

**M A S S I E
B E R M A N**

A Professional Law Corporation

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October 20, 2006

James G. Ehlers, Esq.
Hecht Solberg Robinson Goldberg Bagley, LLP
600 West Broadway, Eighth Floor
San Diego, California 92101

VIA FACSIMILE and U.S. MAIL

Re: Repair of Water Damaged Units
HAR-BRO Construction v. Pinnacle International Development, Inc. et al.
Matter No: 1042.157

Dear Mr. Ehlers:

I am writing to follow up on our previous telephone conversation regarding The Pinnacle Museum Tower Association's ("Association") demand for Pinnacle International, LLC's ("Pinnacle, LLC") repair of individual units damage due to plumbing leaks and the status of suit entitled HAR-BRO Construction v. Pinnacle International Development, Inc. et al.

As we discussed, numerous individual units and portions of the Common Area have been damaged due to plumbing failures occurring on or about December 5, 2005, April 8, 2006, September 12, 2006 and September 19, 2006. For your review, I have attached a listing of the individual Units requiring repair, a description of the Common Area that has been damaged, and a report from HAR-BRO itemizing the cost of repairs.

In addition to the above listed matters, PowerCom was involved in making repairs resulting from the September 12, 2006 damage, as fire alarm components needed to be replaced. The cost of repair from PowerCom is quite substantial. The HAR-BRO scope of repairs in the amount of \$84,824.41, has been thoroughly reviewed and approved by Dave Brown, the Fireman's Fund adjuster. This does not include the emergency "dry-out" expenses. The water damage was due to defective plumbing lines located within the individual Units and/or Common Area. As you know, the plumbing failures, which are the primary basis for the costs incurred in the suit, are the responsibility of Pinnacle, LLC and the subcontractors.

Accordingly, demand is hereby made that Pinnacle International, LLC, commit to pay the entire cost of repair not only reflected in the HAR-BRO attachment, but for all expenses associated with the September 12, 2006 flood, and also the December 5, 2005, April 8, 2006 and September 19, 2006 incidents. An entire list, including but not limited to repair costs, will be provided once all the information is received. There may also be subrogation claims by the individual homeowners that we would expect Pinnacle, LLC to respond to.

MASSIE BERMAN

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Please confirm in writing within ten (10) days of the date of this letter, Pinnacle, LLC's agreement to assume all responsibility in this regard.

As we also discussed, the Association is named in the above mentioned suit, HAR-BRO Construction v. Pinnacle International Development, Inc. et al.. The Association has not filed a responsive pleading in this regard. You have affirmed that Pinnacle, LLC, will provide a defense in this regard. If my understanding of our conversation differs in any way from yours, please advised immediately.

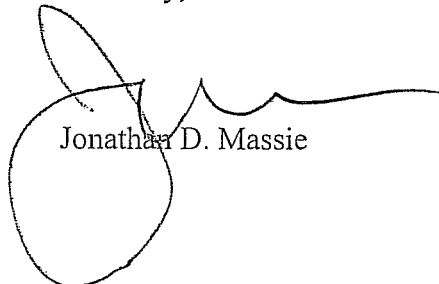
Unfortunately, Pinnacle, LLC's agreement to defend this action will not in and of itself solve the Association's problems. Pinnacle, LLC must unconditionally agree to hold the Association and the homeowners harmless from HAR-BRO's claims, PowerCom's claims and any other claims in association with the four separate flooding incidents, and must do so immediately because of the impact this will have on the Association's insurance. At this time we do not know yet whether your commitment to hold the Association harmless from the HAR-BRO complaint will be sufficient to reverse a \$30,000 premium increase and a dramatic increase in the deductible on the renewal of the Association's policy, which is due at the end of this month. We are hopeful, with Pinnacle, LLC's commitment, this reversal can be accomplished.

However, if these insurance consequences cannot be reversed, the Association will look to the Pinnacle, LLC for additional compensation, as it was due to their failure to accept responsibility for the December 5, 2005, April 8, 2006, September 12 and 19, 2006 losses that put the Association in this predicament.

The Association will not file a response to the complaint and will assume your office will take whatever action is necessary. If the Association's assumption in this regard is incorrect, please advise immediately.

Please do not hesitate to call if you have any questions

Sincerely,



Jonathan D. Massie

JDM
cc: Board of Directors