

SANTA FE PACIFIC REALTY

December 7, 1989

VIA OVERNIGHT MAIL

Mr. James B. Salter
Executive Vice President
Guardian Builders, Inc.
2550 Miro Loma Way
Anaheim, CA 92806

Re: New Auto Mall Proposal

Dear Jim:

In response to our discussions with you on December 5, 1989, we are prepared to enter into final negotiations with the Fremont Auto Dealers ("FAD") to purchase sites in the proposed 88 acre Fremont Auto Mall located near Durham Road and Cushing Parkway, on the following basic terms and conditions:

1. Auto Mall Subdivision Map. FAD will assume at its sole cost all further responsibility for the re-design and re-engineering for a new layout of the 9 Auto Mall lots and infrastructure within the designated 88-acre lot and will file and process the 9-lot map to recordation. SFPR approves the general layout as shown on attached Exhibit A, agrees to execute the Subdivision Map as owner and to pay all bridge benefit fees, all map fees, and additional fees required and partly outlined in the "Preliminary Cost Estimate", prepared by MacKay and Soms on 4/26/89 (which includes City of Fremont fees, U.S.D. fees, A.C.F.C. and W.C.D. fees), required to be paid in connection with the recording thereof.

2. Sale Prices and Financing.

A. The first round of closings must occur within 10 days after recording the Auto Mall Subdivision Map, but in no event later than December 31, 1991.

1) Cash Base Price - \$6.91 psf

2) Financed Base Price - \$7.75 psf

3) Base prices will be held until April 1, 1990; if the Auto Mall Subdivision Map is not recorded by April 1, 1990, Base Prices escalate at 1% per month through July 1, 1990, then at 2% per month thereafter.

4) Financing is 10% down; 15% additional principal payment 3 months after close of escrow; balance due in semiannual principal and interest payments based on 20-year amortization, due and payable 2 years after COE; 10% annual interest; secured by first Deed of Trust on each financed parcel. The locations of the financed parcels will be approved by the parties.

5) The following dealers will close concurrently in the first round of closings as specified:

<u>Dealer</u>	<u>Acres</u>	<u>Cash/Fin</u>
a) Henry Pierotti	11.5	Cash
b) Henry Torian	9.0	Cash
c) Henry Torian	8.5	Financed
d) Mark Hamilton	6.0	Cash
e) Thomas H. Claridge	4.0	Cash
f) Frank H. Meads	3.8	Cash
g) Dee Barnes	3.0	Financed
	<u>45.8</u>	

6) Notwithstanding the list of dealers and acreages above, the more favorable terms for the first round of closings are offered to all of the FAD, and such terms are available for all Auto Mall parcels.

B. All closings subsequent to the first round of closings (i.e., after a date 10 days after recording the Auto Mall Subdivision Map) must occur on an all-cash basis on or before December 31, 1991. The purchase price will be the closing cash price of first round of closings plus 10%, and then escalated at 1% per month from the first closing date.

3. City Subsidy Arrangement. SFPR will agree to cooperate with a City arrangement to partially subsidize the purchase of the Auto Mall site so long as no additional cost, liability or risk is imposed on SFPR, Durham Road Construction is not included in any subsidy-related LID and the LID spread on parcels retained by SFPR is fair and equitable. Partial purchase price deferrals/reductions resulting from the subsidy arrangement will be granted only to dealers who close during the first round of closings.

4. Construction of On-Site General Infrastructure. SFPR will be responsible for construction of the internal street, storm sewer and utilities, perimeter wall and fencing, and rough grading up to a maximum of \$2 million. The construction contract will be competitively bid. The dealers agree to pay for any costs for such work which exceeds \$2 million. Construction would start promptly after the first round of closings.

5. City Amendment of SFPR Entitlements. A condition of closing any of the sales is that the City of Fremont shall have taken formal action approving changes or amendments to the entitlements received by SFPR for the Fremont Shores Project which are outlined on Exhibit B attached hereto.

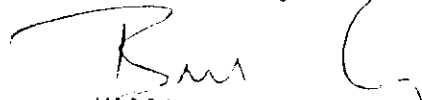
6. Contracts Signed. Each dealer who will be closing in the first round of closings must be under written contract on or before January 31, 1990.

The foregoing represents only the general parameters upon which Santa Fe Pacific is willing to negotiate with the FAD the terms of a definitive agreement. This letter is not intended to be a binding agreement, but constitutes a statement of general intentions for guidance in preparation of a definitive agreement. If the above is acceptable, please have each of the

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dealers execute the extra copy of this letter enclosed in the appropriate place below and return same to us on or before December 15, 1989.

Very truly yours,


William D. Craig

WDC:ccm

AGREED AND ACCEPTED.

<u>The Fremont Auto Dealers:</u>	<u>Date</u>
1. _____ Henry Pierotti	_____
2. _____ Henry Torian	_____
3. _____ Mark Hamilton	_____
4. _____ Thomas H. Claridge	_____
5. _____ Frank H. Meads	_____
6. _____ Dee Barnes	_____
7. _____ Donald R. Signer	_____
8. _____ James Moran	_____
9. _____ C. DiGuilio	_____
10. _____	_____
11. _____	_____