SETTLEMENT AGREEMENT

This **SETTLEMENT AGREEMENT** is made and entered into by and among the **United States of America** ("United States"), acting through the **United States Department of Justice**, on behalf of the **Department of Housing and Urban Development** ("HUD"), collectively the "Agencies," and **Mr. Lannie Campbell** ("Mr. Campbell"). Mr. Campbell and the Agencies identified above shall be collectively referred to in this Settlement Agreement as the "Parties."

WHEREAS the Interstate Land Sales Full Disclosure Act, 15 U.S.C. §§ 1701 et seq. ("Act"), requires certain developers, as that term is defined in Section 1701(5) of the Act, to file a statement of record with HUD and to furnish a property report to purchasers of lots subject to the Act, prohibits developers from engaging in improper or fraudulent practices in connection with the sale of lots subject to the Act, and provides that failure to provide a property report to a purchaser authorizes the purchaser to rescind the purchase transaction;

WHEREAS Buyers Source Sugarmill, L.L.C., a Virginia limited liability company, Buyers Source Savannah, L.L.C., a Virginia limited liability company, Buyers Source Valley Group, L.L.C., a Virginia limited liability company, Island Realty, L.L.C. f/k/a Buyers Source Island, L.L.C., an Arkansas limited liability company (collectively referred to as "Buyers Source"), and Belmont Properties, Inc., a Virginia corporation, are, or were, primarily engaged in the sale of lots, including lots located in subdivisions in Sugarmill Woods, Florida; Savannah Lakes, South Carolina; Apple Valley, Ohio; and Holiday Island, Arkansas (hereinafter the "Subdivisions");

WHEREAS Lannie Campbell was a principal of the Buyers Source companies and Belmont Properties, Inc.;

WHEREAS the Agencies allege that, in connection with lots located in the Subdivisions, Buyers Source and Mr. Campbell were developers under the Act and failed to file a statement of record with HUD or furnish property reports to certain purchasers of lots located in the Subdivisions, and engaged in a series of improper sales practices in connection with the sale of lots located in the Subdivisions (collectively the "Prohibited Practices");

WHEREAS the Agencies are investigating Buyers Source's Prohibited Practices and have commenced litigation against Mr. Campbell, Buyers Source and other parties in connection with the Prohibited Practices;

WHEREAS HUD contends that Mr. Campbell violated the Act in connection with the Prohibited Practices by, among other things, selling and offering to sell lots with knowledge that Buyers Source sales agents were selling lots without providing required disclosures and by using various fraudulent practices;

WHEREAS the Agencies obtained an injunction in the litigation freezing the assets of Mr. Campbell and other defendants and enjoining them from further fraudulent conduct;

WHEREAS Mr. Campbell agrees that the financial obligations set forth in the Agreement are non-dischargeable in bankruptcy pursuant to 11 U.S.C. § 523(a)(7) and that the Agencies retain the right to establish in a bankruptcy proceeding that Mr. Campbell committed fraud to establish the non-dischargeability of the debt under 11 U.S.C. § 523(a)(2), and Mr. Campbell reserves the right to claim that he did not commit fraud;

WHEREAS the Agencies desire to use the monetary penalties in this Agreement to aid injured purchasers;

WHEREAS Mr. Campbell denies any wrongdoing in connection with the alleged Prohibited Practices, and denies that he violated the Act;

WHEREAS the Settlement Agreement shall not constitute an admission of wrongdoing, liability, or legal fault on the part of Mr. Campbell for any conduct underlying this Settlement Agreement, nor shall it be construed as an admission that any person or entity acted wrongfully, unjustifiably or otherwise;

WHEREAS, to avoid further litigation and further expense, and to reach a mutually satisfactory settlement and compromise of the Agencies' allegations against Mr. Campbell;

NOW, THEREFORE, in consideration of the mutually negotiated promises, covenants, and obligations in this Settlement Agreement (hereinafter, the "Settlement Agreement" or the "Agreement"), the Parties reach a complete and final settlement as set forth below:

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

2. Subject to paragraph 3, Mr. Campbell shall pay $250,000 ("the Monetary Obligation") to the individual or entity appointed by the Court in Alphonso Jackson v. Buyers Source Sugarmill, L.L.C., Case No. 2:03cv591 (E.D. Va.), for the purpose of collecting and distributing said funds ("the Receiver"). In the event that payments come due prior to the Court's appointment of the Receiver, payments shall be made to Donna J. Hall, Receiver, at Troutman, Sanders, LLP, 222 Central Park Avenue, Suite 2000, Virginia Beach, Virginia 23462. Notwithstanding any other provision of this Agreement, the Parties agree that the Monetary Obligation is and shall be construed as a penalty or forfeiture that is payable to and for the benefit of a governmental unit, and is not compensation for actual pecuniary loss. The Parties further agree that the amount of the penalty reflects the disgorgement of profits from the Prohibited Practices, limited only by the amount of Mr. Campbell's profits and his represented ability to pay. In the event that Mr. Campbell should declare bankruptcy, Mr. Campbell shall not oppose a motion by the United States, the Agencies, and/or the Receiver to lift the stay as to the Net Monetary Obligation or any other obligation set forth in this Agreement. In the event that Mr. Campbell should declare bankruptcy within 90 days of the Effective Date, Mr. Campbell shall send written notice via Federal Express to Samuel C. Kaplan at the United States Department of Justice, Civil Division, Federal Programs Branch, 20

Massachusetts Ave., Room 7302, Washington, D.C. 20001, and the Agencies shall have the right to withdraw from the Agreement by sending written notice to Mr. Campbell within 30 days of their receipt of notice concerning the declaration of bankruptcy.

3. Mr. Campbell shall satisfy the monetary obligation in the first year of the Agreement by making a payment of $12,500 on or before September 15, 2004, and an additional payment of $12,500 on or before March 15, 2005. Each $12,500 payment that is made within one week of the due date shall reduce the Monetary Obligation by $25,000. For the remaining four years of the Agreement, Mr. Campbell shall make quarterly payments of $6,250 on the fifteenth day of every June, September, December, and March. Each quarterly payment that is made within 14 days of the due date for the payment shall reduce the Monetary Obligation by $12,500. If Mr. Campbell fails to make any payment within the required time period, the Receiver shall have the right to collect interest from Mr. Campbell on any late payments at a rate of ten (10) percent <u>per annum</u>, in addition to retaining any other remedies provided by law, equity, or this Agreement, including the right of the Agencies, the United States, and/or the Receiver to move that Mr. Campbell be held in contempt of any order entered by the Court. On or before March 15th of every year of the Agreement beginning with March 15, 2005, Mr. Campbell shall pay the difference between $50,000, and the payments made for that year, including any credit for timely payments but exclusive of any outstanding interest or extra payment owed pursuant to paragraph 4. In the event that Mr. Campbell chooses to accelerate payments or to pay off his remaining obligation ahead of schedule, the Agencies agree that there will be no penalty for so doing.

4. During the term of the Agreement, Mr. Campbell shall provide the Receiver with a copy of all of his tax returns, W2 statements, Form 1099s, and all other documentation requested by the Receiver concerning his income. In the event that Mr. Campbell's total income (found at line 22 on his Form 1040) in a given year exceeds $100,000, Mr. Campbell shall pay an additional $6,250 to the Receiver ("the Extra

Payment"), in addition to any payments that are otherwise required by the Agreement. The Extra Payment shall reduce Mr. Campbell's Monetary Obligation by the amount of the payment, and shall not be required if and when the Monetary Obligation is satisfied.

5. Mr. Campbell represents that he has disclosed to the Agencies in an affidavit, executed under penalty of perjury on February 27, 2004, all assets that he owns, possesses, or controls as of that date, either individually or jointly with any other individual or entity, including his wife. In the event that Mr. Campbell has failed to disclose all of his assets, and in addition to any other obligation set forth in this Agreement, Mr. Campbell shall transfer those assets, up to an amount not exceeding $3 million, to the Receiver within two weeks of written notice from the Receiver or the Agencies.

6. Mr. Campbell agrees that after the Effective Date he will no longer, either in his individual capacity, through a company owned or controlled by Mr. Campbell, in concert with any other individual or entity, or in any other capacity, participate or otherwise engage in the commercial sale of any form of real estate, including but not limited to subdivision lots, any other type of vacant land, houses, commercial establishments of any kind, and timeshare properties. As part of this obligation, Mr. Campbell shall not violate any provision of the Act or its implementing regulations and shall not engage in any transaction, either in his individual capacity, through a company owned or controlled by Mr. Campbell, or in concert with any other individual or entity, in which a time-share interest is used in any fashion as an item of exchange or marketing inducement in the sale of real property.

7. Mr. Campbell agrees to cooperate with the Agencies in their ongoing investigation of and ongoing or potential litigation with any individual or entity related to this matter, or in any future investigation of, or litigation with, any individual or entity concerning violations of the Interstate Land Sales Full Disclosure Act. Mr. Campbell further agrees to cooperate with the Agencies and the Receiver in their efforts to collect and distribute any sums paid or due under this Agreement, including any investigation meant to determine whether Mr. Campbell disclosed all assets that he owned,

controlled, or possessed as of the Effective Date. Within fourteen days of the Effective Date, Mr. Campbell agrees that he will furnish a written list to the Agencies of all individuals or entities, and their last-known addresses and phone numbers, of which he is aware who have engaged in the past or are currently engaged in (A) using time-share properties as a marketing inducement or medium of exchange in the sale of real property; or (B) selling subdivision lots (regardless of any potential that the lots are exempt under the Act) using any form of fraud or without first registering with HUD or providing property reports to purchasers. In the event that Mr. Campbell subsequently learns of individuals or entities that continue to be engaged in the practices described in (A) and (B), he shall identify such individuals or entities to the Agencies.

8. In consideration of Mr. Campbell's full settlement of the obligations set forth in this Settlement Agreement, the Agencies hereby waive, release, and remit Mr. Campbell from any civil or administrative claim, sanction, or remedy, direct or indirect, that the Agencies have for or relating to any matter underlying this Settlement Agreement or involving Mr. Campbell, including the Act and any statute, regulation, or common-law theory creating a cause of action for civil or administrative claims, sanctions, remedies, damages, or penalties, and including claims related to any evidence of indebtedness transferred to the Agencies or the Receiver from Thomas Brewer, or information that Mr. Campbell provides pursuant to paragraph 7. Any order submitted by the Agencies to the Court related to the Receiver shall contain a provision requiring the Receiver to abide by the terms of this Agreement.

9. Mr. Campbell hereby waives, releases, and remits any and all claims, directly or indirectly, against the Agencies, or any employee of the Agencies, for the actions of the Agencies in pursuing their rights and claims leading to the settlement of this matter.

10. Notwithstanding any other term or condition of this Settlement Agreement, specifically reserved and excluded from the scope and terms of the releases in this Settlement Agreement are any and all claims based on such obligations as are created by this Settlement Agreement.

11. 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.

12. The Parties to this Settlement Agreement shall bear their own attorney's fees and costs, including the preparation and performance of this Settlement Agreement.

13. 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.

14. This Settlement Agreement is intended for the benefit of the Agencies and Mr. Campbell, and by this instrument 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.

15. 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.

16. If any provision of this Settlement Agreement is determined to be invalid or unenforceable for any reason, and subject to paragraphs 2 and 20, then such provisions 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.

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

18. 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 individual or entity for which he or she signs.

19. Upon the effective date of this Settlement Agreement, and subject to Paragraphs 2 and 20, the Agencies shall consider all matters underlying this Settlement Agreement closed, consistent with the faithful performance by the Parties of the obligations imposed herein.

20. Within a reasonable period after the Effective Date, the parties agree to move jointly that the Court enter the Order attached as Exhibit A ("Consent Decree") as part of the proceedings in Alphonso Jackson v. Buyers Source Sugarmill, L.L.C., Civ. No. 2:03cv591 (E.D. Va.). In the event that the Court declines to enter the Consent Decree, or an order requiring Mr. Campbell to abide by the terms of this Agreement, or declines to appoint a receiver, the Agencies reserve the right to designate a different entity to receive all payments and assets due under this Agreement, or to withdraw from the Agreement and declare it null and void by providing written notice to Mr. Campbell within 30 days of the Court's decision. If the Agencies elect to withdraw from the Agreement for any reason, the Agencies shall move the Court to order the Receiver to return any monies previously paid by Mr. Campbell pursuant to this Agreement.

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ON BEHALF OF MR. LANNIE CAMPBELL

Dated: FEBRUARY 27TH, 2004	By: [signature] LANNIE CAMPBELL 1 Harbor Court, Apt. 3C Portsmouth, VA 23704

ON BEHALF OF THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Dated: 3/23/04	By: JOHN C. WEICHER Assistant Secretary for Housing Federal Housing Commissioner U.S. Department of Housing and Urban Development 451 Seventh Street, S.W., Room 9100 Washington, D.C. 20410

ON BEHALF OF THE UNITED STATES OF AMERICA

Dated: March 23, 2004	By: Joseph H. Hunt JOSEPH H. HUNT Director United States Department of Justice Civil Division Federal Programs Branch 20 Massachusetts Ave., N.W. Washington, DC 20001