

## Settlement Agreement

This Settlement Agreement is made and entered into between the U.S. Department of Housing and Urban Development ("HUD") and Waters Edge One, L.L.C. ("Waters Edge One"), with its principle place of business in Tampa, Florida. HUD and Waters Edge One shall be collectively referred to herein as the "Parties."

WHEREAS the Secretary of the Department of Housing and Urban Development ("Secretary") is authorized to enforce the Interstate Land Sales Full Disclosure Act ("Act"), 15 U.S.C. § 1701 et seq., and its implementing regulations 24 C.F.R. § 1710 et seq.; and

WHEREAS the Act, 15 U.S.C. § 1701 et seq., prohibits any developer or agent, directly or indirectly, from making use of any means or instruments of transportation or communication in interstate commerce or the mails to sell or lease any non-exempt lot in any subdivision unless a Statement of Record with respect to such lot is in effect in accordance with 15 U.S.C. § 1706 and a printed Property Report meeting the requirements of 15 U.S.C. § 1707 is furnished to the purchaser in advance of the signing of any contract or agreement for sale or lease by the purchaser; and

WHEREAS the Secretary is authorized by 15 U.S.C. § 1714(b), to investigate any facts, conditions, practices, or matters deemed necessary to determine if there has been or is about to be a violation of the Act or of any rule or regulation prescribed pursuant thereto; and

WHEREAS Waters Edge One is in the business of developing residential subdivisions; and

WHEREAS Waters Edge One is the developer of Water's Edge, a mixed use high-rise condominium project in Clearwater, Florida; and

WHEREAS HUD determined that:

(A) Water's Edge is comprised of 153 units, including 134 high-rise condominium units and 19 low-level townhouses. Construction of Water's Edge is scheduled to be completed in the summer of 2008.

(B) Waters Edge One began selling units at Water's Edge in approximately January 2006. By 2007, Waters Edge One entered into sales contracts to sell 109 units at Water's Edge.

(C) Waters Edge One neither filed a Statement of Record with HUD nor provided purchasers with a Property Report.

(D) Water's Edge did not qualify for an exemption from the Act.

WHEREAS HUD determined that the Waters Edge One's conduct violated the Act; and

WHEREAS Waters Edge One asserts that it unintentionally violated the Act; and

---

WHEREAS upon learning that Water's Edge should have been registered because it failed to qualify for an exemption from the Act and that all purchasers of units in Water's Edge had a right to rescind their sales contracts, Waters Edge One contacted HUD and promptly offered all purchasers an opportunity to rescind their contracts and either sign a new contract at a reduced price, or receive a full refund of any earnest money deposit and any money advanced to Waters Edge One to pay for unit upgrades; and

WHEREAS a Statement of Record was in effect as of February 25, 2008; and

WHEREAS Waters Edge One cooperated fully with HUD in this matter; and

WHEREAS this Settlement Agreement does not constitute an admission of wrong doing, liability or legal fault on the part of the Waters Edge One 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; and

WHEREAS the Parties agree that this Settlement Agreement constitutes the resolution of the disputed claims between the Parties.

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

1. The "Effective Date" of this Settlement Agreement means the date on which it has been signed by HUD.

2. Based on Waters Edge One's compliance with this Settlement Agreement, HUD will terminate its investigation into the business practices of Waters Edge One that gave rise to this investigation and agree to take no further enforcement action under the Act with respect to Waters Edge One's conduct described herein, unless such practices recur.

3. If Waters Edge One fails to comply with the terms and conditions of this Settlement Agreement, HUD may take appropriate enforcement action and refer the matter to other government authorities for additional action.

4. Waters Edge One agrees to distribute Property Reports to all purchasers of units at Water's Edge.

5. As to each purchaser who entered into a contract for purchase and sale of a unit at Water's Edge prior to the date upon which Waters Edge One suspended entering into such contracts,

Waters Edge One agrees to allow each such purchaser an opportunity to rescind their contract.

6. Within thirty (30) business days from the Effective Date of this Settlement Agreement, Waters Edge One will remit \$10,000, payable to the United States Treasury and deliver payment to counsel for HUD.

7. Waters Edge One hereby waives, releases, and remits any and all claims, directly or indirectly, against HUD or any of its employees, agents or representatives with respect to HUD's investigation and this Settlement Agreement.

8. Waters Edge One agrees hereafter to fully comply with all provisions of the Act and its implementing regulations.

9. This Settlement Agreement is 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.

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

11. This Settlement Agreement applies to and binds Waters Edge One and its predecessors, successors, directors, officers, employees, representatives, and assigns.

12. The Parties agree and stipulate that this Settlement Agreement is freely and voluntarily entered into without any duress or compulsion whatsoever. No provision of this Settlement Agreement shall be construed against any of the Parties solely for having drafted such provision of this Settlement Agreement.

13. 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.

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

15. 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 rights and obligations of the Parties.

---

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

17. 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.

**Waters Edge One, L.L.C.,  
A Delaware Limited Liability Company:**

By:  Date: April 17, 2008  
Signature

Anthony C. Martin      Vice President  
Name printed              Title

**U.S. Department of Housing and Urban Development:**

By:  Date: 6/10/08  
Brian D. Montgomery  
Assistant Secretary for Housing -  
Federal Housing Commissioner