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Mr. Pat Carmichael
Limited Edition Homeowners Assoc.

Hand Delivered

Re: Settlement of Lawsuit Against Tittle

Dear Pat:

After several telephone conferences with Bill Wray, Lee Davis, and Ed Treadway, this morning, Walt Tittle has come up with the final proposal for settlement in the case as follows:

SETTLEMENT OFFER

1. The Limited Edition Homeowners Association would be paid cash in the amount of \$190,000.00, by the insurance companies.
2. Walt Tittle, Sr. (and Walt Tittle, Jr.?) would take title to three (3) units. It is my understanding that Mr. Tittle plans to place mortgages of \$100,000.00 each on the 3-units. The units to be purchased would be:
 - a. Unit 34 - Collins
 - b. Unit 36 - King
 - c. Unit 38 - Usary

Mr. Tittle believes that he can have all repairs to the units completed within 6-months. He would then sell the units. He would pay one-half (1/2) of the gross sales price of each unit over and above \$125,000.00, to the Homeowners Association. Mr. Tittle does not have the funds or resource to funds to pay \$75,000.00 in cash, in addition to the \$100,000.00 loan proceeds, to the Homeowners Association. For this reason, he is willing to transfer the additional lot between Neal and Roe to the Association (as described in Item 3 below) and pay 1/2 of the gross sales proceeds on the 3-units over \$125,000.00 as described above.

The Kings, Ms. Usary and Ms. Collins will not be required to rent or lease back the units. They directly expressed to me their desire to vacate the 3-units as soon as possible. In that regard, they would be permitted a maximum of 90-days to vacate after the warranty deeds conveying the property to Mr. Tittle are recorded.

3. The Limited Edition Homeowners Association would be given fee simple, unencumbered title to the two (2) undeveloped lots currently located in the center of the complex., plus the additional one undeveloped lot lying between the Neal and Roe units.

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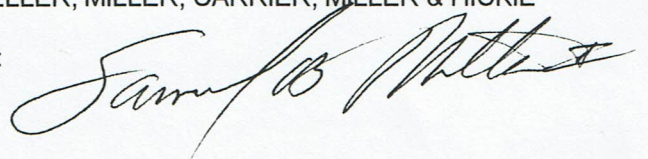
4. All three units will have to be maintained by Mr. Tittle, or anyone else he sells to, at the same level of maintenance as the other units in Limited Edition. However, all three units would be removed from responsibility of the Homeowners Association to maintain or repair any part thereof, and the deeds to Mr. Tittle would contain, with his specific agreement, a covenant running with the land which would remove the liability of the Homeowners Association from responsibility. The 3-units would be subject to paying a reduced Association fee based solely upon fire and hazard insurance, mowing, street maintenance, general cost of lighting the streets, and any other Association expense not for the purpose of unit repair and maintenance.
5. Mr. Tittle would agree to make the repairs to the units within a reasonable time period which we can discuss later. He would agree to having his leases and lessees approved by the Homeowners Association as per current by-laws and rules.

I am advised by Lee Davis that the depositions taken by the insurance companies yesterday are already typed and ready for submission to the Federal Court. He advises me that if we do not act now, we will lose the \$190,000.00 in cash from the insurance companies assuming that we can now even get their agreement to pay in. Please go over this latest proposal with your Board and get back to me as soon as you can. I will be at home tonight after 6:00 p.m. until about 8:00 p.m.. Thank you.

Very truly yours,

WELLER, MILLER, CARRIER, MILLER & HICKIE

BY:



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