

PURCHASE AND SALE AGREEMENT

By and Between

First American Title Insurance Company

("Seller")

and

County of San Mateo

("Buyer")

TABLE OF CONTENTS

	Page
1. PURCHASE AND SALE; LEASE.....	1
2. PURCHASE PRICE.....	2
3. TITLE.....	2
4. ESCROW.....	3
5. CLOSING.....	3
6. DUE DILIGENCE; TITLE.....	4
7. CONDITIONS TO CLOSING.....	7
8. DELIVERIES INTO ESCROW.....	8
9. PRORATIONS; CLOSING COSTS; CREDITS.....	9
10. OPERATION OF PROPERTY PENDING THE CLOSING.....	10
11. REPRESENTATIONS AND WARRANTIES.....	10
12. DEFAULT.....	12
13. CASUALTY OR CONDEMNATION.....	14
14. COMMISSIONS.....	14
15. NOTICES.....	14
16. AS-IS SALE & PURCHASE.....	15
17. MISCELLANEOUS.....	18
18. DEFINITIONS.....	20

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (“**Agreement**”) is made and entered into as of _____ (the “**Effective Date**”) by and between First American Title Insurance Company, a corporation formerly San Mateo County Title Company, a California corporation (“**Seller**”), and the County of San Mateo, a political subdivision of the State of California (“**Buyer**”).

R E C I T A L S

This Agreement is made with respect to the following facts and circumstances:

A. Seller owns property as hereinafter defined, commonly known as 555 Marshall Street, consisting of certain real property and improvements thereon, located in Redwood City, California.

B. Subject to the terms and conditions herein, Seller desires to sell and Buyer desires to purchase the Property, and thereafter to enter into a lease transaction pursuant to which Buyer shall lease to Seller, and Seller shall lease from Buyer, the Property.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, Seller and Buyer agree as follows:

1. PURCHASE AND SALE; LEASE.

1.1 Agreement to Sell and Purchase Property. Subject to the terms and conditions hereof, Seller hereby agrees to sell and convey to Buyer, and Buyer hereby agrees to purchase and accept from Seller on the Closing Date (as defined below) the following (collectively, the “**Property**”):

1.1.1 That certain tract or parcel of land situated in Redwood City, County of San Mateo, California which is more fully described on Exhibit 1.1.1 attached hereto, together with any and all rights, privileges and easements appurtenant thereto, which are owned by Seller (collectively, the “**Land**”);

1.1.2 All buildings, structures, fixtures and other improvements of every kind and description affixed to or located in, on, over, or under the Land (excluding fixtures owned by tenants) (all of which are collectively referred to as the “**Improvements**”).

1.2 Lease. In addition, on the Closing Date as hereinafter defined, and subject to the performance of Buyer and Seller of the terms and conditions of this Agreement, Buyer shall lease to Seller and Seller shall lease from Buyer, certain portions of the Property, at the rental rate and upon the terms and conditions set forth in the lease attached hereto as Exhibit 1.2 (the “**Lease**”)

1.3 Excluded Property. Notwithstanding anything to the contrary set forth herein, the Property being conveyed pursuant to this Agreement does not include (and Seller expressly reserves all rights with respect thereto) any existing claims or causes of action with respect to the Property to the extent attributable to the period prior to the Closing Date including, without limitation, any tax rebates attributable to the period prior to the Closing. The provisions of this Section 1.3 shall not be construed, however, to restrict the ability of Buyer, following the Closing Date, to deal with any existing tenants of the Property or to restrict the Buyer, following the Closing Date, from pursuing any and all remedies in connection with existing hazardous materials on, in or about the Property.

2. PURCHASE PRICE.

2.1 Purchase Price. Buyer shall pay as the total purchase price for the Property, (“Purchase Price”) the sum of Three Million Nine Hundred Thousand Dollars (\$3,900,000). Seller acknowledges and agrees that Seller has been fully informed of its relocation rights and benefits and that the Purchase Price includes any and all relocation benefit payments from Buyer for which Seller might be entitled or eligible. Accordingly Seller accepts the Purchase Price as including payment in full for any such relocation rights or benefits, and waives the right to any additional relocation benefits from Buyer.

2.2 Deposit. Within two (2) business days after the Opening of Escrow (as defined in Section 4. below), Buyer shall deliver to Escrow Holder the amount of Eighty Thousand Dollars (\$80,000) (the “Deposit”). The Deposit shall be deposited by Escrow Holder in an interest-bearing account at a federally insured institution as Escrow Holder and Seller deem appropriate and consistent with the timing requirements of this Agreement. The interest thereon shall accrue to the benefit of the party receiving the Deposit (as defined below) pursuant to the terms of this Agreement, and Buyer and Seller hereby acknowledge that there may be penalties or interest forfeitures if the applicable instrument is redeemed prior to its specified maturity. Buyer agrees to provide its Federal Tax Identification Number to Escrow Holder upon the Opening of Escrow. Concurrently with the expiration of the Due Diligence Date and provided Buyer has delivered Buyer's Approval Notice (as those terms are defined in Section 6.1 and 6.6 respectively, below), the Deposit shall become non-refundable except as otherwise provided in this Agreement. If prior to the expiration of the Due Diligence Date Buyer fails to deliver Buyer's Approval Notice, this Agreement shall be automatically terminated and the Deposit, together with all interest accrued thereon, shall be returned to Buyer. If this Agreement has not been so terminated, then, after the Due Diligence Date, the Deposit together with interest accrued thereon shall be: (i) applied and credited toward payment of the Purchase Price at the Closing (as defined below), or (ii) retained by Seller as liquidated damages pursuant to Section 12.2 below, or (iii) returned to Buyer if the Closing does not occur, this Agreement is terminated by Buyer, and the provisions of Sections 7.3 apply due to the failure of Buyer's Conditions as set forth in Section 7.2, or this Agreement is terminated by Buyer pursuant to the provisions of Section 13.1 or Section 13.2, or this Agreement is terminated because of a breach by Seller.

2.3 Cash Balance. On or before the Closing, Buyer shall deliver into Escrow in immediately available funds the balance of the Purchase Price. The Purchase Price, net of any prorations and closing costs to be paid by Seller as provided in this Agreement, shall be paid by the Title Company to Seller on the Closing Date by federal wire transfer of immediately available funds to a bank account(s) designated by Seller in a written notice to the Title Company given prior to the Closing.

3. TITLE.

3.1 Vesting of Title. At Closing, Seller shall convey fee simple title to the Property to Buyer by execution and delivery of the Deed (as defined below). Acceptance of the Deed by Buyer and issuance by the Title Company (or an unconditional commitment to issue) as of the Closing, of the Buyer's Title Policy (as defined below) shall constitute evidence of delivery of title by Seller.

3.2 Buyer's Title Insurance. At Closing, the Title Company shall issue to Buyer a CLTA coverage owner's form of title insurance policy with liability in the amount of the Purchase Price insuring that fee simple title to the Property is vested in Buyer subject only to the Permitted Exceptions (as defined below) (“Buyer's Title Policy”). Buyer shall be entitled to require that the Title Company provide ALTA extended coverage based on the Survey (as hereinafter defined) and such endorsements to the Buyer's Title Policy as Buyer may reasonably require and that Title Company is prepared to issue, provided that such ALTA coverage and/or endorsements shall be at no cost or additional liability to Seller and the Closing shall not be delayed as a result of Buyer's request.

3.3 Permitted Exceptions. As a condition precedent of Buyer's obligations as provided in Section 7.2.4 Seller shall convey the Property and Buyer shall accept the Property subject to the following matters, which are collectively referred to as the "**Permitted Exceptions**":

3.3.1 all exceptions to title shown in the Title Report (as defined below) as it may be amended and on the Survey (as defined below) that are approved or deemed approved by Buyer as provided in Section 6.3 hereof;

3.3.2 the lien of non-delinquent real and personal property taxes and assessments;

3.3.3 the rights of the Seller as tenant under the Lease;

3.3.4 local, state and federal laws, ordinances or governmental regulations, including but not limited to, building and zoning laws, ordinances and regulations, now existing or hereafter in effect with respect to the Property;

3.3.5 matters affecting the condition of title created by or with the written consent of Buyer;

3.3.6 water rights, and claims of title to water, whether or not shown by the public records;

3.3.7 unless Buyer elects to obtain an ALTA policy of title insurance, discrepancies, conflicts in boundary lines, shortages in area, encroachments, and any state of facts which inspection of the Property would disclose and which are not shown by the public records; and

3.3.8 standard printed exclusions generally included in a CLTA owner's policy (or ALTA owner's policy, as the case may be).

4. ESCROW.

4.1 Opening of Escrow. The parties hereto shall deliver a fully executed copy of this Agreement into escrow ("**Escrow**") to be established at First American Title, 555 Marshall Street, Redwood City, California 94063, Attention: Mark Sachau ("**Title Company**") on or before three (3) days following the Effective Date.

4.2 Instructions to Title Company. Seller and Buyer shall each be entitled to submit escrow instructions to the Title Company in connection with the Closing of the Escrow. Such escrow instructions shall not be inconsistent with the terms of this Agreement. Seller and Buyer shall in addition execute such further escrow instructions as the Title Company may reasonably require in connection with the Closing so long as such instructions are consistent with the provisions of this Agreement and the escrow instructions of Seller and Buyer. In the event of any conflict between the terms and conditions of this Agreement and the provisions of any escrow instructions prepared by Seller, Buyer or the Title Company, the terms and conditions of this Agreement shall control.

5. CLOSING.

5.1 Closing. The purchase and sale of the Property as contemplated by this Agreement, including but not limited to the recordation of the Deed and the completion of the other matters required by this Agreement to be done contemporaneously (the "**Closing**") shall occur on or before December 15, 2007. The date on which the Closing actually occurs shall be referred to as the "**Closing Date**".

5.2 Failure to Close. If the Closing does not occur on or before the date set forth in Section 5.1 above (as such date may be extended pursuant to the express provisions of this Agreement), then in the absence of a written agreement between the parties to extend the Closing Date, either party hereto (so long as such party is not then in default pursuant to this Agreement), without waiving any rights it may otherwise have pursuant to the Agreement, may elect to terminate this Agreement by giving written notice of such termination to the other party and to the Title Company.

6. DUE DILIGENCE; TITLE

6.1 Due Diligence Period. The period commencing as of the Effective Date and continuing through the date that is ninety (90) days following the Effective Date ("**Due Diligence Date**") shall be referred to as the "**Due Diligence Period**".

6.2 Available Information. Seller shall make available to Buyer the following documents and materials (collectively, the "**Due Diligence Materials**").

6.2.1 Delivered Materials. Within five (5) days following the Effective Date, Seller will deliver or cause to be delivered to Buyer copies of all of the documents and materials relating to the Property listed on Exhibit 6.2.1 attached hereto provided that the same is not confidential or proprietary in nature. Seller has not undertaken any independent investigation as to the truth or accuracy of the documents and materials to be delivered and is providing same solely as an accommodation to Buyer.

6.2.2 Property Files. Seller shall provide to Buyer and Buyer's agents and representatives, all files in the possession or control of Seller, or in possession or control of Seller's property manager, if any, relating to the ownership, operation, construction, use or occupancy of the Property, or any portion of the Property. Seller shall, at its expense, make photocopies of such material relative to the Property for Buyer.

6.3 Title Review. The period commencing as of the Effective Date and continuing through the date which is thirty (30) days following the Effective Date shall be referred to as the "**Title Review Period**".

6.3.1 Title Material. Promptly following the Effective Date, Seller will obtain and deliver to Buyer a current preliminary title report ("**Title Report**") for the Property prepared by the Title Company, together with a copy of the documents listed as exceptions therein. Buyer, at its election, and at its cost, may obtain a survey ("**Survey**") of the Property prepared by a licensed engineer which Survey shall be sufficient to provide the basis for an ALTA owner's policy of title insurance. The Survey shall be obtained by Buyer, if at all, prior to the expiration of the Title Review Period and, if obtained, Buyer shall promptly deliver a copy of the Survey to Seller and the Title Company.

6.3.2 Review of Title. Buyer shall notify Seller in writing (the "**Title Notice**") prior to the expiration of the Title Review Period which exceptions to title as shown on the Title Report and Survey, if any, will not be accepted by Buyer. If Buyer fails to notify Seller in writing of its disapproval of any exceptions to title by the expiration of the Title Review Period, Buyer shall be deemed to have unconditionally approved the condition of title to the Property. Except as provided hereinbelow, Seller may have until five (5) days prior to the Closing Date to make such arrangements or take such steps as the parties shall mutually agree to satisfy Buyer's objection(s); provided, however, that, except with respect to liens secured by deeds of trust securing loans made to Seller, mechanics' liens relating to work authorized by Seller, judgment liens against Seller, and delinquent taxes (herein "**Monetary Liens**", which Seller agrees to have removed on or before the Closing Date), Seller shall have no obligation whatsoever to expend or agree to expend any funds, to undertake or agree to undertake any obligations or otherwise to cure or agree to cure any title objections. Within five (5) business days of receipt of the Title Notice, Seller shall deliver written notice to Buyer identifying which disapproved items (other than Monetary Liens) Seller shall undertake to cure or not cure ("**Seller's Response**"). If Seller does not deliver a Seller's

Response within said five (5) business day period, Seller shall be deemed to have elected to not remove or otherwise cure any exceptions disapproved by Buyer in Buyer's Title Notice. If Seller elects, or is deemed to have elected, not to remove or otherwise cure an exception disapproved in Buyer's Title Notice, Buyer shall have five (5) business days after the date Seller's Response is given or such period after the date upon which Seller's Response is to be provided, if no response is made, to notify Seller, in writing, of Buyer's election to either waive the objection or terminate this Agreement and the Escrow. If Seller has not received written notice from Buyer within such five (5) business day period it shall be deemed that Buyer has elected to terminate this Agreement and the Escrow. Except for Monetary Liens, all matters shown in the Title Report and any survey of the Property obtained by Buyer with respect to which Buyer fails to give a Title Notice within the time period set forth herein shall be deemed to be approved by Buyer. The procurement by Seller of a commitment of the Title Company for Buyer's Title Policy or an endorsement thereto insuring Buyer against any title exception which was disapproved pursuant to this Section 6.3.2 shall be deemed a cure by Seller of such disapproval.

6.3.3. Subsequent Title Defects. Buyer may, at or prior to Closing, notify Seller in writing (the "**Subsequent Title Defects Notice**") of any objection(s) to title exceptions (a) raised by the Title Company between the expiration of the Title Review Period and the Closing and (b) not disclosed by the Title Company or the Survey or otherwise known to Buyer prior to the expiration of the Title Review Period, provided that Buyer must notify Seller of such objection(s) to title within two (2) business days of being made aware of the existence of such exception. If Buyer gives a Subsequent Title Defects Notice to Seller, Seller shall have five (5) business days after receipt of the Subsequent Title Defects Notice to deliver notice to Buyer identifying which title exception set forth in the Subsequent Title Defects Notice Seller shall undertake to cure or not cure ("**Seller's Supplemental Response**"). If Seller does not deliver a Seller's Supplemental Response within said five (5) business day period, Seller shall be deemed to have elected to not remove or otherwise cure any exceptions disapproved by Buyer in its Subsequent Title Defects Notice. If Seller elects, or is deemed to have elected, not to remove or otherwise cure an exception disapproved in Buyer's Subsequent Title Defects Notice, Buyer shall have five (5) business days after the date Seller's Supplemental Response is given or such period after the date upon which Seller's Supplemental Response is to be provided, if no response is made, to notify Seller, in writing, of Buyer's election to either waive the objection or terminate this Agreement and the Escrow. If Seller has not received written notice from Buyer by such date it shall be deemed that Buyer has elected to terminate this Agreement and the Escrow. The procurement by Seller of a commitment of the Title Company for Buyer's Title Policy or an endorsement thereto insuring Buyer against any title exception which was disapproved pursuant to this Section 6.3.3 shall be deemed a cure by Seller of such disapproval.

6.4 Inspection; Right of Entry; Approvals. Buyer and Buyer's agents, contractors, engineers, consultants, employees and other representatives (collectively, "**Buyer's Representatives**") shall have the right, during the Due Diligence Period and subject to the terms and conditions of Section 6.6 below, (i) to enter the Property to inspect the same (including the performance of environmental audits of the Property in accordance with the terms of Section 6.4.1 and 6.4.2 below), upon reasonable notice to Seller, provided that Buyer does not unreasonably disturb any business of Seller in connection with the Property or any tenants of the Property and provided that Seller shall be afforded the opportunity to participate in such visitations and (ii) to contact representatives of third parties who have executed Service Contracts with Seller or Seller's representatives regarding the Property. Buyer shall keep the Property free and clear of any mechanics' liens, materialmen's liens or claims arising out of any of Buyer's activities or those of Buyer's Representatives on or with respect to the Property. All entries onto the Property by Buyer and all inspections and examinations thereof shall be at Buyer's sole cost and expense, shall be done in a workmanlike manner in accordance with all applicable codes, statutes, ordinances, rules, regulations and laws and shall not disturb in any way the quiet occupancy or enjoyment of any tenants or other occupant of the Property. Buyer shall not perform any test or inspection or carry out any activity at the Property which damages the Property in any way or which is physically intrusive into the Improvements or soil of the Property without the prior written consent of Seller, which Seller may withhold in its sole and absolute discretion. After each entry onto any portion of the Property, Buyer, at its sole cost and expense shall repair (which shall include replacement where necessary) any damage to the Property arising from such

entry. Buyer will give Seller reasonable prior notice of its intention to conduct any inspections or tests with respect to the Property and Seller reserves the right to have a representative present.

6.4.1 Phase I and Phase II Environmental Audits. During the Due Diligence Period, Buyer may conduct (or have conducted on its behalf by an environmental auditor) a Phase I and Phase II environmental audit of the Property, subject to the terms and conditions of Sections 6.4.2 and 6.6 below.

6.4.2 Environmental Conditions. In the event that Buyer shall enter the Property for purposes of conducting a Phase I or Phase II environmental audit of the Property, Buyer shall provide Seller with at least forty-eight (48) hours' prior written notice of its intent thereof. Other than as may be required by applicable law or regulation, Buyer shall not voluntarily offer to disclose to any third party, other than Buyer's consultants, agents and attorneys associated with any environmental investigation of the Property the results of any of Buyer's inspections or testing of the Property. Prior to performing any environmental inspections or testing of the Property, Buyer shall obtain any required permits and authorizations and shall pay all applicable fees required by any public body or agency in connection therewith.

6.5 Indemnity. Buyer shall indemnify, and hold Seller harmless from and against any and all costs, expenses, claims, demands or liens, (including, without limitation, mechanics' liens), arising from or in any fashion related to the entry by Buyer or Buyer's Representatives on the Property or the performance by Buyer or Buyer's Representatives of any testing or investigations of the Property except with respect to any loss or liability incurred by Seller resulting from the mere discovery by Buyer or Buyer's Representatives of the presence of hazardous materials at the Property or the existence of other defects with respect to the Property. Without limiting the scope or generality of the foregoing indemnity, Buyer shall not permit any mechanics', materialman's, or other lien against all or any part of the Property to exist as the result of any activity by Buyer or Buyer's Representatives undertaken in connection with the Property. If any such lien shall be filed against the Property or any portion of the Real Property, Buyer shall cause the lien to be discharged within five (5) business days after the filing thereof.

6.6 Approval by Buyer. Buyer shall have the right to review and approve, in its sole, absolute and subjective discretion, during the Due Diligence Period all aspects of the Property, including but not limited to, the Due Diligence Materials, the physical and environmental condition of the Property, including, without limitation, the condition of the Improvements, the condition of the soil at the Property, the condition of the ground water at the Property, and the presence or absence of any hazardous materials at the Property, the financial condition of the Property, including, without limitation, the feasibility, convertibility, desirability and suitability of the Property for Buyer's intended use and purposes, the legal condition of the Property, including, without limitation, the Property's compliance or non-compliance with all statutes, ordinances, codes, regulations, decrees, orders and laws applicable to the Property, leases and Service Contracts, if any, being assumed by Buyer, the existence or non-existence of any governmental or quasi-governmental entitlements, if any, affecting the Property or any portion of the Property, any dimensions or specifications of the Property or any part thereof, the zoning, building and land use restrictions applicable to the Property or any portion thereof, and all other matters which Buyer deems relevant to its purchase of the Property. If Buyer fails to deliver written notice ("Buyer's Approval Notice") to Seller prior to the Due Diligence Date of Buyer's unconditional approval of the property, Buyer shall be deemed to have disapproved the Property and this Agreement shall automatically terminate.

6.7 Approval of Board of Supervisors. Prior to the Due Diligence Date Buyer shall have obtained the approval of this Agreement from the San Mateo County Board of Supervisors. In the event that such approval is not obtained on or before such date either party may terminate this Agreement and the Escrow.

7. **CONDITIONS TO CLOSING.**

7.1 **Seller's Conditions.** The obligation of Seller to sell and convey the Property pursuant to this Agreement is subject to the satisfaction on or before the Closing Date (or such earlier date as is specifically set forth in this Agreement) of all of the following conditions precedent, which conditions are for the benefit of Seller only and the satisfaction of which may be waived only in writing by Seller:

7.1.1 **Buyer's Deliveries.** Delivery and execution by Buyer of all monies, items and instruments required to be delivered by Buyer pursuant to this Agreement;

7.1.2 **Buyer's Representations.** Buyer's warranties and representations set forth herein shall be true and correct in all material respects as of the Closing Date as if made on and as of the Closing Date;

7.1.3 **Buyer's Performance.** Buyer shall have performed each and every agreement to be performed by Buyer pursuant to this Agreement;

7.2 **Buyer's Conditions.** The obligation of Buyer to acquire the Property pursuant to this Agreement is subject to the satisfaction on or before the Closing Date (or such earlier date as is specifically set forth in this Agreement) of all of the following conditions precedent which conditions are for the benefit of Buyer only and the satisfaction of which may be waived only in writing by Buyer:

7.2.1 **Seller's Deliveries.** Delivery and execution by Seller of all instruments and other items required to be delivered by Seller pursuant to this Agreement;

7.2.2 **Seller's Representations.** Seller's warranties and representations set forth herein shall be true and correct in all material respects as of the Closing Date as if made on and as of the Closing Date;

7.2.3 **Seller's Performance.** Seller shall have performed each and every agreement to be performed by Seller pursuant to this Agreement;

7.2.4 **Buyer's Title Policy.** As of the Closing, the Title Company shall have issued or shall have committed to issue, upon the sole condition of the payment of its regularly scheduled premium, the Buyer's Title Policy;

7.2.5 **Release Notice.** Escrow shall have received a duly executed Request for Reconveyance from any lender which is the beneficiary of a deed of trust against the Property, and Seller shall have given written notice ("**Release Notice**") of such receipt to Buyer. Seller shall give the Release Notice to Buyer, if at all, no later than two (2) business days following the Due Diligence Date;

7.3 **Failure of Conditions.** If any of the conditions set forth in Sections 7.1 or 7.2 are not timely satisfied or waived, for any reason other than the default of Buyer or Seller under this Agreement, then this Agreement and the rights and obligations of Buyer and Seller shall terminate and be of no further force or effect except as to those matters as specifically stated in this Agreement to survive termination, in which case the Title Company is hereby instructed to return promptly to the party which placed such items into Escrow all funds (including the Deposit which is to be promptly returned to Buyer) and documents which are held by the Title Company on the date of termination.

7.4 Satisfaction of Conditions. The occurrence of the Closing shall constitute satisfaction of conditions set forth in Sections 7.1 and 7.2 not otherwise specifically satisfied or waived by Buyer or Seller.

8. DELIVERIES INTO ESCROW.

8.1 Deliveries by Seller. On or before the Closing, Seller shall deliver or cause to be delivered into Escrow the following documents duly executed and acknowledged where appropriate:

8.1.1 Deed. A grant deed (the "Deed") in the form attached hereto as Exhibit 8.1.1 conveying the Property to Buyer as provided in this Agreement which Deed is to be duly executed and acknowledged by Seller;

8.1.2 Lease. The Lease in the form attached hereto as Exhibit 1.2, which is to be duly executed by Seller and Buyer;

8.1.3 Form 593-C. Franchise Tax Board Form (593-C) which is to be duly executed by Seller;

8.1.4 Seller's Authority. Such proof of Seller's authority and authorization to enter into this Agreement and consummate the transaction contemplated hereby and such proof of the power and authority of the individual(s) executing and/or delivering any instruments, documents or certificates on behalf of Seller to act for and bind Seller as may be reasonably required by Title Company; and

8.1.5 Other Documents. Such other documents as may be reasonably necessary and appropriate to complete the Closing of the transaction contemplated herein.

8.2 Deliveries by Buyer. On or before the Closing, Buyer shall deliver or cause to be delivered into Escrow the following funds and documents duly executed and acknowledged where appropriate:

8.2.1 Buyer's Funds. The balance of the Purchase Price and such additional sums as are necessary to pay the Buyer's share of closing costs, prorations and any fees as more particularly set forth in Section 9 below;

8.2.2 Buyer's Authority. Such proof of Buyer's authority and authorization to enter into this Agreement and consummate the transaction contemplated by this Agreement, including a Certificate of Acceptance of the Deed, and such proof of the power and authority of the individual(s) executing and/or delivering any instruments, documents or certificates on behalf of Buyer to act for and bind Buyer as may be reasonably required by Title Company or Seller;

8.2.3 Lease. The original of the Lease in the form attached hereto as Exhibit 1.2, which is to be duly executed by Seller and Buyer; and

8.2.4 Other Documents. Such other documents as may be reasonably necessary and appropriate to complete the Closing of the transaction contemplated herein.

8.3 Delivery to Buyer Upon Closing subject to Lease. Seller shall deliver possession of the Property to Buyer upon the Closing subject to the rights of possession of the Seller pursuant to the Lease.

8.4 Delivery Following Closing. Promptly following the Closing, Seller shall deliver to Buyer: (i) the original of the Lease; (ii) the originals of the Service Contracts, if any; (iii) all building plans and specifications with respect to the Property which are in the possession or control of Seller or reasonably accessible to Seller or its property manager; (iv) all structural reviews, architectural drawings, engineering, soils, seismic, geologic and architectural reports in the possession or control of Seller or reasonably accessible to Seller or its property manager; and (v) such other matters and documents in the possession or control of Seller or reasonably accessible to Seller or to its property manager as Buyer may reasonably request which relate to the Property and are not confidential and/or proprietary. The provisions of this Section 8.4 shall survive the Closing.

9. PRORATIONS; CLOSING COSTS; CREDITS.

9.1 Prorations.

9.1.1 Taxes and Assessments. Except to the extent that real estate taxes are paid directly by the tenant, all non-delinquent real estate taxes on the Property shall be prorated through Escrow based on the actual current tax bill as of 12:01 a.m. on the Closing Date with Seller responsible for all such taxes attributable to the period prior to such date and time and Buyer responsible for all such taxes attributable to the period following such date and time. If after the Closing, supplemental real estate taxes are assessed against the Property by reason of any event occurring prior to the Closing Date, Buyer and Seller shall adjust the proration of the real estate taxes following the Closing. Any delinquent taxes on the Property shall be paid at the Closing from funds accruing to Seller. Any current installments with respect to assessments on the Property shall be prorated through Escrow as of 12:01 a.m. on the Closing Date and Seller shall have no obligation to pay any amount with respect to any such assessments other than the prorated current installment. Any refund in connection with real estate taxes relating to the Property attributable to the period prior to the Closing Date shall be paid to Seller.

9.1.2. Operating Expenses. Operating expenses payable by the owner of the Property and all other customary charges or costs incident to the ownership of the Property shall be prorated through Escrow as of 12:01 a.m. on the Closing Date. Seller shall be responsible for all operating expenses accruing and attributable to the Property through the day prior to the Closing Date and Buyer shall be responsible for all operating expenses accruing and attributable to the Property commencing as of the Closing Date, except as expressly set forth in the Lease. Seller shall not assign to Buyer any deposits which Seller has with any utility companies servicing the Property. There shall be no proration of any insurance premiums payable by Seller in connection with the Property.

9.1.3 Calculation of Prorations. All prorations shall be made on the basis of the actual number of days of the month which have elapsed as of 12:01 a.m. on the Closing Date provided that the Purchase Price is received by Seller's depository bank in time to credit to Seller's account on the Closing Date. If the Purchase Price is not so received by Seller's depository bank on the Closing Date, then the day of Closing shall belong to Seller and such proration shall be made as of the end of the day that is the Closing Date.

9.1.4 Proforma Closing Statement. Buyer and Seller shall reasonably cooperate to produce at least one business day prior to the Closing Date, a schedule of prorations in accordance with the provisions of this Agreement which is as complete and accurate as is then reasonably possible. All prorations which can be reasonably estimated as of the Closing Date shall be made in Escrow on the Closing Date. All other prorations and any adjustments to the initial estimated prorations, shall be made by Buyer and Seller within thirty (30) days following the Closing or such later time as may be reasonably required, in the exercise of due diligence to obtain the necessary information. Any net credit due one party from the other as the result of such post-Closing prorations and adjustments shall be paid to the other in cash immediately upon the parties' written agreement to a final schedule of post-Closing adjustments and prorations. The provisions of Section 9.1 shall survive the Closing and the recordation of the Deed.

9.2 Closing Costs.

9.2.1 Seller's Costs. Seller shall pay (i) the premium for the standard coverage CLTA portion of the Buyer's Title Policy; (ii) fifty percent (50%) of all escrow fees, costs and recording costs; and (iii) its own attorneys' fees.

9.2.2 Buyer's Costs. Buyer shall pay (i) fifty percent (50%) of all escrow fees, costs and recording costs; (ii) the incremental premium for the ALTA portion of Buyer's Title Policy, if applicable, and the premium for any endorsements; (iii) the cost of the Survey, if applicable; and (iv) its own attorneys' fees.

9.2.3 Other Expenses. Buyer and Seller shall each pay their own legal and professional fees and fees of other consultants incurred by each of them, respectively.

10. OPERATION OF PROPERTY PENDING THE CLOSING. Following the Effective Date and pending the Closing, the Seller shall operate the Property in accordance with the following:

10.1 Normal Course of Business. Seller shall use commercially reasonable efforts to continue to operate, manage and maintain the Property in such condition so that the Property shall be in substantially the same condition as of the Closing Date as it is as of the Due Diligence Date, reasonable wear and tear and casualty excepted, provided however, Seller shall not be required to perform any capital repairs or improvements. Seller shall maintain all existing insurance policies in connection with the Property and shall keep in effect and renew without material modification all licenses, permits and entitlements applicable to the Property. Seller's existing liability and property insurance pertaining to the Property may be canceled by Seller as of the Closing Date. After the expiration of the Due Diligence Period, except as may be required by the Lease, Seller shall not make any material alterations to the Property without the prior written approval of Buyer, which approval shall not be unreasonably withheld or delayed;

10.2 Further Encumbrances. Seller shall not execute any documents or otherwise take any action which will have the result of further encumbering the Property in any fashion;

10.3 New Obligations. Without the prior written consent of Buyer, which consent shall not be unreasonably withheld or delayed, Seller shall not enter into any maintenance contract, service contract or any other contract affecting or relating to the Property or any portion thereof which cannot be canceled upon thirty (30) days (or less) prior written notice. Notwithstanding the above sentence, Seller shall be entitled to enter into any obligations required to be undertaken by Seller pursuant to the provisions of the Lease without the prior consent of Buyer provided that Seller shall give Buyer prior written notice of the entry of Seller into any such obligations.

11. REPRESENTATIONS AND WARRANTIES.

11.1 No Representations or Warranties by Seller. Except as expressly set forth in this Agreement, Seller has not made any warranty or representation, express or implied, written or oral, concerning the Property.

11.2 Seller's Representations and Warranties. Seller represents and warrants to Buyer that:

11.2.1 Authority. This Agreement constitutes the valid and binding obligation of Seller and is enforceable against Seller in accordance with its terms, subject to bankruptcy, insolvency and similar laws affecting the enforcement of creditors' rights generally and general equitable principles. Seller has full power, right and authority to enter into and perform this Agreement. The execution and delivery of this Agreement, delivery of money and all required documents, Seller's performance of this Agreement and the transaction contemplated hereby have been duly authorized by the requisite action on the part of Seller.

Seller is solvent and is able to meet all of its financial obligations as and when due, and has assets in excess of its liabilities. Neither the execution and delivery of this Agreement, nor the transaction contemplated by this Agreement will conflict in any material respect or constitute a breach under any agreement or instrument by which Seller or the Property is bound;

11.2.2 Service Contracts. To Seller's knowledge, there are no Service Contracts concerning the operation and maintenance of the Property entered into by Seller and affecting the Property, except those operating agreements that are not assignable and except any agreement with Seller's property manager, which shall be terminated by Seller as of the Closing, unless otherwise agreed to pursuant to the Lease;

11.2.3 Condemnation. To Seller's knowledge, Seller has received no written notice of any pending condemnation proceedings relating to the Property;

11.2.4 Litigation. To Seller's knowledge, and except as otherwise disclosed in the Due Diligence Materials or any other information delivered to Buyer, Seller has not received written notice of any litigation which has been filed against Seller that arises out of the ownership of the Property and would materially affect the Property or use thereof, or Seller's ability to perform hereunder;

11.2.5 Violations. To Seller's knowledge, and except as otherwise disclosed in the Due Diligence Materials or any other information delivered to Buyer, Seller has not received written notice of any uncured violation of any federal, state or local law relating to the use or operation of the Property which would materially adversely affect the Property or use thereof, or Seller's ability to perform hereunder. To Seller's knowledge, and except as otherwise disclosed in the Due Diligence Materials or any other information delivered to Buyer, Seller has not received written notice of any alleged building code violations, health and safety code violations, federal, state or local agency actions regarding environmental matters or zoning violations currently affecting the Property which remain uncured;

11.2.6 Access. To the best of Seller's knowledge, and except as otherwise disclosed in the Due Diligence Materials or any other information delivered to Buyer, no fact or condition exists which may result in the termination or reduction of the current access from the Property to existing roads and highways;

11.2.7 Foreign Person. Seller is not a "foreign person" as defined in Section 1445 of the Internal Revenue Code of 1986, as amended, and the income tax regulations issued thereunder;

11.2.8 Leases. To Seller's knowledge, except as disclosed in writing to Buyer or as scheduled in a Estoppel Certificate, Seller has not received notice of any claimed default by Seller under any lease and there are no unperformed obligations of Seller pursuant to any lease; and

11.2.9 Leasing Commissions. As of the Effective Date, there are no leasing commissions required to be paid in connection with the Lease except as may be related to future renewals, expansions or extensions.

11.2.10 Subsequent Changes. If Seller becomes aware of any fact or circumstance which would materially and adversely change one of its foregoing representations or warranties, then Seller will immediately give notice of such changed fact or circumstance to Buyer. Upon Buyer becoming aware of any fact which would materially and adversely change any of the representations or warranties contained herein or would otherwise constitute a breach thereof by Seller, Buyer, as its sole remedy, shall have the option of (i) waiving the breach of warranty or change, and proceeding with the Close of Escrow, or (ii) terminating this Agreement, in which event the Deposit and any other funds deposited by Buyer into the Escrow and all interest earned thereon shall be returned to Buyer. Any such election shall be made by Buyer not later than five (5) business days from Buyer becoming aware of such fact. If Buyer does not so elect to terminate this Agreement pursuant to this Section 11.2.10, then Buyer shall be deemed to have elected to waive its rights to terminate this Agreement pursuant to this Section 11.2.10, elected to acquire

the Property on the terms set forth in this Agreement, and waived all remedies at law or in equity with respect to any representations or warranties resulting from the facts or circumstances disclosed by Seller in its notice to Buyer.

11.2.11 Seller's Knowledge. Whenever phrases such as "to Seller's knowledge" or "Seller has no knowledge" or similar phrases are used in the foregoing representations and warranties, they will be deemed to refer exclusively to matters within the current actual (as opposed to constructive) knowledge of the Seller's Representative. No duty of inquiry or investigation on the part of Seller or Seller's Representative will be required or implied by the making of any representation or warranty which is so limited to matters within Seller's actual knowledge, and in no event shall Seller's Representative have any personal liability therefore.

11.2.12 Survival. All of the foregoing representations and warranties of Seller will survive Closing for a period of nine (9) months after the Closing Date. No claim for a breach of any representation or warranty of Seller will be actionable or payable if (i) Buyer does not notify Seller in writing of such breach within said nine (9) month period and commence a legal action thereon within sixty (60) days from the expiration of such period, or (ii) the breach in question results from or is based on a condition, state of facts or other matter which was actually known to Buyer prior to Closing.

11.3 Buyer's Representations and Warranties. Buyer represents and warrants to Seller that:

11.3.1 Authority to Execute; Organization. This Agreement constitutes the valid and binding obligation of Buyer and is enforceable against Buyer in accordance with its terms, subject to bankruptcy, insolvency and similar laws affecting the enforcement of creditors' rights generally and general equitable principles. Buyer's performance of this Agreement and the transaction contemplated hereby will be duly authorized by the requisite action on the part of Buyer, prior to execution of the Agreement;

11.3.2 Principal; Financial Resources. Buyer is acting as a principal in connection with the transaction as contemplated by this Agreement and presently possesses, and will possess as of the Closing, the financial resources to timely consummate the purchase and sale transaction contemplated by this Agreement.

12. DEFAULT.

12.1 Default by Seller. In the event that Seller fails to perform any of the material covenants or agreements contained herein which are to be performed by Seller, Buyer may, at its option and as its exclusive remedy, either (i) terminate this Agreement by giving written notice of termination to Seller whereupon Escrow will return to Buyer the Deposit and both Buyer and Seller will be relieved of any further obligations or liabilities hereunder, except for those obligations which expressly survive any termination hereof, or (ii) Buyer may seek specific performance of this Agreement. If Buyer elects the remedy in subsection (ii) above, Buyer must commence and file such specific performance action in the appropriate court not later than February 1, 2008. Except as specifically set forth in this Section 12.1, Buyer does hereby specifically waive any right to pursue any other remedy at law or equity for such default of Seller, including, without limitation, any right to seek, claim or obtain damages, punitive damages or consequential damages.

12.2 Default by Buyer. IN THE EVENT THE CLOSE OF ESCROW DOES NOT OCCUR AS HEREIN PROVIDED BY REASON OF ANY DEFAULT OF BUYER AND PROVIDED SELLER IS NOT OTHERWISE IN DEFAULT, BUYER AND SELLER AGREE THAT IT WOULD BE IMPRACTICAL AND EXTREMELY DIFFICULT TO ESTIMATE THE DAMAGES WHICH SELLER MAY SUFFER. THEREFORE BUYER AND SELLER DO HEREBY AGREE THAT A REASONABLE ESTIMATE OF THE TOTAL NET DETRIMENT THAT SELLER WOULD SUFFER IN THE EVENT THAT BUYER DEFAULTS AND FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY IS

AND SHALL BE AN AMOUNT EQUAL TO THE DEPOSIT, TOGETHER WITH THE ACCRUED INTEREST THEREON; AND, AS SELLER'S SOLE AND EXCLUSIVE REMEDY (WHETHER AT LAW OR IN EQUITY), SAID AMOUNT SHALL BE DISBURSED TO SELLER AS THE FULL, AGREED AND LIQUIDATED DAMAGES FOR A BREACH OF THIS AGREEMENT BY BUYER WHICH RESULTS IN THE CLOSE OF ESCROW NOT OCCURRING, ALL OTHER CLAIMS TO DAMAGES OR OTHER REMEDIES IN RESPECT OF BUYER'S BREACH OF THIS AGREEMENT BEING HEREIN EXPRESSLY WAIVED BY SELLER. SUCH PAYMENT OF THE DEPOSIT IS NOT INTENDED AS A PENALTY, BUT AS FULL LIQUIDATED DAMAGES. NOTHING CONTAINED IN THIS SECTION SHALL LIMIT SELLER'S RIGHT TO RECEIVE REIMBURSEMENT FOR COSTS AND EXPENSES PURSUANT TO SECTION 17.18 BELOW, NOR WAIVE OR AFFECT BUYER'S INDEMNITY AND CONFIDENTIALITY OBLIGATIONS.


SELLER'S INITIALS

BUYER'S INITIALS

12.3 Indemnities; Defaults after Closing or Termination. The limitations on the parties' remedies set forth in Sections 12.1 and 12.2 will not be deemed to prohibit either party from (i) specifically seeking indemnification from the other for any matter with respect to which such other party has agreed hereunder to provide indemnification or from seeking damages from such other party in the event it fails or refuses to provide such indemnification; (ii) subject to the terms, conditions and limitations of this Agreement, seeking damages incurred during the period of time after Closing that a representation or warranty given as of the Closing Date by the other party hereunder survives Closing, for the other party's breach of such representation or warranty discovered after such Closing; or (iii) subject to the terms, conditions and limitations of this Agreement, seeking damages or such equitable relief as may be available for the other party's failure to perform after any termination of this Agreement any obligation hereunder which expressly survives such termination; provided, however, that in no event whatsoever will either party be entitled to recover from the other any punitive, consequential or speculative damages.


SELLER'S INITIALS

BUYER'S INITIALS

12.4 Limited Liability. Notwithstanding anything to the contrary herein, Buyer on its own behalf and on behalf of its agents, partners, employees, representatives, officers, directors, related and affiliated entities, successors and assigns (collectively, the "**Buyer Parties**") hereby agrees that in no event or circumstance shall any of the employees, representatives, officers, directors, agents, shareholders, property management company, affiliated or related entities of Seller have any personal liability under this Agreement. Seller on its own behalf and on behalf of its agents, members, partners, employees, representatives, related and affiliated entities, successors and assigns hereby agrees that in no event or circumstance shall any of the Buyer Parties have any personal liability under this Agreement. Notwithstanding anything to the contrary contained herein: (a) the maximum aggregate liability of Seller, and the maximum aggregate amount which may be awarded to and collected by Buyer (including, without limitation, for any breach of any representation, warranty and/or covenant of Seller) under this Agreement or any documents executed pursuant hereto or in connection herewith, including, without limitation, the Exhibits attached hereto (collectively, the "**Other Documents**") shall, under no circumstances whatsoever, exceed \$2,000,000 (the "**CAP Amount**"); and (b) no claim by Buyer alleging a breach by Seller of any representation, warranty and/or covenant of Seller contained herein or any of the Other Documents may be made, and Seller shall not be liable for any judgment in any action based upon any such claim, unless and until such claim, either alone or together with any other claims by Buyer alleging a breach by Seller of any such representation, warranty and/or covenant, is for an aggregate amount in excess of \$50,000.00 (the "**Floor Amount**"), in which event Seller's liability respecting any final judgment concerning such claim or claims shall be for the entire amount thereof, subject to the CAP Amount set forth in clause (a) above;

provided, however, that if any such final judgment is for an amount that is less than or equal to the Floor Amount, then Seller shall have no liability with respect thereto.

13. CASUALTY OR CONDEMNATION.

13.1 Casualty. Prior to the Closing, and notwithstanding the pendency of this Agreement, the entire risk of loss or damage by earthquake, flood, landslide, fire or other casualty shall be borne and assumed by Seller, except as otherwise provided in this Section 13.1. If, prior to the Closing, any part of the Property is damaged or destroyed by earthquake, flood, landslide, fire or other casualty, Seller shall immediately notify Buyer of such fact. If such damage or destruction is "material", Buyer shall have the option to terminate this Agreement upon notice to Seller given not later than ten (10) days after receipt of Seller's notice. For purposes of this Section 13.1, "material" shall be deemed to be any damage or destruction (i) where the costs of repair or replacement is estimated to be One Hundred Thousand Dollars (\$100,000.00), or more, or (ii) which Seller reasonably estimates shall take more than ninety (90) days to repair. If Buyer does not exercise this option to terminate this Agreement, or the casualty is not material, neither party shall have the right to terminate this Agreement, but Seller shall assign and turn over to Buyer, and Buyer shall be entitled to receive and keep all insurance proceeds payable to it with respect to such destruction (but not in excess of the Purchase Price) and the parties shall proceed to the Closing pursuant to the terms hereof without modification of the terms of this Agreement and without any reduction in the Purchase Price. If Buyer does not elect to terminate this Agreement by reason of any casualty, Buyer shall have the right to participate in any adjustment in the insurance claim. If Buyer does terminate this Agreement pursuant to this Section 13.1, this Agreement shall terminate, all rights and obligations hereunder of each party shall be at an end (except those matters which are specifically stated in this Agreement to survive the termination) and the Title Company is hereby instructed to return promptly to the party which placed such items into Escrow all funds (including the Deposit which is to be promptly returned to Buyer) and documents which are held by the Title Company on the date of termination.

13.2 Condemnation. In the event that all or any substantial portion of the Property shall be taken in condemnation or under the right of eminent domain after the Effective Date and before the Closing, Buyer may, at its option either (a) terminate this Agreement by written notice thereof to Seller, and the Deposit shall be returned to Buyer, together with any interest earned thereon, or (b) proceed to close the transaction contemplated herein pursuant to the terms hereof in which event Seller shall assign and turn over to Buyer, and Buyer shall be entitled to receive and keep all awards for the taking by eminent domain which accrue to Seller and there shall be no reduction in the Purchase Price. For purposes of this provision, a "substantial portion" of the Property shall mean (i) any material portion of the Property is taken; (ii) the access to the Property or available parking area therefore is materially reduced or restricted; or (iii) any of the rentable square footage of the Improvements is taken. In the event that a portion of the Property less than a substantial portion is taken, or Buyer elects not to terminate this Agreement, Buyer shall proceed to close the transaction contemplated herein and there shall be no reduction in the Purchase Price and Seller shall assign and turn over to Buyer and Buyer shall be entitled to receive and keep all awards for the taking by eminent domain which accrue to Seller.

14. COMMISSIONS.

14.1 Payment of the Sales Commission. Buyer represents and warrants to the Seller that no real estate broker or agent has been authorized to act on Buyer's behalf.

15. NOTICES.

All notices, requests or demands to a party hereunder shall be in writing and shall be given or served upon the other party by personal service, by certified return receipt requested or registered mail, postage prepaid, or by Federal Express or other nationally recognized commercial courier, charges prepaid,

addressed as set forth below. Any such notice, demand, request or other communication shall be deemed to have been given upon the earlier of personal delivery thereof, three (3) business days after having been mailed as provided above, or one (1) business day after delivery to a commercial courier for next business day delivery, as the case may be. Notices may be given by facsimile and shall be effective upon the transmission of such facsimile notice provided that the facsimile notice is transmitted on a business day and a copy of the facsimile notice together with evidence of its successful transmission indicating the date and time of transmission is sent on the day of transmission by recognized overnight carrier for delivery on the immediately succeeding business day. Each party shall be entitled to modify its address by notice given in accordance with this Section 15.

If to Seller: First American Title Insurance Company
555 Marshall Street
Redwood City, California 94063
Attn: Mark Sachau
Fax: (408) 451-7960

With a copy to: First American Title Insurance Company
1 First American Way
Santa Ana, CA 92707
Attn: Mr. Mark Hoppe

And to: Songstad & Randall LLP
2201 Dupont Drive
Irvine, CA 92612
Attn: Timothy D. Carlyle, Esq.

If to Buyer: San Mateo County
Real Property Services Division
455 County Center 5th Floor
Redwood City, CA 94063
Attn: Steve Alms, Manager
Fax: (650) 363-4047

16. AS-IS SALE AND PURCHASE. Buyer acknowledges, by its initials as set forth below, that the provisions of this Section 16 have been required by Seller as a material inducement to enter into the contemplated transactions, and the intent and effect of such provisions have been explained to Buyer by Buyer's counsel and have been understood and agreed to by Buyer.

16.1 Buyer's Acknowledgement. As a material inducement to Seller to enter into this Agreement and to convey the Property to Buyer, Buyer hereby acknowledges and agrees that:

16.1.1 AS-IS. Except as otherwise expressly set forth in this Agreement, and subject to Seller's representation and warranties set forth in this Agreement, Buyer is purchasing the Property in its existing condition, "AS-IS, WHERE-IS, WITH ALL FAULTS," and upon the Closing Date has made or has waived all inspections and investigations of the Property and its vicinity which Buyer believes are necessary to protect its own interest in, and its contemplated use of, the Property.

Buyer's Initials

16.1.2 No Representations. Other than the express representations and warranties of Seller contained in this Agreement, neither Seller, nor any person or entity acting by or on behalf of Seller, nor any partner, officer, director, employee, agent, affiliate, successor or assign of Seller (collectively, the "**Seller Group**") has made any representation, warranty, inducement, promise, agreement, assurance or statement, oral or written, of any kind to Buyer upon which Buyer is relying, or in connection with which Buyer has made or will make any decisions concerning the Property or its vicinity including, without limitation, its use, condition, value, compliance with "Governmental Regulations," existence or absence of Hazardous Substances, or the permissibility, feasibility, or convertibility of all or any portion of the Property for any particular use or purpose, including, without limitation, its present or future prospects for sale, lease, development, occupancy or suitability as security for financing. As used herein, the term "Governmental Regulations" means any laws (including Environmental Laws), ordinances, rules, requirements, resolutions, policy statements and regulations (including, without limitation, those relating to land use, subdivision, zoning, Hazardous Substances, occupational health and safety, handicapped access, water, earthquake hazard reduction, and building and fire codes) of any governmental or quasi-governmental body or agency claiming jurisdiction over the Property. As used in this Agreement, the following definitions shall apply: "**Environmental Laws**" shall mean all federal, state and local laws, ordinances, rules and regulations now or hereafter in force, as amended from time to time, and all federal and state court decisions, consent decrees and orders interpreting or enforcing any of the foregoing, in any way relating to or regulating human health or safety, or industrial hygiene or environmental conditions, or protection of the environment, or pollution or contamination of the air, soil, surface water or groundwater, and includes, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq., and the Clean Water Act, 33 U.S.C. § 1251, et seq. "**Hazardous Substances**" shall mean any substance or material that is described as a toxic or hazardous substance, waste or material or a pollutant or contaminant, or words of similar import, in any of the Environmental Laws, and includes asbestos, petroleum (including crude oil or any fraction thereof, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel, or any mixture thereof); petroleum-based products and petroleum additives and derived substances, lead-based paint, mold, fungi or bacterial matter, polychlorinated biphenyls, urea formaldehyde, radon gas, radioactive matter, medical waste, and chemicals which may cause cancer or reproductive toxicity.

Buyer's Initials

16.1.3 No Implied Warranties. Excluding any representation or warranty set forth herein, Seller hereby specifically disclaims: (a) all warranties implied by law arising out of or with respect to the execution of this Agreement, any aspect or element of the Property, or the performance of Seller's obligations hereunder including, without limitation, all implied warranties of merchantability, habitability and/or fitness for a particular purpose; and (b) any warranty, guaranty or representation, oral or written, past, present or future, of, as to, or concerning (i) the nature and condition of the Property or other items conveyed hereunder, including, without limitation, the water, soil, and geology, the suitability thereof and of the Property or other items conveyed hereunder for any and all activities and uses which Buyer may elect to conduct thereon, the existence of any environmental hazards or conditions thereon (including but not limited to the presence of asbestos or other Hazardous Substances) or compliance with applicable Environmental Laws; (ii) the nature and extent of any right-of-way, lease, possession, lien, encumbrance, license, reservation, condition or otherwise; and (iii) the compliance of the property or other items conveyed hereunder or its operation with any governmental regulations.

Buyer's Initials

16.1.4 Information Supplied by Seller. Buyer specifically acknowledges and agrees that, except as expressly contained in this Agreement, the Seller has made no representation or warranty of any nature concerning the accuracy or completeness of any documents delivered or made available for inspection by Seller to Buyer, including, without limitation the Due Diligence Items, and that Buyer has undertaken such inspections of the Property as Buyer deems necessary and appropriate and that Buyer is relying solely upon such investigations and not on any of the Due Diligence Items or any other information provided to Buyer by or on behalf of Seller. As to the Due Diligence Items, Buyer specifically acknowledges that they have been prepared by third parties with whom Buyer has no privity and Buyer acknowledges and agrees that no warranty or representation, express or implied, has been made, nor shall any be deemed to have been made, to Buyer with respect thereto, either by the Seller Group or by any third parties that prepared the same.

Buyer's Initials

16.1.5 Release. As of the Close of Escrow, Buyer and the Buyer Parties (as defined in Section 12.4 above) hereby fully and irrevocably release the Seller Group from any and all claims that the Buyer Parties may have or thereafter acquire against the Seller Group for any cost, loss, liability, damage, expense, demand, action or cause of action ("**Claims**") arising from or related to any matter of any nature relating to, and condition of, the Property including any latent or patent construction defects, errors or omissions, compliance with law matters, Hazardous Substances and other environmental matters within, under or upon, or in the vicinity of the Property, any statutory or common law right Buyer may have to receive disclosures from Seller, including, without limitation, any disclosures as to the Property's location within areas designated as subject to flooding, fire, seismic or earthquake risks by any federal, state or local entity, the need to obtain flood insurance, the certification of water heater bracing and/or the advisability of obtaining title insurance, or any other condition or circumstance affecting the Property, its financial viability, use or operation, or any portion thereof. This release includes claims of which Buyer is presently unaware or which Buyer does not presently suspect to exist in its favor which, if known by Buyer, would materially affect Buyer's release of the Seller Group. In connection with the general release set forth in this Section 16.1.5, Buyer specifically waives the provisions of California Civil Code Section 1542, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

Buyer's Initials

Notwithstanding anything to the contrary set forth in this Section 16.1.5, the foregoing release is not intended to and does not cover (i) any claims arising from a breach of Seller's representations or warranties set forth in this Agreement or (ii) any other breach by Seller of an express obligation of Seller under this Agreement which by its terms survives the Close of Escrow or (iii) any claim resulting from fraud on the part of the Seller, or (iv) any claims of employees or contractors of Seller asserted against Buyer, related to the condition of the Property prior to the Closing, and not arising from the intentional or negligent acts or omissions of Buyer (herein collectively the "**Excluded Claims**").

16.1.6 Natural Hazard Disclosure. Buyer and Seller acknowledge that Seller is required to disclose if any of the Property lies within the following natural hazard areas or zones: (i) a special flood hazard area designated by the Federal Emergency Management Agency; (ii) an area of potential flooding; (iii) a very high fire hazard severity zone; (iv) a wild land area that may contain substantial forest fire risks and hazards; (v) an earthquake fault or special studies zone; or (vi) a seismic hazard zone. Buyer acknowledges that Seller will employ the services of Disclosure Source ("**Natural Hazard Expert**") to examine the maps and other information specifically made available to the public by government agencies and to report the results of its examination to Buyer in writing. The written report prepared by the Natural Hazard Expert regarding the results of its examination fully and completely discharges Seller from its disclosure obligations referred to herein, and, for the purposes of this Agreement, the provisions of Civil Code Section 1103.4 regarding the non-liability of Seller for errors and/or omissions not within its personal knowledge shall be deemed to apply, and the Natural Hazard Expert shall be deemed to be an expert dealing with matters within the scope of its expertise with respect to the examination and written report regarding the natural hazards referred to above.

17. MISCELLANEOUS.

17.1 Time of Essence; Business Days. Seller and Buyer hereby acknowledge and agree that time is strictly of the essence with respect to each and every term, condition, obligation and provision hereof and that failure to timely perform any of the terms, conditions, obligations or provisions hereof by either party shall constitute a material breach of and a non-curable (but waivable) default under this Agreement by the party so failing to perform. Unless the context otherwise requires, all periods terminating on a given day, period of days, or date shall terminate at 5:00 p.m. (Pacific time) on such date or dates, and references to "days" shall refer to calendar days except if such references are to "**business days**" which shall refer to days which are not Saturday, Sunday or a legal holiday. Notwithstanding the foregoing, if any period terminates on a Saturday, Sunday or a legal holiday, under the laws of the State of California, the termination of such period shall be on the next succeeding business day.

17.2 No Waiver. No waiver by any party of the performance or satisfaction of any covenant or condition shall be valid unless in writing and shall not be considered to be a waiver by such party of any other covenant or condition hereunder.

17.3 Entire Agreement. This Agreement contains the entire agreement between the parties regarding the Property and supersedes all prior agreements, whether written or oral, between the parties regarding the same subject. This Agreement may only be modified in writing.

17.4 Survival. The provisions of this Agreement shall not merge with the delivery of the Deed but shall, except as otherwise provided in this Agreement, and to the extent thereof, survive the Closing.

17.5 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators and successors and assigns of Seller and Buyer; provided, however, that Buyer shall not assign Buyer's rights and obligations pursuant to this Agreement to any party without the prior written consent of Seller which consent may be withheld in its sole and absolute discretion.

17.6 Severability. In the case that any one or more of the provisions contained in this Agreement are for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

17.7 Captions. Paragraph titles or captions contained in this Agreement are inserted as a matter of convenience only and for reference, and in no way define, limit, extend or describe the scope of this Agreement.

17.8 Exhibits. All exhibits attached hereto shall be incorporated herein by reference as if set out herein in full.

17.9 Relationship of the Parties. The parties acknowledge that neither party is an agent for the other party, and that neither party shall or can bind or enter into agreements for the other party.

17.10 Governing Law. This Agreement and the legal relations between the parties hereto shall be governed by and be construed in accordance with the laws of the State of California.

17.11 Review by Counsel. The parties acknowledge that each party and its counsel have reviewed and approved this Agreement, and the parties hereby agree that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.

17.12 Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original. This Agreement shall only be effective if a counterpart is signed by both Seller and Buyer.

17.13 Filing of Reports. The Title Company shall be solely responsible for the timely filing of any reports or returns required pursuant to the provisions of Section 6045(e) of the Internal Revenue Code of 1986 as amended (and any similar reports or returns required under any state or local laws) in connection with the Closing.

17.14 1031 Exchange. In connection with the transactions contemplated by this Agreement, Seller may wish to engage in a tax deferred exchange pursuant to Section 1031 of the Internal Revenue Code of 1986 as amended. Buyer agrees to reasonably cooperate with Seller in connection with such exchange, provided, however, that Buyer will not be required to take title to any other real property or become a party to any purchase agreement; Buyer shall not incur any additional liability by reason of such exchange; Seller will indemnify and hold Buyer harmless for, from and against any claim, demand, cause of action, liability or expense (including attorneys' fees) in connection therewith, including, without limitation, any increase in escrow fees or charges resulting from such exchange; and Seller acknowledges and agrees and that Buyer has not made and will not make any representation or warranty as to the effectiveness for tax purposes of any such exchange. Seller must notify Buyer at least five (5) days before the contemplated date of Closing if Seller intends to proceed pursuant to this Section 17.14.

17.15 Third Party Beneficiaries. This Agreement is for the benefit of Buyer and Seller and their respective agents, employees, shareholders, officers, directors, partners and successors and no third party shall be entitled to the benefit of any of the provisions of this Agreement.

17.16 Facsimile Signatures. Seller and Buyer each (a) has agreed to permit the use from time to time, where appropriate, of telecopy signatures in order to expedite the transaction contemplated by this Agreement, (b) intends to be bound by its respective telecopy signature, (c) is aware that the other will rely on the telecopied signature, and (d) acknowledges such reliance and waives any defenses to the enforcement of this Agreement and the documents affecting the transaction contemplated by this Agreement based on the fact that a signature was sent by telecopy only.

17.17 Material Change. Seller shall promptly notify Buyer of any change in any condition with respect to the Property or any event or circumstance which makes any representation or warranty of Seller as set forth in Section 11.2 of this Agreement materially untrue or misleading or any covenant of Seller under this Agreement incapable of being performed.

17.18 Professional Fees. In the event of the bringing of any action or suit by a party hereto against another party hereunder by reason of any breach of any of the covenants, agreements or provisions on the part of the other party arising out of this Agreement, then in that event the prevailing party shall be entitled to have and recover of and from the other party all costs and expenses of the action or suit and any appeals therefrom, and enforcement of any judgment in connection therewith, including attorneys' fees, accounting and engineering fees, and any other professional fees resulting therefrom. For purposes of this Agreement, attorneys' fees of the Buyer, when the services are provided by County Counsel, shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the County Counsel's services were rendered, who practice in the Greater San Francisco Bay Area.

17.19 Party in Interest. The parties acknowledge that the Seller is acting in the capacity of escrow holder and title insurer on the Property. Nothing in this Agreement shall operate to relieve the Seller of its responsibilities, obligations and fiduciary duties as escrow officer and title insurer.

18. DEFINITIONS. For ease of reference, the defined terms as employed in this Agreement and as listed below are defined in the designated sections or as set forth below :

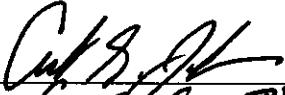
- 18.1 "Agreement" as defined in the first paragraph
- 18.2 "Business Days" as defined in Section 17.1
- 18.3 "Buyer" as defined in the first paragraph
- 18.4 "Buyer Parties" as defined in Section 12.4
- 18.5 "Buyer's Approval Notice" as defined in Section 6.6
- 18.6 "Buyer's Representatives" as defined in Section 6.4
- 18.7 "Buyer's Title Policy" as defined in Section 3.2
- 18.8 "CAP Amount" as defined in Section 12.4
- 18.9 "Claims" as defined in Section 16.1.5
- 18.10 "Closing Date" as defined in Section 5.1
- 18.11 "Closing" as defined in Section 5.1
- 18.12 "Deed" as defined in Section 8.1.1
- 18.13 "Deposit" as defined in Section 2.2
- 18.14 "Due Diligence Date" as defined in Section 6.1
- 18.15 "Due Diligence Materials" as defined in Section 6.2
- 18.16 "Due Diligence Period" as defined in Section 6.1
- 18.17 "Effective Date" as defined in the first paragraph
- 18.18 "Environmental Laws" as defined in Section 16.1.2
- 18.19 "Escrow" as defined in Section 4.1
- 18.20 "Excluded Claims" as defined in Section 16.1.5
- 18.21 "Floor Amount" as defined in Section 12.4
- 18.22 "Hazardous Substances" as defined in Section 16.1.2
- 18.23 "Improvements" as defined in Section 1.1.2
- 18.24 "Land" as defined in Section 1.1.1
- 18.25 "Lease" as defined in Section 1.2
- 18.26 "Monetary Liens" as defined in Section 6.3.2
- 18.27 "Natural Hazard Expert" as defined in Section 16.1.6
- 18.28 "Other Documents" as defined in Section 12.4
- 18.29 "Permitted Exceptions" as defined in Section 3.3
- 18.30 "Property" as defined in Section 1.1
- 18.31 "Purchase Price" as defined in Section 2.1
- 18.32 "Release Notice" as defined in Section 7.2.5
- 18.33 "Seller" as defined in the first paragraph
- 18.34 "Seller Group" as defined in Section 16.1.2
- 18.35 "Seller's Knowledge" as defined in Section 11.2.11

- 18.36 "Seller's Representative" means Mary Ann List
- 18.37 "Seller's Response" as defined in Section 6.3.2
- 18.38 "Seller's Supplemental Response" as defined in Section 6.3.3
- 18.39 "Subsequent Title Defects Notice" as defined in Section 6.3.3
- 18.40 "Survey" as defined in Section 6.3.1
- 18.41 "Title Company" as defined in Section 4.1
- 18.42 "Title Notice" as defined in Section 6.3.2
- 18.43 "Title Report" as defined in Section 6.3.1
- 18.44 "Title Review Period" as defined in Section 6.3

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written.

SELLER:

First American Title Insurance Company,
a California corporation

By: 
Name: Carl G. Johnson
Its: President

BUYER:

County of San Mateo,
a political subdivision of the State of
California

By: _____
President, Board of Supervisors

RESOLUTION NO.: _____

ATTEST:

Clerk of the Board

LIST OF EXHIBITS

- Exhibit 1.1.1 - Legal Description of Land
- Exhibit 1.2 - Lease
- Exhibit 6.2.1 - Delivered Materials
- Exhibit 8.1.1 - Form of Grant Deed

EXHIBIT 1.1.1

LEGAL DESCRIPTION OF LAND

EXHIBIT 1.2

LEASE

EXHIBIT 6.2.1

DELIVERED MATERIALS

EXHIBIT 8.1.1

FORM OF 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,
FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation,
hereby GRANTS to the COUNTY OF SAN MATEO, a political subdivision of the State of California,
the real property in the City of Redwood City, County of San Mateo, State of California, described as

SEE EXHIBIT "A" ATTACHED HERETO AND INCORPORATED HEREIN

Dated: _____, 2007

FIRST AMERICAN TITLE INSURANCE COMPANY, a
California corporation

STATE OF CALIFORNIA
COUNTY OF _____

}
}ss
}

By: _____

Its: _____

On _____ before me, Notary
Public, _____

By: _____

Its: _____

personally appeared _____ and

_____ 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:

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

Real property in the City of Redwood City, County of San Mateo, State of California, described as follows:

LEGAL DESCRIPTION

Real property in the City of Redwood City, County of San Mateo, State of California, described as follows:

PARCEL I:

LOTS 8, 9, 10, 11 AND 12 IN BLOCK 3, RANGE "C" AS SHOWN ON THAT CERTAIN MAP ENTITLED "TOWN OF MEZESVILLE", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY, STATE OF CALIFORNIA ON AUGUST 1, 1856 IN BOOK 1 OF MAPS AT PAGE 79.

EXCEPTING FROM SAID LOTS 11 AND 12 SO MUCH AS LIES WITHIN THE LANDS CONVEYED TO HAMILTON STREET ENTERPRISES, A CORPORATION, BY CERTAIN DEED RECORDED ON AUGUST 21, 1963 IN BOOK 4530 OF OFFICIAL RECORDS AT PAGE 686 (FILE NO. 30100-W), RECORDS OF SAN MATEO COUNTY, CALIFORNIA.

PARCEL II:

AN EXCLUSIVE EASEMENT FOR INGRESS AND EGRESS AND FOR THE INSTALLATION AND MAINTENANCE OF PUBLIC UTILITIES AND FOR BUILDING CONSTRUCTION WITHIN THE FOLLOWING DESCRIBED PORTION OF THE LANDS CONVEYED TO HAMILTON STREET ENTERPRISES, A CORPORATION, BY THAT CERTAIN DEED RECORDED ON AUGUST 21, 1963 IN BOOK 4530 OF OFFICIAL RECORDS AT PAGE 686 (FILE NO. 30100-W), RECORDS OF SAN MATEO COUNTY CALIFORNIA.

BEGINNING AT THE NORTHEASTERLY CORNER OF SAID LANDS CONVEYED TO HAMILTON STREET ENTERPRISES, A CORPORATION AND RUNNING THENCE ALONG THE EASTERLY BOUNDARY LINE THEREOF, SOUTH 3° 23' 50" EAST 17.73 FEET; THENCE LEAVING SAID EASTERLY BOUNDARY LINE, SOUTH 86° 30' WEST 5.42 FEET; THENCE NORTH 3° 27' 36" WEST 17.73 FEET TO THE NORTHERLY BOUNDARY LINE OF THE ABOVE DESCRIBED PARCEL; THENCE ALONG SAID LAST MENTIONED LINE, NORTH 86° 30' EAST 5.439 FEET TO THE POINT OF BEGINNING.

SAID EASEMENT IS APPURTENANT TO PARCEL I ABOVE DESCRIBED AND WAS CREATED BY SAID DEED RECORDED ON AUGUST 21, 1963 IN BOOK 4530 OF OFFICIAL RECORDS AT PAGE 686 (FILE NO. 30100-W), RECORDS OF SAN MATEO COUNTY, CALIFORNIA.

PARCEL III:

A NON-EXCLUSIVE EASEMENT FOR INGRESS AND EGRESS AND FOR THE INSTALLATION AND MAINTENANCE OF PUBLIC UTILITIES WITHIN THE FOLLOWING DESCRIBED PORTION OF THE LANDS CONVEYED TO HAMILTON STREET ENTERPRISES, A CORPORATION, BY THAT CERTAIN DEED RECORDED ON AUGUST 21, 1963 IN BOOK 4530 OF OFFICIAL RECORDS AT PAGE 686 (FILE NO. 30100-W).

BEGINNING AT A POINT ON THE NORTHERLY BOUNDARY LINE OF SAID LANDS CONVEYED TO HAMILTON STREET ENTERPRISES, A CORPORATION, DISTANT THEREON SOUTH 86° 30' WEST 5.439 FEET FROM THE NORTHEASTERLY CORNER THEREOF; THENCE FROM SAID POINT OF BEGINNING, ALONG SAID NORTHERLY BOUNDARY LINE, SOUTH 86° 30' WEST 11.49 FEET; THENCE LEAVING SAID NORTHERLY BOUNDARY LINE, SOUTH 3° 27' 36" EAST 2 FEET; THENCE NORTH 86° 30' EAST 8.49 FEET; THENCE SOUTH 3° 27' 36" EAST 15.73 FEET; THENCE NORTH 86° 30' EAST 3 FEET; THENCE NORTH 3° 27' 36" WEST 17.73 FEET TO THE POINT OF

Order Number: 4101-1969695
Page Number: 9

BEGINNING.

SAID EASEMENT IS APPURTENANT TO PARCEL I ABOVE DESCRIBED AND WAS CREATED BY SAID DEED RECORDED ON AUGUST 21, 1963 IN BOOK 4530 OF OFFICIAL RECORDS AT PAGE 686 (FILE NO. 30100-W), RECORDS OF SAN MATEO COUNTY, CALIFORNIA.

APN: 052-344-070 (Affects: Lots No. 8 and 9) 052-344-080 (Affects: Lot No. 10) 052-344-090 (Affects: Lots No. 11 and 12) 052-344-120 (Affects: A portion of Lot 11)
JPN: 052-034-344-07A, 052-034-344-08A, 052-034-344-09A, 052-034-344-12A