

SETTLEMENT AGREEMENT

This Settlement Agreement (“Settlement Agreement”) is entered into by and among the following Chapter 11 Debtors, Neumann Homes, Inc., NDC Fabricators, LLC, Neuman Homes of Colorado, LLC, Neumann Homes of Michigan, LLC, Neumann Homes of Wisconsin, LLC, Neu Pro Co., LLC, NHI Sky Ranch, LLC, Precision Framing Systems, LLC, and Sky Ranch, LLC (hereinafter collectively referred to as “Debtors”) and City of Lockport, Illinois (“Defendant”) this 13 day of January, 2010

WHEREAS, on or about November 1, 2007 and November 15, 2007, each of the Debtors filed a petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Illinois, as Case Numbers 07-20412 through 07-20417 and 07-21468 through 07-21470;

WHEREAS, all the bankruptcy cases filed by the Debtors are being jointly administered pursuant to an order of the United States Bankruptcy Court for the Northern District of Illinois (“the Bankruptcy Court”) dated November 21, 2007;

WHEREAS, on October 29, 2009, the Debtors filed an adversary proceeding against the Defendant, case number 09 A 01057 (“the Adversary Proceeding”);

WHEREAS, in the Adversary Proceeding, the Debtors have brought the following claims against the Defendant: (i) for turnover of estate property under Section 542 of the Bankruptcy Code seeking the return of cash bonds in the amount of \$10,190; (ii) unjust enrichment (same damages as Count I); and (iii) breach of contract (same damages as Count I);

WHEREAS, the Defendant denies any liability to the Debtors on any of the foregoing claims;



WHEREAS, following good faith negotiations, the Plaintiff and Defendant desire to settle and compromise the matter on the terms set forth herein;

NOW, THEREFORE, the parties hereto agree as follows:

1. The Defendant shall pay the Debtors the sum of \$7,840 (the "Settlement Payment") in full and final satisfaction of all the claims that were asserted in the Adversary Proceeding. This payment shall be made by check made payable to Neumann Homes, Inc. and delivered to counsel for the debtor within fourteen days after an order approving the settlement is entered by the Bankruptcy Court, as set forth below in Paragraph 3.

2. It is understood and agreed that this settlement is a compromise of disputed claims and the Settlement Payment is not to be construed as an admission of any liability on the part of the Defendant.

3. This Settlement Agreement is contingent upon the Bankruptcy Court entering an appropriate order approving this settlement, which motion shall be filed and presented by Debtors' counsel to the Bankruptcy Court as soon as is reasonably practicable following the execution of this Settlement Agreement. After an order approving this settlement is obtained, this Agreement shall be in full force and effect, and Defendant shall comply with the provisions of Paragraph 1, above. If, for any reason, the Bankruptcy Court fails to enter an order approving this settlement, then this Settlement Agreement will be null and void, and the Adversary Proceeding will move forward as if no settlement had occurred.

4. Upon clearance of the Settlement Payment following the entry of an order by the Bankruptcy Court approving this Settlement Agreement, the Debtors will cause to be filed a Stipulation to Dismiss the Adversary Proceeding, with prejudice.

5. The Defendant hereby waives any right it may have to file a claim in the Bankruptcy cases for the Settlement Payment. Any existing Proof of Claim which may have been filed by the Defendant prior to the execution of this Settlement Agreement shall be unaffected by this Settlement Agreement.


6. The parties hereto declare and acknowledge that the terms of this Settlement Agreement are voluntarily accepted for the purpose of making a full and final compromise, settlement and release of all the claims that were asserted in the Adversary Proceeding.

7. The parties agree that facsimile or e-mailed signatures shall have the same force and effect as original signatures.

NEUMANN HOMES, INC.;
NDC FABRICATIONS, LLC;
NEUMANN HOMES OF COLORADO, LLC;
NEUMANN HOMES OF WISCONSIN, LLC;
NEU PRO CO., LLC;
PRECISION FRAMING SYSTEMS, LLC;
NEUMANN HOMES OF MICHIGAN, LLC;
NHI SKY RANCH, LLC; and
SKY RANCH, LLC

CITY OF LOCKPORT, ILLINOIS

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By: Tim Schloneger
Its: City Administrator

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