

SUTTER ASSETS

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Friday, September 03, 1999

Carolyn Y. Smith
Southeastern Economic Development Corp.
995 Gateway Center Way
Suite 300
San Diego, CA 92102

RE: 5335 Market Street and Adjacent Vacant Lot

Dear Carolyn:

Thank you for the letter dated September 1, 1999 regarding the interest of the Redevelopment Agency of the City of San Diego in purchasing the above described property. I am aware that you and your staff have been working expeditiously to try to find a solution to what has become a very difficult task in trying to meet the constraints of the other pending proposal.

It is my intent to make a decision on how best to proceed not later than 4:00 PM on Tuesday September 7th. To that end, I wanted to respond with certain points that will need to be addressed and agreed to by the the Redevelopment Agency if we are to move forward.

1. All " Due Diligence of any kind whatsoever needs to be concluded by the October 5th Agency hearing. The contract will provide that all contingencies must be satisfied by that date as well as approval by the Agency.
2. The agreement may be assigned, but only with the Agency guaranteeing performance.
3. Closing will take place not earlier than November 30, 1999 nor later than April 1, 2000. This date shall be at Seller's election upon 10 business days notice to Buyer
4. The escrow company shall be Commonwealth Title.
5. Within a reasonable time period the Buyer shall provide proof that this matter has been docketed on the October 5th Redevelopment Agency Agenda.
6. The agreement will provide for the ability to split the closing of the 2 parcels with a delay of not more than 30 days and at no additional cost to the buyer so as to assist the Seller in a possible exchange. The base agreement shall be the American Industrial Real Estate Association Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate with appropriate modifications. It is agreed that the contract will finalized by September 17, 1999