

**IN THE IOWA DISTRICT COURT FOR LEE COUNTY  
AT FORT MADISON**

TONY W. ROSS, et al.,	)	Case No. LALA03946
	)	
Plaintiffs,	)	
	)	
v.	)	
	)	
THOUSAND ADVENTURES OF IOWA, INC., et al.,	)	
	)	
Defendants.	)	

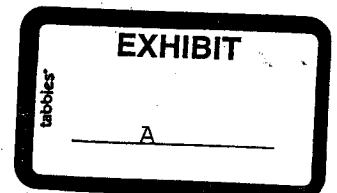
**SETTLEMENT AGREEMENT AND MUTUAL RELEASE**

This Settlement Agreement and Release ("Settlement Agreement" or "Agreement") is entered into between Allstate Financial Services, Inc., now known as Harbourton Capital Group, Inc. (hereinafter referred to as "Allstate"), and plaintiffs, Tony Ross, Brian and Toni Hammond, George and Nadine Hess and Don and Donna Gerbeling, individually and on behalf of all present and former Thousand Adventures campground members (collectively referred to as "Members") in a lawsuit pending in the Iowa District Court for Lee County at Fort Madison ("Court"), styled Ross v. Thousand Adventures of Iowa, Inc., et al., No. LA LA 003946 ("Lawsuit").

**RECITALS**

The purpose of this agreement is to fully settle and resolve all outstanding issues and disputes that exist between Allstate and the Members (without any admission of liability by Allstate) including, but not limited to, all of the claims alleged by the class of Members in the Lawsuit.

- A. The Members purchased campground memberships from Thousand Adventures, Inc., or one of its several subsidiaries (collectively referred to as ("TAI") and



financed the purchase in part by executing a retail installment contract ("Consumer Notes") which required the member to make periodic payments.

- B. Certain of these Consumer Notes were assigned, sold, hypothecated or otherwise transferred to various third parties, such as Allstate. Allstate has collected certain sums of money from TAI members on these Consumer Notes. Allstate has since assigned, sold, hypothecated or otherwise transferred its interest in the majority of the Consumer Notes to one or more third parties.
- C. Some or all of the Consumer Notes bore the following language: "NOTICE: ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO ALL CLAIMS AND DEFENSES WHICH THE DEBTOR COULD ASSERT AGAINST THE SELLER OF GOODS OR SERVICES OBTAINED PURSUANT HERETO OR WITH THE PROCEEDS HEREOF. RECOVERY HEREUNDER BY THE DEBTOR SHALL NOT EXCEED AMOUNTS PAID BY THE DEBTOR HEREUNDER."
- D. TAI is no longer in business and can no longer provide the membership services which the members purchased.
- E. The Members have asserted various claims in the Lawsuit against Allstate and other third-parties to recover, among other things, amounts paid by the Members.
- F. Plaintiffs believe that Allstate is in possession of documents and other evidence that will be useful and valuable to the Members' claims against other parties.

## DEFINITIONS

### The Class

The class of Members who will be bound by this Settlement Agreement are defined as all current or former Members (and their heirs, successors or assigns) of TAI or any of its affiliates, subsidiaries, assignees or successors from the inception of TAI to the present. They are referred to as the "Class."

### Class Representatives and Counsel

The class representatives are the named plaintiffs in this action: Tony Ross, Brian and Toni Hammond, George and Nadine Hess, and Don and Donna Gerbeling. They are referred to as the "Class Representatives." The Class counsel is Doug Napier of Napier, Wolf & Napier, 607 Eighth Street, Suite One, Fort Madison, Iowa 52627-2805 and who is referred to as "Class Counsel."

## TERMS AND CONDITIONS

The parties agree as follows:

- A. In exchange for the considerations outlined herein and the promises made by each party, the parties agree to fully and finally settle all outstanding claims for an aggregate amount of \$120,000 (the "Settlement Amount") in the following manner.
  1. Upon final approval of the Settlement Agreement, \$80,000.00 shall be paid into the "Thousand Adventures Trust Fund" which is a common fund established for the benefit of all TAI members regardless of whether Allstate ever held their Consumer Note or not. The Trust Fund has been established to hold settlement payments by other defendants in this action.

These funds are currently held in a segregated account in the name of Class Counsel for the benefit of Class Members.

2. \$40,000.00 shall be paid to the class attorneys as attorneys fees, subject to approval by the Court. Class attorneys will accept a lesser amount as full satisfaction of his fees, if so ordered by the Court, with the difference being paid into the Trust Fund. Allstate will not object to any award of attorneys' fees of up to \$40,000.
  3. Upon Conditional Approval by the court of this settlement, Allstate agrees to escrow \$120,000 to secure the payment of the Settlement Amount ("Escrow Fund"). Upon Final Approval by the court of this Agreement and the expiration of any approval period, the amount in the Escrow Fund shall be disbursed in accordance with Paragraphs 1 and 2 above.
- B. In addition to the Settlement Amount, up to \$5,000 shall be expended by Allstate in the search, retrieval, duplication, explanation and delivery of documents and other evidence in the possession of Allstate or obtainable by Allstate which relate to this litigation.
- C. Allstate shall forgive all remaining principal balances owed on any Consumer Notes which may be currently held by Allstate and shall be permanently enjoined from collecting any further amounts on these notes, or from transferring such notes to any third party. Any original notes which are in the possession of Allstate shall be turned over to the class representatives.

- D. Plaintiffs agree to pay the cost of posting notice of this settlement on the website of the National Association of Members ([www.natlassoc.com](http://www.natlassoc.com)) and pay the expense of mailing notice to approximately 2000 Members who have registered with Class Counsel.
- E. Allstate agrees to pay for the costs associated with mailing notice to the last known mailing address of approximately 2000 Members whose retail installment contracts are believed to have been assigned, sold, hypothecated or transferred to Allstate at some time.
- F. The parties shall make joint application in the Iowa District Court in and for Lee County ("Iowa District Court") for an order (the "Conditional Approval of Settlement and Notice Procedures") approving procedures providing for good and sufficient notice of this Settlement Agreement, and the binding nature thereof, on all members of the Member Class (which procedures shall include good and sufficient notice of settlement in the Class Action in accordance with applicable class action law and procedures.)
- G. Notice of the proposed Settlement Agreement shall be made in accordance with the terms of the Conditional Approval Order, but shall include at a minimum
- 1) direct mailed notice to all members who have registered with class counsel;
  - 2) direct mailed notice to the last known address of all members whose retail installment contracts were assigned, sold, hypothecated or transferred to Allstate;
  - and 3) publication on the internet on the website of the National Association of Members ([www.natlassoc.com](http://www.natlassoc.com)).

- H. The order conditionally approving this Settlement Agreement shall provide that the release, discharge and satisfaction of claims provided for herein is binding on all Members not opting out of the Member Class, provided however, to the extent any member of the Member Class has a right of opt out under applicable law, and exercises such right of opt out in accordance with applicable law (the "Opt Out Members") and the number of such Opt Out Members exceeds twenty-five (25), Allstate shall have the option to terminate this agreement and immediately recover all funds in the Escrow Fund and all parties rights and defenses will be preserved without prejudice.
- I. Following Final Approval of this Settlement Agreement by order of the Iowa District Court, the parties shall jointly authorize payment of the Settlement Amount from the Escrow Fund in accordance with the court order. Any excess funds in the Escrow Fund shall be returned to Allstate.
- J. Upon Final Approval of the Settlement Agreement, the Members shall be deemed to have fully and finally released all claims of every kind and description, known or unknown, which they have against Allstate, its officers, directors, employees, agents, advisors, attorneys, predecessors, successors, assigns, or affiliates, including, without limitation, Harbourton Capital Group, its officers, directors, employees, agents, advisors, attorneys, predecessors, successors, assigns or affiliates arising out of or otherwise relating to any transaction of any nature with TAI or any TAI affiliate, including, but not limited to, those claims set forth in the Lawsuit.

- K. In conjunction with final approval of the Settlement Agreement, and upon completion of the distribution of the Settlement Amount, the Members shall execute a Dismissal With Prejudice in Iowa District Court finally dismissing the lawsuit against Allstate.
- L. Allstate will release any and all retail installment contracts held by Allstate or any of its affiliates, assigns, or successors and will disavow any right of entitlement to receive any proceeds thereof. To the extent reasonably identifiable, Allstate will provide the Class Representative with a list of any and all persons or entities that Allstate has sold, assigned or otherwise transferred any retail installment contracts to, and shall provide a list of all parties from whom Allstate acquired the Consumer Notes. To the extent any proceeds of any retail installment contract comes into the possession of Allstate after the date of this settlement, Allstate shall return such payments directly to the individual Member to the extent practical and if not practical, then such amount shall be sent to Class Counsel for the Members and such payments shall either be refunded to the Member or deposited into the Thousand Adventures Trust Fund.
- M. If the settlement is approved, Allstate agrees that it will not assert any claim against Northeast National Bank or Northwest National Bank, two banks located in Dallas, Texas for any amounts paid under this agreement whether such claim is for contribution or otherwise related to the Thousand Adventures transactions so long as Northeast National Bank or Northwest National Bank do not seek any payments from Allstate for contribution or otherwise related to the Thousand Adventures transaction.

- N. In the event that the Iowa District court fails to approve this Settlement Agreement, the parties agree that it shall be without force and effect and none of its provisions shall be deemed to prejudice or impair any of the rights or remedies of the parties. The parties further agree that Allstate shall be entitled to the immediate return of all monies in the Escrow Fund. The parties may, by mutual written agreement, reform this agreement to address any particular objections of the court(s) and shall make a good faith effort to effectuate the terms of this settlement.
- O. All matters relating to the interpretation hereof and relating to the Class of Members shall be determined by the Iowa District Court in and for Lee County.
- P. The parties represent that this constitutes the entire agreement among them in this matter. This Settlement Agreement may not be changed, modified or altered in any way or manner except in writing, signed by the respective parties or their attorneys. This Settlement Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, executors, administrators, successors and assigns. However, this agreement shall not have the effect of releasing or diminishing the liability of any third party who has directly or indirectly received proceeds from any member retails installment contracts which were sold, assigned, hypothecated or otherwise transferred to or from Allstate.
- Q. This Settlement Agreement shall be deemed to be a contract made under the laws of the State of Iowa and shall be governed in accordance with the laws of said State.

R. This Settlement Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

S. This settlement is intended to inure to the benefit of the parties identified herein and no part of this settlement is intended to release or reduce the liability of any other defendant or third party for similar claims or for joint and several liability for common actions or activities relating to the class. For purposes of any court review, this agreement shall be treated as a "covenant not to sue" or a "forbearance agreement" so as to not prevent the members from obtaining judgment from other parties for similar or identical claims. The parties specifically acknowledge that some of the members' retail installment contracts may have been held or owned by multiple parties during the term of the note and this agreement applies only to the limited liability of Allstate for sums collected by Allstate. The parties agree that if any court should determine that the language of this agreement shall have the affect of eliminating or reducing the liability of any third party, the language of this settlement shall be amended to avoid such a

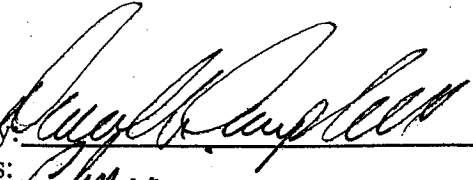

result. Any such amendment made will not affect the full and final release of Allstate by the Members.

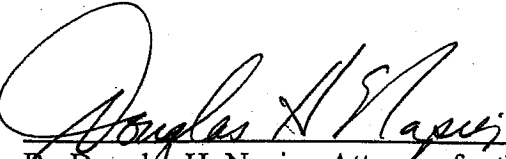
Dated this 10<sup>th</sup> of February, 2005

Dated this 10<sup>th</sup> of February, 2005

Allstate Financial Services, Inc., now known as Harbourton Capital Group, Inc.

Tony Ross, Brian and Toni Hammond, George and Nadine Hess, and Don and Donna Gerberling, for themselves and the Class of Members

By:   
Its: 

  
By: Douglas H. Napier, Attorney for the Class

CH2\1173962.1