

PRE DEVELOPMENT AGREEMENT

THIS PRE DEVELOPMENT AGREEMENT is entered into effective as of the 13th day of February, 2006, between THE URBAN RENEWAL AUTHORITY OF THE CITY OF COLORADO SPRINGS (the "Authority") and URBAN PROPERTIES (the "Developer").

RECITALS:

The parties recite and declare:

An Urban Renewal Plan has been approved for the Area and property described in the City Auditorium Block Urban Renewal Plan.

The Developer has been selected by the Authority to develop and rehabilitate certain designated property in the Urban Renewal Area in accordance with the uses specified in the Urban Renewal Plan, said property being described in Exhibit A which is attached hereto.

The parties anticipate that a Development Agreement will be negotiated, drafted and entered into within a twelve (12) month period, setting forth in detail the agreements between the Authority and the Developer relating to development of the property.


NOW THEREFORE, in consideration of the above recitals and the covenants and conditions of this Agreement, the parties agree as follows:

1. The Developer shall pay to the Authority, upon the signing of this Pre Development Agreement, a non-refundable fee in the amount of \$10,000.00.
2. Developer is hereby selected as the designated developer with whom the Authority has agreed to negotiate in good faith in order to codify the parties' agreements regarding the project in the form of a written Development Agreement.
3. The parties will proceed with all reasonable diligence to finalize and sign a Development Agreement setting forth in detail the terms, conditions and obligations of the parties relating to development of the designated property within the Urban Renewal Area.

4. In the event a Development Agreement is not entered into between the Authority and Developer within one (1) year from the date of this Agreement, the Developer shall pay the Authority an additional non-refundable fee in the amount of \$10,000.00. The Developer shall pay an annual non-refundable fee in a like amount every year thereafter until a Development Agreement is entered into in order to continue to retain its appointment as the developer for the Designated Property in the Urban Renewal Area.
5. At each anniversary date, either party to this Agreement, may elect to terminate this Agreement.

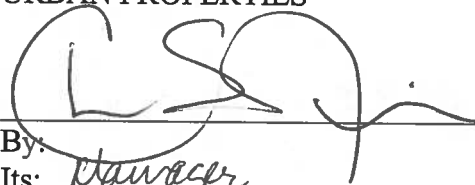
IN WITNESS WHEREOF the parties have entered into this Predevelopment Agreement effective as of the date set forth above.

THE URBAN RENEWAL AUTHORITY OF THE
CITY OF COLORADO SPRINGS


By: _____
Its: *Chairman*

DEVELOPER:

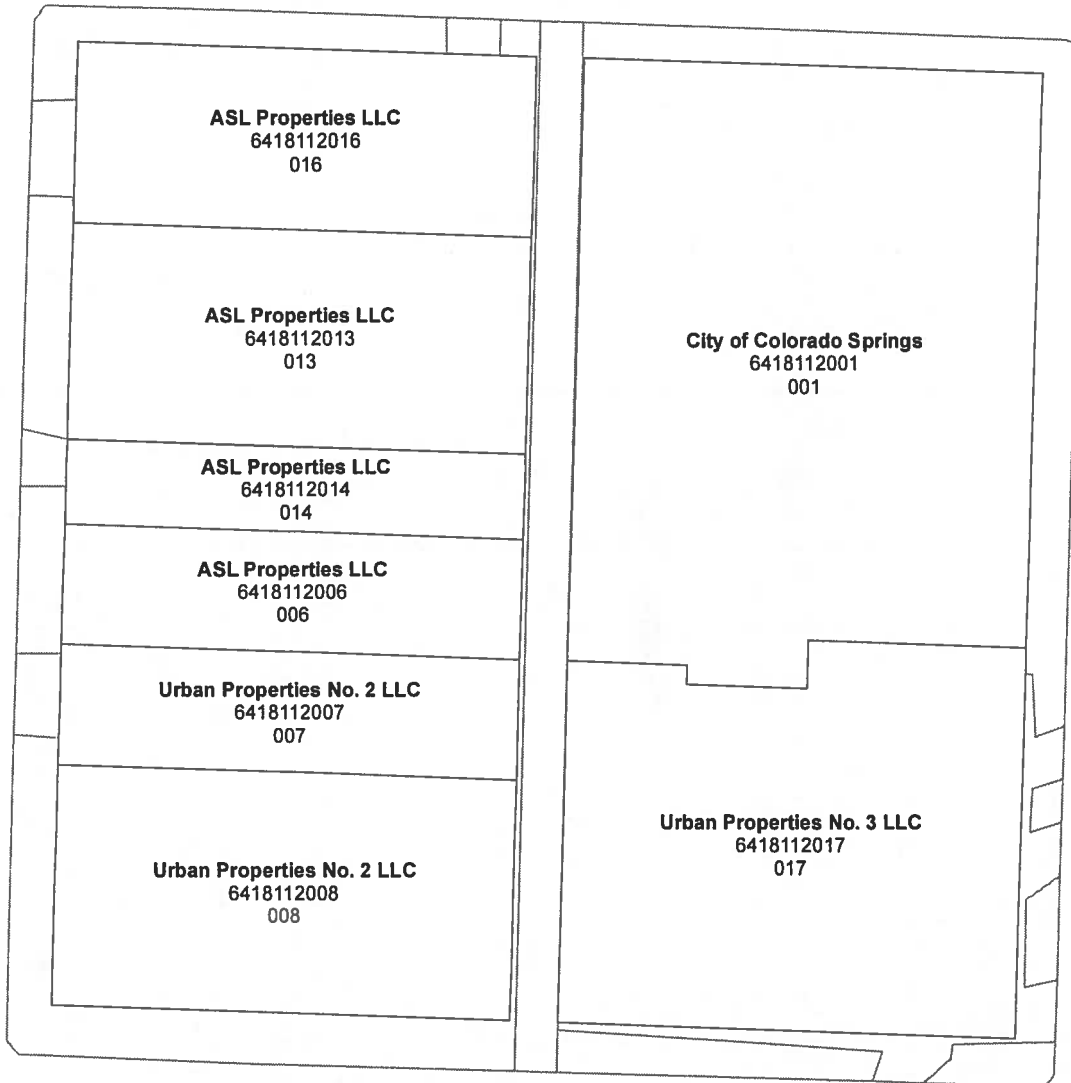
URBAN PROPERTIES


By: _____
Its: *Manager*

E KIOWA ST

N NEVADA AVE

N WEBER ST



E PIKES PEAK AVE

City Auditorium Block Urban Renewal Area



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