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2007 14:04 From: CROMPTONS SOLICITORS 3301618
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Our Ref 06/298/PK
Your Ref

6750498

9th January, 2007

Mehboob Raza & Associates
Barristers & Solicitors,
PO Box 12548,
SUVA

Attention: Mr Mehboob Raza

Dear Sirs,

Your Clients: Peter Foster & Louise Foster
Our Client: Bank of the Federated States of Micronesia
Loan to Kai Viti Liku Beach Limited

Thank you for your letter of 22nd November on which we have now received our client's instructions.

Our client is prepared to consider payment of the debt by your clients with some waiver of interest and fees depending primarily on the amount of the initial payment

The debt as at 31st December 2006 amounted to US\$241,239.35 made up as follows:

Sum advanced	US\$209,417.57
Loan Commitment Fee	11,600.00
Interest to 31 st December 2006	20,221.78
	<u>US\$241,239.35</u>

If the amount of US\$209,417.57 is received by our client by 31st January 2007, our client will accept this sum in full settlement, thereby waiving all interest and fees.

If payment is to be made by instalments, a minimum initial payment of US\$50,000.00 is required by 31st January 2007 and subsequent payments by the end of each subsequent month with the total debt being repaid by no later than 30th October 2007.

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If your clients opt to pay by instalment, part of the interest accrued to 31st December 2006 will be waived, the interest waived depending on the amount of the initial payment e.g. on an initial payment of US\$50,000.00, interest waived will be US\$7,595.69, on an initial payment of US\$100,000.00, interest waived will be US\$15,195.37.

If payment is to be made by instalments, interest will continue to accrue on the outstanding balance from time to time. However, if monthly payments of a minimum of US\$20,000.00 are paid on or before the due dates, that accruing interest would be waived.

If payment is to be made by instalments, our client requires the debt to be secured by a first mortgage over acceptable property owned by either of your clients whether in Fiji, Australia or elsewhere.

All payments are to be made by telegraphic transfer in US dollars directly to our client in the Federated States of Micronesia with your clients paying all bank and other fees for the remittances.

Our client has not to date lodged any complaint with the Fiji Police regarding the loan and does not intend to do so as long as satisfactory arrangements regarding payment of the debt are reached and that those arrangements are honoured.

We look forward to hearing from you as to your client's preferred method of payment of the debt. May we please have your reply no later than 19th January to avoid further action being taken.

Yours faithfully,
CROMPTONS



- When replying please always quote our reference number.

05/298/PK Ltr to Mehboob Raza & Associates 09 01 07 ek

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