

## SETTLEMENT AGREEMENT

### RECITALS

This Settlement Agreement is made and entered into between the U.S. Department of Housing and Urban Development (“HUD” or “Department”) and Oaktree Homes, LLC located at Bonnie Lane Suite 102, Cordova, Tennessee; Vintage Homes, LLC located at 865 Willow Tree Circle, Cordova, Tennessee; Bronze-Christian, LLC located at 144 North Sanga Road, Cordova, Tennessee; P & G Capital Partners, LLC located at 1326 Hardwood Trail, Cordova, Tennessee; Summit Homes, LLC located at 1220 Big Orange Road, Cordova, Tennessee; Lenox Homes, LLC located at 1318 Hardwood Trail, Cordova, Tennessee; Riverbirch Homes, LLC located at 7515 Corporate Centre Drive, Germantown, Tennessee; and Richard and Milton Grant Company located at 1655 International Drive Suite 101, Memphis, Tennessee; collectively “Title Group Builders.” HUD and the Title Group Builders are collectively referred hereinafter as the “Parties” and

**WHEREAS**, the Secretary of Housing and Urban Development is authorized to enforce the Real Estate Settlement Procedures Act of 1974 (“RESPA” or “the Act”), 12 U.S.C. § 2601 *et seq.*, and its implementing regulations (the “regulations”), 24 C.F.R. § 3500 *et seq.*; and

**WHEREAS**, the Secretary is authorized by Section 19 of RESPA to investigate any facts, conditions, practices, or matters deemed necessary to determine whether any person has violated or is about to violate any provision of the Act or any rule or regulation prescribed pursuant thereto; and

**WHEREAS**, Section 8(a) of RESPA, 12 U.S.C. § 2607(a), prohibits the giving or receiving of any fee, kickback or thing of value pursuant to an agreement or understanding, oral

or otherwise, that business incident to or part of a real estate settlement service involving a federally related mortgage loan shall be referred to any person; and

**WHEREAS**, 24 CFR 3500.14 sets forth the implementing regulations for RESPA Sections 8(a) and 24 CFR 3500.15 sets forth requirements for affiliated business arrangements; and

**WHEREAS**, HUD's Statement of Policy 1996-2 sets forth the factors that the Department uses to determine whether an affiliated business arrangement constitutes a bona fide provider of settlement services under RESPA; and

**WHEREAS**, the Title Group Builders are builders of residential properties involving federally related mortgage loans in or about Memphis, Germantown and Cordova, Tennessee; and

**WHEREAS**, the Department has conducted an investigation of the Title Group Builders concerning possible violations of Sections 8(a) of RESPA, and

**WHEREAS**, as a result of that investigation, the Department alleges that the Title Group Builders did not comply with Section 8(a) of RESPA and the regulations, and found that:

(A) On or about January 1, 2002, or subsequent to January 1, 2002, First American Title Insurance Company d.b.a. Memphis Title Company ("First American") formed affiliated limited liability corporations, Title Groups IV, VII and VIII (hereinafter referred to collectively as "Title Agencies"). The individual companies comprising the Title Agencies are Title Group Builders and First American. Title Group IV involves all the Title Group Builders, but Title Group VII involves only Lenox Homes/Bronze-Christian LLC and Title Group VIII involves only Summit Homes, LLC; and

(B) The Title Agencies did not provide substantial services, as such services were essentially provided by First American.

(C) The Title Agencies were not independent business entities, and, therefore, were not bona fide providers of settlement services.

(D) The builders with ownership interests in the Title Agencies received financial benefits from the referral of business to the Title Agencies.

**WHEREAS**, the Title Group Builders voluntarily ceased their business activities with First American; and

**WHEREAS**, the Title Group Builders deny any findings related to this investigation and that their conduct violated RESPA; and

**WHEREAS**, the Parties agree that this Settlement Agreement constitutes the settlement of disputed claims between the Parties, including claims under the Act and regulations; and

**WHEREAS**, the Settlement Agreement shall not constitute an admission of wrongdoing, liability, or legal fault on the part of the Title Group Builders for any conduct underlying this Settlement Agreement, nor shall it be construed as an admission that any person or entity acted wrongfully; and

**WHEREAS**, the Parties desire to avoid formal proceedings, any further expense, and to finally resolve this matter under the terms and conditions set forth below; and

**WHEREAS**, the terms of this Settlement Agreement are an appropriate disposition of this case and are in the public interest;

**NOW, THEREFORE**, in consideration of the mutually negotiated promises, covenants, and obligations in this Settlement Agreement, the Parties reach a final settlement as set forth below:

### **AGREEMENTS**

1. This Settlement Agreement is effective on the date of signature of the last signatory to the Settlement Agreement (hereinafter the "Effective Date").

2. Based on the Title Group Builders' compliance with this Settlement Agreement, the Department will terminate its investigation of the Title Group Builders, and HUD agrees to take no further enforcement action under RESPA against the Title Group Builders with respect to the practices described herein.

3. The Title Group Builders hereby waive, release, and remit any and all claims, directly or indirectly, against the Department, or any of its employees, agents, or representatives, with respect to HUD's investigation or this Settlement Agreement.

4. The Title Group Builders agree hereafter to fully comply with all provisions of RESPA and its implementing regulations, and conduct its business in a manner consistent with the Department's RESPA policy statements.

5. Within thirty (30) business days of the Effective Date, the Title Group Builders, jointly or severally, shall make a settlement payment totaling two hundred twenty five thousand dollars (\$225,000), payable to the United States Treasury, and delivered to HUD.

6. At all times in the future, any title entities formed in which the Title Group Builders had any interest including any joint ventures, will be in compliance with HUD's statement of policy 1996-2, including but not limited to:

- a. Each title entity must have sufficient initial capital and net worth to conduct the settlement service business for which it was created;
- b. Each title entity will be staffed with employee(s) who work exclusively for that entity during business hours, and will have its own equipment and other resources;
- c. Each title entity will provide core settlement services, and;
- d. Each title entity will actively compete in the marketplace for title insurance business by actively seeking business from parties other than the builders, real

estate agents, and mortgage brokers, or other settlement service providers that created the entity.

7. Should the Title Group Builders fail to comply with the terms set out above, or should any of its representations prove to be false or incomplete in any material manner, HUD may take appropriate action to enforce this agreement.

8. This Settlement Agreement constitutes the complete agreement between the Parties as to the matters addressed herein. This Settlement Agreement may not be amended except by written consent of the Parties.

9. Each of the Parties to this Settlement Agreement shall bear its own attorney's fees and costs, including the preparation and performance of this Settlement Agreement.

10. This Settlement Agreement applies to and binds the Title Group Builders and its respective predecessors, successors, directors, officers, principals, employees, representatives, and assigns. Provided, however, that the Title Group Builders shall be entitled to relief from the provisions of Paragraph 7 in order to engage in conduct permitted by any potential amendments to RESPA, Section 8 of RESPA or provisions of Regulation X interpreting and applying section 8 of RESPA.

11. The Parties represent that this Settlement Agreement is freely and voluntarily entered into without any degree of duress or compulsion whatsoever. No provision of this Settlement Agreement shall be construed against any party by reason of such party having drafted such provision of the Settlement Agreement.

12. By this Settlement Agreement the Parties do not waive, compromise, or release any claims or causes of action against any other person or entity not expressly released by this Settlement Agreement.

13. Failure by any Party to enforce any provision of this Settlement Agreement shall not be construed as a waiver by such Party of any provision, nor in any way affect the validity of this Settlement Agreement or any part thereof.

14. If any provision of this Settlement Agreement is determined to be invalid or unenforceable for any reason, then such provision shall be treated as severed from the remainder of this Settlement Agreement and shall not affect the validity and enforceability of all the other provisions of this Settlement Agreement as long as such severance does not materially change the Parties' rights and obligations.

15. This Settlement Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute the same agreement.

16. Each person who signs this Settlement Agreement in a representative capacity warrants that his or her execution of this Settlement Agreement is duly authorized, executed, and delivered by and for the entity for which he or she signs.

**On Behalf of the U.S. Department of Housing and Urban Development:**

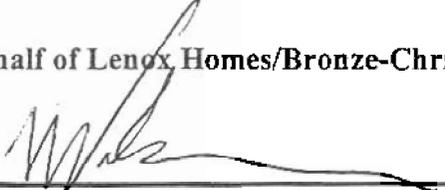


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Brian D. Montgomery  
Assistant Secretary for Housing-Federal  
Housing Commissioner

12/15/05  
Date

**On Behalf of Lenox Homes/Bronze-Christian, LLC:**



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Signature Wayne A. Christian, Member

11-29-05  
Date

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Title

**On Behalf of Summit Homes, LLC:**

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Signature

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Date

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Title

**On Behalf of Oaktree Homes, LLC:**

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Signature

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Date

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Title

**On Behalf of the U.S. Department of Housing and Urban Development:**

\_\_\_\_\_  
Brian D. Montgomery  
Assistant Secretary for Housing-Federal  
Housing Commissioner

\_\_\_\_\_  
Date

**On Behalf of Lenox Homes/Bronze-Christian, LLC:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

**On Behalf of Summit Homes, LLC:**

  
\_\_\_\_\_  
Signature

11-22-05  
Date

CHIEF MANAGING MEMBER  
Title

**On Behalf of Oaktree Homes, LLC:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

**On Behalf of the U.S. Department of Housing and Urban Development:**

\_\_\_\_\_  
Brian D. Montgomery  
Assistant Secretary for Housing-Federal  
Housing Commissioner

\_\_\_\_\_  
Date

**On Behalf of Lenox Homes/Bronze-Christian, LLC:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

**On Behalf of Summit Homes, LLC:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

**On Behalf of Oaktree Homes, LLC:**

  
\_\_\_\_\_  
Signature

11-25-05  
Date

President  
\_\_\_\_\_  
Title

**On Behalf of Vintage Homes, LLC:**

Charles Mayan  
Signature  
CEO  
Title

11-30-05  
Date

**On Behalf of P & G Capital Partners, LLC:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
I

\_\_\_\_\_  
Title

**On Behalf of Riverbirch Homes, LLC:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

**On Behalf of Richard and Milton Grant Company:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
I

\_\_\_\_\_  
Title

**On Behalf of Vintage Homes, LLC:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

**On Behalf of P & G Capital Partners, LLC:**

  
\_\_\_\_\_  
Signature

11/30/05  
\_\_\_\_\_  
Date

Managing Member  
\_\_\_\_\_  
Title

**On Behalf of Riverbirch Homes, LLC:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

**On Behalf of Richard and Milton Grant Company:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

**On Behalf of Vintage Homes, LLC:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

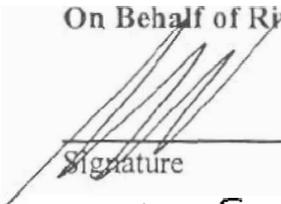
**On Behalf of P & G Capital Partners, LLC:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

**On Behalf of Riverbirch Homes, LLC:**

  
\_\_\_\_\_  
Signature

Reggie Garner

\_\_\_\_\_  
11-29-05  
Date

\_\_\_\_\_  
Chief mgr  
Title

**On Behalf of Richard and Milton Grant Company:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

**On Behalf of Vintage Homes, LLC:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

**On Behalf of P & G Capital Partners, LLC:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

**On Behalf of Riverbirch Homes, LLC:**

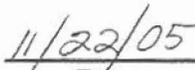
\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

**On Behalf of Richard and Milton Grant Company:**

  
\_\_\_\_\_  
Signature

  
\_\_\_\_\_  
Date

\_\_\_\_\_  
Title