

**SUMMARY OUTLINE**  
**STIPULATION FOR SETTLEMENT**  
**October 25, 2012**

FACTS:

1. In 2005, the Debtor contracted with Trintec to repair roofs of the Condominium;
2. In April of 2006, Trintec claimed the Debtor failed to pay for the services provided, and recorded a claim of lien for approximately \$1.3 million; In late 2006, Trintec filed a foreclosure complaint against the Debtor, (the “**Foreclosure Action**”);
3. In the Foreclosure Action, Trintec obtained a Final Judgment, dated July 12, 2011, against the Debtor for the total sum of \$1,161,112.42, which was subsequently supplemented on October 20, 2011 to include attorneys’ fees, thereby increasing the judgment to **\$1,561,112.42** (the “**Judgment**”);
4. The Judgment has been appealed by the Debtor (the “**Appeal**”) and, as of the time of this Stipulation, the Appeal is still pending;
5. Pursuant to the Judgment, the valid lien amount of each unit subject to foreclosure sale was \$5,582.27 as of July 12, 2011, which was increased to \$7,505.34 at the time the supplemental judgment was entered, and which amount will be **\$8,872.85** (the “**Unit Indebtedness**”) as of November 15, 2012;
6. Since entry of the Judgment, nineteen (19) unit owners have paid their pro-rata share of the Judgment to Trintec totaling **\$136,206.64** and one (1) unit was foreclosed upon (the “**Paid Units**”), and a schedule of the Paid Units is attached as Exhibit “A” hereto;
7. A foreclosure sale of the Condominium Property, to the exclusion of the Paid Units (the “**Subject Units**”) that paid their pro rata share of the Judgment prior to the Petition Date, was scheduled for November 14, 2011, which was canceled as a result of the Debtor’s bankruptcy filing on November 11, 2011 (the “**Petition Date**”);
8. Prior to the Petition Date, pursuant to an *Order Approving Settlement of Bifurcated Claim* entered on July 5, 2011, the Debtor was authorized to act as class representative of the unit owners for purposes of holding and administering the claims of the unit owners concerning damages to the interior of their individual units allegedly caused by Trintec;
9. Approximately twenty-three (23) unit owners submitted documents regarding their respective claims of damages;

10. The Debtor's counsel in the Foreclosure Action, Peter Fullerton ("**Fullerton**") represented the Debtor to recover from Trintec's Insurer, Colony Insurance Company, for the damages sustained to the interior of certain individual units of the Condominium;
11. Pursuant to a settlement reached between the Debtor and Trintec's Insurer, Fullerton held settlement proceeds in its trust account from Colony Insurance Company in the amount of **\$225,000.00** dated July 14, 2011 concerning the claims asserted on behalf of the unit owners for interior damages to units at the Debtor's Condominium;
12. Fullerton was entitled to a contingency fee and reimbursement of costs for his representation of the Debtor to recover from Trintec's Insurer, and on August 9, 2011, Fullerton received payment of **\$120,170.20**, which was comprised of a \$90,000.00 contingency fee and \$30,170.20 in costs;
13. Post-petition, on December 1, 2011, Fullerton returned **\$104,829.80** (the "**Insurance Settlement Proceeds**") to the Debtor.
14. The Insurance Settlement Proceeds do not belong to the Debtor, but belong to certain of the individual unit owners within the Condominium, and therefore the Debtor hereby represents to Trintec, which representation Trintec relies upon, that the Debtor will obtain authority/approval from its members to pay the Insurance Settlement Proceeds to Trintec;
15. In order to avoid the costs and uncertainties of a contested confirmation and further litigation concerning the Judgment, without any of the Parties admitting any fault or liability, the Parties (after attending a Court ordered mediation with Judge Hyman) desire to settle this matter amicably and without further litigation;
16. The Parties wish to set forth the terms of their settlement in this Stipulation for Settlement (the "**Stipulation**").

## STIPULATION

17. **Amount of Trintec's Indebtedness:** The amount of Trintec's Allowed Secured Claim is **\$1,668,096.21** ("Trintec's Claim"), assuming the confirmation hearing is on or before November 15, 2012.
18. **Payment of the Insurance Settlement Proceeds:** On the Effective Date of the Debtor's confirmed plan of reorganization, the Debtor shall pay Trintec the sum of the Insurance Settlement Proceeds, which shall be applied towards the amount due from the Subject Units
19. **Trintec Special Assessment: The Trintec Claim** shall be paid in full over a period of approximately **7.5 years at an interest rate of 4.25% per annum** by specially assessing the Subject Units **\$100 per month**, which special assessments shall be increased by **\$5 at the beginning of each year**, until each respective individual Unit Indebtedness and Trintec's Claim is paid in full or otherwise considered paid in full.
20. (The "**Trintec Special Assessment**"). The Trintec Special Assessment shall be irrevocable, and the Debtor shall adopt and pass resolution confirming that the Trintec Special Assessment is irrevocable until the Trintec Claim is paid in full. *The Trintec Special Assessment shall not apply to the owners of Paid Units or any other unit owner who subsequently satisfied their respective Unit Indebtedness owing to Trintec.*
21. The payment of the Trintec Special Assessment by the Subject Units to the Debtor is due on the **15<sup>th</sup> of each month**, commencing on **January 15, 2013** (the "**Monthly Collected Trintec Assessment**") and shall continue to be paid on the 15th day of each consecutive month until the Trintec Claim is satisfied in full. The Debtor is responsible for the collection of the Trintec Special Assessment and to pay Trintec all monies collected.
22. **Right to Settle Unit Indebtedness:** Trintec may settle, in its own discretion, a unit owner's Unit Indebtedness for an amount less than **\$8,872.85**, plus interest that continues to accrue (the "**Discounted Settlement Amount**") at any time prior to the completion of the payments of the Unit Indebtedness.

23. **Lump Sum Payment of Unit Indebtedness Option**: Any unit owner of a Subject Unit shall have the option of making a lump sum payment of **\$7,500.00**, less any prior payments towards the Unit Indebtedness made by the unit owner, within thirty **(30) days of the Effective Date of the Debtor's confirmed plan** of reorganization in full satisfaction, settlement and release of Unit Indebtedness.
24. **Event of Default by Unit Owner**: A default has occurred if any unit owner of a Subject Unit does not timely make any portion of the required monthly assessment payment to the Debtor including but not limited to the payment of the Trintec Special Assessment. For example, even if a unit owner has tendered its Trintec Special Assessment to the Debtor, but has not paid the Debtor the remaining monthly assessments, a Default has occurred.
25. **A Unit Owner's Default** shall not constitute a default by the Debtor, unless the Unit Owner Default Procedures are not strictly followed by the Debtor. Trintec shall **not foreclose on** any individual Subject Unit until and unless there is a Unit Owner's Default under this Stipulation. In the event of a Unit Owner's Default, the Debtor shall be in default of the Agreement unless it strictly follows the **"Unit Owner Default Procedures."**
- a. Send a notice of default (the **"Notice of Default"**) by first class mail to the defaulting unit owner within **five (5) calendar** days of the Default.
  - b. Thereafter, the defaulting unit owner shall have **thirty (30) days** from the transmission of the Notice of Default to cure said default (the **"Cure Period"**).
  - c. In the event of default, should the Cure Period expire without cure by the defaulting unit owner, the Debtor shall notify Trintec in writing of the Unit Owner's Default
  - d. In the event the Debtor fails to timely comply with the Unit Owner Default Procedures, the Debtor shall be in default under this Stipulation.
  - e. Trintec shall have the option for a period of **ten (10) business** days after the date Trintec receives notice of the Unit Owner's Default to either: (1) make an assignment of its Judgment lien and right to set foreclosure sale on the defaulting unit to the Debtor (**"Option 1"**) or (2) to notify the Debtor that Trintec seeks to take title **to the defaulting unit ("Option 2")**.

i. In the event Trintec elects Option 2, the Debtor shall have the right for a period of **seven (7) business** days to accept an assignment of Trintec's right to take title and may elect to take title to the defaulting unit itself. If the Debtor exercises this option, the Debtor shall pay Trintec the balance of the Unit Indebtedness within **seven (7) days** of the Trintec notice electing Option 2 on that particular Subject Unit and then Trintec shall assign that portion of its Judgment to the Debtor.

f. In the event the Debtor obtains title to a unit subject to Option 1, the Debtor must have its counsel file a motion to set the foreclosure sale of the subject unit within seven (7) business days of assignment and the foreclosure sale shall be set on the earliest possible date. In addition, the Debtor, through the exercise of its reasonable business judgment, shall decide to either promptly lease or sell said unit.

26. **Rented Units Default:** In the event a tenant in a Rented Unit defaults on his/her monthly lease payment to the Debtor, the Debtor shall **immediately deliver to such tenant a 3-Day Notice** for payment of the rent of possession of the Rented Unit. If the tenant in the Rented Unit fails to comply with the 3-Day Notice, the Debtor shall have three (3) business days to commence eviction proceedings.

27. **Foreclosure of Subject Unit by Mortgagee:** In the event a Subject Unit is foreclosed by the Subject Unit's mortgagee and there are delinquent assessment due and owing by that Subject Unit which the mortgagee must pay to the Debtor pursuant to Florida law, then such payment by the mortgagee shall be paid/transferred by the Debtor to Trintec to pay down the Trintec Special Assessment due and owing on that Subject Unit.

28. **Motion to Stay or Enlarge Briefing Schedule of the Appeal:** Immediately, upon approval of this Stipulation by the Bankruptcy Court, the Parties shall dismiss the pending Appeal with prejudice with both parties paying their own fees and costs.

29. **Deadline to File Plan:** The Debtor shall file a plan of reorganization within two (2) weeks of execution of this Stipulation (the "**Plan Deadline**").