

## SETTLEMENT AGREEMENT

This Settlement Agreement is entered into between the Department of Housing and Urban Development ("HUD") and Hometown One Associates, Inc. d/b/a Remerica Hometown One ("Remerica"). This Settlement Agreement applies to Remerica, its officers, directors, employees, successors, assignees, parents, subsidiaries, shareholders, and affiliates and their officers, directors, employees, successors, and assignees. HUD and Remerica together shall be referred to herein as the "Parties."

### RECITALS

**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), and its implementing regulations at 24 CFR § 3500.14, prohibit 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**, HUD's Statement of Policy 1996-3, *Rental of Office Space, Lock-outs and Retaliation* ("SOP 1996-3") sets forth the factors that HUD uses to determine whether conference room rental agreements between settlement service providers are legitimate room rentals or whether they constitute kickbacks for referrals of settlement services; and

**WHEREAS**, Remerica is a provider of real estate brokerage services involving federally related mortgage loans in or about the Detroit, Michigan area; and

**WHEREAS**, HUD has conducted an investigation of real estate brokers in or about the Detroit, Michigan area, including Remerica, concerning their conference room rental practices under Section 8(a) of RESPA; and

**WHEREAS**, following this investigation, HUD determined that Remerica, in HUD's estimation, received conference room rental fees from title companies in excess of the general market rate for comparable conference room rentals that did not comply with RESPA or the regulations; and

**WHEREAS**, Remerica denies the allegations that it did not comply with RESPA or the regulations; and

**WHEREAS**, the Parties agree that this Settlement Agreement constitutes the settlement of disputed claims between the Parties, including claims under the Act and the regulations; and

**WHEREAS**, the Settlement Agreement shall not constitute an admission of wrongdoing, liability, or legal fault on the part of Remerica 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;

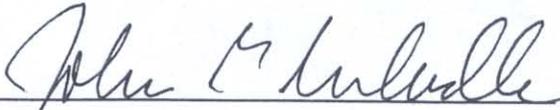
**NOW, THEREFORE**, in consideration of the mutual promises and representations set forth herein, and in further consideration of HUD's reliance upon the substantial accuracy and good faith of the representations and submissions made to it by Remerica, the Parties, intending to be legally bound, agree 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 Remerica's compliance with this Settlement Agreement, HUD will consider its investigation of Remerica closed, and HUD agrees to take no further enforcement action under RESPA against Remerica with respect to the practices described herein, or for which HUD received information during this investigation, unless such practices recur after the Effective Date.
3. Remerica agrees to comply with all the provisions of RESPA and the regulations, and to conduct its business in a manner consistent with HUD's policy statements.

4. Remerica will not suggest or require the rental of its office space by title companies or other settlement service providers in return for the referral of settlement service business.
5. In those circumstances where Remerica rents its conference room space to entities or persons in a position to receive settlement service business referrals, such as a title company, Remerica will rent its space in a one-hour block of time. In the event a closing takes more than one hour, rentals shall include a 15-minute grace period without additional charge. After the expiration of the 15-minute grace period, Remerica may charge for a second hour of time.
6. Within twenty (20) business days of the effective date of this Settlement Agreement, Remerica will remit fifteen thousand dollars (\$15,000.00) to the United States Treasury. The check should be sent care of Nilda Gallegos, U.S. Department of Housing and Urban Development, 451 7<sup>th</sup> St, SW, Room 9253, Washington, D.C. 20410.
7. It is understood and agreed that, except as otherwise stated herein, this Settlement Agreement expresses the complete settlement of Remerica's liabilities in connection with Remerica's rental of conference room space to settlement service providers as of the Effective Date of this Settlement Agreement.
8. 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.
9. Each of the Parties shall bear its own costs and attorney's fees.
10. This Settlement Agreement applies to and binds each of the persons or entities identified in the first paragraph of this Agreement, and their respective predecessors, successors, directors, officers, employees, agents, representatives and assigns.
11. 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.

On Behalf of Remerica:



Signature

John G. McArdle

Print Name

PRESIDENT - CEO

Title

8.4.05

Date

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



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

SEP 12 2005

Date