

CONFIDENTIAL RETENTION AGREEMENT

This Retention Agreement ("Agreement") is made as of this 3rd day of May, 2006 (the "Effective Date") by and among Duane Roe, located at 60 Main Street, Bloomingburg, NY (hereafter "Duane Roe"), Sullivan Farms II, Inc., a New York corporation located at 60 Main Street, Bloomingburg, NY (the "Representative"), Bloomingburg Business Center, Inc., a New York corporation located at 60 Main Street, Bloomingburg, NY, and Raymond Farms, LLC, a New York limited liability company located at 7 Carlton Lane, Monsey, NY (the "Company"). Company, Representative and Duane Roe individually may be referred hereafter as a "Party" and collectively may be referred hereafter as the "Parties".

WHEREAS the Company desires to acquire various parcels of real property in the Town of Mamakating, NY and the Village of Bloomingburg, NY and to improve said real property with residential housing and/or commercial uses;

WHEREAS Representative and Duane Roe desire to assist the Company to acquire said parcels of real property by acquiring said real property in the name of the Representative or in the name of entities other than the Company and by obtaining certain approvals and permissions while at all times keeping in confidence the Company's participation, and the participation of its principals and employees, in the real property transactions and various approval processes described herein (this recital together with the foregoing recital are hereafter the "Intended Purposes"); and

WHEREAS Duane Roe is the sole shareholder of Representative and desires to convey Representative to Company desires to accept all shares of Representative under the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises, the covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, hereby agree as follows:

1.6 . Appointment.

- 1.1 Company hereby retains Representative and Duane Roe and they hereby accept retention to acquire certain parcels of real property in the Town of Mamakating and the Village of Bloomingburg as specified on Exhibit A hereto as such Exhibit may be amended from time to time in writing by the Parties (the "Acquired Parcels"). Representative and Duane Roe shall have authority to make offers to the owners of the Acquired Parcels, negotiate purchase agreements with said owners, appear before certain Town and Village boards and agencies in connection with the development and improvement of the Acquired Parcels, and any other such related tasks as necessary to fulfill the Intended Purposes of this Agreement. All of the activities of Representative and Duane Roe shall be conducted with the advice and approval of the Company. Representative and Duane Roe shall be permitted to execute those documents and incur such Costs, as hereinafter defined, on behalf of the Company, and any of its affiliates, necessary to accomplish the Intended Purposes of this Agreement after first obtaining approval of the Company.

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- 1.2 Company represents that it is a New York limited liability company in good standing. The Company has two members, Shalom Lamm and Kenneth Nakdimen. During the term of this Agreement, the Company shall not (a) merge with or be conveyed to any other party or (b) accept additional members if their combined interest is fifty percent (50%) or greater in the Company without the prior written consent of the Representative and Duane Roe. Notwithstanding the foregoing, the Company may be conveyed to or merge with any other entity owned or controlled by Shalom Lamm and Kenneth Nakdimen without the consents required by this subsection 1.2.

2.0 Procedure.

- 2.1 Representative and Duane Roe shall consult with Company about adding parcels of real property to the list of Acquired Parcels and the foregoing Parties must approve each parcel before it is added to the list of Acquired Parcels. Representative and Duane Roe may actively pursue acquisition of any of the Acquired Parcels within financial and other guidelines established by the Company from time to time at its sole discretion, together with any other terms and conditions of sale governing transactions contemplated by this Agreement. Company reserves the right, at its sole discretion, to refuse to acquire any parcel, including a parcel on the Acquired Parcel list at any time prior to the full execution of a purchase and sale agreement therefore. Representative and Duane Roe shall have no authority to modify any terms or conditions of sale of any parcels of real property to be purchased hereunder, or to obligate or bind Company or any other third party owned or controlled by Company. Representative and Duane Roe shall not encumber title to any of said real property in any way without written authorization of the Company. The Parties shall cooperate with one another to resolve any transaction related issues.
- 2.2 The Company shall be solely responsible for timely funding of all approved real property acquisitions contemplated by this Agreement and payment of all authorized transactional costs, which costs shall include all filing fees, permit fees, surveys, engineering costs, title costs, attorneys' fees, and other out-of-pocket costs related to the duties and transactions contemplated by this Agreement, including those duties and transactions set forth at section 3.0, (except for those expenses excluded under subsection 5.3 hereunder) incurred in connection therewith by Representative and Duane Roe (together, the "Costs") and the Company shall hold harmless the Representative and Duane Roe for all such Costs. Reimbursement for attorneys' fees incurred by Representative and Duane Roe for the closing of title for real property on the Acquired Parcels' list shall not exceed \$2,500.00 per transaction without prior approval of the Company, with the exception of the Blejec parcel for which reimbursement for attorneys' fees shall not exceed \$5,000.00.

3.0 Further Duties.

- 3.1 Representative, in its own name, will acquire title to those parcels of real property listed on the Acquired Parcels list commonly known as the Raymond Farm parcel, Blejec parcel, Schultz parcel, Legerfo parcel, Truax/Noxon parcel, and Representative will complete an exchange of land involving a portion of the Brookins parcel to allow access from it to Winterton Road. In addition thereto, Representative will remove a portion of the Blejec property on the west side of Winterton Road from Section 50, Block 1, Lot 58 ("Blejec

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Portion") and attach the Blejec Portion to the Raymond Farm parcel in order to obtain the necessary approvals required under subsection 3.5 herein. Representative shall not convey or grant any rights to said parcels to any party except in accordance with the terms and conditions of this Agreement.

- 3.2 The duties that appear in subsections 3.3 through 3.8 may be performed by either Representative or Duane Roe as may be decided between them until such time that Representative is conveyed to the Company. After Representative is conveyed to Company, the duties that appear in subsections 3.3 through 3.8 shall be performed by Duane Roe.
- 3.3 Representative or Duane Roe will make application and take all necessary steps to cause the Village of Bloomingburg to approve the annexation of the Raymond Farm parcel, as expanded by the Blejec Portion into the Village of Bloomingburg.
- 3.4 Representative or Duane Roe will make application and take all necessary steps to obtain initial and final site plan approval from the Village of Bloomingburg planning board for a residential housing unit project on Raymond Farm and Blejec Portion parcels of at least 400 units of townhouses with at least 2,000 square feet of living space per townhouse, plus garage and storage space (the "Project"). Representative or Duane Roe will also make application and take all necessary steps to obtain the approvals from those boards or governmental agencies that have jurisdiction over all or any portion of the Project, said approvals shall include, but not be limited to, all building permits, and all permits and approvals for the construction and use of all sewer and water infrastructure for the Project.
- 3.5 Representative or Duane Roe will make application and take all necessary steps to obtain the necessary approval from the Village of Bloomingburg planning board, and/or the necessary approvals from those boards or governmental agencies which have jurisdiction over all or any portion of the application, to consolidate the Blejec Portion into the Raymond Farm parcel so as to provide the necessary access to the parcels to be annexed to the Village of Bloomingburg.
- 3.6 The term "all necessary steps" as set forth in this Agreement shall require the Representative or Duane Roe to undertake all of those activities reasonably required to complete the activities described in this section 3.0, but shall not require the Representative or Duane Roe to commence any litigation in the event the requested approvals, permits and permissions are not granted nor shall it require Representative or Duane Roe to defend any litigation brought by third- parties seeking to contest the issuance of any of the requested approvals, permits and permissions. Notwithstanding the foregoing, in the event that the Company undertakes litigation at its own expense that relates to the permissions, permits and approvals needed for the Project, Representative and Duane Roe shall cooperate with the Company by offering advice as to litigation strategies and appearing as witnesses on behalf of the Company.
- 3.7 Representative or Duane Roe shall promptly provide to the Company copies of all records that relate to any of the transactions contemplated by this Agreement. These records shall include (a) any correspondence, offers, contracts and similar documents sent to the owners

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of the real property on the Acquired Parcels list or any deeds conveying title for any said parcels, for any conveyances made after the Effective Date, (b) any correspondence, applications, draft and final site plans and any other documents submitted by Representative or Duane Roe to any board, agency or other governmental agency in the implementation of any of the Intended Purposes contemplated by this Agreement, (c) any decisions, resolutions, rulings or other determinations made by any such board, agency or other governmental agency, and (d) accurate books of account that show the expenditure of all funds for the implementation of the transactions contemplated by this Agreement. Representative or Duane Roe shall keep copies of the records during the term of the Agreement and for two (2) years after its termination.

- 3.8 Representative or Duane Roe shall make best efforts to fulfill its duties under this section 3.0, but neither Representative nor Duane Roe provide a guaranty that any of the requested approvals, permits and permissions will be obtained. Notwithstanding the foregoing, Company has no obligation to provide any compensation under subsections 5.3 and/or 5.4, if applicable, unless Representative or Duane Roe is able to complete the transactions and obtain the necessary approvals under this section 3.0 prior to the termination of this Agreement. In addition, whether Representative is eligible to earn the compensation under subsections 5.3 and/or 5.4, shall not be dependent upon acquiring title to the parcels on the Acquired Parcels List, except for the Raymond Farm and the Blejec Portion,
- 3.9 The Company shall not refrain from undertaking any of its material obligations under this Agreement or deliberately take any actions to jeopardize the Intended Purposes hereof including, but not limited to, the timely completion of the duties and transactions set forth in this section 3.0. In addition thereto, the Company will cooperate and assist Representative and Duane Roe to obtain all permits and approvals for the construction and use of the sewer and water infrastructure for the Project.
- 3.10 Prior to the Effective Date the Parties have commenced some of their separate obligations set forth hereunder and conducted certain activities to further the Intended Purposes. As of the Effective Date, the Company ratifies all of those actions that have been undertaken by Representative and Duane Roe to further the Intended Purposes and which have been disclosed to the Company, or about which the Company knows or should reasonably know.
- 3.11 The approvals needed from the various municipal entities shall be obtained within two years of the Effective Date. The approvals needed from the State of New York Department of Environmental Conservation shall be obtained within three years of the Effective Date. Notwithstanding the foregoing, the time periods set forth in this subsection 3.11 shall be extended in the event that litigation is commenced by a third party that affects the timely issuance of any relevant permissions or authorizations required under this section 3.0.

3.0-A Bloomington Business Center, Inc.

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3.1-A Duane Roe will convey to all of the outstanding shares of Bloomingburg Business Center, Inc. ("BBC") to the Company on March 14, 2007 without further written notice or request. Duane Roe represents and warrants to the Company that he is the sole shareholder of BBC and will not pledge or convey any of said shares during the term of this Agreement. BBC represents and warrants to the Company that it will not issue any additional shares except to Duane Roe.

3.2-A Beginning on March 14, 2006 BBC will perform maintenance and property management activities related to the real property owned by BBC and known to the Parties as the Spencer parcel located at 78 Main Street, Bloomingburg, NY. BBC will manage the rental units, collect rents from the tenants, appropriately respond to tenant complaints, timely make all mortgage, real property tax payments and income tax payments, repair all deficiencies noted in the inspection report prepared for the purchase of the Spencer parcel, remove the garage/antique store from the parcel, and repave the entire parking lot, including the area formerly containing the garage/antique store. The foregoing tasks shall be completed on or before March 14, 2007. The collection of rents and payment of mortgage and taxes shall be given priority over the other tasks.

3.3-A BBC shall keep accurate and complete books of account that set forth the collection of rents and the expenditures made from the rental proceeds, which books of account may be examined at any time by the Company upon prior notice. BBC shall utilize the rental proceeds collected from the tenants at the Spencer parcel to fund the activities set forth in subsection 3.2-A. BBC shall not be required to fund any of the tasks set forth in subsection 3.2-A except from the rental proceeds collected. BBC shall promptly notify Company in the event that the rental proceeds are insufficient to timely complete the tasks set forth in subsection 3.2-A, and the Company shall be responsible for payment of said costs.

4.0 Limitation on Activities. Representative and BBC warrant and represent that (a) the only business of Representative and BBC are the performance of their obligations under this Agreement and (b) they have not incurred any obligations except those obligations incurred under this Agreement. Representative and BBC shall not engage in any business activities or incur any liabilities apart from their obligations under this Agreement. This limitation upon Representative's and BBC's activities shall include, but not be limited to, a prohibition on the following: Representative and BBC shall not enter into any agreement; borrow any funds; pledge any assets; or indemnify any party, except as expressly provided in this Agreement. The provisions of this section 4.0 are binding upon Representative and BBC only and shall not apply to Duane Roe.

5.0 Compensation. The compensation due hereunder shall be paid to Representative or Duane Roe as they shall provide in writing to the Company.

5.1 Upon the full execution of the Agreement, Representative or Duane Roe, as applicable, shall be paid One Hundred Thousand Dollars (\$100,000.00).

5.2 In addition to the compensation set forth under subsection 5.1 herein, Company agrees to pay Representative or Duane Roe, as applicable, an amount equal to five percent (5%) of