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October 20, 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 condominium 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: \$21,700,000 acquisition/construction

Collateral: a) 1st lien Deed of Trust 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 80% of the "as-finished" discounted sellout value of the property, subject to an appraisal report to be completed by an appraisal company approved by the Bank.
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
Pre-Sales:	\$15,000,000 (residential units)
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.

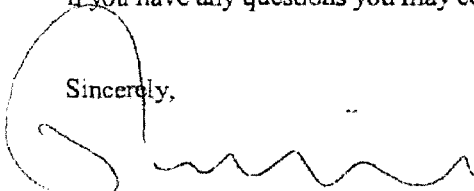
Unit Releases: At 125% acceleration

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