

Revised



A. Settlement Statement (HUD-1)

B. Type of Loan

1. <input type="checkbox"/> FHA	2. <input type="checkbox"/> RHS	3. <input type="checkbox"/> Conv. Unins.	6. File Number: 1020131802
4. <input type="checkbox"/> VA	5. <input type="checkbox"/> Conv. Ins.	<input type="checkbox"/> Other	7. Loan Number:
			8. Mortgage Insurance Case Number:

C. Note: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(POC)" were paid outside the closing by either the: Borrower (POCB), Lender (POCL), Mortgage Broker (POCM), Other (POCO), Real Estate Agent (POCR), or Seller (POCS); they are shown here for informational purposes and are not included in the totals.

D. Name & Address of Borrower: Watson Investments, LLC., 8707 Hollow Bay Lane, Houston, TX 77095

E. Name & Address of Seller: James C Yeager, III

F. Name & Address of Lender:

G. Property Location: Property Address
3611 Laurel Hollow Drive Spring, Texas 77388

Subdivision
Lot 48, Block 43, Cypresswood Subdivision, Section 12, Harris County, Texas

H. Settlement Agent: Barbara Neudorfer, 127-Stewart Title Company, 1980 Post Oak Blvd., Suite R2C, Houston, TX 77056, (713)627-1310
Place of Settlement: 1980 Post Oak Blvd., Suite R2C, Houston, TX 77056

I. Settlement Date: 5/27/2010 **Proration Date:** 5/5/2010 **Disbursement Date:** 5/27/2010

J. Summary of Borrower's Transaction		K. Summary of Seller's Transaction	
100. Gross Amount Due from Borrower		400. Gross Amount Due to Seller	
101. Contract sales price	\$90,000.00	401. Contract sales price	\$90,000.00
102. Personal property		402. Personal property	
103. Settlement charges to borrower (line 1400)	\$7,946.00	403.	
104. lien	\$16,545.00	404.	
105.		405.	
Adjustments for items paid by seller in advance		Adjustments for items paid by seller in advance	
106. City/town taxes		406. City/town taxes	
107. County taxes		407. County taxes	
108. Assessments		408. Assessments	
109.		409.	
110.		410.	
111.		411.	
112.		412.	
120. Gross Amount Due from Borrower	\$114,491.00	420. Gross Amount Due to Seller	\$90,000.00
200. Amounts Paid by or in Behalf of Borrower		500. Reductions in Amount Due to Seller	
201. Deposit or earnest money		501. Excess deposit (see instructions)	
202. Principal amount of new loan(s)		502. Settlement charges to seller (line 1400)	\$6,968.48
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
204.		504. Payoff of first mortgage loan to American Home Mort	\$76,679.00
205.		505. Payoff of second mortgage loan	
206. Seller Contribution per EMC	\$323.73	506. Seller Contribution per EMC	\$323.73
207.		507.	
208.		508. 2008 School Taxes to Klein ISD	\$3,266.34
209.		509. HOA dues to Cypresswood	\$1,393.47
Adjustments for items unpaid by seller		Adjustments for items unpaid by seller	
210. City/town taxes		510. City/town taxes	
211. County taxes		511. County taxes	
212. Assessments 1/1/2010 to 5/5/2010	\$1,368.98	512. Assessments 1/1/2010 to 5/5/2010	\$1,368.98
213.		513.	
214.		514.	
215.		515.	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
220. Total Paid by/for Borrower	\$1,692.71	520. Total Reduction Amount Due Seller	\$90,000.00
300. Cash at Settlement from/to Borrower		600. Cash at Settlement to/from Seller	
301. Gross amount due from borrower (line 120)	\$114,491.00	601. Gross amount due to seller (line 420)	\$90,000.00
302. Less amounts paid by/for borrower (line 220)	(\$1,692.71)	602. Less reductions in amount due seller (line 520)	(\$90,000.00)
303. Cash <input checked="" type="checkbox"/> From <input type="checkbox"/> To Borrower	\$112,798.29	603. Cash <input checked="" type="checkbox"/> To <input type="checkbox"/> From Seller	\$0.00

SUBSTITUTE FORM 1099 SELLER STATEMENT - The information contained in Blocks E, G, H and I and on line 401 (or, if line 401 is asterisked, lines 403 and 404), 406, 407 and 408-412 (applicable part of buyer's real estate tax reportable to the IRS) is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction will be imposed on you if this item is required to be reported and the IRS determines that it has not been reported.

SELLER INSTRUCTION - If this real estate was your principal residence, file form 2119, Sale or Exchange of Principal Residence, for any gain, with your income tax return; for other transactions, complete the applicable parts of form 4797, Form 6252 and/or Schedule D (Form 1040).

You are required to provide the Settlement Agent with your correct taxpayer identification number.

If you do not provide the Settlement Agent with your correct taxpayer identification number, you may be subject to civil or criminal penalties.

James C Yeager, III

L. Settlement Charges				
			Paid From Borrower's Funds at Settlement	Paid From Seller's Funds at Settlement
700.	Total Real Estate Broker Fees based on price \$90,000.00 @ 6.000000% = \$5,400.00			
	Division of commission (line 700) as follows:			
701.	\$2,700.00 to Sudhoff Properties			
702.	\$2,700.00 to Maxim Properties			
703.	Commission paid at settlement \$5,400.00			\$5,400.00
704.				
705.	Buyers Rep Agreement to Maxim Realty		\$7,600.00	
800. Items Payable in Connection with Loan				
801.	Our origination charge (from GFE #1)			
802.	Your credit or charge (points) for the specific interest rate chosen (from GFE #2)			
803.	Your adjusted origination charges (from GFE A)			
804.	Appraisal fee (from GFE #3)			
805.	Credit report (from GFE #3)			
806.	Tax service (from GFE #3)			
807.	Flood certification (from GFE #3)			
808.				
900. Items Required by Lender to Be Paid in Advance				
901.	Daily interest charges from (from GFE #10)			
902.	Mortgage insurance premium for (from GFE #3)			
903.	Homeowner's insurance for (from GFE #11)			
904.				
905.				
1000. Reserves Deposited with Lender				
1001.	Initial deposit for your escrow account (from GFE #9)			
1002.	Homeowner's insurance			
1003.	Mortgage insurance			
1004.	City property taxes			
1005.	County property taxes			
1006.				
1007.				
1100. Title Charges				
1101.	Title services and lender's title insurance (from GFE #4)			
1102.	Settlement or closing fee to Stewart Title Company		\$250.00	
1103.	Owner's title insurance to Stewart Title Company (from GFE #5)			\$775.00
1104.	Lender's title insurance to Stewart Title Company			
1105.	Lender's title policy limit			
1106.	Owner's title policy limit \$90,000.00			
1107.	Agent's portion of the total title insurance premium to Stewart Title Company \$658.75			
1108.	Underwriter's portion of the total title insurance premium to Stewart Title Guaranty Company \$116.25			
1109.	Tax Certificate Fee to Stewart Title Company			\$64.95
1110.	Messenger Fee to Stewart Title Company		\$60.00	
1111.	Policy Fee to Stewart Title Policy Guaranty Fee			\$5.00
1112.				
1200. Government Recording and Transfer Charges				
1201.	Government recording charges (from GFE #7)		\$36.00	
1202.	Deed \$36.00 Mortgage Releases \$36.00			
1203.	Transfer taxes (from GFE #8)			
1204.	City/County tax/stamps			
1205.	State tax/stamps			
1206.				
1300. Additional Settlement Charges				
1301.	Required services that you can shop for (from GFE #6)			
1302.	Lien to Attorney General			\$723.53
1303.				
1304.				
1305.				
1400.	Total Settlement Charges (enter on lines 103, Section J and 502, Section K)		\$7,946.00	\$6,968.48

CERTIFICATION: I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of HUD-1 Settlement Statement. The Settlement Agent does not warrant or represent the accuracy of information provided by third parties, including information concerning POC items and information supplied by the lender in this transaction appearing on the HUD-1 pertaining to "Comparison of Good Faith Estimate (GFE) and HUD-1 Charges" and "Loan Terms", and the parties hold harmless the Settlement Agent as to any inaccuracies of such matters.

James C Yeager, III

Watson Investments, LLC.

To the best of my knowledge, the HUD-1 Settlement Statement which I have prepared is a true and accurate account of the funds which were received and have been or will be disbursed by the undersigned as part of the settlement of this transaction.

Barbara Neudorfer

Date

WARNING: It is a crime to knowingly make false statements to the United States on this or any other similar form. Penalties upon conviction can include a fine and imprisonment. For details see: Title 18: U.S. Code Section 1001 and Section 1010.

CERTIFICATION

Seller's and Purchaser's signature hereon acknowledges his/her/their approval of tax proration and signifies their understanding that proration was based on taxes for the preceding year or estimates for the current year, and in the event of any change for the current year, all necessary adjustments must be made between Seller and Purchaser; likewise any default in delinquent taxes will be reimbursed to Title Company by the Seller.

The parties have read and understood the above sentences, and recognize that the above recitations herein are material and important. The parties agree to these statements, and recognize Title Company is relying on these recitations in closing this transaction.

Title Company has deposited the earnest money that it has received in a demand deposit account that is federally insured to the maximum extent permitted by law. Demand deposit accounts are non-interest bearing pursuant to federal law, but offer immediately available funds for withdrawal after check has cleared.

Title Company may receive other benefits from the financial institution where the funds are deposited. Based upon the deposit of escrow funds in demand deposit accounts and other relationships with the financial institution, Title Company is eligible to participate in a program offered by the financial institution whereby the Title Company may (i) receive favorable loan terms and earn income from the investment of loan proceeds and (ii) receive other benefits offered by the financial institution.

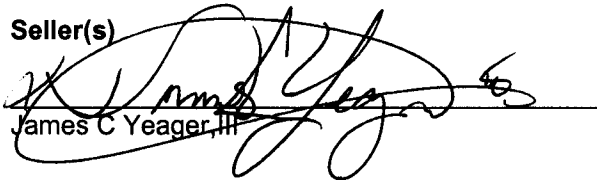
I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction.

I certify and acknowledge that I have received a copy of the HUD-1 Settlement Statement and have read and understood this disclosure statement above.

Purchaser(s) Borrower(s)

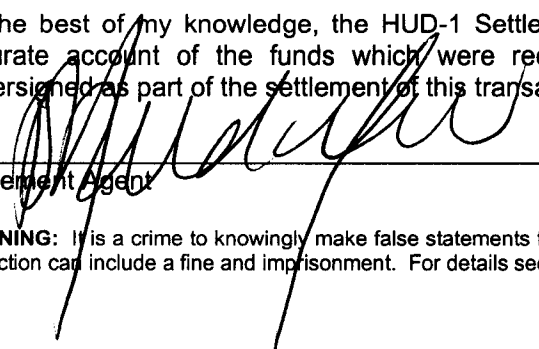

James Watson member
Watson Investments, LLC.

Seller(s)


James C. Yeager, III

To the best of my knowledge, the HUD-1 Settlement Statement which I have prepared is a true and accurate account of the funds which were received and have been or will be disbursed by the undersigned as part of the settlement of this transaction.

Settlement Agent



Date

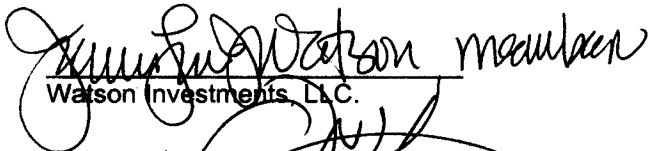
5/27/10

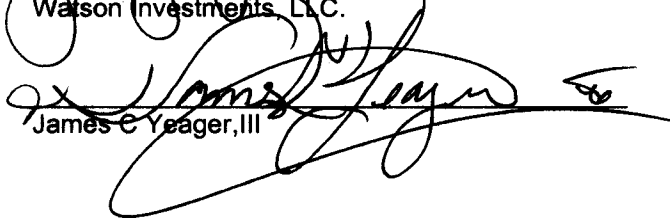
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COMMISSION DISCLOSURE ATTACHMENT

The following additional persons, firms or corporations received a portion of the real estate commission:

Sudhoff Properties
Maxim Properties


Watson member
Watson Investments, LLC.


James E. Yeager, III



P.O. Box 631730
Irving, TX 75063-1730

April 26, 2010

James C Yeager
3611 Laurel Hollow Dr
Spring, TX 77388-5080

Re: American Home Mortgage Servicing, Inc. Loan Number 0023283252
(referred to herein as "Loan")
Borrower(s): James C Yeager,
(referred to herein as "Borrowers")
Property Address: 3611 Laurel Hollow Dr, Spring TX 77388
(referred to herein as "Property")

Dear James C Yeager :

This letter agreement ("Agreement"), effective as of the date acknowledged and accepted by American Home Mortgage Servicing, Inc., ("AHMSI") below, will confirm that AHMSI and Borrowers agree to a short payoff of the Loan, subject to the following terms and conditions:

1. A COPY OF THE FINAL HUD1 SETTLEMENT STATEMENT RELATING TO THE SALE OF THE PROPERTY, SIGNED BY BOTH SELLER (BORROWERS) AND PURCHASER, MUST ACCOMPANY THE NET PROCEEDS CHECK TO AHMSI AND MUST SIMULTANEOUSLY BE FAXED TO 1-866-452-1837. IF SUCH HUD1 SETTLEMENT STATEMENT, SIGNED BY BOTH SELLER AND BUYER, DOES NOT ACCOMPANY THE NET PROCEEDS CHECK, OR SHOULD THE DOLLAR AMOUNTS AND DISTRIBUTION OF LOAN PROCEEDS ON THE HUD1 SETTLEMENT STATEMENT FAIL TO REFLECT THE TERMS OF THIS AGREEMENT, THE NET PROCEEDS CHECK WILL BE RETURNED TO THE CLOSING AGENT AND THIS AGREEMENT SHALL BE NULLIFIED AND OF NO FORCE OR EFFECT. THE FINAL HUD1 MUST MATCH THE NET AMOUNT WE RECEIVE.
2. The net proceeds to AHMSI from the sale of the Property must not be less than \$76,679 (referred to herein as the "Net Proceeds").
3. The Net Proceeds are calculated based on a total Property sales price of \$90,000 (referred to herein as the "Total Sales Price") and include the Short Sale administration fee, if applicable. If the actual Property sales price is more than the Total Sales Price, all additional funds over the Total Sales Price shall be paid to AHMSI at closing. The Broker commission based on sales price cannot exceed six percent (6 %).

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4. If a Short Sale administration fee is applicable, then the lesser of \$5,000.00 (five thousand dollars) or 1% of the Total Sales Price must be paid by the purchaser to AHMSI at or prior to closing. This fee is over and above the amount of the Total Sales Price.

Not Applicable
 Applicable in the amount of \$ _____.

5. No more than \$0 out of the Total Sales Price shall be paid to any junior lien holder.
6. No portion of the Total Sales Price shall be payable to Borrowers or rebated to the purchaser of the Property.
7. The difference between the Total Sales Price and the combined amount paid to AHMSI (the Net Proceeds) and any junior lien holder(s) shall be applied to Borrowers' portion of the closing costs and the real estate sales commission relating to the sale of the Property. Any amount remaining shall be paid to American Home Mortgage Servicing, Inc. at closing.
8. Any funds held in Borrowers' escrow/impound account and/or any insurance claim proceeds relating to the Loan will be considered the property of AHMSI and will be applied toward AHMSI's loss.
9. The Net Proceeds (plus any additional amounts due AHMSI under the terms of this Agreement) must be received at AHMSI's offices by no later than 5/28/10, in the form, and pursuant to the instructions, set forth below. If funds are not received in accordance with the terms of this Agreement by such date, per diem Interest of \$0 will accrue each day until the Net Proceeds (plus any accrued per diem interest) and the Short Sale administration fee, if applicable, are received at AHMSI's offices. If funds are not received at AHMSI's offices by 5/28/10, this Agreement shall be nullified and of no force or effect. The short payoff offer as set forth in this Agreement will expire if an original HUD1 of this Agreement, fully executed by Borrowers, is not received at AHMSI's offices by 5/28/10.
10. Upon (i) full execution of this Agreement by Borrowers and AHMSI, (ii) Borrowers' compliance with all of the terms and conditions of this Agreement, and (iii) clearing of any Net Proceeds check and any for payment of the Short Sale administration fee, AHMSI will prepare and submit for recording through its normal channels a release of the mortgage or deed of trust that secures the Loan.
11. The Borrowers understand that any principal balance on the Loan that is written off as a result of this Agreement, will be subject by law to any applicable legal reporting requirements promulgated by the IRS, which could, mean that the borrower is subject to the receipt of a 1099C.

12. If the loan includes mortgage insurance coverage, the short payoff is contingent upon the following conditions (check if applicable):

- Not Applicable
 Borrower to execute promissory note in the amount of \$ _____ payable to the mortgage insurance company at closing.
 Borrower to provide a contribution payable to the mortgage insurance company in the amount of \$ _____ at closing.

13. Borrowers understand and agree that, notwithstanding anything in this Agreement to the contrary, certain contemporaneous legal proceedings, including but not limited to a bankruptcy filing by one or more Borrowers or a foreclosure sale of the Property, may prevent AHMSI from performing its obligations under this Agreement. In such event, all monies paid to AHMSI under this Agreement shall be returned, this Agreement shall be nullified and of no force or effect and Borrowers shall have no recourse or cause of action against AHMSI, at law or at equity, related to this Agreement.

14. All amounts due to AHMSI under this Agreement shall be either in the form of certified funds or money order and remitted to:

American Home Mortgage Servicing, Inc.
1525 South Beltline Road
Coppell, TX 75019

Or wire to AHMSI as follows:

Account Number 099-0526
ABA Number 043 000 261
Receiving Bank: Mellon Bank Pittsburgh, PA
Borrower Name/Loan Number

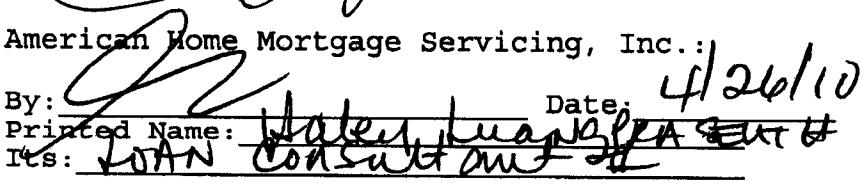
If any of the terms or conditions of this Agreement (i) are not satisfied by Borrower and/or purchaser, or (ii) are changed without prior written consent of AHMSI, this Agreement becomes null and void in its entirety. This Agreement shall not be binding on AHMSI until such time as acknowledged and accepted by AHMSI where indicated below.

Acknowledged and accepted:

Borrowers:


James C Yeager

American Home Mortgage Servicing, Inc.:

By:  Date: 4/26/10
Printed Name: Walter Luang
Its: LOAN CONSULTANT

If you have any further questions regarding the matter, please contact AHMSI at (877) 304-3100.

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P.O. Box 631730
Irving, TX 75063-1730

This communication is from a debt collector but does not imply that American Home Mortgage Servicing, Inc. is attempting to collect money from anyone whose debt has been discharged pursuant to (or who is under the protection of) the bankruptcy laws of the United States; in such instances, it is intended solely for informational purposes and does not constitute a demand for payment.

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