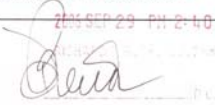


IN THE CIRCUIT COURT OF DAVIDSON COUNTY, TENNESSEE
FOR THE TWENTIETH JUDICIAL DISTRICT AT NASHVILLE

FILED
2018 SEP 29 PM 2:40

STATE OF TENNESSEE,)
)
Petitioner,)
v.)
)
FAIRFIELD GLADE COMMUNITY CLUB,)
a Tennessee nonprofit corporation,)
)
Respondent.)


No. 02C-2575

ASSURANCE OF VOLUNTARY COMPLIANCE

Pursuant to TENN. CODE ANN. § 47-18-107, the State of Tennessee, by and through Paul G. Summers, the Attorney General ("Attorney General"), at the Request of the Director of the Division of Consumer Affairs of the Department of Commerce and Insurance ("Division"), accepts this Assurance of Voluntary Compliance ("Assurance") given by Fairfield Glade Community Club ("Community Club"), a Tennessee nonprofit corporation, located at P.O. Box 2000, Fairfield Glade, Crossville, Tennessee 38558-2000 ("Respondent"). Fairfield Glade Community Club is the property owners' association at Fairfield Glade, Crossville, Tennessee a resort, retirement community developed by Fairfield Resorts, Inc. ("FRI"). Fairfield Resorts, Inc. was formerly known as Fairfield Communities, Inc., which was formerly known as Fairfield Land Development Company.

WITNESSETH:

Some of the facts and circumstances surrounding the execution of this Assurance are as follows:

A. The Attorney General and Division's Position. The Division and the Attorney General conducted an investigation of specific business practices of Respondent at Crossville, Tennessee. These practices include: failing to adequately disclose, at the time a consumer purchased a lot, that the Respondent would and did foreclose without authority on real estate lots when assessments were in arrears on the particular lot, notwithstanding the fact that the full purchase price had been paid for the lot to the developer, Fairfield Resorts, Inc.; representing to the lot owners that future development was going to occur, when in fact, such was not the case; and continuing to collect assessments even after the original plan for the retirement community had been abandoned. Fairfield Resorts, Inc. has entered into a separate Assurance of Voluntary Compliance with the State of Tennessee. Respondent's business practices are more fully described in the State's Petition. As a result of the investigation, the Division and the Attorney General determined that certain acts and practices of Respondent violated the Tennessee Consumer Protection Act of 1977, Tenn. Code Ann. §§ 47-18-101, *et seq.* (the "Act").

B. The Respondent's Position. Respondent denies any wrongdoing. Pursuant to Tenn. Code Ann. § 47-18-108(a)(2), Respondent was notified by the Attorney General and the Division of its intent to sue and that Respondent needed to resolve the State's concerns relating to Respondent's prior practices to prevent litigation related to such practices. Respondent states specifically that FRI controlled all aspects of the Club prior to 1997. All sales of lots were

completed by FRI. In fact, to this day, the Respondent does not engage in systematic land or lot sales. After 1997, the member Board of Directors began working to fulfill the mission and purpose of Fairfield Glade. An extensive centralized sewer development program was undertaken, and the Respondent cooperated with the developer in implementation of the development objectives at Fairfield Glade. At no time did the Respondent take any unlawful, unfair or deceptive actions, whether in the collection of dues or the foreclosure of lots where dues had been delinquent for years. As a result of the work of the Respondent, today Fairfield Glade is an active and giving community of 8,000 residents who contribute about 26% to the tax base of Cumberland County, Tennessee. Respondent cooperated with the investigation of the Attorney General and Division.

C. Pursuant to Tenn. Code Ann. § 47-18-107(c), acceptance of this Assurance by Respondent shall not be considered an admission of a prior violation of the Act.

D. After receiving 10 day notice of intent to sue pursuant to Tenn. Code Ann. § 47-18-108(a)(2), Respondent determined it was in its best interest to resolve the Attorney General and Division's concerns via entry of an Assurance of Voluntary Compliance. Therefore, in light of the State's statutory notice of intent to sue and pursuant Tenn. Code Ann. § 47-18-107, Respondent desires to give this Assurance, and the Attorney General desires to accept it, in order to avoid the expense of litigation.

NOW, THEREFORE, acting pursuant to Tenn. Code Ann. § 47-18-107, Respondent gives, and the Attorney General accepts, the following assurances:

1. COURT ASSIGNMENT

1.1 The parties agree that this Assurance of Voluntary Compliance should be assigned to the Third Division of Circuit Court because the related Assurance of Voluntary Compliance entered on August 29, 2006 in the matter of *State of Tennessee v. Fairfield Resorts, Inc.*, a Delaware Corporation, Case No. 06C-2253, is being handled by that court. These matters are related and should be handled by the same division of the court.

2. DEFINITIONS

As used in this Assurance and accompanying Agreed Final Order, the following words or terms shall have the following meanings:

- 2.1 "Agreed Final Order", "Agreed Order" or "Order" shall mean the Agreed Final Order filed contemporaneously with this Assurance of Voluntary Compliance.
- 2.2 "Assessment" shall refer to any amount of money that the Respondent or its Board of Directors determines to be payable to the Fairfield Glade Community Club by lot owners upon purchase of a lot and, therefore, to retain the lot. This definition shall include the annual general assessment referred to in Article 8, Section 1 of the Second Amended and Restated Covenants and Restrictions and any special assessment referred to in Article 8, Section 2 of the Second Amended and Restated Covenants and Restrictions and any other assessment by whatever name.
- 2.3 "Assurance of Voluntary Compliance" or "Assurance" shall refer to this document entitled Assurance of Voluntary Compliance in the matter of *State of Tennessee v. Fairfield Glade Community Club*, a Tennessee nonprofit corporation.
- 2.4 "Attorney General" shall refer to the Office of the Tennessee Attorney General and any employee or other staff acting on behalf of the Attorney General.
- 2.5 "Clear and Conspicuous" or "Clearly and Conspicuously": A statement is "Clear and Conspicuous" or "Clearly and Conspicuously" disclosed if, by whatever medium, it is readily understandable and presented in such size, color, contrast, location, and audibility, compared to other information with which it is presented, that is readily apparent to the person to whom it is disclosed. If such statement is necessary as a modification, explanation or clarification to other information with

which it is presented, it must be presented in close proximity to the information it modifies, in a manner which is readily noticeable and understandable. Further, a disclosure of information is not clear and conspicuous if, among other things, it is obscured by the background against which it appears or there are other distracting elements. Warnings, safety disclosures or statements of limitation must be set out in close conjunction with the benefits described, or with appropriate captions, of such prominence that warnings, safety disclosures or statements of limitation are not minimized, rendered obscure, presented in an ambiguous fashion, or intermingled with the context of the statement so as to be confusing or misleading.

- 2.6 "Consumer" means any person, a natural person, individual, governmental agency or other entities, partnership, corporation, trust, estate, incorporated or unincorporated association, and any other legal or commercial entity however organized.
- 2.7 "Developed lot" shall refer to any real estate lot serviced by sewer access, and paved roads providing full access to the lot.
- 2.8 "Developer" shall refer to any commercial entity (including but not limited to Fairfield Resorts, Inc.) which converts or has converted unimproved tracts of land to a specific purpose, such as a retirement community, a resort, providing paved roads and infrastructure. For the purposes of this Assurance, Respondent, in its sewer construction, shall not be considered a developer.
- 2.9 "Division" or "Division of Consumer Affairs" shall refer to the Tennessee Division of Consumer Affairs of the Department of Commerce and Insurance.
- 2.10 "Eligible consumer" shall refer to any consumer who is covered by the restitution provisions of the Assurance of Voluntary Compliance filed by the State and Fairfield Resorts, Inc. on August 29, 2006 in Davidson County Circuit Court, Case No. 06-C-2253.
- 2.11 "FRI" or "Fairfield Resorts, Inc." shall refer to Fairfield Glade Resorts, Inc., a Delaware corporation, the current developer at Fairfield Glade, near Crossville, TN.
- 2.12 "FRI Assurance" shall refer to the Assurance of Voluntary Compliance filed by the State and Fairfield Resorts, Inc. on August 29, 2006 in Davidson County Circuit Court, Case No. 06-C-2253

- 2.13 "Investor" shall refer to any individual, firm, corporation, partnership, trust or other legal entity, or any combination of the foregoing who invest or commit money or capital by the purchase of 10 or more lots at Fairfield Glade, near Crossville, to obtain profits.
- 2.14 "Lot" shall refer to any land platted in the Planned Unit Development for Fairfield Glade, recorded at the Cumberland County Registrar of Deeds Office in Crossville, Tennessee.
- 2.15 "Lot owner" shall refer to any consumer (successor or heir) who is an owner of a lot at Fairfield Glade near Crossville, excluding developers and investors. Lot owner includes persons who inherited their lot(s) or were given their lots as a gift.
- 2.16 "Paved Road" shall refer to any roads surfaced with asphalt or permanently surfaced with emulsion covering pebbles/stones. Paved roads shall specifically exclude dirt roads, grassy roads and any gravel roads.
- 2.17 "Petition" shall refer to the Petition filed by the Attorney General's Office contemporaneously with the Assurance of Voluntary Compliance and the Agreed Final Order.
- 2.18 "Petitioner," "State of Tennessee," or "Attorney General" shall refer to the Office of the Tennessee Attorney General and Reporter.
- 2.19 "Residence" shall refer to any home, condominium or other building used as a person's dwelling whether their primary, vacation or secondary home, excluding timeshares and/or timeshare units.
- 2.20 "Respondent," "Club," or "Community Club" shall refer to Fairfield Glade Community Club and/or any and all officers, directors, related entities, and agents, assigns, representatives, successors, employees or owners, in their official capacities.
- 2.21 "Successor" or "heir" when referring to a consumer shall mean any person who acquired a real estate lot via inheritance, gift or similar relationship.
- 2.22 "Tennessee Consumer Protection Act" or "Consumer Act" shall refer to the Tennessee Consumer Protection Act of 1977, as may be amended from time to time, and related statutes found at Tenn. Code Ann. §§ 47-18-101, et seq.
- 2.23 "Tennessee Nonprofit Act" shall refer to Tenn. Code Ann. §§ 48-51-101, et seq. as amended from time to time.

- 2.24 "Undeveloped lot" shall refer to any real estate lot not serviced by sewer and paved roads.

3. JURISDICTION

3.1 Jurisdiction of this Court over the subject matter herein and over the person of the Respondent for the purposes of entering into and enforcing this Assurance and the accompanying Order is admitted. Jurisdiction is retained by this Court for the purpose of enabling the State to apply for such further orders and directions as may be necessary or appropriate for the construction, modification or execution of this Assurance and the accompanying Agreed Order, including enforcement of compliance therewith and assessment of penalties for violation(s) thereof. Respondent agrees to pay all court costs and reasonable attorneys' fees and any costs associated with any successful petitions to enforce any provision of this Assurance and the accompanying Order against Respondent.

4. VENUE

4.1 Pursuant to TENN. CODE ANN. § 47-18-107, venue as to all matters between the parties relating hereto or arising out of this Assurance is solely in the Circuit Court of Davidson County, Tennessee.

5. PERMANENT INJUNCTION AND REHABILITATION

Without Respondent admitting any fault and solely to resolve the issues raised by the Attorney General and Division, it is hereby agreed that upon approval of this Assurance by the Court, Respondent and anyone in concert with Respondent, shall be permanently and forever enjoined, restrained and bound from directly or indirectly engaging in the practices set forth herein and affirmatively required as appropriate:

- 5.1 Respondent shall be prohibited from directly or indirectly engaging in any misleading, unfair or deceptive acts or practices in the conduct of its business. Respondent shall fully comply with all provisions of the Tennessee Consumer Protection Act of 1977, TENN. CODE ANN. §§ 47-18-101, *et seq.*, including but not limited to §§ 47-18-104(a) and (b)(27), which prohibit unfair and deceptive acts and practices.
- 5.2 Respondent shall fully comply with all provisions of the Tennessee Nonprofit Act.
- 5.3 In order to address concerns raised by the Attorney General and Division relating to the inequities of non-resident (excluding developers and investors) owners with undeveloped lots and resident home owners with developed lots paying the same dues amounts for a lengthy period of time even though non-resident owners were not receiving the road development, road maintenance, or sewer access they anticipated when purchasing the lots, Respondent shall establish and maintain a tiered assessment dues system to differentiate between the different types of lot owners at Fairfield Glade and the level of improvement associated with those lots. This Assurance in no way sets the amount of any particular assessment(s). Nothing herein shall be construed to require Respondent to charge or assess any undeveloped lot owner (excluding developers and investors) dues or assessments on any undeveloped lot. The new assessment system required by this provision shall commence no later than January 1, 2007. Respondent shall be required to specifically design and implement a tiered system in a manner to reduce the assessment and/or dues burden on undeveloped lots without water, paved roads and sewer access which is economically feasible for them and without reasonable access to amenities (excluding developers and investors). Further, Respondent shall be required to place undeveloped lots in the lowest tier (excluding developers and investors) so that those lot owners pay the least if any in assessments.
- 5.4 Respondent shall be prohibited from altering, reducing or otherwise changing any lot owner's/member's rights, privileges or voting rights based upon level of improvements on the lot in the differential assessment tier plan required by paragraph 5.3 herein. Further, Respondent shall be required to affirmatively require that any future changes in rights, privileges or voting rights among lot owners/members must be neutrally imposed regardless of the level of improvement of the lot.
- 5.5 Respondent shall, when conducting voting, provide materials explaining the voting process, and what is being voted on shall be explained or described in a truthful and non-misleading or non-deceptive manner.

- 5.6 Respondent shall not directly or indirectly, in any offer for sale of any real estate interest, represent, promote or otherwise indicate that the interest in real estate has a guaranteed rate of return or term or phrase of similar import.
- 5.7 Respondent shall not directly or indirectly represent to a consumer that certain amenities or improvements (or term of similar import) will be provided by a certain date or general time period and then fail to make the represented amenities or improvements available as represented. If the time frame or specific time is delayed due to unforeseen circumstances, the reason(s) for the unforeseen delay shall be documented and that information, along with a projection for completion of the improvements or amenities in light of the unforeseen circumstances, shall be distributed in writing by United States mail to consumer lot owners within a reasonable time of learning of the delay.
- 5.8 Respondent shall not directly or indirectly represent that goods or services have or will have sponsorship, approval, characteristics, ingredients, quantities, uses or benefits that they do not have or will not have.
- 5.9 Respondent shall not directly or indirectly represent that goods or services are of a particular standard, quality or grade, if they are of another.
- 5.10 Respondent shall not directly or indirectly advertise or promote goods or services without intent to sell those goods and services as advertised and promoted.
- 5.11 Respondent shall not directly or indirectly represent that a consumer transaction confers or involves rights, remedies, or obligations that it does not have or involve or which are prohibited by law.
- 5.12 Respondent shall provide consumer protection training for its administrative and managerial staff who work on behalf of Fairfield Glade Community Club, near Crossville, Tennessee. Respondent's training materials shall include but not be limited to a copy of the Tennessee Consumer Protection Act of 1977, Tenn. Code Ann. §§ 47-18-101, *et seq.* A copy of this Assurance and Agreed Order shall be distributed to all administrative and managerial staff, including affiliates, etc., doing business as Fairfield Glade Community Club near Crossville, Tennessee.
- 5.13 Respondent shall not directly or indirectly discriminate between non-resident owners, resident owners, and any other owners in its maintenance of roads, extension of sewer lines or any other duties to the entire ownership. Respondent shall cooperate with Fairfield Resorts, Inc. or its corporate successors in interest in development of sewer lines as roads are paved.

- 5.14 As soon as FRI paves roads required for placement of sewer, Respondent shall provide economically reasonable access to a fully operational central sewer system to those eligible consumers choosing consumer relief of a trade or exchange of an undeveloped lot for a developed lot if no such lots are currently developed under the *State of Tennessee v. Fairfield Resorts, Inc.* Assurance of Voluntary Compliance, entered August 29, 2006 in the Third Circuit Court of Davidson County, Case No. 06C-2253. This requirement shall not alleviate the requirement of reasonable sewer charges, including availability, capacity and grinder pump fees provided they are charged to all lot owners/members and/or consumers and no lot owner/member/consumer is charged any such fees until they own the lot. See Section 14.6.
- 5.15 Regarding future failures by any consumer to pay subsequent assessments owed to the Respondent; for such failures occurring after entry of this Assurance, Respondent may take appropriate action as may be permitted by state and federal law. Without limiting the scope of this provision, Respondent shall not foreclose on any lot owners in arrears as a result of failure to pay assessments if the contract for sale does not clearly and conspicuously disclose a right to foreclose for failure to pay dues or assessments. Further, nothing in this Assurance or this provision in any way, manner or form creates any right of foreclosure against any consumer for assessments or dues which did not specifically exist in the consumer's lot sale contract and/or existing under state and federal law, including, but not limited to, suing on a debt and placing a lien on the delinquent owner's property, prior to entry of this Assurance.
- 5.16 Respondent shall not misrepresent to a consumer or any court or other tribunal Respondent's foreclosure rights against a particular consumer for failure to pay dues or assessments.
- 5.17 Respondent shall fully comply with all debt collection practices laws, regulations and rules in the collection of any dues or assessments from consumers.
- 5.18 Respondent shall continue allowing non-resident lot owners to reserve amenities in the most favorable manner. Without limiting the scope of this provision, by way of example, if Respondent permits timeshare owners to reserve golf times 30 days in advance, then non-residents would have this same option or any better option offered to residents or timeshare owners.
- 5.19 Respondent shall collect applicable assessments from Fairfield Resorts, Inc. or its successors, and any other developer or investor.

6. RESTITUTION/FORGIVENESS OF ASSESSMENTS

6.1 After entry of this Assurance, Respondent shall forgive or otherwise permanently write off as uncollectible all delinquent assessments in the approximate amount of Two Million Two Hundred Thousand and 00/100 Dollars (\$2,200,000.00), based on all of the following categories:

- (A) All assessments for all consumers who were delinquent prior to December 31, 2005;
- (B) All delinquent assessments from an eligible consumer under the Assurance of Voluntary Compliance with Fairfield Resorts, Inc. executed on August 29, 2006. Without limiting the scope of this provision, only prospective assessments shall be collected from or levied against an eligible consumer for the new lot received under the FRI Assurance. Assessments cannot accrue until ownership of the lot commences by recording of the deed; and
- (C) All assessments for consumers whose assessments have been continuously delinquent for a period of one year up to and including the date of entry of this Assurance, excluding assessments on fully developed lots, *i.e.* lots with an existing residence, paved roads providing full access to the lot and economically feasible access to sewer.

As used exclusively in Section 6, the term "consumer" does not include any developer or investor.

6.2 Further, Respondent shall notify in writing all appropriate credit bureaus or credit reporting agencies by giving the proper notice and/or documentation necessary so that the past due assessments referenced in Section 6.1 will no longer adversely affect the credit scores of the individuals entitled to assessment forgiveness in Section 6.1. Respondent shall provide a copy of the written notification to the applicable consumer and the Attorney General within five (5) business days of mailing.

6.3 Respondent shall not give or sell the names of individuals covered by Section 6.1 to third-party or affiliated collection agencies. Respondent further acknowledges and understands that the Attorney General expressly relies upon these representations and warranties, and that if they are false, unfair, deceptive, misleading or inaccurate, the Attorney General has the right to move to vacate or set aside this Assurance or request that Respondent be held in contempt, if the Attorney General so elects.

6.4 Respondent shall withdraw any delinquent assessment and/or dues accounts which have been sent to collection agencies and not sell those accounts in the future. Respondent further acknowledges and understands that the Attorney General expressly relies upon these representations and warranties, and that if they are false, unfair, deceptive, misleading or inaccurate, the Attorney General has the right to move to vacate or set aside this Assurance or request that Respondent be held in contempt, if the Attorney General so elects.

6.5 Except as agreed in writing by the parties, the lists and reports under Sections 7.1 and 7.5 provided to the State of Tennessee and in the possession of the Respondent shall not be released to any person in order to protect the interest of consumer privacy, to prevent further marketing to these consumers and possible identity theft.

6.6 Respondent also agrees that the consumer names, addresses, telephone numbers and other personally identifiable information gathered or otherwise obtained during this consumer relief program will not be used for any marketing purposes or provided to any other person for any reason including, but not limited to, the purposes of marketing to these consumers now or in the future.

7. CONSUMER INFORMATION PROCEDURE

7.1 Within thirty (30) days of entry of this Assurance of Voluntary Compliance, the Respondent shall mail a letter to all lot owners whose accounts have received a credit or forgiveness of assessments under Section 6 of this Assurance. The letter shall advise the consumer of the forgiveness and the opportunity to have a credit report corrected if a negative entry has been made. The letter shall be from the Attorney General of the State of Tennessee (attached hereto as Exhibit A) printed on letterhead chosen at the sole discretion of the Attorney General. This Assurance shall be included in the packet. No promotional materials may be included with this mailing. Within thirty (30) days of entry of this Assurance, the Respondent shall provide to the Attorney General an alphabetical list by last name of the names, addresses and amounts forgiven for each consumer who will receive the letter described herein.

7.2 The packet of materials required by paragraph 7.1 shall be mailed through the United States Postal Service, first class mail postage pre-paid. All envelopes will be chosen at the sole discretion of the Attorney General and must be clearly marked "Postmaster: Please Forward and Address Correction Requested." In the event any envelope is returned with a corrected or forwarding address, Respondent shall again mail the full package to the consumer through the United States Postal Service via first class postage, pre-paid, to the correct address. The Attorney General shall receive written notification of the name, corrected address and date of mailing the second notification to any such consumer within five (5) days of mailing the second packet.

7.3 Respondent is responsible for all costs associated with the forgiveness of assessments, revision of the assessment scheme and notification process set forth in Sections 6 and 7, including but not limited to, all costs associated with the mailing and content of the packet of materials discussed in paragraph 7.1, all letterhead, envelopes, copying charges, postage and costs associated with the mailings.

7.4 Within six (6) months of entry of this Assurance, the Respondent shall file with the Attorney General the following information:

- (A) A verified report of all assessment charges forgiven or otherwise permanently written off under the terms of this Assurance. Such reports shall be supplemented as needed. The report shall include, at a minimum, in alphabetical order by last name, the consumer's name, address and phone number and the amount forgiven. The list shall be alphabetical by last name of each consumer and in electronic format. This list of consumer lot owners and the amount forgiven or written off for each particular lot owner shall be provided in alphabetical order by last name and electronically searchable, if available.
- (B) A report verifying that the assessment program has been established in accordance with the terms of this Assurance.
- (C) An acknowledgment that each officer, director or administrative employee of Respondent and Respondent's Club membership (including any reinstated members) has received a copy of this Assurance.

7.5 Within ten (10) business days of receipt of a request from the Attorney General or Division of Consumer Affairs for evidence that a specific consumer or consumers have received the required packet or notice, Respondent shall provide written verification by providing any documents, books and records necessary to establish to the satisfaction of the Attorney General or Director of the Division of Consumer Affairs that the money portion of this Assurance, including the forgiveness of assessments, have been achieved or will be achieved as required by

this Assurance. All costs pursuant to this Section are to be borne by the Respondent. This paragraph shall in no way limit the Attorney General's option to obtain documents, records, and/or testimony pursuant to section 11 or any other law, regulation or rule.

7.6 The parties may agree in writing by mutual agreement to extend any time line or deadline set forth in Sections 6 or 7.

8. ATTORNEYS' FEES AND COSTS TO THE STATE

8.1 Respondent shall pay the sum of Thirty-Seven Thousand Five Hundred and 00/100 Dollars (\$37,500.00) to the State of Tennessee for attorneys' fees and costs of investigation, prosecution and monitoring for compliance of this matter, which may be used for consumer protection purposes at the sole discretion of the Attorney General. Said payment shall be made by providing the Attorney General or his designated representative a cashier's or certified check made payable to the "Treasurer, State of Tennessee - Attorney General" no later than ten (10) days after the date of entry of this Assurance.

9. CONSUMER EDUCATION

9.1 Respondent shall pay the sum of Five Thousand and 00/100 Dollars (\$5,000.00) to the State of Tennessee to fund a consumer education project or program at the sole discretion of the Director of the Division of Consumer Affairs. Said payment shall be made by providing the Attorney General or his designated representative a cashier's or certified check made payable to the "Treasurer, State of Tennessee" no later than ten (10) days after the date of entry of this Assurance.

10. PAYMENT TO THE GENERAL FUND

10.1 Respondent shall pay the sum of Two Thousand Five Hundred and 00/100 Dollars (\$2,500.00) to the State of Tennessee as a payment to the General Fund of the State of Tennessee. Said payment shall be made by providing the Attorney General or his designated representative a cashier's or certified check made payable to the "Treasurer, State of Tennessee" no later than ten (10) days after the date of entry of this Assurance.

11. MONITORING AND COMPLIANCE

11.1 Upon request, Respondent agrees to provide books, records and documents to the State at any time, and further, to informally or formally under oath, provide testimony and other information to the State relating to compliance with this Assurance. Respondent shall make any requested information available within seven (7) business days of the request, at the Office of the Attorney General, Consumer Advocate and Protection Division, Suite 304, John Sevier Building, 500 Charlotte Avenue, Nashville, Tennessee 37243, or alternatively, at any other location within the State of Tennessee that is mutually agreeable in writing to Respondent and the Attorney General. This section shall in no way limit the State's right to obtain documents, information, or testimony pursuant to any federal or state law, regulation, or rule.

12. PRIVATE RIGHT OF ACTION

12.1 Pursuant to TENN. CODE ANN. §§ 47-18-109 and 47-18-107(e), nothing in this Assurance shall be construed to affect any private right of action that a consumer/person may hold against Respondent.

13. PENALTY FOR FAILURE TO COMPLY

13.1 Pursuant to TENN. CODE ANN. § 47-18-107(c), Respondent understands that upon execution and filing of this Assurance, any subsequent failure to comply with the terms hereof is *prima facie* evidence of a violation of the Tennessee Consumer Protection Act.

13.2 Pursuant to TENN. CODE ANN. § 47-18-107(f), Respondent understands that any knowing violation of the terms of this Assurance shall be punishable by civil penalties of not more than One Thousand Dollars (\$1,000.00) for each violation, in addition to any other appropriate penalties and sanctions, including but not limited to contempt sanctions and the imposition of attorneys' fees and costs. Respondent agrees to pay all court costs and attorneys' fees associated with any successful petitions to enforce this Assurance and Order against the Respondent.

14. REPRESENTATIONS AND WARRANTIES

14.1 Respondent represents and warrants that the execution and delivery of this Assurance is the result of good faith negotiations, and that Respondent agrees that this Assurance and terms hereof are fair and reasonable. The parties warrant that they will implement the terms of this Assurance in good faith. Further, no offers, agreements, or inducements of any nature whatsoever have been made to it by the State of Tennessee, its attorneys or any employee of the Attorney General's Office or the Division of Consumer Affairs to procure this Assurance.

14.2 Respondent represents that signatories to this Assurance have authority to act for and bind the Respondent.

14.3 Respondent warrants and represents that the Fairfield Glade Community Club is the proper party to this Assurance and the accompanying Agreed Order.

14.4 Fairfield Glade Community Club represents that this is the true legal name of the entity entering into this Assurance and the accompanying Agreed Order.

14.5 The signatory for the Board of Directors of Respondent represents and warrants that he has authority to act for and bind the Respondent.

14.6 Fairfield Resorts, Inc. has represented and warranted to the Attorney General in a separate Assurance of Voluntary Compliance entered in the matter of the *State of Tennessee v. Fairfield Resorts, Inc.* that it will coordinate and cooperate with the Fairfield Glade Community Club to select an area for development and for the placement of sewer if additional lots are needed for eligible consumers selecting a lot trade option under the Fairfield Resorts, Inc. Assurance such that the expense associated with the placement of sewers will be reasonable. In order to develop lots if needed for an exchange or trade-in program by Fairfield Resorts, Respondent agrees to cooperate and build the necessary extensions to the central sewer system for such development provided FRI conducts the development in an area agreed by the FRI and Respondent to keep the costs at a reasonable level.

14.7 Respondent represents and warrants that it will not abandon Respondent's development at Fairfield Glade Resorts near Crossville, Tennessee. Respondent agrees it shall continue to develop the properties by adding sewer in the future. Further, Respondent represents and warrants that nothing in this Assurance is intended to alter or change any commitment it has

had in the past or will have in the future to development and maintenance of the Fairfield Glade Resorts near Crossville, Tennessee.

14.8 Respondent shall be prohibited from representing that a consumer's rights were terminated in the reorganization bankruptcy of Fairfield Communities, Inc., and related entities, when such was not the case. If any such situations exist, Respondent shall affirmatively contact in writing any consumer that Respondent incorrectly notified regarding the bankruptcy within 10 days upon entry with a copy to the Attorney General.

14.9 Should any consumer come forward with information indicating his/her credit record or history has a negative entry relating to assessments, Respondent shall correct such credit reports, if any, where a consumer's obligations relating to past due assessments were reported on any consumer's credit record or to any credit reporting agency. Respondent shall make such correction within 10 business days of a request. If Respondent did not make the entry by a collection agency but a separate entity made the entry, Respondent shall use its best efforts to correct the credit report or credit history of the consumer by requesting the collection agency make the change and notify the applicable credit reporting agency of the error. A copy of each letter or notice correcting a credit report or history shall be provided to the Attorney General within 30 days of mailing.

14.10 Respondent represents and warrants it shall establish, implement and enforce disciplinary consequences for any employee, temporary employee or independent contractor who violates any provision of this Assurance and Agreed Order and/or the Tennessee Consumer Protection Act or the Tennessee Nonprofit Act.

14.11 Respondent represents and warrants that it is not responsible for the connection of water lines to Fairfield Glade lots. Respondent represents and warrants that water service and water hook up or connection to lots is provided by the Crab Orchard Utility District.

14.12 Respondent represents and warrants it has never been involved in the trade of lots and that lot trades have solely been handled by Fairfield Resorts, Inc.

14.13 Respondent further acknowledges and understands that the State expressly relies upon all of the representations and warranties set forth herein, and that if they are false, unfair, deceptive, misleading or inaccurate, the State has the right to move to vacate or set aside this Assurance, or request the court hold Respondent in contempt, if the State so elects.

15. GENERAL PROVISIONS

15.1 Respondent will not participate directly or indirectly in any activity to form a separate entity or corporation for the purpose of engaging in acts prohibited in this Assurance or for any other purpose which would otherwise circumvent any part of this Assurance or the spirit or purposes of this Assurance.

15.2 Neither Respondent nor anyone acting on its behalf shall state or imply or cause to be stated or implied that the Attorney General, the Division of Consumer Affairs, the Department of Commerce and Insurance, or any other governmental unit of the State of Tennessee or that the federal agency, Housing and Urban Development, or any other consumer agency approved, sanctioned, or authorized any practice, act, or conduct of the Respondent.

15.3 Acceptance of this Assurance by the State shall not be deemed approval by the State of any of Respondent's advertising or other business practices.

15.4 Within thirty (30) days of the entry of this Assurance, Respondent shall submit a copy of this Assurance to each of its officers, directors, administrative employees and any third parties who act directly or indirectly on behalf of the Respondent as an agent or independent contractor, or who are involved in conducting any business in the State of Tennessee. Within forty-five (45) days of entry of this Assurance, Respondent shall provide the State with an affidavit verifying and certifying that all required persons have been supplied with a copy of this Assurance.

15.5 This Assurance and the accompanying Agreed Order may only be enforced by the parties hereto.

15.6 The titles and headers to each section of this Assurance are for convenience purposes only and are not intended by the parties to lend meaning to the actual provisions of the Assurance.

15.7 This Assurance and the accompanying Agreed Order constitute the complete agreement of the parties with regard to the resolution of the matters set forth in the State's Petition. This Assurance is limited to resolving only matters set forth in the State's Petition.

15.8 Nothing in this Assurance shall be construed to limit the authority of the Attorney General to protect the interests of the State or the people of the State of Tennessee. In addition, this Assurance shall not bar the State, the Department of Financial Institutions, the Real Estate Commission, or other governmental entity from enforcing laws, regulations or rules against Respondent.

15.9 This Assurance shall be binding and effective against Respondent upon Respondent's execution of the Assurance and upon any successor in interest of Respondent's interests at Fairfield Glade Community Club. The obligations, responsibilities, duties, rights and privileges set forth in this Assurance shall run with the land and be binding on Respondent, all Successors In Interest, their assignees, and any person or entity who acquires Respondent's Club at Fairfield Glade near Crossville, Tennessee. The parties agree that Respondent will record the Agreed Order, and all exhibits thereto, of the Davidson County Circuit Court approving this Assurance, in the register of deeds office in Cumberland County, Tennessee, wherein the property is located, pursuant to the provisions of Tenn. Code Ann. § 66-24-119. Respondent shall record the Agreed Order and the Assurance by the end of business on the third (3rd) business day after entry of the Agreed Order and Assurance in the Davidson County Circuit Court Clerk's Office.

15.10 In the event the court does not approve this Assurance, this Assurance shall be of no force and effect against Respondent or the State of Tennessee.

15.11 Nothing in this Assurance constitutes an agreement by the State of Tennessee concerning the characterization of the amounts paid hereunder for purposes of any proceeding under the Internal Revenue Code or any state tax laws.

15.12 Respondent agrees that the amount in delinquent assessments forgiven by Respondent and the assessment program changes are remedial in effect or nature for any purpose.

15.13 No waiver, modification, or amendment of the terms of this Assurance shall be valid or binding unless made in writing, signed by the both parties, approved by this Honorable Court and then only to the extent set forth in such written waiver, modification or amendment.

15.14 Any failure by any party to this Order to insist upon the strict performance by any other party of any of the provisions of this Assurance and the accompanying Agreed Order shall not be deemed a waiver of any of the provisions of this Assurance and the accompanying Agreed Order, and such party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Assurance and Agreed Order and the imposition of any applicable penalties, including but not limited to contempt, civil penalties and/or the payment of attorneys' fees to the State.

15.15 If any clause, provision or section of this Assurance shall, for any reason, be held illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other clause, provision or section of this Assurance and this Assurance shall be construed and enforced as if such illegal, invalid or unenforceable clause, section or other provision had not been contained herein.

15.16 Respondent waives any and all challenges in law or equity to the entry of the Assurance and Agreed Order by the courts. Further, Respondent waives any right to appeal, petition for *certiorari*, move to reargue or rehear or to otherwise be heard in connection with any judicial proceedings under this Assurance and Agreed Order.

15.17 Time shall be of the essence with respect to each provision of this Assurance that requires action to be taken by either party within a stated time period or upon a specified date.

15.18 This Assurance sets forth the entire agreement between the parties, and there are no representations, agreements, arrangements, or understandings, oral or written, between the parties relating to the subject matter of this Assurance which are not fully expressed herein or attached hereto.

15.19 Nothing in this Assurance or the accompanying Agreed Order shall be construed to waive any claims of Sovereign Immunity the State may have in any action or proceeding.

15.20 Respondent hereby expressly waives and relinquishes any and all rights, remedies, appeals or other interests that they may possess to a jury trial or any derivative rights that flow from a trial by jury under the Tennessee Constitution or United States Constitution or any other law, regulation or rule.

15.21 If the Attorney General determines that Respondent has failed to comply with the terms of this Assurance and if in the Attorney General's sole discretion, the failure to comply does not threaten the health or safety of the citizens of the State of Tennessee or elsewhere, the Attorney General agrees to notify Respondent of such failure to comply and Respondent shall have ten (10) days from receipt of the notice to provide a good faith written response to the Attorney General's determination. The response shall include at a minimum:

- (A) a sworn statement that Respondent is in full compliance with the Assurance;
- (B) a sworn statement providing a detailed explanation of how the alleged violation(s) occurred;
- (C) a sworn statement of what steps Respondent has taken to cure the alleged violation(s); or

- (D) a sworn statement that the alleged violation(s) cannot be reasonable cured within ten (10) days from receipt of the notice, but (i) Respondent has begun to take the corrective steps detailed in the statement to cure the violation(s); (ii) Respondent is diligently pursuing such corrective action with due and reasonable diligence; and (iii) Respondent has provided the Attorney General with a reasonable time table for curing each violation.

Nothing herein shall be construed to exonerate any contempt or failure to comply with any provision of this Order after the date of its entry, to compromise the authority of the Attorney General to initiate a proceeding for contempt, or to compromise the authority of the court to punish as contempt any violation of this Assurance and Agreed Order.

16. COMPLIANCE WITH ALL LAWS, REGULATIONS AND RULES

16.1 Nothing in this Assurance and the accompanying Order shall be construed as relieving Respondent of the obligation to comply with all state and federal laws, regulations and rules.

16.2 Respondent shall comply with all final court orders to which it was a party, either directly, or by derivative shareholders (members on behalf of the Respondent) and in which Fairfield Resorts, Inc. f/k/a Fairfield Communities, Inc. and/or Fairfield Land Development Inc. was a party.

17. FILING OF ASSURANCE

17.1 Following the execution of this Assurance, the Attorney General shall file in the Circuit Court for Davidson County a Petition, Agreed Order and this Assurance for the Court's approval. Respondent hereby waives any and all rights which it may have to be heard in connection with judicial proceedings upon the Petition. Respondent agrees to pay all costs of filing such Petition, Assurance and Agreed Order. No later than ten (10) days after entry of this Assurance, Respondent shall execute an Agreed Order. This Assurance is made a part of and is

incorporated into the Agreed Order. The Respondent agrees that it consents to the entry of this Assurance and Agreed Order without further notice.

**18. APPLICABILITY OF ASSURANCE TO RESPONDENT
AND ANY SUCCESSORS**

18.1 Respondent agrees that the duties, responsibilities, burdens and obligations undertaken in connection with this Assurance shall apply to it, each of its officers, directors, managers, agents, assigns, representatives, employees, partners, subsidiaries, affiliates, parents, related entities, joint venturers, persons or other entities they control, manage or operate, their successors and assigns, and to other persons or entities acting directly or indirectly on its behalf.

19. NOTIFICATION TO STATE

19.1 For five (5) years following execution of this Assurance, Respondent shall notify the Office of the Attorney General, in writing, at least thirty (30) days prior to the effective date of any proposed changes in its corporate structure, such as dissolution, assignment, or sale resulting in the emergence of a successor corporation or firm, the creation or dissolution or subsidiaries, or any other changes in Respondent's status that may affect compliance with obligations arising out of this Assurance.

19.2 Any notices required to be sent to the State or the Respondent by this Assurance shall be sent by United States mail, certified mail return receipt requested or other nationally recognized courier service that provides for tracking services and identification of the person signing for the document. The documents shall be sent to the following addresses:

For the State:	For the Respondent Fairfield Glade Community Club:
Deputy Attorney General Office of the Tennessee Attorney General Consumer Advocate and Protection Division Post Office Box 20207 Nashville, Tennessee 37202-0207 tel: (615) 741-1671 fax: (615) 532-2910	General Manager of the Club Fairfield Glade Community Club 7827 Peavine Road Fairfield Glade, TN 38558 Tel: (931) 484-3780 Fax: (931) 484-3747

20. COURT COSTS

20.1 All costs associated with the filing and distribution of this Assurance and any other incidental costs or expenses incurred thereby shall be borne by Respondent. No costs shall be taxed against the State as provided by TENN. CODE ANN. § 47-18-116. Further, no discretionary costs shall be taxed to the State.

FOR THE ATTORNEY GENERAL'S OFFICE
STATE OF TENNESSEE:



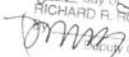
PAUL G. SUMMERS
Attorney General
B.P.R. No. 6285



MEREDITH DEVAULT
Senior Counsel
B.P.R. No. 9157



BRANT HARRELL
Assistant Attorney General
B.P.R. No. 24470
Office of the Attorney General
Consumer Advocate and Protection Division
Post Office Box 20207
Nashville, TN 37202-0207
(615)532-9299

I hereby certify that this is a true copy
of original instrument filed in my office
this 29 day of Sept, 2006
RICHARD R. HOOKER Clerk

Deputy Clerk

APPROVED BY:

A handwritten signature in cursive script that reads "Mary Clement". The signature is written in black ink and is positioned above a horizontal line.

MARY CLEMENT

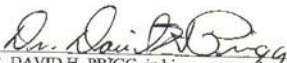
DIRECTOR

Division of Consumer Affairs
Department of Commerce and Insurance
500 James Robertson Parkway
5th Floor, Davy Crockett Tower
Nashville, TN 37243-0600
(615) 741-4737

FOR RESPONDENT FAIRFIELD GLADE COMMUNITY CLUB:



JOHN R. TARPLEY, B.F.R. No. 9661
Lewis, King, Krieg & Waldrop, P.C.
201 Fourth Avenue North
Suntrust Bank Building, Ste 1500
Nashville, TN 37219
Suntrust Bank Bldg.
201 Fourth Avenue North, Ste 1500
P.O. Box 198614
Nashville, TN 37219-8615
Attorney for Respondent



DR. DAVID H. PRIGG, in his representative capacity only and with approval from the Board
President, Board of Directors
Fairfield Glade Community Club
P.O. Box 2000
Fairfield Glade, TN 38558-2000
telephone:
facsimile:

99842
September 26, 2006

Exhibit A

NOTIFICATION OF DELINQUENT ASSESSMENT FORGIVENESS AND CREDIT REPORT REMEDY

[Mailing Date]

RICHARD ...
 D.C.

Name of consumer
Address
City, State Zip Code

RE :*State of Tennessee v. Fairfield Glade Community Club*, Davidson County Circuit, Case No.

Dear Consumer:

The Attorney General's Office and the Division of Consumer Affairs reached a settlement with the Fairfield Glade Community Club ("Community Club") on September 29, 2006. The Attorney General and the Director of the Division of Consumer Affairs previously reached a separate agreement with Fairfield Resorts, Inc., the developer during August of 2006.

Under the settlement agreement, the delinquent assessments you owe to the Community Club in the amount of [**\$ insert dollar amount**] from [**insert start date of delinquent month**] to [**insert end date**] **have been forgiven and permanently written off. The Community Club cannot** seek to collect this amount from you for delinquent assessments during these time frames.

Also under the terms of the Community Club settlement, you have the opportunity to have any record of non-payment of these assessments removed from your credit report. If your credit report has been adversely affected by these delinquent assessments, please call the Fairfield Glade Community Club at [**insert phone number**].

If you are a property owner, you will be responsible for assessments on a going-forward basis and for assessments not covered during the above time periods and the settlement.

Should you have any questions about this settlement, please call the Fairfield Glade Community Club at [**insert number**].

Very truly yours,



MEREDITH DEVAULT
Senior Counsel, Attorney General's Office
Consumer Advocate and Protection Division

cc: Attorney General's Office
a copy of each consumer's specific letter

IT IS ORDERED, ADJUDGED, AND DECREED that Respondent shall pay to the Attorney General the sum of Thirty-Seven Thousand Five Hundred Dollars (\$37, 500.00) for costs of investigation and attorneys' fees to the State of Tennessee Attorney General's office which shall be used at the sole discretion of the Tennessee Attorney General for consumer protection purposes, as set forth in paragraph 8.1 of the Assurance.

IT IS ORDERED, ADJUDGED, AND DECREED that Respondent shall pay to the State of Tennessee, General Fund the sum of and Two Thousand Five Hundred Dollars (\$2,500.00), as set forth in paragraph 10 of the Assurance.

IT IS ORDERED, ADJUDGED, AND DECREED that Five Thousand Dollars (\$5,000.00) as set forth in paragraph 9.1 of the Assurance shall be paid by the Attorney General's Office to provided to the Tennessee Division of Consumer Affairs to reimburse the Division for costs charged to it and for additional costs and expenses, which shall be used for consumer protection purposes at the sole discretion of the Director of the Division of Consumer Affairs.

IT IS FURTHER ORDERED, ADJUDGED, and DECREED as follows:
Jurisdiction of this Court over the subject matter herein and over the Respondent and any successors for the purposes of entering into and enforcing this Assurance and Agreed Order is admitted. Jurisdiction is retained by this Court for the purpose of enabling the parties to apply for such further orders and directions as may be necessary or appropriate for the construction, modification or execution of this Assurance and Agreed Order. Pursuant to Tenn. Code Ann. § 47-18-107, venue as to all matters between the parties relating hereto or arising out

of this Assurance is solely in the Circuit Court of Davidson County, Tennessee.

The Attorney General has solely prepared and filed in Circuit Court for Davidson County, a Petition for approval hereof. Respondent hereby waives any and all rights which it may have to be heard in connection with judicial proceedings upon said Petition and the entry of the Agreed Order and this Assurance.

Nothing in the Assurance shall be construed to limit the authority of the Attorney General to protect the interests of the State or the people of the State of Tennessee.

This Agreed Order and the incorporated Assurance shall only be enforceable by the parties to this action.


All costs associated with filing and distribution of this Agreed Order, Assurance and Petition and any other incidental cost or expenses incurred thereby shall be borne by Respondent. No court costs shall be taxed against the State as mandated by Tenn Code Ann. § 47-18-116. Costs shall be taxed to Respondent.

IT IS SO ORDERED.

ENTERED this the _____ day of _____, 2006.


CIRCUIT COURT JUDGE

I hereby certify that this is a true copy
of original instrument filed in my office
this 29 day of Sept. 2006
RICHARD R. ROCKER Clerk


Deputy Clerk

APPROVED FOR ENTRY:

FOR PETITIONER, ATTORNEY GENERAL'S OFFICE
STATE OF TENNESSEE



MEREDITH DEVAULT, B.P.R. No. 9157

Senior Counsel

Tennessee Attorney General's Office

Consumer Advocate and Protection Division

P.O. Box 20207

Nashville, Tennessee 37202-0207

tele: (615) 532-2578

fax: (615) 532-2910

ATTORNEY FOR RESPONDENT, FAIRFIELD GLADE COMMUNITY CLUB:



JOHN R. TARPLEY, B.P.R. No. 9661

Lewis, King, Krieg & Waldrop, P.C.
201 Fourth Avenue North
Suntrust Bank Building, Ste 1500
Nashville, TN 37219
Suntrust Bank Bldg.
201 Fourth Avenue North, Ste 1500
P.O. Box 198614
Nashville, TN 37219-8615
tele: (615) 259-1366
fax: (615) 259-1389