

SETTLEMENT AGREEMENT

RECITALS

This Settlement Agreement ("Agreement") is made and entered into between the U.S. Department of Housing and Urban Development ("HUD" or "Department"), R. Norman Peters and his law firm of Peters & Sowydra, located at 255 Park Avenue, Suite 1100, Worcester, MA 01609 (collectively "Peters"), (collectively the "Parties").

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 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, Section 8(b) of RESPA prohibits the giving or accepting of any portion, split or percentage of any charge made or received for the rendering of a real estate settlement service in connection with a transaction involving a federally related mortgage loan other than for services actually performed; and

WHEREAS, 24 CFR 3500.14 sets forth the implementing regulations for RESPA Sections 8(a); and

WHEREAS, 1-800 East-West Mortgage Company is a wholly-owned mortgage subsidiary of Commerce Bank & Trust Co., Worcester, Massachusetts ("East-West") and a mortgage company that offers federally related mortgage loans in or about the Commonwealth of Massachusetts and the greater New England area; and

WHEREAS, Peters served as a closing attorney for East-West and thus, provided settlement services to East-West.

WHEREAS, HUD initiated an investigation to determine if Peters violated Section 8(a) of RESPA by paying illegal kickbacks to East-West for referrals of business; and

WHEREAS, following this investigation, HUD determined that beginning approximately December 2002 and continuing subsequently Peters paid for and/or subsidized the purchase of: tickets and premium seating to a Boston Red Sox baseball game for East-West, tickets to a special event with the New England Patriots for East-West, restaurant gift certificates for East-West, and lunch for all for East-West employees, in exchange for the referral of business.

WHEREAS, based upon the results of its investigation, HUD determined that Peters violated RESPA and the implementing regulations, and/or aided and abetted others in violation of the Act and regulations, with respect to practices described above; and

WHEREAS, Peters denies that any payments or things of value he provided to East-West were pursuant to any agreement or understanding that business would be referred; and

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

WHEREAS, the Parties agree that this Agreement constitutes the settlement of disputed claims, as of the Effective Date (as defined in Paragraph 1 below), between Peters and HUD involving claims under the Act and the regulations; 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 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 Agreement, the Parties reach a final settlement as set forth below:

AGREEMENTS

1. This Agreement is effective on the date of signature of HUD's Assistant Secretary for Housing - Federal Housing Commissioner (hereinafter the "Effective Date").

2. Peters agrees to comply with all provisions of RESPA, its implementing regulations, and to conduct business in a manner consistent with all HUD policy statements relating to RESPA, including but not limited to, not providing any thing of value for the referral of settlement services.

3. Based on Peters' compliance with this Agreement, the Department will terminate its investigation of Peters and HUD agrees to take no further enforcement action under RESPA against Peters with respect to the practices described herein, unless such practices recur.

4. Peters hereby waives, releases, and remits 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 Agreement.

5. Within thirty (30) business days of the Effective Date, Peters shall make a settlement payment totaling seven thousand five hundred dollars (\$7,500), payable via certified check to the United States Treasury, and delivered to counsel for HUD.

6. Peters agrees to cooperate with any HUD investigations of any settlement service providers who provided kickbacks or other things of value to East-West.

7. Should Peters fail to comply with the terms set out above, or should any of his representations prove to be false or incomplete in any material manner, HUD may take appropriate enforcement action, and/or refer the matter to other governmental authorities for further action.

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

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

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

11. By this 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 Agreement.

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

13. If any provision of this Agreement is determined to be invalid or unenforceable for any reason, then such provision shall be treated as severed from the remainder of this Agreement and shall not affect the validity and enforceability of all the other provisions of this

Agreement as long as such severance does not materially change the Parties' rights and obligations.

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

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

R. Norman Peters:

R. Norman Peters
Signature

05/15/06
Date

On Behalf of Peters & Sowydra:

R. Norman Peters
Signature

05/15/06
Date

R. NORMAN PETERS
Print Name

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

[Signature]
Brian D. Montgomery
Assistant Secretary for Housing-Federal
Housing Commissioner

6/13/06
Date