

THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA :
 :
 :
 v. : **No. 10-7242**
 :
 :
 DeMARCO REI, INC., :
 OPM GROUP, LLC, and :
 ANTHONY J. DeMARCO, III :

STIPULATION AND ORDER

AND NOW, this ____ day of _____, 2011, it is hereby
STIPULATED AND AGREED between the undersigned parties that:

1. The following terms shall have the following meanings in this Stipulation and Order:
 - (a) Attached hereto at Exhibit A is a table. The properties listed in the first column, "Subject Property," are hereafter termed "Properties," collectively, or "Property," individually.
 - (b) The persons listed in the second column of Exhibit A, and identified by their initials, are hereafter termed "Original Homeowner(s)."
 - (c) The persons listed in the third column of Exhibit A, and identified by their initials, are hereafter termed "Borrower(s)."
 - (d) The financial institutions listed in the fourth column of Exhibit A are hereafter termed "Financial Institutions."
 - (e) "Original Homeowner Committee" is comprised of Robert Cocco, Esq., Richard Myers, Esq., Kyle Rosenkrans, Esq., and Linda Fisher, Esq.

(f) “United States Attorney’s Office” shall mean the United States Attorney’s Office for the Eastern District of Pennsylvania, 615 Chestnut Street, Suite 1250, Philadelphia, PA, 19106, attention Michael S. Blume and/or Stacey L.B. Smith.

(g) As used herein, the term “its,” when used to modify the term “Property” (or “Properties”), shall refer to the Financial Institution that is identified in the same row as that Property (or those Properties) on Exhibit A.

2. As previously determined by the Court, the requirements of 18 U.S.C. § 1345 have been satisfied with respect to this matter. Defendants and the Borrowers are restrained from committing any banking law violation as defined by 18 U.S.C. § 3322(d). Defendants and the Borrowers and their agents, officers and employees and all persons in active concert or participation with them are restrained from transferring, selling, assigning, dissipating, concealing, encumbering, impairing or otherwise disposing of, in any manner, the Properties, and shall preserve all business, financial, accounting, and other records concerning the operations of DeMarco REI, Inc. and OPM.
3. Neither the Financial Institutions, the Borrowers, nor any persons or entities receiving notice of this Stipulation and Order will eject persons from, transfer, sell, assign, dissipate, conceal, encumber, impair, or otherwise dispose of, in any manner, the Properties in violation of the terms of this Stipulation and Order.

4. The Financial Institutions shall preserve all business, financial, accounting, and other records concerning the operations of DeMarco REI, Inc. and OPM.
5. Within five (5) business days of the entry of this Stipulation and Order, the United States Attorney's Office will send, by first class and certified mail, a letter to the Borrowers. The United States Attorney's Office shall send the letter to the last known address of each Borrower and to any attorney who represents said Borrower in this matter, if the United States Attorney's Office is aware of such an attorney. The letter shall (a) state that a mediation process is in place concerning the Properties; (b) state that one goal of the mediation process is to transfer ownership of the Properties from the Borrowers, if such a transfer is possible; and (c) request that the Borrowers forthwith contact the United States Attorney's Office to begin the process of discussing such a transfer. The letter shall include a copy of this Stipulation and Order.
6. Each Financial Institution, shall, for each of its Properties, prepare a cover letter and information request package, addressed to the Original Homeowner of the Property. The letter shall include, at a minimum, contact information for a representative of the Financial Institution and contact information for the Original Homeowner Committee. The information request package shall include, at a minimum, a list of documents and/or items of information that the Financial Institution requires that the Original Homeowner produce to allow the Financial

Institution to evaluate the Original Homeowner for a mortgage loan and/or assumption of loan. The information request package shall also include whatever instructions are necessary to assist the Original Homeowner in responding to the information request package. Unless otherwise specified herein, the Financial Institutions shall provide the letters and information request packages, along with pre-addressed, postage prepaid envelopes for use in returning information responsive to the information request packages, to the United States Attorney's Office within ten (10) business days of the entry of this Stipulation and Order.

7. Within five (5) business days of receiving from the Financial Institutions the material described in paragraph 6, the United States Attorney's Office will send, by first class and certified mail, to the last known address of each Original Homeowner:
 - (a) a letter explaining the status of this action and explaining that the Court and interested parties are seeking to craft a process by which the Properties can be returned to the Original Homeowners subject to a lien in favor of a Financial Institution;
 - (b) an acknowledgment form certifying that the Original Homeowner wishes to participate in this action, which form will explain that, by choosing to participate in this action, he/she will be bound by the terms of paragraph 11, below;
 - (c) the applicable cover letter and information request package prepared by the Financial Institutions for each of its Properties; and

- (d) pre-addressed, postage pre-paid envelopes for use in returning the acknowledgment form and information responsive to the information request package.

The United States Attorneys' Office may send the letter and materials required by this paragraph to counsel for the Original Homeowner if the United States Attorneys' Office knows the identity of such and said counsel must expeditiously forward said material to his or her client(s).

The United States Attorneys' Office shall maintain a record providing the date on which it mailed each letter and will provide a copy of said record to the counsel for the Financial Institutions.

- 8. Within 21 days of the date of this Order, each Financial Institution will provide to the United States Attorney's Office the following information to the extent possible about each of its Properties:
 - (a) the name and contact information for the titled owner of the Property;
 - (b) the status of any mortgage loan on the Property, including, without limitation, a description of the stage on which any foreclosure proceeding stands;
 - (c) any person or entity that served as a title or settlement agent for any sale of the Property by the Financial Institutions;
 - (d) a list of liens that exist on the Property; and
 - (e) the identity of any entity that has an interest in any mortgage loan - as holder, investor, or servicer - on the Property.

To the extent that the Financial Institution is not able to provide all of the information required in this paragraph within the applicable time frame, the Financial Institution shall provide such information as is available and shall provide any missing information as required by this paragraph if, and when, it becomes available.

9. If, for any of its Properties, the Financial Institution is not the financial institution that (a) holds a mortgage loan on the Property; (b) services any mortgage loan on the Property; or (c) owns the Property (by way of a foreclosure action), then the Financial Institution shall, as soon as is practicable, identify the entity or person that holds a mortgage on the Property, services any mortgage loan on the Property, and/or owns the Property. To identify such an entity or person means to identify both the relevant entity or person and the name and, to the extent possible, contact information of a representative of that entity or person who has the authority to participate in this action. The Financial Institutions shall identify the relevant entity or person to the United States Attorney's Office. Upon such notification, the United States Attorney's Office shall forthwith provide notice of this Stipulation and Order to the relevant entity or person, which entity or person will then be bound by the terms of this Stipulation and Order unless excused by Order of the Court upon application. Notice will be in the form of a certified letter. Within ten business days of receiving notice of this Stipulation and Order from the

United States Attorneys' Office, the entity or person receiving said notice shall comply with the terms of paragraph 6 of this Stipulation and Order.

10. Original Homeowners shall respond to the letters from the United States Attorney's Office described in paragraph 7 as follows:
 - (a) The Original Homeowner shall return a signed acknowledgment that the Original Homeowner wishes to participate in this action. The Original Homeowner shall send that acknowledgment to the United States Attorney's Office.
 - (b) The Original Homeowner shall provide information responsive to the information request package. The Original Homeowner shall send such information to the Financial Institutions.

The responses described in subsections (a) and (b) herein must be postmarked no later than 45 days from the date of mailing of the letter from the United States Attorney's Office. If an Original Homeowner does not fully respond within the applicable time frame, the Financial Institutions shall promptly notify the Original Homeowner of the deficiency in writing via first class mail and the Original Homeowner will have ten (10) business days to fully respond. If the Original Homeowner does not then fully respond, the Original Homeowner will be deemed to have chosen not to participate in this action. If an Original Homeowner fails to respond to the letter described in paragraph 7 within forty-five (45) days from its mailing date, the Original Homeowner will be deemed to have chosen not to participate in this action. A decision by an Original

Homeowner not to participate in this action will not extinguish, release, or otherwise affect any rights or claims that the Original Homeowner may have with against or with respect to any Financial Institutions, Borrower, Property, mortgage loan, or otherwise. However, the Financial Institution with respect to that Original Homeowner's Property will no longer be bound by the terms of this Stipulation and Order and may exercise any and all rights it may possess with respect to the Property, by the filing of a Notice of Exclusion of Property, which shall generally state the reason for the properties' exclusion (hereinafter, "Notice of Exclusion"), in the form attached hereto as Exhibit "B".

11. For each Property, upon the timely signature of the Original Homeowner of the acknowledgment form and submission of information described in paragraph 10, the Financial Institution and the Original Homeowner shall be bound to the following terms:
 - (a) neither the Financial Institutions nor the Original Homeowner will commence any legal proceeding against the other;
 - (b) if there is any pending legal proceeding involving both the Financial Institutions and the Original Homeowner, each shall endeavor to stay that proceeding;
 - (c) the Financial Institutions shall not commence a foreclosure proceeding with respect to the Property formerly owned by the Original Homeowner (i.e., the Property corresponding to the Original Homeowner on Exhibit A);

- (d) if there is any pending foreclosure or other legal proceeding involving the Financial Institutions and the Property formerly owned by the Original Homeowner (i.e., the Property corresponding to the Original Homeowner on Exhibit A), the Financial Institutions may obtain a judgment of foreclosure on the Property, but may not proceed to the sale of the property; and,
- (e)
 - (i) all statutes of limitations, and any and all other time-related defenses, applicable to any claim the parties may have against each other shall be tolled from the period beginning on the date that the acknowledgment form is signed (“Tolling Period”); and,
 - (ii) the Tolling Period shall be excluded from the computation of time in any time-related defense asserted by the Financial Institutions or the Original Homeowner in any action either files, intervenes in, or otherwise commences against the other after termination of the applicability of this paragraph 11. The Tolling Period shall end as of the date of the filing of the Notice of Exclusion of Property with respect to that Original Homeowner’s Property.
- (f) The Original Homeowner will cooperate with any reasonable request from the Financial Institution, including, but not limited to, a request for verification of income or additional financial information and/or a request to conduct an appraisal of the Property including its interior.

12. Each Financial Institution may offer, but is not obligated to offer, to the Original Homeowner a loan or the assumption of the Borrower's existing loan to finance the return of the Property formerly owned by the Original Homeowner. Each Financial Institution may offer, but is not obligated to offer, to the Original Homeowner any other means of loss mitigation including, by way of example only, a cash for keys settlement or a short pay off in which the Original Homeowner obtains a third party loan and the Financial Institution accepts a short payoff of the Borrower loan. Each Financial Institution will inform each Original Homeowner, the Original Homeowner Committee, and the United States Attorney's Office in writing of any offered loan or assumption or the decision to not offer a loan or assumption. Where a loan or assumption is offered, each Financial Institution need not inform the United States Attorney's Office and the Original Homeowner Committee of any counter-offer or other negotiations. The Original Homeowners agree that some Financial Institutions may not be able, and are not obligated to offer a new loan, assumption or any other resolution acceptable to the Original Homeowner.
13. Any loan or assumption of loan offered by the Financial Institution may be conditioned upon the approval of any investors or owners for whom the Financial Institution is servicing the loan of the Borrower and the ability of the Original Homeowner to regain clear, marketable and insurable title to the Property. Each Financial Institution shall determine, in its sole discretion, whether title is clear, marketable and insurable. However, the

existence of liens or other impediments to clear, marketable and insurable title shall not serve to automatically exclude the property from this action or from the mediation process. The terms of the loan or assumption of loan referenced in paragraph 12, and how the Financial Institution arrives at those terms, shall be wholly within the discretion of the Financial Institution. Should an Original Homeowner accept those terms, the Original Homeowner shall agree as a material condition thereto to: (i) release and discharge any and all claims, suits, and causes of action against the Financial Institution and any and all of its parents, subsidiaries, predecessors, successors, officers and/or employees arising out of or related to the sale of their Property to the Borrower, the financing of the purchase of their Property by the Borrower, the operations of DeMarco REI, Inc. and OPM Group, LLC and/or the terms of the loan being extended to the Original Homeowner; (ii) execute any and all documents, including but not limited to, a note and mortgage, necessary to evidence and secure the loan or evidence the assumption of the Borrower's existing loan.

14. Should the Original Homeowner wish to proceed to mediation in the event the Financial Institution declines to offer a loan or assumption of loan or the Original Homeowner rejects the loan or assumption of loan offered by the Financial Institution, he or she must elect, in writing, within ten (10) business days of receipt of the notification referenced in paragraph 12 to proceed to mediation with the Financial Institution. The notification

referenced in paragraph 12 shall include a form by which the Original Homeowner can indicate his or her intent to proceed to mediation, and a stamped, addressed envelope in which the completed form may be mailed to the United States Attorney's Office. Said mediation must be completed within 100 days of the date on which the Financial Institution delivers the notification referenced in paragraph 12 to the Original Homeowner. The Financial Institution may request to be excused from participation in mediation, upon a written request to the Court explaining the factual basis for its request. The Original Homeowner may respond in writing within fourteen (14) calendar days of receipt, and appear before the Court, if oral argument has been ordered. Should an Original Homeowner not elect to proceed to mediation, then the Financial Institution must file a Notice of Exclusion at which time the Financial Institution will no longer be bound by the terms of this Stipulation and Order and may exercise any and all rights it may possess with respect to the Property.

- (a) Should a mediation occur and prove unsuccessful, the mediator, after consulting with the Original Homeowner and counsel for the Financial Institution, may refer the matter to a designated United States Magistrate Judge for a further mediation. The mediator shall only do so if he or she believes in the exercise of his or her reasonable judgment that a further mediation may reasonably be expected to result in an agreement. The mediator must refer the

matter in writing within five (5) business days of the unsuccessful mediation session.

15. If, at the conclusion of all mediation sessions, the Financial Institution declines to offer a loan or assumption of loan or the parties fail to reach agreement on the terms thereof, the Financial Institution must file a Notice of Exclusion, at which time, the Financial Institution will no longer be bound by the terms of this Stipulation and Order and may exercise any and all rights it may possess with respect to the Property.
16. The terms of this Stipulation and Order shall not apply to any Property determined to have been an investment property which the Original Homeowner never occupied or used as his or her primary residence.
17. Nothing in this Stipulation and Order shall prevent a Financial Institution from recording a deed received as a result of a foreclosure sale already completed; and/or from completing a deed-in-lieu transaction that is pending but not yet complete.
18. Within 100 days of the entry of this Stipulation and Order, the government shall report to the Court. The report shall include, without limitation: a description of the actions taken with respect to this Stipulation and Order.
19. Application may be made to modify the terms of this Stipulation and Order.

[Insert Signature Blocks]

APPROVED BY THE COURT:

HONORABLE MICHAEL M. BAYLSON
Judge, United States District Court

Exhibit A

Exhibit B

THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA :
 :
 v. : **No. 10-7242**
 :
 DeMARCO REI, INC., :
 OPM GROUP, LLC, and :
 ANTHONY J. DeMARCO, III :

NOTICE OF EXCLUSION OF PROPERTY

Please take notice that the following property is excluded from the above action:

Property No. _____

Property Address: _____

Reason for Exclusion

- ___ Original Owner Did Not Respond Within 45 Days
- ___ Original Owner Declined Offer and Did Not Opt for Mediation
- ___ Financial Institution Did Not Make Offer and Original Owner Did Not Opt for Mediation
- ___ Mediation Did Not Result In an Agreement
- ___ The Property Was Never Occupied By The Original Homeowner Or Used As His Or Her Primary Residence.

Upon filing of this Notice, the Financial Institution or anyone else having a right, may proceed with its rights under its agreement with the Borrower.