

Exhibit 1

Summary of Settlement Terms and Conditions

This term sheet, dated as of November 13, 2009, describes the material terms of a comprehensive settlement and compromise (the “Settlement”) between Neumann Homes, Inc. and its subsidiaries and affiliates (the “Debtors”), debtors and debtors in possession in chapter 11 cases currently pending in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division (the “Bankruptcy Court”), and GMAC Model Homes L.L.C., as successor-in-interest to GMAC Model Home Finance, Inc. (“GMAC Model Homes”) and certain related parties⁵ (GMAC Model Homes and the related parties, collectively the “GMAC Entities”) with respect to, among the other things set forth herein, five (5) model home units and appurtenant rights located at 1004, 1005, 1006, 1007 and 1008 Bradford Lane in the NeuDearborn Station development in DuPage County, Illinois (the “Model Home Units”).

<u>CATEGORY</u>	<u>TERMS</u>
Title to Model Home Units	The Debtors, as directed by GMAC Model Homes, shall take all necessary steps capable of appropriately being taken by the Debtors to correct all existing deeds and other title documents, and to the extent necessary execute and deliver new deeds and other title documents (which shall not contain any representation or warranty), with respect to the Model Home Units so that GMAC Model Homes may obtain insurable fee simple title as evidenced by a commitment from a commercially recognized title insurer (the “ <u>Title Insurer</u> ”) to issue an owner’s policy to GMAC Model Homes showing GMAC Model Homes as the record owner (such commitments, the “ <u>Title Policy Commitments</u> ”) to the Model Home Units.
Process for Sale of Model Home Units to Third Party Purchasers	GMAC Model Homes will retain Koenig & Strey Realtors, or another commercially recognized realtor in the Chicagoland area (the “ <u>Realtor</u> ”), to market and sell each of the Model Home Units to home buyers unaffiliated with the GMAC Releasees (defined below) (each, a “ <u>Third-Party Purchaser</u> ”) in a manner customary for selling residential property in the Naperville, Illinois area. GMAC Model Homes shall control all aspects of the sale process and the Debtors shall not have any right to direct, approve, consent to or object to any aspect of the sale process, except to the extent expressly provided below with respect to the sale price of each Model Home Unit. Within 7 business days following the consummation of any sale of each Model Home Unit, GMAC Model Homes shall notify the Debtors in writing of the particular Model Home Unit sold, the gross sale price paid by the Third-Party Purchaser for such Model Home Unit and the Net Sale Proceeds generated by such sale.
Debtors’ Limited Consent Right for Sales below Strike Prices	Solely in the event that the proposed gross sale price for any Model Home Unit is less than the minimum gross sale price mutually agreed upon by the Debtors and GMAC Model Homes (each Model Home Unit’s “ <u>Agreed Strike Price</u> ,” and any such Model Home Unit subject to the Debtors’ consent rights, a “ <u>Restricted Model Home Unit</u> ”), GMAC Model Homes shall provide the Debtors via facsimile and electronic mail to the numbers and addresses set forth herein with no less than two (2) business days’ written notice (each, a “ <u>Restricted Model Home Unit Notice</u> ”)

⁵ GMAC Model Homes’ related parties include, among others, CMH Holdings LLC, Residential Funding Company, LLC (“RFC”), RFC Construction Funding, LLC (“RFC Construction Funding”), RFC Construction Funding Corp., Residential Funding Corporation, and DOA Properties II, LLC (“DOA”), together with their respective subsidiaries and affiliates.

	<p>prior to entering into a binding sale contract with a Third-Party Purchaser regarding such Model Home Unit (each, a “<u>Waiting Period</u>”). So long as a Restricted Model Home Unit Notice is delivered to the Debtors in accordance with the notice provision below with respect to a Restricted Model Home Unit, the Debtors shall be deemed to consent to the proposed sale of the Restricted Model Home Unit subject to such notice unless, during the Waiting Period, the Debtors notify GMAC Model Homes in writing by facsimile and electronic mail to the numbers and addresses set forth herein that they do not consent to such proposed sale (each, a “<u>Sale Objection</u>”). Within five (5) business days following delivery of any Sale Objection, the Debtors shall file a motion with the Bankruptcy Court (which the Debtors will request be heard on an expedited basis based on the Bankruptcy Court’s calendar) seeking an order establishing the minimum gross sale price that GMAC Model Homes may sell the Restricted Model Home Unit subject to such Sale Objection (each, a “<u>Court Determined Strike Price</u>”). The Court Determined Strike Price for any Restricted Model Home Unit shall equal the proposed gross sale price therefor set forth in the applicable Restricted Model Home Unit Notice unless the Debtors successfully prove to the Bankruptcy Court by a preponderance of evidence that such proposed gross sale price is not fair and reasonable based on then current market conditions. For the avoidance of doubt, GMAC Model Homes shall have the right in its sole discretion to sell any Model Home Unit for a gross sale price of at least the Agreed Strike Price or Court Determined Strike Price, as applicable, without further notice to, or approval of, the Debtors or any subsequently appointed trustee or other estate representative.</p> <p>The Agreed Strike Prices for each of the Model Home Units are set forth in the side agreement, executed as of the date of the filing of the motion to approve this settlement (the “<u>Side Agreement</u>”) between the Debtors and GMAC Model Homes which, in the interest of confidentiality with potential Third Party Purchasers, has not been attached hereto, but shall be made available to the Court <i>in camera</i> upon request.</p>
Net Sale Proceeds	<p>For purposes of this Settlement, the “<u>Net Sale Proceeds</u>” in respect of each Model Home Unit shall be the gross sale price paid for such Model Home Unit by the Third-Party Purchaser to GMAC Model Homes <u>minus</u>: (i) all customary closing costs required to be paid by GMAC Model Homes (including, without limitation, up to a six (6) percent aggregate sales commission for the Realtor (which may be split among the Realtor and the Third-Party Purchaser’s agent, if applicable), title insurance premiums, real estate tax prorations, legal costs incurred in connection with the negotiation, documentation and consummation of the sale, and recording fees, if any); (ii) all reasonable out-of-pocket costs and expenses incurred by GMAC Model Homes to preserve the value of, and otherwise maintain, such Model Home Unit from November 1, 2007 through the date of entry of an order by the Bankruptcy Court approving the Settlement (including, without limitation, all reasonable out-of-pocket costs incurred to prepare the Model Home Unit for sale, to winterize the Model Home Unit if applicable, and to maintain the utilities and landscaping regarding the Model Home Unit); <u>provided, however</u>, that, for the purpose of calculating Net Sale Proceeds, the aggregate amount of all out-of-pocket costs and expenses incurred prior to November 1, 2009 for all of the Model Home Units shall not exceed \$15,000; (iii) all taxes and fees, including, without limitation, real estate taxes, payment of homeowner association dues as necessary, as well as any taxes and fees associated with the transfer of a Model Home Unit by the Debtors to GMAC Model Homes as well as from GMAC Model Homes to a Third-Party Purchaser; (iv) all property and associated liability insurance premiums in respect of such Model Home Unit; and (v) all reasonable out-of-pocket costs and expenses</p>

	<p>(including, without limitation, reasonable attorneys' fees and costs) to settle and/or otherwise obtain releases of asserted mechanics' liens on such Model Home Unit. For the avoidance of doubt, except as expressly provided in clause (v) above, each of the Debtors and GMAC Model Homes shall pay for their own legal expenses incurred in connection with the negotiation, documentation and consummation of this Settlement.</p>
Cash Consideration to Debtors	<p>As consideration for the terms of Settlement set forth in this Term Sheet, the GMAC Entities shall pay to the Debtors (i) \$250,000 in cash (the "<u>Initial Cash Payment</u>") within seven (7) business days after the first date on which GMAC Homes has obtained from one or more Title Insurers Title Policy Commitments for all five Model Home Units, and (ii) a cash payment equal to 50% of all Net Sale Proceeds in excess of \$1,000,000 (the "<u>Excess Cash Payment</u>"), which Excess Cash Payment (if any) shall be due and payable to the Debtors within seven (7) business days after the closing of the sale of the fifth and final Model Home Unit to a Third Party Purchaser. For the avoidance of doubt, the Debtors shall not be entitled to any Excess Cash Payment until and unless GMAC Model Homes has received more than \$1,000,000 in Net Sale Proceeds and the sales of all five Model Home Units have closed.</p>
Conditions to Effectiveness	<p>The Settlement set forth in this Term Sheet shall become effective (the "<u>Closing Date</u>") upon the satisfaction or waiver by GMAC Model Homes of the following conditions:</p> <ul style="list-style-type: none"> • Entry of an order of the Bankruptcy Court, in form and substance acceptable to GMAC Model Homes, approving the terms of the Settlement and authorizing and directing the Debtors to perform their respective obligations with respect thereto (the "<u>Approval Order</u>"). • Delivery of all deeds and other written material (which shall not contain any representation or warranty) satisfactory to GMAC Model Homes to confirm, or convey, as applicable, title to the Model Home Units to GMAC Model Homes and delivery of the Title Policy Commitments. • Delivery of written evidence satisfactory to GMAC Model Homes that any liens on the Model Home Units held by Guaranty Bank shall have been fully and finally released, or in lieu thereof, the Title Policy Commitments, revised by Title Insurer to reflect said releases. • The Debtors shall have amended their previously filed plan of liquidation to include the provisions described below in the section entitled "Plan Provisions" to provide GMAC Model Homes and Residential Funding Company and their affiliates and other related parties a full and final release from all Debtor estate claims as well as all potential third-party claims relating to the Debtors and their estates, and the Debtors shall diligently pursue the confirmation of such amended plan. • The parties have received a fully executed copy of the Side Agreement. <p>In the event that the Closing Date does not occur, or the Initial Cash Payment or the Excess Cash Payment (if any) are not timely made in accordance with the terms of the Settlement set forth in this Term Sheet, the Settlement, any Bankruptcy Court order approving the Settlement or this Term Sheet, any Plan provisions resulting from the Settlement or this Term Sheet, and any deeds, title documents or other documents entered into in connection with or pursuant to the foregoing shall be, and shall be deemed to be, terminated and void and of no force and effect whatsoever as if each of such documents had never existed, and each of the parties hereto shall</p>

	expressly retain all of its rights and remedies in existence as of the date immediately prior to the date of this Term Sheet.
Settlement Releases	<p>Effective as of the Closing Date, the Debtors and their estates, and each of their respective successors and assigns (collectively, the “<u>Debtor Releasors</u>”), shall be deemed to have fully and forever released, discharged, disclaimed and acquitted each of GMAC Model Homes, CMH Holdings LLC, Residential Funding Company, LLC (“<u>RFC</u>”), RFC Construction Funding, LLC (“<u>RFC Construction Funding</u>”), DOA Properties II, LLC (“<u>DOA</u>”), each of their respective subsidiaries and affiliates, each of the foregoing parties’ respective predecessors, successors and assigns and all of the respective shareholders, partners, members, officers, directors, employees, agents, attorneys, advisors and other representatives of the foregoing parties (collectively, the “<u>GMAC Releasees</u>”), from and against any and all claims (including, without limitation, crossclaims, counterclaims, rights of set-off and recoupment), property interests, actions, causes of action, suits, debts, accounts, interests, liens, promises, warranties, damages and consequential damages, demands, liabilities, agreements, bonds, bills, specialties, covenants, controversies, variances, trespasses, judgments, executions, costs, expenses or claims whatsoever (collectively, the “<u>Claims</u>”) that each Debtor Releasor now has or hereafter may have, of whatsoever nature and kind, whether known or unknown, whether now existing or hereafter arising, whether suspected or unsuspected, asserted or unasserted, arising at law or in equity fixed or contingent or whether liquidated or unliquidated, against any or all of the GMAC Releasees, based in whole or in part on facts, whether or not now known, against the respective GMAC Releasees with respect to all matters from the beginning of time through the consummation of the Settlement, including, without limitation, any and all Claims that relate to, arise out of or otherwise are in connection with: (i) the Model Home Units, all other model home units and other property (collectively, the “<u>Model Home Portfolio</u>”) conveyed, purportedly conveyed or required to be conveyed, to GMAC Model Homes or its affiliates pursuant to, or otherwise in connection with, the Model Home Portfolio Documents (as defined below) or the transactions contemplated thereby; (ii) the Amended and Restated Master Sale and Rental Agreement, dated as of January 3, 2005, by and between Neumann Homes, Inc., Neumann Homes of Colorado, LLC, and Neumann Homes of Wisconsin, LLC, as the “Builder” thereunder, and GMAC Model Home Finance, Inc., as the owner thereunder, as such agreement may have been amended, restated or otherwise modified from time to time (the “<u>MSRA</u>”); (iii) the Sales and Marketing Agreement, dated as of December 11, 2002, by and between Neumann Homes, Inc., Neumann Homes of Colorado, LLC, and Neumann Homes of Wisconsin, LLC, as the “Builder” thereunder, and GMAC Model Home Finance, Inc., as the owner thereunder, as such agreement may have been amended, restated or otherwise modified from time to time (the “<u>Marketing Agreement</u>”); (iv) any and all of the other lease, title and transaction documents entered into in connection with MSRA, the Marketing Agreement and/or the transactions contemplated thereby (together with the MSRA and the Marketing Agreement, the “<u>Model Home Portfolio Documents</u>”); (v) the transfer of property from any Debtor to GMAC Model Homes pursuant to, or in connection with, the Model Home Portfolio Documents; (vi) any actions or omissions in connection with the Model Home Portfolio Documents or any transactions contemplated thereby; (vii) any aspect of the dealings or relationships between or among the Debtors, on the one hand, and any of the GMAC Releasees and their respective affiliates and advisors, on the other hand, relating to any or all of the documents, transactions, actions or omissions referenced in clauses (i) through (vi) above; (viii) the Debtors and their bankruptcy estates; (ix) any property owned by any of the GMAC Releasees in which any of the Debtors had an interest at any time; (x) any or all of the “Project</p>

	<p>Documents” under, and as defined in, that certain Loan Agreement, dated as of January 15, 2003, by and among certain of the Debtors and RFC Construction Funding, as amended, and any or all transactions contemplated thereby or effectuated in connection therewith; (xi) any or all of the “Loan Documents” under, and as defined in, that certain Loan Agreement, dated as of January 3, 2005, by and among certain of the Debtors and RFC, as amended, and any or all transactions contemplated thereby or effectuated in connection therewith; (xii) any or all aspects of the business, operations, assets, properties, affairs or any other aspect of any or all of the Debtors (or the Debtors’ estates) or any of their respective subsidiaries or affiliates; and (xiii) any or all other Claims that could have been asserted by or on behalf of the Debtors’ estates in the Debtors’ chapter 11 cases or any other action or proceeding, specifically including, but not limited to, all Claims against the GMAC Releasees pursuant to chapter 5 of the Bankruptcy Code or similar state law. Notwithstanding the foregoing, GMAC Model Homes shall not be released or discharged from its obligations in respect of the Settlement.</p>
<p>Plan Provisions</p>	<p><u>Plan Releases:</u> The Debtors will file a revised draft Joint Plan of Liquidation of Neumann Homes, Inc. and Its Affiliated Debtors and Debtors in Possession currently on file with the Bankruptcy Court (as thereafter amended, the “<u>Plan</u>”) to include a full and final release for the GMAC Releasees from (a) all Debtor estate claims to the extent not covered by an Order approving the Settlement and the Settlement Releases set forth in the immediately preceding section of this Term Sheet, and (b) all Holders of Claims (as defined in the Plan) to the fullest extent permitted under applicable law. The Debtors shall be released from any and all claims of the GMAC Releasees in the Plan. The Plan Releases set forth in this section of the Term Sheet will not be binding upon the parties hereto until and unless RFC votes in favor of the Plan, after reviewing and confirming that the terms of the Plan are in accordance with this section of this Term Sheet, the Bankruptcy Court enters an order confirming the Plan and the Plan is ultimately substantially consummated.</p> <p><u>Subordination of RFC Recoveries:</u> In consideration for the Plan Releases set forth in this section of this Term Sheet, RFC (including its affiliates, successors and assigns) agrees that, pursuant to the Plan, it will subordinate any recoveries it is entitled to receive (“<u>Subordinated Recoveries</u>”) with respect to any Allowed General Unsecured Claims (as defined in the Plan) to the Holders of Allowed General Unsecured Claims who are not Prepetition Lenders (as defined in the Plan) either (a) until the Holders of Allowed General Unsecured Claims who are not Prepetition Lenders receive distributions on their Claims (after giving effect to the redistribution of Subordinated Recoveries) equal to 5.0% (at which time the subordination described herein shall cease), or (b) at the election of RFC, on such terms and conditions as may be agreed to by the Debtors and any other Released Lender (as defined in the Plan) that is a holder of more than \$10 million of Allowed General Unsecured Claims.</p> <p>For purposes of this Settlement, and as the Debtors intend to so state in the Plan, the term “Subordinated Recoveries” shall mean that portion of the recoveries otherwise payable to a Released Lender as the Holder of an Allowed General Unsecured Claim which is equal to the pro rata recovery that such Released Lender would otherwise be entitled to receive as a Holder of an Allowed General Unsecured Claim under section 5.2(a) of the Plan times a fraction, the numerator of which is equal to the aggregate amount of all Released Lenders Allowed General Unsecured Claims and the denominator of which is equal to the aggregate amount all Allowed General Unsecured Claims held by the Prepetition Lenders.</p>

Cooperation	The Debtors will cooperate with GMAC Model Homes in an effort to resolve any remaining issues with respect to mechanics' liens and other encumbrances on the Model Home Units in order to expedite closing sales of the Model Home Units to Third Party Purchasers in accordance with this Settlement; provided that, the Debtors shall be reimbursed for any reasonable out-of-pocket costs and expenses incurred in such cooperation, which such costs and expenses may be deducted from the gross sale price paid for such Model Home Unit by the Third-Party Purchaser to GMAC Model Homes in accordance with above.
Retention of Bankruptcy Court Jurisdiction	The Bankruptcy Court shall retain jurisdiction to hear all disputes arising out of this Agreement, including removal of any and all liens upon the Model Home Units.
Notices Parties	<p>GMAC Model Homes, LLC c/o Residential Funding Company, LLC One Meridian Crossing, Suite 100 Minneapolis, MN 55423 Attention: President, Business Capital Group Phone No.: (952) 857-7000 Fax No.: (952) 857-7471</p> <p>Residential Funding Company, LLC One Meridian Crossing, Suite 100 Minneapolis, MN 55423 Attention: Chief Counsel, Business Capital Group Phone No.: (952) 857-6911 Fax No.: (952) 857-6949</p> <p>With a copy to: Latham & Watkins LLP 233 S. Wacker Dr., Suite 5800 Chicago, IL 60606 Attn: Peter P. Knight, Esq. (peter.knight@lw.com) Phone: (312) 876-7700 Fax: (312) 993-9767</p> <p>-and-</p> <p>NEUMANN HOMES, INC. 799 Roosevelt Road, Bldg. 6, Suite 206 Glenn Ellyn, Illinois 60137 Telephone: (630) 942-8551 Facsimile: (630) 942-8573 Attn: Paul Andrews, Chief Restructuring Officer pandrews@uhy-us.com</p>

	<p>With copies to:</p> <p>SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP 155 N. Wacker Drive, Suite 2700 Chicago, Illinois 60606 Telephone: (312) 407-0700 Facsimile: (312) 407-0411 Attn: George N. Panagakis (george.panagakis@skadden.com) Stephen D. Williamson (stephen.williamson @skadden.com) Jonathan Pfleeger (jonathan.pfleeger@skadden.com)</p>
--	---