

Development Agreement

December 1, 2004

Ewa Oceanside LLC or Ewa Oceanside LLC's nominee, (EO) and Smith Foti Development Limited Partnership (SFD) agree to the following:

EO, as owner of 91-069 Fort Weaver Road, TMK # 1-9-1-5: 11 (the Property) hereby grants SFD Development Rights (DR) to the Property in accordance with the terms described below.

The DR obligate SFD to use all reasonable efforts to develop the Property (the Ewa Project) utilizing the EU status to condominiumize the property and sell off the individual existing dwelling units together with limited common area yards (the Apartments) in substantially "as is" condition with the minimum amount of improvements necessary to make the Apartments marketable, (subject to change, present plans include: upgraded sewer & water systems; repaved access way and; relocation of three of the units). SFD will pay, at SFD's sole expense, all development cost for the project, including, but not limited to: attorneys fees for condominium and related documents; extraordinary survey costs; consulting fees (architects, engineers, etc.); miscellaneous due diligence; construction costs; marketing costs and costs of operating the Property as a rental property.

Gross Sales proceeds from the sale of each unit shall be distributed as follows: first to pay any outstanding development and pre-development costs directly to contractors and vendors, if any; 2nd to secured debt financing, if any; 3rd to Mike Muller (MM) for any development costs funded by MM (w/ interest at 8%); 4th to SFD for any outstanding development and pre-development costs funded by SFD; 5th to MM for principal payback of the Agreement of Sale balance and closing costs incurred in the initial purchase of the Property and; 6th to SFD for development fees which amount, if any, shall be determined by EO.

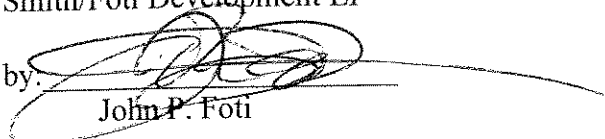
Interest and Net Proceeds (INP): The net difference between the actual Net Operating Income generated by the property and an amount equivalent to an annualized return of 8% interest on SFD principal invested, if any. The balance of the proceeds shall be owed in accordance with the following split: 100% to EO. Collectively, these items shall be known as INP.

EO understands and agrees that this document is, among other things, an agency agreement with SFDLP to act as EO's agent for all matters relating to the Ewa Project.

Agreed and Accepted:

Smith/Foti Development LP

by:


John P. Foti

Ewa Oceanside, LLC


Eric K. Smith