

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: March 2, 2011, at 1:30 p.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 JOHN LAING SETTLEMENT HOMES THAT CONTAIN OR AT ANY TIME CONTAINED A KITEC OR PLUMB BETTER (“KITEC”) PLUMBING SYSTEM – 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 constructed by WL HOMES LLC dba JOHN LAING HOMES (“Builder”) that are believed to contain Kitec or PlumbBetter plumbing systems and are located within the developments known as Arbor Gate aka Arbor Park, Dakota/Solera, Four Seasons aka Orchard Valley at Elkhorn Springs, Four Winds aka Tule Springs Ranch, Paloma, Sage Creek aka Moondance at Silverado Ranch, Whisper Creek, and Wildflower III, which includes a total of 849 homes (“the Settlement Subclass”), to notify the Settlement Subclass members that a Settlement has been reached with Builder that will create a settlement fund for the benefit of the Settlement Subclass members to pay for the replumb of certain Settlement Subclass homes and provide additional benefits as described below (“the Settlement”). **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 Settlement and set a Fairness and Good Faith Settlement Hearing (“Fairness Hearing”) to consider the fairness, adequacy, and reasonableness of the Subclass Settlement. **The hearing will be held on March 2, 2011 at 1:30 p.m., in the Eighth Judicial District Court, Dept. 16, Courtroom 12D of the Regional Justice Center, located at 200 Lewis Avenue, Las Vegas, Nevada.**

YOUR LEGAL RIGHTS AND CHOICES		DUE DATE
WITHDRAW YOUR PRIOR REQUEST FOR EXCLUSION FROM THE CLASS (“OPT-OUT”) AND SUBMIT REQUEST TO REJOIN	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 Settlement. After your Request to Join Subclass Settlement is received, you will be eligible to receive the benefits contemplated by the Settlement.	FEBRUARY 23, 2011
ACCEPT SETTLEMENT	If you wish to participate 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.	FEBRUARY 23, 2011
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.	FEBRUARY 23, 2011
DO NOTHING	If you do nothing, you will be bound by this Settlement and be eligible to receive the benefits of the Settlement if you are a member of the Subclass.	N/A

- Your rights and options under this Settlement – **and the deadlines for each** – are explained in this Notice.
- The Court in charge of this litigation 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 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 the Subclass 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 the Subclass. **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 within 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.** Any proceeds from this Class Action, after attorneys’ fees and costs have been paid, will be used for the benefit of Class Members under Court supervision.

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 of \$1,324,500.00 to be used for the benefit of the Subclass members to pay for the replumb of homes with Kitec plumbing systems and other benefits as outlined below. This amount consists of the net funds from the prior Court-approved settlement with Builder’s plumbing subcontractor, Classic Plumbing, Inc. (“Classic Settlement”). This Settlement resolves claims related to approximately 849 homes constructed by Builder, which include: 1) approximately 326 homes that previously received replumbs of the Kitec plumbing system from Builder (“Replumb Homes”); 2) approximately 334 homes that previously received retrofits of the Kitec plumbing system from Builder (“Retrofit Homes”); and 3) approximately 189 homes that have received no prior relief or repairs from Builders (“Kitec Homes”). Builder and/or its insurers spent more than \$8,000,000 to make the prior repairs in the Replumb Homes and the Retrofit Homes (collectively as “Repaired Homes”) prior to Builder entering bankruptcy proceedings. Based on Builder’s bankruptcy status and the substantial funds it expended on the Repaired Homes, no settlement funds will be paid by Builder or its insurers to contribute to this Settlement Fund, and Builder is legally entitled to receive a partial reimbursement of the money it spent on fixing the Repaired Homes. The Court has already approved two prior settlements that provide funds for the benefit of the Subclass members: (1) the Ipex Settlement as described in detail below (see Section 4), and (2) the Classic Settlement. Currently, the Subclass members are entitled to their pro-rata shares of the net funds from the Ipex Settlement and the Classic Settlement. This Settlement contemplates that Builder and/or its insurers will give up all claims against the Ipex Settlement and Classic Settlement for reimbursement of the funds spent to fix the Repaired Homes and allow the net funds from the Classic Settlement to be used to provide replumbs to the Kitec homes and reimbursements for prior Kitec-related damages to the Repaired Homes. In exchange, the Subclass will (1) refund \$849,000 to Builder and/or its insurers from the Subclass’s share of the Ipex Settlement after the Ipex Settlement funds become available; (2) allow the remainder of the Subclass’s share of the Ipex Settlement fund (believed to be approximately \$785,945.00) to be paid to Class Counsel as attorneys’ fees and reimbursement of litigation costs related to this Settlement; and (3) refund up to \$302,000 to Builder and/or its insurers from the Classic Settlement should any funds remain in the Settlement Fund described above after the Subclass members have received all of the benefits of this Settlement. The Settlement Fund will be used on behalf of the Subclass to fund the replumb of the Kitec Homes with a Court-approved repair. Under certain circumstances approved by the Claims Administrator over this Settlement, Settlement funds may also be used to reimburse homeowners for reasonable costs, or a portion of reasonable costs, already expended by homeowners in the prior replumb or repair of their Kitec plumbing system:

- Kitec Homes (Replumbs)** – For homeowners who have not already replumbed their home and have not previously received a replumb or retrofit from Builder, this Settlement will seek to fund the replumb of the Kitec plumbing system currently installed in their home with the Court-approved repair.
- Kitec Homes (Reimbursement)** – For homeowners who have previously paid for a replumb at their own expense, and did not previously receive a replumb or retrofit from Builder, this Settlement will initially provide a pro-rata distribution of the Settlement Fund to reimburse the homeowner for reasonable out-of-pocket expenses. If homeowners’ existing out-of-pocket expenses exceed the amount of the initial pro-rata distribution, homeowners may request additional reimbursement for reasonable expenses from the Claims Administrator. If the request is approved, additional reimbursement for reasonable costs may be provided if additional funds are available after the initial pro-rata distribution of the Settlement Fund and the replumb of all non-repaired Subclass homes is completed.
- Replumb Homes & Retrofit Homes** – For homeowners who have previously accepted a replumb or retrofit from Builder, this Settlement will not provide a replumb or an initial pro-rata distribution of the Settlement. If owners of Replumb Homes or Retrofit Homes have existing out-of-pocket expenses related to the Kitec plumbing system originally

installed in their homes, then the homeowners may request reimbursement for reasonable expenses from the Claims Administrator. If the request is approved, reimbursement for reasonable costs may be provided if additional funds are available after the initial pro-rata distribution of the Settlement Fund and the replumb of all non-repaired Kitec Homes are completed.

4. Are additional funds anticipated from other parties?

Class Counsel previously reached, and the Court approved, a \$90,000,000.00 settlement with the manufacturer of the Kitec plumbing system and related entities (“Ipex Settlement”). Though the Ipex Settlement was 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 funds are therefore currently segregated in various protected accounts pending the resolution of the appeal. This Settlement, however, 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 the Settlement Subclass. In the event the appeal against the Ipex Settlement is successful, Class Counsel, on behalf of the Settlement Subclass, will make efforts to secure a new settlement with, or obtain a judgment against, IPEX in the Class Action. In the event Class Counsel secures a new 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 the Settlement Amount for the benefit of the Settlement Subclass.

5. 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 Builder Settlement Subclass Representative is John Staples. The Settlement described in this Notice pertains only to the Subclass homes identified in this Notice.

6. 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.

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

You are part of this Settlement if: a) you own a home within the Subclass, which includes 849 homes located in the communities listed in Exhibit A to this Notice, that contains or at any time contained a Kitec plumbing system; and b) you have not previously opted out of the class action. If you do not own one of the homes within Subclass, you are not a part of this settlement. If you own a home in Subclass, but previously opted out of this class action, you may still take part in this Settlement by submitting a Request to Rejoin the Class.

8. 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 the benefits of this Settlement. The notice of the Court’s final approval will explain how to obtain the replumb and/or other benefits 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. If this Settlement is approved by the Court, the Settlement Subclass members will give up their rights to sue Builder on the Kitec-related class claims later but will retain any rights they may have against Builder’s repair subcontractors that performed work on the Repaired Homes.

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

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

10. How soon will the Settlement benefits be distributed?

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 the Kitec Homes that have returned their Claim Forms.

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

Under this Settlement, the Kitec Homes are only entitled to a replumb and are not entitled to a monetary payment. If, however, you already paid out-of-pocket for the replumb of your Kitec Home, then you **may** be entitled to reimbursement. In order to request reimbursement for a prior replumb or damages, you must submit a Claim Form (which you will receive upon final approval of this Settlement) and any supporting documentation that you have to the Claim Administrator, who will then review the merits of the Claim Form and supporting documentation and provide a response to you within 60 days of receipt of the Claim Form. If the Claim Form is approved by the Claim Administrator for reimbursement of a prior replumb, you will then be entitled to a pro-rata share of the Settlement Fund for your home. If your existing out-of-pocket expenses exceed the amount of the initial pro-rata distribution, you may request additional reimbursement for reasonable expenses from the Claims Administrator. If the request is approved, additional reimbursement for reasonable costs may be provided from a contingency fund if additional funds are available after the initial pro-rata distribution of the Settlement Fund and the replumb of all non-repaired Subclass homes are completed.

12. What if I previously accepted a replumb or retrofit from Builder?

If you previously received a replumb or retrofit from Builder to remove the Kitec fittings from your home, then you are not entitled to a replumb or an initial pro-rata distribution from this Settlement, but **may** be eligible for reimbursement if you have additional out-of-pocket expenses because of damages from a Kitec fitting leak. To request reimbursement for reasonable costs, you must submit a Claim Form and any supporting documentation that you have 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. If your request is approved, additional reimbursement for reasonable costs may be provided from a contingency fund if additional funds are available after the initial pro-rata distribution of the Settlement Fund and the replumb of all non-repaired Subclass homes are completed.

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

13. If I previously excluded myself as a member from the Class Action, can I get back in to accept the Settlement benefits?

Yes, but you must first withdraw your prior “opt-out” and submit a Request to Rejoin the Subclass Settlement by February 23, 2011. 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 February 23, 2011, 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

14. What if I do not 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 other Settlement benefits and you will give up your right to sue Builder on these claims later. The Settlement Subclass members will retain any rights they may have against Builder’s repair subcontractors that performed work on the Repaired Homes.

15. 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 concerning Kitec Fittings. The Settlement Subclass members will retain any rights they may have against Builder’s repair subcontractors that performed work on the Repaired Homes.

YOUR RIGHTS – OBJECTING TO THE SETTLEMENT

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

If you are a member of the Subclass, then 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 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- JOHN LAING SETTLEMENT
- The name and title of this lawsuit: IN RE KITEC FITTING LITIGATION, A493302.
- State that the letter is in regard to the John Laing Settlement.
- 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 February 23, 2011, 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

17. What happens if I do nothing?

If you do nothing, you will **not** receive a replumb or the other benefits of this Settlement and you will also **give up your right to sue** Builder on these claims later. As a member of Subclass, 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. The Settlement Subclass members will retain any rights they may have against Builder's repair subcontractors that performed work on the Repaired Homes.

THE LAWYERS WHO REPRESENT SUBCLASS AND WHO NEGOTIATED THIS SETTLEMENT

18. 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. 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
1640 Alta Drive, Suite 11
Las Vegas, NV 89106

19. How will these attorneys be paid?

Although Class Counsel's fee agreement with Class Representatives entitle them to request a contingency fee in an amount equal to 33 1/3% of any sum recovered in any settlement (over \$6,750,000 in Settlement value to the Subclass by this Settlement), Class Counsel has agreed to seek the Subclass's pro-rata share of the Ipex Settlement less the amount refunded to Builder (as described in Section 3) as attorneys' fees for the benefits obtained for the Subclass members. This amount of attorneys' fees will equate to approximately \$785,945.00 which is less than 12% of the Settlement value to the Subclass members. If Class Counsel were awarded attorneys' fees in the amount of 33 1/3% of the Settlement value, then Class Counsel's attorneys' fees would total more than \$2,250,000.00. By requesting attorneys' fees in the manner described above, attorneys' fees and reimbursed litigation costs requested by Class Counsel will be less than \$800,000.00, which will result in a **reduction** of attorneys' fees to which Class Counsel is contractually entitled of almost \$1,500,000.00. Class Counsel's attorneys' fee and cost reimbursement request must still be approved by the Court as reasonable during the Fairness Hearing on this matter.

The Court's Fairness Hearing

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

The Court will hold a Fairness Hearing on **March 2, 2011, at 1:30 p.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 attorneys' fees and expenses.

The Fairness Hearing will be held at:

Regional Justice Center
Courtroom 12D (12th Floor/Department 16)
200 Lewis Avenue
Las Vegas, Nevada 89101

21. 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.

22. 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 16) to the Court that states you wish to appear at the Fairness Hearing and speak.

Getting More Information

23. 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. **This is only a summary of the Settlement Agreement; it has no legal impact upon the terms as provided in the parties' actual agreement, which control.** You may also review, in consultation with such advisors, such as your attorney, as you deem appropriate, the settlement agreement and accompanying documents, to the extent that written documents have been prepared, 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 or other documents memorializing the agreement by making a written request to class counsel at the addresses provided in question 18 above.

1. Creation of 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 Settlement funds paid in settlement of the claims of the Settlement Subclass Members (the "Qualified Settlement Fund"). Subject to the terms of the Settlement Agreement, the Qualified Settlement Fund will consist of \$1,324,500 from the Classic Settlement to be used for the benefit of the Settlement Subclass Members.

2. Use of the Qualified Settlement Fund. The Settlement funds will be generally segregated or dedicated to three purposes: a) the Replumbing Fund (to fund the standard costs associated with the replacement of the plumbing systems in the Kitec Homes); b) the Contingency Fund (to cover the unforeseen costs arising from or in any way related to the Replacement Plumbing which includes, by way of illustration and example only, costs of faux paint, wallpaper, ceramic tile, or other custom finishes, any other design, engineering, construction, repairs, replacement, or inspection necessitated, and the cost of 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); and c) the Claims Administration Fund equal to \$200 dollars multiplied by the total number of homes eligible for Replacement Plumbing, which will be set aside for payment to the Claims Administrator for its services to the Class under this Settlement. Thus, **THIS SETTLEMENT CONTEMPLATES THAT THE ONLY AVAILABLE REMEDY TO THE SUBCLASS MEMBERS IS TO RECEIVE THE REPLACEMENT PLUMBING WITH APPLICABLE WARRANTIES – NOT A MONETARY PAYMENT**, except in those limited circumstances provided for in Section C below. The Settlement Fund will be administered by a Court-appointed Claims Administrator, Total Claims Solutions.

A. Replumbs. The Replacement Plumbing, if any, provided by this Settlement will generally consist of the following: (a) a plumbing contractor approved by the Claims Administrator will drain and remove (or abandon in place, in part or in whole, as permitted by the homeowner) the existing Kitec Plumbing Systems at the Kitec Homes; (b) the Approved Plumbing Contractor will furnish and install a complete, fully functional, and entirely new domestic water supply system at the Kitec Homes 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 home and other property in or on the home 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. 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 will be entitled to a full and complete release of the Settled Claims, regardless of whether Replacement Plumbing at all of the Kitec Homes is completed.

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

C. Reimbursements. In the limited circumstance where the owner of a Kitec Home or his agent or representative has, prior to the Formal Fairness Hearing, replaced the 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 homeowner may be entitled to either: a) Replacement Plumbing; or b) reimbursement of the amount equal to their pro rata share of the Settlement. **IN NO EVENT WILL A SUBCLASS MEMBER BE ENTITLED TO RECEIVE REPLACEMENT PLUMBING AND A REIMBURSEMENT FOR A PRIOR REPLUMB.** If funds remain after all Kitec Home repairs are performed and all contingency costs are paid, then the Claims Administrator may further reimburse qualifying Subclass Members who have incurred and can demonstrate monetary damages that exceed the amount of the initial pro-rata distribution from the Settlement. To qualify for a reimbursement, the homeowner must submit a claim form (“Claim Form”) to the Claims Administrator and the Claims Administrator will review the merits of the Claim Form and provide a response within 60 days of receipt of the Claim Form. The Claim Form will be mailed to each owner of a Settlement Subclass Home following the Final Fairness Hearing.

D. Subclass Members Who Previously Accepted Replumbs or Retrofits from Builder. If the owner of a Settlement Subclass Home previously received a replumb or a retrofit from the Builder of his/her home, then that Subclass Member will not be entitled to a replumb or initial pro-rata distribution from this Settlement, but **may** be eligible for reimbursement for additional out-of-pocket expenses because of a prior replumb or damages from a Kitec fitting leak. To request reimbursement for reasonable costs above the amount previously accepted, Subclass Member must follow the procedures that will be outlined in the Final Notice of Approval.

3. Dismissal of Claims Against Builder. 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 Class in accordance with Rule 23(e) of the Nevada Rules of Civil Procedure, and only after full payment by Builder of the Settlement Funds to the Qualified Settlement Fund, and assuming that there have been no timely appeals of the Final Order, all of the claims against Builder relating to the Settlement Subclass Homes will be dismissed with prejudice.

4. Releases. As a result of the Settlement and following Final Approval, the Settlement Subclass Members will be deemed to have fully and finally released, acquitted, forever discharged, and absolved Builder from any and all conceivable losses, damages or injuries arising from or in any way related to the Settlement Subclass Homes, including, without limitation, 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 these class members have or may have against Builder arising from or in any way related to the installation of the Kitec or PlumbBetter Plumbing Systems in the Settlement Subclass Homes, specifically excluding any claims for personal injury. The Settlement Subclass Members reserve any claims, rights, or remedies against: 1) any parties other than Builder, specifically including but not limited to the plumbers of their Settlement Subclass Homes, except to the extent released by separate agreement and pursuant to a separate settlement with such plumbers, 2) Builder’s subcontractors used to repair the Retrofit Homes and Replumb Homes, and 3) 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. Additionally, the Settlement Subclass Members recognize that they may have some claim, demand, or cause of action against the Builder of which they are totally unaware and unsuspecting, which they are giving up by execution of the Settlement Agreement and that this Settlement Agreement will deprive them of each such claim, demand or cause of action and prevent them from asserting it against the Builder. They further acknowledge that 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 Class to be true, and the Settlement Subclass Members therefore expressly assume the risk of the facts turning out to be different than they believed them to be and agree that the Settlement Agreement will in all respects be effective and not subject to termination or rescission because of any such mistaken belief.

5. Potential Risk to the Settlement Subclass 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, the Settlement Subclass Members 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 released to Class Counsel for the benefit of and use by the Class, then Class Counsel, on behalf of the Class, will make efforts to secure a renewed 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 the Settlement Subclass Homes, Class Counsel will fund the proportionate share (on a percentage basis of the recovery) of the funds recovered to the Qualified Settlement Fund for the benefit of the Settlement Subclass Members.

EXHIBIT A

JOHN LAING SETTLEMENT COMMUNITIES	
Arbor Gate aka Arbor Park	Paloma*
Dakota/Solera (John Laing-built homes only)	Sage Creek aka Moondance at Silverado Ranch*
Four Seasons aka Orchard Valley at Elkhorn Springs*	Whisper Creek*
Four Winds aka Tule Springs Ranch*	Wildflower III*

* Only some of the John Laing-built homes within these communities are believed to have been plumbed with a Kitec plumbing system, which is the subject of this class action. The 849 homes that are included in this Settlement were each mailed a copy of this Notice.