

OPTION AGREEMENT

Between

**SANITARY DISTRICT NO. 1
OF MARIN COUNTY**

and

CAMPUS CORNERSTONE LARKSPUR LLC

Larkspur Landing

Larkspur, California

OPTION AGREEMENT

This Option Agreement ("Agreement") is made on OCTOBER 6TH, 1999 between Sanitary District No. 1 of Marin County ("Owner") and Campus Cornerstone Larkspur LLC, a Delaware limited liability company ("Optionee").

RECITALS

Owner owns all of that certain real property located at 2000 Larkspur Landing Circle, Larkspur, California 94939, comprised of approximately 10.46 acres, carrying Assessor's Parcel Number 013-171-32, and more specifically described on the Exhibit "A" attached hereto and made a part hereof (the "Entire Property"). Owner desires to grant an option to Optionee to purchase most of the Entire Property, retaining a parcel of no more than 1.5 acres with frontage on a public street (the "District Site"). Optionee wishes to obtain an option to acquire the Entire Property, less the District Site, in order to develop at least 164,500 rentable square feet of office space and a hotel with at least 150 guest rooms. The parties are entering into this Agreement to memorialize their intentions with respect to the Entire Property.

NOW THEREFORE, in consideration of the mutual promises and covenants and other valuable consideration described herein, the parties hereto agree as follows:

1. Grant of Option. Owner hereby grants to Optionee the exclusive and irrevocable right and option to purchase all of Owner's right, title and interest in the Property (as defined in Paragraph 2 below), on the terms and conditions set forth in this Agreement (the "Option").

2. Property Subdivision. It shall be the obligation of Optionee to obtain the necessary approvals from the City of Larkspur and all other required governmental authorities for the division of the Entire Property into two or more parcels comprised of the District Site as one parcel and the remainder of the Entire Property, which remainder parcel(s) shall be defined as the "Property", and to record an appropriate lot line adjustment, parcel or subdivision map. The final configuration, size and location of the District Site shall be determined by Owner, provided that Optionee shall have the right to approve major changes to the size, location and configuration of the District Site from that shown on the Site Plan attached hereto as Exhibit "B" and made a part hereof; and provided also that the parties agree to use their best efforts to assure that the District Site shall be generally configured and located as shown on Exhibit B, shall contain no more than 1.5 acres and be large enough to permit development of an approximately 3,500 rentable square foot office building (provided that such office building shall not exceed 3,500 rentable square feet if such increase in size shall directly or indirectly cause a reduction in the 164,500 rentable square feet of office space available or authorized for construction on the Property) and an ancillary maintenance facility, shall minimize, to the maximum extent reasonably possible, the need for a retaining wall on any common border with the Property, shall not reduce the permitted improvements on the Property below at least 164,500 rentable square feet of office space, 150 hotel guest rooms and the parking structure required to support the foregoing. The Property shall have access to a public street. If as part of the subdivision process, a portion of the Entire Property is required to be dedicated in fee simple for public use, that portion will come from the

portion of the Entire Property that would otherwise become the Property. If public easements must be granted to obtain subdivision approval, such easements shall, to the maximum extent reasonably possible, be placed in locations on the Entire Property that satisfy the following requirements in descending order of importance: (i) satisfy the requirements of the subdivision authorities; and (ii) accommodate the respective improvements, including location, size and configuration, planned by the parties for their respective sites.

3. Option Consideration. Concurrently with the execution of this Agreement, Optionee has paid to Owner the sum of One Hundred Thousand Dollars (\$100,000) as consideration for the Option, which amount includes the Twenty Five Thousand Dollars (\$25,000) Exclusivity Fee paid by Optionee pursuant to the Exclusive Negotiation Agreement, dated February 23, 1999, between the parties. Optionee shall also pay, as further consideration for the Option, an Option payment of Fifty Thousand Dollars (\$50,000.00) to Owner every six (6) months thereafter during the initial two (2) year Term of this Option, unless such payment dates are extended pursuant to Paragraph 4 below. This \$250,000 amount, as well as all other Option payments (collectively, the "Option Payments"), shall be applied to or credited against the purchase price of the Property in the event the Option is exercised. In the event the Option is not exercised for any reason, except as provided in the next sentence, one half of all Option Payments shall be non-refundable and shall be retained by Owner and the other one-half shall be promptly refunded to Optionee. In the event this Agreement is declared void for any reason, other than due to actions by Optionee, or Owner is unable for any reason to fulfill its obligations under this Agreement, including with respect to any of the foregoing, Owner's filing bankruptcy under any federal or state statutes, all of the Option Payments shall be promptly returned to Optionee.

4. Term of Option. The term of the Option shall commence on the date this Agreement is executed by Owner and shall expire at 5:00 p.m. on the date that is two (2) years thereafter (the "Option Term", which term shall include any extensions), unless extended as provided in this Paragraph and/or pursuant to Paragraph 5 below. If Optionee fails to exercise its Option rights on or before the expiration of the Option Term, as the same may be extended as provided in this Agreement, this Agreement shall be null and void. Owner acknowledges that a Petition for Writ of Mandamus has been filed and served by H&H Real Estate Management & Development challenging the procedures followed by Owner in selecting Optionee for the Exclusive Negotiation Agreement (the "H&H Suit"), which civil action may result in a judgment that would void this Agreement and require Owner to initiate new procedures for the sale and development of the Entire Property. Owner further acknowledges that it would be unreasonable to require Optionee to begin the entitlement process and incur substantial costs while the H&H Suit is pending and therefore agrees that, notwithstanding any other provision of this Agreement, (i) Optionee's obligations to make any Option Payments and to proceed diligently with the entitlement process shall be suspended during the period the H&H Suit is pending; (ii) the \$75,000 portion of the initial \$100,000 Option Payment which remains due shall be paid to Owner within five (5) business days after Optionee is notified, and provided written verification, that the H&H Suit has been fully and finally resolved, and the court action dismissed with prejudice, in a manner that does not affect the validity, or require amendment, of this Agreement (the "H&H Dismissal"); (iii) the due dates for each of the \$50,000 Option Payments described in

Paragraph 3 above shall be extended by adding to its current due date the number of days from the date of this Agreement through the date of the H&H Dismissal (the "Postponement Period"); and (iv) the current termination date for the initial Option Term shall be extended by the number of days in the Postponement Period and the extension options described in Paragraph 5 below shall become applicable at the end of the extended initial Option Term. If this Agreement is declared null and void as a result of the H&H Suit or if, at Optionee's sole option, the resolution of the H&H Suit requires unacceptable modifications of this Agreement or the H&H Dismissal does not occur within one (1) year from the date of this Agreement, then this Agreement shall terminate and all of the Option Payments shall be promptly returned to Optionee.

5. Extensions of Option Term. If Optionee is proceeding diligently and in good faith to obtain entitlements on the Property, and provided that any delays in the entitlement process are not caused by acts or omissions that are within Optionee's reasonable control, Optionee shall have the right to extend the initial Option Term four (4) times, with each extension being for a period of six months commencing upon the expiration of the immediately preceding initial or extended Option Term as applicable, by giving written notice and paying to Owner an additional Option Payment in the amount of Fifty Thousand Dollars (\$50,000) for each extension of the Option Term. Each such payment shall constitute and be treated for all purposes as an Option Payment.

6. Manner of Exercising the Option. The Option may be exercised by Optionee's delivery to Owner, on or before the earlier of (i) ninety (90) days after both the Map Approval and Development Approvals (each defined in Section 15 below) have been obtained and either all periods for appealing such approvals have expired or if appeals have been filed, all such appeals have been fully and finally resolved in a manner that leaves the Map Approval and Development Approvals in place without modifications or conditions that are unacceptable to Optionee in its sole discretion, and (ii) the expiration of the Option Term, by written notice of such exercise (the "Exercise Notice") which shall state that the Option is exercised without condition or qualification, except as set forth herein or contained in the Purchase Agreement defined and provided for in Paragraph 8 below. If the Option is exercised, all Option Payments paid shall be credited against the purchase price for the Property. Interest on all Option Payments shall be retained by Owner and shall not be credited against the purchase price.

7. Purchase Price. The purchase price for the Property will be Twelve Million Five Hundred Thousand Dollars (\$12,500,000) plus the amount by which the final Transportation Impact Fee imposed by the City of Larkspur in connection with all the improvements to be constructed by Optionee on the Property is less than \$1,300,000 (the "Purchase Price"). The Purchase Price shall be payable all in cash or via certified or cashier's check or federal wire transfer at the closing on the Property (the "Closing"). All of the Option Payments shall be credited against the Purchase Price.

8. Completion of Sale. If Optionee exercises the Option on or before the expiration of the Option Term, Optionee shall submit to Owner the Exercise Notice along with two copies of the Real Property Purchase Agreement (the "Purchase Agreement") in the form attached hereto as Exhibit "C" executed by Optionee. Owner shall then execute the Purchase Agreement

and deliver a fully executed copy to Optionee. Notwithstanding the foregoing, Owner's failure to execute and deliver a copy of the Purchase Agreement in accordance with this Paragraph shall not affect the validity of the Purchase Agreement and upon proper exercise of the Option, the Purchase Agreement shall immediately become effective, enforceable and binding on both Owner and Optionee without execution by the parties. Accordingly, upon the proper exercise of the Option, the provisions of the Purchase Agreement shall constitute a binding contract for the purchase of the Property and thereupon, Owner agrees to sell to Optionee and Optionee agrees to acquire from Owner, the Property upon the terms and conditions of the Purchase Agreement.

9. Property Condition. Subject to the Owner's Representations and Warranties set forth in Paragraph 11.1 below, the Property is being sold in "as is" condition and without any representations or warranties of any kind, express or implied, on the part of Owner; provided, however, that Owner shall be responsible, at its sole cost, for completing all of the following prior to the Closing (except as provided below):

9.1 The handling, removal, transportation and disposal of all "Hazardous Materials" anywhere on the Entire Property that are (i) described in any currently existing reports obtained by either party concerning Hazardous Materials on the Entire Property or in any such reports that are obtained by either party within ninety (90) days of the date of this Agreement; or (ii) discovered during Owner's grading of, and/or demolition and removal of all improvements on, the Entire Property, in accordance with all applicable laws and regulations and the recommendations of any environmental consultants (the parties shall promptly upon execution of this Agreement or receipt from the consultant provide each other with copies of all reports prepared by their environmental consultants), which obligation shall include soil and ground water testing, monitoring and treatment (provided that if after initial excavation, removal and treatment of contaminated soils or removal and treatment of contaminated water, ongoing monitoring and treatment is required or recommended by governmental authorities, Owner's obligation to perform and pay for such work shall survive the Closing and continue until all applicable governmental authorities, if any assert jurisdiction, have certified, through issuance of a closure certificate or otherwise, that no further removal, treatment or monitoring of Hazardous Materials is required at the Entire Property) and shall extend to properties adjacent to the Entire Property to the extent contamination of such properties arose from the presence of Hazardous Materials on the Entire Property (The term "Hazardous Materials" shall include all toxic, hazardous, extremely toxic, extremely hazardous or similarly dangerous substances or materials that are defined or regulated as such pursuant to the Resource Conservation and Recovery Act, the Comprehensive Environmental Response Compensation and Liability Act, the California Hazardous Waste Control Act or any similar laws and all regulations issued thereunder.);

9.2 Compliance with all laws, regulations and agreements regarding the disturbance, handling, removal, transportation, treatment and reburial of all Indian remains and artifacts and other archeologically significant materials, including the Memorandum of Agreement between Owner and the Federated Coast Miwok Cultural Preservation Association, Inc. dated June 1, 1998; provided, however, Owner agrees that if any such remains, artifacts or other materials are found and require reburial, such reburial, if not authorized to occur in Miwok Park by the City of Larkspur, shall occur on the District Site and Owner further agrees that it

shall promptly provide Optionee with copies of all maps, tests and reports prepared or received by Owner in connection with (i) such remains, artifacts or other materials and inform Optionee in writing when any such remains, artifacts or other significant materials that are designated as "Historically Unidentified Unique Cultural Features" pursuant to such agreement are discovered and include Optionee in any discussions and negotiations regarding the handling and disposition of such items; and (ii) Holman & Associates' archeological investigation and testing which reports shall be prepared at Owner's expense as soon as practicable after completion of such archeological investigation and testing;

9.3 (i) Removal of improvements on the Property and grading of the Property in accordance with the demolition and grading plan entitled Treatment Plant Demolition Project prepared by Nute Engineering and dated March 19, 1998 (the "Grading Plan") filed with and approved by the City of Larkspur Planning Department and the permits issued in accordance therewith; (ii) Owner shall remove all remaining improvements on the Property not removed as part of the Grading Plan, including all underground utilities, tanks and other improvements, and fill in all holes or depressions created thereby and complete the grading of the Property in a manner to match the grading required by the Grading Plan; (iii) Owner shall use its best efforts to obtain all future grading permits and all required building permits for Owner's planned improvements as soon as legally possible and upon issuance of each permit shall diligently begin, proceed with and complete all work authorized by each permit; (iv) Optionee shall have the right to approve, which shall not be unreasonably withheld or delayed, the fill materials (which shall be certified as not containing any Hazardous Materials) and compaction levels for all grading on the Property (which compaction levels shall be deemed acceptable if compacted to a minimum relative compaction of 90% in accordance with ASTM Standard 1557.90); and (v) Owner shall leave any fill materials not needed by Owner for the District Site, on the Property for use by Optionee; and

9.4 Terminating, prior to the Closing, all leases, licenses and other occupancy or parking rights affecting the Property, including any parking rights granted to any adjacent property or other party.

10. Condition of Title. If the Option is validly exercised, Optionor shall deliver good and marketable fee simple title to the Property to Optionee, subject only to (a) the exceptions listed in First American Title Company of Marin's (the "Title Company") Preliminary Title Report, dated as of September 24, 1999 under Order Number 8-205064SB Supplemental (the "Title Report"), which is attached hereto as Exhibit "D", and which covers the Entire Property, but excluding exception nos. 5, 11, 12, 13 and 14(A) listed in the Title Report, and (b) and all matters shown on that certain ALTA/ACSM Land Title Survey of the Entire Property certified on July 6, 1999 prepared by CSW/Stuber-Stroeh Engineering Group, Inc. (Job #394800) (the "Survey") other than Encroachment "B" as referenced on the Survey, which is the same as exception no. 14(A) on the Title Report (collectively, except the excluded items, the "Permitted Exceptions"). It shall be the responsibility of Optionor to remove from inclusion in the Title Policy (as defined below) exceptions 5, 11, 12, 13 and 14(A) listed in the Title Report and Encroachment B shown on the Survey, which is the same as exception no. 14(A) on the Title Report. The Permitted Exceptions shall also include such additional exceptions as are approved

in writing by Optionee during the term of the Option. Evidence of good and marketable fee title to the Property shall be the issuance at the closing by the Title Company of an ALTA-1970 Form B Owner's Policy of Title Insurance with extended coverage insuring that fee title in the Property is vested in Optionee, subject only to the Permitted Exceptions and any mechanic's liens based on work done for Optionee (the "Title Policy"). Owner shall cause the Title Policy to be issued free of all standard or general exceptions which the Title Company is permitted by applicable law to remove or modify, including: (i) unrecorded mechanic's lien claims, (ii) rights of parties in possession, (iii) unrecorded taxes and assessments, (iv) unrecorded easements, and (v) any state of facts which a current survey would disclose (other than survey matters shown on the survey and accepted by Optionee). Owner shall cause the Title Policy to include such endorsements as Optionee may reasonably request.

11. Representations and Warranties.

11.1 Representations and Warranties of Owner. Owner hereby makes the following representations and warranties to Optionee, which representations and warranties shall survive the Closing and all of which (i) are material and are being relied upon by Optionee; and (ii) are true, complete and accurate as of the date hereof and shall be true, complete and accurate on the date Optionee exercises the Option and as of the date of Closing. For purposes of this Paragraph 11.1, all references to Owner's knowledge shall mean the knowledge of Ned J. Ongaro, who is Owner's employee who is most knowledgeable about the Entire Property, after making such reasonable investigations as Owner deems necessary in order to make the representations and warranties below on a reasonably informed basis. All exceptions and qualifications to the following representations and warranties shall be specifically described on Exhibit "E" attached to and made a part of this Agreement.

a. Owner is a political subdivision organized under the State of California's Sanitary District Act of 1923 and related statutes and is duly organized, validly existing and in good standing under the laws of the State of California; this Agreement and all documents executed by Owner which are to be delivered to Optionee at the Closing are, or at the time of Closing will be, duly authorized, executed, and delivered by Owner, and are, or at the Closing will be, legal, valid, and binding obligations of Owner, and do not, and at the time of Closing will not, violate any provision of any agreement to which Owner is a party or to which it is subject or any law, judgment or order applicable to Owner.

b. Owner is not a "foreign person" within the meaning of IRC Section 1445(f)(3).

c. No proceedings under any federal or state bankruptcy or insolvency laws have been commenced by or against Owner which have not been terminated; no general assignment for the benefit of creditors has been made by Owner; and no trustee or receiver of Owner's property has been appointed.

d. There is no litigation or proceeding pending or, to Owner's knowledge, threatened, involving Owner or the Entire Property which might materially and adversely affect any portion of the Entire Property or Owner's ability to consummate the

transactions contemplated by this Agreement, including claims of encroachment or prescriptive easement effecting any portion of the Entire Property.

e. Owner has not received any written notice or information regarding any portion of the Entire Property's failure to comply with or violation of any applicable law, rule, regulation, ordinance or government directive from any administrative or governmental authority or any restrictive easements or covenants affecting any portion of the Entire Property.

f. Owner does not have knowledge of any condemnation, environmental, zoning, sewer moratorium, or other land-use regulation proceedings, either instituted or planned to be instituted, which would affect the uses and operation of any portion of the Entire Property, as intended by Optionee, nor has Owner received notice of any special assessment proceedings affecting any portion of the Entire Property.

g. The documents delivered to Optionee by Owner or its representatives pursuant to this Agreement are all of the documents or agreements affecting any portion of the Entire Property, are complete and accurate originals or copies, and are in full force and effect, without default by Owner, and, to Owner's knowledge, without default by any other party. No information or documents given to Optionee by Owner or its representatives pursuant to this Agreement will contain any untrue statement of a material fact or omit to state a material fact making the statements contained therein misleading.

h. To Owner's knowledge, other than the existing storage tanks on the Property that were used for diesel or gasoline and as part of the sewage treatment process and other than certain spills of mercury that may have occurred as part of the sewage treatment process, no storage tanks for gasoline or any other Hazardous Materials are or were located on any portion of the Entire Property at any time during or prior to Owner's ownership of the Entire Property, and no Hazardous Materials are or were located on, in or under any portion of the Entire Property or have affected any portion of the Entire Property at any time during or prior to Owner's ownership of the Entire Property. Owner has not received any written notice under the California Health and Safety Code or any other applicable local, state or federal law regarding Hazardous Materials on, under or affecting any portion of the Entire Property or requiring the removal of any Hazardous Materials from the Property.

11.2 Material Changes. If, prior to Closing, upon Owner's notice or otherwise, Optionee becomes aware of the untruth or inaccuracy of, or facts or circumstances that would change materially, any representation or warranty of Owner in this Agreement or would constitute a material adverse change in any portion of the Entire Property or its future use or operation, then Optionee shall have the option of: (i) waiving such breach of representation or warranty or material adverse change and completing its purchase of the Property pursuant to this Agreement; (ii) reaching agreement with Owner to adjust the terms of this Agreement to compensate Optionee for such change; or (iii) terminating this Agreement, receiving the return of all Option Payments, and pursuing all other remedies available to Optionee at law or in equity.

11.3 Representations and Warranties of Optionee. Optionee hereby makes the following representations and warranties to Owner, which representations and warranties shall

survive the Closing and all of which (i) are material and are being relied upon by Owner; and (ii) are true, complete and accurate in all respects as of the date hereof and shall be true, complete and accurate on the date Optionee exercises the Option and as of the date of Closing:

a. Optionee is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and qualified to do business and in good standing in the State of California;

b. This Agreement and all documents executed by Optionee which are to be delivered to Owner at the Closing are, or at the time of Closing will be, duly authorized, executed, and delivered by Optionee, and are, or at the Closing will be, legal, valid, and binding obligations of Optionee, and do not, and at the time of Closing will not, violate any provisions of any agreement to which Optionee is a party or to which it is subject or any law, judgment or order applicable to Optionee.

c. No proceedings under any federal or state bankruptcy or insolvency laws have been commenced by or against Optionee which have not been terminated; no general assignment for the benefit of creditors has been made by Optionee; and no trustee or receiver of Optionee's property has been appointed.

If Optionee assigns its rights under this Agreement pursuant to the terms of Paragraph 20 below, such permitted assignee shall be required and deemed to have made all of the foregoing representations and warranties as of the date of assignment and the date of Closing, modified to apply to the assignee, including its form of enterprise and state of formation. All of Optionee's representations and warranties shall survive the Closing

12. New Information. During the term of this Agreement and the Purchase Agreement, Owner shall deliver to Optionee, promptly after Owner's receipt thereof, copies of written notices or other written communications or documentation received by Owner relating to (i) exceptions, encumbrances or liens that could affect title to the Entire Property, other than the Permitted Exceptions; (ii) actual or threatened condemnation actions or other governmental actions involving any part of the Entire Property or that could adversely affect the development of the Entire Property as contemplated by Optionee; (iii) violation of any laws or regulations on or by any part of the Entire Property; (iv) the occurrence or threatened occurrence of any damage or destruction of all or any portion of the Entire Property or loss, cancellation or change in the coverages provided by any insurance policy maintained by Owner with respect to the Entire Property no later than ten (10) days prior to the effective date thereof; or (v) events, facts, circumstances, actions or proceedings that could constitute a breach of Owner's covenants set forth in this Paragraph 12, or make any of Owner's representations set forth in Paragraph 11.1 above untrue, inaccurate or incomplete at any time.

13. Right of Entry on Property. During the Option Term, and if the Option is exercised, at any time until the Closing, Optionee and its designated agents and independent contractors shall have the right, after first providing Owner with written notice at least two (2) days prior to each entry, which notice shall describe in reasonable detail the purpose of the entry and if applicable, the fill materials to be deposited on the Property, to enter on the Entire

Property, at reasonable times (provided that such times and Optionee's activities on the Property shall be coordinated with Owner and reasonable efforts shall be made to minimize any interference with Owner's operations on the Property), to the extent necessary for the purpose of (i) conducting any investigations, tests, engineering studies, and other due diligence examinations of the Entire Property (provided that Optionee shall not be required to give Owner prior notice of visits to and entry upon the Property that do not interfere with Owner's operations on the Property, involve disturbing or invading any portion of the Property or entail extended periods of time at the Property); (ii) drilling and testing for the piers required for the construction of Optionee's planned improvements; and (iii) depositing or having third parties deposit fill materials (which shall be certified as not containing any Hazardous Materials) on the Property required for construction of Optionee's planned improvements. Optionee agrees to repair any damage it or its agents or independent contractors shall cause to the Entire Property, and further agrees to indemnify and hold Owner harmless from any and all costs, expenses, losses, attorney's fees and liabilities (including, but not limited to, claims of mechanics' liens) incurred or sustained by Owner as a result of any acts of Optionee, its agents, or independent contractors pursuant to the rights granted by this Paragraph. The foregoing indemnity shall not cover the loss of value or marketability of any or all of the Entire Property arising from Optionee's discovery of any problems or defects at the Entire Property.

14. Owner's Actions. Owner agrees that during the Option Term, and if the Option is exercised, at any time until the Closing: (i) Owner will not sell, lease or publicly offer for sale or lease all or any portion of the Entire Property or otherwise solicit, entertain, negotiate or accept offers for the sale or lease of all or any portion of the Entire Property from any party; and (ii) Owner will not take any material actions affecting the Property, including actions affecting title (including specifically not recording any memorandum or other evidence of the Memorandum of Agreement described in Paragraph 9.2 above), physical condition or creating new leases, contracts, easements or encumbrances of any kind or materially modifying any such existing agreements, without Optionee's prior written consent, which shall not be unreasonably withheld.

15. Obtaining Permits and Approvals. Although each party hereto will be separately responsible for obtaining all required governmental approvals for the development and construction of the improvements on their respective parcels, the parties acknowledge that in certain instances it will be more efficient for the parties to obtain jointly the Environmental Impact Report and other studies required for development of the Entire Property and to process jointly the required governmental approvals for the lot line adjustment, parcel or subdivision map. In addition, Owner acknowledges and agrees that Owner's new office building and maintenance facility must be completed before Optionee can begin construction of its improvements. Accordingly, the parties agree as follows: (i) Optionee shall obtain the Environmental Impact Report and other studies and analysis required pursuant to the California Environmental Quality Act ("CEQA") based upon development of the Entire Property with at least 168,000 square feet of rentable office space (which shall include approximately 3,500 rentable square feet of office space to be located on the District Site (provided that such office building shall not exceed 3,500 rentable square feet if such increase in size shall directly or indirectly cause a reduction in the 164,500 rentable square feet of office space available or

authorized for construction on the Property)), an ancillary maintenance facility containing approximately 5,000 square feet to be located on the District Site, a hotel with at least 150 guest rooms to be located on the Property and a parking structure on the Property sufficient to support the office and hotel uses on the Property (collectively, the "Development"); provided, however, that Owner shall obtain and/or pay for all CEQA and similar environmental studies concerning the specific impact of Owner's planned development and use of the District Site; (ii) Optionee shall obtain and process the lot line adjustment, parcel or subdivision map required to create the District Site and all related required governmental approvals (as applicable, the "Map Approval"); (iii) Optionee shall seek and obtain any zoning changes, General Plan Amendments, Conditional Use Permits, Preliminary Plans Permit, Precise Plans Permit, Circulation Assessment Permit, Grading Permit, Design Review approvals or similar approvals required for the Entire Property to permit the uses on the District Site and the Property contemplated by the Development and this Agreement (the "Development Approvals"); (iv) Optionee shall be responsible for and pay all costs incurred pursuant to Optionee's efforts in clauses (i), (ii) and (iii); (v) Owner shall, at its own cost, submit and diligently pursue all applications required to obtain all governmental approvals of the improvements it plans on the District Site and in particular, shall as soon as practicable initiate and diligently pursue the grading permit for the District Site and design review for the District Site and shall promptly begin grading of the District Site when the grading permit is issued; (vi) Optionee shall, at its own cost and as soon as practicable, pursue all applications required to obtain all governmental approvals of the improvements it plans on the Property; (vii) if Optionee exercises the Option and acquires title to the Property, it shall be responsible for constructing any public improvements required or imposed as a condition to obtaining the Development Approvals or Map Approval and which benefit both the District Site and the Property; provided, however, that all the costs of constructing such public improvements shall be proportionately shared by the parties, without regard to any statutory exemption available to Owner, in accordance with the standards, conditions or requirements set forth in the Map Approval or the Development Approvals and if no such allocation is made in the Map Approval or the Development Approvals, then in proportion to the gross square footage of the improvements, excluding parking surfaces or structures, on the District Site and the Property; and (viii) each party shall be responsible for the payment of all fees and the construction and cost of all public improvements, mitigation measures or other conditions or requirements imposed by any governmental authority in connection with any governmental approval of the improvements to be constructed on each party's respective parcel. Owner agrees to fully cooperate and support Optionee in all of the foregoing efforts, which shall include execution by Owner of any applications, maps or other governmentally required submissions necessary to accomplish the foregoing and if requested by Optionee, attendance and expressed public support at any public hearings or neighborhood meetings at which approval of any part of the Development Approvals or Map Approval is at issue, and Owner hereby grants Optionee the right and authority to file and process the applications, maps and other documents and to take any and all other steps required to obtain all governmental approvals for the contemplated subdivision and development of the Entire Property. Optionee agrees to cooperate with and support Owner in its efforts to obtain from the City of Larkspur a portion of the higher Transit Occupancy Tax revenues that will be generated by Optionee's planned hotel at the Property, and Optionee shall not be entitled to and shall make no claim for any portion of such revenues. The parties agree to grant each other and enter into

any reciprocal easements for ingress and egress, sewer, drainage and similar access rights over and on the District Site and/or the Property that may be required as a condition to obtaining the Map Approval or the Development Approvals. Notwithstanding any of the foregoing provisions regarding Owner's obligation to share in any fees and costs imposed on the parties as a condition to obtaining the Map Approval or Development Approvals, Owner's obligation to pay any impact fees arising from the development of the Entire Property shall be based solely on its incrementally greater or different uses of the District Site over Owner's current uses of the Entire Property and Owner shall be credited or allocated, as applicable, any connection fees applicable to Owner's existing water and sewer connections for the Entire Property.

16. Conditions to Closing.

16.1 Optionee's Conditions to Closing. If Optionee exercises the Option, its obligation to purchase the Property is conditioned upon the satisfaction of each of the following conditions each of which is for the exclusive benefit of Optionee. Optionee may, at any time or times before the Closing, waive one or more of the following conditions, without affecting its rights and remedies with respect to the remaining conditions:

16.1.1 The performance by Owner of all its obligations hereunder, and the truth, completeness and accuracy of each representation and warranty made by Owner as of the date of this Agreement, the date of Optionee's exercise of the Option and the date of Closing.

16.1.2 The creation of the District Site and the Property as legal parcels through recordation of an appropriate lot line adjustment, parcel or subdivision map among the Official Records of Marin County.

16.1.3 That no material adverse change in the Property or its future use or operation may have occurred after the date of this Agreement, unless waived by Optionee.

16.1.4 Conveyance of the Property to Optionee at the Closing, subject only to the Permitted Exceptions and issuance to Optionee at the Closing of the Title Policy.

16.1.5 Optionee shall be satisfied, in its sole discretion, that the City of Larkspur has agreed to perform and pay for all work required to repair, refurbish and strengthen the existing dam for Tubb Lake in Miwok Park (the "Dam Work") which is adjacent to the Entire Property, which Dam Work shall be performed to Optionee's satisfaction and must be completed prior to Optionee's commencing construction on its improvements; provided, however, that if as of the date scheduled for Closing the City of Larkspur has not agreed, in writing and in a form enforceable by Optionee, to perform and pay for the Dam Work in the manner stated or has imposed this requirement upon Optionee as a condition to any governmental approval, then Owner agrees that at the Closing a portion of the Purchase Price (the "Dam Holdback") shall be placed in escrow with the Title Company to be used to pay for the Dam Work. The amount of the Dam Holdback shall be 120% of the average of the cost estimates for the Dam Work obtained by each party from a reputable contractor with substantial experience restoring earthen dams. Notwithstanding the foregoing, the parties hereto agree that the obligation to perform, complete and pay for all of the Dam Work belongs to the City of Larkspur and that the parties shall act diligently

and in good faith to have the City of Larkspur complete the performance and payment of all the Dam Work prior to the Closing. Nothing in this Agreement is intended to or shall be construed as implying that the Dam Work is to be performed or paid for by any party other than the City of Larkspur. Owner agrees that if the City of Larkspur has not begun the Dam Work as of the time Optionee reasonably determines that work must be begun in order to be completed in time for Optionee's construction activities at the Property or if the City of Larkspur has imposed completion of the Dam Work on Optionee, Optionee may itself begin and perform the Dam Work on its own schedule, using a contractor selected by Optionee, and Owner shall instruct the Title Company to release funds from the Dam Holdback to Optionee as and when Optionee presents written invoices for performance of the Dam Work, provided that Owner shall receive copies of all invoices at the same time they are delivered to the Title Company. Notwithstanding the foregoing, Owner agrees that Optionee is not responsible for the Dam Work and shall be entitled to reimbursement from Owner for any costs incurred by Optionee in connection with the Dam Work in excess of the Dam Holdback or otherwise. Optionee agrees that Owner shall have the right and responsibility to seek recovery from the City of Larkspur for all amounts paid to Optionee to complete the Dam Work whether from the Dam Holdback or otherwise.

16.2 Owner's Conditions. Owner's obligation to sell the Property is conditioned upon the satisfaction of each of the following conditions, each of which is for the exclusive benefit of Owner. Owner may, at any time before the Closing, waive one or more of the following conditions, without affecting its right and remedies with respect to the remaining conditions:

16.2.1 The performance by Optionee of all its obligations hereunder, and the truth, completeness and accuracy of each representation and warranty made by Optionee as of the date of this Agreement, the date of Optionee's exercise of the Option and the Closing.

16.2.2 The creation of the District Site as a legal parcel through recordation of an appropriate lot line adjustment, parcel or subdivision map among the Official Records of Marin County.

17. District Site Restrictions. Owner acknowledges that the development, construction, use and operation of the District Site could have a significant effect on Optionee's planned development and use of the Property as a first class office and hotel project. Accordingly, Owner agrees that the following requirements shall be imposed in perpetuity on the District Site, either through a deed restriction, easement or other document recorded against the Official Records of Marin County at the Closing: (i) development and use of the District Site shall be limited to office and maintenance use with improvements of no more than two-stories containing an approximately 3,500 rentable square foot office building (provided that such office building shall not exceed 3,500 rentable square feet if such increase in size shall directly or indirectly cause a reduction in the 164,500 rentable square feet of office space available or authorized for construction on the Property) and approximately 5,000 additional gross square feet of improvements for a maintenance facility, and Owner shall keep Optionee informed of and consult with Optionee concerning the overall design of the District Site, which shall be designed to achieve the lowest practical finished elevations and all improvements shall be constructed with colors, materials and other aesthetic design elements that are respectful of and harmonious with

the luxury hotel project to be constructed adjacent to the District Site and that would minimize the impact of the improvements on the District Site on such hotel use and the guests and other occupants thereof; provided, however, that use of the District Site for maintenance purposes shall only be permitted for so long as Owner owns the District Site and uses it as its administrative headquarters, and during such period Owner shall be entitled to use the site for the routine maintenance and storage of vehicles and equipment regularly used in connection with Owner's services; (ii) all retaining or architectural walls, if any, and landscaping located at the common border between the District Site and the Property shall be designed, installed and maintained to provide aesthetic screening from the ground level of the Property to hide the activities and improvements on the District Site and Owner shall grant Optionee an easement, if required, to enter upon such portion of the District Site which constitutes the sloped transition area between the developed portion of the District Site and the Property to install, replace and maintain the landscaping, which shall be designed, built and modified at Optionee's discretion and expense; (iii) all construction activities and once the improvements are completed, all operations on the District Site shall be conducted in a manner that will minimize any noise, dust, smell, soil erosion, traffic, interference or other disturbance of any tenants, guests, visitors or other occupants or owners of the Property, provided further that Owner shall use its best efforts to avoid, and if total avoidance is not possible, to minimize the use of the maintenance facilities and all maintenance vehicles before 7:00 a.m. and after 5:00 p.m. on Monday through Friday and all day on Saturday and Sunday; and (iv) Optionee and its successors and assigns shall have a right of first refusal to purchase the District Site as follows: In the event Owner desires to sell or lease the District Site, it shall first notify Optionee, in writing, and shall state the price or rent and all material terms upon which Owner desires to sell or lease the same ("Offer"). Optionee shall have thirty (30) days from receipt of the Offer to accept the terms proposed by Owner, which acceptance shall include Optionee's payment to Owner of a non-refundable fee in the amount of \$25,000.00 (which fee shall be applied to any good faith deposit requirement in Owner's Offer, except that it shall be non-refundable under all circumstances, and shall be applied to the purchase price or rent if Optionee completes the purchase or lease, as applicable). If Optionee accepts Owner's Offer, in writing and including the required fee, within the required time period, the parties shall proceed to sell and purchase or lease, as applicable, the District Site in accordance with the terms of the Offer. If Optionee does not accept the Offer within the required time period and with the required fee, Owner may sell or lease the District Site, at a price or rent not less than 95% of the price or rent stated in the Offer or on other terms that are not materially more advantageous to a potential buyer or tenant, as applicable, without re-offering the same to Optionee; provided that in the event Owner has not entered into a binding agreement to sell or lease the District Site within six (6) months from the date of the Offer and if Owner still desires to sell or lease the District Site, Owner shall re-offer the District Site to Optionee stating the price or rent and material terms Owner is then willing to sell or lease the same for in a new Offer, and the provisions of this Paragraph 17 shall apply thereto. In the event Owner desires to sell or lease the District Site at less than 95% of the price or rent stated in the Offer or on other terms that are materially more advantageous to a potential buyer or tenant, as applicable, Owner shall re-offer the District Site to Optionee in a new Offer in accordance with this Paragraph. The foregoing right of first refusal shall also apply throughout the Option Term and if the Option is exercised, through the date of Closing.

18. Time of Essence; Failure to Exercise Option. Time is of the essence of this Agreement. If the Option is not exercised in the manner provided in Paragraph 6 before the expiration of the Option Term: (i) Optionee shall have no interest whatsoever in the Entire Property; (ii) the Option may not be revived by any subsequent payment or further action by Optionee; and (iii) Optionee agrees, to the extent it has authority or is otherwise entitled to do so and after payment by Owner of all of Optionee's costs incurred in copying such documents, to deliver to Owner the written reports of all tests including soil tests, engineering and marketing studies, Hazardous Materials studies and the like with respect to the Entire Property which are in Optionee's possession or under Optionee's control, but specifically excluding all of Optionee's internal appraisals, economic and feasibility analyses, projections, budgets and other documents prepared by or at the request of Optionee solely for internal use by it or its investors and any other proprietary, privileged or confidential documents; provided, however, that Owner shall not be entitled to rely on any of the information contained in any of the documents delivered to it by Optionee and as a condition to receipt of such documents, Owner waives and relinquishes any claims it may have against Optionee arising out of such documents or any information contained therein.

19. Recording of Memorandum of Option and Quitclaim Deed. Concurrent with the execution of this Agreement, the parties shall execute, acknowledge and deliver the Memorandum of Option, in the form of Exhibit "F" attached hereto, and shall cause the Memorandum to be recorded among the Official Records of Marin County, California. If this Agreement is terminated, Optionee agrees, if requested by Owner, to execute, acknowledge, and deliver a quitclaim deed to Owner within seven (7) days after termination and to execute, acknowledge, and deliver any other documents required by the Title Company to remove the cloud of this Option from the Entire Property.

20. Notices. All notices under this Agreement must be in writing and will be effective (i) immediately upon delivery in person or by facsimile, provided delivery is made during regular business hours or receipt is acknowledged by a person reasonably believed by the delivering party to be employed by the recipient, and that for all facsimiles, good and complete transmission is confirmed by the sending facsimile machine; or (ii) upon the earlier of actual delivery confirmed by executed receipt by the recipient or 24 hours after deposit (in time for next-day delivery) with a commercial courier or delivery service for hand delivery, provided delivery is made during regular business hours or receipt is acknowledged by a person reasonably believed by the delivering party to be employed by the recipient; or (iii) three (3) days after deposit (before the last pick-up time) with the United States Postal Service, certified mail, return receipt requested, postage prepaid. The inability to deliver because of a changed address of which no notice was given, or rejection or other refusal to accept any notice, shall be deemed to be the receipt of the notice as of the date of such inability to deliver or rejection or refusal to accept. Any notice to be given by any party hereto may be given by the counsel for such party. All notices must be properly addressed and delivered to the parties at the addresses set forth below or at such other addresses as either party may designate by written notice.

Owner: Sanitary District No. 1 of Marin County
2000 Larkspur Landing Circle
Larkspur, CA 94939
Attn: Ned J. Ongaro, District Manger
Telephone: 415-461-1122
Facsimile: 415-461-4715

and with copy to: Bergman & Wedner
10880 Wilshire Boulevard, Suite 900
Los Angeles, CA 90024-4101
Attn: Richard V. Godino, Esq.
Telephone: 415-334-0444
310-470-6110
Facsimile: 310-474-0931

Optionee: Campus Cornerstone Larkspur LLC
c/o Campus Properties, LLC
1299 Fourth Street, Suite 405
San Rafael, CA 94901
Attn: Michael R. Hooper
Telephone: 415-485-3707
Facsimile: 415-485-3709

and Campus Cornerstone Larkspur LLC
c/o Wilson Cornerstone Properties
2929 Campus Drive, 4th Floor
San Mateo, CA 94403
Attn: Thomas P. Sullivan
Telephone: 650-341-5300
Facsimile: 650-345-7619

and with copy to: Farella Braun & Martel LLP
235 Montgomery Street
San Francisco, CA 94104
Attn: Edward A. Cherry, Esq.
Telephone: 415-954-4400
Facsimile: 415-954-4480

21. Assignment of Option. Neither Owner nor Optionee shall assign its rights or delegate its obligations hereunder without the prior written consent of the other party, which consent may not be unreasonably withheld; provided, however, that Optionee shall be permitted to assign its rights and obligations under this Agreement to a limited partnership or limited liability company in which Optionee or its general partner or manager serves as the general partner, manager or member, as applicable, without Owner's consent. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of, and be enforceable by the parties

hereto and their respective heirs, devisees, executors, administrators, legal representatives, successors and assigns. In connection with any approved assignment, the assignee shall assume the assignor's obligations hereunder, but assignor shall nevertheless remain liable therefor up to the Closing.

22. Attorney's Fees. In the event of any dispute between the parties, whether based on contract, tort or other cause of action or involving bankruptcy or similar proceedings, in any way related to this Agreement, the non-prevailing party shall pay to the prevailing party all reasonable attorneys' fees and costs and expenses of any type, without restriction by statute, court rule or otherwise, incurred by the prevailing party in connection with any action or proceeding (including arbitration proceedings, any appeals and the enforcement of any judgment or award), whether or not the dispute is litigated or prosecuted to final judgment. The "prevailing party" shall be determined based upon an assessment of which party's major arguments or positions taken in the action or proceeding could fairly be said to have prevailed (whether by compromise, settlement, abandonment by the other party of its claim or defense, final decision, after any appeals, or otherwise) over the other party's major arguments or positions on major disputed issues. Any fees and costs incurred in enforcing a judgment shall be recoverable separately from any other amount included in the judgment and shall survive and not be merged in the judgment.

23. Covenant of Further Assurances. The parties hereby agree to execute such other documents and perform such other acts as may be necessary or desirable to carry out the purposes of this Agreement, whether before or after the Option is exercised.

24. Partial Invalidity. If any term, covenant or condition of this Agreement or its application to any person or circumstances shall be held to be illegal, invalid or unenforceable, the remainder of this Agreement or the application of such term or provisions to other persons or circumstances shall not be affected, and each term hereof shall be legal, valid and enforceable to the fullest extent permitted by law, unless an essential purpose of this Agreement would be defeated by the loss of the illegal, unenforceable, or invalid provision. In the event of such partial invalidity, the parties shall seek in good faith to agree on replacing any such legally invalid provisions with valid provisions which, in effect, will, from an economic viewpoint, most nearly and fairly approach the effect of the invalid provision and the intent of the parties in entering into this Agreement.

25. No Waiver. No consent or waiver by either party to or of any breach or non-performance of any representation, condition, covenant or warranty shall be enforceable unless in a writing signed by the party entitled to enforce performance, and such signed consent or waiver shall not be construed as a consent to or waiver of any other breach or non-performance of the same or any other representation, condition, covenant, or warranty.

26. Interpretation. All parties have been represented by counsel in the preparation and negotiation of this Agreement, and this Agreement shall be construed according to the fair meaning of its language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. Unless the

context clearly requires otherwise, (i) the plural and singular numbers shall each be deemed to include the other; (ii) the masculine, feminine, and neuter genders shall each be deemed to include the others; (iii) "shall," "will," or "agrees" are mandatory, and "may" is permissive; (iv) "or" is not exclusive; (v) "includes" and "including" are not limiting; and (vi) "days" means calendar days unless specifically provided otherwise.

27. Third Party Beneficiaries. This Agreement has been made solely for the benefit of the parties hereto and their respective successors and permitted assigns, and nothing in this Agreement is intended to, or shall, confer upon any other person any benefits, rights or remedies under or by reason of this Agreement.

28. Counterparts. This Agreement may be signed in any number of counterparts with the same effect as if the signatures to each counterpart were upon a single instrument, and is intended to be binding when all parties have delivered their signatures to the other parties. Signatures may be delivered by facsimile transmission. All counterparts shall be deemed an original of this Agreement.

29. Exhibits. All Recitals and Exhibits referred to in this Agreement are incorporated herein by reference and shall be deemed part of this Agreement.

30. Entire Agreement. This Option Agreement and the documents and exhibits referenced herein contain the entire agreement between the parties respecting the matters set forth, and supersede all prior agreements between the parties respecting such matters. Any amendment to this Option Agreement must be in writing and signed by both parties.

Executed on the day and year written at the beginning of this Option agreement at Larkspur, California.

Dated: October 6, 1999

CAMPUS CORNERSTONE LARKSPUR LLC,
A Delaware limited liability company

By: **Campus Properties, LLC,**
a California limited liability company,
a Manager and Member

By: Michael R. Hooper
Michael R. Hooper, Member, Campus Properties, LLC

By: **Cornerstone Properties Limited Partnership,**
a Delaware limited partnership,
a Manager and Member

By: **Cornerstone Properties Inc.,**
a Nevada corporation, its General Partner

By: William Wilson
William Wilson, Chairman, Cornerstone Properties, Inc.

Dated: October 6, 1999

SANITARY DISTRICT NO. 1 OF MARIN COUNTY

By: Ned J. Ongaro
Ned J. Ongaro, District Manager

EXHIBIT A
Property Description

All that certain real property situate in the County of Marin, State of California, described as follows:

PARCEL ONE:

BEGINNING at a point on the Northeasterly right of way line of Sir Francis Drake Highway, as described in Deed from Remillard Brick Company to the County of Marin, dated May 1, 1930 and recorded October 14, 1930 in Volume 204 Official Records at Page 207, Marin County Records, distant thereon Southeasterly 109.624 feet from the intersection of said line with the division line between the property of said Remillard Brick Company and Hutchison Company, said point being further described as North 20° 05' 07" East 104.72 feet; thence along a curve to the left whose center bears North 48° 53' East radius 660 feet; distance 109.624 feet from an iron pipe drive in the center of the old County Road, as referred to in said right of way Deed; and running thence North 20° 05' 07" East 844.61 feet; South 64° 58' East 601.01 feet; South 32° 30' West 424.50 feet; South 68° 46' West 76.69 feet; South 86° 15' West 115.61 feet and South 42° 14' West 343.18 feet to the Northerly right of way line of Sir Francis Drake Highway, thence along said line on a curve to the right whose center bears North 20° 21' 30" East and whose radius is 660 feet, distance 218.96 feet to the point of beginning.

EXCEPTING THEREFROM that certain portion thereof described as follows:

COMMENCING on the Northeasterly line of Sir Francis Drake Highway at the most Westerly corner of the above described parcel, running thence along the Westerly line of said parcel North 20° 05' 07" East 250 feet; thence leaving said line South 69° 54' 53" East 30 feet; thence South 20° 05' 07" West 260 feet more or less to the Northerly line of Sir Francis Drake Highway, thence Westerly along said Northerly line 30 feet more or less to the point of commencement.

FURTHER EXCEPTING THEREFROM that certain portion thereof described as follows:

COMMENCING at a point on the Westerly line of the above described parcel distant thereon North 20° 05' 07" East 644.61 feet from the most Westerly corner thereof, running thence along said Westerly line North 20° 05' 07" East 200 feet to the most Northerly corner of said parcel; thence along the Northerly line of said parcel South 64° 58' East 200 feet; thence leaving said line and running Southwesterly in a straight line 270 feet more or less, to the point of commencement.

PARCEL TWO:

BEGINNING at the intersection of the calls South 64° 58' East 601.01 feet and South 32° 30' West 424.50 feet as set forth in the Deed from Remillard Brick Company to Sanitary District No. 1 of Marin County, dated August 13, 1947, and recorded August 25, 1947 in Book 562 of

Official Records, at Page 78, Marin County Records; running thence along the Easterly line of said property South 32° 30' West 424.50 feet, South 68° 46'

West 76.69 feet, South 86° 15' West 115.61 feet and South 42° 14' West 28.782 feet; thence leaving said line North 86° 15' East 264.69 feet; thence North 32° 30' East 435.72 feet; thence North 64° 58' West 70.60 feet to the point of beginning.

PARCEL THREE:

BEGINNING at the most Northeasterly corner of that certain parcel of land described in that certain Grant Deed from Remillard Brick Company, a corporation, to Sanitary District No. 1 of Marin County, a public corporation, recorded in Book 1158 of Official Records, at Page 228, Marin County Records, said corner being also an angle point in the general Southerly line of said parcel shown on said map, said point hereinafter referred to as Point "A", and lying on the Southeasterly terminus of that certain course shown as North 63° 32' 12" West 471.60 feet on said map; thence along a course in said general Southerly line, said course being common to a course in the general Southeasterly line of said Deed Parcel, South 33° 55' 48" West (South 32° 30' West per said Deed) 393.00 feet; thence leaving said common line North 56° 25' 48" East 115.00 feet; thence North 27° 40' 48" East 178.00 feet; thence North 21° 17' 17" East 112.54 feet to the point of beginning.

PARCEL FOUR:

BEGINNING at Point "A", as described in Parcel Three hereinabove; thence leaving said general Southerly line North 35° 54' 12" West 274.00 feet; thence South 89° 50' 48" West 265.00 feet; thence North 79° 19' 52" West 116.34 feet to a point hereinafter referred to as Point "C"; thence in a Southwesterly direction, along a non-tangent curve to the left having a radius of 163.00 feet, concave to the Southeast, whose radius point bears South 37° 20' 00" East through a central angle of 2° 14' 46", an arc length of 6.39 feet; thence South 50° 25' 14" West 52.65 feet; thence along a tangent curve to the right, having a radius of 221.00 feet, through a central angle of 36° 44' 46", an arc length of 141.74 feet to a point of reverse curvature; thence along a tangent curve to the left, having a radius of 19.00 feet, through a central angle of 85° 10' 36", an arc length of 28.25 feet to a point of reverse curvature; thence along a tangent curve to the right, having a radius of 427.00 feet, through a central angle of 51° 00' 24", an arc length of 380.13 feet; thence radial to the preceding curve, South 37° 00' 12" East 10.00 feet; thence South 54° 18' 22" East 96.19 feet to a point in the Westerly line of that certain parcel of land firstly described in that certain Grant Deed from Remillard Brick Company, a corporation, to Sanitary District No. 1 of Marin County, recorded August 25, 1947 in Book 526 of Official Records at Page 78, Marin County Records, said point being also the most Northerly corner of "Parcel A" excepted from said Deed Parcel, said point being also on said general Southerly line of Parcel One as shown on said map; thence along said general Southerly line the following courses:

THENCE along said Westerly line of said Deed Parcel (562 OR 78), North 21° 29' 59" East (North 20° 05' 07" East per said Deed), 394.41 feet to the most Southwesterly corner of "Parcel (b)" secondly from said Deed Parcel (562 OR 78); thence leaving said Westerly line along the

Southeasterly line of said "Parcel (b)", North 68° 59' 22" East 270.37 feet to the most Easterly corner of said excepted parcel, said corner lying on the Northeasterly line of said Deed Parcel (562 OR 78); thence along said Northeasterly line, and the Southeasterly prolongation thereof, said prolongation being also the Northeasterly line of the parcel of land described in the Deed recorded in Book 1158 of Official Records, at Page 228, referred to in Parcel Three herein, South 63° 32' 12" East 471.60 feet to the point of beginning.

PARCEL FIVE:

BEGINNING at Point "C" as described above in Parcel Four; thence in a Southwesterly direction, along a non-tangent curve to the left, having a radius of 163.00 feet, concave to the Southeast, whose radius point bears South 37° 20' 00" East through a central angle of 2° 14' 46" an arc length of 6.39 feet; thence South 50° 25' 14" West 52.65 feet; thence along a tangent curve to the right, having a radius of 221.00 feet, through a central angle of 36° 44' 46", an arc length of 141.74 feet to a point of reverse curvature; thence along a tangent curve to the left, having a radius of 19.00 feet, through a central angle of 85° 10' 36", an arc length of 28.25 feet to a point of reverse curvature; thence along a tangent curve to the right having a radius of 427.00 feet, through a central angle of 4° 49' 45", an arc length of 35.99 feet to a point in the Northeasterly line of that certain parcel of land described in that certain partial reconveyance by Title Insurance and Trust Company, recorded July 2, 1973 in Book 2701 of Official Records, at Page 348, Marin County Records; thence along said Northeasterly line North 68° 29' 05" West 47.32 feet to the most Northerly corner of said parcel, said corner lying on the Easterly line of that certain parcel of land described in that certain Deed to Hutchinson Co., a corporation, recorded May 17, 1927 in Book 119 of Official Records, at Page 117, Marin County Records; thence along said Easterly line North 21° 30' 55" East (North 20° 05' 07" East per said Deed), 107.39 feet to a point of cusp; thence leaving said Easterly line in a Southerly direction along a non-tangent curve to the right, having a radius of 217.00 feet, concave to the West, whose radius point bears South 74° 59' 45" West through a central angle of 6° 16' 34", an arc length of 23.77 feet; thence along a non-tangent curve to the left, having a radius of 19.00 feet, concave to the Northeast, whose radius point bears North 33° 58' 14" East through a central angle of 36° 48' 14", an arc length of 12.20 feet; thence North 87° 10' 00" East 7.19 feet; thence along a tangent curve to the left, having a radius of 184.00 feet, through a central angle of 36° 44' 46", an arc length of 118.01 feet; thence North 50° 25' 14" East 10.08 feet; thence North 87° 35' 35" East 61.44 feet to the point of beginning.

EXCEPTING THEREFROM that portion thereof described as follows:

BEGINNING at the most Northerly corner of that certain parcel of land described in that certain partial reconveyance recorded in Book 2701 of Official Records, at Page 348, Marin County Records, said corner lying on the Easterly line of that certain parcel of land described in that certain Deed recorded in Book 119 of Official Records, at Page 117, Marin County Records; thence along said Easterly line North 21° 30' 55" East 107.39 feet; thence leaving said Easterly line in a Southerly direction along a non-tangent curve to the right, having a radius of 217.00 feet, concave to the West, whose radius point bears South 74° 59' 45" West through a central angle of 12° 10' 15", an arc length of 46.09 feet to a point of compound curvature; thence along

a tangent curve to the right, having a radius of 427.00 feet through a central angle of $9^{\circ} 39' 09''$, an arc length of 71.94 feet to a point in the Northeasterly line of said parcel described in said partial reconveyance; thence along said Northeasterly line North $68^{\circ} 29' 05$ West 47.32 feet to the point of beginning.

EXHIBIT C
Purchase Agreement

REAL PROPERTY
PURCHASE AGREEMENT

Between

SANITARY DISTRICT NO. 1
OF MARIN COUNTY

and

CAMPUS CORNERSTONE LARKSPUR LLC

Larkspur Landing

Larkspur, California

REAL PROPERTY PURCHASE AGREEMENT

This Real Property Purchase Agreement ("Agreement") is made and entered into this ____ day of _____, _____ by and between Sanitary District No. 1 of Marin County ("Seller") and Campus Cornerstone Larkspur LLC, a Delaware limited liability company ("Buyer").

RECITALS

Seller owns all of that certain real property located at 2000 Larkspur Landing Circle, Larkspur, California 94939, comprised of approximately 10.46 acres, carrying Assessor's Parcel Number 013-171-32, and more specifically described on Schedule A attached hereto and made a part hereof (the "Entire Property"). The parties entered into an Option Agreement dated _____, 1999 (the "Option Agreement"), affecting the Entire Property and granting Buyer an option to acquire most of the Entire Property, with Seller retaining a parcel of no more than 1.5 acres with access to a public street (the "District Site"), for development of at least 164,500 rentable square feet of office space and a hotel with at least 150 guest rooms. Buyer has exercised its option to acquire the Entire Property, less the District Site (hereinafter the "Property"). The parties are entering into this Agreement to further memorialize their intentions with respect to the Property and to provide the procedures for its acquisition by Buyer.

NOW, THEREFORE, in consideration of the mutual covenants and promises and other valuable consideration contained herein, the parties hereto agree as follows:

1. Option Agreement. As stated, Buyer has exercised its Option to purchase the Property pursuant to the terms of the Option Agreement between the parties. The Option Agreement states that, upon exercise of the Option, the Option Agreement shall automatically become a binding contract between Seller and Buyer for the sale and purchase of the Property without any action by either party. Nevertheless, Buyer and Seller are entering into this Agreement, as required by the terms of the Option Agreement, to further memorialize their intentions with respect to the Property and to set forth the terms for the Closing on the Property. All of the provisions of the Option Agreement in any way applicable to Seller's sale and conveyance of the Property to Buyer and Buyer's purchase of the Property are hereby incorporated into this Agreement. All capitalized terms not otherwise defined herein shall have the definitions given them in the Option Agreement.

2. Agreement of Sale. Seller hereby agrees to sell to Buyer and Buyer hereby agrees to purchase from Seller that certain real property (the "Land"), which is a portion of the Entire Property and is more particularly described in attached Schedule B, together with the following, which together with the Land shall be termed the "Property" herein:

a. all easements, rights of way, privileges, licenses, appurtenances and other rights and benefits of Seller belonging to or in any way related to the Land;

b. all transferable or assignable consents, authorizations, variances, waivers, licenses, permits, certificates and approvals from any governmental or quasi-governmental authority with respect to the Land or any existing or proposed improvements (collectively the "Approvals"); and

c. all plans, plats and surveys and all soil, environmental, engineering, or other reports or studies in Seller's possession or control (collectively, the "Reports") and all transferable or assignable warranties, representations, guaranties, and miscellaneous rights (collectively, the "Warranties") relating to the ownership, development, use and operation of the Property, including the demolition of all existing improvements, cleanup and grading of the soil, and any Native American or other archaeological artifacts remaining at the Property.

3. Purchase Price. The Purchase Price shall be as stated and shall be paid and treated for all purposes as set forth in Section 7 of the Option Agreement.

4. Escrow. Within five (5) business days from the date of Buyer's delivery to Seller of two executed originals of this Agreement, Seller shall open an escrow with the Title Company. All escrow instructions shall be consistent with the terms and conditions of this Agreement.

5. No Warranties. Except as contained in this Agreement and the Option Agreement, there are no representations or warranties, express or implied, between the parties. Except as contained in this Agreement and the Option Agreement, Buyer acknowledges that the execution of this Agreement and the consummation of the transaction contemplated hereby, or both, are and will be based solely upon Buyer's inspection or investigation of the Property. Except as contained in this Agreement and the Option Agreement, Buyer agrees that the Property is to be sold to and accepted by Buyer in its then existing condition, "as is", and with all faults; and with no contingencies as to present or future utilization of the Property. Except as contained in this Agreement and the Option Agreement, Buyer acknowledges that Seller has not made any representations, warranties, or agreements, other than as contained herein, as to any matters concerning the Property, including but not limited to, the Land, the gross or net area thereof, topography, utilities, future zoning, soil or sub-soil, the purposes for which the Property is or may be used or developed, drainage, access to public roads, proposed routes or extensions thereof, environmental laws, rules or regulations, or any other representation or warranty. Except as contained in this Agreement and the Option Agreement, no patent or latent physical condition of the Property, whether or not known or discovered heretofore, shall affect the right of either party. Any statement not expressly contained in this Agreement or the Option Agreement shall not bind Seller, and Buyer expressly waives any right of rescission and any claim for damages against Seller by reason of any statement, representation, warranty, promise, and/or agreement not contained in this Agreement or the Option Agreement.

6. Conditions to Closing. The conditions to Closing are set forth in Sections 9 (Property Condition), 10 (Condition of Title) and 16 (Conditions to Closing) of the Option Agreement and are hereby incorporated herein.

7. Closing.

7.1 Closing Date. The consummation of the purchase and sale of the Property (the "Closing") shall be held at the offices of the Title Company no later than forty-five (45) days from the date of Buyer's Exercise Notice, or earlier as Buyer may elect in the Exercise Notice, or later if agreed to in writing by Buyer and Seller (the "Closing Date"); provided, however, that if the Closing does not occur on the Closing Date due solely to Seller's failure to satisfy the conditions in Section 6 above, Buyer shall have the following options, which it may elect in its sole discretion: (i) postpone the Closing until such time as Seller has satisfied all of the conditions in Section 6 or Buyer, in its sole discretion, has waived, in writing, Seller's performance of any or all of such conditions; or (ii) complete the Closing on the Closing Date and allow Seller to continue to use its existing, single maintenance building in its present location on the Land, along with a portion of the Land surrounding such building in the minimum size required to permit Owner to maneuver and park its vehicles, all in the general vicinity depicted on the sketch attached hereto as Schedule H (the "License Area") (provided, however, that Seller shall be required to remove all of its other improvements, including all underground utilities, tanks and other improvements, complete the removal and remediation of any Hazardous Materials, if any, discovered during the removal of such improvements, and complete the required grading of the Land, other than the License Area, by the Closing Date and if Seller does not do so, Buyer may, but shall not be obligated to, remove Seller's improvements and complete all of the other work required of Seller herein at Seller's cost and at no liability or cost to Buyer), until such time as Seller's new facilities on the District Site are completed and ready for occupancy, as evidenced by the issuance of a certificate of occupancy, final signoff on the building permit or similar governmental action signifying the Seller's facilities are completed (the "Ready Date"), at which time Seller shall remove all of its remaining improvements from the Land, including all of the referenced removal of underground facilities, Hazardous Materials removal, if any, and grading as required by this Agreement, and if it fails to do so within fifteen (15) days of the Ready Date, Buyer may, but shall not be obligated to, remove all of Seller's improvements from the Land and complete all of the other work required of Seller herein at Seller's cost and at no liability or cost to Buyer. If Buyer incurs any costs pursuant to this Section 7.1, such costs shall be promptly reimbursed by Seller together with interest from the date paid by Buyer to the date reimbursed by Seller at the prime rate of interest applicable in California published from time to time in the *Wall Street Journal* plus two percent (2%). Notwithstanding the foregoing, under all circumstances, Seller shall remove all of its improvements, including the maintenance building and underground facilities, from the Land and complete all Hazardous Materials removal, if any, and grading as required by this Agreement no later than Two Hundred and Seventy (270) days after the stated Closing Date (the "Removal Date"). If Buyer selects the alternative set forth in the preceding clause (ii), at the Closing Three Million Dollars (\$3,000,000.00) of the Purchase Price (the "Holdback") shall be retained in escrow and held by the Title Company until such time as Buyer notifies the Title Company, in writing, that all of Seller's obligations under this Agreement have been fulfilled and at such time, the Title Company shall promptly deliver the Holdback and all interest earned thereon to Seller, less, if applicable, the LD Sum (defined below) and any costs incurred by Buyer as provided herein, plus interest thereon, that have not been previously reimbursed to Buyer, and shall promptly deliver the LD Sum and the aforesaid costs and interest, if applicable, to Buyer. Seller

acknowledges and agrees that Buyer will suffer substantial economic damage if it is prevented from occupying and using all of the Land as of the stated Closing Date because that will interfere with and delay Buyer's development of the Property. Accordingly, Seller agrees that if Seller has not removed all of its improvements from the Land by the earlier of (A) the Removal Date, or (B) the date Buyer receives approval from the City of Larkspur of the construction drawings for the grading plan for Buyer's intended development project, but in no event earlier than one hundred forty (140) days after the Closing (the "LD Date"), Seller shall pay to Buyer (either directly, as a credit against the Purchase Price or from the Holdback), as liquidated damages, \$1,750.00 per day for the first 180 days of such delay in Seller's performance after the LD Date and thereafter an amount equal to twice that daily amount (the "LD Sum"). Seller agrees that the LD Sum is a reasonable estimate of the costs to Buyer of Seller's delay in performance and further agrees that such amount is not intended as a forfeiture or penalty within the meaning of California Civil Code Sections 3275 or 3369 but shall be treated as liquidated damages pursuant to California Civil Code Sections 1671, 1676 and 1677 and Public Contract Code Section 10226 (and any comparable or successor statutes to all of the foregoing). Seller shall pay the LD Sum to Buyer regardless of whether Buyer's actual damages for such delay are more or less than the LD Sum. Such liquidated damages shall be Buyer's sole remedy, at law or in equity, for any delay in the Closing caused by Seller's failure to remove its improvements from the Land, but shall not affect Buyer's rights to receive reimbursement of any costs it incurs in removing Seller's improvements from the Land plus interest as provided above. Notwithstanding any provisions in this Agreement or any actions by the parties, Buyer's permission to allow Seller to remain on the License Area after the Closing shall be treated as a temporary license to occupy the License Area and shall not under any circumstances be treated, deemed or construed as a lease between Seller and Buyer for any portion of the Land. At the Closing, the parties shall enter into a written license acknowledging Seller's temporary rights to remain on the License Area and providing for, among other things, Seller's complete indemnification of Buyer and its employees, contractors, agents, members and managers for all acts and omissions of Seller and persons for whose acts Seller is responsible.

Seller's Initials

Buyer's Initials

Notwithstanding that prior to the Closing Buyer may have obtained approval from the City of Larkspur for the grading plan for Buyer's intended development project, Buyer agrees that it will not start any grading activities on the Land pursuant thereto (other than surveying and staking) until after the Closing occurs.

7.2 Seller's Deposits Into Escrow. Seller shall deposit the following documents and items into escrow:

a. a duly executed and acknowledged grant deed, containing the restrictions set forth in Section 17 (District Site Restrictions) of the Option Agreement and in the form of attached Schedule C, conveying the Land to Buyer, subject only to the Permitted Exceptions:

b. a duly executed assignment, in the form of attached Schedule D, assigning to Buyer all of Seller's interest in the Warranties and Approvals;

c. a duly executed and acknowledged reciprocal easement between Buyer and Seller, which shall be recorded against the District Site and the Land and provide for any ingress and egress, sewer, drainage or other similar access rights required for the District Site and/or the Land as a condition for obtaining the Map Approval or the Development Approvals as provided in Paragraph 15 of the Option Agreement;

d. a duly executed and acknowledged easement between Seller and Buyer, which shall be recorded against the District Site and grant Buyer the right and obligation to enter upon that portion of the District Site lying between a low architectural wall to be constructed thereon by Seller and the joint border of the District Site and the Land to install, replace and maintain landscaping on such easement land, which landscaping may be designed and modified at Buyer's sole discretion;

e. if applicable, a duly executed license agreement between Buyer and Seller acknowledging Seller's temporary rights to remain on a portion of the Land after the Closing and its obligation to indemnify Buyer as provided in Section 7.1 above;

f. if applicable, a duly executed escrow agreement among Seller, Buyer and Title Company providing for the retention of the Holdback in escrow by the Title Company, pursuant to Section 7.1 above, and the parties' rights and obligations with respect thereto;

g. originals of all Warranties and originals or copies of all Reports and Approvals;

h. an affidavit in the form of attached Schedule E stating that Seller is not a "foreign person" under IRC Section 1445(f)(3);

i. a duly executed California Form 590 or comparable non-foreign person affidavit required by the State where the Property is located;

j. a duly executed certificate from Seller certifying that the representations and warranties described in Section 11.1 (Representations and Warranties of Owner) of the Option Agreement are true, complete and accurate as of the Closing Date in the form of attached Schedule F;

k. Seller's share of the closing costs as described in Section 7.5b below; and

l. such other documents as may reasonably be required to complete the Closing.

7.3 Buyer's Deposits into Escrow. Buyer shall deposit the following into escrow:

- a. the balance of the Purchase Price;
- b. a duly executed assignment, in the form of attached Schedule D, which shall also be signed by Seller as provided in Section 7.2.b above;
- c. a duly executed and acknowledged reciprocal easement which shall also be signed by Seller as provided in Section 7.2.c. above;
- d. a duly executed and acknowledged easement which shall also be signed by Seller as provided in Section 7.2.d. above;
- e. if applicable, a duly executed license agreement which shall also be executed by Seller as provided in Section 7.2.e. above;
- f. if applicable, a duly executed escrow agreement which shall also be executed by Seller and Title Company as provided in Section 7.2.f. above;
- g. a duly executed certificate from Buyer certifying that the representations and warranties described in Section 11.3 (Representations and Warranties of Optionee) of the Option Agreement are true, complete and accurate as of the Closing Date in the form of attached Schedule G;
- h. if not already accomplished through the recordation of the parcel or subdivision map described in Section 2 (Property Subdivision) of the Option Agreement, a duly executed and acknowledged easement granting Seller an easement (the "Sewer Pump Easement") for the use, operation, access, maintenance and replacement of the sewer pump located on the Property, if and to the extent such sewer pump is to be utilized by the improvements on the District Site;
- i. Buyer's share of the closing costs as described in Section 7.5a below; and
- j. such other documents as may reasonably be required to complete the Closing.

7.4 Prorations. All sources of income and all expenses for the Property will be paid and/or prorated on the Closing Date (based on actual days of the month and a 365-day year) and the Purchase Price will be adjusted on the following basis:

- a. Accounts Receivable. All revenues from the Property attributable to the period prior to the Closing shall belong to and be paid to Seller.
- b. Accounts Payable. All sums due for accounts payable which were owing or accrued by the Property for any period prior to the Closing will be paid by Seller and

Seller agrees to indemnify and hold Buyer harmless with respect thereto. Buyer will furnish to Seller for payment any bills received after the Closing that apply to any period prior to the Closing and Buyer will have no further obligation with respect thereto.

c. Property Taxes. All real and personal property ad valorem taxes and special assessments, if any, will be prorated to the Closing Date, based on the latest available tax rate and assessed valuation. With respect to any property tax appeal or reassessment filed by Seller for tax years (or portions thereof) prior to the Closing, Seller shall be entitled to the full amount of any refund or rebate resulting therefrom applicable to the period before the Closing Date.

d. Utility Charges. All utility (including electricity, gas, water, sewer and telephone) charges will be prorated to the Closing Date. All utility security deposits, if any, will be retained by Seller.

e. Post Closing. If the amount of any payment or proration cannot be determined at the Closing, the adjustments will be made between the parties as soon after Closing as possible.

7.5 Closing Costs. The Closing costs for this transaction shall be paid as follows:

a. Buyer shall pay all title insurance premiums, transfer taxes, recording fees, escrow costs and fees, and all other costs and expenses allocated to Buyer pursuant to this Agreement.

b. Seller shall pay all other costs and expenses allocated to Seller pursuant to this Agreement.

7.6 Closing. Pursuant to Section 7.1 above, Title Company shall close the escrow for this transaction when it is in a position to issue the Title Policy and has received from Seller and Buyer the items required of each in Sections 7.2 and 7.3 above. Title Company shall close escrow by doing the following:

a. If not previously done, recording the lot line adjustment, parcel or subdivision map to create the District Site and Land, and other legal parcels if desired by Buyer, in accordance with Section 2 (Property Subdivision) of the Option Agreement, among the Official Records of the Marin County, California Recorder;

b. Recording the grant deed in the Official Records of the Marin County, California Recorder;

c. If required, recording the Sewer Pump Easement and the other easements referenced in Sections 7.2 c and d and 7.3 h above, as applicable, in the Official Records of the Marin County, California Recorder;

d. Delivering to Buyer the Title Policy, the original documents and items listed in Section 7.2 above, and a closing statement for the escrow consistent with this Agreement and satisfactory to Buyer and Seller (the "Closing Statement"), and any refund due Buyer; and

e. Delivering to Seller the amount due Seller as shown on the Closing Statement, the original documents listed in Section 7.3 above, and a signed original of Seller's Closing Statement.

7.7 Possession. Seller shall deliver possession of the Property to Buyer on the Closing Date, except as specifically provided in Section 7.1 above.

8. Representations and Warranties. The parties representations and warranties are set forth in Section 11 (Representations and Warranties) of the Option Agreement and each party shall reaffirm all of its representations and warranties in a certificate to be provided at the Closing as set forth in Section 7 above.

9. Eminent Domain. If, prior to the Closing, all or any part of the Land is taken by eminent domain, Buyer shall have the option of (a) proceeding with the Closing and acquiring the Property as affected by such taking, together with all compensation and damage awarded or the right to receive same, or (b) canceling this Agreement, in which event all of the Option Payments shall be returned to Buyer. If Buyer elects option (a) above, Seller agrees to assign to Buyer at the Closing its rights to such compensation and damages, and will not settle any proceedings relating to such taking without Buyer's prior written consent. Seller shall promptly (and in any event prior to the Closing) notify Buyer of any actual or threatened condemnation affecting the Property.

10. Seller's Covenants. Seller's obligations to provide information to Buyer, the restrictions on Seller's actions with respect to the Property and Buyer's remedies with respect to the foregoing are set forth in Sections 11.2 (Material Changes), 12 (New Information) and 14 (Owner's Actions) of the Option Agreement.

11. Indemnification. Each party hereby agrees to indemnify, defend, protect and hold harmless the other party from and against all claims, actions, demands, liabilities, losses, costs and damages, including without limitation, court costs and reasonable consultants', expert witnesses' and attorneys' fees (as applicable, a "Claim") directly, indirectly or allegedly arising out of or resulting from, in whole or in part, any misrepresentations or breach of warranty or covenant made by such party in this Agreement, the Option Agreement or in any document, certificate, or exhibit given or delivered to the other party pursuant to or in connection with this Agreement or the Option Agreement. Each party further agrees to indemnify, defend, protect and hold harmless the other party from and against any Claims suffered by the other party which are based on actions, facts or circumstances existing or occurring during the indemnifying party's ownership of the Property. All of the indemnifications set forth in this Section 11 shall survive the Closing and conveyance of the Property to Buyer.

12. Notices. All notices under this Agreement must be in writing and shall be given in accordance with Section 20 (Notices) of the Option Agreement.

13. No Commissions. Buyer represents that it has not entered into any agreement or incurred any obligation which might result in any obligation of the Seller to pay a sales commission, brokerage commission or finder's fee on this transaction to any person or entity. Seller represents that it has not entered into any agreement or incurred any obligation which might result in any obligation of the Buyer to pay a sales commission, brokerage commission or finder's fee on this transaction to any person or entity. However, Seller has employed a real estate consultant, Bergman & Wedner, Inc., and Seller agrees to pay them from escrow any consultant fees that are due to them for this transaction. Each party shall indemnify, defend and hold harmless the other party from claims, actions, losses, liabilities, demands, or judgments arising by reason of any breach of the terms of this Section 13. The obligations of this Section 13 shall survive the Closing and conveyance of the Property to Buyer.

14. Time of the Essence. Time is of the essence of this Agreement.

15. Entire Agreement. This Agreement and the Option Agreement represent the entire and integrated agreement of the parties hereto. Both parties hereto expressly acknowledge, warrant, and understand that there are no statements, representations, inducements, or agreements made by or between the parties hereto or made by or with Bergman & Wedner, Inc., except as expressly set forth herein or in the Option Agreement. No amendment, supplement or termination hereof shall be valid except by way of a writing subscribed by the parties hereto.

16. Headings. The section and subsection headings used in this Agreement are for convenience of reference only. They shall not be construed to limit or extend the meaning of any part of this Agreement and shall not be deemed relevant in resolving any questions or interpretation or construction of any section of this Agreement.

17. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

18. Schedules. All Recitals and Schedules referred to in this Agreement are incorporated herein by reference and shall be deemed part of this Agreement.

19. Miscellaneous Provisions: The provisions in Sections 21 (Assignment of Option), 22 (Attorneys' Fees), 23 (Covenant of Further Assurances), 24 (Partial Invalidity), 25 (No Waiver), 26 (Interpretation), 27 (Third Party Beneficiaries), and 28 (Counterparts) shall apply to this Agreement.

20. Authority. The individuals executing this Agreement on behalf of Seller and Buyer individually represent and warrant that he or she has been authorized to do so and has the power to bind the party for whom they are signing.

IN WITNESS WHEREOF, the parties have executed this agreement as of the date set forth opposite their signature:

DATED: _____, _____

BUYER:
CAMPUS CORNERSTONE LARKSPUR LLC, a
Delaware limited liability company

By: Campus Properties, LLC, a
California limited liability company,
a Manager and Member

By: _____
Its: _____

By: Cornerstone Properties Limited Partnership, a
Delaware limited partnership,
a Manager and Member

By: Cornerstone Properties Inc., a Nevada
corporation, its General Partner

By: _____
Its: _____

DATED: _____, _____

SELLER:
SANITARY DISTRICT NO. 1

By: _____
Name: Ned J. Ongaro
Its: District Manager

SCHEDULE A

ENTIRE PROPERTY DESCRIPTION

All that certain real property situate in the County of Marin, State of California, described as follows:

PARCEL ONE:

BEGINNING at a point on the Northeasterly right of way line of Sir Francis Drake Highway, as described in Deed from Remillard Brick Company to the County of Marin, dated May 1, 1930 and recorded October 14, 1930 in Volume 204 Official Records at Page 207, Marin County Records, distant thereon Southeasterly 109.624 feet from the intersection of said line with the division line between the property of said Remillard Brick Company and Hutchison Company, said point being further described as North 20° 05' 07" East 104.72 feet; thence along a curve to the left whose center bears North 48° 53' East radius 660 feet; distance 109.624 feet from an iron pipe drive in the center of the old County Road, as referred to in said right of way Deed; and running thence North 20° 05' 07" East 844.61 feet; South 64° 58' East 601.01 feet; South 32° 30' West 424.50 feet; South 68° 46' West 76.69 feet; South 86° 15' West 115.61 feet and South 42° 14' West 343.18 feet to the Northerly right of way line of Sir Francis Drake Highway, thence along said line on a curve to the right whose center bears North 20° 21' 30" East and whose radius is 660 feet, distance 218.96 feet to the point of beginning.

EXCEPTING THEREFROM that certain portion thereof described as follows:

COMMENCING on the Northeasterly line of Sir Francis Drake Highway at the most Westerly corner of the above described parcel, running thence along the Westerly line of said parcel North 20° 05' 07" East 250 feet; thence leaving said line South 69° 54' 53" East 30 feet; thence South 20° 05' 07" West 260 feet more or less to the Northerly line of Sir Francis Drake Highway, thence Westerly along said Northerly line 30 feet more or less to the point of commencement.

FURTHER EXCEPTING THEREFROM that certain portion thereof described as follows:

COMMENCING at a point on the Westerly line of the above described parcel distant thereon North 20° 05' 07" East 644.61 feet from the most Westerly corner thereof, running thence along said Westerly line North 20° 05' 07" East 200 feet to the most Northerly corner of said parcel; thence along the Northerly line of said parcel South 64° 58' East 200 feet; thence leaving said line and running Southwesterly in a straight line 270 feet more or less, to the point of commencement.

PARCEL TWO:

BEGINNING at the intersection of the calls South 64° 58' East 601.01 feet and South 32° 30' West 424.50 feet as set forth in the Deed from Remillard Brick Company to Sanitary District No. 1 of Marin County, dated August 13, 1947, and recorded August 25, 1947 in Book 562 of Official Records, at Page 78, Marin County Records; running thence along the Easterly line of said property South 32° 30' West 424.50 feet, South 68° 46'

West 76.69 feet, South 86° 15' West 115.61 feet and South 42° 14' West 28.782 feet; thence leaving said line North 86° 15' East 264.69 feet; thence North 32° 30' East 435.72 feet; thence North 64° 58' West 70.60 feet to the point of beginning.

PARCEL THREE:

BEGINNING at the most Northeasterly corner of that certain parcel of land described in that certain Grant Deed from Remillard Brick Company, a corporation, to Sanitary District No. 1 of Marin County, a public corporation, recorded in Book 1158 of Official Records, at Page 228, Marin County Records, said corner being also an angle point in the general Southerly line of said parcel shown on said map, said point hereinafter referred to as Point "A", and lying on the Southeasterly terminus of that certain course shown as North 63° 32' 12" West 471.60 feet on said map; thence along a course in said general Southerly line, said course being common to a course in the general Southeasterly line of said Deed Parcel, South 33° 55' 48" West (South 32° 30' West per said Deed) 393.00 feet; thence leaving said common line North 56° 25' 48" East 115.00 feet; thence North 27° 40' 48" East 178.00 feet; thence North 21° 17' 17" East 112.54 feet to the point of beginning.

PARCEL FOUR:

BEGINNING at Point "A", as described in Parcel Three hereinabove; thence leaving said general Southerly line North 35° 54' 12" West 274.00 feet; thence South 89° 50' 48" West 265.00 feet; thence North 79° 19' 52" West 116.34 feet to a point hereinafter referred to as Point "C"; thence in a Southwesterly direction, along a non-tangent curve to the left having a radius of 163.00 feet, concave to the Southeast, whose radius point bears South 37° 20' 00" East through a central angle of 2° 14' 46", an arc length of 6.39 feet; thence South 50° 25' 14" West 52.65 feet; thence along a tangent curve to the right, having a radius of 221.00 feet, through a central angle of 36° 44' 46", an arc length of 141.74 feet to a point of reverse curvature; thence along a tangent curve to the left, having a radius of 19.00 feet, through a central angle of 85° 10' 36", an arc length of 28.25 feet to a point of reverse curvature; thence along a tangent curve to the right, having a radius of 427.00 feet, through a central angle of 51° 00' 24", an arc length of 380.13 feet; thence radial to the preceding curve, South 37° 00' 12" East 10.00 feet; thence South 54° 18' 22" East 96.19 feet to a point in the Westerly line of that certain parcel of land firstly described in that certain Grant Deed from Remillard Brick Company, a corporation, to Sanitary District No. 1 of Marin County, recorded August 25, 1947 in Book 526 of Official Records at Page 78, Marin County Records, said point being also the most Northerly corner of "Parcel A" excepted from

said Deed Parcel, said point being also on said general Southerly line of Parcel One as shown on said map; thence along said general Southerly line the following courses:

THENCE along said Westerly line of said Deed Parcel (562 OR 78), North 21° 29' 59" East (North 20° 05' 07" East per said Deed), 394.41 feet to the most Southwesterly corner of "Parcel (b)" secondly from said Deed Parcel (562 OR 78); thence leaving said Westerly line along the Southeasterly line of said "Parcel (b)", North 68° 59' 22" East 270.37 feet to the most Easterly corner of said excepted parcel, said corner lying on the Northeasterly line of said Deed Parcel (562 OR 78); thence along said Northeasterly line, and the Southeasterly prolongation thereof, said prolongation being also the Northeasterly line of the parcel of land described in the Deed recorded in Book 1158 of Official Records, at Page 228, referred to in Parcel Three herein, South 63° 32' 12" East 471.60 feet to the point of beginning.

PARCEL FIVE:

BEGINNING at Point "C" as described above in Parcel Four; thence in a Southwesterly direction, along a non-tangent curve to the left, having a radius of 163.00 feet, concave to the Southeast, whose radius point bears South 37° 20' 00" East through a central angle of 2° 14' 46" an arc length of 6.39 feet; thence South 50° 25' 14" West 52.65 feet; thence along a tangent curve to the right, having a radius of 221.00 feet, through a central angle of 36° 44' 46", an arc length of 141.74 feet to a point of reverse curvature; thence along a tangent curve to the left, having a radius of 19.00 feet, through a central angle of 85° 10' 36", an arc length of 28.25 feet to a point of reverse curvature; thence along a tangent curve to the right having a radius of 427.00 feet, through a central angle of 4° 49' 45", an arc length of 35.99 feet to a point in the Northeasterly line of that certain parcel of land described in that certain partial reconveyance by Title Insurance and Trust Company, recorded July 2, 1973 in Book 2701 of Official Records, at Page 348, Marin County Records; thence along said Northeasterly line North 68° 29' 05" West 47.32 feet to the most Northerly corner of said parcel, said corner lying on the Easterly line of that certain parcel of land described in that certain Deed to Hutchinson Co., a corporation, recorded May 17, 1927 in Book 119 of Official Records, at Page 117, Marin County Records; thence along said Easterly line North 21° 30' 55" East (North 20° 05' 07" East per said Deed), 107.39 feet to a point of cusp; thence leaving said Easterly line in a Southerly direction along a non-tangent curve to the right, having a radius of 217.00 feet, concave to the West, whose radius point bears South 74° 59' 45" West through a central angle of 6° 16' 34", an arc length of 23.77 feet; thence along a non-tangent curve to the left, having a radius of 19.00 feet, concave to the Northeast, whose radius point bears North 33° 58' 14" East through a central angle of 36° 48' 14", an arc length of 12.20 feet; thence North 87° 10' 00" East 7.19 feet; thence along a tangent curve to the left, having a radius of 184.00 feet, through a central angle of 36° 44' 46", an arc length of 118.01 feet; thence North 50° 25' 14" East 10.08 feet; thence North 87° 35' 35" East 61.44 feet to the point of beginning.

EXCEPTING THEREFROM that portion thereof described as follows:

BEGINNING at the most Northerly corner of that certain parcel of land described in that certain partial reconveyance recorded in Book 2701 of Official Records, at Page 348, Marin County

Records, said corner lying on the Easterly line of that certain parcel of land described in that certain Deed recorded in Book 119 of Official Records, at Page 117, Marin County Records; thence along said Easterly line North $21^{\circ} 30' 55''$ East 107.39 feet; thence leaving said Easterly line in a Southerly direction along a non-tangent curve to the right, having a radius of 217.00 feet, concave to the West, whose radius point bears South $74^{\circ} 59' 45''$ West through a central angle of $12^{\circ} 10' 15''$, an arc length of 46.09 feet to a point of compound curvature; thence along a tangent curve to the right, having a radius of 427.00 feet through a central angle of $9^{\circ} 39' 09''$, an arc length of 71.94 feet to a point in the Northeasterly line of said parcel described in said partial reconveyance; thence along said Northeasterly line North $68^{\circ} 29' 05''$ West 47.32 feet to the point of beginning.

SCHEDULE B

PROPERTY DESCRIPTION

[TO BE ADDED UPON EXERCISE OF THE OPTION AND FINAL DETERMINATION OF
THE CONFIGURATION OF THE PROPERTY BEING PURCHASED.]

SCHEDULE C

GRANT DEED

Order No. @
Escrow No. @
Loan No. @

WHEN RECORDED MAIL TO:

@
@
@

DOCUMENTARY TRANSFER TAX \$ _____

SPACE ABOVE THIS LINE FOR RECORDER'S USE

.....Computed on the consideration or value of property conveyed; OR

.....Computed on the consideration or value less liens or encumbrances

remaining at time of sale.

Signature of Declarant or Agent determining tax - Firm Name

GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

@
hereby GRANT(S) to

the real property in the City of @, County of @, State of California, described as
@

Dated @

STATE OF CALIFORNIA

COUNTY OF _____

}
}ss
}

On _____ before me,

personally appeared _____

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

(This area for official notarial seal)

MAIL TAX STATEMENTS TO:

@

SCHEDULE D

ASSIGNMENT OF WARRANTIES AND APPROVALS

THIS ASSIGNMENT OF WARRANTIES AND APPROVALS is executed as of the _____ day of _____, 19___, between Sanitary District No. 1 of Marin County ("Assignor") and Campus Cornerstone Larkspur LLC, a Delaware limited liability company ("Assignee").

RECITALS

A. Reference is made to the real property described in attached Schedule 1 (the "Property"), which was a portion of the real property owned by Assignor and located at 2000 Larkspur Landing Circle, Larkspur, California. Concurrently herewith, Assignor is selling to Assignee all of Assignor's interest in the Property.

B. In connection with the sale of the Property to Assignee, Assignor desires to assign to Assignee all of Assignor's interest in all transferable or assignable warranties, representations and guaranties made by or received from any third party with respect to the Property (the "Warranties") and all transferable or assignable consents, authorizations, variances, waivers, licenses, permits, certificates and other approvals from any governmental or quasi-governmental authority with respect to the Property (the "Approvals").

IN CONSIDERATION of and incorporating the foregoing Recitals, the parties hereto agree as follows:

1. Assignor hereby assigns, grants, conveys and transfers to Assignee all of Assignor's rights, title and interest in the Warranties and Approvals free of all liens and monetary encumbrances.

2. Assignor represents and warrants to Assignee that, as of the date hereof, Assignor has full rights, title and interest to all of the Warranties and Approvals and there are no assignments or agreements to assign any of the Warranties or Approvals to any other party.

3. In the event any dispute between the parties hereto should result in litigation or arbitration, the prevailing party shall be reimbursed for all reasonable costs in connection therewith, including, but not limited to, reasonable attorneys' fees and defense costs.

4. The terms of this Assignment of Warranties and Approvals shall bind and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

5. The parties hereby agree to execute such other documents and perform such other acts as may be necessary or desirable to carry out the purposes of this Assignment of Warranties and Approvals.

IN WITNESS WHEREOF, the parties have executed this Assignment of Warranties and Approvals as of the date and year first above written.

Assignor:

Assignee:

SANITARY DISTRICT NO. 1 OF MARIN

CAMPUS CORNERSTONE LARKSPUR

COUNTY

LLC, a Delaware limited liability company

By: _____

Name: Ned J. Ongaro

Title: District Manager

By: Campus Properties, LLC,
a California limited liability company, a
Manager and Member

By: _____

Its: _____

By: Cornerstone Properties Limited
Partnership, a Delaware limited
partnership, a Manager and Member

By: Cornerstone Properties Inc., a
Nevada corporation, its General
Partner

By: _____

Its: _____

SCHEDULE 1 TO THE ASSIGNMENT OF
WARRANTIES AND APPROVALS

Description of the Property

[TO BE ADDED UPON EXERCISE OF THE OPTION AND FINAL DETERMINATION OF
THE CONFIGURATION OF THE PROPERTY BEING PURCHASED.]

SCHEDULE E

NON-FOREIGN CERTIFICATE

This Non-Foreign Certificate is being given pursuant to and in consideration of that certain Real Property Purchase Agreement, dated _____, for the purchase of the real property described therein (which is a portion of 2000 Larkspur Landing Circle), between Sanitary District No. 1 of Marin County ("**Seller**") and Campus Cornerstone Larkspur LLC, a Delaware limited liability company ("**Buyer**"). Section 1445 of the Internal Revenue Code provides that a buyer of a U.S. real property interest must withhold tax if the seller is a foreign person. To inform Buyer that withholding tax is not required upon the disposition of a U.S. real property interest by Seller, the undersigned hereby certifies the following on behalf of Seller:

1. Seller is not a foreign corporation, foreign partnership, foreign trust or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);
2. Seller's U.S. employer identification number is _____; and
3. Seller's office address is 2000 Larkspur Landing Circle, Larkspur, California 94939.

I, Ned J. Ongaro, understand that this certification may be disclosed to the Internal Revenue Service by the Buyer and that any false statement I have made here could be punished by fine, imprisonment or both.

Under penalties of perjury, I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of Seller.

Dated: _____, 19__

By: _____

(Individual Signatory)

Name: Ned J. Ongaro

Title: District Manager

Authorized Representative for Seller

SCHEDULE F

SELLER'S CLOSING CERTIFICATE

This Seller's Closing Certificate is being given pursuant to and in consideration of that certain Real Property Purchase Agreement, dated _____, for the purchase of the real property described therein (which is a portion of the property known as 2000 Larkspur Landing Circle), between Sanitary District No. 1 of Marin County ("**Seller**") and Campus Cornerstone Larkspur LLC, a Delaware limited liability company ("**Buyer**") (the "**Agreement**"), and in accordance therewith, Seller hereby certifies, represents and warrants to Buyer as of _____, 19__, that:

1. There has been no material adverse change in or damage to the Property (as defined in the Agreement) or its use or operation from the date of the Agreement; and
2. All of Seller's representations and warranties described in Section 8 of the Agreement (which reference the representations and warranties in Section 11.1 of a certain Option Agreement between the parties) are true, complete and accurate as of the date hereof, except as specifically set forth on Schedule 1 to this Seller's Closing Certificate

IN WITNESS WHEREOF, this Seller's Closing Certificate was executed by the Seller as of the date stated above.

SELLER: SANITARY DISTRICT NO. 1 OF MARIN
 COUNTY

By: _____

Name: Ned J. Ongaro

Title: District Manager

SCHEDULE 1 TO SELLER'S CLOSING CERTIFICATE

Description of all exceptions and qualifications to Seller's representations and warranties, set forth in Section 8 of the Agreement, as of the Closing Date. If none, so state.

SCHEDULE G

BUYER'S CLOSING CERTIFICATE

This Buyer's Closing Certificate is being given pursuant to and in consideration of that certain Real Property Purchase Agreement, dated _____, for the purchase of the real property described therein (which is a portion of 2000 Larkspur Landing Circle), between Sanitary District No. 1 of Marin County ("**Seller**") and Campus Cornerstone Larkspur LLC, a Delaware limited liability company ("**Buyer**") (the "**Agreement**"), and in accordance therewith, Buyer hereby certifies, represents and warrants to Seller as of _____, 19 __, that:

1. All of the Buyer's representations and warranties described in Section 8 of the Agreement (which reference the representations and warranties in Section 11.3 of a certain Option Agreement between the parties) are true, complete and accurate as of the date hereof, except as specifically set forth on Schedule 1 to this Buyer's Closing Certificate

IN WITNESS WHEREOF, this Buyer's Closing Certificate was executed by the Seller as of the date stated above.

BUYER: CAMPUS CORNERSTONE LARKSPUR LLC,
a Delaware limited liability company

By: Campus Properties, LLC, a California
limited liability company, a Manager and
Member

By: _____
Its: _____

By: Cornerstone Properties Limited Partnership,
a Delaware limited partnership, a Manager
and Member

By: Cornerstone Properties Inc., a Nevada
corporation, its General Partner

By: _____
Its: _____

SCHEDULE 1 TO BUYER'S CLOSING CERTIFICATE

Description of all exceptions and qualifications to Buyer's representations and warranties, set forth in Section 8 of the Agreement, as of the Closing Date. If none, so state.

EXHIBIT D

Title Report



**Preliminary
Report**

First American Title Insurance Company

**ALL INQUIRIES AND CORRESPONDENCE REGARDING THE ESCROW PERTAINING TO
THE PROPERTY COVERED BY THE ATTACHED PRELIMINARY TITLE REPORT
SHOULD BE DIRECTED TO:**

First American Title Insurance
345 California Street, Suite 2400
San Francisco, CA 94104

PHONE NUMBER: (415) 837-2270
ESCROW NUMBER: SP290552-BC
ESCROW OFFICER: Beatrice Cherene
TITLE ORDER NO.: 8-205064SB SUPPLEMENTAL, Susan Chester Bryson



First American Title Company of Marin

600 FIFTH AVENUE • (415) 454-2312
SAN RAFAEL, CA 94901 • P.O. BOX 151289, SAN RAFAEL, CA 94915

Your Reference: SP290552-BC
Our Order Number: 8-205064SB SUPPLEMENTAL

In response to the above referenced application for a policy of title insurance, this Company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage of said Policy or Policies are set forth in Exhibit A attached. Copies of the Policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of September 24, 1999 at 07:30 am

The form of policy of title insurance contemplated by this report is:

AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY

Title to said estate or interest at the date hereof is vested in:

SANITARY DISTRICT NO. 1 OF MARIN COUNTY

The estate or interest in the land hereinafter described or referred to covered by this Report is:

A FEE

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

1. TAXES: General and Special County of Marin and City of Larkspur taxes for the fiscal year 1999-2000, including personal property taxes, if any, now a lien, but not yet due or payable.
2. TAXES: General and Special County of Marin and City of Larkspur taxes for the fiscal year 1998-99. The herein described property is considered non-taxable property in its' present vesting.
3. THE LIEN OF SUPPLEMENTAL TAXES ASSESSED, IF ANY, PURSUANT TO CHAPTER 3.5 COMMENCING WITH SECTION 75 OF THE CALIFORNIA REVENUE AND TAXATION CODE.
4. RIGHT: Right to extend and maintain culverts and the slopes of cuts and fills as contained in the Deed from Remillard Brick Company, a corporation, to the County of Marin, a political corporation, to the County of Marin, a political subdivision, by instrument recorded October 20, 1930 in Book 204 of Official Records, at Page 207, Marin County Records.

(The location was not described therein.)
5. RIGHT OF WAY: A right of way, 20 feet in width. over a Westerly portion of Parcel Four herein described, as contained in the following Deeds of record:
 - A. Deed from Remillard Brick Company, a corporation to Sanitary District No. 1 of Marin County, recorded August 25, 1947 in Book 562 of Official Records, at Page 78, Marin County Records.
 - B. Deed from Sanitary District No. 1 of Marin County to Lincoln Property Company No. 41, a general partnership, recorded August 12, 1977 in Book 3248 of Official Records, at Page 224, Marin County Records.
6. EASEMENT: An easement for ingress and egress over Parcel Five herein described, as reserved in the Deed from Lincoln Property Company No. 41, a general partnership to Sanitary District No. 1 of Marin County, recorded January 18, 1977 in Book 3142 of Official Records, at Page 434, Marin County Records.
7. EASEMENT: Easement 10 feet in width for public utility purposes, together with appurtenances and rights incidental thereto, as conveyed by Sanitary District No. 1 of Marin County to City of Larkspur, by instrument recorded August 12, 1977 in Book 3248 of Official Records, at Page 214 and re-recorded October 24, 1977 in Book 3280 of Official Records, at Page 675, Marin County Records.

(Affects Parcels Three and Four.)

8. EASEMENTS: A right of way, slope easement and drainage easement over the Southerly portion of Parcel One herein described, as conveyed by Sanitary District No. 1 of Marin County to City of Larkspur, a municipal corporation, recorded October 24, 1977 in Book 3281 of Official Records, at Page 12, Marin County Records.
9. RIGHT OF WAY: A non-exclusive right of way for pipeline or pipelines and access purposes over Parcel Five herein described, as conveyed by Sanitary District No. 1 of Marin County to Marin Municipal Water District, a public corporation, by instrument recorded November 7, 1978 in Book 3459 of Official Records, at Page 120, Marin County Records.

Conditions as contained therein.

10. EASEMENT: Easement 10 feet in width for aboveground and underground utility purposes, together with appurtenances and rights incidental thereto, as conveyed by Sanitary District No. 1 of Marin County to Pacific Gas and Electric Company, a California corporation, by instrument recorded December 7, 1978 in Book 3473 of Official Records, at Page 234, Marin County Records.

Conditions as contained therein.

(The location of said easement is depicted upon a map contained therein.)

(Affects Parcels Four and Five.)

11. EASEMENTS: Easements 10 feet in width for aboveground and underground utility purposes together with appurtenances and rights incidental thereto, as conveyed by Sanitary District No. 1 of Marin County to Pacific Gas and Electric Company, a California corporation, by instrument recorded April 17, 1980 in Book 3704 of Official Records, at Page 81, Marin County Records.

Conditions as contained therein.

(Affects Parcels Four and Five.)

12. RIGHTS: Terms and Provisions of that certain rights of first refusal as set forth in that certain Purchase Agreement dated December 6, 1976 as evidenced by that Memorandum executed by and between Sanitary District No. 1 of Marin County and Lincoln Property Company No. 41, by instrument recorded July 28, 1983 as Recorder's Serial No. 83-036201, Marin County Records.
13. POSSIBLE labor and/or materialmen's liens by reason of current demolition of existing improvement and/or other construction or repair on the herein described property.

14. SURVEY: Any adverse claims by reason of the matters as disclosed by that certain ALTA Survey entitled, "Larkspur Landing ALTA Site Plan, Notes and Descriptions "prepared by CSW/Stuber Stroet Engineering Group, Inc., Job No. 394800, dated July 15, 1999, as follows:
- A.) Encroachment of certain improvements related to landscaping which includes irrigation, lawn, walk-ways and brick work, over and onto a Westerly portion of the herein described property.
 - B.) Encroachment of building appendages, door opening, gate opening, overhead wire and gas meter over and onto a Southwesterly portion of the herein described property.
 - C.) Discrepancy between the Westerly boundary line of the herein described property and Lot 2 as shown upon the filed map in Volume 17 of Maps, at Page 5, Marin County Records, which indicates a gap between the two properties.
 - D.) Existing utility lines and poles over a Southeasterly portion of the herein described property.
 - E.) Existing trench and drainage ditch over a Southwesterly portion of the herein described property (route of drainage ditch being altered by demolition process.)
 - F.) Existing Sanitary manholes over Southwesterly and Westerly portions of the herein described property.
 - G.) Existing cable T.V. facilities over Northwesterly and Southwesterly portions of the herein described property.
 - H.) Existing telephone facilities over a Northwesterly portion of the herein described property.
 - I.) Existing underground utility boxes designated "fences" and "PGT" over Southwesterly portions of the herein described property.
 - J.) Existing Pacific Gas and Electric facilities over a Southwesterly portion of the herein described property.
 - K.) Existing intercon box over a Southwesterly portion of the herein described property.
 - L.) Existing fence lying inside and outside the boundaries of the herein described property.
 - M.) ANY FACTS, rights, interest or claims which a survey of the herein described property would disclose, which pertains to the facilities, buildings and utilities which were not surveyed per the "client's request" as noted on said A.

CHAIN OF TITLE: Title of the Vestees herein was acquired two years or more preceding the date hereof.

WM/sf/sf/tb

DESCRIPTION

All that certain real property situate in the City of Larkspur, County of Marin, State of California, described as follows:

PARCEL ONE:

BEGINNING at a point on the Northeasterly right of way line of Sir Francis Drake Highway, as described in Deed from Remillard Brick Company to the County of Marin, dated May 1, 1930 and recorded October 14, 1930 in Volume 204 Official Records at Page 207, Marin County Records, distant thereon Southeasterly 109.624 feet from the intersection of said line with the division line between the property of said Remillard Brick Company and Hutchison Company, said point being further described as North 20° 05' 07" East 104.72 feet; thence along a curve to the left whose center bears North 48° 53' East radius 660 feet; distance 109.624 feet from an iron pipe drive in the center of the old County Road, as referred to in said right of way Deed; and running thence North 20° 05' 07" East 844.61 feet; South 64° 58' East 601.01 feet; South 32° 30' West 424.50 feet; South 68° 46' West 76.69 feet; South 86° 15' West 115.61 feet and South 42° 14' West 343.18 feet to the Northerly right of way line of Sir Francis Drake Highway, thence along said line on a curve to the right whose center bears North 20° 21' 30" East and whose radius is 660 feet, distance 218.96 feet to the point of beginning.

EXCEPTING THEREFROM that certain portion thereof described as follows:

COMMENCING on the Northeasterly line of Sir Francis Drake Highway at the most Westerly corner of the above described parcel, running thence along the Westerly line of said parcel North 20° 05' 07" East 250 feet; thence leaving said line South 69° 54' 53" East 30 feet; thence South 20° 05' 07" West 260 feet more or less to the Northerly line of Sir Francis Drake Highway, thence Westerly along said Northerly line 30 feet more or less to the point of commencement.

FURTHER EXCEPTING THEREFROM that certain portion thereof described as follows:

COMMENCING at a point on the Westerly line of the above described parcel distant thereon North 20° 05' 07" East 644.61 feet from the most Westerly corner thereof, running thence along said Westerly line North 20° 05' 07" East 200 feet to the most Northerly corner of said parcel; thence along the Northerly line of said parcel South 64° 58' East 200 feet; thence leaving said line and running Southwesterly in a straight line 270 feet more or less, to the point of commencement.

PARCEL TWO:

BEGINNING at the intersection of the calls South 64° 58' East 601.01 feet and South 32° 30' West 424.50 feet as set forth in the Deed from Remillard Brick Company to Sanitary District No. 1 of Marin County, dated August 13, 1947, and recorded August 25, 1947 in Book 562 of Official Records, at Page 78, Marin County Records; running thence along the Easterly line of said property South 32° 30' West 424.50 feet, South 68° 46' West 76.69 feet, South 86° 15' West 115.61 feet and South 42° 14' West 28.782 feet; thence leaving said line North 86° 15' East 264.69 feet; thence North 32° 30' East 435.72 feet; thence North 64° 58' West 70.60 feet to the point of beginning.

continues on the following page.....

PARCEL THREE:

BEGINNING at the most Northeasterly corner of that certain parcel of land described in that certain Grant Deed from Remillard Brick Company, a corporation, to Sanitary District No. 1 of Marin County, a public corporation, recorded in Book 1158 of Official Records, at Page 228, Marin County Records, said corner being also an angle point in the general Southerly line of said parcel shown on said map, said point hereinafter referred to as Point "A", and lying on the Southeasterly terminus of that certain course shown as North 63° 32' 12" West 471.60 feet on said map; thence along a course in said general Southerly line of said course being common to a course in the general Southeasterly line of said Deed Parcel, South 33° 55' 48" West (South 32° 30' West per said Deed) 393.00 feet; thence leaving said common line North 56° 25' 48" East 115.00 feet; thence North 27° 40' 48" East 178.00 feet; thence North 21° 17' 17" East 112.5 feet to the point of beginning.

PARCEL FOUR:

BEGINNING at Point "A", as described in Parcel Three hereinabove; thence leaving said general Southerly line North 35° 54' 12" West 274.00 feet; thence South 89° 50' 48" West 265.00 feet; thence North 79° 19' 52" West 116.34 feet to a point hereinafter referred to as Point "C"; thence in a Southwesterly direction, along a non-tangent curve to the left having a radius of 163.00 feet, concave to the Southeast whose radius point bears South 37° 20' 00" East through a central angle of 2° 14' 46", an arc length of 6.39 feet; thence South 50° 25' 14" West 52.65 feet; thence along a tangent curve to the right, having a radius of 221.00 feet, through a central angle of 36° 44' 46", an arc length of 141.74 feet to a point of reverse curvature; thence along a tangent curve to the left, having a radius of 19.00 feet, through a central angle of 85° 10' 36", an arc length of 28.25 feet to a point of reverse curvature; thence along a tangent curve to the right, having a radius of 427.00 feet, through a central angle of 51° 00' 24", an arc length of 380.13 feet; thence radial to the preceding curve, South 37° 00' 12" East 10.00 feet; thence South 54° 18' 22" East 96.19 feet to a point in the Westerly line of that certain parcel of land firstly described in the certain Grant Deed from Remillard Brick Company, a corporation, to Sanitary District No. 1 of Marin County recorded August 25, 1947 in Book 526 of Official Records at Page 78, Marin County Records, said point being also the most Northerly corner of "Parcel A" excepted from said Deed Parcel, said point being also on said general Southerly line of Parcel One as shown on said map; thence along said general Southerly line the following courses:

THENCE along said Westerly line of said Deed Parcel (562 OR 78), North 21° 29' 59" East (North 20° 05' 07" East per said Deed), 394.41 feet to the most Southwesterly corner of "Parcel (b)" secondly from said Deed Parcel (562 OR 78); thence leaving said Westerly line along the Southeasterly line of said "Parcel (b)" North 68° 59' 22" East 270.37 feet to the most Easterly corner of said excepted parcel, said corner lying on the Northeasterly line of said Deed Parcel (562 OR 78); thence along said Northeasterly line, and the Southeasterly prolongation thereof, said prolongation being also the Northeasterly line of the parcel of land described in the Deed recorded in Book 1158 of Official Records, at Page 228, referred to in Parcel Three herein, South 63° 32' 12" East 471.60 feet to the point of beginning.

continues on the following page.....

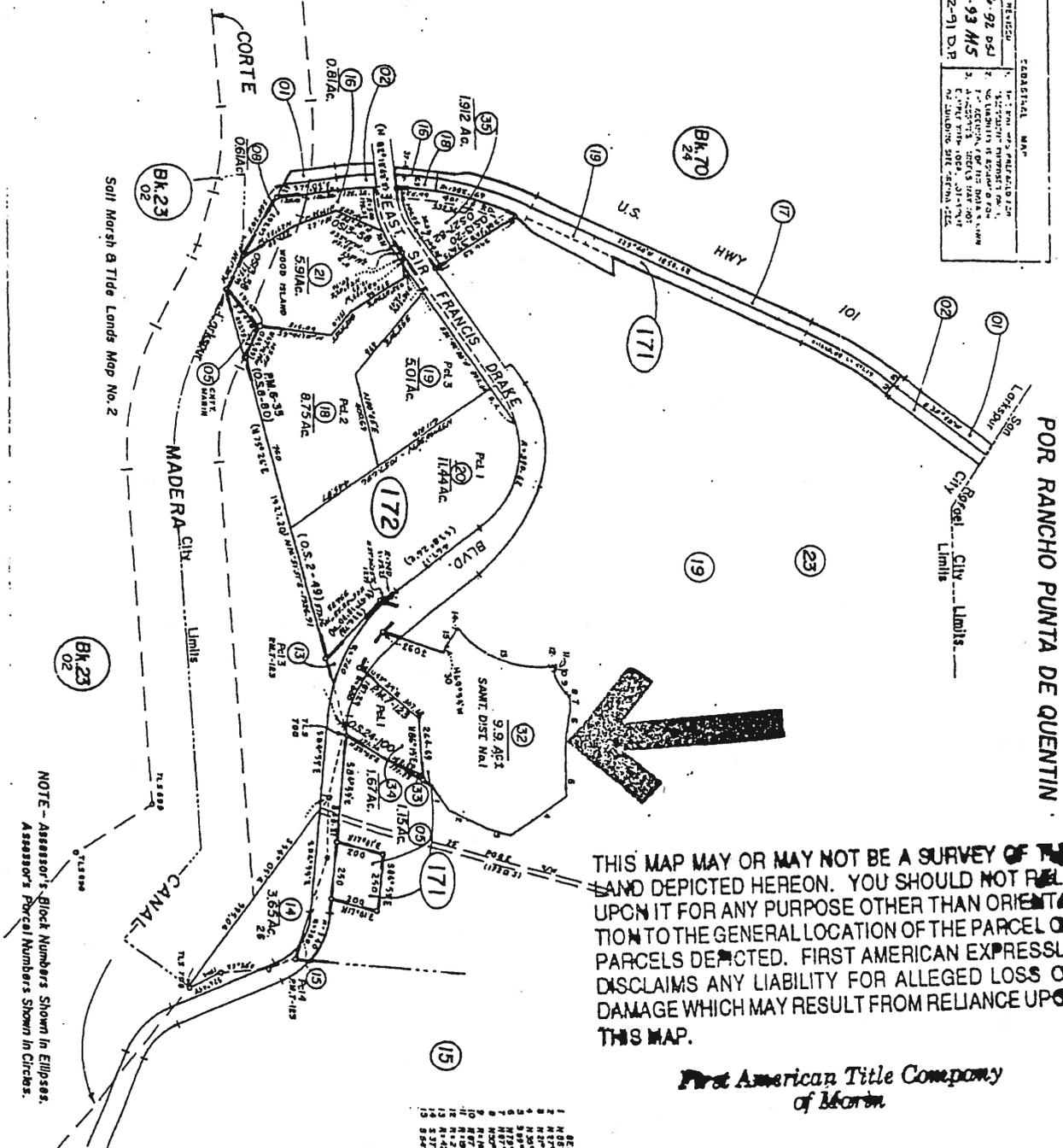
PARCEL FIVE:

BEGINNING at Point "C" as described above in Parcel Four; thence in a Southwesterly direction, along a non-tangent curve to the left, having a radius of 163.00 feet, concave to the Southeast, whose radius point bears South 37° 20' 00" East through a central angle of 2° 14' 46" an arc length of 6.39 feet; thence South 50° 25' 14" West 52.65 feet; thence along a tangent curve to the right, having a radius of 221.00 feet, through a central angle of 36° 44' 46", an arc length of 141.74 feet to a point of reverse curvature; thence along a tangent curve to the left, having a radius of 19.00 feet, through a central angle of 85° 10' 36", an arc length of 28.25 feet to a point of reverse curvature; thence along a tangent curve to the right having a radius of 427.00 feet, through a central angle of 4° 49' 45", an arc length of 35.99 feet to a point in the Northeasterly line of that certain parcel of land described in that certain partial reconveyance by Title Insurance and Trust Company, recorded July 2, 1973 in Book 2701 of Official Records, at Page 348, Marin County Records; thence along said Northeasterly line North 68° 29' 05" West 47.32 feet to the most Northerly corner of said parcel, said corner lying on the Easterly line of that certain parcel of land described in that certain Deed to Hutchinson Co., a corporation, recorded May 17, 1927 in Book 119 of Official Records, at Page 117, Marin County Records; thence along said Easterly line North 21° 30' 55" East (North 20° 05' 07" East per said Deed), 107.39 feet to a point of cusp; thence leaving said Easterly line in a Southerly direction along a non-tangent curve to the right, having a radius of 217.00 feet, concave to the West, whose radius point bears South 74° 59' 45" West through a central angle of 6° 16' 34", an arc length of 23.77 feet; thence along a non-tangent curve to the left, having a radius of 19.00 feet, concave to the Northeast, whose radius point bears North 33° 58' 14" East through a central angle of 36° 48' 14", an arc length of 12.20 feet; thence North 87° 10' 00" East 7.19 feet; thence along a tangent curve to the left, having a radius of 184.00 feet, through a central angle of 36° 44' 46", an arc length of 118.01 feet; thence North 50° 25' 14" East 10.08 feet; thence North 87° 35' 35" East 61.44 feet to the point of beginning.

EXCEPTING THEREFROM that portion thereof described as follows:

BEGINNING at the most Northerly corner of that certain parcel of land described in that certain partial reconveyance recorded in Book 2701 of Official Records, at Page 348, Marin County Records, said corner lying on the Easterly line of that certain parcel of land described in that certain Deed recorded in Book 119 of Official Records, at Page 117, Marin County Records; thence along said Easterly line North 21° 30' 55" East 107.39 feet; thence leaving said Easterly line in a Southerly direction along a non-tangent curve to the right, having a radius of 217.00 feet, concave to the West, whose radius point bears South 74° 59' 45" West through a central angle of 12° 10' 15", an arc length of 46.09 feet to a point of compound curvature; thence along a tangent curve to the right, having a radius of 427.00 feet, through a central angle of 9° 39' 09", an arc length of 71.94 feet to a point in the Northeasterly line of said parcel described in said partial reconveyance; thence along said Northeasterly line North 68° 29' 05" West 47.32 feet to the point of beginning.

1	1-17-91	1-17-91
2	1-17-91	1-17-91
3	1-17-91	1-17-91
4	1-17-91	1-17-91
5	1-17-91	1-17-91
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7	1-17-91	1-17-91
8	1-17-91	1-17-91
9	1-17-91	1-17-91
10	1-17-91	1-17-91
11	1-17-91	1-17-91
12	1-17-91	1-17-91
13	1-17-91	1-17-91
14	1-17-91	1-17-91
15	1-17-91	1-17-91
16	1-17-91	1-17-91
17	1-17-91	1-17-91
18	1-17-91	1-17-91
19	1-17-91	1-17-91
20	1-17-91	1-17-91
21	1-17-91	1-17-91
22	1-17-91	1-17-91
23	1-17-91	1-17-91
24	1-17-91	1-17-91



THIS MAP MAY OR MAY NOT BE A SURVEY OF LAND DEPICTED HEREON. YOU SHOULD NOT RELY UPON IT FOR ANY PURPOSE OTHER THAN ORIENTATION TO THE GENERAL LOCATION OF THE PARCELS DEPICTED. FIRST AMERICAN EXPRESS DISCLAIMS ANY LIABILITY FOR ALLEGED LOSS OR DAMAGE WHICH MAY RESULT FROM RELIANCE UPON THIS MAP.

First American Title Company of Marin

Tax Rate Area
4-006
4-012

18-17



1	187-40E	118
2	187-40E	118
3	187-40E	118
4	187-40E	118
5	187-40E	118
6	187-40E	118
7	187-40E	118
8	187-40E	118
9	187-40E	118
10	187-40E	118
11	187-40E	118
12	187-40E	118
13	187-40E	118
14	187-40E	118
15	187-40E	118

NOTE - Assessor's Block Numbers Shown in Ellipses.
Assessor's Parcel Numbers Shown in Circles.

CITY OF LARKSPUR
Assessor's Map Bk. 18 - Pg. 17
County of Marin, Calif.



NOTICE

In accordance with Section 18662 and 18668 of the Revenue and Taxation Code, a buyer may be required to withhold an amount equal to three and one-third percent of the sales price in the case of the disposition of California real property interest by either:

1. A seller who is an individual with a last known street address outside of California or when the disbursement instructions authorize the proceeds be sent to a financial intermediary of the seller, Of
2. A corporate seller which has no permanent place of business in California.

The buyer may become subject to penalty for failure to withhold an amount equal to the lesser of 10 percent of the amount required to be withheld or five hundred dollars (\$500).

However, notwithstanding any other provision included in the California statutes referenced above, no buyer will be required to withhold any amount or be subject to penalty for failure to withhold if:

1. The sale price of the California real property conveyed does not exceed one hundred thousand dollars (\$100,000), OR
2. The seller executes a written certificate, under the penalty of perjury, certifying that the seller is a resident of California, or if a corporation, has a permanent place of business in California, OR
3. The seller, who is an individual, executes a written certificate, under the penalty of perjury, that the California real property being conveyed is the seller's principal residence (as defined in Section 1034 of the Internal Revenue Code).

The seller is subject to penalty for knowingly filing a fraudulent certificate for the purpose of avoiding the withholding requirement.

The California statutes referenced above include provisions which authorize the Franchise Tax Board to grant reduced withholding and waivers from withholding on a case-by-case basis.

The parties to this transaction should seek an attorney's, accountant's, or other tax specialist's opinion concerning the effect of this law on this transaction and should not act on any statements made or omitted by the escrow or closing officer.

SECTION 12413.1 OF THE CALIFORNIA INSURANCE CODE, EFFECTIVE JANUARY 1, 1990, REQUIRES THAT ANY TITLE INSURANCE COMPANY, UNDERWRITTEN TITLE COMPANY, OR CONTROLLED ESCROW COMPANY HANDLING FUNDS IN AN ESCROW OR SUB-ESCROW CAPACITY, WAIT A SPECIFIED NUMBER OF DAYS AFTER DEPOSITING FUNDS, BEFORE RECORDING ANY DOCUMENTS IN CONNECTION WITH THE TRANSACTION OR DISBURSING FUNDS. THIS STATUTE ALLOWS FOR FUNDS DEPOSITED BY WIRE TRANSFER TO BE DISBURSED THE SAME DAY AS DEPOSIT. IN THE CASE OF CASHIER'S CHECKS OR CERTIFIED CHECKS, FUNDS MAY BE DISBURSED THE NEXT DAY AFTER DEPOSIT. IN ORDER TO AVOID UNNECESSARY DELAYS OF THREE TO SEVEN DAYS, OR MORE, PLEASE USE WIRE TRANSFER, CASHIER'S CHECKS OR CERTIFIED CHECKS WHENEVER POSSIBLE.

IF YOU HAVE ANY QUESTION ABOUT THE EFFECT OF THIS NEW LAW, PLEASE CONTACT YOUR LOCAL FIRST AMERICAN OFFICE FOR MORE DETAILS.

NOTE: THIS REPORT IS SUBJECT TO A CANCELLATION CHARGE AS REQUIRED BY SECTIONS 12404, ET SEQ., OF THE INSURANCE CODE OF THE STATE OF CALIFORNIA AND RULE NO. 2 OF DEPARTMENT OF INSURANCE BULLETIN NO. NS. 35 E.

EXHIBIT A
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS (By Policy Type)

1. CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990
SCHEDULE B

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceeding public agency which may result in taxes or assessments, or notice of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted (a), (b), or (c) are shown by the public records.

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimension or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions of the area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or a violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims, or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable "doing business" laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any conduct in violation of credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by their policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

2. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY FORM B - 1970
SCHEDULE OF EXCLUSIONS FROM COVERAGE

1. Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or the effect of any violation of any such law, ordinance or governmental regulation.
2. Rights of eminent domain or governmental rights of police power unless notice of the exercise of such rights appears in the public records at Date of Policy.
3. Defects, liens, encumbrances, adverse claims, or other matters (a) created, suffered, assumed or agreed to by the insured claimant; (b) not known to the Company and not shown by the public records but known to the insured claimant either at Date of Policy or at the date such claimant acquired an estate or interest insured by this policy and not disclosed in writing by the insured claimant to the Company prior to the date such insured claimant became an insured hereunder; (c) resulting in no loss or damage to the insured claimant; (d) attaching or created subsequent to Date of Policy; or (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.

3. AMERICAN LAND TITLE ASSOCIATION OWNERS POLICY FORM B - 1970
WITH REGIONAL EXCEPTIONS

When the American Land Title Association policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 2 above are used and the following exceptions to coverage appear in the policy.

SCHEDULE B

This policy does not insure against loss or damage by reason of the matters shown in parts one and two following:

Part One:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
Easements, claims of easement or encumbrances which are not shown by the public records.
Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
Any lien or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.

**4. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1970
WITH A.L.T.A. ENDORSEMENT FORM 1 COVERAGE
SCHEDULE OF EXCLUSIONS FROM COVERAGE**

1. Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or the effect of any violation of any such law ordinance or governmental regulation.
- Rights of eminent domain or governmental rights of police power unless notice of the exercise of such rights appears in the public records at Date of Policy.
3. Defects, liens, encumbrances, adverse claims, or other matters (a) created, suffered, assumed or agreed to by the insured claimant, (b) not known to the Company and not shown by the records but known to the insured claimant either at Date of Policy or at the date such claimant acquired an estate or interest insured by this policy or acquired the insured mortgage and not disclosed in writing by the insured claimant to the Company prior to the date such insured claimant became an insured hereunder; (c) resulting in no loss or damage to the insured claimant; (d) attached created subsequent to Date of Policy (except to the extent insurance is afforded herein as to any statutory lien for labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy).
4. Unenforceability of the lien of the insured mortgage because of failure of the insured at Date of Policy or of any subsequent owner of the indebtedness to comply with applicable "doing business" laws of the state in which the land is situated.

5. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1970 WITH REGIONAL EXCEPTIONS

When the American Land Title Association Lenders Policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy, the exclusions set forth in paragraph 4 above are used and the following exceptions to coverage appear in the policy.

SCHEDULE B

This policy does not insure against loss or damage by reason of the matters shown in parts one and two following:

Part One:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

**6. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1992
WITH A.L.T.A. ENDORSEMENT FORM 1 COVERAGE
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimension or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or all violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at date of policy); or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable "doing business" laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar credit rights laws, that is based on:
 - (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
 - (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

7. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1992 WITH REGIONAL EXCEPTIONS

When the American Land Title Association Policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy, the exclusions set forth in paragraph 6 above are used and the following exceptions to coverage appear in the policy.

SCHEDULE B

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not known by the public records.
Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

**8. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY - 1992
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimension area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditor rights laws, that is based on:
 - (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

9. AMERICAN LAND TITLE ASSOCIATION OWNER POLICY - 1992 WITH REGIONAL EXCEPTIONS

When the American Land Title Association policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 8 above are used and the following exceptions to coverage appear in the policy.

SCHEDULE B

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:
Part One:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interest, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

**10. AMERICAN LAND TITLE ASSOCIATION RESIDENTIAL TITLE INSURANCE POLICY - 1987
EXCLUSIONS**

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
 - land use
 - improvements on the land
 - land division
 - environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.

This exclusion does not limit the zoning coverage described in items 12 and 13 of Covered Title Risks.

2. The right to take the land by condemning it, unless:
 - a notice of exercising the right appears in the public records on the Policy Date
 - the taking happened prior to the policy date and is binding on you if you bought the land without knowing of the taking.
3. Title Risks:
 - that are created, allowed, or agreed to by you
 - that are known to you, but not to us, on the Policy Date - unless they appeared in the public records
 - that result in no loss to you
 - that first affect your title after the Policy Date - this does not limit the labor and material lien coverage in item 8 of Covered Title Risks
4. Failure to pay value for your title.
5. Lack of a right:
 - to any land outside the area specifically described and referred to in item 3 of Schedule A, or
 - in streets, alleys, or waterways that touch your land

This exclusion does not limit the access coverage in item 5 of Covered Title Risks.

ADDENDUM TO EXHIBIT A LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS (By Policy Type)

11. EAGLE PROTECTION OWNER'S POLICY

CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE - 1998

EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning:
 - a. building
 - b. zoning
 - c. land use
 - d. improvements on the Land
 - e. land division
 - f. environmental protection

This Exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date.

This Exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17 or 24.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.
3. The right to take the Land by condemning it, unless:
 - a. a notice of exercising the right appears in the Public Records at the Policy Date; or
 - b. the taking happened before the Policy Date and is binding on You if You bought the Land without Knowing of the taking.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they appear in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.d, 22, 23, 24 or 25.
5. Failure to pay value for Your Title.
6. Lack of a Right:
 - a. to any Land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.This Exclusion does not limit the coverage described in Covered Risk 11 or 18.

12. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY-1992 WITH A.L.T.A. ENDORSEMENT FORM 1 COVERAGE WITH EAGLE PROTECTION ADDED

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees and expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, prohibiting or relating to (i) the occupancy, use, or enjoyment of the Land; (ii) the character, dimensions or location of any improvement or hereafter erected on the Land; (iii) a separation in ownership or a change in the dimensions or area of the Land or any parcel of which the Land was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under insuring provisions 14, 15, 16 or 24 of this policy.

(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under insuring provisions 14, 15, 16 and 24 of this policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the Public Records at Date of Policy, but not excluding coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without Knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (this paragraph (d) does not limit the coverage provided under insuring provisions 7, 8, 16, 19, 20, 21, 23, 24 and 25); or
 - (e) resulting in loss or damage which would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.

4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of the Insured at Date of Policy, or the inability or failure of subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the Land is situated.
 5. Invalidity or unenforceability of the lien of the Insured Mortgage, or claim thereof, which arises out of the transaction evidenced by the Insured Mortgage and is based upon:
 - (a) usury, except as provided under insuring provision 10 of this policy; or
 - (b) any consumer credit protection or truth in lending law.
 6. Taxes or assessments of any taxing or assessment authority which become a lien on the Land subsequent to Date of Policy.
 7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (a) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
 - (b) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
 - (c) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (i) to timely record the instrument of transfer; or
 - (ii) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.
 8. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This exclusion does not limit the coverage provided under insuring provision 7.
 9. Lack of priority of the lien of the Insured Mortgage as to each and every advance made after Date of Policy, and all interest charged thereon, over all other liens, encumbrances and other matters affecting title, the existence of which are Known to the Insured at:
 - (a) The time of the advance; or
 - (b) The time a modification is made to the terms of the Insured Mortgage which changes the rate of interest charged, if the rate of interest is greater as a result of the modification than it would have been before the modification.
- This exclusion does not limit the coverage provided under insuring provision 7.

SCHEDULE B

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

Environmental protection liens provided for by the following existing statutes, which liens will have priority over the lien of the Insured Mortgage when they arise: NONE.

13. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1992 WITH EAGLE PROTECTION ADDED WITH REGIONAL EXCEPTIONS

When the American Land Title Association loan policy with EAGLE Protection Added is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 12 above are used and the following exceptions to coverage appear in the policy:

SCHEDULE B

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

Part One:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. Unpatented mining claims; reservations or exceptions in patents or in acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

Part Two:

Environmental protection liens provided for by the following existing statutes, which liens will have priority over the lien of the Insured Mortgage when they arise: NONE.

EXHIBIT E
Exceptions to Owner's Representations and Warranties

H & H suit described in Section 4 of Option Agreement

EXHIBIT F
Memorandum of Option

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL
TO:

FARELLA, BRAUN & MARTEL
235 Montgomery Street, Suite 3000
San Francisco, CA 94104

ATTN.: Edward A. Cherry, Esq.

MEMORANDUM OF OPTION AGREEMENT

THIS MEMORANDUM OF OPTION AGREEMENT ("Memorandum") is made and entered into effective as of this ___th day of _____, 1999, by and between SANITARY DISTRICT NO. 1 OF MARIN COUNTY ("Sanitary District"), and CAMPUS CORNERSTONE LARKSPUR LLC, a Delaware limited liability company ("Campus Cornerstone"), to provide notice to all parties of certain rights granted in and restrictions imposed on that certain real property owned by the Sanitary District, located in the County of Marin, California and more particularly described in Exhibit A attached hereto and made a part hereof ("Entire Property").

WITNESSETH

1. Option. For and in consideration of the consideration payments reserved, and mutual covenants, agreements and conditions provided in that certain unrecorded Option Agreement ("Option") dated _____, 1999, by and between the parties hereto, the Sanitary District hereby grants to Campus Cornerstone and Campus Cornerstone hereby acquires from the Sanitary District an option to purchase the Entire Property, less a portion of the Entire Property comprised of no more than 1.5 acres to be retained by the Sanitary District (the "District Site), together with all easements, rights and appurtenances in connection therewith. The term of the Option commenced on _____, 1999, and shall terminate on _____, 2001, subject to (i) Campus Cornerstone's right to extend the Option term for four (4) additional periods of six (6) months each, commencing on the expiration of the immediately preceding initial or extended Option term as applicable, (ii) extension of the initial and extended Option terms pending resolution of certain litigation described in the Option, and (iii) other rights to extend the term as provided in the Option.

2. Owner's Prohibited Actions. Pursuant to Section 14 of the Option, the Sanitary District further agrees, inter alia, not to sell, lease or publicly offer for sale or lease all or any

portion of the Entire Property or otherwise solicit, entertain, negotiate or accept offers for the sale or lease of all or any portion of the Entire Property from any party.

3. District Site Restrictions. Pursuant to Section 17 of the Option, certain restrictions on the ownership, use, development and operation of the District Site and a right of first offer to purchase the District Site in favor of Campus Cornerstone are to be imposed on the District Site, either through a deed restriction, easement or other recorded document, upon Campus Cornerstone's exercise of the Option and the closing of that transaction.

4. Option Provisions Govern Memorandum. This Memorandum of Option Agreement is executed for the sole purpose of giving notice of the existence of the Option Agreement and related provisions effecting the District Site to all interested parties and is subject to the conditions, covenants, agreements, reservations and provisions provided in the Option. The incomplete statement of any such covenant, condition, agreement, reservation or provision in this Memorandum shall not be deemed to modify or amend any of the terms and provisions of the unrecorded Option, which shall be the controlling instrument. Subject to the foregoing, this Memorandum is binding upon, and shall inure to the benefit of, the parties hereto and their successors and assigns.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Option Agreement as of the date first above written.

SANITARY DISTRICT NO. 1 OF MARIN
COUNTY

CAMPUS CORNERSTONE LARKSPUR
LLC, a Delaware limited liability company

By: _____

By: _____

EXHIBIT A

Legal Description of the Entire Property

ACKNOWLEDGMENT FORM FOR MEMORANDUM OF OPTION

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of
County of

On _____ before me, _____,
DATE NAME, TITLE OF OFFICER
personally appeared _____,
NAME(S) OF SIGNER(S)

.. personally known to me - **OR**

.. proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

ACKNOWLEDGMENT FORM FOR MEMORANDUM OF OPTION

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of
County of

On _____ before me, _____,
DATE NAME, TITLE OF OFFICER
personally appeared _____,
NAME(S) OF SIGNER(S)

.. personally known to me - **OR**

.. proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

ACKNOWLEDGMENT FORM FOR MEMORANDUM OF OPTION

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

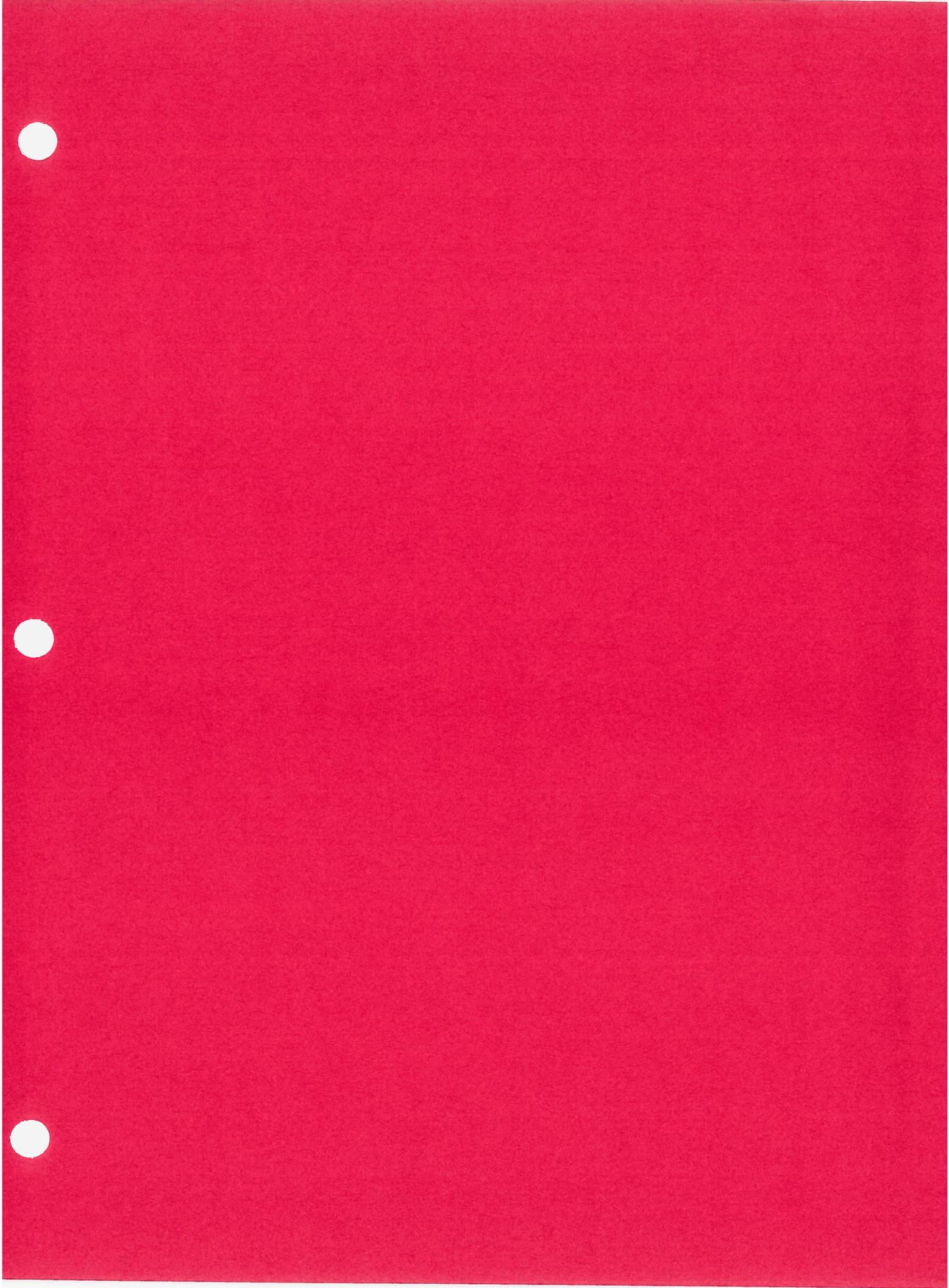
State of
County of

On _____ before me, _____,
DATE NAME, TITLE OF OFFICER
personally appeared _____,
NAME(S) OF SIGNER(S)

.. personally known to me - **OR**

.. proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



Recorded at the request of:
First American Title Company
Escrow No. 517493
Title No. 8-205064SB



2000-0007418

Recorded
Official Records
County Of
Marin
JOAN C. THAYER
Recorder

REC FEE 34.00

08:00AM 10-Feb-2000 | SJ
Page 1 of 10

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL
TO:

FARELLA, BRAUN & MARTEL
235 Montgomery Street, Suite 3000
San Francisco, CA 94104

ATTN.: Edward A. Cherry, Esq.

AP#18-171-32

MEMORANDUM OF OPTION AGREEMENT

THIS MEMORANDUM OF OPTION AGREEMENT ("Memorandum") is made and entered into effective as of this ~~21st~~ day of ~~OCTOBER~~, 1999, by and between SANITARY DISTRICT NO. 1 OF MARIN COUNTY ("Sanitary District"), and CAMPUS CORNERSTONE LARKSPUR LLC, a Delaware limited liability company ("Campus Cornerstone"), to provide notice to all parties of certain rights granted in and restrictions imposed on that certain real property owned by the Sanitary District, located in the County of Marin, California and more particularly described in Exhibit A attached hereto and made a part hereof ("Entire Property").

WITNESSETH

1. Option. For and in consideration of the consideration payments reserved, and mutual covenants, agreements and conditions provided in that certain unrecorded Option Agreement ("Option") dated ~~6TH OCT~~, 1999, by and between the parties hereto, the Sanitary District hereby grants to Campus Cornerstone and Campus Cornerstone hereby acquires from the Sanitary District an option to purchase the Entire Property, less a portion of the Entire Property comprised of no more than 1.5 acres to be retained by the Sanitary District (the "District Site), together with all easements, rights and appurtenances in connection therewith. The term of the Option commenced on ~~6TH OCTOBER~~, 1999, and shall terminate on ~~5TH OCTOBER~~, 2001, subject to (i) Campus Cornerstone's right to extend the Option term for four (4) additional periods of six (6) months each, commencing on the expiration of the immediately preceding initial or extended Option term as applicable, (ii) extension of the initial and extended Option terms pending resolution of certain litigation described in the Option, and (iii) other rights to extend the term as provided in the Option.

2. Owner's Prohibited Actions. Pursuant to Section 14 of the Option, the Sanitary District further agrees, inter alia, not to sell, lease or publicly offer for sale or lease all or any portion of the Entire Property or otherwise solicit, entertain, negotiate or accept offers for the sale or lease of all or any portion of the Entire Property from any party.

3. District Site Restrictions. Pursuant to Section 17 of the Option, certain restrictions on the ownership, use, development and operation of the District Site and a right of first offer to purchase the District Site in favor of Campus Cornerstone are to be imposed on the District Site, either through a deed restriction, easement or other recorded document, upon Campus Cornerstone's exercise of the Option and the closing of that transaction.

4. Option Provisions Govern Memorandum. This Memorandum of Option Agreement is executed for the sole purpose of giving notice of the existence of the Option Agreement and related provisions effecting the District Site to all interested parties and is subject to the conditions, covenants, agreements, reservations and provisions provided in the Option. The incomplete statement of any such covenant, condition, agreement, reservation or provision in this Memorandum shall not be deemed to modify or amend any of the terms and provisions of the unrecorded Option, which shall be the controlling instrument. Subject to the foregoing, this Memorandum is binding upon, and shall inure to the benefit of, the parties hereto and their successors and assigns.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Option Agreement as of the date first above written.

CAMPUS CORNERSTONE LARKSPUR LLC,
a Delaware limited liability company

By: Campus Properties, LLC,
a California limited liability company,
a Manager and Member

By: Michael R. Hooper
Its: Manager and Member
Name: Michael R. Hooper

By: Cornerstone Properties Limited Partnership,
a Delaware limited partnership,
a Manager and Member

By: Cornerstone Properties Inc.,
a Nevada corporation,
its General Partner

By: William Wilson III
Its: Chairman, Cornerstone Prop Inc
Name: William Wilson III

SANITARY DISTRICT NO. 1 OF MARIN COUNTY

By: *Ned J. Ongaro*
Name: Ned J. Ongaro
Its: District Manager

ACKNOWLEDGMENT FORM FOR MEMORANDUM OF OPTION

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of Marin

On Oct 21, 1999 before me, Karen Melchers, Notary Public
Michael Richard Hooper
DATE NAME, TITLE OF OFFICER

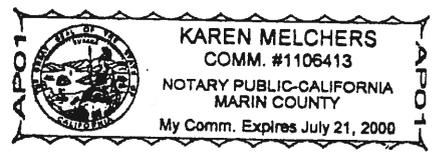
personally appeared Michael Richard Hooper
NAME(S) OF SIGNER(S)

personally known to me - OR

proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Karen Melchers



ACKNOWLEDGMENT FORM FOR MEMORANDUM OF OPTION

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of San Mateo

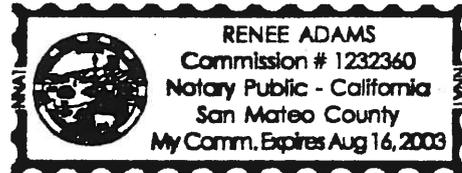
On October 11, 1999 before me, Renee Adams, Notary Public
DATE NAME, TITLE OF OFFICER
personally appeared William Wilson III
NAME(S) OF SIGNER(S)

" personally known to me - ~~OR~~

" ~~proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.~~

WITNESS my hand and official seal.

Renee Adams



ACKNOWLEDGMENT FORM FOR MEMORANDUM OF OPTION

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of Marin

On Oct 21, 1999 before me, Karen Melchers Notary Public,
DATE NAME, TITLE OF OFFICER

personally appeared Ned J. Ongaro,
NAME(S) OF SIGNER(S)

" personally known to me - OR

" proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she~~/they executed the same in his/~~her~~/their authorized capacity(ies), and that by his/~~her~~/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Karen Melchers

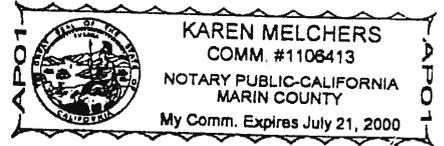


EXHIBIT A

Legal Description of the Entire Property

All that certain real property situate in the County of Marin, State of California, described as follows:

PARCEL ONE:

BEGINNING at a point on the Northeasterly right of way line of Sir Francis Drake Highway, as described in Deed from Remillard Brick Company to the County of Marin, dated May 1, 1930 and recorded October 14, 1930 in Volume 204 Official Records at Page 207, Marin County Records, distant thereon Southeasterly 109.624 feet from the intersection of said line with the division line between the property of said Remillard Brick Company and Hutchison Company, said point being further described as North 20° 05' 07" East 104.72 feet; thence along a curve to the left whose center bears North 48° 53' East radius 660 feet; distance 109.624 feet from an iron pipe drive in the center of the old County Road, as referred to in said right of way Deed; and running thence North 20° 05' 07" East 844.61 feet; South 64° 58' East 601.01 feet; South 32° 30' West 424.50 feet; South 68° 46' West 76.69 feet; South 86° 15' West 115.61 feet and South 42° 14' West 343.18 feet to the Northerly right of way line of Sir Francis Drake Highway, thence along said line on a curve to the right whose center bears North 20° 21' 30" East and whose radius is 660 feet, distance 218.96 feet to the point of beginning.

EXCEPTING THEREFROM that certain portion thereof described as follows:

COMMENCING on the Northeasterly line of Sir Francis Drake Highway at the most Westerly corner of the above described parcel, running thence along the Westerly line of said parcel North 20° 05' 07" East 250 feet; thence leaving said line South 69° 54' 53" East 30 feet; thence South 20° 05' 07" West 260 feet more or less to the Northerly line of Sir Francis Drake Highway, thence Westerly along said Northerly line 30 feet more or less to the point of commencement.

FURTHER EXCEPTING THEREFROM that certain portion thereof described as follows:

COMMENCING at a point on the Westerly line of the above described parcel distant thereon North 20° 05' 07" East 644.61 feet from the most Westerly corner thereof, running thence along said Westerly line North 20° 05' 07" East 200 feet to the most Northerly corner of said parcel; thence along the Northerly line of said parcel South 64° 58' East 200 feet; thence leaving said line and running Southwesterly in a straight line 270 feet more or less, to the point of commencement.

PARCEL TWO:

BEGINNING at the intersection of the calls South 64° 58' East 601.01 feet and South 32° 30' West 424.50 feet as set forth in the Deed from Remillard Brick Company to Sanitary District No. 1 of Marin County, dated August 13, 1947, and recorded August 25, 1947 in Book 562 of Official Records, at Page 78, Marin County Records; running thence along the Easterly line of said property South 32° 30' West 424.50 feet, South 68° 46'

West 76.69 feet, South 86° 15' West 115.61 feet and South 42° 14' West 28.782 feet; thence leaving said line North 86° 15' East 264.69 feet; thence North 32° 30' East 435.72 feet; thence North 64° 58' West 70.60 feet to the point of beginning.

PARCEL THREE:

BEGINNING at the most Northeasterly corner of that certain parcel of land described in that certain Grant Deed from Remillard Brick Company, a corporation, to Sanitary District No. 1 of Marin County, a public corporation, recorded in Book 1158 of Official Records, at Page 228, Marin County Records, said corner being also an angle point in the general Southerly line of said parcel shown on said map, said point hereinafter referred to as Point "A", and lying on the Southeasterly terminus of that certain course shown as North 63° 32' 12" West 471.60 feet on said map; thence along a course in said general Southerly line, said course being common to a course in the general Southeasterly line of said Deed Parcel, South 33° 55' 48" West (South 32° 30' West per said Deed) 393.00 feet; thence leaving said common line North 56° 25' 48" East 115.00 feet; thence North 27° 40' 48" East 178.00 feet; thence North 21° 17' 17" East 112.54 feet to the point of beginning.

PARCEL FOUR:

BEGINNING at Point "A", as described in Parcel Three hereinabove; thence leaving said general Southerly line North 35° 54' 12" West 274.00 feet; thence South 89° 50' 48" West 265.00 feet; thence North 79° 19' 52" West 116.34 feet to a point hereinafter referred to as Point "C"; thence in a Southwesterly direction, along a non-tangent curve to the left having a radius of 163.00 feet, concave to the Southeast, whose radius point bears South 37° 20' 00" East through a central angle of 2° 14' 46", an arc length of 6.39 feet; thence South 50° 25' 14" West 52.65 feet; thence along a tangent curve to the right, having a radius of 221.00 feet, through a central angle of 36° 44' 46", an arc length of 141.74 feet to a point of reverse curvature; thence along a tangent curve to the left, having a radius of 19.00 feet, through a central angle of 85° 10' 36", an arc length of 28.25 feet to a point of reverse curvature; thence along a tangent curve to the right, having a radius of 427.00 feet, through a central angle of 51° 00' 24", an arc length of 380.13 feet; thence radial to the preceding curve, South 37° 00' 12" East 10.00 feet; thence South 54° 18' 22" East 96.19 feet to a point in the Westerly line of that certain parcel of land firstly described in that certain Grant Deed from Remillard Brick Company, a corporation, to Sanitary District No. 1 of Marin County, recorded August 25, 1947 in Book 526 of Official Records at Page 78, Marin County Records, said point being also the most Northerly corner of "Parcel A" excepted from said Deed Parcel, said point being

also on said general Southerly line of Parcel One as shown on said map; thence along said general Southerly line the following courses:

THENCE along said Westerly line of said Deed Parcel (562 OR 78), North 21° 29' 59" East (North 20° 05' 07" East per said Deed), 394.41 feet to the most Southwesterly corner of "Parcel (b)" secondly from said Deed Parcel (562 OR 78); thence leaving said Westerly line along the Southeasterly line of said "Parcel (b)", North 68° 59' 22" East 270.37 feet to the most Easterly corner of said excepted parcel, said corner lying on the Northeasterly line of said Deed Parcel (562 OR 78); thence along said Northeasterly line, and the Southeasterly prolongation thereof, said prolongation being also the Northeasterly line of the parcel of land described in the Deed recorded in Book 1158 of Official Records, at Page 228, referred to in Parcel Three herein, South 63° 32' 12" East 471.60 feet to the point of beginning.

PARCEL FIVE:

BEGINNING at Point "C" as described above in Parcel Four; thence in a Southwesterly direction, along a non-tangent curve to the left, having a radius of 163.00 feet, concave to the Southeast, whose radius point bears South 37° 20' 00" East through a central angle of 2° 14' 46" an arc length of 6.39 feet; thence South 50° 25' 14" West 52.65 feet; thence along a tangent curve to the right, having a radius of 221.00 feet, through a central angle of 36° 44' 46", an arc length of 141.74 feet to a point of reverse curvature; thence along a tangent curve to the left, having a radius of 19.00 feet, through a central angle of 85° 10' 36", an arc length of 28.25 feet to a point of reverse curvature; thence along a tangent curve to the right having a radius of 427.00 feet, through a central angle of 4° 49' 45", an arc length of 35.99 feet to a point in the Northeasterly line of that certain parcel of land described in that certain partial reconveyance by Title Insurance and Trust Company, recorded July 2, 1973 in Book 2701 of Official Records, at Page 348, Marin County Records; thence along said Northeasterly line North 68° 29' 05" West 47.32 feet to the most Northerly corner of said parcel, said corner lying on the Easterly line of that certain parcel of land described in that certain Deed to Hutchinson Co., a corporation, recorded May 17, 1927 in Book 119 of Official Records, at Page 117, Marin County Records; thence along said Easterly line North 21° 30' 55" East (North 20° 05' 07" East per said Deed), 107.39 feet to a point of cusp; thence leaving said Easterly line in a Southerly direction along a non-tangent curve to the right, having a radius of 217.00 feet, concave to the West, whose radius point bears South 74° 59' 45" West through a central angle of 6° 16' 34", an arc length of 23.77 feet; thence along a non-tangent curve to the left, having a radius of 19.00 feet, concave to the Northeast, whose radius point bears North 33° 58' 14" East through a central angle of 36° 48' 14", an arc length of 12.20 feet; thence North 87° 10' 00" East 7.19 feet; thence along a tangent curve to the left, having a radius of 184.00 feet, through a central angle of 36° 44' 46", an arc length of 118.01 feet; thence North 50° 25' 14" East 10.08 feet; thence North 87° 35' 35" East 61.44 feet to the point of beginning.

EXCEPTING THEREFROM that portion thereof described as follows:

BEGINNING at the most Northerly corner of that certain parcel of land described in that certain partial reconveyance recorded in Book 2701 of Official Records, at Page 348, Marin County Records, said corner lying on the Easterly line of that certain parcel of land described in that certain Deed recorded in Book 119 of Official Records, at Page 117, Marin County Records; thence along said Easterly line North $21^{\circ} 30' 55''$ East 107.39 feet; thence leaving said Easterly line in a Southerly direction along a non-tangent curve to the right, having a radius of 217.00 feet, concave to the West, whose radius point bears South $74^{\circ} 59' 45''$ West through a central angle of $12^{\circ} 10' 15''$, an arc length of 46.09 feet to a point of compound curvature; thence along a tangent curve to the right, having a radius of 427.00 feet through a central angle of $9^{\circ} 39' 09''$, an arc length of 71.94 feet to a point in the Northeasterly line of said parcel described in said partial reconveyance; thence along said Northeasterly line North $68^{\circ} 29' 05$ West 47.32 feet to the point of beginning. *sb*