

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into by and between the United States Department of Housing and Urban Development ("HUD") and CMH Manufacturing, Inc. (the "COMPANY") (hereafter HUD and the COMPANY are collectively referred to as "the Parties"), through their authorized representatives.

RECITALS

- A. The COMPANY is a Tennessee corporation headquartered in Maryville, TN.
- B. The COMPANY is a manufacturer of manufactured homes and is subject to the National Manufactured Housing Construction and Safety Standards Act of 1974 (as amended) (42 U.S.C. §§ 5401-5426) (the "Act") and its implementing regulations at 24 CFR parts 3280 and 3282.
- C. HUD received a complaint alleging that the COMPANY engaged in certain conduct that violated the National Manufactured Home Construction and Safety Standards (the "Standards"). Such conduct related to the COMPANY's manufacture of homes with roof truss design 935-CB-16-CF, that was not tested in conformance with 24 CFR 3280.402 ("Conduct"). The Conduct took place at the COMPANY's manufacturing facility in Bonham, Texas, beginning in or around November of 2014, and ending in or around January of 2015.
- D. Constructing homes with roof trusses that are not tested in conformance with 24 CFR 3280.402 is a violation of the Act.
- E. This Agreement is limited to and relates only to the Conduct described above and does not encompass any other actions of the COMPANY.
- F. This Agreement is neither an admission of fault of the above described Conduct nor a concession by HUD that its claims are not well-founded.
- G. Both parties, wishing to resolve this matter expeditiously, do hereby agree and covenant as follows:

TERMS AND CONDITIONS

1. The above recitals are hereby incorporated by reference as if stated fully.
2. The COMPANY and/or its affiliated entities shall extend a limited warranty for a period of ten (10) years, as set forth in 'Exhibit A' attached to this agreement, to all units constructed with roof truss design 935-CB-16-CF. Under the terms of the warranty, the COMPANY shall pay for any and all labor and materials to perform future repairs to any damage arising out of, or resulting from, any failure of or defect in the tray ceiling trusses incorporated into the roof system of any home constructed with roof truss

design 935-CB-16-CF. The terms and conditions of this extended warranty shall be the same as the COMPANY's standard, primary, one year warranty that covers all homes, except those terms which materially conflict with the terms of the ten year warranty, including, but not limited to, the duration of the warranty period. The period of the warranty for each affected home shall be for ten (10) calendar years, beginning on the date of this settlement, or the date of purchase of the affected home, whichever is later.

3. HUD shall deem this matter fully and finally resolved upon the Company's full satisfaction of all obligations in the Agreement, including, but not limited to the extension of the above ten (10) year warranty to homes with the serial numbers 26358, 27325, 27334, and 27535, as well as every other home constructed with truss design 935-CB-16-CF.

4. The COMPANY shall send, by certified mail or Federal Express, the aforementioned extended warranty, as set forth in the attached 'Exhibit A' to all affected homes, within twenty (20) calendar days of the signing of this settlement by both parties. The COMPANY shall place this warranty, as set forth in the attached 'Exhibit A', on its official letterhead.

5. The COMPANY shall send correspondence to HUD, via certified mail or Federal Express, and via e-mail to Richard A. Mendlen at rick.a.mendlen@hud.gov, indicating the names, addresses, and home serial numbers of every homeowner to which the aforementioned ten (10) year warranty is extended. The COMPANY shall also provide HUD with copies of delivery receipts from all homeowners to which the aforementioned ten (10) year warranty is extended. This information shall be provided to HUD as set forth in the attached 'Exhibit B'. The COMPANY shall send this correspondence to HUD within ten (10) calendar days of completion of delivery and receipt of the aforementioned extended warranty to all affected homeowners. The COMPANY shall place this report, as set forth in the attached 'Exhibit B', on its official letterhead.

6. This Agreement is intended to be and shall be for the benefit only of the Parties and entities and individuals identified in this Agreement, and no other party or entity shall have any rights or benefits hereunder. Nothing in this agreement limits the rights of any other Federal Agency or the Office of Inspector General from investigating or pursuing actions within the scope of their authority.

7. Each party shall bear its own legal and other costs incurred in connection with this matter including the preparation and performance of this Agreement.

8. Each party and signatory to this Agreement represents that it freely and voluntarily enters into the Agreement without any degree of duress or compulsion.

9. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute arising out of matters covered by this Agreement is the United States District Court for the District of Columbia. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all

the Parties and shall not, therefore, be construed against any party for that reason in any subsequent dispute.

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

11. The undersigned represent and warrant that they are fully authorized to execute the Agreement on behalf of the Parties indicated below.

12. The Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

13. This Agreement is binding on, and inures to the benefit of, the COMPANY's and its affiliated entities' successors, heirs, and assigns.

14. Facsimiles or email scans of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

15. Whenever the words "include," "includes," or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

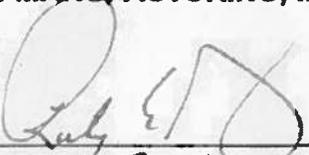
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered in their names as of the date first above written.

**UNITED STATES DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT**

By: 
Pamela Beck Danner, Administrator, HUD Office of Manufactured Housing Programs

Date: 8/17/15

CMH MANUFACTURING, INC.

By: 
Rick Boyd, PRESIDENT OF OPERATIONS, CMH MANUFACTURING, INC.

Date: 08/17/2015

'EXHIBIT A'

EXTENDED WARRANTY

Serial Number # _____

In addition to the standard, primary, one year, limited warranty that covers the home bearing the serial number above, CMH Manufacturing, Inc., makes this additional ten year warranty relating to the following issue:

1. CMH Manufacturing, Inc. will pay for any and all labor and materials to perform future repairs to any damage arising out of, or resulting from, any failure of or defect in the tray or ceiling trusses incorporated into the roof system of the home bearing the serial number above.

This additional warranty shall incorporate all terms and conditions of the standard, primary, one year, limited warranty that covers the home bearing the serial number above, except those terms and conditions which are materially in conflict with the terms and conditions of this extended 10-year warranty, as stated above, including, but not limited to, the warranty's time period. This extended warranty shall be valid for a period of ten years, commencing on <<date of settlement>> or the date of the home's purchase, whichever is later.

Should you have any questions, or require service that you believe would be covered under this warranty, please contact CMH Manufacturing, Inc. at 865-380-3000.

'EXHIBIT B'

CMH Manufacturing, Inc.
P.O. Box 9780
Maryville, TN 37802

<<Date>>

Office of Manufactured Housing Programs
U.S. Department of Housing and Urban Development
451 7th Street SW, Room 9168
Washington, DC 20410

Homeowners Receiving 10 Year Extended Truss Warranties

| <u>Serial #</u> | <u>Name & Address</u> | <u>Date Sent</u> | <u>Receipt #</u> |
|-----------------|---------------------------|------------------|------------------|
|-----------------|---------------------------|------------------|------------------|

Attachments (Copies of all delivery receipts)