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12211 Plum Orchard Drive, Suite 400
Silver Spring, Maryland 20904-7803
www.americanfb.com



December 7, 2006

Mr. Clemens M. Knebel
Clemens Construction
1714 14th Street, NW, Rear Unit
Washington, DC 20009

Re: Proposed loan ("Loan") from American Bank (the "Bank") to Clemens 4600 Partners, LLC (the "Borrower") for the acquisition (refinance) of 4600 Wisconsin Avenue, NW, Washington, DC (the "Property") and the construction thereon of a 37-unit retail and residential apartment building with structured parking.

Dear Mark;

Following are preliminary terms and conditions for the above referenced proposed loan. The terms and conditions outlined herein are subject to Loan Committee approval and should not be construed as a commitment to lend by the Bank. In addition, these terms and conditions are subject to the Bank's standard underwriting process, including but not limited to the review and analysis of financial & credit information provided by the borrower/guarantors.

Borrower: Clemens 4600 Partners, LLC

Recourse: Full Recourse

Guarantors: Clemens M. Knebel
Kelly Knebel
Clemens Construction, LLC

Loan Amount: \$19,000,000 acquisition/construction

Collateral: a) 1st lien Deed of Trust and Assignment of Rents on the Property.

b) Assignment of all agreements of sale between the Borrower and/or its assigns and all purchasers, including any corresponding deposit(s).

c) Assignment of all site development and construction and/or construction management contracts, agreements, plans, specifications, drawings, renderings, permits, licenses, etc.

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LTV ratio:	Maximum LTV of 75% of the "as-completed" stabilized value of the property, subject to an appraisal report to be completed by an appraisal company approved by the Bank.
DSC ratio:	Minimum 1.20x based upon appraised pro-forma NOI.
Term:	24 Months
Loan Fee:	1.0%
Extensions:	One 6-month extension
Extension Fee:	.25%
Interest Rate:	Floating at Bank Prime plus .50%
Payments:	Interest only, payable monthly
Borrower Equity:	Minimum 20% of total costs
General Contractor:	Bank to review and approve Guaranteed Maximum Price contract submitted by a general contractor deemed acceptable by the Bank in its sole and absolute discretion.
Bonding:	100% payment and performance
Appraisal:	Bank to obtain an appraisal report satisfactory to Bank in all respects (in its sole and absolute discretion) at Borrower's expense.
Environmental:	Bank to obtain an environmental report satisfactory to the Bank in all respects (in its sole and absolute discretion) at Borrower's expense.
Accounts:	Borrower to open and maintain project operating and escrow (deposit) accounts with Bank during the term of the Loan.
Legal:	Documents evidencing the Loans described herein to be prepared in form and by counsel acceptable to Bank in its sole and absolute discretion at Borrower's expense.

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Subordination: Any sales contract and deposit posted therewith shall be subordinate in all respects to the Bank's lien. No subordinate liens, encumbrances, easements or the like may be placed upon the Property without prior written consent from the Bank, which consent may be withheld in Bank's sole and absolute discretion. Mezzanine financing must be fully subordinate to the Bank's lien, subject to execution of the Bank's Subordination Agreement.

Plans: Building permits & approval of plans will be required prior to construction advances.

Inspections: An outside engineering firm will be hired to review development costs and perform inspections at Borrower's expense.

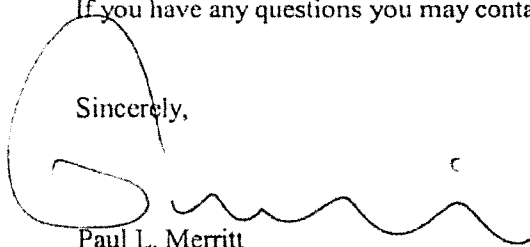
Lien Releases: Evidence of clear Title and Release of liens will be required with each draw funding.

Real Estate Taxes: At settlement and at least annually thereafter, Borrower and/or Guarantor to provide evidence satisfactory to Bank that real estate taxes have been paid current on the Property.

Insurance: At settlement and at least annually thereafter, Borrower and/or Guarantor to provide evidence satisfactory to Bank that liability insurance has been obtained on the Property, is in place and is paid current. Builder's or All Risk insurance must be provided prior to the start of new construction.

If you have any questions you may contact me at the number below.

Sincerely,



Paul L. Merritt
Group VP/Commercial Real Estate
American Bank
(301)-572-3750



January 18th, 2007

Mr. Andrew McAllister
Senior Director
Cushman & Wakefield
1801 K Street, NW, Suite 1100-L
Washington, DC 20006

Re: Clemens Construction / Maxim Apartments ("Project")

Dear Andrew:

We appreciate the opportunity to review your financing request for the above captioned project. Outlined below are proposed terms for a Construction Loan commitment for the Maxim Apartments project, located on Wisconsin Ave, Washington, D.C. We present this proposal for discussion purposes only, and it is not to be considered all-inclusive. This letter will serve to outline the terms and conditions under which LaSalle Bank National Association ("Lender", "the Bank", or "LBNA") would consider extending credit. Final approval of any credit extension is subject to customary due diligence by the Lender and to review and approval from LaSalle Bank's Loan Committee.

TRANSACTION SUMMARY:

BORROWER: A to be formed Single Purpose Entity in a form acceptable to the Bank, owned and controlled by Clemens Construction, LLC.

LOAN AMOUNT: Not to exceed the lesser of; (i) \$17,940,000, (ii) 67% of the approved project budget or (iii) 65% of the "as stabilized" value as determined by an appraisal and subject to LBNA approval.

The Sources & Uses are as follows:

Sources	\$	%	Uses	\$	\$/SF	\$/Unit
Senior Debt	\$ 17,940,000	67%	Land	\$ 8,488,661	\$ 152.84	\$ 229,423
Cash Equity	8,692,647	33%	Hard Costs	13,692,147	246.53	370,058
			Soft Costs	2,291,839	41.27	61,942
			Interest Reserve	2,160,000	38.89	58,378
Total Sources	\$ 26,632,647	100%	Total Uses	\$ 26,632,647	\$ 479.53	\$ 719,801

DURATION: 36 months from the date of Loan closing, plus one 12-month performance-based Extension Option.

First Extension Option subject to:

- No events of default;
- Substantial completion of improvements;
- 90 days notice to LBNA;
- Payment of 20.0 bps fee;

- Leases in place to provide 1.15x P&I debt service coverage based on trailing three month NOI divided by debt service (P&I payments on a 30-year schedule at the greater of (i) the 10-year US Treasury + 125 bps, or (ii) 6.25%.

INTEREST RATE: 30-day LIBOR + 275 bps.

**INTEREST RATE
PROTECTION:**

At closing, Sponsor will execute an interest rate derivative product purchase, in a form acceptable to the Bank, necessary to provide a 6.25% permanent debt interest rate upon take-out.

LOAN FEE: 100 bps Commitment Fee: (\$179,400) fully earned and payable upon acceptance of a Commitment to be issued by Lender and a 20.0 bps Extension Fee (\$35,880), per extension.

REPAYMENT: Interest only, monthly. Principal due in full upon maturity. Collateral may be released at any time subject to LTV maintenance requirement and to-be-determined release price per unit.

RECOURSE: Completion, payment and performance guaranty shall be provided by Mr. Mark Knebel and a to-be-determined Equity Provider (collectively, the "Guarantors").

**GUARANTOR
COVENANTS:**

Appropriate net worth and liquidity covenants to be established upon receipt and review of Guarantors financial statements.

COLLATERAL:

Collateral under the subject facility shall consist of:

- 1st lien on subject property and all improvements thereon;
- Assignment of rents and leases;
- Assignment of operating contracts, construction contracts, etc.

ENVIRONMENTAL: Bank will require a Phase I investigation from an environmental firm acceptable to Bank indicating no material adverse environmental conditions exist on the subject property at cost to Borrower. Borrower will be required to execute an Environmental Indemnification Agreement pursuant to which Borrower and Guarantor indemnify Bank as to any environmental matters relating to the subject property.

SURVEY: Borrower will provide a minimum standard perimeter survey of the site with the signature and seal of a registered engineer or surveyor thereon. Such survey shall, among other things, show all easements, encroachments, and other matters affecting the site and the relation of the site to public thoroughfares for access purposes. All improvements are to lie within the property boundaries and are not to be located within a flood zone.

**LOAN
AGREEMENTS:**

Borrower will execute Construction Loan Agreement with Lender setting forth the conditions under which disbursement of the Loan will be made.

INSURANCE:

Lender will require an insurance review and monitoring by an outside insurance consultant. The insurance provided shall be in accordance with the LNB

Insurance Requirements and shall include such other coverage as may be required by Lender's insurance consultant.

REPORTING

REQUIREMENTS: The Guarantor shall provide (i) annual audited financial statements of the Guarantor, within 90 days after the end of each calendar year, and (ii) Semi-annual certificate of from the Guarantor certifying compliance with the financial covenants (with appropriate supporting information).

GOOD FAITH DEPOSIT:

If the terms contained in this document are acceptable, please sign below and forward to my attention a refundable check in the amount of **\$20,000**. These funds will be used to cover the costs of various fees (i.e. appraisal, environmental). If the facility does not close, the Bank will return any unused portion of the Good Faith Deposit.

Once again, it is important to note that the Terms and Conditions outlined above are for discussion purposes only and all terms are subject to revision and final Bank approval.

Please feel free to contact me at (202) 414-2101 if you have any questions regarding our proposed terms for the construction loan facility. I look forward to hearing from you soon and working with you on this project.

Very truly yours,

LASALLE BANK N. A.

Susan G. Rogers
Senior Vice President, Division Head
875 15th Street, NW, Suite 700
Washington, DC 20005

Agreed and Accepted

By: _____

Name: _____

Title: _____

cc: Mark Knebel



Where people make the difference.

8812 RESTERTOWN ROAD

OWINGS MILLS, MARYLAND 21117

[410] 368-4848
FAX: [410] 561-8758

January 4, 2007

Clemens Construction Group LLC
Mark Knebel, President
C/O
Andrew McAllister
Cushman & Wakefield
1801 K Street NW Suite # 1100 L
Washington DC 20006

Dear Mr. Knebel,

Northwest Savings Bank is pleased to offer the following term sheet for consideration.
This is not a commitment to lend.

Borrower: Clemens Construction Group LLC or entity to be formed

Amount: \$17,000,000 (Seventeen million dollars)

Purpose: To construct 37 unit luxury apartment building in Washington DC

Rate: Variable based on WSJ Prime Rate during construction phase, at completion to convert to fixed rate based on 250 basis points over the then five (5) year Treasury Rate

Term: Two (2) year interest only during construction phase with two six-month extensions to convert to a ten (10) year term with two, five (5) year interest rate adjustment periods

Amortization: Twenty-five (25) years on fixed term

Loan Origination

Fee: One (1%) percent fee
One half (1/2) percent fee on balance at conversion to fixed rate

Guarantors: Mark Knebel and spouse
Additional guarantor support acceptable to the Bank required to support debt service coverage until income fully stabilized

JAN-05-2007 FRI 12:24 PM CLEMENS CONSTRUCTION LLC

FAX NO. 2022349021

01/04/2007 21:31 FAX 2022861920

CUSHMAN & WAKEFIELD

01/04/2007 15:53

MD PERM LOANDEPT → 12022939049

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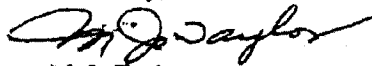
Prepayment: None

Collateral: First lien Deed of Trust on property and improvements located at
4600 Brandywine Avenue NW Washington DC and Assignment of
leases

Other Conditions: Subordination of all other notes/loans
Receipt and review of satisfactory appraisal with maximum advance
not to exceed 75% Loan to value based on "As to be Completed"
appraised value.
Receipt and review of satisfactory Environmental Phase I
In event of default, no payments of principal or interest permitted on
subordinate loan (s).
Annual Financial Reporting on all borrowers and guarantors
Preconstruction Review by independent Bank Approved engineer
All advances based on AIA draw inspections
Fixed Price Construction Contract
Contingent upon loan participation to allow bank to remain within
legal lending limit

This letter is not a commitment to lend. All terms and conditions must be approved by
loan committee; other conditions may apply. If you are interested in pursuing this
transaction with these basic terms and conditions, kindly sign below.

Sincerely,



M. Jo Taylor,
Senior Vice President

Acknowledged and accepted:

Clemens Construction Group LLC

Mark Knebel, President

Mark Knebel, Individual