

SETTLEMENT AGREEMENT

This Settlement Agreement is entered between **Coldwell Banker Residential Real Estate, Inc.** (hereafter "CBRRE") and the **United States Department of Housing and Urban Development** ("HUD" or the "Department") (collectively the "Parties").

RECITALS

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

WHEREAS, Section 8(a) of RESPA, 12 U.S.C. § 2607 (a), prohibits the giving and receiving of any fee, kickback, or thing of value pursuant to any agreement or understanding, oral or otherwise, that business incident to or a part of a real estate settlement service involving a federally related mortgage loan shall be referred to any person; 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, CBRRE is a real estate broker providing real estate services in certain markets, including in Atlanta, Georgia and the greater Atlanta area, in which its affiliates, Regency Title Company LLC ("Regency Title") a title insurance agency, and Cendant Mortgage Corporation, a mortgage lender doing business as Coldwell Banker Mortgage ("CB Mortgage), also do business; and

WHEREAS, HUD has initiated an investigation to determine if CBRRE violated Section 8(a) of RESPA by giving things of value for referrals of settlement services to Regency Title in the Greater Atlanta, Georgia area (“HUD’s Investigation”); and

WHEREAS, CBRRE has fully cooperated with HUD’s Investigation; and

WHEREAS, following HUD’s Investigation, HUD asserts that in the Atlanta area, CBRRE has given things of value to its sales agents for referrals to settlement service providers, including: (1) giving higher sales commission splits to agents who referred business to Regency Title, (2) requiring agents to refer business to Regency Title in order to receive referrals of relocation business, (3) allowing only those agents who referred business to Regency Title to be paid their commission at settlement, and (4) giving prizes and other benefits to those agents which referred business to Regency Title; and

WHEREAS, based upon the foregoing, HUD asserts that CBRRE violated RESPA and the regulations with respect to the practices described above; and

WHEREAS, CBRRE denies that its conduct violated RESPA and asserts that HUD’s allegations do not accurately portray its conduct; and

WHEREAS, CBRRE further asserts that in some instances prior to HUD’s Investigation and since the start of HUD’s Investigation it has ceased any of the practices alleged above in which it had engaged; and

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

WHEREAS, the Parties agree that entering into this Settlement Agreement does not constitute an admission of liability or wrongdoing by CBRRE; and

WHEREAS, the terms of this Settlement Agreement are an appropriate disposition of this matter and are in the public interest.

NOW, THEREFORE, in consideration of the mutual promises and representations set forth herein, and in further consideration of HUD's reliance upon the substantial accuracy and good faith of the representations and submissions made to it by CBRRE, the Parties, intending to be legally bound, agree as follows:

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 CBRRE's compliance with the terms and conditions set forth in this Settlement Agreement, the Department will consider HUD's Investigation of CBRRE's activities in the greater Atlanta area closed, and the Department agrees to take no further enforcement action under RESPA against CBRRE, Regency Title, CB Mortgage, or any of those entities' respective stockholders, members, officers, directors, employees, or agents with respect to any of the practices which were disclosed in HUD's Investigation unless such practices recur.
3. CBRRE agrees to comply with all provisions of RESPA.
4. CBRRE agrees, within 90 days of the Effective Date, to provide written notice of the requirements of RESPA and its implementing regulations to all its sales associates in the form set forth in Exhibit A.
5. Within twenty (20) business days of the Effective Date of this Settlement Agreement, CBRRE will make a settlement payment by check for \$250,000.00 payable to the United States Treasury and delivered to counsel for HUD.

6. Should CBRRE 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 enforcement action.

7. Except to the extent otherwise provided herein, this Agreement does not limit HUD's ability to conduct RESPA investigations in the future against CBRRE or its affiliates or to monitor compliance with the terms of this Agreement.

9. 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.

10. 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 waived, compromised or released by this Settlement Agreement.

11. 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.

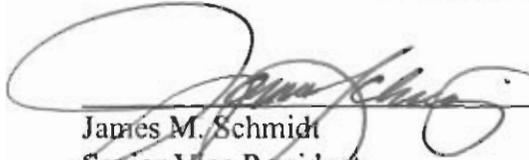
12. If any provision of this Settlement Agreement is determined to be invalid or unenforceable for any reason, then such provision shall be treated as severed from the remainder of this Settlement Agreement and shall not affect the validity and enforceability of all the other provisions of this Settlement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

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

14. 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.

[Signature Blocks Appear On Next Page]

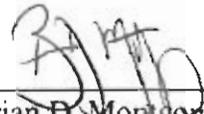
On Behalf of Coldwell Banker Residential Real Estate, Inc:



James M. Schmidt
Senior Vice President

August 8, 2005
Date

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



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

8/25/05
Date