



GUARDIAN BUILDERS, INC  
COMMERCIAL/INDUSTRIAL BUILDERS

OCTOBER 10, 1989

MR. WILLIAM D. CRAIG  
REGIONAL DIRECTOR  
SALES AND LAND MANAGEMENT  
SANTA FE REALTY CORPORATION  
201 MISSION STREET SUITE 250  
SAN FRANCISCO, CA 94105

RE: FREMONT AUTO MART

DEAR BILL,

THE DEALERS PROMISED TO RESPOND TO A PROPOSAL MADE BY SANTA FE REALTY CORPORATION AT OUR MEETING LAST WEDNESDAY AND, AFTER CONFERRING WITH ALL THE DEALERS WE ARE PREPARED TO MAKE THE FOLLOWING PROPOSAL, WHICH MORE CLOSELY PARALLELS THE AGREEMENT BETWEEN THE PARTIES.

1. SANTA FE PACIFIC WOULD CONTINUE TO PROCESS, AND WOULD RECORD A NINE (9) LOT PARCEL MAP WITH ALL DUE SPEED. WE UNDERSTAND THE EARLIEST WE CAN EXPECT TO RECORD THE MAP IS DECEMBER 15, 1989.
2. SIMULTANEOUSLY WITH THE SIGNING OF THE BUY AND SELL AGREEMENT WE SHALL DEPOSIT 2.5% OF THE PURCHASE PRICE IN ESCROW, WITH AN ADDITIONAL 2.5% DEPOSIT PAYABLE UPON THE RECORDATION OF THE 9-LOT PARCEL MAP. SAID AMOUNT MAY BE USED AS LIQUIDATED DAMAGES.
3. WITHIN 60 DAYS AFTER COMPLETION OF THE AUTO MART FINISHED LOTS THERE WOULD BE A SIMULTANEOUS CLOSING OF 2 ESCROWS AS FOLLOWS:

A. CLOSING A: FOR THOSE PARTIES WHO WILL BE BUYING THEIR LOTS BY CASHING OUT SANTA FE PACIFIC:

PURCHASE PRICE... \$5.91 PER SQUARE FOOT  
SALE PROPERTY... 23.5 ACRES MINIMUM

OTHER CONDITIONS.. THE LOTS PURCHASED MUST GENERALLY BE CONTIGUOUS AND IN A LOCATION WITHIN THE MALL WHICH IS ACCEPTABLE TO SANTA FE PACIFIC.

6. CLOSING B: FOR THOSE PARTIES WHO WILL BE BUYING THEIR LOTS WITH SANTA FE PACIFIC FINANCING A PORTION OF THE SALE.

PURCHASE PRICES...\$7.75 PER SQUARE FOOT  
SALE PROPERTY.....ALL OF THE 88 ACRES NOT PURCHASED UNDER CLOSING A.

TERMS OF FINANCING: TEN (10%) PERCENT DOWN PAYMENT AT CLOSE OF ESCROW WITH CREDIT FOR PREVIOUSLY PAID DEPOSITS; NOTE AND FIRST DEED OF TRUST FOR 2 YEARS AT 10% INTEREST PER ANNUM (WITH SEMI ANNUAL PAYMENTS OF PRINCIPAL AND INTEREST BASED ON A 20 YEAR AMORTIZATION SCHEDULE). WITHIN 180 DAYS OF DELIVERY OF FINISHED LOTS, THE BORROWERS WILL PAY AN ADDITIONAL PRINCIPAL PAYMENT OF 15% OF THE PURCHASE PRICE.

APPLICATION OF CITY OF FREMONT INCENTIVES:  
SANTA FE SHALL REDUCE THE PURCHASE PRICE BY THE DOLLAR AMOUNT OF INCENTIVES BEING PROVIDED TO DEALERS.

3. SANTA FE PACIFIC WILL PAY FOR \$2.6 MILLION IN ONSITE CONSTRUCTION COSTS, THE DEALERS WILL PAY THE NEXT 500 THOUSAND AND ALL COSTS ABOVE \$3.1 MILLION WILL BE SHARED BETWEEN THE DEALERS AND SANTA FE ON A 50/50 BASIS. FURTHER, SANTA FE WILL BEAR ALL COSTS OF PERMITS RELATING TO THE ON-SITE COSTS AND THE DEALERS WILL BE RESPONSIBLE FOR ALL FEES AND PERMITS RELATING TO BUILDING PERMITS FOR THE DEALERSHIP IMPROVEMENTS. IT WOULD FURTHER BE AGREED THAT THE DEALERS WOULD HAVE THE OPTION TO CONTRACT THE OFFSITE WORK THEMSELVES IF THEY CAN SECURE THE WORK AT A LOWER PRICE FROM AN ALTERNATE CONTRACTOR.

4. SANTA FE AND THE DEALERS WILL BE MUTUALLY SUPPORTIVE IN OBTAINING AN AMENDMENT TO THE PUD ALLOWING FOR AUTO RELATED RETAIL IN THE NON-ALLOCATED AUTO MART PROPERTY.

AFTER ALL THIS TIME IT IS IMPORTANT TO STAY AS CLOSE TO THE DEAL THAT WAS HISTORICALLY AGREED UPON. WE AGREE THE ABOVE ACCOMPLISHES THIS PURPOSE.

WE LOOK FORWARD TO HEARING FROM YOU SOON.

  
JAMES B. SALTER  
EXECUTIVE VICE PRESIDENT

ON BEHALF OF THE FREMONT AUTO DEALERS