial Owner" shall have the meaning provided in Section 5.7.

"BGF" shall have the meaning provided in the first paragraph of this Agreement.

"BGF Transferee" shall have the meaning set forth in Section 12.2(b)(iii).

"BGF Offering" shall have the meaning provided in Section 5.1(b).

"BR Affiliate" shall have the meaning provided in Section 9.5(a).

"BR REIT" shall have the meaning set forth in Section 12.2(b)(i).

"BR Berry Hill JV" shall mean BR Stonehenge 23Hundred JV, LLC, a Delaware limited liability company.

"BR Berry Hill JV Operating Agreement" shall mean the Limited Liability Company Agreement of BR Berry Hill JV, as amended from time to time.

"Capital Account" shall have the meaning provided in Section 5.6.

"Capital Contribution" shall mean, with respect to any Member, the aggregate amount of: (A) cash contributed or deemed contributed in the form of Base Capital Contributions; (B) cash contributed or deemed contributed in the form of Additional Capital Contributions; and (C) the Agreed Upon Value of other property contributed by such Member to the capital of the Company net of any liability secured by such property that the Company assumes or takes subject to.

"Cash Flow" shall mean, for any period for which Cash Flow is being calculated, gross cash receipts of the Company (but excluding Capital Contributions, less the following payments and expenditures (i) all payments of operating expenses of the Company, (ii) all payments of principal of, interest on and any other amounts due with respect to indebtedness, leases or other commitments or obligations of the Company (and other loans by Members to the Company), (iii) all sums expended by the Company for capital expenditures, (iv) all prepaid expenses of the Company, and (v) all sums expended by the Company which are otherwise capitalized.

"Certificate of Formation" shall mean the Certificate of Formation of the Company, as amended from time to time.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, including the corresponding provisions of any successor law.

"Collateral Agreement" shall mean any agreement, instrument, document or covenant concurrently or hereafter made or entered into under, pursuant to, or in connection with this Agreement and any certifications made in connection therewith or amendment or amendments made at any time or times heretofore or hereafter to any of the same.

"Company" shall mean BR Berry Hill Managing Member, LLC, a Delaware limited liability company organized under the Act.

"Company Interest" shall mean all of the Company's interest in BR Berry Hill JV, including its limited liability company interest and its managerial interest therein.

"Confidential Information" shall have the meaning provided in Section 10(a).

"Default Amount" shall have the meaning provided in Section 5.2(d).

"Default Loan" shall have the meaning provided in Section 5.2(d)(i).

"Default Loan Rate" shall have the meaning provided in Section 5.2(d)(i).

"Defaulting Member" shall have the meaning provided in Section 5.2(d).

"Delaware UCC" shall mean the Uniform Commercial Code as in effect in the State of Delaware from time to time.

"Developer" shall mean Stonehenge Real Estate Group, LLC.

"Developer Reports" shall have the meaning set forth in Section 8.2(c).

"Development Agreement" shall mean that certain development agreement to be entered into between Property Owner, as owner, and Developer, as development manager, pursuant to which Developer will provide certain development services for the Property.

"Dissolution Event" shall have the meaning provided in Section 13.2.

"Distributable Funds" with respect to any month or other period, as applicable, shall mean the sum of an amount equal to the Cash Flow of the Company for such month or other period, as applicable, as reduced by reserves for anticipated capital expenditures, future working capital needs and operating expenses, contingent obligations and other purposes, the amounts of which shall be reasonably determined from time to time by the Manager.

"Distributions" shall mean the distributions payable (or deemed payable) to a Member (including, without limitation, its allocable portion of Distributable Funds).

"Effective Date" shall have the meaning provided in the first paragraph of this Agreement.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Fiscal Year" shall mean each calendar year ending December 31.

"Flow-Through Entity" shall have the meaning provided in Section 5.7.

"Foreign Corrupt Practices Act" shall mean the Foreign Corrupt Practices Act of the United States, 15 U.S.C. Sections 78a, 78m, 78dd-1, 78dd-2, 78dd-3, and 78ff, as amended, if applicable, or any similar law of the jurisdiction where the Property is located or where the Company or any of its Subsidiaries transacts business or any other jurisdiction, if applicable.

"Income" shall mean the gross income of the Company for any month, Fiscal Year or other period, as applicable, including gains realized on the sale, exchange or other disposition of the Company's assets.

"Indemnified Party" shall have the meaning provided in Section 14.3(a).

"Indemnifying Party" shall have the meaning provided in Section 14.3(a).

"Inducement Agreements" shall have the meaning provided in Section 14.3(a).

"Initial BGF Capital Contributions" shall have the meaning provided in Section 5.1(b).

"Interest" of any Member shall mean the entire limited liability company interest of such Member in the Company, which includes, without limitation, any and all rights, powers and benefits accorded a Member under this Agreement and the duties and obligations of such Member hereunder.

"Loss" shall mean the aggregate of losses, deductions and expenses of the Company for any month, Fiscal Year or other period, as applicable, including losses realized on the sale, exchange or other disposition of the Company's assets.

"Major Decision" means any decision for the Company to take, or refrain from taking, any action or incurring any obligation with respect to the following matters (or the effectuation of any such action or obligation):

(i) except as expressly provided in Section 12 with respect to Transfers by SOIF III or a SOIF III Transferee to a SOIF III Transferee, and with respect to Transfers by BEMT or a BEMT Transferee to a BEMT Transferee, and with respect to Transfers by BGF or a BGF Transferee to a BGF Transferee, each as permitted thereunder, the admission or removal of any Member or the Company's issuance to any third party of any equity interest in the Company (including interests convertible into, or exchangeable for, equity interests in the Company);

(ii) any liquidation, dissolution or termination of the Company;

(iii) doing any act which would make it impossible or unreasonably burdensome to carry on the business of the Company;

(iv) any material change in the strategic direction of the Company or any material expansion of the business of the Company;

(v) other than with respect to the Property, acquiring by purchase, ground lease or otherwise, any real property or other material asset or the entry into of any agreement, commitment or assumption with respect to any of the foregoing, or the making or posting of any deposit (refundable or non-refundable); and

(vi) amendment of the Company's Certificate of Formation or this Agreement, except as may be required to conform this Agreement with the commercially reasonable requirements of a third party lender.

"Member" and "Members" shall mean BEMT, SOIF III, BGF and any other Person admitted to the Company pursuant to this Agreement. For purposes of the Act, the Members shall constitute a single class or group of members.

"Member in Question" shall have the meaning provided in Section 16.12.

"Net Income" shall mean the amount, if any, by which Income for any period exceeds Loss for such period.

"Net Loss" shall mean the amount, if any, by which Loss for any period exceeds Income for such period.

"New York UCC" shall have the meaning provided in Section 16.17.

"Non-Defaulting Member" shall have the meaning provided in Section 5.2(d).

"Percentage Interest" shall have the meaning provided in Section 5.3.

"Person" shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other legal entity.

"Property" shall have the meaning provided in the BR Berry Hill JV Operating Agreement.

"Property Owner" shall mean 23Hundred, LLC, a Delaware limited liability company.

"Pursuer" shall have the meaning provided in Section 10(c).

"Regulations" shall mean the Treasury Regulations promulgated pursuant to the Code, as amended from time to time, including the corresponding provisions of any successor regulations.

"REIT" shall mean a real estate investment trust as defined in Code Section 856.

"REIT Member" shall mean any Member, if such Member is a REIT or a direct or indirect subsidiary of a REIT.

"REIT Prohibited Transactions" shall mean, for purposes of Section 9.5(c), any of the actions specifically set forth in Section 9.5(c).

"REIT Requirements" shall mean the requirements for qualifying as a REIT under the Code and Regulations.

"REOC" shall have the meaning provided in Section 9.5(a).

"Securities Act" shall mean the Securities Act of 1933, as amended.

"SOIF III" shall have the meaning provided in the first paragraph of this Agreement.

"SOIF III Transferee" shall have the meaning set forth in Section 12.2(b)(i).

"Subsidiary" shall mean any corporation, partnership, limited liability company or other entity of which fifty percent (50%) of which at least a majority of the capital stock or other equity securities is owned by the Company or more is owned by the Company.

"Tax Matters Member" shall have the meaning provided in Section 8.3.

"Total Investment" shall mean the sum of the aggregate Capital Contributions made by a Member.

"Transfer" means, as a noun, any transfer, sale, assignment, exchange, charge, pledge, gift, hypothecation, conveyance, encumbrance or other disposition, voluntary or involuntary, by operation of law or otherwise and, as a verb, voluntarily or involuntarily, by operation of law or otherwise, to transfer, sell, assign, exchange, charge, pledge, give, hypothecate, convey, encumber or otherwise dispose of.

"Unfunded BGF Contribution" shall have the meaning provided in Section 5.2(b).

Section 2. Organization of the Company.

2.1 Name. The name of the Company shall be "**BR Berry Hill Managing Member, LLC**". The business and affairs of the Company shall be conducted under such name or such other name as the Manager deems necessary or appropriate to comply with the requirements of law in any jurisdiction in which the Company may elect to do business.

2.2 Place of Registered Office; Registered Agent. The address of the registered office of the Company in the State of Delaware is 2711 Centerville Road, Wilmington, Delaware 19808. The name and address of the registered agent for service of process on the Company in the State of Delaware is Corporation Service Company, 2711 Centerville Road, Wilmington, Delaware 19808. The Manager may at any time on five (5) days prior notice to all Members change the location of the Company's registered office or change the registered agent.

2.3 Principal Office. The principal address of the Company shall be c/o Bluerock Real Estate, L.L.C., 712 Fifth Avenue, 9th Floor, New York, New York 10019, or, in each case, at such other place or places as may be determined by the Manager from time to time.

2.4 Filings. On or before execution of this Agreement, an authorized person within the meaning of the Act shall have duly filed or caused to be filed the Certificate of Formation of the Company with the office of the Secretary of State of Delaware, as provided in Section 18-201 of the Act, and the Members hereby ratify such filing. The Manager shall use its best efforts to take such other actions as may be reasonably necessary to perfect and maintain the status of the Company as a limited liability company under the laws of Delaware. Notwithstanding anything contained herein to the contrary, the Company shall not do business in any jurisdiction that would jeopardize the limitation on liability afforded to the Members under the Act or this Agreement.

2.5 Term. The Company shall continue in existence from the date hereof until December 31, 2062, unless extended by the Members, or until the Company is dissolved as provided in Section 13, whichever shall occur earlier.

2.6 Expenses of the Company. Other than the reimbursements of costs and expenses as provided herein, no fees, costs or expenses shall be payable by the Company to any Member (or its Affiliates).

Section 3. Purpose.

The Company is organized for the purpose of engaging in any lawful business, purpose or activity that may be undertaken by a limited liability company organized under and governed by the Act. The Company shall possess and may exercise all of the powers and privileges granted by the Act, by any other law or by this Agreement, together with any powers incidental thereto, including such powers and privileges as are necessary or convenient to the conduct, promotion or attainment of the business, purposes or activities of the Company.

Section 4. Intentional Deleted.

Section 5. Capital Contributions, Loans, Percentage Interests and Capital Accounts.

5.1 Base Capital Contributions.

(a) Effective as of August 29, 2013, BEMT, SOIF III, and BGF shall each make, have made or be credited with a Base Capital Contribution to the Company in the following amounts:

BEMT	$	2,432,951
SOIF III	$	2,749,319
BGF	$	2,814,354

(b) Immediately following the making of any additional Capital Contributions, the Manager shall amend Exhibit A to provide for the adjusted Base Capital Contributions of the Members.

5.2 Additional Capital Contributions.

(a) Additional Capital Contributions ("Additional Capital Contributions") may be called for from the Members by the Manager from time to time as and to the extent capital is necessary. Such Additional Capital Contributions shall be requested in an amount for each Member equal to the product of the amount of the aggregate Capital Contribution called for multiplied by that Member's Percentage Interest, as defined in Section 5.3. Such Additional Capital Contributions, if payable, shall be payable by the Members to the Company upon the earlier of (i) twenty (20) days after written request from the Company, or (ii) the date when the Capital Contribution is required, as set forth in a written request from the Company.

(b) BGF may elect, but shall not be required, to fund its proportionate share of the Additional Capital Contributions requested pursuant to Section 5.2(a). Any amount that BGF does not fund shall be an "Unfunded BGF Contribution." BGF acknowledges that BGF may be diluted pursuant to this Section 5.2 to the extent it does not fund all of its proportionate share of the requested Additional Capital Contributions, and BEMT and/or SOIF III funds all or a portion of an Unfunded BGF Contribution pursuant to this Section 5.2, and BGF hereby consents to such dilution.

(c) BEMT and SOIF III shall be required to fund their proportionate share of the Additional Capital Contributions plus any Unfunded BGF Contribution (the "Required Funding Amount") in an amount for each of BEMT and SOIF III equal to the product of the Required Funding Amount multiplied by the ratio of that Member's Capital Contributions to aggregate Capital Contributions made by BEMT and SOIF III only.

(d) If BEMT or SOIF III (a "Defaulting Member") fails to make a Capital Contribution that is required as provided in Section 5.2(c) within the time frame required therein (the amount of the failed contribution and related loan shall be the "Default Amount"), then BEMT, if SOIF III is the Defaulting Member, or SOIF III, if BEMT is the Defaulting Member (a "Non-Defaulting Member"), in addition to any other remedies each may have hereunder or at law, shall have one or more of the following remedies, provided that the Non-Defaulting Member has made the Capital Contribution required to be made by it under Section 5.2(c):

(i) to advance to the Company on behalf of, and as a loan to the Defaulting Member, an amount equal to the Default Amount to be evidenced by promissory note(s) in form reasonably satisfactory to the Non-Defaulting Member (each such loan, a "Default Loan"). The Capital Account of the Defaulting Member shall be credited with the amount of such Default Amount attributable to a Capital Contribution and the aggregate of such amounts shall constitute a debt owed by the Defaulting Member to the non-failing Member. Any Default Loan shall bear interest at the rate of twenty (20%) percent per annum, but in no event in excess of the highest rate permitted by applicable laws (the "Default Loan Rate"), and shall be payable by the Defaulting Member on demand from the Non-Defaulting Member and from any Distributions due to the Defaulting Member hereunder. Interest on a Default Loan to the extent unpaid, shall accrue and compound on a quarterly basis. A Default Loan shall be prepayable, in whole or in part, at any time or from time to time without penalty. Any such Default Loans shall be with full recourse to the Defaulting Member and shall be secured by the Defaulting Member's interest in the Company including, without limitation, such Defaulting Member's right to Distributions. In furtherance thereof, upon the making of such Default Loan, the Defaulting Member hereby pledges, assigns and grants a security interest in its Interest to the Non-Defaulting Member and agrees to promptly execute such documents and statements reasonably requested by the Non-Defaulting Member to further evidence and secure such security interest. Any advance by the Non-Defaulting Member on behalf of a Defaulting Member pursuant to this Section 5.2(d)(i) shall be deemed to be a Capital Contribution made by the Defaulting Member except as otherwise expressly provided herein. All Distributions to the Defaulting Member hereunder shall be applied first to payment of any interest due under any Default Loan and then to principal until all amounts due thereunder are paid in full. While any Default Loan is outstanding, the Company shall be obligated to pay directly to the Non-Defaulting Member, for application to and until all Default Loans have been paid in full, the pro rata amount of (x) any Distributions payable to the Defaulting Member, and (y) any proceeds of the sale of the Defaulting Member's Interest in the Company;

(ii) subject to any applicable thin capitalization limitations on indebtedness of the Company, to treat its portion of such Capital Contribution as a loan to the Company (rather than a Capital Contribution) and to advance to the Company as a loan to the Company an amount equal to the Default Amount, which loan shall be evidenced by a promissory note in form reasonably satisfactory to the Non-Defaulting Member and which loan shall bear interest at the Default Loan Rate and be payable on a first priority basis by the Company from available Cash Flow and prior to any Distributions made to the Defaulting Member. If both BEMT and SOIF III have loans outstanding to the Company under this provision, such loans shall be payable to such Member in proportion to the outstanding balances of such loans to such Member at the time of payment. Any advance to the Company pursuant to this Section 5.2(d)(ii) shall not be treated as a Capital Contribution made by the Defaulting Member;

(iii) in lieu of the remedies set forth in subparagraphs (i) or (ii), revoke its portion of such Additional Capital Contribution, whereupon the portion of the Capital Contribution made by the Non-Defaulting Member shall be returned within ten (10) days with interest computed at the Default Loan Rate by the Company.

(e) Notwithstanding the foregoing provisions of this Section 5.2, no additional Capital Contributions shall be required from any Member if (i) the Company or any other Person shall be in default (or with notice or the passage of time or both, would be in default) in any material respect under any loan, indenture, mortgage, lease, agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company (or any of its Subsidiaries) or any of its properties or assets is or may be bound, (ii) any other Member, the Company or any of its Subsidiaries shall be insolvent or bankrupt or in the process of liquidation, termination or dissolution, (iii) any other Member, the Company or any of its Subsidiaries shall be subjected to any pending litigation (x) in which the amount in controversy exceeds $500,000, (y) which litigation is not being defended by an insurance company who would be responsible for the payment of any judgment in such litigation, and (z) which litigation if adversely determined could have a material adverse effect on such other Member and/or the Company or any of its Subsidiaries and/or could interfere with their ability to perform their obligations hereunder or under any Collateral Agreement, (iv) there has been a material adverse change in (including, but not limited to, the financial condition of) any other Member (and/or its Affiliates) which, in Member's reasonable judgment, prevents such other Member (and/or its Affiliates from performing, or substantially interferes with their ability to perform, their obligations hereunder or under any Collateral Agreement. If any of the foregoing events shall have occurred and any Member elects not to make a Capital Contribution on account thereof, then any other Member which has made its pro rata share of such Capital Contribution shall be entitled to a return of such Capital Contribution from the Company.

5.3 Percentage Ownership Interest. The Members shall have the initial percentage ownership interests (as the same are adjusted as provided in this Agreement, a "Percentage Interest") in the Company as shall be set forth on Exhibit A immediately after the Base Capital Contributions provided for in Section 5.1(a) have been made. The Percentage Interests of the Members in the Company shall be adjusted monthly so that the respective Percentage Interests of the Members at any time shall be in proportion to their respective cumulative Total Investment made (or deemed to be made) pursuant to Sections 5.1 and 5.2, as the same may be further adjusted pursuant to Sections 5.2(b) and 5.2(d)(iii).

5.4 Return of Capital Contribution. Except as approved by each of the Members, no Member shall have any right to withdraw or make a demand for withdrawal of the balance reflected in such Member's Capital Account (as determined under Section 5.6) until the full and complete winding up and liquidation of the business of the Company.

5.5 No Interest on Capital. Interest earned on Company funds shall inure solely to the benefit of the Company, and no interest shall be paid upon any Capital Contributions nor upon any undistributed or reinvested income or profits of the Company.

5.6 Capital Accounts. A separate capital account (the "Capital Account") shall be maintained for each Member in accordance with Section 1.704-1(b)(2)(iv) of the Regulations. Without limiting the foregoing, the Capital Account of each Member shall be increased by (i) the amount of any Capital Contributions made by such Member, (ii) the amount of Income allocated to such Member and (iii) the amount of income or profits, if any, allocated to such Member not otherwise taken into account in this Section 5.6. The Capital Account of each Member shall be reduced by (i) the amount of any cash and the fair market value of any property distributed to the Member by the Company (net of liabilities secured by such distributed property that the Member is considered to assume or take subject to), (ii) the amount of Loss allocated to the Member and (iii) the amount of expenses or losses, if any, allocated to such Member not otherwise taken into account in this Section 5.6. The Capital Accounts of the Members shall not be increased or decreased pursuant to Regulations Section 1.704-1(b)(2)(iv)(f) to reflect a revaluation of the Company's assets on the Company's books in connection with any contribution of money or other property to the Company pursuant to Sections 5.1 and 5.2 by existing Members. If any property other than cash is distributed to a Member, the Capital Accounts of the Members shall be adjusted as if such property had instead been sold by the Company for a price equal to its fair market value, the gain or loss allocated pursuant to Section 7, and the proceeds distributed in the manner set forth in Section 6.1 or Section 13.3(d)(iii). No Member shall be obligated to restore any negative balance in its Capital Account. No Member shall be compensated for any positive balance in its Capital Account except as otherwise expressly provided herein. The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with the provisions of Regulations Section 1.704-1(b)(2) and shall be interpreted and applied in a manner consistent with such Regulations.

5.7 New Members. The Company may issue additional Interests and thereby admit a new Member or Members, as the case may be, to the Company, only if such new Member (i) has delivered to the Company its Capital Contribution, (ii) has agreed in writing to be bound by the terms of this Agreement by becoming a party hereto, and (iii) has delivered such additional documentation as the Company shall reasonably require to so admit such new Member to the Company. Without the prior written consent of each then-current Member, a new Member may not be admitted to the Company if the Company would, or may, have in the aggregate more than one hundred (100) members. For purposes of determining the number of members under this Section 5.7, a Person (the "Beneficial Owner") indirectly owning an interest in the Company through a partnership, grantor trust or S corporation (as such terms are used in the Code) (the "Flow-Through Entity") shall be considered a member, but only if (i) substantially all of the value of the Beneficial Owner's interest in the Flow-Through Entity is attributable to the Flow-Through Entity's interest (direct or indirect) in the Company and (ii) in the sole discretion of the Manager, a principal purpose of the use of the Flow-Through Entity is to permit the Company to satisfy the 100-member limitation.

Section 6. Distributions.

6.1 Distribution of Distributable Funds

(a) The Manager shall calculate and determine the amount of Distributable Funds for each applicable period. Except as provided in Sections 5.2(d), 6.1(b) or 13.3 or otherwise provided hereunder, Distributable Funds, if any, shall be distributed to the Members on the 15th day of each month or from time to time as determined by the Manager as follows:

(i) [intentionally deleted]

(iii) Second, to the Members in accordance with their Percentage Interests.

(b) Any Distributions otherwise payable to a Member under this Agreement shall be applied first to satisfy amounts due and payable on account of the indemnity and/or contribution obligations of such Member under this Agreement and/or any other agreement delivered by such Member to the Company or any other Member but shall be deemed distributed to such Member for purposes of this Agreement.

6.2 Distributions in Kind. In the discretion of the Manager, Distributable Funds may be distributed to the Members in cash or in kind and Members may be compelled to accept a distribution of any asset in kind even if the percentage of that asset distributed to it exceeds a percentage of that asset that is equal to the percentage in which such Member shares in distributions from the Company. In the case of all assets to be distributed in kind, the amount of the distribution shall equal the fair market value of the asset distributed as determined by the Manager. In the case of a distribution of publicly traded property, the fair market value of such property shall be deemed to be the average closing price for such property for the thirty (30) day period immediately prior to the distribution, or if such property has not yet been publicly traded for thirty (30) days, the average closing price of such property for the period prior to the distribution in which the property has been publicly traded.

Section 7. Allocations.

7.1 Allocation of Net Income and Net Losses Other than in Liquidation. Except as otherwise provided in this Agreement, Net Income and Net Losses of the Company for each Fiscal Year shall be allocated among the Members in a manner such that, as of the end of such Fiscal Year and taking into account all prior allocations of Net Income and Net Losses of the Company and all distributions made by the Company through such date, the Capital Account of each Member is, as nearly as possible, equal to the distributions that would be made to such Member pursuant to Section 6.1 if the Company were dissolved, its affairs wound up and assets sold for cash equal to their tax basis (or book value in the case of assets that have been revalued in accordance with Section 704(b) of the Code), all Company liabilities were satisfied, and the net assets of the Company were distributed in accordance with Section 6.1 immediately after such allocation.

7.2 Allocation of Net Income and Net Losses in Liquidation. Net Income and Net Losses realized by the Company in connection with the liquidation of the Company pursuant to Section 13 shall be allocated among the Members in a manner such that, taking into account all prior allocations of Net Income and Net Losses of the Company and all distributions made by the Company through such date, the Capital Account of each Member is, as nearly as possible, equal to the amount which such Member is entitled to receive pursuant to Section 13.3(d)(iii).

7.3 U.S. Tax Allocations.

(a) Subject to Section 704(c) of the Code, for U.S. federal and state income tax purposes, all items of Company income, gain, loss, deduction and credit shall be allocated among the Members in the same manner as the corresponding item of income, gain, loss, deduction or credit was allocated pursuant to the preceding paragraphs of this Section 7.

(b) Code Section 704(c). In accordance with Code Section 704(c) and the Treasury regulations promulgated thereunder, income and loss with respect to any property contributed to the capital of the Company (including, if the property so contributed constitutes a partnership interest, the applicable distributive share of each item of income, gain, loss, expense and other items attributable to such partnership interest whether expressly so allocated or reflected in partnership allocations) shall, solely for U.S. federal income tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for U.S. federal income tax purposes and its Agreed Upon Value at the time of contribution. Such allocation shall be made in accordance with such method set forth in Regulations Section 1.704-3(b) as the Manager in its reasonable discretion approves.

Any elections or other decisions relating to such allocations shall be made by BEMT in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 7.3 are solely for purposes of U.S. federal, state and local income taxes and shall not affect, or in any way be taken into account in computing, any Member's share of Net Income, Net Loss, other items or distributions pursuant to any provisions of this Agreement.

Section 8. Books, Records, Tax Matters and Bank Accounts.

8.1 Books and Records. The books and records of account of the Company shall be maintained in accordance with industry standards and shall be based on the Developer Reports. The books and records shall be maintained at the Company's principal office or at a location designated by the Manager, and all such books and records (and the dealings and other affairs of the Company and its Subsidiaries, including BR Berry Hill JV) shall be available to any Member at such location for review, investigation, audit and copying, at such Member's sole cost and expense, during normal business hours on at least twenty-four (24) hours prior notice.

8.2 Reports and Financial Statements.

(a) Within thirty (30) days of the end of each Fiscal Year, the Manager shall cause each Member to be furnished with two sets of the following additional annual reports computed as of the last day of the Fiscal Year:

(i) An unaudited balance sheet of the Company;

(ii) An unaudited statement of the Company's profit and loss; and

(iii) A statement of the Members' Capital Accounts and changes therein for such Fiscal Year.

(b) Within fifteen (15) days of the end of each quarter of each Fiscal Year, the Manager shall cause to be furnished to any REIT Member such information as requested by any REIT Member as is necessary for any REIT Member to determine its qualification as a REIT and its compliance with REIT Requirements as shall be requested by any REIT Member.

(c) The Members acknowledge that the Developer is obligated to perform Project-related accounting and furnish Project-related accounting statements under the terms of the Development Agreement (the "Developer Reports"). The Manager shall be entitled to rely on the Developer Reports with respect to its obligations under this Section 8, and the Members acknowledge that the reports to be furnished shall be based on the Developer Reports, without any duty on the part of the Manager to further investigate the completeness, accuracy or adequacy of the Developer Reports.

(d) If the Company admits a REIT Member, then, at the expense and cost of the REIT Member, the Manager will use their commercially best efforts to obtain such financial statements (audited or unaudited), information and attestations as may be required by the REIT Member or any of its Affiliates in connection with public reporting, attestation, certification and other requirements under the Securities Exchange Act of 1934, as amended, and the Sarbanes-Oxley Act of 2002, as amended, applicable to such entity, and work in good faith with the designated accountants or auditors of the REIT Member or any of its Affiliates in connection therewith, including for purposes of testing internal controls and procedures of the REIT Member or any of its Affiliates**.**

8.3 Tax Matters Member. BEMT is hereby designated as the "tax matters partner" of the Company and the Subsidiaries, as defined in Section 6231(a)(7) of the Code (the "Tax Matters Member") and shall prepare or cause to be prepared all income and other tax returns of the Company and the Subsidiaries pursuant to the terms and conditions of Section 8.5. Except as otherwise provided in this Agreement, all elections required or permitted to be made by the Company and the Subsidiaries under the Code or state tax law shall be timely determined and made by BEMT. The Members intend that the Company be treated as a partnership for U.S. federal, state and local tax purposes, and the Members will not elect or authorize any person to elect to change the status of the Company from that of a partnership for U.S. federal, state and local income tax purposes. BEMT agrees to consult with SOIF III and BGF with respect to any written notice of any material tax elections and any material inquiries, claims, assessments, audits, controversies or similar events received from any taxing authority. In addition, upon the request of any Member, the Company and each Subsidiary shall make an election pursuant to Code Section 754 to adjust the basis of the Company's property in the manner provided in Code Sections 734(b) and 743(b). The Company hereby indemnifies and holds harmless BEMT from and against any claim, loss, expense, liability, action or damage resulting from its acting or its failure to take any action as the "tax matters partner" of the Company and the Subsidiaries, provided that any such action or failure to act does not constitute gross negligence or willful misconduct.

8.4 Bank Accounts. All funds of the Company are to be deposited in the Company's name in such bank account or accounts as may be designated by the Manager and shall be withdrawn on the signature of such Person or Persons as the Manager may authorize.

8.5 Tax Returns. The Manager shall cause to be prepared all income and other tax returns of the Company and the Subsidiaries required by applicable law. No later than the due date or extended due date thereof, the Manager shall deliver or cause to be delivered to each Member a copy of the tax returns for the Company and such Subsidiaries with respect to such Fiscal Year, together with such information with respect to the Company and such Subsidiaries as shall be necessary for the preparation by such Member of its U.S. federal and state income or other tax and information returns.

8.6 Expenses. Notwithstanding any contrary provision of this Agreement, the Members acknowledge and agree that the reasonable expenses and charges incurred directly or indirectly by or on behalf of the Manager in connection with its obligations under this Section 8 will be reimbursed by the Company to the Manager.

Section 9. Management.

9.1 Management.

(a) The Company shall be managed by one manager. BEMT shall have the power and authority to appoint the manager without any further action or approval by any Member, and BEMT hereby appoints BEMT as its initial Manager. Neither BGF nor SOIF III shall have the power to appoint or remove any Manager. To the extent that BEMT or a BEMT Transferee Transfers all or a portion of its Interest in accordance with Section 12 to a BEMT Transferee, such BEMT Transferee may be appointed as an additional Manager under this Section 9.1(a) as appointed by BEMT or the BEMT Transferee then holding all or a portion of the BEMT Interest without any further action or authorization by any Member.

(b) The Manager shall have the authority to exercise all of the powers and privileges granted by the Act, any other law or this Agreement, together with any powers incidental thereto, and to take any other action not prohibited under the Act or other applicable law, so far as such powers or actions are necessary or convenient or related to the conduct, promotion or attainment of the business, purposes or activities of the Company, except that any Major Decision or other matter submitted by the Manager to the Members shall require the express and unanimous approval of the Members.

(c) The Manager shall substantially participate in the management of the Property, and in all decision-making with respect to the development of the Property, both directly and through the control Manager maintains and exercises over Company Subsidiaries. In furtherance of such management and decision-making authority, the Manager shall meet with the Developer on no less than a quarterly basis to discuss issues and make decisions related to the management and development of the Property.

(d) The Manager may appoint individuals to act on behalf of the Company with such titles and authority as determined from time to time by the Manager. Each of such individuals shall hold office until his or her death, resignation or replacement by Manager.

9.2 Loans to Subsidiaries. Notwithstanding anything in this Agreement to the contrary, the Company may, but will have no obligation to, make loans to any direct or indirect Subsidiary for development, improvement, leasing or marketing of the Property or otherwise in furtherance of the purposes of this Agreement to maximize the value of the Property.

9.3 Affiliate Transactions. Except as expressly provided in Section 9.2 with respect to loans by the Company to a Subsidiary, no agreement shall be entered into by the Company or any Subsidiary with a Member or any Affiliate of a Member and no decision shall be made in respect of any such agreement (including, without limitation, the enforcement or termination thereof) unless such agreement or related decision shall have been approved unanimously in writing by the Manager.

9.4 Other Activities.

(a) Right to Participation in Other Member Ventures. Neither the Company nor any Member (or any Affiliate of any Member) shall have any right by virtue of this Agreement either to participate in or to share in any other now existing or future ventures, activities or opportunities of any of the other Members or their Affiliates, or in the income or proceeds derived from such ventures, activities or opportunities. Neither the Company nor any Member (or any Affiliate of any Member) shall have any right by virtue of this Agreement either to participate in or to share in any other now existing or future ventures, activities or opportunities of any of the other Members or their Affiliates, or in the income or proceeds derived from such ventures, activities or opportunities.

(b) Limitation on Actions of Members; Binding Authority. No Member shall take any action on behalf of, or in the name of, the Company, or enter into any contract, agreement, commitment or obligation binding upon the Company, or, in its capacity as a Member or Manager of the Company, perform any act in any way relating to the Company or the Company's assets, except in a manner and to the extent consistent with the provisions of this Agreement.

9.5 Operation in Accordance with REOC/REIT Requirements.

(a) The Members acknowledge that SOIF III and one or more of its Affiliates (each, a "BR Affiliate"), intends to qualify as a "real estate operating company" or "venture capital operating company" within the meaning of U.S. Department of Labor Regulation 29 C.F.R. §2510.3-101 (a "REOC"), and agree that the Company and its Subsidiaries shall be operated in a manner that will enable SOIF III and such BR Affiliate to so qualify. Notwithstanding anything herein to the contrary, the Company and its Subsidiaries shall not take, or refrain from taking, any action that would result in SOIF III or a BR Affiliate, from failing to qualify as a REOC. The Members (a) shall not fund any Capital Contribution "with the 'plan assets' of any 'employee benefit plan' within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended or any 'plan' as defined by Section 4975 of the Internal Revenue Code of 1986, as amended", and (b) shall comply with any requirements specified by SOIF III in order to ensure compliance with this Section 9.5.

(b) [Reserved]

(c) The Company (and any direct or indirect Subsidiary of the Company) may not engage in any activities or hold any assets that would constitute or result in the occurrence of a REIT Prohibited Transaction as defined herein. Notwithstanding anything to the contrary contained in this Agreement, during the time a REIT Member is a Member of the Company, neither the Company, any direct or indirect Subsidiary of the Company, nor any Member of the Company shall take or refrain from taking any action which, or the effect of which, would constitute or result in the occurrence of a REIT Prohibited Transaction by the Company or any direct or indirect Subsidiary thereof, including without limiting the generality of the foregoing, but in amplification thereof:

(i) Entering into any lease, license, concession or other agreement or permitting any sublease, license, concession or other agreement that provides for rent or other payment based in whole or in part on the income or profits of any person, excluding for this purpose a lease that provides for rent based in whole or in part on a fixed percentage or percentages of gross receipts or gross sales of any person without reduction for any costs of the lessee (and in the case of a sublease, without reduction for any sublessor costs);

(ii) Leasing personal property, excluding for this purpose a lease of personal property that is entered into in connection with a lease of real property where the rent attributable to the personal property is less than 15% of the total rent provided for under the lease;

(iii) Acquiring or holding any debt investments, excluding for these purposes "debt" solely between wholly-owned Subsidiaries of the Company, unless (I) the amount of interest income received or accrued by the Company under such loan does not, directly or indirectly, depend in whole or in part on the income or profits of any person, and (II) the debt is fully secured by mortgages on real property or on interests in real property. Notwithstanding anything to the contrary herein, in the case of debt issued to the Company by a Subsidiary which is treated as a "taxable REIT subsidiary" of the REIT Member, such debt shall be secured by a mortgage or similar security interest, or by a pledge of the equity ownership of a subsidiary of such taxable REIT subsidiary;

(iv) Acquiring or holding, directly or indirectly, more than 10% of the outstanding securities of any one issuer (by vote or value) other than an entity which either (i) is taxable as a partnership or a disregarded entity for United States federal income tax purposes, (ii) has properly elected to be a taxable REIT subsidiary of the REIT Member by jointly filing with REIT, IRS Form 8875, or (iii) has properly elected to be a real estate investment trust for U.S. federal income tax purposes;

(v) Entering into any agreement where the Company receives amounts, directly or indirectly, for rendering services to the tenants of any property that is owned, directly or indirectly, by the Company other than (i) amounts received for services that are customarily furnished or rendered in connection with the rental of real property of a similar class in the geographic areas in which the Property is located where such services are either provided by (A) an Independent Contractor (as defined in Section 856(d)(3) of the Code) who is adequately compensated for such services and from which the Company or REIT Member do not, directly or indirectly, derive revenue or (B) a taxable REIT subsidiary of REIT Member who is adequately compensated for such services or (ii) amounts received for services that are customarily furnished or rendered in connection with the rental of space for occupancy only (as opposed to being rendered primarily for the convenience of the Property's tenants);

(vi) Entering into any agreement where a material amount of income received or accrued by the Company under such agreement, directly or indirectly, does not qualify as either (i) "rents from real property" or (ii) "interest on obligations secured by mortgages on real property or on interests in real property," in each case as such terms are defined in Section 856(c) of the Code;

(vii) Holding cash of the Company available for operations or distribution in any manner other than a traditional bank checking or savings account;

(viii) Selling or disposing of any property, subsidiary or other asset of the Company prior to (i) the completion of a two (2) year holding period with such period to begin on the date the Company acquires a direct or indirect interest in such property and begins to hold such property, subsidiary or asset for the production of rental income, and (ii) the satisfaction of any other requirements under Section 857 of the Code necessary for the avoidance of a prohibited transaction tax on the REIT; or

(ix) Failing to make current cash distributions to REIT Member each year in an amount which does not at least equal the taxable income allocable to REIT Member for such year.

Notwithstanding the foregoing provisions of this Section 9.5(c), the Company may enter into a REIT Prohibited Transaction if it receives the prior written approval of the REIT Member specifically acknowledging that the REIT Member is approving a REIT Prohibited Transaction pursuant to this Section 9.5(c). For purposes of this Section 9.5(c), "REIT Prohibited Transactions" shall mean any of the actions specifically set forth in this Section 9.5(c).

9.6 FCPA.

(a) In compliance with the Foreign Corrupt Practices Act, each Member will not, and will ensure that its officers, directors, employees, shareholders, members, agents and Affiliates, acting on its behalf or on the behalf of the Company or any of its Subsidiaries or Affiliates do not, for a corrupt purpose, offer, directly or indirectly, promise to pay, pay, promise to give, give or authorize the paying or giving of anything of value to any official representative or employee of any government agency or instrumentality, any political party or officer thereof or any candidate for office in any jurisdiction, except for any facilitating or expediting payments to government officials, political parties or political party officials the purpose of which is to expedite or secure the performance of a routine governmental action by such government officials or political parties or party officials. The term "routine governmental action" for purposes of this provision shall mean an action which is ordinarily and commonly performed by the applicable government official in (i) obtaining permits, licenses, or other such official documents which such Person is otherwise legally entitled to; (ii) processing governmental papers; (iii) providing police protection, mail pick-up and delivery or scheduling inspections associated with contract performance or inspections related to transit of goods across country; (iv) providing phone service, power and water supply, loading and unloading of cargo, or protecting perishable products or commodities from deterioration; or (v) actions of a similar nature.

The term routine governmental action does not include any decision by a government official whether, or on what terms, to award new business to or to continue business with a particular party, or any action taken by an official involved in the decision making process to encourage a decision to award new business to or continue business with a particular party.

(b) Each Member agrees to notify immediately the other Member of any request that such Member or any of its officers, directors, employees, shareholders, members, agents or Affiliates, acting on its behalf, receives to take any action that may constitute a violation of the Foreign Corrupt Practices Act.

Section 10. **Confidentiality**.

(a) Any information relating to a Member's business, operation or finances which are proprietary to, or considered proprietary by, a Member are hereinafter referred to as "Confidential Information". All Confidential Information in tangible form (plans, writings, drawings, computer software and programs, etc.) or provided to or conveyed orally or visually to a receiving Member, shall be presumed to be Confidential Information at the time of delivery to the receiving Member. All such Confidential Information shall be protected by the receiving Member from disclosure with the same degree of care with which the receiving Member protects its own Confidential Information from disclosure. Each Member agrees: (i) not to disclose such Confidential Information to any Person except to those of its employees or representatives who need to know such Confidential Information in connection with the conduct of the business of the Company and who have agreed to maintain the confidentiality of such Confidential Information and (ii) neither it nor any of its employees or representatives will use the Confidential Information for any purpose other than in connection with the conduct of the business of the Company; provided that such restrictions shall not apply if such Confidential Information:

(x) is or hereafter becomes public, other than by breach of this Agreement;

(y) was already in the receiving Member's possession prior to any disclosure of the Confidential Information to the receiving Member by the divulging Member; or

(z) has been or is hereafter obtained by the receiving Member from a third party not bound by any confidentiality obligation with respect to the Confidential Information;

provided, further, that nothing herein shall prevent any Member from disclosing any portion of such Confidential Information (1) to the Company and allowing the Company to use such Confidential Information in connection with the Company's business, (2) pursuant to judicial order or in response to a governmental inquiry, by subpoena or other legal process, but only to the extent required by such order, inquiry, subpoena or process, and only after reasonable notice to the original divulging Member, (3) as necessary or appropriate in connection with or to prevent the audit by a governmental agency of the accounts of the Members, (4) in order to initiate, defend or otherwise pursue legal proceedings between the parties regarding this Agreement, (5) necessary in connection with a Transfer of an Interest permitted hereunder or (6) to a Member's respective attorneys or accountants or other representative.

(b) The Members and their Affiliates shall each act to safeguard the secrecy and confidentiality of, and any proprietary rights to, any non-public information relating to the Company and its business, except to the extent such information is required to be disclosed by law or reasonably necessary to be disclosed in order to carry out the business of the Company. Each Member may, from time to time, provide the other Members written notice of its non-public information which is subject to this Section 10(b).

(c) Without limiting any of the other terms and provisions of this Agreement (including, without limitation, Section 9.6), to the extent a Member (the "Pursuer") provides the other Member with information relating to a possible investment opportunity then being actively pursued by the Pursuer on behalf of the Company, the other Member receiving such information shall not use such information to pursue such investment opportunity for its own account to the exclusion of the Pursuer so long as the Pursuer is actively pursuing such opportunity on behalf of the Company and shall not disclose any Confidential Information to any Person (except as expressly permitted hereunder) or take any other action in connection therewith that is reasonably likely to cause damage to the Pursuer.

Section 11. Representations and Warranties.

11.1 In General. As of the date hereof, each of the Members hereby makes each of the representations and warranties applicable to such Member as set forth in Section 11.2. Such representations and warranties shall survive the execution of this Agreement.

11.2 Representations and Warranties. Each Member hereby represents and warrants that:

(a) Due Incorporation or Formation; Authorization of Agreement. Such Member is a corporation duly organized or a partnership or limited liability company duly formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation and has the corporate, partnership or company power and authority to own its property and carry on its business as owned and carried on at the date hereof and as contemplated hereby. Such Member is duly licensed or qualified to do business and in good standing in each of the jurisdictions in which the failure to be so licensed or qualified would have a material adverse effect on its financial condition or its ability to perform its obligations hereunder. Such Member has the corporate, partnership or company power and authority to execute and deliver this Agreement and to perform its obligations hereunder, and the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate, partnership or company action. This Agreement constitutes the legal, valid and binding obligation of such Member.

(b) No Conflict with Restrictions; No Default. Neither the execution, delivery or performance of this Agreement nor the consummation by such Member (or any of its Affiliates) of the transactions contemplated hereby (i) does or will conflict with, violate or result in a breach of (or has conflicted with, violated or resulted in a breach of) any of the terms, conditions or provisions of any law, regulation, order, writ, injunction, decree, determination or award of any court, any governmental department, board, agency or instrumentality, domestic or foreign, or any arbitrator, applicable to such Member or any of its Affiliates, (ii) does or will conflict with, violate, result in a breach of or constitute a default under (or has conflicted with, violated, resulted in a breach of or constituted a default under) any of the terms, conditions or provisions of the articles of incorporation, bylaws, partnership agreement or operating agreement of such Member or any of its Affiliates or of any material agreement or instrument to which such Member or any of its Affiliates is a party or by which such Member or any of its Affiliates is or may be bound or to which any of its properties or assets is subject, (iii) does or will conflict with, violate, result in (or has conflicted with, violated or resulted in) a breach of, constitute (or has constituted) a default under (whether with notice or lapse of time or both), accelerate or permit the acceleration of (or has accelerated) the performance required by, give (or has given) to others any material interests or rights or require any consent, authorization or approval under any indenture, mortgage, lease, agreement or instrument to which such Member or any of its Affiliates is a party or by which such Member or any of its Affiliates or any of their properties or assets is or may be bound or (iv) does or will result (or has resulted) in the creation or imposition of any lien upon any of the properties or assets of such Member or any of its Affiliates.

(c) Governmental Authorizations. Any registration, declaration or filing with, or consent, approval, license, permit or other authorization or order by, or exemption or other action of, any governmental, administrative or regulatory authority, domestic or foreign, that was or is required in connection with the valid execution, delivery, acceptance and performance by such Member under this Agreement or consummation by such Member (or any of its Affiliates) of any transaction contemplated hereby has been completed, made or obtained on or before the date hereof.

(d) Litigation. There are no actions, suits, proceedings or investigations pending, or, to the knowledge of such Member or any of its Affiliates, threatened against or affecting such Member or any of its Affiliates or any of their properties, assets or businesses in any court or before or by any governmental department, board, agency or instrumentality, domestic or foreign, or any arbitrator which could, if adversely determined (or, in the case of an investigation could lead to any action, suit or proceeding which if adversely determined could) reasonably be expected to materially impair such Member's ability to perform its obligations under this Agreement or to have a material adverse effect on the consolidated financial condition of such Member; such Member or any of its Affiliates has not received any currently effective notice of any default, and such Member or any of its Affiliates is not in default, under any applicable order, writ, injunction, decree, permit, determination or award of any court, any governmental department, board, agency or instrumentality, domestic or foreign, or any arbitrator which could reasonably be expected to materially impair such Member's (or any of its Affiliate's) ability to perform its obligations under this Agreement or to have a material adverse effect on the consolidated financial condition of such Member.

(e) Investigation. Such Member is acquiring its Interest based upon its own investigation, and the exercise by such Member of its rights and the performance of its obligations under this Agreement will be based upon its own investigation, analysis and expertise. Such Member is a sophisticated investor possessing an expertise in analyzing the benefits and risks associated with acquiring investments that are similar to the acquisition of its Interest.

(f) Broker. No broker, agent or other person acting as such on behalf of such Member was instrumental in consummating this transaction and that no conversations or prior negotiations were had by such party with any broker, agent or other such person concerning the transaction that is the subject of this Agreement.

(g) Investment Company Act. Neither such Member nor any of its Affiliates is, nor will the Company as a result of such Member holding an interest therein be, an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended.

(h) Securities Matters.

(i) None of the Interests are registered under the Securities Act or any state securities laws. Such Member understands that the offering, issuance and sale of the Interests are intended to be exempt from registration under the Securities Act, based, in part, upon the representations, warranties and agreements contained in this Agreement. Such Member is an "accredited investor" as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act.

(ii) Neither the Securities and Exchange Commission nor any state securities commission has approved the Interests or passed upon or endorsed the merits of the offer or sale of the Interests. Such Member is acquiring the Interests solely for such Member's own account for investment and not with a view to resale or distribution thereof in violation of the Securities Act.

(iii) Such Member is unaware of, and in no way relying on, any form of general solicitation or general advertising in connection with the offer and sale of the Interests, and no Member has taken any action which could give rise to any claim by any person for brokerage commissions, finders' fees (without regard to any finders' fees payable by the Company directly) or the like relating to the transactions contemplated hereby.

(iv) Such Member is not relying on the Company or any of its officers, directors, employees, advisors or representatives with regard to the tax and other economic considerations of an investment in the Interests, and such Member has relied on the advice of only such Member's advisors.

(v) Such Member understands that the Interests may not be sold, hypothecated or otherwise disposed of unless subsequently registered under the Securities Act and applicable state securities laws, or an exemption from registration is available. Such Member agrees that it will not attempt to sell, transfer, assign, pledge or otherwise dispose of all or any portion of the Interests in violation of this Agreement.

(vi) Such Member has adequate means for providing for its current financial needs and anticipated future needs and possible contingencies and emergencies and has no need for liquidity in the investment in the Interests.

(vii) Such Member is knowledgeable about investment considerations and has a sufficient net worth to sustain a loss of such Member's entire investment in the Company in the event such a loss should occur. Such Member's overall commitment to investments which are not readily marketable is not excessive in view of such Member's net worth and financial circumstances and the purchase of the Interests will not cause such commitment to become excessive. The investment in the Interests is suitable for such Member.

(viii) Such Member represents to the Company that the information contained in this subparagraph (h) and in all other writings, if any, furnished to the Company with regard to such Member (to the extent such writings relate to its exemption from registration under the Securities Act) is complete and accurate and may be relied upon by the Company in determining the availability of an exemption from registration under federal and state securities laws in connection with the sale of the Interests.

Section 12. Sale, Assignment, Transfer or other Disposition.

12.1 Prohibited Transfers. Except as otherwise provided in this Section 12, Section 5.2(b) or as approved by the Manager, no Member shall Transfer all or any part of its Interest, whether legal or beneficial, in the Company, and any attempt to so Transfer such Interest (and such Transfer) shall be null and void and of no effect. Notwithstanding the foregoing, any Member shall have the right, with the consent of the other Members, at any time to pledge to a lender or creditor, directly or indirectly, all or any part of its Interest in the Company for such purposes as it deems necessary in the ordinary cause of its business and operations.

12.2 Affiliate Transfers.

(a) Subject to the provisions of Section 12.2(b) hereof, and subject in each case to the prior written approval of each Member (such approval not to be unreasonably withheld), any Member may Transfer all or any portion of its Interest in the Company at any time to an Affiliate of such Member, provided that such Affiliate shall remain an Affiliate of such Member at all times that such Affiliate holds such Interest. If such Affiliate shall thereafter cease being an Affiliate of such Member while such Affiliate holds such Interest, such cessation shall be a non-permitted Transfer and shall be deemed *void ab initio*, whereupon the Member having made the Transfer shall, at its own and sole expense, cause such putative transferee to disgorge all economic benefits and otherwise indemnify the Company and the other Member(s) against loss or damage under any Collateral Agreement.

(b) Notwithstanding anything to the contrary contained in this Agreement, the following Transfers shall not require the approval set forth in Section 12.2(a):

(i) Any Transfer by BEMT or a BEMT Transferee of up to one hundred percent (100%) of its Interest to any Affiliate of BEMT or the non-Affiliate parties herein listed, including but not limited to (A) Bluerock Multifamily Growth REIT, Inc. or its successors and assigns ("BR REIT") or any Person that is directly or indirectly owned by BR REIT and/or (B) SOIF III or any Person that is directly or indirectly owned by SOIF III; and/or (C) BGF or any Person that is directly or indirectly owned by BGF (collectively, a "BEMT Transferee");

(ii) Any Transfer by SOIF III or a SOIF III Transferee of up to one hundred percent (100%) of its Interest to any Affiliate of SOIF III or the non-Affiliate parties herein listed, including but not limited to (A) BR REIT or any Person that is directly or indirectly owned by BR REIT; and/or (B) BEMT or any Person that is directly or indirectly owned by BEMT; and/or (C) BGF or any Person that is directly or indirectly owned by BGF (collectively, a "SOIF III Transferee");

(iii) Any Transfer by BGF or a BGF Transferee of up to one hundred percent (100%) of its Interest to any Affiliate of BGF or the non-Affiliate parties herein listed, including but not limited to (A) BR REIT or any Person that is directly or indirectly owned by BR REIT; and/or (B) BEMT or any Person that is directly or indirectly owned by BEMT; and/or (C) SOIF III or any Person that is directly or indirectly owned by SOIF III (collectively, a "BGF Transferee");

provided however, as to subparagraphs (b)(i) and (b)(ii), and as to subparagraph (a), no Transfer shall be permitted and shall be *void ab initio* if it shall violate any "Transfer" provision of any applicable Collateral Agreement with third party lenders.

(c) Upon the execution by any such BEMT Transferee, SOIF III Transferee or BGF Transferee of such documents necessary to admit such party into the Company and to cause the BEMT Transferee, SOIF III Transferee or BGF Transferee (as applicable) to become bound by this Agreement, the BEMT Transferee, SOIF III Transferee or BGF Transferee (as applicable) shall become a Member, without any further action or authorization by any Member.

12.3 Admission of Transferee; Partial Transfers. Notwithstanding anything in this Section 12 to the contrary and except as provided in Section 5.2(b) and/or Section 5.7, no Transfer of Interests in the Company shall be permitted unless the potential transferee is admitted as a Member under this Section 12.3:

(a) If a Member Transfers all or any portion of its Interest in the Company, such transferee may become a Member if (i) such transferee executes and agrees to be bound by this Agreement, (ii) the transferor and/or transferee pays all reasonable legal and other fees and expenses incurred by the Company in connection with such assignment and substitution and (iii) the transferor and transferee execute such documents and deliver such certificates to the Company and the remaining Members as may be required by applicable law or otherwise advisable; and

(b) Notwithstanding the foregoing, any Transfer or purported Transfer of any Interest, whether to another Member or to a third party, shall be of no effect and *void ab initio*, and such transferee shall not become a Member or an owner of the purportedly transferred Interest, if the Manager determines in their sole discretion that:

(i) the Transfer would require registration of any Interest under, or result in a violation of, any federal or state securities laws;

(ii) the Transfer would result in a termination of the Company under Code Section 708(b);

(iii) as a result of such Transfer the Company would be required to register as an investment company under the Investment Company Act of 1940, as amended, or any rules or regulations promulgated thereunder;

(iv) if as a result of such Transfer the aggregate value of Interests held by "benefit plan investors" including at least one benefit plan investor that is subject to ERISA, could be "significant" (as such terms are defined in U.S. Department of Labor Regulation 29 C.F.R. 2510.3-101(f)(2)) with the result that the assets of the Company could be deemed to be "plan assets" for purposes of ERISA;

(v) as a result of such Transfer, the Company would or may have in the aggregate more than one hundred (100) members and material adverse federal income tax consequences would result to a Member. For purposes of determining the number of members under this Section 12.3(b)(v), a Beneficial Owner indirectly owning an interest in the Company through a Flow-Through Entity shall be considered a member, but only if (i) substantially all of the value of the Beneficial Owner's interest in the Flow-Through Entity is attributable to the Flow-Through Entity's interest (direct or indirect) in the Company and (ii) in the sole discretion of the Manager, a principal purpose of the use of the Flow-Through Entity is to permit the Company to satisfy the 100-member limitation; or

(vi) the transferor failed to comply with the provisions of Sections 12.2(a) or (b).

The Manager may require the provision of a certificate as to the legal nature and composition of a proposed transferee of an Interest of a Member and from any Member as to its legal nature and composition and shall be entitled to rely on any such certificate in making such determinations under this Section 12.3.

12.4 Withdrawals. Each of the Members does hereby covenant and agree that it will not withdraw, resign, retire or disassociate from the Company, except as a result of a Transfer of its entire Interest in the Company permitted under the terms of this Agreement and that it will carry out its duties and responsibilities hereunder until the Company is terminated, liquidated and dissolved under Section 13. No Member shall be entitled to receive any distribution or otherwise receive the fair market value of its Interest in compensation for any purported resignation or withdrawal not in accordance with the terms of this Agreement.

Section 13. Dissolution.

13.1 Limitations. The Company may be dissolved, liquidated and terminated only pursuant to the provisions of this Section 13, and, to the fullest extent permitted by law but subject to the terms of this Agreement, the parties hereto do hereby irrevocably waive any and all other rights they may have to cause a dissolution of the Company or a sale or partition of any or all of the Company's assets.

13.2 Exclusive Events Requiring Dissolution. The Company shall be dissolved only upon the earliest to occur of the following events (a "Dissolution Event"):

(a) the expiration of the specific term set forth in Section 2.5;

(b) at any time at the election of the Manager in writing;

(c) at any time there are no Members (unless otherwise continued in accordance with the Act); or

(d) the entry of a decree of judicial dissolution pursuant to Section 18-802 of the Act.

13.3 Liquidation. Upon the occurrence of a Dissolution Event, the business of the Company shall be continued to the extent necessary to allow an orderly winding up of its affairs, including the liquidation of the assets of the Company pursuant to the provisions of this Section 13.3, as promptly as practicable thereafter, and each of the following shall be accomplished:

(a) The Manager shall cause to be prepared a statement setting forth the assets and liabilities of the Company as of the date of dissolution, a copy of which statement shall be furnished to all of the Members.

(b) The property and assets of the Company shall be liquidated or distributed in kind under the supervision of the Manager as promptly as possible, but in an orderly, businesslike and commercially reasonable manner.

(c) Any gain or loss realized by the Company upon the sale of its property shall be deemed recognized and allocated to the Members in the manner set forth in Section 7.2. To the extent that an asset is to be distributed in kind, such asset shall be deemed to have been sold at its fair market value on the date of distribution, the gain or loss deemed realized upon such deemed sale shall be allocated in accordance with Section 7.2 and the amount of the distribution shall be considered to be such fair market value of the asset.

(d) The proceeds of sale and all other assets of the Company shall be applied and distributed as follows and in the following order of priority:

(i) to the satisfaction of the debts and liabilities of the Company (contingent or otherwise) and the expenses of liquidation or distribution (whether by payment or reasonable provision for payment), other than liabilities to Members or former Members for distributions;

(ii) to the satisfaction of loans made pursuant to Section 5.2(d) in proportion to the outstanding balances of such loans at the time of payment;

(iii) the balance, if any, to the Members in accordance with Section 6.1.

13.4 Continuation of the Company. Notwithstanding anything to the contrary contained herein, the death, retirement, resignation, expulsion, bankruptcy, dissolution or removal of a Member shall not in and of itself cause the dissolution of the Company, and the Members are expressly authorized to continue the business of the Company in such event, without any further action on the part of the Members.

Section 14. Indemnification.

14.1 Exculpation of Members. Neither the Company nor any Member, Manager or officer of the Company shall be liable to the Company or to the other Members for damages or otherwise with respect to any actions or failures to act taken or not taken relating to the Company, except to the extent any related loss results from fraud or gross negligence on the part of such Member, Manager or officer.

14.2 Indemnification by Company. The Company hereby indemnifies, holds harmless and defends the Members, the Manager, the officers and each of their respective agents, officers, directors, members, partners, shareholders and employees from and against any loss, expense, damage or injury suffered or sustained by them (including but not limited to any judgment, award, settlement, reasonable attorneys' fees and other costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim) by reason of or arising out of (i) their activities on behalf of the Company or in furtherance of the interests of the Company, including, without limitation, the provision of guaranties to third party lenders in respect of financings relating to the Company or any of its assets (but specifically excluding from such indemnity by the Company any so called "bad boy" guaranties or similar agreements which provide for recourse as a result of failure to comply with covenants, willful misconduct or gross negligence, (ii) their status as Members, Manager, employees or officers of the Company, or (iii) the Company's assets, property, business or affairs (including, without limitation, the actions of any officer, director, member or employee of the Company or any of its Subsidiaries), if the acts or omissions were not performed or omitted fraudulently or as a result of gross negligence by the indemnified party. Reasonable expenses incurred by the indemnified party in connection with any such proceeding relating to the foregoing matters shall be paid or reimbursed by the Company in advance of the final disposition of such proceeding upon receipt by the Company of (x) written affirmation by the Person requesting indemnification of its good faith belief that it has met the standard of conduct necessary for indemnification by the Company and (y) a written undertaking by or on behalf of such Person to repay such amount if it shall ultimately be determined by a court of competent jurisdiction that such Person has not met such standard of conduct, which undertaking shall be an unlimited general obligation of the indemnified party but need not be secured.

14.3 General Indemnification by the Members.

(a) Notwithstanding any other provision contained herein, each Member (the "Indemnifying Party") hereby indemnifies and holds harmless the other Members, the Company and each of their subsidiaries and their agents, officers, directors, members, partners, shareholders and employees (each, an "Indemnified Party") from and against all losses, costs, expenses, damages, claims and liabilities (including reasonable attorneys' fees) as a result of or arising out of (i) any breach of any obligation of the Indemnifying Party under this Agreement, or (ii) any breach of any obligation by or any inaccuracy in or breach of any representation or warranty made by the Indemnifying Party, whether in this Agreement or in any other agreement with respect to the conveyance, assignment, contribution or other transfer of the Property (or interests therein), assets, agreements, rights or other interests conveyed, assigned, contributed or otherwise transferred to the Company or Property Owner (collectively, the "Inducement Agreements").

(b) Except as otherwise provided herein or in any other agreement, recourse for the indemnity obligation of the Members under this Section 14.3 shall be limited to such Indemnifying Party's Interest in the Company.

(c) The indemnities, contributions and other obligations under this Agreement shall be in addition to any rights that any Indemnified Party may have at law, in equity or otherwise. The terms of this Section 14 shall survive termination of this Agreement.

Section 15. Mediation of Disputes.

15.1 Events Giving Rise To Mediation. In the event that there is a dispute between the Members as to any action or issue, then and in such event all of the Members agree, upon the written request of any one Member, to submit to mediation within ten (10) days of receipt of the request for mediation for the purpose of resolving the dispute.

15.2 Selection of Mediator. Within ten (10) days of the date upon which the written request is sent pursuant to Section 15.1, the Members shall meet for the purpose of selecting one (1) natural person to act as mediator for the Company for such dispute. In the event that the Members are unable to agree upon the selection of the mediator at such meeting, then within ten (10) days following such meeting, the Member requesting such mediation shall select one (1) qualified mediator and the remaining Member shall select one (1) qualified mediator and, within five (5) days of the date of their selection, the two persons so selected shall select a third qualified mediator who will serve as the sole mediator for the dispute. In the event that the Member requesting such mediation selects one such natural person within such ten (10) day period, but the remaining Member fails to select one such natural person within such ten (10) day period, or vice versa, then the natural person selected shall serve as the sole mediator for the dispute. No natural person selected by the Members and/or by the mediators may be employed by, doing substantial business with or otherwise affiliated with any of the Members (including, but not limited to, acting as an attorney or accountant for any one or more of the Members or for the Company). The term "qualified mediator" as used herein shall mean a natural person experienced in mediating disputes between businesses similar to the business in which the Company is engaged.

15.3 Mediation. Not later than fifteen (15) days following the selection of the sole mediator, the mediation shall be convened by the mediator at a mutually agreeable site. Such mediation shall take place in accordance with the Rules of the American Arbitration Association as in effect on the date of commencement of the mediation. The mediator's only authority hereunder shall be to assist the Members in mediating a dispute. The mediator's fees shall be paid by the Company. If the mediation is unsuccessful, then the Members shall have such rights and remedies as may be provided at law or in equity. Nothing in this Section 15 shall require the parties to submit to arbitration.

Section 16. Miscellaneous.

16.1 Notices.

(a) All notices, requests, approvals, authorizations, consents and other communications required or permitted under this Agreement shall be in writing and shall be (as elected by the Person giving such notice) hand delivered by messenger or overnight courier service, mailed (airmail, if international) by registered or certified mail (postage prepaid), return receipt requested, or sent via facsimile (provided such facsimile is immediately followed by the delivery of an original copy of same via one of the other foregoing delivery methods) addressed to:

If to BEMT:

c/o Bluerock Real Estate, L.L.C.
712 Fifth Avenue, 9th Floor
New York, New York 10019
Attention: R. Ramin Kamfar

with a copy to:

c/o Bluerock Real Estate, L.L.C.
712 Fifth Avenue, 9th Floor
New York, New York 10019
Attention: Michael Konig, Esq.

If to SOIF III:

c/o Bluerock Real Estate, L.L.C.
712 Fifth Avenue, 9th Floor
New York, New York 10019
Attention: R. Ramin Kamfar

with a copy to:

c/o Bluerock Real Estate, L.L.C.
712 Fifth Avenue, 9th Floor
New York, New York 10019
Attention: Michael Konig, Esq.

If to BGF:

c/o Bluerock Real Estate, L.L.C.
712 Fifth Avenue, 9th Floor
New York, New York 10019
Attention: R. Ramin Kamfar

with a copy to:

c/o Bluerock Real Estate, L.L.C.
712 Fifth Avenue, 9th Floor
New York, New York 10019
Attention: Michael Konig, Esq.

(b) Each such notice shall be deemed delivered (a) on the date delivered if by hand delivery or overnight courier service or facsimile, and (b) on the date upon which the return receipt is signed or delivery is refused or the notice is designated by the postal authorities as not deliverable, as the case may be, if mailed (provided, however, if such actual delivery occurs after 5:00 p.m. (local time where received), then such notice or demand shall be deemed delivered on the immediately following business day after the actual day of delivery).

(c) By giving to the other parties at least fifteen (15) days written notice thereof, the parties hereto and their respective successors and assigns shall have the right from time to time and at any time during the term of this Agreement to change their respective addresses.

16.2 Governing Law. This Agreement and the rights of the Members hereunder shall be governed by, and interpreted in accordance with, the laws of the State of Delaware. Each of the parties hereto irrevocably submits to the jurisdiction of the New York State courts and the Federal courts sitting in the State of New York and agree that all matters involving this Agreement shall be heard and determined in such courts. Each of the parties hereto waives irrevocably the defense of inconvenient forum to the maintenance of such action or proceeding. Each of the parties hereto designates CT Corporation System, 1633 Broadway, New York, New York 10019, as its agent for service of process in the State of New York, which designation may only be changed on not less than ten (10) days' prior notice to all of the other parties.

16.3 Successors. This Agreement shall be binding upon, and inure to the benefit of, the parties and their successors and permitted assigns. Except as otherwise provided herein, any Member who Transfers its Interest as permitted by the terms of this Agreement shall have no further liability or obligation hereunder, except with respect to claims arising prior to such Transfer.

16.4 Pronouns. Whenever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in either the masculine, the feminine or the neuter gender shall include the masculine, feminine and neuter.

16.5 Table of Contents and Captions Not Part of Agreement. The table of contents and captions contained in this Agreement are inserted only as a matter of convenience and in no way define, limit or extend the scope or intent of this Agreement or any provisions hereof.

16.6 Severability. If any provision of this Agreement shall be held invalid, illegal or unenforceable in any jurisdiction or in any respect, then the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired, and the Members shall use their best efforts to amend or substitute such invalid, illegal or unenforceable provision with enforceable and valid provisions which would produce as nearly as possible the rights and obligations previously intended by the Members without renegotiation of any material terms and conditions stipulated herein.

16.7 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

16.8 Entire Agreement and Amendment. This Agreement and the other written agreements described herein between the parties hereto entered into as of the date hereof, constitute the entire agreement between the Members relating to the subject matter hereof. In the event of any conflict between this Agreement or such other written agreements, the terms and provisions of this Agreement shall govern and control.

16.9 Further Assurances. Each Member agrees to execute and deliver any and all additional instruments and documents and do any and all acts and things as may be necessary or expedient to effectuate more fully this Agreement or any provisions hereof or to carry on the business contemplated hereunder.

16.10 No Third Party Rights. The provisions of this Agreement are for the exclusive benefit of the Members and the Company, and no other party (including, without limitation, any creditor of the Company) shall have any right or claim against any Member by reason of those provisions or be entitled to enforce any of those provisions against any Member.

16.11 Incorporation by Reference. Every Exhibit and Annex attached to this Agreement is incorporated in this Agreement by reference.

16.12 Limitation on Liability. Except as set forth in Section 14 and with respect to a Default Loan as set forth in Section 5.2(d), the Members shall not be bound by, or be personally liable for, by reason of being a Member, a judgment, decree or order of a court or in any other manner, for the expenses, liabilities or obligations of the Company, and the liability of each Member shall be limited solely to the amount of its Capital Contributions as provided under Section 5. Except with respect to a Default Loan as set forth in Section 5.2(d), any claim against any Member (the "Member in Question") which may arise under this Agreement shall be made only against, and shall be limited to, such Member in Question's Interest, the proceeds of the sale by the Member in Question of such Interest or the undivided interest in the assets of the Company distributed to the Member in Question pursuant to Section 13.3(d) hereof. Except with respect to a Default Loan as set forth in Section 5.2(d), any right to proceed against (i) any other assets of the Member in Question or (ii) any agent, officer, director, member, partner, shareholder or employee of the Member in Question or the assets of any such Person, as a result of such a claim against the Member in Question arising under this Agreement or otherwise, is hereby irrevocably and unconditionally waived.

16.13 Remedies Cumulative. The rights and remedies given in this Agreement and by law to a Member shall be deemed cumulative, and the exercise of one of such remedies shall not operate to bar the exercise of any other rights and remedies reserved to a Member under the provisions of this Agreement or given to a Member by law. In the event of any dispute between the parties hereto, the prevailing party shall be entitled to recover from the other party reasonable attorney's fees and costs incurred in connection therewith.

16.14 No Waiver. One or more waivers of the breach of any provision of this Agreement by any Member shall not be construed as a waiver of a subsequent breach of the same or any other provision, nor shall any delay or omission by a Member to seek a remedy for any breach of this Agreement or to exercise the rights accruing to a Member by reason of such breach be deemed a waiver by a Member of its remedies and rights with respect to such breach.

16.15 Limitation On Use of Names. Notwithstanding anything contained in this Agreement or otherwise to the contrary, each Member as to itself agrees that neither it nor any of its Affiliates, agents, or representatives is granted a license to use or shall use the name of the other under any circumstances whatsoever, except such name may be used in furtherance of the business of the Company but only as and to the extent unanimously approved by the Manager.

16.16 Publicly Traded Partnership Provision. Each Member hereby severally covenants and agrees with the other Members for the benefit of such Members, that (i) it is not currently making a market in Interests in the Company and will not in the future make such a market and (ii) it will not Transfer its Interest on an established securities market, a secondary market or an over-the-counter market or the substantial equivalent thereof within the meaning of Code Section 7704 and the Regulations, rulings and other pronouncements of the U.S. Internal Revenue Service or the Department of the Treasury thereunder. Each Member further agrees that it will not assign any Interest in the Company to any assignee unless such assignee agrees to be bound by this Section and to assign such Interest only to such Persons who agree to be similarly bound.

16.17 Uniform Commercial Code. The interest of each Member in the Company shall be a "certificated security" governed by Article 8 of the Delaware UCC and the UCC as enacted in the State of New York (the "New York UCC"), including, without limitation, (i) for purposes of the definition of a "security" thereunder, the interest of each Member in the Company shall be a security governed by Article 8 of the Delaware UCC and the New York UCC and (ii) for purposes of the definition of a "certificated security" thereunder.

16.18 No Construction Against Drafter. This Agreement has been negotiated and prepared by the Members and their respective attorneys and, should any provision of this Agreement require judicial interpretation, the court interpreting or construing such provision shall not apply the rule of construction that a document is to be construed more strictly against one party.

IN WITNESS WHEREOF, the Members have executed this Amended and Restated Limited Liability Company Agreement as of the date set forth above.

MEMBERS:

BEMT Berry Hill, LLC,
a Delaware limited liability company

By: Bluerock Multifamily Holdings, LP,
a Delaware limited partnership,
its Sole Member

By: Bluerock Multifamily Growth REIT, Inc.
a Maryland corporation,
its General Partner

By: /s/ Jordan B. Ruddy
Name: Jordan B. Ruddy
Title: President and Chief Operating Officer

Bluerock Special Opportunity + Income Fund III, LLC,
a Delaware limited liability company

By: BR SOIF III Manager, L.L.C.,
a Delaware limited liability company,
its Manager

By: /s/ Jordan B. Ruddy
Name: Jordan B. Ruddy
Title: President

Bluerock Growth Fund, LLC,
a Delaware limited liability company

By: Bluerock Real Estate, L.L.C.,
a Delaware limited liability company,
its Manager

By: /s/ Jordan B. Ruddy
Name: Jordan B. Ruddy
Title: President

Exhibit A

Percentage Interests (as of August 29, 2013)

Member Name	Capital Contribution	Percentage Interest
BEMT Berry Hill, LLC	$ 2,432,951	30.425%
Bluerock Special Opportunity + Income Fund III, LLC	$ 2,749,319	34.381%
Bluerock Growth Fund, LLC	$ 2,814,354	35.194%

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Section 9: EX-10.8 (EXHIBIT 10.8)

Exhibit 10.8

BR BERRY HILL MANAGING MEMBER, LLC
ASSIGNMENT OF
MEMBERSHIP INTEREST

Effective as of the 29th day of August, 2013, for value received, BEMT BERRY HILL, LLC, a Delaware limited liability company ("REIT"), a member of BR BERRY HILL MANAGING MEMBER, LLC, a Delaware limited liability company (the "Company"), hereby sells, assigns and transfers unto BLUEROCK SPECIAL OPPORTUNITY + INCOME FUND III, LLC, a Delaware limited liability company, all of the REIT's right, title, and interest in and to a 34.381% limited liability company interest in the Company, together with any and all claims, title, interests, entitlements, capital account balances, distributions, and other rights related to such membership interest.

IN WITNESS WHEREOF, the REIT has duly authorized and executed this assignment effective as of the date first written above.

[Signature Page Follows]

Exhibit 10.8

ASSIGNOR:

BEMT BERRY HILL, LLC,
a Delaware limited liability company

By: Bluerock Multifamily Holdings, LP,
a Delaware limited partnership,
its Manager

By: Bluerock Multifamily Growth REIT, Inc.,
a Maryland corporation,
its general partner

By: /s/ Ramin Kamfar
Ramin Kamfar
Authorized Signatory

[Signature Page to BR Berry Hill Managing Member, LLC Assignment of Membership Interest]

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Section 10: EX-10.9 (EXHIBIT 10.9)

Exhibit 10.9

THIRD AMENDMENT TO LINE OF CREDIT AND SECURITY AGREEMENT

THIS THIRD AMENDMENT TO LINE OF CREDIT AND SECURITY AGREEMENT (this "Third Amendment") is made and effective as of August 29, 2013 (the "Effective Date"), between and among **BLUEROCK MULTIFAMILY GROWTH REIT, INC.**, a Maryland corporation f/k/a Bluerock Enhanced Multifamily Trust, Inc. (the "Borrower"), and **BLUEROCK SPECIAL OPPORTUNITY + INCOME FUND II, LLC**, a Delaware limited liability company ("SOIF II") and **BLUEROCK SPECIAL OPPORTUNITY + INCOME FUND III, LLC**, a Delaware limited liability company ("SOIF III," and together with SOIF II and their collective successors and assigns, the "SOIF Parties").

WITNESSETH:

WHEREAS, the SOIF Parties and the Borrower entered into that certain Line of Credit and Security Agreement dated as of October 2, 2012 (the "LOC Agreement"), which evidenced a revolving line of credit and the obligation of the Borrower thereunder to repay to the SOIF Parties the principal sum of up to Twelve Million Five Hundred Thousand dollars ($12,500,000.00) (the "Commitment Amount") plus interest, fees and costs;

WHEREAS, the SOIF Parties and the Borrower entered into that certain Line of Credit and Security Agreement Modification Agreement dated as of March 4, 2013 (the "First Amendment to the LOC Agreement"), which amended and restated the Original LOC Agreement to (i) increase the Commitment Amount to Thirteen Million Five Hundred Thousand dollars ($13,500,000.00), and (ii) extend the maturity date by six (6) months to October 2, 2013;

WHEREAS, the LOC Agreement is secured by certain assets owned by the Borrower and its subsidiaries, including but not limited to the Borrower's subsidiary's membership interests in BR Berry Hill Managing Member, LLC (the "Berry Hill Collateral"), a majority owner of BR Stonehenge 23 Hundred, LLC, the owner of 23 Hundred, LLC, the owner of a 266-unit multi-family development project known as 23Hundred@Berry Hill, Nashville, Tennessee ("Berry Hill");

WHEREAS, the LOC Agreement was further amended to accommodate the Borrower's request to sell a portion of the Berry Hill Collateral free and clear of the SOIF Parties' liens thereon, including, in consideration for such lien release, the elimination of the revolving nature of the line of credit, the setting of a fixed Commitment Amount, and the imposition a $100,000 release fee to be added to the principal balance of the Borrower's obligation, (the "Second Amendment to the Original LOC Agreement") and, in connection therewith, the Borrower executed and delivered a Replacement Promissory Note dated August 9, 2013 (the "Replacement Note"), and closed the sale of such interest in the Berry Hill Collateral on August 13, 2013;

WHEREAS, after the sale on August 13, 2013, and adding the $100,000 release fee, the principal balance due from the Borrower under the LOC Agreement increased to $13,060,000;

WHEREAS, the LOC Agreement and the Replacement Note mature on October 2, 2013 and, accordingly, the Borrower has now requested an extension of the said maturity date by six (6) months (with an additional six month extension option) and, in exchange for such extension request, the SOIF Parties have requested an extension fee equal to 1% of the then-outstanding principal balance for each such extension, as well as increasing the interest rate to a minimum 10% per annum effective as of October 3, 2013;

WHEREAS, in connection with the extension request, the SOIF Parties have also requested a paydown of the principal balance due and owing by the Borrower under the LOC Agreement and the Replacement Note, and the Borrower has offered to do so by selling an additional portion of the Berry Hill Collateral, with such sale to be made to SOIF III (the "SOIF III Sale"), with the purchase price consideration to be credited against the outstanding principal balance of the Borrower's obligations under the LOC Agreement and the Replacement Note;

WHEREAS, in connection with the SOIF III Sale, the Borrower and SOIF III have entered into a Membership Interest Purchase Agreement dated August 29, 2013 (the "SOIF III MIPA")

WHEREAS, after the closing of the SOIF III Sale under the SOIF III MIPA, and crediting the purchase price against the amount due under the LOC Agreement and the Replacement Note, the principal balance due from the Borrower under the LOC Agreement would total $7,535,588, which when added to the required 1% extension fee of $75,356, would total $7,610,944 of principal due from the Borrower as of the Effective Date; and

WHEREAS, the SOIF Parties are willing to grant the Borrower's requests as stated above, subject to the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the foregoing premises, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Defined Terms**. All capitalized terms used herein and not otherwise expressly defined herein shall have the respective meanings given to such terms in the LOC Agreement, as amended.

2. **Third Amendment**. The LOC Agreement and, to the extent applicable, the First Amendment to the LOC Agreement and the Second Amendment to the LOC Agreement, are further modified and amended as follows:

A. The Recitals in the LOC Agreement are hereby deleted in their entirety, and are replaced with the following:

"RECITALS

WHEREAS, the SOIF Parties have provided Borrower with acquisition and working capital financing in the maximum available amount of Thirteen Million Five Hundred Thousand and 00/100 Dollars ($13,500,000.00) on certain terms and conditions as set forth in this Agreement dated October 2, 2012 (the "LOC Agreement"), as amended on March 4, 2013 and as further amended on August 13, 2013.

WHEREAS, the Borrower has requested a further amendment to the LOC Agreement, as amended, as set forth herein."

B. Section 1 of the LOC Agreement is hereby deleted in its entirety, and is replaced with the following:

"1. Indebtedness. As of August 29, 2013, after consummation of the sale by Borrower to SOIF III of a 34.381% interest in BR Berry Hill Managing Member, LLC (which is the equivalent of a 28.36% indirect equity ownership interest in BR Stonehenge 23 Hundred, LLC, the owner of 23 Hundred, LLC, the owner of a 266-unit multi-family development project known as 23Hundred@Berry Hill, Nashville, Tennessee), in exchange for a $5,524,412 credit against SOIF III's lender interest under the LOC Agreement and, after adding a one percent (1%) extension fee in the amount of $75,356, the Borrower ratifies and acknowledges its indebtedness, jointly and severally, to the SOIF Parties in the aggregate principal amount of seven million six hundred ten thousand nine hundred forty four dollars ($7,610,944), without defense, offset or counterclaim. Effective as of August 29, 2013, the outstanding principal balance shall bear interest as follows: (a) through October 2, 2013, at a simple annual rate of the 30-Day LIBOR Rate applicable on April 2, 2013 plus six percent (6.0%), wherein the minimum interest rate shall be at least eight and one-half percent (8.5%), and (b) from and after October 3, 2013, at a simple annual rate of the 30-Day LIBOR Rate applicable on October 3, 2013 plus six percent (6.0%), wherein the minimum interest rate shall be at least ten percent (10.0%); which accrued interest shall be payable monthly in arrears, on the fifth day of each month. If not sooner paid, all outstanding principal, accrued but unpaid interest and other outstanding sums due under this Agreement shall be paid in full on April 2, 2014 (the "Maturity Date"). The Maturity Date may be extended in the sole and absolute discretion of the Borrower, with at least five (5) days' prior written notice to, and payment of an extension fee equal to one percent (1.0%) of the then outstanding principal balance to, the SOIF Parties, for an additional six (6) month period (the "Maturity Extension Period") at a simple annual rate of the 30-Day LIBOR Rate applicable on April 2, 2014 plus six percent (6.0%), wherein the minimum interest rate shall be at least ten percent (10.0%)."

C. Section 3 of the LOC Agreement is hereby deleted in its entirety and is replaced as follows as of the Effective Date:

"3. The Replacement Promissory Note. Borrower's obligation to pay the principal of and interest due and owing to the SOIF Parties shall be evidenced by a Replacement Promissory Note dated August 29, 2013 providing, inter alia, that it shall (i) be in the stated principal amount of $7,610,944 as of August 29, 2013, (ii) be dated, duly executed and delivered by Borrower as of August 29, 2013, (iii) replace the Replacement Promissory Note dated August 9, 2013 previously delivered in connection with the "Second Amendment to Line of Credit and Security Agreement", (iv) bear interest at a simple annual rate of the 30-Day LIBOR Rate applicable on April 2, 2013 plus six percent (6.0%), wherein the minimum interest rate shall be at least 8.5% through and including October 2, 2013, and from and after October 3, 2013 at a simple annual rate of the 30-Day LIBOR Rate applicable on October 3, 2013 plus six percent (6.0%), wherein the minimum interest rate shall be at least ten percent (10.0%), and (iv) mature on the Maturity Date, with a further six-month extension available for an additional 1% extension fee."

3. **Partial Release of Berry Hill Collateral; Assigned to SOIF III; Future Asset Sales**. The SOIF Parties hereby release the lien of their security interest in a thirty four and three hundred eighty one one-thousandths percent (34.381%) interest in BR Berry Hill Managing Member, LLC owned by BEMT Berry Hill, LLC, a wholly-owned subsidiary of the Borrower, which is the equivalent of a twenty eight and thirty six one-hundredths percent (28.36%) indirect ownership interest in 23 Hundred, LLC. This will be a one-time release of the SOIF Parties' security interests, for which the Borrower shall be entitled to a five million five hundred twenty four thousand four hundred twelve dollar and no cents ($5,524,412) credit against the outstanding principal balance due under the LOC Agreement and the August 9, 2013 Replacement Promissory Note, in exchange for assigning such interest in the Berry Hill Collateral to SOIF III. In addition, although the LOC Agreement remains secured by a lien in favor of the SOIF Parties on substantially all of the Borrower's assets, and therefore requires the Borrower to further paydown the outstanding principal balance with the net proceeds of such future asset sales, the SOIF Parties, subject to their sole but reasonable discretion, may allow the Borrower to retain a portion of such future net sale proceeds for its use in connection with its pursuit of its future strategic alternatives.

4. **Effectiveness**. The modifications provided in paragraph 2 hereof shall be effective as of August 29, 2013.

5. **Reaffirmation of LOC Agreement**. All other provisions of the LOC Agreement, as amended, except superseded by or inconsistent with this Third Amendment, shall continue to be in full force and effect.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, Borrower and the SOIF Parties have caused their duly authorized officers to set their hands and seals as of the day and year first above written.

Borrower:

BLUEROCK MULTIFAMILY GROWTH REIT, INC.,
a Maryland corporation f/k/a Bluerock Enhanced Multifamily Trust, Inc.

By: /s/ Ramin Kamfar
Name: Ramin Kamfar
Its: Authorized Signatory

SOIF Parties:

BLUEROCK SPECIAL OPPORTUNITY + INCOME FUND II, LLC
a Delaware limited liability company

By: BR SOIF II Manager, LLC
a Delaware limited liability company
Its: Manager

By: Bluerock Real Estate, L.L.C,
a Delaware limited liability company
Its: Sole Member

By: /s/ Jordan Ruddy
Name: Jordan Ruddy
Title: Authorized Signatory

BLUEROCK SPECIAL OPPORTUNITY + INCOME FUND III, LLC
a Delaware limited liability company

By: BR SOIF III Manager, LLC
a Delaware limited liability company
Its: Manager

By: Bluerock Real Estate, L.L.C,
a Delaware limited liability company
Its: Sole Member

By: /s/ Jordan Ruddy
Name: Jordan Ruddy
Title: Authorized Signatory

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Section 11: EX-10.10 (EXHIBIT 10.10)

Exhibit 10.10

REPLACEMENT PROMISSORY NOTE

$7,610,944 **August 29, 2013**

For value received, **BLUEROCK MULTIFAMILY GROWTH REIT, INC.** (f/k/a BLUEROCK ENHANCED MULTIFAMILY TRUST, INC.), a Maryland corporation (the "Borrower"), hereby promises to pay to the order of **BLUEROCK SPECIAL OPPORTUNITY + INCOME FUND II, LLC**, a Delaware limited liability company, and **BLUEROCK SPECIAL OPPORTUNITY + INCOME FUND III, LLC**, a Delaware limited liability company (together with their successors and assigns, the "Lender") the principal sum of **Seven Million Six Hundred Ten Thousand Nine Hundred Forty Four Dollars ($7,610,944)**, plus interest, fees and costs, in accordance with the terms and conditions of this promissory note (the "Note").

This Note is issued, executed and delivered by Borrower to Lender in replacement and full satisfaction of that certain Promissory Note dated August 9, 2013 in the amount of $12,960,000 (together, the "Prior Note").

The outstanding principal balance due under this Note shall bear interest as follows: (a) through October 2, 2013, at a simple annual rate of the 30-Day LIBOR Rate applicable on April 2, 2013 plus six percent (6.0%), wherein the minimum interest rate shall be at least eight and one-half percent (8.5%), and (b) from and after October 3, 2013, at a simple annual rate of the 30-Day LIBOR Rate applicable on April 2, 2013 plus six percent (6.0%), wherein the minimum interest rate shall be at least ten percent (10.0%); which accrued interest shall be payable monthly in arrears, on the fifth day of each month. If not sooner paid, all outstanding principal, accrued but unpaid interest and other outstanding sums due under this Agreement shall be paid in full on April 2, 2014 (the "Maturity Date"). The Maturity Date may be extended in the sole and absolute discretion of the Borrower, with at least five (5) days' prior written notice to, and payment of an extension fee equal to one percent (1.0%) of the then outstanding principal balance to, the Lender, for an additional six (6) month period (the "Maturity Extension Period") at a simple annual rate of the 30-Day LIBOR Rate applicable on April 2, 2014 plus six percent (6.0%), wherein the minimum interest rate shall be at least ten percent (10.0%).

This Note may be prepaid in whole or in part at any time or from time to time without penalty. Payments shall be applied first against interest or other charges and/or fees (other than principal), and next to the payment of principal. Borrower expressly acknowledges that (x) as of August 13, 2013, a $100,000 lien release fee has been added to and is included in the above-stated principal balance of this Note in connection with the consummation of the sale by Borrower's subsidiary of a 12.447% interest held by its subsidiary in BR Berry Hill Managing Member, LLC, and (y) as of the date hereof, a $75,359 extension fee has been added to and is included in the above-stated principal balance of this Note in connection with

the extension of the maturity date under the Prior Note, to the Maturity Date under this Note.

If this Note is not paid in full on the Maturity Date (or extended as provided above), then, at the Lender's election, all amounts not paid when due at the Maturity Date shall become part of principal and shall thereafter accrue interest at the rate of twelve percent (12%) per annum. In the event of an acceleration of the maturity of this Note (as described below), this Note shall become immediately due and payable without presentation, demand, protest or notice of dishonor, all of which are hereby waived by the Borrower**.** The Borrower also shall pay and this Note shall evidence Borrower's obligation to pay Lender any and all actual costs incurred by Lender for the interpretation, performance, exercise, enforcement or protection of its rights hereunder and for the collection of Borrower's obligations under this Note and for the protection of the security for this Note, including reasonable attorneys' fees and expenses, and all costs to collect, possess, preserve, repair and liquidate the collateral given by Borrower to secure the obligations owed to Lender.

If the rate of interest required to be paid hereunder exceeds the maximum rate permitted by law, such rate of interest shall be automatically reduced to the maximum rate permitted by law and any amounts collected in excess of the permissible amount shall be returned to Borrower or applied to principal all pursuant to the terms of and as further set forth herein. To the fullest extent permitted by law, interest shall continue to accrue after the filing by or against Borrower of any petition seeking any relief in bankruptcy or under any act or law pertaining to insolvency or debtor relief, whether state, federal or foreign.

If Borrower makes any payment to Lender that is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party, then, to the extent of such payment, the obligation intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been received by Lender.

The Borrower covenants, warrants, and represents to the Lender that:

(i) the execution, delivery and performance of this Note have been duly authorized;

(ii) this Note is enforceable against the Borrower in accordance with its terms;

(iii) the execution and delivery of this Note does not violate or constitute a breach of any agreement to which the Borrower is a party; and

(iv) the loan evidenced by this Note is for commercial purposes and will not be used in any consumer transaction.

Payment of this Note is secured by the pledge of the Collateral as that term is defined in that certain Line of Credit and Security Agreement dated October 2, 2012, as amended March 4, 2013 by that certain Line of Credit and Security Agreement Modification Agreement, as further amended by that certain Second Amendment to Line of Credit and Security Agreement effective as of August 9, 2013, and as further amended by that certain Third Amendment to Line of Credit and Security Agreement dated August 29, 2013,among the Borrower and the Lender (the "Pledge Agreement"); provided however, the SOIF Parties in their sole but reasonable discretion may allow the Borrower to retain a portion of the net sale proceeds from future sales of the Collateral for its use in connection with its pursuit of its future strategic alternatives.

The occurrence of any one or more of the following shall constitute an Event of Default under this Note:

(a) the Borrower fails to pay Lender any interest, principal or other money due and payable by Borrower to Lender under this Note on or before the Maturity Date thereof;

(b) the failure of Borrower to comply with any material covenant set forth herein and the expiration of any applicable notice and cure provisions contained herein;

(c) the occurrence of an Event of Default under the Pledge Agreement and the expiration of any applicable notice and cure provisions contained therein;

(d) the Borrower terminates its existence, voluntarily or involuntarily, allows the appointment of a receiver for any part of its property or makes an assignment for the benefit of creditors; or

(e) the Borrower does any of the following:

(i) admits in writing its inability to pay its debts generally as they become due;

(ii) consents to, or acquiesce in, the appointment of a receiver, liquidator or trustee of itself or of the whole or any substantial part of its properties or assets;

(iii) files a petition or answer seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the Federal Bankruptcy laws or any other applicable law;

(iv) has a court of competent jurisdiction enter an order, judgment or decree appointing a receiver, liquidator or trustee of Borrower, or of the whole or any substantial part of the property or assets of Borrower, and such order, judgment or decree shall remain unvacated or not set aside or unstayed for sixty (60) days;

(v) has a petition filed against it seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the Federal Bankruptcy laws or any other applicable law and such petition shall remain undismissed for sixty (60) days;

(vi) has, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assume custody or control of Borrower or of the whole or any substantial part of its property or assets and such custody or control shall remain unterminated or unstayed for sixty (60) days;

(vii) has an attachment or execution levied against any substantial portion of the property of Borrower which is not discharged or dissolved by a bond within thirty (30) days; or

(viii) has any materially adverse change in its financial condition since the date of this Note.

Upon the occurrence of an Event of Default, the Lender may at any time thereafter exercise any one or more of the following remedies:

(a) the Lender may accelerate the Maturity Date and declare the unpaid principal balance, accrued but unpaid interest and all other amounts payable hereunder at once due and payable,

(b) the Lender may set off the amount due against any and all accounts, credits, money, securities or other property held by or in the possession of the Lender;

(c) the Lender may exercise any of its other rights, powers and remedies available at law or in equity. All of the rights and remedies of the Lender under this Note, at law or in equity are cumulative, and the exercise by the Lender of any one or more of such rights and remedies shall not preclude the simultaneous or later exercise by the Lender of any or all such other rights and remedies.

The enumeration of Lender's rights and remedies herein is not intended to be exhaustive and the exercise by Lender of any right or remedy shall not preclude the exercise of any other rights or remedies, all of which shall be cumulative, and shall be in addition to any other right or remedy given hereunder or under the Pledge Agreements or that may now or hereafter exist in law or in equity or by suit or otherwise.

This Note shall be governed by and construed in accordance with the internal laws of the State of New York, notwithstanding any conflicts-of-law provision to the contrary. The Borrower and Lender waive their respective rights to a jury trial to the maximum extent permitted by law for any claim or cause of action arising out of this Note. Each party has reviewed this waiver with its counsel.

Except as specifically provided herein and except as prohibited by law, Borrower hereby waives presentment, demand, protest and notice of dishonor, as well as the benefit of any exemption under the Homestead and all other exemption or insolvency laws as to this debt.

Lender's failure at any time to require strict performance by Borrower hereunder shall not waive or affect any right of Lender at any time thereafter to demand strict performance, and any waiver of any Event of Default by Lender shall not waive or affect any other Event of Default, whether prior or subsequent thereto, and whether of the same or a different type. None of the provisions of this Note shall be deemed waived by any act, knowledge or course of dealing of Lender, or its agents, except by an instrument in writing signed by Lender and directed to Borrower specifying such waiver.

All notices, requests, demands and other communications with respect hereto shall be in writing and shall be delivered by hand against a receipt, sent prepaid by FedEx (or a comparable overnight delivery service) or sent by the United States mail, certified, postage prepaid, return receipt requested, at the addresses designated below. Any notice, request, demand or other communication delivered or sent in the manner aforesaid shall be deemed given or made (as the case may be) only when actually received by the intended recipient. Rejection or other refusal to accept or the inability to deliver because of a changed address of which no written notice was given shall be deemed to be receipt of the notice, request, demand or other communication sent as of the date three (3) business days following the date such rejected, refused or undeliverable notice was sent. The Borrower or the Lender may change their addresses by notifying the other party of the new address in any manner permitted by this paragraph.

If to the Borrower: c/o Bluerock Real Estate
712 Fifth Ave., 9th Floor
New York, New York 10022
Attn: R. Ramin Kamfar
Fax: (212) 843-3411

If to the Lender: c/o Bluerock Real Estate, LLC
712 Fifth Ave., 9th Floor
New York, New York 10022
Attn: R. Ramin Kamfar
Fax: (212) 843-3411

To the extent any provision herein is prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note.

This Note shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed by its duly authorized company officer, as of the day and year first above written.

Borrower:

BLUEROCK MULTIFAMILY GROWTH REIT, INC.
a Maryland corporation

By: /s/ Ramin Kamfar
Name: Ramin Kamfar
Title: Authorized Signatory

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Section 12: EX-10.11 (EXHIBIT 10.11)

Exhibit 10.11

PURCHASE AND SALE AGREEMENT
(Bell Hillsboro Village Apartments – Nashville, TN)

This PURCHASE AND SALE AGREEMENT (this "**Agreement**") is made and entered into as of the 26th day of July, 2013, by and between Bell BR Hillsboro Village JV, LLC, a Delaware limited liability company ("**Seller**"), and Nicol Investment Company, LLC, a Delaware limited liability company ("**Purchaser**"). The date on which both Seller and Purchaser shall execute and deliver this Agreement and shall exchange (by email or otherwise) a copy of the signed Agreement with each other is herein called the "**Effective Date**".

1. **PURCHASE AND SALE OF PROPERTY.**

On the terms and conditions stated in this Agreement, Seller hereby agrees to sell to Purchaser and Purchaser hereby agrees to purchase from Seller all of the following described property:

1.1 Land. Fee simple title in and to all of that certain tract of land situated in Davidson County, Tennessee known as "Bell Hillsboro Village Apartments" and described more particularly in Exhibit A attached hereto and incorporated herein by reference, together with all rights and appurtenances pertaining to such land, including, without limitation, all of the Seller's right, title and interest, if any, in and to (i) all adjacent strips, streets, roads, alleys and rights-of-way, public or private, open or proposed, (ii) all easements, privileges, and hereditaments, whether or not of record, and (iii) all access, air, water, riparian, development, utility, and solar rights and utility rights and wastewater, fresh water, storm sewer or other utilities capacity or service commitments and allocations (collectively, the "**Land**").

1.2 Improvements. The improvements and structures owned by Seller and located on the Land in their condition as of the Effective Date, subject to ordinary wear and tear, casualty and condemnation (provided that if a casualty or condemnation occurs, the provisions of Section 10 shall apply) (the "**Improvements**").

1.3 Personal Property. All of Seller's right, title and interest in and to the following: (a) mechanical systems, fixtures, furniture and equipment comprising a part of or attached to or located upon the Improvements as of the Effective Date, (b) maintenance equipment and tools owned by Seller and used exclusively in connection with the Improvements, (c) pylons and other signs located at the Land and Improvements, subject to Section 1.7 below, (d) to the extent owned by Seller, Seller's interest in the telephone numbers, Yellow Pages listings, internet web sites and domain names, and any office equipment, stationery or other materials printed with the name of Bell Hillsboro Village Apartments, office supplies, resident leases and records, any policy and procedures manuals, and keys related to the Property, (e) any transferable interests in any leased equipment used in connection with the Property (subject to Purchaser's right to elect whether to accept or reject an assignment of any equipment contract or lease, other than the tenant Leases referenced below, or have Seller terminate the equipment contract or lease as of Closing). and (f) other tangible personal property of every kind and character owned by Seller and located in or on or used exclusively in connection with the Land or Improvements or the operations thereon, but (i) only to the extent assignable by law, and (ii) excluding Seller's key track system, computer systems software, corporate licenses and management and financial reporting systems and software (collectively, the "**Personal Property**").

1.4 Leases. Seller's interest in leases, rental agreements and other occupancy agreements and all amendments thereto with tenants occupying all or any portion of the Improvements (collectively, the "**Leases**"), a list of which is attached hereto as Schedule 1.4, and any guaranties applicable thereto and all refundable security deposits, if any, held by Seller in connection with the Leases.

1.5 Contracts. Subject to Sections 5.4 and 7.2 hereof, Seller's interest in all contract rights related to the Land, Improvements, Personal Property or Leases, to the extent assignable, including, without limitation, Seller's interest in the following, to the extent the same exist and are assignable: maintenance, construction, commission, architectural, parking, supply or service contracts, warranties, guarantees and bonds and other agreements related to the Improvements, Personal Property, or Leases that will remain in existence after Closing (as defined in Section 9.1 herein) (collectively, the "**Service Contracts**"), a list of which is attached hereto as Schedule 1.5.

1.6 Permits. Seller's interest in all permits, licenses, certificates of occupancy, and governmental approvals that relate to the Land, Improvements, Personal Property, Leases or Service Contracts, to the extent assignable (collectively, the "**Permits**").

1.7 Goodwill and Intellectual Property Rights. All right, title and interest (including goodwill) of Seller to the extent assignable (the "**Goodwill and Intellectual Property Rights**"). Notwithstanding the foregoing, Purchaser shall not be entitled to any right, title or interest of Seller or Bell Partners Inc. in the trade names and trademarks containing the names "Bell" "Bell Partners" or "Bell Apartment Living" (collectively, the "Trade Names"). Subject to the foregoing, Purchaser, at its cost, shall replace all signage that contains the Trade Names within thirty (30) days after the Closing or as soon thereafter as reasonably practicable unless Purchaser and Bell Partners Inc. agree to the use of such Trade Names pursuant to a separate agreement. The provisions of this section shall survive the Closing (and not be merged therein) or any earlier termination of this Agreement.

1.8 Construction Plans and Specifications. To the extent available and assignable, all construction plans and specifications relating to the Improvements (the "**Plans**").

1.9 Warranties. All guaranties, warranties, and payment and performance bonds relating to the Property, to the extent transferable and owned by Seller (the "**Warranties**").

1.10 Other Rights. All right, title and interest of Seller in and to all other rights owned by Seller and necessary to or used exclusively in connection with the ownership, maintenance or operation of the items set forth in Sections 1.1 - 1.9 above, if any, including without limitation all other rights, privileges, and appurtenances owned by Seller and directly related to the ownership, use or operation of the Land and/or the Improvements, but only to the extent assignable by law (the "**Other Rights**").

The Land, the Improvements, the Personal Property, the Leases, the Warranties, the Service Contracts, the Permits, the Goodwill and Intellectual Property Rights, the Plans and the Other Rights are collectively referred to herein as the "**Property**".

2. **PURCHASE PRICE AND DEPOSIT.**

2.1 Purchase Price. The purchase price (the "**Purchase Price**") for the Property will be the sum of $44,000,000.00, subject to the Loan Assumption set forth in Section 3.2 below, and subject to any readjustment set forth in Section 9 below.

2.2 Deposit.

2.2.1 Within two (2) Business Days (as defined in Section 15.10) of the Effective Date, Purchaser shall deliver by wire delivery of funds through the Federal Reserve System to an account designated in writing by Fidelity National Title Company ("**Title Company**"), Attention: Dee Goodrich (the "**Escrow Agent**"), whose contact information is stated in **Section 13.3** below, the sum of $450,000.00 in the form of cash or other immediately available funds (together with all interest thereon, the "**Initial Deposit**"), of which $225,000.00 is deemed non-refundable and referred to herein as "**Earnest Money**". Purchaser shall deliver by wire delivery of funds through the Federal Reserve System to an account designated in writing by Escrow Agent an additional sum of $550,000.00 within 2 Business Days following the expiration of the Inspection Period (as defined in Section 5.1) as an additional deposit (together with all interest thereon, the "**Additional Deposit**"), provided Purchaser has not terminated this Agreement pursuant to Article 5. The Initial Deposit and the Additional Deposit and the Extension Deposit (as defined in Section 9.1 below), if any, together with all interest earned thereon are herein collectively referred to as the "**Deposit**;" provided, notwithstanding any other provision of this Agreement, the Deposit (including Earnest Money) will be fully refundable to Purchaser in the event that Closing does not occur because of Seller's refusal to close the sale to Purchaser, and Purchaser is not in default.

2.2.2 Prior to making the Deposit, Seller, Purchaser and the Escrow Agent shall enter into an escrow agreement substantially in the form of Exhibit B attached hereto (the "**Escrow Agreement**"). Notwithstanding anything contained in this Agreement to the contrary, any reference to a return of the Deposit to Purchaser shall mean the Deposit amount less the non-refundable Earnest Money, unless expressly stated otherwise that the full amount of the Deposit is refundable to Purchaser.

2.2.3 Escrow Agent shall place the Deposit in an interest-bearing escrow account at a federally insured commercial bank acceptable to both Seller and Purchaser, such interest shall accrue to Purchaser's benefit. The Escrow Agent shall hold the Deposit in accordance with this Agreement and the Escrow Agreement. At Closing, Escrow Agent shall credit the Deposit against the Purchase Price.

2.3 Loan Assumption.

2.3.1 The Purchase Price will be paid in part by Purchaser's assumption (the "Loan Assumption") of that certain existing loan secured by the Property from Fannie Mae (as assigned by CBRE Multifamily Capital Inc.) ("**Existing Lender**"), dated September 30, 2010, evidenced by the loan documents more particularly set forth on Schedule 2.3 annexed hereto (the "**Loan Documents**"), with an original principal balance of $23,185,000.00, to be adjusted and confirmed at Closing (the **"Loan**").

2.3.2 Within ten (10) Business Days after the Effective Date, Purchaser shall submit a written application to Existing Lender requesting approval of the Loan Assumption (and shall provide Seller with a copy thereof), together with application fees and deposits required by Existing Lender in connection with such request or later requests. Each of Seller and Purchaser will submit to Existing Lender within such time period all documents in their actual possession that the application lists as being required by Existing Lender in order to commence its review of the application. The application to Existing Lender shall include the name of Purchaser's proposed non-recourse guarantor and a request for release of all existing non-recourse guarantors for matters accruing after the Closing Date. Each of Seller and Purchaser shall respond within two (2) business days (or such longer time period as may be reasonably necessary to locate or prepare the response to the Existing Lender) to any additional information requests of Existing Lender and shall diligently provide responses or information/documentation as requested as soon as possible after receiving any such request from Existing Lender. If the Loan Assumption is approved contingent on any of the following conditions, Purchaser shall have the option of terminating this Agreement and receiving a refund of the Deposit, less the non-refundable Earnest Money: (i) a material increase in the interest rate currently stated in the Existing Loan Documents, (ii) a material requirement to accelerate the pay down of the principal balance of the Loan other than as currently stated in the Existing Loan Documents, (iii) a requirement that the Purchaser pay or establish material escrows or expenditures other than as currently stated in the Existing Loan Documents, and/or (iv) a requirement that the Purchaser's non-recourse guarantor agree to recourse provisions other than those currently stated in the Existing Loan Documents or Existing Lender's updated form of typical "bad boy" carve-outs. If the Loan Assumption is denied or if Purchaser has not received Existing Lender's approval of the Loan Assumption prior to expiration of the Loan Contingency Period, this Agreement shall terminate, in which case the Deposit, less the non-refundable Earnest Money, shall be returned to the Purchaser. As used in this Section 2.3.2, "**currently stated in the Existing Loan Documents**" shall mean as such loan terms appear in the Existing Loan Documents, as may be modified by mutual agreement of Purchaser and Existing Lender prior to the expiration of the Inspection Period. Seller shall cooperate with Purchaser throughout the Loan Assumption process; Purchaser acknowledges that it shall be required to submit to Existing Lender organizational documents, opinions of counsel and other instruments as part of the Loan Assumption process. The term "***Loan Contingency Period***," as used herein, shall mean the period commencing on the Effective Date and ending at 5:00 p.m. Eastern Standard Time on that date which is two hundred (200) days following the Effective Date.

3. **TITLE AND SURVEY.**

3.1 State of Title to be Conveyed. Title to the Property shall be fee simple and insurable by the Escrow Agent (in such capacity, the "**Title Company**"). Title to the Property shall be conveyed to Purchaser, free and clear of any and all liens, mortgages, deeds of trust, security interests and other encumbrances, except for (i) the Loan; (ii) those items approved or deemed approved by Purchaser pursuant to Section 3.2, (iii) the lien of real estate taxes not yet due and payable, and (iv) the rights of tenants in possession under the Leases. The items referred to in clauses (i), (ii) (iii) and (iv) above and those matters deemed to be Permitted Exceptions pursuant to Section 3.2 below are hereinafter referred to as the "**Permitted Exceptions**."

3.2 Title Commitment and Survey. Purchaser will promptly obtain, after the Effective Date, a current title commitment for the Property ("**Title Commitment**") from the Title Company (Fidelity National Title Insurance Company, attention: Justin VanderVeen, whose contact information is stated in **Section 13.3**), together with copies of all instruments referred to in said title commitment. Upon or prior to the Effective Date, Seller will provide a copy of the most current ALTA survey in Seller's possession with respect to the Property ("**Existing Survey**"), pursuant to Section 4. On or before August 16, 2013, or five (5) business days after receipt of both the Title Commitment and Existing Survey, whichever is later, Purchaser shall notify Seller in writing of any title matters listed in the title commitment or matters depicted or otherwise contained on, or omitted from, the Existing Survey (if any) or on any updated survey, which shall be obtained at the sole option and expense of Purchaser, of which Purchaser disapproves (the "**Title Objections**"), except that Purchaser shall not object to liens for real estate taxes not yet due and payable and shall not be required to object to voluntary mortgage liens, security interests, judgment liens, Internal Revenue Service liens, property tax liens for delinquent taxes or mechanics liens placed or caused by Seller's actions or inactions ("**Monetary Encumbrances**"), it being understood and agreed by the parties that, with the exception of the Loan, the Seller shall be obligated to satisfy such Monetary Encumbrances, or cause such exceptions to be removed from the Title Policy by Closing. Any matters set forth in such title commitment or depicted on such survey to which Purchaser does not object as provided above (other than those matters to which it is not required to object as provided above) shall be deemed to be Permitted Exceptions. Seller shall notify Purchaser in writing within five (5) days after Seller's receipt of Purchaser's notice of Title Objections whether it will take all action necessary to remove from title such disapproved matters, or any of them, eliminated, cured, removed of record from title by bonding, or otherwise, or affirmatively insured over by the Title Company at or prior to the Closing (a "**Seller's Cure**"). If Seller fails to so notify Purchaser that it is willing to effect a Seller's Cure, then Seller shall be deemed to have elected not to take such action, and if Purchaser does not exercise its right to terminate this Agreement by the expiration of the Inspection Period pursuant to Article 5, then such matters shall be deemed to be Permitted Exceptions. If Purchaser exercises its right to terminate this Agreement as a result of Seller's election (or deemed election) not to effectuate a Seller's Cure of the Title Objections, then Escrow Agent shall return the Deposit, less the non-refundable Earnest Money, to Purchaser, and the parties will have no further rights or obligations under this Agreement, except for any obligations that expressly survive termination.

3.3 Title Objections After the Inspection Period. If and to the extent any easements, declarations, plats or other recorded instruments affecting the Property, or any other matter affecting title, shall occur or be recorded after the end of the Inspection Period, then to the extent any of the same shall materially and adversely affect the operation currently conducted at, or the value of, the Property, Purchaser may notify Seller in writing of any of the foregoing of which Purchaser disapproves (the "**New Title Objections**"). Seller shall notify Purchaser in writing within five (5) Business Days after Seller's receipt of Purchaser's notice of any New Title Objection as to whether it will take any action necessary to effect a Seller's Cure with respect to any such New Title Objection. If Seller fails to so notify Purchaser that it is willing to effect a Seller's Cure of any such New Title Objection, then Seller shall be deemed to have elected not to take such action, and if Purchaser does not exercise its rights to terminate this Agreement by the expiration of the earlier of (i) five (5) Business Days after the expiration of Seller's period to elect to cure or not to cure such matters and (ii) the Closing Date, then any such New Title Objection shall be deemed to be a Permitted Exception. If Purchaser elects to terminate this Agreement as a result of Seller's election (or deemed election) not to cure any New Title Objection, then Escrow Agent shall return the Deposit, less the non-refundable Earnest Money, to Purchaser, and the parties will have no further rights or obligations under this Agreement, except for any obligations that expressly survive termination.

3.4 Failure to Cure Title Objections. If Seller indicates that it will effect a Seller's Cure with respect to a Title Objection or a New Title Objection pursuant to Section 3.2 or 3.3, respectively, prior to or at the Closing, but fails to do so, Purchaser shall have the right, at its option, to terminate this Agreement by giving written notice of such election to Seller on or prior to the Closing Date. Upon the giving of such notice by Purchaser to Seller, this Agreement shall terminate and the Deposit shall be returned to Purchaser, and, notwithstanding anything in this Agreement to the contrary, neither Seller nor Purchaser shall have any further rights or obligations under this Agreement except for any obligations that expressly survive termination.

4. **PROPERTY INFORMATION.**

Seller has delivered or otherwise made available to Purchaser its most current existing Phase I environmental survey of the Property, its most current existing ALTA survey of the Property, and copies of the other due diligence materials and items specified on Schedule 4 attached hereto that are in Seller's possession or control (collectively, the "**Property Information**"). Purchaser shall keep such Property Information confidential pursuant to Section 15.11 hereof (to the extent that the Property Information is confidential and is identified as being confidential at the time of delivery to Purchaser). If Closing does not occur for any reason whatsoever, Purchaser shall promptly return all Property Information to Seller. In providing the Property Information to Purchaser, Seller makes no representation or warranty, express, written, oral, statutory, or implied, and all such representations and warranties are hereby expressly excluded and disclaimed except as provided in Article 6 herein.

5. **INSPECTION PERIOD AND ACCESS.**

5.1 Inspection Period. Commencing on July 22, 2013 and ending on the earlier of (i) August 26, 2013 or (ii) the date Purchaser notifies Seller in writing that Purchaser elects to end the Inspection Period (the "**Inspection Period**"), Purchaser and Purchaser's agents, contractors, engineers, surveyors, attorneys, accountants, advisors, lenders, affiliates, consultants, shareholders, investors and employees (collectively, "**Consultants**") shall have the right, upon not less than forty-eight (48) hours prior notice to Seller, to enter the Property for the sole purpose of conducting such investigations, inspections, audits, analyses, surveys, tests, examinations, studies, and appraisals of the Property (provided, any intrusive testing shall require Seller's prior written consent), and to examine all applicable books and records relating to the Property and its operation and maintenance, as Purchaser deems necessary or desirable, at Purchaser's sole cost and expense, in order to determine if the Property is suitable for Purchaser's purposes. Seller may have a representative present during all inspections conducted at the Property by or on behalf of Purchaser. At no time shall Purchaser talk to tenants at the Property without the consent of Seller, which consent may be withheld in Seller's sole discretion, and may be conditioned upon a representative of Seller being present for all tenant contacts.

5.2 Access. Subject to the notice requirements in Section 5.1, Seller will provide Purchaser and Purchaser's Consultants access to the Property and with all data of relevance to the Property, excluding any proprietary information of Bell Partners Inc. Purchaser and its Consultants will conduct any such investigations, inspections, audits, analyses, surveys, tests, examinations, studies, and appraisals (each a "**Review**" and collectively the "**Reviews**") only on Business Days, during normal business hours, and will use reasonable efforts to minimize interference with Seller's operations at the Property. Purchaser shall use its best efforts not to alter or disturb the Property or the tenants of the Property and Purchaser shall not permit any mechanics' liens to be filed against the Property. Purchaser may not conduct any Phase II environmental tests or other intrusive samplings or drillings without prior written consent of Seller.

5.3 Restoration and Indemnification. Purchaser will promptly restore any physical damage to the Property caused as a result of Purchaser or Purchaser's Consultant's access to the Property (but Purchaser will not be liable to Seller or indemnify Seller against the "economic" consequences of the discover of any condition of the Property as a result of the Reviews). Purchaser further agrees to indemnify and hold Seller and Seller's affiliates, managers, members, employees, officers, directors, trustees, representatives and agents (collectively, including Seller, "**Seller's Indemnified Parties**") harmless from and against any and all claims, causes of action, attorneys fees and costs, damages, costs, injuries and liabilities resulting from the activities of Purchaser and/or Purchaser's Consultants at or on the Property (collectively, "**Losses**"). Notwithstanding anything set forth herein to the contrary, the restoration and indemnification obligations of Purchaser in this Section 5.3 shall survive Closing or the earlier termination, for any reason, of this Agreement.

5.4 Service Contracts. Notwithstanding anything contained herein to the contrary, Purchaser shall notify Seller in writing prior to the expiration of the Inspection Period which, if any, of the Service Contracts Purchaser does not wish to assume at Closing. Seller shall terminate at Closing those Service Contracts specified in Purchaser's notice, except Seller shall have no obligation to terminate, and Purchaser shall accept and assume in accordance with their terms all Service Contracts (including those specified in Purchaser's notice) which cannot be terminated by Seller (i) without cause, (ii) upon thirty (30) days' notice, and (iii) without payment of a premium or penalty. Purchaser's failure to timely deliver notice pursuant to the preceding sentence shall be deemed Purchaser's election to accept and assume all of the Service Contracts.

5.5 Option to Terminate. In addition to Purchaser's rights under Section 3.2, Purchaser shall have the right to elect, in its sole discretion, not to proceed with the transaction contemplated by this Agreement for any reason or for no reason whatsoever at or before the end of the Inspection Period. Purchaser may terminate this Agreement by giving written notice to Seller by the end of the Inspection Period in which event Escrow Agent shall return the Deposit, less the non-refundable Earnest Money, to Purchaser, and the parties will have no further rights or obligations under this Agreement, except for any obligations that expressly survive termination. If Purchaser fails to notify Seller in writing before 5:00 P.M. Eastern Time, on the last day of the Inspection Period of its election to terminate, then Purchaser will be deemed to have forever waived its right to terminate pursuant to this Section 5.5 and elected to proceed to Closing hereunder pursuant to the terms and conditions of this Agreement.

5.6 Insurance. From and after the Effective Date, Purchaser shall maintain, and shall cause its third party Consultants to maintain, insurance in an amount not less than $5,000,000 combined single limit, together with worker's compensation insurance if required by state law (and if none is required by state law, it is understood that each such party not having worker's compensation insurance shall assume all liability for their employees and Seller shall be indemnified from liability for same), and in form and substance adequate to insure all liability of Purchaser and its Consultants arising out of access to and inspections and testing at the Property or any part thereof made on behalf of Purchaser. Purchaser shall deliver proof of the insurance coverage required pursuant to this Section 5.6 to Seller (in the form of a certificate of insurance) prior to Purchaser's or Purchaser's Consultants' entry onto the Property. The insurance required hereunder shall be issued by insurance companies licensed to do business in the state where the Property is located with general policyholder's ratings of at least A- and a financial rating of at least XI in the most current *Best's Insurance Reports* available on the date any such party obtains the insurance policies, with such policies naming Seller and any mortgage lender as an additional insured party.

6. **REPRESENTATIONS AND WARRANTIES.**

6.1 Seller's Representations and Warranties. Seller represents and warrants to Purchaser the following as of the Effective Date of this Agreement, and such representations and warranties will continue until and be deemed remade as of the Closing Date:

6.1.1 Organization. Seller is duly formed, validly existing and, if applicable, in good standing under the laws governing its organization, and, is duly qualified to transact business and, if applicable, in good standing in the state in which the Property is situated.

6.1.2 Authority/Consent. Seller is the owner of the fee simple interest in the Property and possesses all requisite power and authority, has taken all actions required by its organizational documents and applicable law, and has obtained all necessary consents, to execute and deliver this Agreement and to consummate the transactions contemplated by this Agreement. Each individual executing this Agreement on behalf of Seller represents and warrants to Purchaser that he or she is duly authorized to do so.

6.1.3 Litigation. Except as disclosed on Schedule 6.1.3 attached hereto, no material action, suit or other proceeding (including, but not limited to, any condemnation action), is pending or, to Seller's Knowledge, has been threatened that concerns or involves the Property or Seller's interest in the Property.

6.1.4 Bankruptcy. No bankruptcy, insolvency, reorganization or similar action or proceeding, whether voluntary or involuntary, is pending, or to Seller's Knowledge threatened, against Seller.

6.1.5 Other Sales Agreements. Seller has not entered into any other contract to sell the Property or any part thereof that is currently in effect.

6.1.6 Service Contracts. To Seller's Knowledge, except for the contracts referenced on the list of Service Contracts attached hereto as Schedule 1.5, there are no contracts of construction, employment, management, service, or supply in effect entered into by Seller that will affect the Property or operations of the Property after Closing. To Seller's Knowledge, there are no defaults under any of the Service Contracts.

6.1.7 Leases. To Seller's Knowledge, there are no occupancy agreements, leases, lettings or tenancies in effect to which Seller is a party that will affect the Property after Closing, except the Leases referenced on the list of Leases attached hereto as Schedule 1.4 and those entered into pursuant to Section 7.1. To Seller's Knowledge, copies of the Leases that are true, correct and complete in all material respects, including all material amendments, renewals, modifications, and assignments thereof, have been made available to Purchaser. Except as set forth in the Leases or the Property Information, neither the Tenants of the Property nor any other person has any right, option or agreement to purchase the Property, including purchase options or rights of first refusal to purchase the Property or any portion thereof.

6.1.8 Assessments. To Seller's Knowledge, Seller has received no written notice that there are unpaid and delinquent assessments for public improvements against the Property or that there is any property that was previously omitted from the tax rolls for which any assessments will be owed.

6.1.9 Notice Concerning Violation of Law. To Seller's Knowledge, Seller has not received any written notice or written communication (each, an "**NOV**") from any governmental authority of any violations of any federal, state, county or municipal laws, ordinances, orders, applicable building or sign codes, or any other regulations and governmental requirements affecting the Property or any portion thereof (including the conduct of business operations thereon) ("**Legal Requirements**"), other than for the notices that are contained in the Property Information provided by Seller.

6.1.10 No Uncured Violation of Legal Requirements. To Seller's Knowledge, all NOV's concerning the Property have been fully cured to the satisfaction of the governmental body issuing the NOV, and the Property and the operations being conducted thereon are not currently in violation of any applicable Legal Requirements.

6.1.11 Environmental Laws. Except with respect to issues, if any, specifically identified and disclosed in any environmental report(s) furnished to Purchaser by Seller as a part of the Property Information, to Seller's Knowledge, (i) the Property is not in violation of any Environmental Law (as hereinafter defined) relating to the Property, (ii) during Seller's term of ownership, the Property has not been used for industrial purposes or for the storage, treatment or disposal of hazardous substances (as defined by CERCLA), other than equipment, cleaning solutions, maintenance materials and other products (collectively, "**Permitted Products**") that are customarily used or stored incidental to the operation and/or maintenance of the Property and that are in ordinary quantities and have been used in strict compliance with all applicable Environment Law (as defined below), and (iii) no underground storage tanks have been or are currently located at the Property. As used herein, the term "**Environmental Law**" means any law, statute, ordinance, rule, regulation, order or determination of any governmental authority or agency affecting the Property and pertaining to health or the environment including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601 et seq. ("**CERCLA**"), the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. ("**RCRA**") the Hazardous Materials Transportation Act (49 U.S.C. § 1801, et seq.), or any other federal, state, or local law, ordinance or other Legal Requirements now or hereafter promulgated pursuant to such laws or pertaining to the protection of human health or the environment, including, without limitation asbestos containing material, presumed asbestos containing materials, Radon, lead based paint or petroleum products or any fraction thereof.

6.1.12 Foreign Person. Seller is not a "foreign person," "foreign trust" or "foreign corporation" within the meaning of the United States Foreign Investment in Real Property Tax Act of 1980 and the Internal Revenue Code of 1986, as subsequently amended.

6.1.13 Utilities. To Seller's Knowledge, Seller has not received any written notice of the termination or impairment of the furnishing of services to the Property of water, sewer, gas (to the extent required), electric, telephone or such other utility services required for the operation of the Property.

6.1.14 Assumption Loan. To Seller's Knowledge, Seller is not in default under the Loan.

6.1.15 No Prohibited Persons. Neither Seller nor, to Seller's Knowledge, any of its officers, directors, partners, members, Affiliates or shareholders is a person or entity: (i) that is listed in the Annex to, or is otherwise subject to the provisions of Executive Order 13224 issued on September 24, 2001 ("**EO13224**"); (ii) whose name appears on the United States Treasury Department's Office of Foreign Assets Control ("**OFAC**") most current list of "Specifically Designated National and Blocked Persons" (which list may be published from time to time in various mediums including, but not limited to, the OFAC website, http:www.treas.gov/ofac/t11sdn.pdf); (iii) who commits, threatens to commit or supports "terrorism", as that term is defined in EO13224; or (iv) who is otherwise affiliated with any entity or person listed above.

6.1.16 Survival. The representations and warranties made by Seller herein shall survive for a period of three hundred and sixty-five (365) days from the Closing Date.

6.2 Purchaser's Representations and Warranties. Purchaser represents to Seller that, as of the Effective Date of this Agreement:

6.2.1 Organization. Purchaser is duly formed, validly existing and, if applicable, in good standing under the laws of the state of its organization, and is or will be by the Closing Date duly qualified to transact business and, if applicable, in good standing in the state in which the Property is situated.

6.2.2 Authority/Consent. Purchaser possesses all requisite power and authority, has taken all actions required by its organizational documents and applicable law, and has obtained all necessary consents, to execute and deliver this Agreement and to consummate the transactions contemplated in this Agreement. Each individual executing this Agreement on behalf of Purchaser represents and warrants to Seller that he is duly authorized to do so.

6.2.3 ERISA Matters. Purchaser is not: (i) a plan which is subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), as defined in Section 3(3) of ERISA, nor a plan as defined in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended (each of the foregoing hereinafter referred to collectively as a "**Plan**"); (ii) a "governmental plan" as defined in Section 3(32) of ERISA; or (iii) a "party in interest," as defined in Section 3(14) of ERISA, to a Plan, except with respect to plans, if any, maintained by Purchaser, nor do the assets of Purchaser constitute "plan assets" of one or more of such Plans within the meaning of Department of Labor Regulations Section 2510.3-101. Purchaser is acting on its own behalf and not on account of or for the benefit of any Plan. Purchaser has no present intent to transfer the Property to any entity, person or Plan which will cause a violation of ERISA. Purchaser shall not assign its interest under this Agreement to any entity, person or Plan which will cause a violation of ERISA.

6.3 No Prohibited Persons. Neither Purchaser nor any of its officers, directors, partners, members, Affiliates or shareholders is a person or entity: (i) that is listed in the Annex to, or is otherwise subject to the provisions of EO13224; (ii) whose name appears on OFAC's most current list of "Specifically Designated National and Blocked Persons" (which list may be published from time to time in various mediums including, but not limited to, the OFAC website, http:www.treas.gov/ofac/t11sdn.pdf); (iii) who commits, threatens to commit or supports "terrorism", as that term is defined in EO13224; or (iv) who is otherwise affiliated with any entity or person listed above

6.4 Knowledge. As used in this Agreement, or in any other agreement, document, certificate or instrument delivered by Seller to Purchaser, the phrase "**to Seller's Knowledge**", "**to the best of Seller's actual knowledge**", "**to the best of Seller's Knowledge**" or any similar phrase shall mean the actual, not constructive or imputed, knowledge of Nickolay Bochilo, Vice President of Investments, of Bell Partners Inc. and the regional property manager, Amy Soles (collectively, "**Seller's Representatives**"), who are the persons most likely to know of matters that would need to be disclosed to Purchaser pursuant to Section 6.1, without any obligation on any of their parts to search or examine any files, records, books, correspondence and the like, or to make any independent investigation of the matters being represented and warranted.

6.5 Seller's Duty to Disclose. If prior to the Closing Date Seller obtains actual knowledge (which will have the same meaning as in **Section 6.4**) of a matter or condition that would cause any representation made by Seller in this Agreement to be false, then Seller will promptly notify Purchaser of the matter or condition discovered by or made known to Seller (other than through Purchaser's investigations) that would cause such any such representation to be false. As to a representation or warranty that is made as to matters "to Seller's Knowledge" (or words of similar effect), Seller will not be deemed in breach of such representations or warranties, or responsible for correction of any non-compliance with the matter or condition in question or be liable under any indemnity provision in the Agreement after the Closing Date unless (A) Seller had actual knowledge on the Closing Date that the representation or warranty was false or the condition was not satisfied, and (B) Seller failed to disclose promptly to Purchaser the matter or condition that became known to Seller which made the representation or warranty untrue. This **Section 6** will survive the Closing Date as to events, matters or conditions that accrue or occur prior to the Closing Date.

7. **COVENANTS OF SELLER AND PURCHASER PRIOR TO CLOSING.**

7.1 Operation of Property. From the Effective Date until the Closing, Seller shall continue to operate, maintain and repair the Property in accordance with the business judgment of Seller and its management company, but at least to the standards followed in the same geographic area for first class apartment projects. Seller shall cause all liens or property taxes and assessments imposed on the Property to be paid when due, will not use (or authorize the use of) any hazardous substances on the Property (other than Permitted Products), and will not further mortgage or further encumber its interest in the Property. Seller will cooperate in executing any documents and doing such other things as Purchaser may reasonably request in connection with Purchaser's due diligence activities; provided, that such actions will be at no out-of-pocket expense to Seller, and neither Seller nor the Property will be bound if Purchaser does not close the purchase of the Property.

7.2 Service Contracts. At Closing, Seller shall assign to Purchaser, and Purchaser shall assume, the Service Contracts pursuant to the Blanket Conveyance, Bill of Sale and Assignment referenced in Section 9.2.1.2 unless any such Service Contract is to be terminated pursuant to Section 5.4 hereof.

7.3 Receipt of Governmental Notices. Prior to Closing, Seller shall provide Purchaser with copies of any written notices that are received by Seller's Representatives between the Effective Date and the Closing Date with respect to (i) any special assessments or proposed increases in the valuation of the Property, (ii) any condemnation or eminent domain proceedings affecting the Property, or (iii) any violation of any Environmental Law or any zoning, health, fire, safety or other law, regulation or code applicable to the Property.

7.4 Litigation. Seller will advise Purchaser promptly of any litigation, arbitration proceeding or administrative hearing of which a Seller's Representative receives written notice and that concerns or affects the Property in any manner and that is instituted after the Effective Date except for tenant evictions filed by Seller in the ordinary course of business.

7.5 Insurance. Prior to Closing, Seller will maintain Seller's existing insurance coverage with respect to the Property for the benefit of Seller and any mortgage lender.

7.6 Casualty. Seller will advise Purchaser promptly of any casualty at the Property after the Effective Date.

7.7 Loan. From and after the date hereof, Seller shall not modify the Loan. From and after the date hereof, Seller shall not make any non-mandatory principal prepayments under the Loan unless expressly approved by Purchaser in writing. Seller shall perform in all material respects its obligations as borrower under the Loan.

8. **CONDITIONS PRECEDENT TO CLOSING.**

8.1 Conditions Precedent to Purchaser's Obligation to Close. Purchaser's obligation to purchase the Property is subject to satisfaction on or before the Closing Date (as such date may be extended as provided herein) of the following conditions, any of which may be waived in writing by Purchaser in Purchaser's sole and absolute discretion, provided that if these conditions are not fully satisfied by the Closing Date, Purchaser may elect to terminate this Agreement, in which event the Deposit, less the non-refundable Earnest Money, shall be returned to Purchaser:

8.1.1 Covenants. Seller shall have performed and observed in all material respects all covenants and obligations of Seller under this Agreement, including, without limitation, delivery into escrow of any and all documents required pursuant to Section 9.2.

8.1.2 Representations and Warranties. All representations and warranties of Seller set forth in this Agreement shall be true and correct in all material respects as if made on the Closing Date.

8.1.3 Title. A final examination of the title to the Land and Improvements shall disclose no title exceptions except for the Permitted Exceptions and those exceptions for which Seller effects a Seller's Cure, matters caused by Purchaser or its activities on the Property, or other matters approved in writing by Purchaser. In addition, the Title Company shall be prepared to issue to Purchaser, at standard rates, an ALTA (2006) owner's title insurance policy in the amount of the Purchase Price (the "**Title Policy**"), in extended coverage format, insuring that the fee simple estate to the Property is vested in Purchaser subject only to the Permitted Exceptions, matters caused by Purchaser or its activities on the Property, or other matters approved in writing by Purchaser, free and clear of any Monetary Encumbrances. Each party shall use all commercially reasonable efforts to cause the Title Company to issue the Title Policy. Seller will execute and deliver to Title Company and Purchaser an owner's Lien ALTA Affidavit (on the Title Company's standard form).

8.1.4 Loan Assumption Approval. Existing Lender's approval of the Loan Assumption.

8.2 Conditions Precedent to Seller's Obligation to Close. Seller's obligation to sell the Property is subject to satisfaction, on or before the Closing Date (as such date may be extended as provided herein) of the following conditions, any of which may be waived in writing by Seller in Seller's sole and absolute discretion:

8.2.1 Covenants. Purchaser shall have performed and observed in all material respects all covenants and obligations of Purchaser under this Agreement, including, without limitation, delivery into escrow of any and all documents required pursuant to Section 9.3, and substitute utility deposits pursuant to Section 9.5.5.

8.2.2 Representations and Warranties. All representations and warranties of Purchaser set forth in this Agreement shall be true and correct in all material respects as if made on the Closing Date.

8.2.3 Loan Assumption Approval and Release of Seller and Guarantors. Existing Lender's approval of the Loan Assumption together with an agreement of Lender releasing Seller and its guarantor, Bell Partners Inc., Bell Fund III, LLC, Ramin Kamfar and James G. Babb from all obligations under the Loan arising out of the period from and after Closing in such form as required by Existing Lender.

8.3 Failure of a Condition.

8.3.1 In the event that any condition precedent to Closing has not been satisfied on or before the Closing Date, then the party who would have benefited from having such condition to Closing satisfied (the "**Unsatisfied Party**") shall give notice to the other of the condition or conditions that the Unsatisfied Party asserts are not satisfied. In such notice the Unsatisfied Party shall also elect either (i) to extend the Closing Date for a reasonable period of time (not to exceed 10 days) to allow the other party to satisfy the condition, (ii) to terminate this Agreement, whereupon neither party shall have any further rights or obligations hereunder (other than any obligations of either party that expressly survive termination), and the Unsatisfied Party shall be entitled to the Deposit, less the non-refundable Earnest Money, except if such failure of a condition is due to a default by one of the parties, in which event the non-defaulting party shall have those rights and remedies set forth in Article 11 herein, or (iii) to waive such failed condition in writing delivered to Escrow Agent and the party who failed to meet such condition, and proceed to Closing as contemplated hereunder.

8.3.2 If the transaction contemplated by this Agreement closes, the parties shall be deemed to have waived any and all unmet or unsatisfied conditions, other than any unmet or unsatisfied conditions arising out of a breach by either party of any of its representations and warranties hereunder of which the other party has no knowledge as of Closing.

9. **CLOSING.**

9.1 Closing Date. The consummation of the transaction contemplated hereby (the "**Closing**") will take place via the escrow services of the Escrow Agent or at such other location upon which Seller and Purchaser mutually agree, on the earlier of (i) ten (10) days following Purchaser's receipt of Existing Lender's written approval of the Loan Assumption, or (ii) two hundred ten (210) days following the Effective Date ("***Closing Date***"). Purchaser shall have the opportunity to extend the Closing Date for thirty (30) days upon written notice to Seller given no later than the later of (i) thirty (30) days following expiration of the Inspection Period and (ii) ten days following Existing Lender's written approval of the Loan Assumption. Such notice shall be accompanied by an additional deposit of $200,000.00 (the "***Extension Deposit***") thus increasing the total Deposit to $1,200,000.00.

9.2 Seller's Obligations at the Closing. At the Closing, Seller will do, or cause to be done, the following:

9.2.1 Closing Documents. Seller shall execute, acknowledge (if necessary) and deliver originals of the following documents to the Escrow Agent:

9.2.1.1 A Special Warranty Deed in the form and substance of Exhibit C, conveying the Land and Improvements to Purchaser in fee simple utilizing the legal description for the Land set forth on Exhibit A hereto, subject only to the Permitted Exceptions, and subject to the provisions of Section 3.2 above (the "**Deed**");

9.2.1.2 A Blanket Conveyance, Bill of Sale, and Assignment in the form and substance of Exhibit D, whereby Seller conveys to Purchaser all of Seller's right, title and interest in and to the Personal Property, if any, free and clear of all liens and encumbrances except Permitted Exceptions (subject to the provisions of Section 3.2 above), and Seller assigns to Purchaser, and Purchaser assumes, all of Seller's rights and obligations under the Service Contracts, Permits, Goodwill and Intellectual Property Rights, and Other Rights to the extent the same are assignable;

9.2.1.3 An Assignment of Landlord's Interest in Leases in the form and substance of Exhibit E, whereby Seller assigns to Purchaser, and Purchaser assumes, all of Seller's rights and obligations under the Leases as set forth therein;

9.2.1.4 A Certificate of Non-Foreign Status;

9.2.1.5 A certificate that all of Seller's representations and warranties in this Agreement are true and correct in all material respects as of the Closing Date in the form and substance of Exhibit F;

9.2.1.6 A settlement statement showing all of the payments, adjustments and prorations provided for in Section 9.5 and otherwise agreed upon by Seller and Purchaser;

9.2.1.7 An affidavit for the benefit of the Title Company on the Title Company's standard form. Seller shall also deliver to the Title Company such evidence as may be reasonably required by the Title Company with respect to the authority of the person(s) executing the deed of conveyance; and

9.2.1.8 Documents required by Existing Lender in connection with the Loan Assumption.

9.2.2 Transfer Tax Forms. Real estate transfer tax forms and returns for the Property if required under applicable law.

9.2.3 Notices of Sale**.** Letters (a) executed by Seller, terminating any Service Contracts to be terminated pursuant to the terms hereof, and (b) executed in counterpart by Seller, advising the Tenants under the Leases and providers under the Service Contracts to be assumed by Purchaser of the sale of the Property to Purchaser and directing that all rents and other payments or invoices, as applicable, which shall become due and payable after the Closing Date be sent to Purchaser or as Purchaser may direct.

9.2.4 Original Property Information Documents. Seller will deliver to Purchaser originals within Seller's possession of the Leases, Service Contracts, Warranties and Permits; provided, however, that any of the Property Information located at the Property shall remain at the Property.

9.2.5 Possession. Seller will deliver possession of the Property.

9.2.6 Keys. Seller will deliver all keys in the possession or subject to the control of Seller, including, without limitation, master keys as well as combinations, card keys and cards for the security systems, if any.

9.2.7 Costs. Seller will pay all costs allocated to Seller pursuant to Section 9.5 of this Agreement.

9.3 Purchaser's Obligations at the Closing. At the Closing, Purchaser will do, or cause to be done, the following in connection with the Property:

9.3.1 Closing Documents. At Closing, Purchaser shall execute, acknowledge (if necessary) and deliver originals of the following documents to the Escrow Agent:

9.3.1.1 A Blanket Conveyance, Bill of Sale, and Assignment in the form and substance of Exhibit D;

9.3.1.2 An Assignment of Landlord's Interest in Leases in the form and substance of Exhibit E;

9.3.1.3 A certificate that all of Purchaser's representations and warranties in this Agreement are true and correct as of the Closing Date in the form and substance of Exhibit G;

9.3.1.4 A settlement statement showing all of the payments, adjustments and prorations provided for in Section 9.5 and otherwise agreed upon by Seller and Purchaser;

9.3.1.5 Original letters, executed in counterpart by Purchaser, as set forth in Section 9.2.3(b);

9.3.1.6 Real estate transfer tax forms and returns for the Property if required under applicable law; Such evidence as may be reasonably required by the Title Company with respect to the authority of the person(s) executing the documents required to be executed by Purchaser or on behalf of Purchaser, and such other documents and information as the Title Company may require in order to issue the Title Policy to Purchaser; and

9.3.1.7 Documents required by Lender in connection with the Loan Assumption.

9.3.2 Payment of Consideration. Purchaser will pay to Seller the Purchase Price in accordance with Article 2 of this Agreement, as adjusted in accordance with the provisions of this Agreement.

9.3.3 Costs. Purchaser will pay all costs allocated to Purchaser pursuant to Section 9.5 of this Agreement.

9.4 Escrow. The delivery of the documents and the payment of the sums to be delivered and paid at the Closing shall be accomplished through escrow with the Escrow Agent. Escrow Agent shall not deliver or record any documents or disburse any funds until Escrow Agent receives written confirmation from authorized representatives of each of Seller and Purchaser that all conditions to Closing have been satisfied or waived.

9.5 Costs and Adjustments at Closing.

9.5.1 Expenses. Purchaser shall pay (a) the Existing Lender's fees, charges or costs in connection with the Loan Assumption, including, without limitation, any application fee, loan assumption fee and any attorneys' or administrative fees of Existing Lender in connection with the Loan Assumption, (b) the recording costs for recording the Deed and any of the Closing documents that Purchaser desires to record in connection with the transfer of the Property to Purchaser and for recording the assumption agreement and/or other documents required to be recorded by the Existing Lender in connection with the Loan Assumption, (c) the incremental cost for "extended coverage" in excess of the cost of a "standard coverage" owner's title insurance policy (with standard pre-printed exceptions), and any endorsement or other title insurance required by Existing Lender in connection with the Loan Assumption; (d) the cost of any update to (or re-certification to Purchaser of) the survey described in Section 3.2 hereof; (e) the transfer tax applicable to the sale of the Property; and (f) one-half of the escrow/settlement fees of the Escrow Agent. Seller shall pay: (a) the expenses related to delivering the Property to Purchaser in the agreed-upon condition, and as otherwise provided in this Agreement; (b) the cost of a "standard coverage" owner's policy of title insurance, and (c) one-half of the settlement fees of the Escrow Agent. The Seller and Purchaser shall each pay their respective attorney's fees. Purchaser shall pay for its "due diligence" expenses, except for those items which Seller is herein obligated to provide. All other costs and expenses of the transaction contemplated hereby shall be borne by the party incurring the same. The costs described in this Section 9.5 shall be referred to herein as the "**Closing Costs**." The provisions of this Section 9.5 shall survive the termination of this Agreement to the extent such Closing Costs are incurred.

9.5.2 Proration Schedule. Seller shall prepare a proposed proration schedule for the Property (the "**Proration Schedule**") and deliver it to Purchaser on or prior to the Closing Date, including the items specified below and any other items the parties determine necessary.

9.5.3 Real Estate and Personal Property Taxes. Real estate, personal property and ad valorem taxes for the year of Closing will be prorated between Seller and Purchaser as of midnight of the day prior to the Closing Date on the basis of actual bills therefor, if available. If such bills are not available, then such taxes shall be prorated on the basis of the most currently available tax bills and, thereafter, promptly reprorated upon the availability of actual bills for the applicable period, if and only if the reproration would result in an adjustment to either party exceeding $2500. All rebates or reductions in taxes received subsequent to Closing, net of costs of obtaining the same, shall be prorated as of the Closing, if and only if the reproration would result in an adjustment to either party exceeding $2500, and promptly remitted to the appropriate party. The current installment of all special assessments, if any, which are a lien against the Property at the time of Closing and are being or may be paid in installments shall be prorated as of midnight of the day prior to the Closing Date.

9.5.4 Lease Security Deposits and Rents. Purchaser shall receive from Seller a credit against the Purchase Price in the amount of any refundable cash security deposits paid pursuant to the Leases and not yet refunded to tenants. After Closing, Purchaser shall be responsible for maintaining as security deposits the aggregate amount so credited to Purchaser in accordance with the provisions of the Leases relevant thereto. All rents and other similar payments under the Leases actually received by Seller prior to the Closing Date shall be prorated as of 12:01 a.m. on the Closing Date. At Closing, Purchaser shall pay Seller a discounted amount for all past due rent or other similar payments outstanding under any Lease at the following discount rate calculated as of the Closing Date: (i) 98% of the applicable amount if 0-30 days past due, (ii) 75% of the applicable amount if 31-60 days past due. The entire amount of all late rent or other similar payments under any Lease or other occupancy arrangement received or collected after the Closing Date shall be for the sole benefit of Purchaser.

9.5.5 Utilities. Water, sewer, electric and other utility charges shall be prorated as of 12:01 a.m. on the Closing Date. If the bill for any of the foregoing will not have been issued as of 12:01 a.m. on the Closing Date, the charges therefor shall be prorated on the Closing Date on the basis of the charges of the prior period for which such bills were issued. Seller and Purchaser shall cooperate to cause the transfer of utility accounts from Seller to Purchaser. Seller shall be entitled to retain any utility security deposits to be refunded, (or Seller may receive a credit at Closing, at Purchaser's option). At Closing, Purchaser shall post substitute utility security deposits to replace those previously paid by Seller or, if the utility provider will not refund such deposits to Seller, Seller shall receive a credit therefor by Purchaser at Closing. Any transfer fees required with respect to any such utility shall be paid by or charged to Purchaser.

9.5.6 Insurance Policies. Premiums on insurance policies will not be adjusted. As of the Closing Date, Seller will terminate its insurance coverage and Purchaser will affect its own insurance coverage.

9.5.7 Service Contracts. All amounts payable under any of the Service Contracts being assumed by Purchaser, excluding any signing bonuses, incentive payments and/or other upfront money, which shall be the sole property of Seller, shall be prorated as of 12:01 a.m. on the Closing Date.

9.5.8 Other Income and Expenses. All other income and ordinary operating expenses for or pertaining to the Property, including, but not limited to, public utility charges, maintenance, service charges, license fees and lease commissions, will be prorated as of 12:01 a.m. on the Closing Date. Any income related to Resident Utility Billing Systems shall be prorated based on the average billing for the past 12 months.

9.5.9 Mortgage Interest and Escrows. Interest due under the Loan shall be prorated as of the Closing therefor. The amounts of any escrows or reserves held by Existing Lender for the benefit of the Seller shall be paid or credited to the Seller by Purchaser at Closing.

9.5.10 Post-Closing Adjustments. In the absence of manifest error or where actual numbers are not available for proration purposes, all prorations shall be final and there shall be no post-closing adjustment except (i) ad valorem taxes as set forth in Section 9.5.3 and (ii) if there is an unanticipated item of income or expense relating to a period prior to Closing that is discovered by Purchaser or Seller within ninety (90) days after Closing and the monetary effect of such item of income or expense to Purchase or Seller had it been paid or prorated at Closing exceeds $2500, then either party may bring it to the attention of the other and request a reproration. Any amounts so adjusted or reprorated shall be paid by the party owing such amount within thirty (30) days after receipt of the amount owed.

If any post-Closing reconciliation or adjustment is required between the parties pursuant to this Agreement (because of an adjustment or prorate that is done on an estimated basis, or otherwise, under the preceding paragraph), the parties will reasonably co-operate with each other to provide the information needed for such reconciliation and adjustment, and will promptly do the reconciliation and adjustment when the information is available to do so. If any other closing costs not specifically provided for herein are due at closing of this transaction, each party shall pay such closing costs as are normally and customarily the responsibility of such party.

9.5.11 Reporting Person. If requested in writing by either party, the Escrow Agent shall confirm its status as the "Reporting Person" in writing, which such writing shall comply with the requirements of Section 6045(e) of the United States Code and the regulations promulgated thereunder.

9.5.12 Termination of Employees. As of the Closing Date, Seller will terminate from employment any employees of Seller at the Property, and shall pay all compensation owed to such employees by the end of the business day after the termination, including (without limitation) all such accrued compensation and make all contributions necessary to fully fund all such accrued and vested benefits no later than the Closing Date. Seller will be responsible for complying with any applicable Legal Requirements pertaining to such terminations, including (without limitation) requirements under the Worker Adjustment and Retraining Notification Act ("**WARN Act**"), the requirements of Section 4980B ("**COBRA**") of the Code, and any other federal, state or local Legal Requirements pertaining to termination of employees, employee compensation and similar matters.

9.5.13 Survival. In making the prorations required by this Section 9.5, the economic burdens and benefits of ownership of the Property for the Closing Date shall be allocated to Purchaser. The provisions of this Section 9.5 shall survive Closing.

10. **RISK OF LOSS, DAMAGE, CONDEMNATION.**

10.1 Risk of Loss. Risk of loss for damage to the Property, or any part thereof, by fire or other casualty from the Effective Date until Closing will be on Seller. Upon Closing, full risk of loss with respect to the Property will pass to Purchaser.

10.2 Damage. Seller shall promptly deliver to Purchaser written notice of any casualty or taking involving the Property, to the extent the same are received by an officer of Seller's property manager.

10.3 Minor Damage. In the event of loss or damage to the Property or any portion thereof which is not "major" (as hereinafter defined), this Agreement shall remain in full force and effect and the repairs shall be completed in accordance with Section 10.5 hereof.

10.4 Major Damage. In the event of a "major" loss or damage, Purchaser may terminate this Agreement by written notice to Seller, in which event the Deposit, less the non-refundable Earnest Money, shall be returned to Purchaser and thereafter, neither party will have any further rights or obligations hereunder, except for any obligations that expressly survive termination. If Purchaser does not elect to terminate this Agreement within ten (10) days after Seller sends Purchaser written notice of the occurrence of **"**major" loss or damage, then Purchaser shall be deemed to have elected to proceed with Closing and the repairs shall be completed in accordance with Section 10.5 hereof.

10.5 Continued Agreement. If this Agreement is not terminated pursuant to Section 10.4 hereof and if prior to Closing Seller is unable to perform all repairs necessary to bring the Property to its condition immediately prior to such loss or damage, Seller shall assign to Purchaser all of Seller's right, title and interest to any claims and proceeds Seller may have with respect to any casualty insurance policies or condemnation awards relating to the Property, except to the extent needed to reimburse Seller for reasonable sums it expended prior to the Closing for the restoration or repair of such Property or in collecting such insurance proceeds or condemnation awards. In the event that Seller elects to perform repairs upon the Property, Seller shall use reasonable efforts to complete such repairs prior to Closing. If Seller assigns a casualty or condemnation claim to Purchaser, at Closing Purchaser shall be credited with any applicable insurance deductibles. If such proceeds or awards have not been collected as of the Closing, then such proceeds or awards shall be assigned to Purchaser at Closing, except to the extent needed to reimburse Seller for sums it expended prior to the Closing for the restoration or repair of such Property. The terms of this Section 10.5 shall be subject to the rights of any mortgagee or lender under any mortgage, deed of trust or similar document encumbering the Property, unless any such mortgagee or lender acknowledges in a signed document satisfactory to Seller and Purchaser that such mortgagee or lender will not take possession of or otherwise require any such proceeds or awards to be used in a particular manner. In the event any such mortgagee or lender refuses to provide any such signed document, or requires that any casualty or condemnation proceeds or awards be used pursuant to the terms of any mortgage, deed of trust or similar document (including use for restoration of the Property), Seller shall notify Purchaser thereof ("**Seller's Notice**") and then either party hereto shall have the right to terminate this Agreement upon written notice to the other no later than five (5) days following Seller's Notice or the Closing Date, whichever first occurs. If this Agreement is not terminated as provided in the previous sentence, Seller shall credit Purchaser at Closing with an amount equal to the amount of any proceeds or awards applied by any such mortgagee or lender to the indebtedness secured by any mortgage, deed of trust or similar document encumbering the Property. In the event either party terminates this Agreement pursuant to the terms of this Section 10.5, the Deposit shall be returned to Purchaser and thereafter, neither party will have any further rights or obligations hereunder, except for any obligations that expressly survive termination.

10.6 Definition of Major Loss. For purposes of Section 10.3 and Section 10.4 hereof, "**major**" loss or damage refers to the following: (i) loss or damage to the Property or any portion thereof such that the cost of repairing or restoring the Property to a condition substantially similar to that of the Property prior to the event of damage would be, in the written opinion of an architect selected by Seller and reasonably approved by Purchaser, equal to or greater than $1,000,000 and (ii) any loss due to a condemnation which permanently and materially impairs the current use of the Property or access to the Property. If Purchaser does not give notice to Seller of Purchaser's reasons for disapproving an architect within five **(**5) Business Days after receipt of notice of the proposed architect, Purchaser shall be deemed to have approved the architect selected by Seller.

11. **REMEDIES AND ADDITIONAL COVENANTS.**

11.1 Seller Default. In the event that, prior to Closing, Seller breaches any of its representations or warranties or fails to perform any of its covenants in any material respect, and such breach or failure shall continue for a period of ten (10) Business Days after notice thereof from Purchaser, then Purchaser's sole and exclusive remedy shall be as follows: (a) to file an action to obtain specific performance of Seller's obligation to perform in accordance with this Agreement, or (b) to declare this Agreement terminated and receive a return of the full Deposit, and reimbursement for all out-of-pocket due diligence, legal and other expenses associated with the transaction contemplated herein, not to exceed $50,000.00 (collectively, "Transaction Costs").

In the event this Agreement is terminated after Seller's default, then upon return of the full Deposit to Purchaser and payment of Transaction Costs to Purchaser pursuant to **Section 11.1(b)**, all rights and obligations of the parties under this Agreement shall expire (except for such provisions as expressly survive the expiration or the termination hereof or as otherwise expressly provided herein), and this Agreement shall become null and void.

In the event that, prior to Closing, Purchaser obtains actual knowledge that Seller has made an untrue representation, Purchaser will notify Seller in writing as to the representation that Seller made that was untrue. If Purchaser nevertheless proceeds to consummate the Closing shall take place without Purchaser making an objection to an untrue representation of which Purchaser shall have knowledge, Purchaser shall be deemed to have waived all liability of Seller by reason of such untrue representation.

In addition to Purchaser's remedies above, Purchaser further agrees that its recourse against Seller under this Agreement or under any other agreement, document, certificate or instrument delivered by Seller to Purchaser, or under any law applicable to the Property or this transaction, shall be strictly limited to Seller's interest in the Property (or upon consummation of the transaction contemplated hereunder, to the net proceeds of the sale thereof actually received by Seller), and that in no event shall Purchaser seek or obtain any recovery or judgment against any of Seller's other assets (if any) or against any of Seller's members, partners, or shareholders, as the case may be (or their constituent members, partners, or shareholders, as the case may be) or any director, officer, employee or shareholder of any of the foregoing. Purchaser agrees that Seller shall have no post-closing liability to Purchaser for any breach of Seller's covenants, representations or warranties hereunder or under any other agreement, document, certificate or instrument delivered by Seller to Purchaser, or under any law applicable to the property or this transaction unless the valid claims for all such breaches collectively aggregate more than $25,000, in which event the full amount of such valid claims shall be actionable, up to the cap set forth in the following paragraph.

Purchaser agrees that any recovery against Seller for any breach of Seller's covenants, representations or warranties hereunder or under any other agreement, document, certificate or instrument delivered by Seller to Purchaser (other than the Deed, which is not covered by the "cap" in this paragraph), or under any law applicable to the Property or this transaction, shall be limited to Purchaser's actual damages in the aggregate ("**Recoverable Damages**") plus the actual, reasonable out-of-pocket expenses in enforcing Purchaser's rights against Seller, but the Recoverable Damages shall not be in excess of two percent (2%) of the Purchase Price for the Property.

Neither Seller nor Purchaser shall be entitled to receive, and each party hereby waives any right to receive, any consequential, indirect or punitive damages.

11.2 Purchaser Default. The parties acknowledge and agree that if Purchaser breaches any of its representations or warranties or fails to perform any of its covenants in any material respect it would be extremely difficult to ascertain the extent of the actual detriment Seller would suffer as a result of such breach and/or failure. Consequently, if Purchaser breaches any of its representations or warranties, fails to perform any of its covenants in any material respect, or otherwise defaults in its obligations hereunder, then Seller shall be entitled to terminate this Agreement by giving written notice thereof to Purchaser prior to or at the Closing, in which event the Deposit shall be paid to Seller as fixed, agreed and liquidated damages, and, after the payment of the Deposit to Seller, neither Seller nor Purchaser will have any further rights or obligations under this Agreement, except for any obligations and indemnities that expressly survive termination. PURCHASER AND SELLER ACKNOWLEDGE AND AGREE THAT THE DEPOSIT AMOUNT IS THE PARTIES' BEST ESTIMATE OF THE DAMAGES SELLER WOULD SUFFER BECAUSE OF ANY SUCH BREACH, FAILURE OR DEFAULT BY PURCHASER, AND THAT SUCH ESTIMATE IS REASONABLE COMPENSATION UNDER THE CIRCUMSTANCES EXISTING ON THE EFFECTIVE DATE OF THIS AGREEMENT, AND THE RETENTION OF THE DEPOSIT AS LIQUIDATED DAMAGES SHALL BE THE EXCLUSIVE REMEDY FOR PURCHASER'S BREACH, FAILURE OR DEFAULT, SINCE THE PRECISE AMOUNT OF SUCH COMPENSATION WOULD BE DIFFICULT TO DETERMINE.

The foregoing is accepted and agreed to.

Initials of:	/s/ NB	/s/ MEN
	Seller	Purchaser

11.3 Environmental Release by Purchaser. Purchaser hereby agrees that, if at any time after the Closing, any third party or any governmental agency seeks to hold Purchaser responsible for the presence of, or any loss, cost or damage associated with, Hazardous Materials (as hereinafter defined) in, on, above or beneath the Property or emanating therefrom, then except for Seller Material Liabilities (as defined below) the Purchaser waives any rights that Purchaser may have against Seller in connection therewith as an owner or operator of the Property, including, without limitation, under CERCLA or RCRA, and Purchaser agrees that except for Material Seller Liabilities (as defined below), Purchaser shall not (i) implead the Seller, (ii) bring a contribution action or similar action against the Seller, or (iii) attempt in any way to hold the Seller responsible with respect to any such matter. The provisions of this Section 11.3 shall survive the Closing. As used herein, "Hazardous Materials" shall mean and include, but shall not be limited to any petroleum product and all hazardous or toxic substances, wastes or substances, any substances which because of their concentration, chemical, or active, flammable, explosive, infectious or other characteristics, constitute or may reasonably be expected to constitute or contribute to a danger or hazard to public health, safety or welfare or to the environment, including, without limitation, mold, any hazardous or toxic waste or substances which are included under or regulated (whether now existing or hereafter enacted or promulgated, as they may be amended from time to time) including, without limitation, CERCLA, RCRA, and similar state laws and regulations adopted thereunder. The foregoing will not be construed as an assumption or indemnity by Purchaser as to any action or claim that any third party (including, without limitation, any governmental agency) may have against Seller. Furthermore, the foregoing shall not be applicable to any material claims or material liabilities ("**Seller Material Liabilities**") arising out of, or in connection with, any contamination of the Property by Hazardous Materials that was caused, directly or indirectly, or was exacerbated, by any action or inaction by Seller, or its employees, agents, independent contractors or representatives, during the time period in which Seller owned the Property, or that was Known to Seller (as defined in this Agreement) but not disclosed to Purchaser pursuant to **Section 6** of this Agreement prior to the Closing.

11.4 Delivery of Materials. Notwithstanding anything contained in this Agreement to the contrary, if this Agreement is terminated for any reason whatsoever, then Purchaser shall promptly deliver to Seller, or at Seller's option, destroy all Property Information provided to Purchaser by Seller, including copies thereof in any form whatsoever, including electronic form. The obligations of Purchaser under this Section 11.4 shall survive any termination of this Agreement.

12. **BROKERAGE COMMISSION.**

12.1 Brokers. Seller represents and warrants to Purchaser that Seller has not contacted or entered into any agreement with any real estate broker, agent, finder, or any party in connection with this transaction except for Bell Partners Inc. (an affiliate of Seller) (collectively, "**Seller's Broker**") and that Seller has not taken any action that would result in any real estate broker's or finder's fees or commissions being due and payable to any party other than Seller's Broker with respect to the transaction contemplated hereby. Seller will be solely responsible for the payment of any commission to Seller's Broker in accordance with the provisions of a separate agreement and Purchaser shall have no obligations or liabilities relative to such commissions. Purchaser hereby represents and warrants to Seller that Purchaser has not contracted or entered into any agreement with any real estate broker, agent, finder, or any party in connection with this transaction, and that Purchaser has not taken any action that would result in any real estate broker's or finder's fees or commissions being due or payable to any party with respect to the transaction contemplated hereby.

12.2 Indemnity. Each party hereby indemnifies and agrees to hold the other party harmless from any loss, liability, damage, cost, or expense (including, without limitation, reasonable attorneys' fees) paid or incurred by the other party by reason of a breach of the representation and warranty made by such party under this Article 12. Notwithstanding anything to the contrary contained in this Agreement, the indemnities set forth in this Section 12.2 shall survive the Closing.

13. **NOTICES.**

13.1 Written Notice. All notices, demands and requests that may be given or that are required to be given by either party to the other party under this Agreement must be in writing given to the applicable party's address set forth in Section 13.3.

13.2 Method of Transmittal. Unless otherwise specifically provided herein, all notices, consents, directions, approvals, instructions, requests and other communications required or permitted by the terms hereof to be given (collectively "**Notices**") shall be given in writing and effective upon receipt. Notices may be served: by certified or registered mail, postage paid with return receipt requested; by private courier, prepaid; by telex, facsimile, or other telecommunication device capable of transmitting or creating a written record; or personally to the addresses listed below. Couriered Notices shall be deemed received when delivered as addressed, or if the addressee refuses delivery, when presented for delivery notwithstanding such refusal. With respect to any notice sent by telex, facsimile or other telecommunication device, the term "receipt" will mean electronic verification that transmission to the recipient was completed, if such transmission occurs during the normal business hours, or otherwise on the next business day after the date of transmission. Personal delivery of Notices shall be effective when accomplished.

13.3 Addresses. The addresses for proper notice under this Agreement are as follows:

Purchaser:

Nicol Investment Company, LLC
12555 High Bluff Drive, Suite 333
San Diego, CA 92130
Attn: Ronald B. Johnson
or Mark E. Nicol
Phone: 858-350-9600
Facsimile: 858-350-0305
E-Mail:
ron@nicolinv.com and
mark@nicolinv.com

Seller:

c/o Bell Partners Inc.
700 S. Washington Street, Suite 250
Alexandria, VA 22314

Attn: Nickolay Bochilo
Phone: (336) 232-1909
Facsimile: (336) 232-1901

E-Mail: nbochilo@bellpartnersinc.com

And

c/o Bluerock Real Estate
712 Fifth Avenue, 9th Floor
New York, NY 10019
Attn: Ramin Kamfar
Phone: (212) 843-1601
Facsimile: (646) 278-4220
Email: rkamfar@bluerockre.com

WITH A COPY TO:

Stoel Rives LLP
900 SW Fifth Ave. Suite 2600
Portland, OR 97204
Attn: David Green, Esq.
Phone: 503-294-9333
Facsimile: 503-220-2480
E-Mail: dwgreen@stoel.com

WITH A COPY TO:

Schell Bray PLLC
P.O. Box 21847
Greensboro, North Carolina 27401
Attn: Thomas P. Hockman, Esq.
Phone: 336-370-8800
Facsimile: 336-370-8830
E-Mail: thockman@schellbray.com

ESCROW AGENT:

Dee Goodrich
VP, Senior Commercial Escrow Officer
Major Accounts Division
Fidelity National Title
4350 La Jolla Village Drive, Suite 370
San Diego, CA 92122
Phone: 858-334-6909
E-Fax: 858-334-6979
Dee.Goodrich@fnf.com

TITLE AGENT:

Justin VanderVeen
National Commercial Services
Fidelity National Title Group
1300 Dove Street
Suite 310
Newport Beach, CA 92660
Phone: (949) 622-4962 direct
justin.vanderveen@fnf.com

Any party may from time to time by written notice to the other party designate a different address for notices within the United States of America.

14. **ASSIGNMENT.**

This Agreement shall not be assigned by either party without the prior consent of the other, which consent shall not be unreasonably withheld, conditioned or delayed; provided, however, Purchaser shall have the right to assign this Agreement without the prior written consent of Seller to an entity that is controlling, controlled by or under common control with Purchaser or the principals of Purchaser; however, such assignment shall be effective only when a fully executed counterpart thereof is delivered to Seller bearing the signatures of assignor and assignee and including an express assumption by assignee of all liability and other obligations of Purchaser hereunder. In the event of an assignment of this Agreement pursuant to this Section 14, Purchaser shall remain primarily liable for and shall not be released from any obligations, indemnities and liabilities hereunder, including such obligations, indemnities and liabilities that expressly survive Closing hereunder.

15. **MISCELLANEOUS.**

15.1 Entire Agreement. This Agreement embodies the entire agreement between the parties and cannot be varied except by the written agreement of the parties and supersedes all prior agreements and undertakings.

15.2 Modifications. This Agreement may not be modified except by a formal, written amendment or modification agreement that is duly executed by both parties.

15.3 Gender and Number. Words of any gender used in this Agreement will be construed to include any other gender and words in the singular number will be construed to include the plural, and vice versa, unless the context requires otherwise.

15.4 Captions. The captions used in connection with the Articles, Sections and Subsections of this Agreement are for convenience only and will not be deemed to expand or limit the meaning of the language of this Agreement.

15.5 Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns permitted hereunder.

15.6 Controlling Law. This Agreement will be construed under, governed by and enforced in accordance with the laws of the state (Tennessee) where the Property is located.

15.7 Exhibits. All exhibits, attachments, annexed instruments and addenda referred to herein will be considered a part hereof for all purposes with the same force and effect as if copied verbatim herein.

15.8 No Rule of Construction. Seller and Purchaser have each been represented by counsel in the negotiations and preparation of this Agreement; therefore, this Agreement will be deemed to be drafted by both Seller and Purchaser, and no rule of construction will be invoked respecting the authorship of this Agreement.

15.9 Time of Essence. Time is important to both Seller and Purchaser in the performance of this Agreement, and both parties have agreed that TIME IS OF THE ESSENCE with respect to the obligations of the parties hereunder and to any date set out in this Agreement.

15.10 Business Days. "**Business Day**" means a day other than a Saturday, Sunday, federal holiday or other day on which commercial banks in the state in which the Property is located are authorized or required by law or executive order to close. If the final date of any period set out in any paragraph of this Agreement falls on a day that is not a Business Day, then, and in such event, the time of such period will be extended to the next Business Day.

15.11 Confidentiality. Purchaser and Seller agree not to record this Agreement or any memorandum hereof and to hold all confidential information related to this transaction in strict confidence, and will not disclose same to any person other than to the members, directors, officers, prospective partners, investors, employees and agents of the party or its principals, as well as to consultants, attorneys, accountants, banks or other third parties working with Seller or Purchaser in connection with the transaction ("**Related Parties**"), in each case who need to know such information for the purpose of consummating this transaction. The confidentiality restrictions in this Agreement will not be applicable to (i) disclosure of information required by applicable law, rule or regulation, or as may be required by court order, legal process, or by a governmental agency such as the Internal Revenue Service or Securities and Exchange Commission, or (b) providing a copy of this Agreement to the Escrow Agent or to the Existing Lender, who will not be bound to keep this Agreement confidential. Furthermore, the confidentiality restrictions in this Agreement will not survive the Closing but will survive the termination of this Agreement pursuant to the terms hereof.

Each party agrees to indemnify, defend and hold the other harmless or to cause assignees and designees to indemnify, defend and hold the other harmless from and against any liability, suits, cause of action, proceeding, loss, damage, cost or expenses, including, but not limited to, reasonable attorneys fees and costs incurred or sustained by such other party in the event of a breach by such party of the restrictions set forth in this Section 15.11.

15.12 Attorneys' Fees and Costs. In the event either party is required to resort to litigation to enforce its rights under this Agreement, the prevailing party in such litigation will be entitled to collect from the other party all reasonable costs, expenses and attorneys' fees incurred in connection with such action.

15.13 Counterparts. This Agreement may be executed in multiple counterparts which shall together constitute a single document. However, this Agreement shall not be effective unless and until all counterpart signatures have been obtained. A facsimile transmission of an original signature shall be binding hereunder.

15.14 Waiver of Jury Trial. TO THE EXTENT PERMITTED BY LAW, EACH PARTY HEREBY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY EITHER PARTY IN CONNECTION WITH ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, THE RELATIONSHIP OF SELLER AND PURCHASER HEREUNDER, PURCHASER'S OWNERSHIP OR USE OF THE PROPERTY, AND/OR ANY CLAIMS OF INJURY OR DAMAGE.

15.15 IRC Section 1031 Tax Deferred Exchange. The parties acknowledge that it may be the intent of each party to complete an Internal Revenue Code Section 1031 Tax Deferred Exchange (an "**Exchange**"). Seller and Purchaser agree to cooperate in the manner necessary to complete said Exchange at no additional cost or liability to either Seller or Purchaser. Each party agrees to cooperate with the other's assignees and designees by taking any action which may be reasonably and lawfully requested in structuring the sale of the Property as a tax deferred exchange, provided that (i) neither party shall be required to pay any increased costs solely as a result of so cooperating, (ii) neither party makes any representation or warranty whatsoever that the transaction will qualify as a tax deferred exchange, and (iii) closing shall be accomplished through an exchange agent. Each party agrees to indemnify, defend and hold the other harmless or to cause assignees and designees to indemnify, defend and hold the other harmless from and against any liability, suits, cause of action, proceeding, loss, damage, cost or expenses, including, but not limited to, reasonable attorneys fees and costs incurred or sustained by such other party in cooperating with the structuring of this transaction as a tax deferred exchange; provided, however, that the foregoing indemnification shall not extend to any loss, damage or expense that such party would have incurred had this transaction not been structured as a tax deferred exchange. Neither party is required to acquire or hold any exchange property or incur any liability or take any action to effect the Exchange, other than execution or approval of use of an exchange accommodator and any assignment or and escrow instructions that may be required by a party to effectuate the Exchange. References in this Agreement to "**Seller**" and "**Purchaser**" are solely for purposes of naming the parties. The references to such parties, and to this transaction as a "**sale**" or "**purchase**" transaction, shall not be construed to affect the transaction as a property exchange transaction if a party effects the property exchange.

15.16 Future Role of Bell Partners Inc. Seller understands and acknowledges that Bell Partners Inc., current property manager, is negotiating with Purchaser to remain as property manager following the sale for a fee of 3.5% of gross monthly receipts and on other terms and conditions to be negotiated by Purchaser and Bell Partners Inc. during the Inspection Period. The property management agreement between the parties will either be on a month-to-month basis or will be terminable at any time upon thirty (30) days' written notice of termination by one party to the other party, without the necessity for "cause" or for payment of any cancellation fee or termination fee or other compensation for any time period after the effective date of termination. Seller and Purchaser acknowledge that Bell Partners Inc. may be involved in the due diligence and closing process on behalf of both Seller and Purchaser and each agree to waive any conflict inherent in such role.

15.17 Non-Solicitation of Employees Prior to Expiration of the Inspection Period. Purchaser acknowledges and agrees that, prior to the expiration of the Inspection Period, without the express written consent of Seller, neither Purchaser nor any of Purchaser's employees, affiliates or agents shall solicit any of Seller's employees or any employees located at the Property for potential employment; provided, however, that the foregoing will not restrict Purchaser's ability to have discussions with Seller's property manager in connection with Purchaser's due diligence and inspections relating to the Property pursuant to this Agreement. Seller shall have the right, at its election, to have a representative present during any discussion by Purchaser or any of its employees, affiliates or agents with Seller's property manager. Purchaser shall be permitted to have discussions with Seller's property manager at any time, about engaging such property manager to continue to serve in such capacity following Closing.

15.18 Relationship Between Parties. No provision of this Agreement or previous (or subsequent) conduct or activities of the parties will be construed: (i) as making either party an agent, principal, partner or joint venturer with the other party or as empowering either party to bind the other party to any contract or agreement, or (ii) as making either party responsible for payment or reimbursement of any costs incurred by the other party (except as may be expressly set forth herein or in its attached exhibits).

15.19 Response to Requests and Communications. Each party will use commercially reasonable efforts to respond promptly to requests and communications from the other party on matters requiring a decision, action or response under the terms of this Agreement.

15.20 No Third Party Beneficiaries; Obligations. This Agreement is for the benefit only of the parties hereto and their nominees, successors, and assignees as permitted in this Agreement, and no other person or entity shall be entitled to rely hereon, receive any benefit herefrom or have any right to enforce against any party hereto any provision hereof. The obligations of Seller hereunder shall be joint and several.

16. **AS IS and Release.**

16.1 Except as provided in this Contract or in the conveyance documents to be delivered at Closing, the Property is expressly purchased and sold "AS IS," "WHERE IS," and "WITH ALL FAULTS." The Purchase Price and the terms and conditions set forth herein are the result of arm's-length bargaining between entities familiar with transactions of this kind, and said price, terms and conditions reflect the fact that Purchaser shall not have the benefit of, and is not relying upon, any information provided by Seller or Seller's Broker or statements, representations or warranties, express or implied, made by or enforceable directly against Seller or Seller's Broker, including, without limitation, any relating to the value of the Property, the physical or environmental condition of the Property, any state, federal, county or local law, ordinance, order or permit; or the suitability, compliance or lack of compliance of the Property with any regulation, or any other attribute or matter of or relating to the Property (except as provided in Article 6 herein). Purchaser agrees that Seller shall not be responsible or liable to Purchaser for any defects, errors or omissions, or on account of any conditions affecting the Property except as provided in Article 6 herein. The provisions of this Article 16 shall survive the Closing and delivery of the Deed to Purchaser; provided, however, that nothing in this Section 16 shall be interpreted to modify or alter in any manner or to any degree the terms and limitations of Section 6.1.16.

16.2 [Intentionally deleted.]

17. Condominium Conversion. Purchaser represents to Seller that Purchaser is contemplating purchasing the Property for investment purposes and not for the purpose of converting the Property to a multifamily residential condominium. Purchaser and any assignee of Purchaser (permitted in accordance with the provisions of this Agreement) agrees to indemnify, defend and hold Seller harmless from and against any and all damages, losses, costs, claims, liabilities, expenses, demands or obligations of any kind or nature whatsoever attributable to claims asserted by Purchasers of individual condominium units in the event Purchaser has converted the Property to a condominium form of ownership at any time during a period of five (5) years following the Closing, including without limitation any and all claims by, through or under any Purchaser of a condominium unit, their successors or assigns, any owner's association, their successors and assigns. The foregoing indemnification shall survive Closing or the termination of this Agreement.

18. Lead Warning Statement. Every Purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The Seller of any interest in residential real property is required to provide the Purchaser with any information on lead-based paint hazards from risk assessments or inspections in the Seller's possession and notify the Purchaser of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase

19. Post Closing Access to Books and Records. The parties agree that for a period beginning on the date the Property is conveyed by Seller to Purchaser until the earlier of the time the Property is transferred by Purchaser or the date that is six (6) years after the Closing Date, except as otherwise herein expressly provided, Seller and Bell Partners Inc., their successors and assigns and their representatives shall have reasonable access to all books, records and tenant files as reasonably necessary to enable Bell Partners Inc. or Seller to (i) prepare and file any and all tax returns; (ii) respond to any and all written inquiries from a federal, state or local regulatory agency concerning the Property or a resident; (iii) respond to and conduct all federal, state, or local tax audits, or other tax determinations or proceedings directly relating to Seller's ownership or Bell Partner Inc.'s management of the Property, or (iv) respond to and defend any litigation or similar claims, all to the extent that such access may be reasonably necessary in connection with matters relating to the operations of Bell Partners Inc. or Seller prior to the Closing Date. Such access shall be afforded by Purchaser upon receipt of reasonable advance written notice and shall occur during normal business hours, subject to reasonable scheduling accommodations required by Purchaser. Bell Partners Inc. shall be solely responsible for any costs or expenses incurred by it pursuant to the exercise of the right of access. Nothing contained herein shall require Purchaser to maintain (or make available) the books, records and tenant files at any particular location. Purchaser shall have the right to make photocopies of all requested books, files and records and deliver such copies to Bell Partners Inc. at Bell Partners Inc.'s expense, in lieu of granting Bell Partners Inc. or Seller physical access to such books, records and files. Purchaser shall at all times retain the right to possession of the original books, records and files. If Purchaser shall desire to dispose of any of the books, records or files prior to the expiration of such six-year period, Purchaser shall give Bell Partners Inc. at least thirty (30) days' prior written notice of its intent to dispose of such books, records and file and shall allow Bell Partners Inc., at its expense, to segregate and remove such books, records and files as Bell Partners Inc. may select prior to such disposition.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Purchase and Sale Agreement as of the date first written above.

SELLER:

Bell BR Hillsboro Village JV, LLC
a Delaware limited liability company,
its Sole Member

By: Bell Partners Inc.
a North Carolina corporation,
its Manager

By: /s/ Nickolay Bochilo
Name: Nickolay Bochilo
Title: VP- Investments

PURCHASER:

Nicol Investment Company, LLC
a Delaware limited liability company

By: Aspen Asset Management, Inc.,
Its Managing Member

By: /s/ Mark E. Nicol
Name: Mark E. Nicol
Title: President

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Section 13: EX-31.1 (EXHIBIT 31.1)

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, R. Ramin Kamfar, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bluerock Multifamily Growth REIT, Inc.:

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosures controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 18, 2013

/s/ R. Ramin Kamfar
R. Ramin Kamfar
Chief Executive Officer
(Principal Executive Officer)

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Section 14: EX-31.2 (EXHIBIT 31.2)

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Christopher J. Vohs, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bluerock Multifamily Growth REIT, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosures controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 18, 2013

/s/ Christopher J. Vohs
Christopher J. Vohs
Chief Accounting Officer
(Principal Financial Officer)

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Section 15: EX-32.1 (EXHIBIT 32.1)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. § 1350, as created by Section § 906 of the Sarbanes-Oxley Act of 2002, the undersigned officers of Bluerock Multifamily Growth REIT, Inc. (the "Company") hereby certify, to such officers' knowledge, that:

(i) The accompanying Quarterly Report on Form 10-Q for the period ended September 30, 2013 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 18, 2013

/s/ R. Ramin Kamfar
R. Ramin Kamfar
Chief Executive Officer
(Principal Executive Officer)

November 18, 2013

/s/ Christopher J. Vohs
Christopher J. Vohs
Chief Accounting Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 and, accordingly, is not being filed with the Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of the Company under the

Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).

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