

MUSEUM TOWER OWNERS ASSOCIATION

550 Front Street San Diego, Ca 92101 Phone:

619.533.7960

Fax:

619.533.7964

September 27, 2006

Mr. Rick Bortolussi Pinnacle International Suite 300 - 911 Homer Street Vancouver, B.C. V6B 2W6

Re: Pinnacle HOA

Dear Rick:

This confirms our discussion at the last executive session on Wednesday, September 20, 2006:

- 1. Pinnacle LLC has until the close of business Monday, October 2, 2006 to notify Fireman's Fund that it is withdrawing Mr. Meola's claim for policy benefits on the December 2005 flood loss and: (a) to confirm to the Board that it will assume full financial responsibility for both the HARBRO bill and; (b) will defend and indemnify the homeowners and the HOA from the HARBRO litigation, and (c) will make an immediate payment of all undisputed amounts of the HARBRO bill and will submit to binding arbitration with HARBRO to be heard no later than November 1, 2006 regarding the HARBRO bill, payment of any additional amounts owed to HARBRO no later than December 1, 2006.
- 2. Pinnacle LLC has until the close of business Monday, October 2, 2006 to notify Fireman's Fund that it will assume all liability and financial responsibility for the September 2006 flood loss currently being adjusted by Fireman's Fund under the HOA policy (because of Pinnacle LLC's prior refusal at the time of the loss to accept responsibility), and that Pinnacle LLC will arrange with Fireman's Fund to handle the loss adjustment and that Pinnacle LLC will make prompt payment to the impacted homeowners for all damages resulting from the flood; and promptly reimburse the HOA for all damage and expense to common areas and mechanical/electrical systems from that flood.

Failure to do so will force the HOA Board members to do the following:

- 1. Demand Mr. Bortolussi and Mr. Meola's immediate resignations from the Board;
- 2. Immediately interview and hire counsel to represent the HOA and to take all necessary legal action.

ir ly yours,

James A. Roberts