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April 14, 2010

CB RICHARD ELLIS
Mr. Kevin Shannon
990 W. 190th Street
Suite 100
Torrance, CA 90502

Fax: 310-516-2475

VIAFAX & E-MAIL

Kevin.shannon@cbre.com

**REF: JUDGE RATTIGAN BUILDING-GOLDEN STATE PORTFOLIO
50 D STREET, SANTA ROSA, CA 95404**

LETTER OF INTENT TO PURCHASE PROPERTY

Please be advised that this letter of intent constitutes an offer on behalf of the undersigned and nominee and / or assignee (Purchaser) pursuant to the Golden State Portfolio (Judge Rattigan Building) offered by the State of California through CB Richard Ellis to sell to the Purchaser all right, title and interests of **Judge Rattigan Building Owned by the State of California** the (“Seller”) in the above mentioned property, together with all right and appurtenances of Seller pertaining to the development, and all buildings and other improvements located thereon and all fixtures, equipment, machinery, building materials, furniture, furnishings, and other personal property located thereon and all of the Seller’s rights, title and interest under all leases and other contracts affecting the property. The offer is made on the following terms and conditions, which will be reflected in mutually agreeable Purchase and Sales Agreement upon execution of this letter.

The following paragraphs summarize Purchaser’s understanding of the property:



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Property:

1. The subject Property consist of a Four (4) story Commercial Office Building commonly known as "**Judge Rattigan Office Building**" located at 50 D Street, Santa Rosa, California 95404 approximately total of \pm 92,368 Sq. Ft. rentable area, and \pm 115,342 Sq. Ft. gross area.
2. The improvements (Office Building) is situated on approximately \pm 0.927 acres or 40,373 Square Feet of land, consisting one parcel (009-076-037) owned in fee per preliminary Purchaser's investigations as follows:

Purchase Price:

3. The Purchase Price for the above mentioned property including all Sellers' Personal Property shall be the sum of Twelve Million Dollars (\$12,000,000.00) payable as follows.

Earnest Money:

- 3.A The sum of One Hundred Thousand Dollars (\$100,000.00) certified cashier check with the execution of Purchase and Sales Agreement by parties.
- 3.B The sum of One Hundred Thousand Dollars (\$100,000.00) certified cashier check after approval of the Due Diligence mentioned in this letter.
- 3.C Balance of the Purchase Price to be paid in cash upon the close of escrow. Purchaser to obtain and shall arrange its own financing for a new first loan secured by a first deed of trust at the best prevailing rates and term. Closing shall occur within thirty (30) days from approval of Due Diligence Period.

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Due Diligence Material & Period:

4. Seller to agree to provide and pay for a ALTA policy from a mutually agreed title company subject to exceptions approved by the Purchaser.
5. Seller to pay 50% of escrow fees, and all sales taxes, transfer taxes, documentary stamps and other related closing costs.
6. Seller to provide copies of all Leases / Rental Agreements and or any Extensions, Amendments, Options and/or Rights or other underlying documentation that may affect the value of the subject Property.
7. There shall be a proration of rent, operating expenses and property taxes if any, as of closing date.
8. Within two (2) days after the execution of mutually acceptable Purchase and Sales Agreement, Purchaser shall commence its Thirty (30) days Due Diligence Period which shall include physical inspection of the Property as well review and approval of certain documents to be provided by the Seller, including the followings: (The Due Diligence Period shall commence from the delivery of all Due Diligence Documents mentioned in this letter to Purchaser).
9. Statement of the property taxes and assessed value for the years 2009 through 2010 for all above parcel.
10. Statement of insurance coverage provided by the Seller to the Purchaser such as fire, extended risk, liabilities, boiler and machinery and other insurance policies covering the entire property including and loss run if any.
11. Current title report including full copies of all exceptions, easements and back up documents for Purchaser's review.
12. Legal description and current survey showing the location of all improvements and easements.
13. Copies of certificate(s) of occupancy and remodeling plans and Tenant Improvement.
14. Copies of all warranty agreements which Seller may have covering all real or personal property to be conveyed.



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15. Copies of all As-Built plans and specifications including one set of architectural, structural, electrical, mechanical, plumbing, sprinkler system, security system, roof plan, parking layout, utilities plans and electric panels and sub-panels locations and survey plans including but not limited to all available property plans in Seller's possession.
16. Engineering reports, soil reports physical inspection, flood report investigation and asbestos reports, Phase I and Phase II in Seller's possession in connection to the subject Property.
17. Copies of any service contracts or agreements which Seller is responsible for payment as a result of building operation, if any.
18. Within the Due Diligence Period Buyer shall investigate zoning, mineral reservation, environmental hazards, neighborhood area, subdivision requirements, matter of records, water and utilities, geologic condition, condition of system and components, size and age of improvements, line and boundaries, waste disposal, governmental requirements, and limitations, rent and occupancy controls and other matters for their intended use.

Earnest Money & Closing:

19. **(1st Deposit):** Within two (2) business days after the execution of the Purchase and Sales Agreement by both parties, Purchaser shall deposit the sum of (\$100,000.00) in cash into Escrow Company, which shall be mutually agreed between parties.

(2nd Deposit): Within two (2) business days upon completion of Thirty (30) days Due Diligence Period, if Purchaser decide to continue with the Purchase, then Purchaser shall deposit into escrow an additional sum of (\$100,000.00) in cash. Such deposit shall be non-refundable except in the event of Seller's inability or unwillingness to cause all of the preconditions to the closing to occur. Purchaser's failure to make the timely deposit of (\$100,000.00) shall result in termination of this Agreement and escrow, at which time the escrow officer shall return the Purchaser's deposit with a reduction of any standard cancellation cost.
20. During the Due Diligence Period, Purchaser and its agent shall be allowed reasonable access to the property and Seller shall fully cooperate with the Purchaser or its agent to comprehend the subject Property.

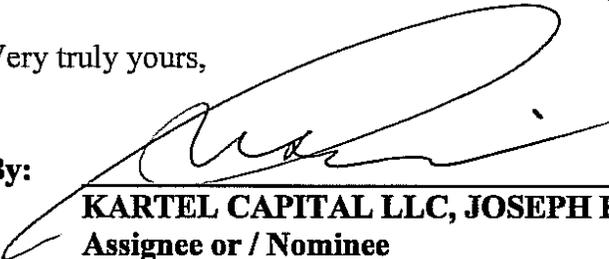
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- 21. Closing shall occur within Thirty (30) days after Purchaser's written approval of its satisfaction of the Due Diligence mentioned in this letter.
- 22. Seller shall provide copies of all documentation required or requested by the Purchaser's Lender to obtain the necessary financing.
- 23. Seller to provide Environmental Phase I & II Reports for the Purchaser's review.
- 24. Seller Shall Lease/back the building for period of twenty (20) years straight with no termination, pursuant to Lease Abstract in the offering memorandum provided by the Seller and Broker to the Purchaser.
- 25. Seller shall be solely responsible for the payment of any finder's fees (Real Estate Commission) due in this transaction to CB Richard Ellis. Seller and Purchaser agree to hold each other harmless against any and all claims by Brokers or agents should they occur.

This offer and letter of intend is solely an expression by the Purchaser to Purchase the Property, and if accepted and agreed by the Seller then it shall supersede by a formal Purchase and Sales Agreement to be executed by the interested parties.

Very truly yours,

By: 

KARTEL CAPITAL LLC, JOSEPH KASHANI
Assignee or / Nominee
"Purchaser"

Date: 4-14-2010

AGREED AND ACCEPTED

BY: _____
STATE OF CALIFORNIA
"Seller"

Date: _____