

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. Jim Wilson** ("Mr. Wilson"). Mr. Wilson 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, and 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") 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 Jim Wilson was a sales representative for one or more of the Buyers Source companies;

WHEREAS the Agencies allege that, in connection with lots located in the Subdivisions, Mr. Wilson was an agent under the Act and engaged in a series of improper sales practices in connection with the sale of lots located in the Subdivisions (collectively the "Prohibited Practices"), including using various misrepresentations to sell lots;

WHEREAS the Agencies have commenced litigation in the United States District Court for the Eastern District of Virginia in *Alphonso Jackson v. Buyers Source Sugarmill, L.L.C.*, Case No. 2:03cv591 (E.D. Va.) ("the Litigation") against Buyers Source and other parties in connection with the Prohibited Practices;

WHEREAS Mr. Wilson 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. Wilson 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 the Agencies intend to ask the Court in the Litigation to appoint a receiver to collect and distribute funds from defendants pursuant to any judgments entered by the Court;

WHEREAS, to avoid litigation and further expense, and to reach a mutually satisfactory settlement and compromise of the Agencies' allegations against Mr. Wilson, Mr. Wilson has agreed to pay a penalty to help defray the costs of the receiver;

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. Mr. Wilson shall pay \$7,500 to the receiver appointed by the Court in *Jackson v. Buyers Source Sugmarill, L.L.C.*, No. 2:03cv591 (E.D. Va.) within one week of the Effective Date, or, if the Court has not yet appointed a receiver, 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 \$7,500 obligation is and shall be construed as a penalty 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. Wilson's profits and his represented ability to pay.

3. Mr. Wilson agrees to cooperate with the Agencies in their ongoing investigation of and ongoing or potential litigation with the Buyers Source entities and any other individual or entity related to this matter.

4. Mr. Wilson shall not violate any provision of the Act or its implementing regulations, either in his individual capacity, through a company owned or controlled by Mr. Wilson, or in concert with any other individual or entity. Mr. Wilson shall not engage in any transaction, either in his individual capacity, through a company owned or controlled by Mr. Wilson, 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.

5. In consideration of Mr. Wilson's full settlement of the obligations set forth in this Settlement Agreement, the Agencies hereby waive, release, and remit Mr. Wilson

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. Wilson, 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.

6. Mr. Wilson 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.

7. 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.

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

10. 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.

11. This Settlement Agreement is intended for the benefit of the Agencies and Mr. Wilson, 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.

12. 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.

13. If any provision of this Settlement Agreement, other than paragraphs 2, 5, or 6, is determined to be invalid or unenforceable for any reason, 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.

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

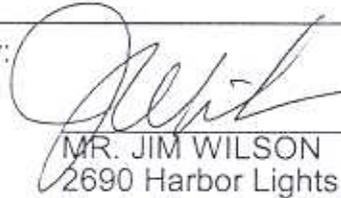
15. Each person who signs this Settlement Agreement in a representative capacity warrants that his or her execution of this Settlement Agreement is duly authorized, executed, and delivered by and for the individual or entity for which he or she signs.

16. Upon the effective date of this Settlement Agreement, the Agencies shall consider all civil and administrative matters underlying this Settlement Agreement closed, consistent with the faithful performance by the Parties of the obligations imposed herein. In the event that Mr. Wilson should declare bankruptcy within ninety days of the deposit of the \$7,500 payment, Mr. Wilson shall send written notice of the declaration of bankruptcy via Federal Express to Samuel C. Kaplan at the 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 and pursue their claims in the bankruptcy court by sending written notice to Mr. Wilson within 30 days of their receipt of notice concerning the declaration of bankruptcy.

ON BEHALF OF MR. JIM WILSON

Dated:

By:



MR. JIM WILSON
2690 Harbor Lights Dr.
Myrtle Beach, SC 29579

