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LAS VEGAS, NV 89169

10001

Homeowner or Current Resident
Street Address
City, State Zip

**DISTRICT COURT
CLARK COUNTY, NEVADA**

IN RE KITEC FITTING LITIGATION
Case No.: A493302

Dept. No.: XVI
(ELECTRONIC FILING CASE)

**NOTICE OF PRELIMINARY APPROVAL OF SETTLEMENT
NOTICE OF FAIRNESS AND GOOD FAITH SETTLEMENT HEARING**

Hearing Date & Time: June 22, 2009, at 9:00 a.m.

A court of law authorized this Notice. It is not from a lawyer. You are not being sued.

TO: ALL OWNERS OF RECORD OF HOMES WITHIN RICHMOND SUBCLASS B – YOUR LEGAL RIGHTS ARE AFFECTED WHETHER YOU ACT OR DON'T ACT. PLEASE READ THIS ENTIRE NOTICE CAREFULLY.

PURPOSE OF THIS NOTICE: This Notice is being mailed to all owners of record of homes within Richmond Subclass B, which are located within the communities listed at the end of this Notice and published pursuant to Court Order to notify Subclass B members that:

- This Settlement will create a settlement fund for the benefit of Subclass B members to pay for the replumb of homes with Kitec and PlumBetter plumbing systems. **DO NOT HIRE OR CONTACT AN INDEPENDENT PLUMBER TO PERFORM A REPLUMB. PLEASE READ THIS NOTICE IN ITS ENTIRETY FOR INFORMATION REGARDING YOUR RIGHTS TO THE REPLUMB.**

FAIRNESS & GOOD FAITH SETTLEMENT HEARING: The Court has issued an Order of Preliminary Approval of the Subclass B Settlement and set a Fairness and Good Faith Settlement Hearing (“Fairness Hearing”) to consider the fairness, adequacy, and reasonableness of the Subclass B Settlement. **The hearing will be held on June 22, 2009 at 9:00 a.m., at the Clark County District Court, Complex Litigation Center, 333 South Sixth Street, Las Vegas, NV, 89101.**

YOUR LEGAL RIGHTS AND CHOICES		DUE DATE
WITHDRAW YOUR PRIOR REQUEST FOR EXCLUSION FROM THE CLASS (“OPT-OUT”) AND SUBMIT REQUEST TO REJOIN IN ORDER TO RECEIVE REPLUMB	If you previously filed a request for exclusion from the class (“Opt-Out”), but wish to take part in this Settlement and receive the benefits it provides, you may withdraw your prior Opt-out by submitting a Request to Rejoin Subclass B Settlement. After your Request to Join Subclass B Settlement is received, you will be eligible to receive the benefit contemplated by the Settlement.	JUNE 8, 2009
ACCEPT SETTLEMENT & SEND IN CLAIM FORM	If you wish to receive the replumb as set forth in this Settlement, you must return the claim form that will be mailed to you after this Settlement receives final approval by the Court.	TO BE DETERMINED
OBJECT TO SETTLEMENT	You may write to the Court to raise concerns you have about this Settlement. Class Counsel will provide all objections to all parties and the Court.	JUNE 8, 2009
APPEAR AT FAIRNESS HEARING	You can ask to speak to the Court about the fairness of this Settlement at the Fairness Hearing by submitting written Notice of Appearance by the deadline.	JUNE 8, 2009
DO NOTHING	If you do nothing, you will be bound by this Settlement and will be eligible to receive the benefits of the Settlement if you are a member of Subclass B.	N/A

- Your rights and options under this Settlement – **and the deadlines for each** – are explained in this Notice.
- The Court must still decide whether to approve this proposed Settlement. The replumbs and other benefits contemplated by this Settlement will be made after the Court approves the Settlement and after all appeals, if any, are ruled upon.
- This Notice is not an opinion of the Court about the merits of the claims or defenses of the parties in the lawsuit. Instead, this Notice is sent to you to inform you about legal rights you may have with respect to this Settlement.

BASIC INFORMATION

1. Why did I get this Notice?

This Notice is given to you pursuant to an Order by the Honorable Timothy C. Williams of the Eighth Judicial District Court, Clark County, Nevada, preliminarily approving this settlement on behalf of Subclass B under Rule 23 of the Nevada Rules of Civil Procedure. You received this Notice because our records indicate that you may be a member of Subclass B. If you are a tenant or occupant of a home at this address, please ensure that this Notice is provided to the landlord or owner of the home. You have legal rights and choices to make before the Court decides whether to finally approve this settlement. This notice package explains

- What this lawsuit is about.
- Your legal rights.
- The benefits and consequences of this settlement for eligible recipients.

2. What is this lawsuit about?

This is a case arising from allegedly defective Kitec or PlumBetter (“Kitec”) plumbing systems and/or components manufactured or distributed by or on behalf of Defendants Ipex Inc., and Ipex USA, LLC (collectively, “Ipex Defendants”), and installed at homes in Clark County, Nevada. Plaintiffs are homeowners in Clark County with residences that have or had Kitec or PlumBetter plumbing system and/or components specified and/or installed by various Developers, General Contractors and/or Plumbers. Plaintiff Class Representatives have alleged that the Kitec and PlumBetter plumbing systems or components in Clark County, Nevada are defective because they fail or may fail when exposed to water. This Class Action seeks money damages together with attorneys’ fees and costs of suit from the Defendants on behalf of all Class Members. **This Class Action does not seek any damages for personal injury.**

3. What will this Settlement provide Subclass homeowners if approved by the Court?

If approved by the Court, this Settlement will create a settlement fund to be used for the benefit of Subclass B to pay for the replumb of homes with Kitec plumbing systems. This Settlement resolves claims related to 2,472 homes constructed and sold by Builder. The funds paid by or on behalf of the Builder will be combined with the Builder’s negotiated share of settlement funds recovered from the pending \$90 million dollar settlement with the manufacturer of Kitec plumbing, Ipex, as discussed in paragraph 5 below. These combined settlement funds will then be used on behalf of Subclass B to fund the replumb of the Kitec plumbing system with a Court-approved repair.

4. What is the Richmond/Classic Subclass?

Builder previously reached a settlement with 1,251 similarly situated homeowners in this Class Action. The 1,251 home settlement resulted in Richmond Settlement Subclass A. All of the 1,251 homes in Subclass A were plumbed by Builder's plumbing contractor, Classic Plumbing, Inc. After the Subclass A settlement was completed, the parties discovered additional homes that were plumbed by Classic Plumbing; these additional homes are included within Subclass B. Builder and Classic Plumbing agreed to settle the Builder's claims for indemnity for all of the Richmond/Classic Subclass homes (see, Exhibit B to this Notice). In view of Classic Plumbing's settlement contribution, Class Counsel (on behalf of Richmond Settlement Subclass A *and* this Settlement Subclass B) has agreed to release the class claims against Classic Plumbing for those homes listed within Exhibit B.

5. Are additional funds anticipated from other parties?

Class Counsel previously reached, and the Court approved, a ninety million dollar (\$90,000,000.00) settlement with the manufacturer of the Kitec plumbing system and related entities ("Ipex Settlement"). Though the Ipex Settlement has been approved by the Court, several defendants in the underlying Class Action filed an appeal of the Court's order approving the Ipex Settlement. The Ipex Settlement is therefore currently segregated in various protected accounts pending the resolution of the appeal. This (Richmond Subclass B) Settlement is **not contingent** upon the outcome of the Ipex Settlement appeal. Therefore, regardless of the outcome of the Ipex Settlement appeal, this Settlement will remain in full force and effect for the benefit of Subclass B. In the event the appeal against the Ipex Settlement appeal is successful, Class Counsel, on behalf of Subclass B, will make efforts to secure a new settlement with, or obtain a judgment against, IPEX in the Class Action.

6. How will this Settlement be funded?

The specific funding for this Settlement is as follows:

\$3,511,483 from the Builder

\$2,752,000 from Classic Plumbing to the Builder

\$4,561,397 from the Ipex Settlement (for the Builder's share of the Ipex Settlement funds as it relates to *Richmond Settlement Subclass A*)

\$5,688,072 from the Ipex Settlement (for the Builder's share of the Ipex Settlement funds as it relates to the Subclass B homes)

7. Why is this a class action and what is a Subclass?

In a class action lawsuit, one or more people called "Representative Plaintiffs" sue on behalf of other people who have similar claims. All of these people together are known as the "Class" or "Class Members." One Court decides all the issues in the lawsuit for all Class Members, except for those that exclude themselves from the Class. The judge hearing this class action lawsuit is the Honorable Timothy C. Williams. The presently-named Representative Plaintiffs are Tracie L. Quinterro, Eric W. Quinterro, Stephen Inferrera, Sheila Inferrera, Anna Navarro, Susan Sheldon, Robert Dostler, Beverly Miller, Emma Norton, David Ober, Jennifer Ober, David Pursiano, Laurel Brady, Pamela T. Smith, Kari Brady, Paul Brady, Roderick Saup, Rhonda Saup, Laura Ishum, Nancy Drapeau, Yolanda Flores, Rebekah Ogle, Rick Guzman, Paul Messingschlager, Barry Sweet, Evan Levy, Mary Levy, Leslie Gunnels, John Berbirian, Doug Ellington, Melanie Littlefield, Harvey Smith, Mike House, Vincent Marino, and Larry Maier. A Subclass is a smaller subset of a larger Class. The Settlement described in this Notice pertains only to the Subclass B homes.

8. Why have the Subclass and Builder decided to settle?

The Court has not decided in favor of the Subclass or Builder. Builder vigorously denies any wrongdoing, violation of law, or breach of duty asserted by Plaintiffs in the class action. Builder contends that its homes were properly constructed, marketed, and sold in accordance with appropriate care, relevant standards, and "good practice;" that Class claims have no basis in law or fact; that Builder has meritorious affirmative defenses to all claims; and that the class action should be dismissed. Both sides, however, have agreed to a settlement in order to avoid the risks and costs associated with trial.

9. How do I know if I am part of this Settlement?

You are part of this Settlement if: a) you own a home within Subclass B; and b) you did not previously opt out of this class action. If you do not own a home within Subclass B, you are not a part of this settlement. If you are a tenant of a home within Subclass B, please ensure that this Notice is given to the landlord or owner of the home because it concerns their legal rights and obligations. If you own a home in Subclass B, but previously opted out of this class action, you may still take part in this Settlement by submitting a Request to Rejoin the Class. The Subclass B residences are found within the communities listed at the end of this Notice.

10. What happens if this Settlement is approved by the Court?

If this Settlement is approved by the Court, then you will be notified of the Court's final approval and provided with a Claim Form to request a replumb. The notice of the Court's final approval will explain how to obtain the replumb provided by the Settlement and will include the Claim Form that you will be required to return to the Claim Administrator to take part in this Settlement.

11. What happens if this Settlement is not approved by the Court?

If this Settlement is not approved by the Court at the Fairness Hearing, then the Settlement will terminate and all Subclass B Members and parties will be restored to the position they were in before the Settlement was signed.

12. How soon will the replumb be scheduled?

As soon as the Court gives final approval to this settlement, and after all appeals or other challenges to the Settlement are resolved, the Claims Administrator will begin to schedule replumbs for those Subclass B Members that have returned their Claim Form, with priority given to homes that are at greater risk for Kitec failures.

13. What if I already replumbed my home, or have already suffered damages from a Kitec fitting leak?

Under this settlement, you are only entitled to a replumb, you are not entitled to a monetary payment. If, however, you already replumbed your home or have suffered damage from a Kitec fitting failure, then you **may** be entitled to reimbursement up to a maximum amount of \$15,000, subject to approval by the Claim Administrator. In order to request reimbursement for a prior replumb or damages, you must submit a Claim Form and supporting documentation to the Claim Administrator, who will then review the merits of your claim and provide a response to you within 60 days of receipt of the Claim Form. **NOTE: DO NOT HIRE OR CONTACT AN INDEPENDENT PLUMBER TO PERFORM A REPLUMB. PLEASE READ THIS NOTICE IN ITS ENTIRETY FOR INFORMATION REGARDING YOUR RIGHTS TO THE REPLUMB.**

YOUR RIGHTS – IF YOU PREVIOUSLY OPTED OUT OF THE CLASS ACTION

14. If you previously excluded yourself as a member from the Class Action, can you still accept the Settlement replumb?

Yes, but you must first withdraw your prior “opt-out” and submit a Request to Rejoin the Subclass Settlement by June 8, 2009. A Request to Rejoin may be obtained from Class Counsel. If you previously opted out of this class action and do not submit the Request to Rejoin by June 8, 2009, you will not be eligible to receive the replumb or any other benefits provided in this Settlement.

YOUR RIGHTS – IF YOU DO NOT WISH TO TAKE PART IN THIS SETTLEMENT

15. What if I don’t want to be part of this Settlement?

If you do not wish to receive the replumb or benefits provided in this Settlement, then you may exclude yourself from the Settlement by not returning the Claim Form that will be provided to you upon final approval of this Settlement. If you exclude yourself, then you **will not** receive a replumb or benefits and you will give up your right to sue Builder on these claims later.

16. If I exclude myself, may I pursue a claim against Builder independently?

If you exclude yourself from this Settlement, you **will not** be entitled to pursue an independent claim against Builder or the plumbing subcontractor responsible for installing the Kitec Plumbing system at your residence concerning Kitec Fittings.

YOUR RIGHTS – OBJECTING TO THE SETTLEMENT

17. How do I tell the Court if I do not like the Settlement?

If you are a member of Subclass B, you can tell the Court that you do not like the Settlement or some part of it. This is called objecting to the Settlement. To object, you or your lawyer may send a letter to the Court or appear at the Fairness Hearing. **The Court, however, is entitled to approve the Settlement in spite of objections and all members of Subclass B will be bound by the Settlement.**

To send a letter to the Court or appear at the Fairness Hearing, you or your lawyer must provide all of the following:

- Entitle the letter: NOTICE OF OBJECTION OR APPEARANCE- RICHMOND SUBCLASS B SETTLEMENT
- The name and title of this lawsuit: IN RE KITEC FITTING LITIGATION, A493302.
- State that the letter is in regard to the Richmond Settlement Subclass B.
- Your address to confirm that you are a member of Subclass.
- A statement of each objection you have and a summary of the basis for these objections.
- A description of any law or case supporting your objections.
- A statement of whether you or your attorney will ask to appear at the Fairness Hearing to speak on your objections, and if so, how long you will require to present your objections.
- Copies of any documents that you or your attorney wish to present at the Fairness Hearing.
- **Your objection letter must be mailed and postmarked before June 8, 2009, with copies sent to the following address:**
Kemp, Jones & Coulthard, LLP
Wells Fargo Tower, 17th Floor
3800 Howard Hughes Parkway
Las Vegas, NV 89169

IF YOU DO NOTHING

18. What happens if I do nothing?

If you do nothing, **you will be bound by this Settlement** and will be eligible to receive the benefits of the Settlement if you are a member of Subclass B. If this Settlement receives final approval from the Court, you will receive a Claim Form with further instructions to request the benefits of this Settlement. If you do not return your Claim Form, you will **not** receive a replumb or benefit of this Settlement and you will also **give up your right to sue** Builder and/or its plumbing subcontractors on these claims later. As a member of Subclass B, you will be bound by the decision of the Court even if you do not accept the Settlement. In other words, you will not be able to start a lawsuit later or be part of another lawsuit against Builder regarding the claims in this lawsuit after this Settlement. Therefore, if the Court approves this Settlement and you choose not to accept it, you will have **no** further rights against Builder nor any of its plumbing subcontractors.

THE LAWYERS WHO REPRESENT SUBCLASS AND WHO NEGOTIATED THIS SETTLEMENT

19. Do I have a lawyer in this lawsuit?

When the Court first created a class action on October 16, 2006, it appointed the following attorneys to represent all members of the Class, which includes Subclass B. Together, these attorneys are called Class Counsel. ***You will not be individually charged for these lawyers.*** The names and addresses of Class Counsel are as follows:

J. Randall Jones & William L. Coulthard
Kemp, Jones & Coulthard, LLP
Wells Fargo Tower, 17th Floor
3800 Howard Hughes Parkway
Las Vegas, NV 89169

Francis Lynch, Charles Hopper, & Sergio Salzano
Lynch, Hopper & Salzano, LLP
231 South 3rd Street, Suite #130
Las Vegas, NV 89101

20. How will these attorneys be paid?

Class Counsel negotiated with Builder to be paid \$1,472,072 for their attorney's fees and costs as part of this Settlement. This fee **will not** reduce the amount ultimately paid to fund the replumb of Subclass B homes. This fee does not include any fees previously awarded to Class Counsel by way of the IpeX Settlement. The Court must approve this fee as reasonable during the Fairness Hearing.

The Court's Fairness Hearing

21. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Fairness Hearing on June 22, 2009, at 9:00 a.m. At this hearing, the Court will consider whether the Settlement is fair and adequate. If there are objections, the Court will consider them. The Court will also listen to people who have asked to speak at the hearing. After the hearing, the Court will decide whether to approve the Settlement. During this hearing, the Court will also consider any objection to the amount of attorney's fees and expenses.

The Fairness Hearing will be held at:

Clark County District Court
Complex Litigation Center
333 South Sixth Street
Las Vegas, NV, 89101

22. Do I have to come to the Fairness Hearing?

No, you are **not** required to come to the Fairness Hearing if you have no objection to the Settlement. But you are welcome to come if you wish to. If you send an objection, you are not required to attend the hearing to talk about it. As long as you mailed your written objection to the Court on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

23. May I speak at the hearing?

You will be allowed to speak at the hearing by sending a Notice of Appearance (described above within Question 17) to the Court that states you wish to appear at the Fairness Hearing and speak.

Getting More Information

24. Where can I receive more information about this Settlement?

This Notice summarizes the Settlement below. More details are in the Settlement Agreement itself, which you may obtain by contacting Class Counsel at the addresses listed above. You can also review and copy legal documents in this class action, including all Settlement documents, during regular office hours at the office of the District Court Clerk's Office, Clark County Regional Justice Center, 3rd Floor, 200 Lewis Avenue, Las Vegas, NV, 89101.

SUMMARY OF SETTLEMENT AGREEMENT

Your Review of the Settlement Agreement. The Settlement Agreement is described in general terms below. **YOU MAY ALSO REVIEW, IN CONSULTATION WITH SUCH ADVISORS, SUCH AS YOUR ATTORNEY, AS YOU DEEM APPROPRIATE, THE SETTLEMENT AGREEMENT AND ACCOMPANYING DOCUMENTS FOR A FULL EXPLANATION OF THE SETTLEMENT IN ORDER TO FAMILIARIZE YOURSELF WITH THE PRECISE TERMS OF THE SETTLEMENT AND TO DETERMINE THE EFFECT ON YOU OF THE SETTLEMENT. YOU MAY OBTAIN A COPY OF THE SETTLEMENT AGREEMENT AND ACCOMPANYING DOCUMENTS BY MAKING A WRITTEN REQUEST TO KEMP, JONES & COULTHARD, LLP, OR LYNCH, HOPPER & SALZANO, LLP, CLASS COUNSEL, AT THE ADDRESSES PROVIDED IN THIS PRELIMINARY NOTICE. YOU MAY ALSO REVIEW THESE DOCUMENTS AT THE CLARK COUNTY DISTRICT COURT.**

1. Claims Administrator. A third-party administrator ("Claims Administrator") – Total Class Solutions, LLC – will be ordered by the Court to administer the relief provided by the Settlement Agreement by resolving claims in a rational, responsive, cost effective and timely manner.

2. Replacement Plumbing. As a result of the Settlement, a plumbing contractor approved by the Claims Administrator ("Approved Plumbing Contractors") will perform "Replacement Plumbing," as described in Sections A and B below. **THIS SETTLEMENT CONTEMPLATES THAT THE ONLY AVAILABLE REMEDY TO THE SETTLEMENT SUBCLASS MEMBERS IS TO RECEIVE THE REPLACEMENT PLUMBING WITH APPLICABLE WARRANTIES – NOT A MONETARY PAYMENT.**

A. The Replacement Plumbing will consist of the following: (a) the Approved Plumbing Contractor will drain and remove (or abandon in place, in part or in whole, as permitted by each Subclass Member) the existing Kitec Plumbing Systems at the Subclass Residences; (b) the Approved Plumbing Contractor will furnish and install a complete, fully functional, and entirely new domestic water supply system at the Subclass Residence consisting of CPVC, PEX with C314 Fittings, or other Claims Administrator approved system; (c) the Approved Plumbing Contractor will repair or replace any loss, damage or injury to the Subclass Residence and other property in or on the Subclass Residence to include, by way of illustration and example only, gypsum wallboard, textures, paints, floor coverings, cabinetry, millwork and/or stucco, arising from or in any way related to their Replacement Plumbing; and (d) the Approved Plumbing Contractor will obtain all necessary permits and licenses for the completion of the Replacement Plumbing.

B. Should any Subclass Member refuse to allow the Approved Plumbing Contractor(s) to complete the Replacement Plumbing, that Subclass Member will **NOT** be entitled to any other or any further relief of any time or nature from Builder or from the Claims Administrator. However, it is the intent of the Parties that Builder (including any and all of its employees, agents, principals, representatives, stockholders, heirs, partners, joint venturers, assigns, administrators, trusts, trustees, beneficiaries, parents, related entities, owners, officers, directors, insurers, predecessors, successors in interest, subsidiaries, and/or attorneys) will be entitled to a full and complete release of the Settled Claims, regardless of whether Replacement Plumbing at all of the Subclass B Residences is completed.

3. Qualified Settlement Fund. A fund will be established in accordance with Section 468B of the Internal Revenue Code of 1986, as amended, and the Regulations thereunder, as a vehicle for holding the funds to be paid by Builders and/or its insurers in settlement of the Subclass Claims (the "Qualified Settlement Fund"). Subject to the terms of the Settlement Agreement, the total sum of **\$16,512,952** shall be paid to the Qualified Settlement Fund for the benefit of Settlement Subclass B following notice of entry of a Final Order and Judgment by the Court approving the Settlement as fair, adequate, reasonable, and in the best interests of the Settlement Subclass in accordance with Rule 23(e) of the Nevada Rules of Civil Procedure. The Qualified Settlement Fund will be allocated in accordance with the following:

A. Replumb Fund. **\$13,224,800** of the Qualified Settlement Fund will be designated as the "Replumb Fund" to cover the costs for the Replacement Plumbing at the Subclass B Residences.

A.1 In the limited circumstance where a Subclass B Member, or his agent or representative, has, prior to the Formal Fairness Hearing, replaced their original Kitec Plumbing System with an alternative and approved system (to be administered and subject to the approval of the Claims Administrator), or has incurred monetary damages caused by a failure of the Kitec Plumbing System, then that Subclass Member will be entitled to either: a) a full replumb at no cost; or b) reimbursement of the amount equal to the Replacement Plumbing cost provided within the repair schedule for Subclass B homes. If funds remain after all Subclass repairs are performed and all contingency costs covered, then the Claims Administrator may, at its discretion, further reimburse Subclass B Members who have monetary damages above the Replacement Plumbing cost provided within the repair schedule for Subclass B homes,

up to the total amount of \$15,000 (Replacement Plumbing cost provided within the repair schedule for Subclass B homes plus additional reimbursement amount). In order to qualify for a reimbursement, the Subclass B Member must submit a Claim Form to the Claims Administrator and the Claims Administrator will review the merits of the Claim Form, and provide a response to the Subclass Member within 60 days of receipt of the Claim Form. The Claim Form will be mailed to each Subclass Member following the Final Fairness Hearing.

A.2 IN NO EVENT WILL A SUBCLASS B MEMBER BE ENTITLED TO RECEIVE THE COMPENSATION DESCRIBED IN SECTION A.1 ABOVE AND REPLACEMENT PLUMBING. In the event a Subclass B Member qualifies for the compensation described in Section A.1 above, it is solely up to the Subclass B Member's discretion to determine whether the Subclass B Member wants the compensation described in Section A.1 above in lieu of the Replacement Plumbing.

B. Contingency Fund. \$1,322,480 of the Qualified Settlement Fund, which is equal to ten (10) percent of the Replumb Fund, will be designated as the "Contingency Fund," and will serve to cover: (a) the Parties' best estimate of the unforeseen and reasonable costs related to the Replacement Plumbing, which include, by way of illustration and example only, costs of faux paint, wallpaper, ceramic tile, or other custom finishes not covered by the Replacement Plumbing; (b) any other design, engineering, construction, repairs, replacement, or inspection performed at the Subclass Residences under and/or pursuant to the Settlement Agreement ("Work") by the Approved Plumbing Contractor(s); (c) the Parties' best estimate of the costs incurred by Subclass Members for emergency repairs necessitated by leaks, breaks or failures within the Kitec plumbing fittings that may occur before the Replacement Plumbing has been, or can be, completed in the normal course of the Replacement Plumbing; and (d) the cost of reimbursements as described within Section 3(A)(A.1).

C. Claims Administration Fund. \$493,600 of the Qualified Settlement Fund will be designated as the "Claims Administration Fund" to pay for the cost of services provided by the Claim Administrator under the Settlement Agreement. These services include, but are not limited to, the following: Payment from the designated Replumb Fund to Approved Plumbing Contractors; construction control; auditing of the Qualified Settlement Fund; dispute resolution between Approved Plumbing Contractors and Subclass Members; repair/Replacement Plumbing scheduling; and quality control.

D. Class Counsel's Fees and Costs. \$1,472,072 of the Qualified Settlement Fund will be paid to Class Counsel for Class Counsel's fees and costs, which will be paid in two installments: \$1,000,000 will be paid to Class Counsel following final approval of this Settlement, and \$472,072 will be paid to Class Counsel following completion of the replumb process for the Subclass B homes.

4. Accrued Interest and Residual Balance on Qualified Settlement Fund. Within 30 days of the conclusion of the Replacement Plumbing process, any and all residual balance in the Qualified Settlement Fund, including all interest income generated by the Qualified Settlement Fund, will be paid back to Builder or its designee(s).

5. Warranty. Replacement Plumbing and all other Work performed, including the issuance of a warranty for the Replacement Plumbing and Work, at a Subclass Residence under the Settlement Agreement will be accomplished at the direction of the Claim Administrator. Neither Builder, Class Counsel, nor the Claim Administrator guarantee nor warrant the workmanship and/or materials of any person, contractor (including the Approved Plumbing Contractor), supplier or manufacturer performing such Replacement Plumblings and/or Work. Each Subclass B Member will look solely to the persons' contractors' (including the Approved Plumbing Contractors'), suppliers' and/or manufacturers' guarantees and warranties, if any, as the sole and exclusive guarantors and/or warrantors for the Settlement Agreement, the Replacement Plumbing and/or all other Work.

6. Settled Claims. Settled Claims are those claims that you are releasing the Builder and its plumbing subcontractors. Settled Claims mean any and all claims, liabilities, rights, demands, suits, matters, obligations, losses, damages, injuries or costs, actions or causes of action, of every kind, whether known or unknown, asserted or unasserted, suspected or unsuspected, latent or patent, that have been, are now, could have been, or could be in the future asserted by the Subclass B Members and their respective successors, assigns, agents, invitees, guests, attorneys and representatives and any person who has or may have in the future any interest in any of the Subclass B Residences (including by way of transfer or assignment) either in the Class Action or in any other action or proceeding in this Court or any other court or forum, regardless of legal theory, against Builder or its Plumbing Subcontractors including, but not limited to, Classic Plumbing, for relief, damages, costs, expenses, attorneys' fees, or compensation of any kind arising from or in any way related to the claims set forth in the underlying Class Action Complaint for damages. Settled Claims specifically excludes any claim for personal injury.

A. Without limiting the generality of the foregoing, Settled Claims include, with regard to the foregoing subject matter: (a) any claim based on strict product liability, negligence, breach of express or implied warranty, fraud, negligent misrepresentation, and/or intentional misrepresentation relating to the Kitec plumbing system; (b) any claim for construction deficiencies relating to the Kitec plumbing system based on Nevada Revised Statutes Section 40.600, et seq; and (c) any claim for consequential damages relating to or caused by the Kitec Plumbing systems including, but not limited to, claims relating to mold caused by the Kitec Plumbing systems.

B. This Settlement does not address or contemplate any claims for personal injury.

7. Dismissal of the Amended Complaint. Within five (5) days after notice of entry of a Final Order by the Court approving the Settlement as fair, adequate, reasonable, and in the best interests of the Subclass B Members in accordance with Rule 23(e) of the Nevada Rules of Civil Procedure, and full payment by Builder of its share of the Settlement Funds to the Qualified Settlement Fund, the Amended Complaint against Builder and Classic Plumbing will be dismissed with prejudice.

8. Releases. As a result of the Settlement, the Subclass Representative and the Subclass B Members, by and through the Subclass Representative, on their own behalves, on behalf of their related individuals and entities, successors, assigns, agents, attorneys and representatives, and for each of them, and for any person or entity that could possibly assert any claims for relief or compensation through or under them, including, but not limited to, claims to receive damages, monies, payments, fees, costs, repair or replacement of the Kitec Plumbing Systems at the Subclass Residences and/or the Replacement Plumbing, and any and all claims to receive damages, costs, or remedies associated with the failure of the Kitec Plumbing Systems at any of the Subclass Residences, will be deemed to have – following approval of the Settlement by the Court under Nevada Rule of Civil Procedure 23(e) and payment by Builder and Classic Plumbing of their respective shares of the Settlement – fully, finally and generally released, acquitted, forever discharged, and absolved, except as specifically provided for herein, Classic Plumbing and Builder (including any and all of their employees, agents, principals, representatives, stockholders, heirs, partners, joint venturers, assigns, administrators, trusts, trustees, beneficiaries, parents, related entities, owners, officers, directors, insurers, predecessors, successors in interest, subsidiaries, and/or attorneys) from any and all conceivable losses, damages or injuries arising from or in any way related to the Settled Claims, including, without limitation, manner of action or actions, cause or causes of action, claims, demands, damages, losses, costs or expenses, whether known or unknown, fixed or contingent, asserted or unasserted, foreseeable or unforeseeable, liquidated or unliquidated, unanticipated or unsuspected, which claims were asserted, or may be asserted in the future, that the Subclass Members and the Subclass Representative has or may have against Classic Plumbing and Builder (and any and all of their employees, agents, principals, representatives, stockholders, heirs, partners, joint venturers, assigns, administrators, trusts, trustees, beneficiaries, parents, related entities, owners, officers, directors, insurers, predecessors, successors in interest, subsidiaries, and/or attorneys), arising from or in any way related to the use and/or installation of the Kitec Plumbing Systems at the Subclass Residences, including the claims alleged in the underlying and operative Amended Complaint filed in the Class Action.

A. Pursuant to the Settlement Agreement, the Subclass Members reserve any claims, rights, or remedies against any Approved Plumbing Contractor, material supplier, or any other third-party arising from or in any way related to the Work for the Replacement Plumbing.

B. Subclass Representative and Subclass B Members, by and through their Subclass Representative, recognize that they may have some claim, demand, or cause of action against the Builder (including any and all of its employees, agents, principals, representatives, stockholders, heirs, partners, joint venturers, assigns, administrators, trusts, trustees, beneficiaries, parents, related entities, owners, officers, directors, insurers, predecessors, successors in interest, subsidiaries, and/or attorneys) of which they are totally unaware and unsuspecting, which they are giving up by execution of the Settlement Agreement. This Settlement Agreement will deprive the Subclass B Members and their related individuals and entities of each such claim, demand or cause of action and prevent them from asserting it against the Builder (and any and all of its employees, agents, principals, representatives, stockholders, heirs, partners, joint venturers, assigns, administrators, trusts, trustees, beneficiaries, parents, related entities, owners, officers, directors, insurers, predecessors, successors in interest, subsidiaries, and/or attorneys).

C. The facts upon which the Settlement Agreement is made may turn out to be other than, or different from, the facts now believed by the Settlement B Subclass to be true, and the Subclass B Members and Subclass Representative therefore expressly assume the risk of the facts turning out to be different than they believed them to be. Subclass Representative and Subclass also agree that the Settlement Agreement will in all respects be effective and not subject to termination or rescission because of any such mistaken belief by the Subclass B Members.

9. Assignment of Claims to Builder. As a result of the Settlement, all rights to the Subclass B Members' claims, actions and/or causes of action against any plumber responsible for plumbing any Settlement Subclass B Residence with Kitec Plumbing Systems including, but not limited to, Cox & Sons Plumbing, D.R. Bowles Plumbing, Lakewood Plumbing, Majestic

Plumbing and Sharp Plumbing, arising from or in any way related to the Settled Claims and any claims for relief or compensation by the Subclass Representative and/or any Subclass B Member, including, but not limited to, claims to receive damages, monies, payments, fees, costs, repair or replacement of the Kitec Plumbing Systems at the Subclass B Residences and or the Replacement Plumbing, and any and all claims to receive damages, costs, or remedies associated with the failure of the Kitec Plumbing Systems at any of the Subclass B Residences, will be deemed assigned, conveyed and transferred, without limitation, to Builder up to the amount paid by or on behalf of the Builder (\$10,879,905.97) in this Settlement.

10. Potential Risk to Subclass B Members. This Settlement is **NOT CONTINGENT** upon the outcome of the Ipex Settlement (\$90 Million settlement) appeal. Therefore, regardless of the outcome of the Ipex Settlement – and the related funding of the Ipex Settlement – this Settlement will remain in full force and effect. Therefore, Subclass B Members and Class Counsel bear the risk of failing to recover any funds from the manufacturer of the Kitec Plumbing systems. In the event the \$90 Million from the Ipex Settlement is not transferred to Class Counsel, then Class Counsel, on behalf of Subclass B, will make efforts to secure a re-newed settlement with, or obtain a judgment against, IPEX in the Class Action. In the event Class Counsel secures a settlement with, or obtains a judgment against, IPEX relating to this Settlement Subclass, Class Counsel will immediately fund the proportionate share (on a percentage basis of the recovery) of the funds recovered to the Qualified Settlement Fund up to \$10,249,469 for the benefit of Subclass B.

11. Richmond Communities where Subclass B Homes are Located.

RICHMOND AMERICAN SUB-CLASS B COMMUNITIES*		
Anthem Parcel I	Cobblestone Village	Mystic Valley
Anthem Parcel II	Encore 19	Palmas Verde
Aspen Hills II	Galena Pointe	Richmond Heights
Aurora	Glenmoor	Sandstone
Aurora II	Glenmoor II	Sandstone II
Avellino Estates	Iron Horse Estates	Sandstone III
Aviara	Madera 45 & 50	Sandy Ridge
Belcrest	Meridian Hills	Solaro
Bella Vista	Monarch Estates	Somerset
Black Mountain Vistas	Monterey	The Trails at Spring Mtn Ranch
Bonita Hills	Mystic Bay	
Brookhaven	Mystic Canyon	

*Not every home located within these communities is included in the Richmond Subclass B settlement.