

RECEIVED

By Iopprojectop at 4:49 pm, Mar 29, 2006

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REAL PROPERTY PURCHASE AGREEMENT & DEPOSIT RECEIPT

This is intended to be a legally binding agreement. Please read it carefully.

| | | | |
|-------------------|-------------------------|--------------------------|--|
| Seller: | The Miller Trust | Subject Property: | 989 & 961 41 st Street Oakland, CA |
| Purchaser: | Pocket Development, LLC | Date: | January 19, 2006 |

Received from Purchaser the sum of [REDACTED]. This sum, as evidenced by a check, is to be held uncashed until the mutual execution of this Agreement and then deposited in escrow within three (3) working days from the Contract Date (defined as the date of execution by the last signatory) as a deposit for the purchase of property (the "Property") situated in the City of Oakland, County of Alameda, State of California more particularly described as follows:

All that real property, together with improvements thereon, commonly known as 989 and 961 41st Street, further identified as Assessor's Parcel No. 012-1021-022-01 and 012-1021-022.

1. Terms Of Sale:

The purchase price ("Purchase Price") shall be [REDACTED] and shall be paid as follows:

- A. Initial Deposit: [REDACTED]
- B. Additional Deposit: [REDACTED]
- C. Balance Of Cash Down Payment: [REDACTED]
- D. New Financing (See Paragraph 7 Below): [REDACTED]
- E. Existing Financing (See Paragraph 7 Below): [REDACTED]
- F. Seller Financing (See Paragraph 7 Below): [REDACTED]
- G. Total: [REDACTED]

2. Title Report:

Within 10 days following the Contract Date, Seller shall deliver to Purchaser at Seller's expense a current preliminary title report (the "Title Report"), together with a copy of all exceptions shown on the Title Report.

3. Closing Date-Escrow:

A. An escrow shall be opened with First American Title Company (the "Title Company"). Escrow shall close 270 days from the Contract Date (the "Closing Date") or sooner by mutual agreement. Each party shall deliver to Escrow Holder, in sufficient time for escrow to close on the Closing Date, all documents and monies required hereunder. Close of escrow shall mean the date all documents required hereunder are placed of record.

If Seller is unable to satisfy the Environmental Contingency in Paragraph 9A and close escrow within 270 days from the effective date of the Purchase Agreement, Purchaser shall have the option to extend the close of escrow for a period of up to six (6) months (the "Extension") by depositing into Escrow the sum of [REDACTED] (the Extension Deposit) or to cancel the Purchase Agreement and have the Deposit and Additional Deposit returned in full. The Extension Deposit deposited into Escrow shall be applicable to the Purchase Price at Close of Escrow or Purchaser may elect not to extend and may cancel the Purchase Agreement and have the Deposit and the Additional Deposit returned in full.

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assessment which is paid with the property taxes shall be assumed by Purchaser. Any bond or assessment which is not being paid with the property taxes shall be paid by Seller at close of escrow and upon Seller's approval of the amount of such bond or assessment.

4. Closing Costs:

Closing costs are to be paid as follows:

- A. **Escrow Fees:** Purchaser 50%/Seller 50%
- B. **ALTA Owners Title Policy:** Purchaser
- C. **County Transfer Tax:** Seller
- D. **City Transfer Tax:** Purchaser 50%/Seller 50%

Any additional escrow costs or fees shall be paid according to the custom and practice of the county in which the Property is located. In the event Seller or Purchaser completes a tax-deferred exchange and additional closing costs and transfer taxes are incurred, the beneficiary of the exchange shall pay all additional costs arising out of the tax-deferred exchange.

5. Possession:

Possession shall be delivered to Purchaser on close of escrow, vacant and without tenants.

6. Document Delivery Schedule:

Unless otherwise specified, within five (5) days after the Contract Date, Purchaser and Seller shall deliver to each other, or to each other's agent, all documentation required to be delivered.

7. Conditions To Purchaser's Performance:

All duties of Purchaser to purchase the Property shall be expressly conditioned upon the satisfaction of each of the conditions set forth below on or before the date set forth with regard to each condition. PURCHASER SHALL NOTIFY SELLER, IN WRITING, OF PURCHASER'S REMOVAL OR WAIVER OF EACH CONDITION SET FORTH BELOW WITHIN THE SPECIFIED TIME PERIOD OR THIS CONTRACT SHALL BE TERMINATED AND ALL DEPOSITS, WITH INTEREST IF ANY, SHALL BE RETURNED TO PURCHASER WITHOUT PENALTY.

A. Purchaser's Inspections:

(1) Feasibility Period:

Within 75 days from the Contract Date, Purchaser's determination that the Property, its income and development potential, its market position, its uses and other economic aspects are acceptable to Purchaser, in Purchaser's sole discretion.

(2) Physical Inspections:

Within 75 days from the Contract Date, Purchaser's approval of inspections by Purchaser and professionals employed by Purchaser of the Property and all improvements thereon, including, but not limited to, roof, plumbing, soils tests, electrical, sprinkler, water, sewer, engineering studies, heating and air conditioning system or systems, and structural integrity of the improvements, including structural pest control reports, toxic/hazardous substance inspections, and to measure the square footage of the Property, including land and any improvements. Seller, by execution of this Agreement, hereby grants Purchaser and Purchaser's authorized representatives and experts the right to enter upon and



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except to the extent reliance on such representation or warranty is specifically waived, in whole or in part, in writing, by the Purchaser.

(3) Inspection of Documents, Books and Records:

Within 75 days from the Contract Date, Purchaser's inspection and approval of the following documents or copies thereof: All surveys, soils tests, engineering studies, or any other test results or reports in Seller's possession or under Seller's control, any leases and/or tenant agreements, current rent roll, maintenance contracts, and any amendments thereto, covering the Property, and books and income/expense records covering the Property for the year(s) 2004 and 2005 and for the current year to and including the Contract Date. Seller warrants and represents that the books and records are those kept and maintained by Seller in the ordinary and normal course of business and used by Seller in the computation of its federal income tax returns.

(4) Title Approval:

Purchaser shall have thirty (30) days from the Contract Date within which to notify Seller, in writing, of Purchaser's disapproval of any exception shown in the Title Report or the legal description. If Purchaser does not give written notice of such disapproval within such period, the Title Report shall be deemed approved. If Purchaser disapproves of any exception in writing as described above, Seller shall have 10 working days from the date of Seller's receipt of written notice of the disapproval to give written notice to Purchaser that Seller shall remove the disapproved exception(s) prior to Escrow Closing. Seller's failure to deliver the notice shall mean Seller will not remove the exception. If Seller elects not to remove any disapproved exception, Purchaser shall have five working days either (i) to terminate this Agreement or (ii) to waive its disapproval of such exception and agree to purchase the Property subject to the disapproved exception. If Purchaser fails to so notify Seller, in writing, within five working days of its election pursuant to this paragraph, Purchaser shall be deemed to have elected to terminate this Agreement. In the event of a termination hereunder, the parties shall have no obligations hereunder and Purchaser's deposit shall be returned to Purchaser. Any exception which Purchaser has approved hereunder, either by Purchaser's approval, Purchaser's failure to disapprove such exception, or by Purchaser's waiver of a disapproval, shall be deemed a "Permitted Exception."

B. Governmental Permits:

Within 75 days from the Contract Date, Purchaser obtaining, subject only to those conditions acceptable to Purchaser in Purchaser's sole and absolute discretion, all necessary governmental approvals and permits (collectively the "Permits"), in a form satisfactory to Purchaser in Purchaser's sole and absolute discretion, for Purchaser's intended use of the Property as multi-family residential. Seller, at no cost to Seller, agrees to cooperate with Purchaser for the purpose of obtaining the Permits, which cooperation shall include execution of all applications. Purchaser, at Purchaser's sole expense, shall initiate and pursue proceedings to obtain the Permits.

C. Confirmation of Zoning:

Within 75 days from the Contract Date, Purchaser obtaining from the local authorities confirmation that the Property is finally and validly zoned to permit multi-family residential, subject only to conditions acceptable to Purchaser in Purchaser's sole and absolute discretion.

8. Right to Extend Time for Removal of Conditions:

Providing Purchaser is not in default, Purchaser shall have the right to extend the time for removal of the conditions specified in Paragraph 7 for an additional period of 30 days if, prior to the expiration of the time for performance, Purchaser notifies Seller, in writing, of Purchaser's intent to extend.

In consideration for such extension(s), Purchaser shall pay to Seller the sum of [REDACTED] Said sum shall be paid directly

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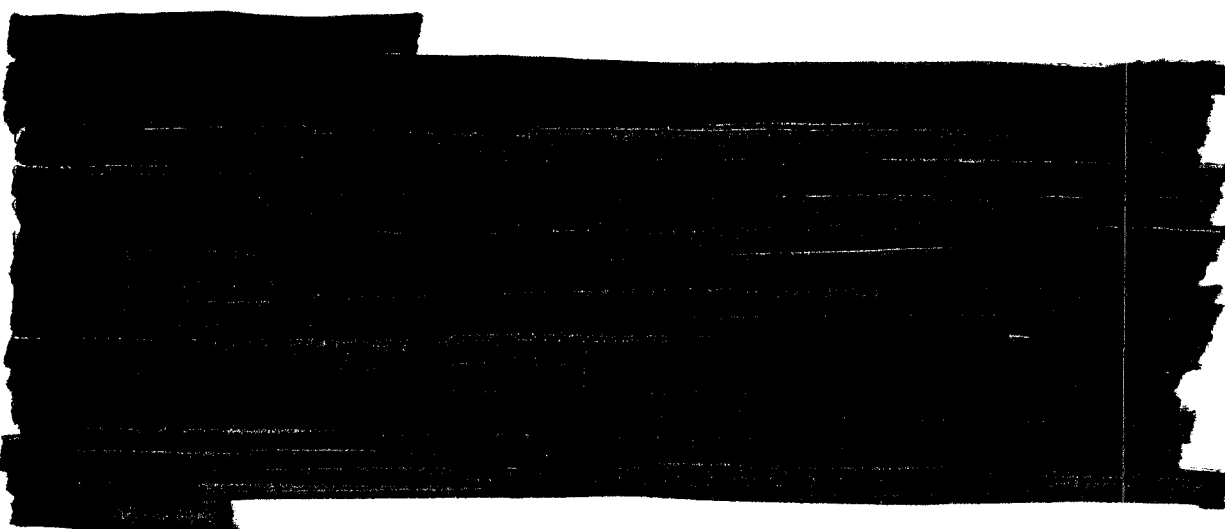
CONTRACT SHALL BE TERMINATED AND ALL DEPOSITS, WITH INTEREST IF ANY, SHALL BE RETURNED TO PURCHASER WITHOUT PENALTY.

A. Environmental Contingency:

Seller shall provide Purchaser with a site which meets governmental standards for residential development with regard to hazardous substances. Seller shall furnish a No Further Action letter from the governmental agency with oversight responsibility certifying that the site meets all applicable residential standards for hazardous substances. Should Seller not be able to obtain the government clearance above during the Escrow or during the Extension, but has diligently attempted to obtain such clearance, Seller shall not be deemed to have breached the Purchase Agreement if the government clearance is not obtained, and Seller shall return the Deposit, the Additional Deposit, and the Extension Deposit to the Purchaser.

B. Approval of Purchaser's Financial Condition:

Within 15 days from the Contract Date, Seller's review and approval of Purchaser's (or Purchaser's partner, Fox Point, Ltd.) financial condition, including Purchaser's current signed financial statement and Purchaser's tax returns for calendar years 2003 and 2004 and current financial statements and bank references.



D. Should Purchaser elect not to proceed with the Purchase at any time, Purchaser shall provide Seller copies of all tests, surveys, maps, plans, permits, engineering studies, applications or other materials produced in conjunction with Purchaser's examination, investigation or entitlement of the Property at no cost to Seller.

10. Deposit Increase

Purchaser will deliver to Escrow Holder an additional sum of [REDACTED] within three (3) days from the satisfaction or waiver of the conditions described in Paragraph 7 above, bringing the deposit to the aggregate amount of [REDACTED]. This aggregate amount will become non-refundable to Purchaser and will be released to Seller through escrow upon satisfaction of conditions in Paragraph 7 and the Deposit and Additional Deposit shall be applied toward the Purchase Price at closing, except as it relates to the failure of the Environmental Contingency described in Paragraph 9.A above or in the event that the transaction fails to close as a result of a breach by Seller [REDACTED].

[REDACTED] The deposit and Additional Deposit would be Seller's sole remedy as liquidated damages in case of breach of the Purchase Agreement by Purchaser. AT THE TIME PURCHASER DELIVERS THE INCREASED DEPOSIT TO ESCROW HOLDER, PURCHASER WILL EXECUTE AND DELIVER TO SELLER THE FOLLOWING: "PURCHASER AND SELLER AGREE THAT THE LIQUIDATED DAMAGES DESCRIBED IN THIS PURCHASE AGREEMENT WILL BE INCREASED TO THE AMOUNT OF THE INCREASED DEPOSIT, PLUS THE ORIGINAL DEPOSIT, ON THE DATE THE ADDITIONAL DEPOSIT IS DUE."

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RETENTION OF THE DEPOSIT BY SELLER AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT INSTEAD IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO SECTIONS 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE. BECAUSE OF THE SPECIAL NATURE OF THE NEGOTIATIONS WHICH PRECEDED ACCEPTANCE BY SELLER OF PURCHASER'S OFFER TO ACQUIRE THE PROPERTY, THE PARTIES ACKNOWLEDGE THAT THE ACTUAL DAMAGE WHICH PURCHASER'S DEFAULT WOULD CAUSE TO SELLER WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO ESTABLISH. IN ADDITION, PURCHASER DESIRES TO HAVE A LIMITATION ON ITS POTENTIAL LIABILITY TO SELLER IN THE EVENT THAT PURCHASER DEFAULTS IN ITS OBLIGATION TO TIMELY PERFORM ANY OF THE TERMS, COVENANTS AND CONDITIONS OF THIS AGREEMENT. THEREFORE, IN ORDER TO INDUCE SELLER TO WAIVE ALL OTHER MONETARY REMEDIES IT MAY HAVE IN THE EVENT OF BREACH BY PURCHASER OF ITS OBLIGATIONS HEREUNDER, PURCHASER AND SELLER, BY INITIALING IN THE SPACE PROVIDED ABOVE, HAVE AGREED TO LIQUIDATED DAMAGES AS SET FORTH HEREIN, WITH THE AMOUNT OF THE PAYMENT TO SELLER AND THE TIMING OF SUCH PAYMENT HAVING BEEN THE SUBJECT OF CONSIDERABLE NEGOTIATIONS BETWEEN THE PARTIES.

IF PURCHASER DEFAULTS IN ITS OBLIGATIONS HEREUNDER AFTER PURCHASER INCREASES ITS DEPOSIT, BY PLACING THEIR INITIALS AT THE END OF THIS SENTENCE, PURCHASER AND SELLER AGREE THAT FROM AND AFTER THE DATE THE DEPOSIT IS INCREASED, THE LIQUIDATED DAMAGES SELLER SHALL BE ENTITLED TO AS A RESULT OF PURCHASER'S DEFAULT, SHALL EQUAL THE INCREASED DEPOSIT PLUS THE ORIGINAL DEPOSIT.

DK
Purchaser

[Signature]
Seller

12. Binding Agreement:

This Agreement, to the extent assignable, is binding upon the heirs, executors, administrators, successors and assigns of the Purchaser and Seller, and shall survive recordation of the Grant Deed and close of escrow.

13. Assignment By Purchaser:

Purchaser may assign this Agreement to any entity controlled by or under common control of Purchaser without Seller's consent. Assignment to any other entity shall require Seller's prior written consent, which shall not be unreasonable withheld. The assignment shall not relieve the Purchaser of its obligations under this agreement, although those obligations may be satisfied by the Assignee.

14. Representation Of Authority To Execute:

Each person executing this Agreement on behalf of a party represents and warrants that such person is duly and validly authorized to do so on behalf of the entity it purports to so bind, and if such party is a partnership, corporation or trustee, that such partnership, corporation or trustee is the owner of the Property and has full right and authority to enter into this Agreement and perform all of its obligations hereunder. To the extent that the signatories to this Agreement shall comprise of a group of individuals, the individuals represent that they are all the owners of the Property and agree that the obligations and liabilities of such individuals under this Agreement shall be joint and several.

15. Americans With Disabilities Act:

The Americans With Disabilities Act (ADA) requires both the owner of real estate and the tenant of real estate to comply with its provisions.

In part, the Act requires owners and tenants of public accommodations to remove physical barriers to access and provide auxiliary aids or services for persons with hearing, vision or speech impairment. The ADA does not specify responsibility for compliance as between lessor and lessee or as between seller and Purchaser. Compliance and the allocation of responsibility for cost for compliance must be negotiated between the parties.

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commences or is made a party to any arbitration or proceeding brought by the escrow holder, then the prevailing party shall be entitled to recover as an element of its cost of suit, and not as damages, reasonable attorneys' fees to be fixed by the court. This Agreement shall be governed by California law.

17. Arbitration Of Disputes:

Any dispute or claim in law or equity arising out of this agreement, or any transaction resulting from this agreement, shall be decided by neutral binding arbitration in accordance with the California Code of Civil Procedure, Part III, Title 9. Judgment upon any argument rendered may be entered in a court having jurisdiction thereof. The parties shall have the right to discovery pursuant to California Code of Civil Procedure, Section 1283.5. If the parties cannot agree on the selection of an arbitrator, the Presiding Judge of the Superior Court having jurisdiction to enforce the award shall select the arbitrator. The arbitrator shall have the right to award attorney's fees. The arbitrator's fee shall be paid by the losing party.

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

DK

Purchaser

[Signature]

Seller

18. Broker Dual Agency:

Purchaser and Seller hereby acknowledge Cornish & Carey Commercial ("Broker") represents both parties herein, and Purchaser and Seller consent thereto.

Except as expressly provided below, a dual agent was and is obligated to disclose to Seller and Purchaser all material facts or confidential information that could affect Seller's or Purchaser's decision to enter into the transaction. The parties agree that Broker has not and will not, without the express permission of Seller, disclose to Purchaser that Seller is willing to sell the Property at a price that is less than the listing price, and, conversely, Broker has not and will not, without the express permission of Purchaser, disclose to Seller that Purchaser will pay a price that is greater than the price offered.

19. Toxic Contamination Disclosure:

Seller and Purchaser acknowledge that they have been advised that numerous federal, state and/or local laws, ordinances and regulations ("Laws") affect the existence and removal, storage, disposal, leakage of and contamination by materials designated as hazardous or toxic ("Toxics"). Many materials, some utilized in everyday business activities and property maintenance, are designated as hazardous or toxic.

Some of the Laws require that Toxics be removed or cleaned up by landowners, future landowners or former landowners without regard to whether the party required to pay for the "clean up" caused the contamination, owned the property at the time the contamination occurred or even knew about the contamination. Some items, such as asbestos or PCBs, which were legal when installed, now are classified as Toxics, and are subject to removal requirements. Civil lawsuits for damages resulting from Toxics may be filed by third parties in certain circumstances.

Cornish & Carey Commercial has recommended, and hereby recommends, that each of the parties have competent

20. F.I.R.P.T.A.:

Seller shall deliver to Purchaser at the close of escrow an affidavit executed by Seller under penalty of perjury stating Seller's United States taxpayer identification number, that Seller is not a foreign person, and all other information required in accordance with Internal Revenue Code Section 1445(b)(2).

21. Maintenance Of The Property:

Seller shall be responsible for normal and customary maintenance of the Property in its present condition, subject to normal wear and tear, and shall pay any and all expenses of any kind incurred in the normal and customary maintenance and operation of the Property until close of escrow; provided Seller shall have no obligation to replace any item or to incur any capital expenditures in such maintenance.

22. Damage Or Destruction:

Notwithstanding the foregoing, if a material portion of the Property is damaged or destroyed prior to the close of escrow, Purchaser may elect to continue this Agreement in full force and effect without modification and to purchase the Property in its damaged condition, in which event Seller shall assign to Purchaser at close of escrow all insurance proceeds due as a result of such damage and destruction, whether or not such insurance proceeds are adequate to repair such damage and destruction. A destruction shall be considered material if the cost of repair or replacement without deduction for depreciation exceeds 10% of the purchase price, provided that if applicable building codes or other laws or regulations require work exceeding the repair or replacement of the actual damage, the cost shall be considered to include all the work. Unless Purchaser notifies Seller in writing within 10 working days from the date Purchaser is notified in writing of the cost of repair and amount of insurance proceeds to continue this Agreement, this Agreement shall terminate and Purchaser shall receive back its deposit, together with any interest earned on the deposit.

23. Consult Your Attorney And Tax Consultant:

This document has been prepared for submission by Purchaser and Seller to their attorneys and tax consultants for approval from the standpoint of protection of legal rights. No representation or recommendation is made by Cornish & Carey Commercial, a commercial real estate company, or its agents or employees, as to the legal sufficiency, legal effect, or tax consequences of this document or the transaction relating thereto. THESE ARE QUESTIONS FOR YOUR ATTORNEY AND TAX CONSULTANT.

24. Broker Representations:

Purchaser and Seller understand that Broker has not made any investigation or determination regarding the value of the Property; the present or future use of the Property; any possible violations of any federal, state, county, or municipal ordinances, statutes, zoning; proposed acquisition of the Property by the federal, state, county or municipal governments; the accuracy of income and expense information; existence or content of any leases; the existence of physical defects in the Property, the size of the Property or the size of any improvements, and Purchaser and Seller hereby release Broker from any liability relating thereto and agree that such investigation and determination has been Purchaser's sole responsibility and Broker shall not be held responsible therefor.

Purchaser is advised that any representation of square footage with respect to the Property and any improvements thereon are approximations only which may be inaccurate. Purchaser acknowledges that the Purchase Price is not based on the square footage of any improvements or lot size.

25. Brokers:

The only real estate brokers involved in the purchase and sale of the Property are Cornish & Carey Commercial. The Purchaser shall defend, indemnify and hold Seller harmless against any commission or finder's fees or claims relating to the sale of the Property by any other person or entity whose claim arises out of the actions of Purchaser. The Seller shall defend, indemnify and hold Purchaser harmless against any commission or finder's fees or claims relating to the sale of the Property by any other person or entity whose claim arises out of the actions of Seller. The Seller shall be responsible for the payment of the Broker's fee or commission fee for the above referenced brokers to be paid immediately upon the close of escrow and

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26. Tax-Deferred Exchange:

Purchaser agrees to cooperate with Seller for the purpose of effecting a tax-deferred exchange(s) pursuant to Internal Revenue Code Section 1031, providing:

- A. Close of escrow hereunder is not delayed;
- B. the cooperating party shall incur no additional expense by reason of such cooperation; and
- C. the exchanging party shall hold the cooperating party harmless from any and all liability by reason of the cooperating party's acquiring title for the purposes of such exchange.

A TAX-DEFERRED EXCHANGE IS A TECHNICAL MATTER WHICH SHOULD BE STRUCTURED BY A TAX ATTORNEY OR LICENSED CPA TO ASSURE COMPLIANCE WITH ALL LEGAL REQUIREMENTS. HAVE YOUR TAX ADVISOR REVIEW AND STRUCTURE THIS ASPECT OF THIS TRANSACTION.

27. Time:

Time is of the essence of this contract.

28. Entire Agreement:

Except for any addenda attached hereto, this Agreement constitutes the entire agreement between Purchaser and Seller with respect to the purchase of the Property by Purchaser and supersedes all other agreements, letters, memoranda or understanding respecting the same, whether written or oral. This Agreement may not be modified by either party by oral representation made before, contemporaneous with or after the execution of this Agreement. All modifications, amendments or additions to this Agreement must be in writing signed by Seller and by Purchaser.

29. Other Terms And Conditions:

Soils and Engineering Reports:

Within 10 days after the Contract Date, Seller shall provide to Purchaser, at no expense to Purchaser, copies of any and all soils and engineering reports and studies in Seller's possession or under Seller's control.

Earnest Money Deposit:

Any deposits made by Purchaser shall be placed in an interest bearing account by Escrow Holder, with any interest accrued thereon to be credited to Purchaser.

No New Leases:

After the contract date, Seller shall not enter into any new leases or options to lease or negotiate termination, extensions or modifications of any existing leases without Purchaser's prior written consent.

Property to be Sold "As Is":

1. Except as otherwise expressly set forth herein, Purchaser acknowledges that Purchaser is purchasing the Property solely in reliance on Purchaser's own investigation and that no representations or warranties of any kind whatsoever, express or implied, have been made by Seller, Seller's agents, or Broker. Purchaser further acknowledges that as of the close of escrow, Purchaser will be aware of all zoning regulations, other governmental requirements, site and physical conditions, and other matters affecting the use and condition of the Property, and Purchaser agrees to purchase the Property in the condition in which it is at close of escrow.

2. Except for the specific representations or warranties of Seller contained herein, Purchaser is



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latent physical condition of the Property, whether or not known or unknown or discovered at a later date, shall affect this transaction and the Purchase Price paid for the Property hereunder. Purchaser is obligated to close escrow notwithstanding the condition of the Property. All work in connection with preparing the Property for the use intended by Purchaser, all costs incidental thereto, and all other costs, fees, studies, reports, approvals, plans, surveys, permits, and expenses whatsoever necessary or desirable in connection with Purchaser's acquiring, developing, using and/or operating the Property shall be obtained and paid for by and shall be the sole responsibility of Purchaser. Purchaser has investigated and has knowledge of operative or proposed governmental laws and regulations, including, but not limited to, zoning, environmental (including specifically the regulations of the Environmental Protection Agency and the Bay Area Pollution Control District) and land use laws and regulations to which the Property may be subject, and shall acquire the Property subject to the foregoing and to such other laws and regulations that pertain to the Property.

3. Purchaser has neither received nor relied upon any representations concerning any laws and regulations made by Seller, Seller's employees, agents, brokers or any other person acting on or in behalf of Seller. Purchaser hereby waives, releases, acquits, and forever discharges Seller and Broker of and from any and all claims, actions, causes of action, demands, rights, damages, costs, expenses, or compensation whatsoever, direct or indirect, known or unknown, foreseen or unforeseen, that it now has or which may arise in the future on account of or in any way growing out of or connected with the condition of the Property, any toxic wastes or hazardous materials located thereon, any settlement or subsidence of construction thereon, if any, or with any operative or proposed governmental laws and regulations, including, but not limited to, zoning, environmental, and land use laws and regulations to which the Property may be subject or with Purchaser's contemplated use and development of the Property.

Seller's Warranties:

Seller hereby represents and warrants to Purchaser:

Contracts:

That there are no service contracts or other contractual obligations (except leases which Seller has disclosed to Purchaser) upon which Seller is obligated pertaining to the Property, except those which can be terminated upon not more than 30 days' notice.

Documents Delivered:

That all documents delivered to Purchaser by Seller pursuant to the terms of this Agreement are complete and as of their respective dates true and correct.

Title:

(a) Encumbrances:

That to Seller's best knowledge, the Property is free and clear of all liens, encumbrances, claims, rights, demands, easements, leases, agreements, covenants, conditions, and restrictions of any kind, except for the Permitted Exceptions.

(b) Encroachments:

That to Seller's best knowledge, there are no encroachments on the Property from adjoining property, and the Property does not encroach on any adjoining property, easements, or streets.

(c) Streets:

That to Seller's best knowledge, there is no existing, proposed, or contemplated plan to widen,

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Payment of All Obligations:

That as of close of escrow, there shall be no outstanding contracts made by Seller for any improvements to the Property which have not been fully paid for, and Seller shall cause to be discharged all mechanics' and materialmen's liens arising from any labor and material furnished prior to close of escrow or shall cause a bond to be posted to secure payment of the mechanics' and materialmen's liens from a surety company and in an amount approved in advance, in writing, by Purchaser. In the event there are undischarged mechanics' and/or materialmen's liens affecting the Property as of close of escrow, and Seller has not posted bonds securing payment of the liens pursuant to this subsection, Purchaser shall have the option to assume or take the Property subject to the undischarged liens and deduct the amount claimed under such liens (including interest and attorneys' fees) from the cash payable to Seller at close of escrow and to pay such liens in full.

Survival:

That Seller's representations, warranties and covenants contained in this paragraph shall survive close of escrow and the recordation of the Deed.



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The undersigned Purchaser offers and agrees to buy the Property on the terms and conditions above stated and acknowledges receipt of a copy hereof.

Purchaser POCKET DEVELOPMENT, LLC

:

By: [Signature] Date: January 25, 2006
Elizabeth Costello, Member
Donald Klingbeil

Acceptance

The undersigned Seller accepts the foregoing offer and agrees to sell the Property on the terms and conditions set forth.

The undersigned Seller acknowledges receipt of a copy hereof and authorizes Broker(s) to deliver a signed copy of it to Purchaser.

Seller: THE MILLER TRUST
Eugene C. Miller
Janice Miller
Barbara Miller
The Uncle Sid Trust—Lynn Nightingale, Trustee

[Signature]
for The Miller Trust

By: Eugene C. Miller Date:

By: Janice Miller Date:

By: Barbara Miller Date:

By: The Uncle Sid Trust—Lynn Nightingale, Trustee Date:

Broker agrees to the commission provisions above.

CORNISH & CAREY COMMERCIAL

By: Bill Nork - Agent for Seller and Purchaser Date:



D I S C L O S U R E R E Q U I R E M E N T S

| | | | |
|-------------------|-------------------------|--------------------------|--|
| Date: | January 19, 2006 | Subject Property: | 989 & 961 41 st Street Oakland, CA |
| Seller: | The Miller Trust | Broker: | Cornish & Carey Commercial |
| Purchaser: | Pocket Development, LLC | | |

Various laws, regulations and policies require us to disclose the following information:

1. **Alquist-Priolo Notification; Alquist-Priolo Special Earthquake Studies Zone Act:**

The Property described above is or may be situated in a "Special Study Zone" as designated under the Alquist-Priolo Special Studies Zone Act, Sections 2621-2630, inclusive, of the California Public Resources Code; and, as such, the construction or development on the Property of any structure for human occupancy may be subject to the findings of a geologic report prepared by a geologist registered in the State of California, unless such report is waived by the city or county under the terms of that act. No representations on the subject are made by Seller or by Cornish & Carey Commercial, or its agents or employees, and the Purchaser should make his/her/its own inquiry or investigation.

2. **Notification re: National Flood Insurance Program:**

The Property is or may be located in a Special Flood Hazard Area on United States Department of Housing and Urban Development (H.U.D.) "Special Flood Zone Area Maps". Federal law requires that as a condition of obtaining federally related financing on most properties located in "flood zones", banks, savings and loan associations, and some insurance lenders require flood insurance be carried where the property, real or personal, is security for a loan. This requirement is mandated by the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973. Cities or counties may have adopted building or zoning restrictions, or other measures which could affect the value of the property. Lessee/Purchaser should contact the city or county in which the property is located to determine any such restrictions. The extent of coverage available in this area and the cost of this coverage may vary, and for further information, Lessee/Purchaser should consult a lender or insurance carrier.

3. **Hazardous Wastes of Substances and Underground Storage Tanks:**

Comprehensive federal and state laws and regulations have been enacted in the past several years in an effort to control the use, storage, handling, clean-up, removal and disposal of hazardous wastes or substances. Some of these laws and regulations (such as, for example, the Comprehensive Environmental Response Compensation and Liability Act [CERCLA]) provide for broad liability on the part of owners, tenants or other users of the property for clean-up costs and damages regardless of fault. Other laws and regulations set standards for the handling of asbestos, and establish requirements for the use, modification, abandonment, and closure of underground storage tanks.

It is not practical or possible to list all such laws and regulations in this Notice. Therefore, Sellers and Purchasers are urged to consult legal counsel to determine their respective rights and liabilities with respect to the issues described in this Notice, as well as all other aspects of the proposed transaction. If hazardous wastes or substances have been, or are going to be used, stored, handled or disposed of on the Property, or if the Property has or may have underground storage tanks, it is essential that legal and technical advice be obtained to determine, among other things, the nature of permits and approvals which have been obtained or may be required; the estimated costs and expenses associated with the use, storage, handling, clean-up, disposal or removal of hazardous wastes or substances; and the nature and extent of contractual provisions necessary or desirable in this transaction. Broker recommends expert assistance and site investigation to determine past uses of the property, which may provide valuable information as to the likelihood of hazardous wastes or substances, or underground storage tanks, being on the Property.

Seller agrees to disclose to Broker and to Purchaser any and all information which he/she/it has regarding present and future zoning and environmental matters affecting the Property and regarding the condition of the Property, including, but not

DISCLOSURE REQUIREMENTS

petroleum-based products, paints and solvents, lead, cyanide, DDT, printing inks, acids, pesticides, ammonium compounds, asbestos, PCBs and other chemical products. Hazardous wastes or substances and underground storage tanks may be present on all types of real property. This Notice is intended to apply to any transaction involving any type of real property, whether improved or unimproved.

4. **The Americans With Disabilities Act:**

Please be advised that an owner or tenant of real property may be subject to the Americans With Disabilities Act (the ADA). The Act requires owners and tenants of "public accommodations" to remove barriers to access by disabled persons and provide auxiliary aids and services for hearing, vision or speech impaired persons. You are advised to consult your attorney with respect to the application of this Act to the Property. Cornish & Carey Commercial cannot give you legal advice on this Act or its requirements.

5. **Broker Disclosure:**

The parties hereby expressly acknowledges that Broker has made no independent determination or investigation regarding, but not limited to, the following: present or future use of the Property; environmental matters affecting the Property; the condition of the Property, including, but not limited to structural, mechanical and soils conditions, as well as issues surrounding hazardous wastes or substances as set out above; violations of the Occupational Safety and Health Act or any other federal, state, county or municipal laws, ordinances, or statutes; measurements of land and/or buildings. Lessee/Purchaser agrees to make its own investigation and determination regarding such items.

6. **Broker Representation (Dual Agency)**

CHECK IF APPLICABLE (DELETE IF N/A). Seller and Purchaser acknowledge that Broker is the agent of both Seller and Purchaser. Seller and Purchaser hereby consent to such dual representation and waive any possible conflict of interest arising out of such dual agency. A dual agency is obligated to disclose to both parties all material facts or confidential information that could affect Seller's or Purchaser's decision to enter into the transaction. Broker, however, will not disclose to Purchaser the price that Seller is willing to accept, nor to Seller the price that Purchaser is willing to pay, without the express permission of the other party.

Receipt of a copy of this Notice and Agreement is hereby acknowledged.

Acknowledged and Agreed:

Seller THE MILLER TRUST
: Eugene C. Miller
Janice Miller
Barbara Miller
The Uncle Sid Trust—Lynn Nightingale, Trustee

Broker: CORNISH & CAREY COMMERCIAL

By: _____
Eugene C. Miller

By: _____
Bill Nork

Date: _____

Date: _____

By: _____
Janice Miller

Date: _____

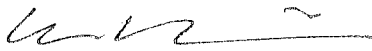
By: _____
Barbara Miller

*on behalf of Eugene C. Miller, Pres
for The Miller Trust
1/15/00*



DISCLOSURE REQUIREMENTS

Purchase POCKET DEVELOPMENT, LLC
r:

By: 
~~Elizabeth Costello, Member~~
Donald Klingbeil

Date: January 25, 2006

CONSULT YOUR ADVISORS: NO REPRESENTATION OR RECOMMENDATION IS MADE BY CORNISH & CAREY COMMERCIAL OR ITS AGENTS OR EMPLOYEES AS TO THE LEGAL EFFECT, INTERPRETATION, OR ECONOMIC CONSEQUENCES OF THE NATIONAL FLOOD INSURANCE PROGRAM AND RELATED LEGISLATION, NOR OF OTHER LEGISLATION REFERRED TO HEREIN. THESE ARE QUESTIONS THAT YOU SHOULD ADDRESS WITH YOUR CONSULTANTS AND ADVISORS.