

Class Legal Notice (Short Form)

If your manufactured home was sold and installed by Eastern Homes, Inc., you may be part of a class action settlement with Eastern Homes, Inc.

**Who is affected?
Consumers in Maryland who own a manufactured home that was installed by Eastern Homes, Inc. in Maryland**

You may be affected by a class action settlement about whether Eastern Homes, Inc. defectively installed manufactured homes in violation of Federal, State, and County building codes. The lawsuit was originally filed in August 2004, and has been pending since that time, and includes related litigation in federal court as to whether the Defendant's insurance company would have to pay any damages assuming they existed.

The lawsuit is called *Royal v. Eastern Homes, Inc.*, No. 13-C-04-059581 and is filed in the Circuit Court for Howard County, Maryland. On or about August 18, 2006, the Court decided that Class I (homes installed by Eastern Homes, Inc. in Maryland after August 25, 2000) should be a class action on behalf of a "Class," or group of people, that could include you. The Court decided that proposed Class II (homes installed by Eastern Homes, Inc. in Maryland before August 25, 2000) should not be a Class Action. A class settlement agreement has been reached for the certified Class I, and also for a proposed Class II for settlement purposes only. This notice summarizes your rights and options. More information is in a detailed notice available at the website below. If you want to be a part of the settlement, you need not do anything but if you want to proceed on your own you must request exclusion from the settlement, as described below.

Are you affected?

All persons who own a manufactured home that was installed by Eastern Homes, Inc. in Maryland and whose homes were installed without footings under all support piers extending below the frost line, or whose homes do not have code compliant stabilizing devices (ground anchoring) are Class members.

Class I is defined as all persons in Maryland whose manufactured home was installed by Eastern Homes, Inc. in Maryland after August 25, 2000 and: 1) does not have footings under each pier that extend below the locally established frost line; or 2) does not have load carrying portions of the ground anchors that extend below the locally established frost line; or 3) does not have ground anchors which utilize either a stabilizer plate or a concrete cylindrical collar; or 4) does not have anchoring equipment that is capable of resisting an allowable working load equal to or exceeding 3,150 pounds and capable of withstanding a 50 percent overload (4,725 pounds total) without failure of either the anchoring equipment or the attachment point on the manufactured home; or 5) any person or entity with similar claims to those of the Named Plaintiffs in the *Royal* Action. Excluded from both Class I are the following: (i) Defendants, any person, firm trust, corporation or other entity affiliated with Defendants; (ii) any claims for actual personal injuries (any applicable statute of limitations will apply to these claims and the filing of this class action did not toll such claims), and (iii) class members who timely exclude themselves from this settlement, as discussed below.

Class II is defined as all persons who live in Maryland who are not members of Class I (including any person or entity with Similar Claims to those of the Named Plaintiffs in the *Royal* Action as defined in Section 1.19) and whose manufactured home was installed by Eastern Homes, Inc. in Maryland before August 25, 2000 and: 1) does not have footings under each pier that extend below the locally established frost line; or 2) does not have load carrying portions of the ground anchors that extend below the locally established frost line; or 3) does not have ground anchors which utilize either a stabilizer plate or a concrete cylindrical collar; or 4) does not have anchoring equipment that is capable of resisting an allowable working load equal to or exceeding 3,150 pounds and capable of withstanding a 50 percent overload (4,725 pounds total) without failure of either the anchoring equipment or the attachment point on the manufactured home; or 5) any person or entity with similar claims to those of the Named Plaintiffs in the *Royal* Action as defined in Section 1.19. Excluded from Class II are the following: (i) Any Defendant, any person, firm trust, corporation or other entity affiliated with any Defendant; (ii) any claims for actual personal injuries (any applicable statute of limitations will apply to these claims and the filing of this class action did not toll such claims); and (iii) any class

members who timely exclude themselves from this settlement, as discussed below.

What is this case about?

The lawsuit claims that Eastern Homes, Inc. negligently installed manufactured homes throughout the State of Maryland in violation of any applicable building codes. The lawsuit claims that Eastern Homes, Inc. did not install the manufactured homes on support piers that are built upon footings that extend below the frost line, and that the ground anchoring devices do not comply with applicable anchoring standards. The lawsuit sought damages for Class Members' caused by the negligence of Eastern Homes, Inc. Eastern Homes, Inc. denies it did anything wrong, and says it has complied with the local authority having jurisdiction. The Court has not decided whether the Class or Eastern Homes, Inc. is right or wrong.

Who represents you?

The Court appointed Jon D. Pels, Lawrence J. Anderson and the law firm of Pels, Anderson, LLC of Bethesda, Maryland, to represent you as "Class Counsel." You do not have to pay Class Counsel or anyone else to participate. Instead, they will ask the Court for attorneys' fees and costs, out of any money/benefits recovered from the Settlement. Class Counsel has advanced over \$233,640.02 on behalf of the respective classes, a majority of which constitutes expert consultant fees, to prosecute this matter as well as substantial attorney time. You may hire your own lawyer to appear in Court for you regardless of whether you wish to participate in this settlement, exclude yourself from this settlement, or object to this settlement; if you do, you have to pay that lawyer. Lawrence Corwin and Cordelia and John Walser are Class Members like you, and the Court accepted them as the "Class Representatives" for Class I. Jason Royal, Leonard and Melinda Stewart and Hamilton "Buddy" Shoop are proposed settlement "Class Representatives" for Class II.

What do I get? For both Class I and II?

Eastern Homes, Inc. will retro-fit Class I and Class II settlement members' homes with a new anchoring system designed to make the homes safe and bring them into compliance with the applicable building codes for anchoring systems, if needed. The value of the components and services include ensuring the anchoring systems are brought into compliance with relevant HUD, COMAR and respective County regulations; the new anchoring systems will help to protect the future safety of the inhabitants and their neighbors; the respective homes values are increased on resale due to the fact that the homes have Code compliant anchoring systems and can be sold as such. The retail value of the components and services to be used in any retrofitting are estimated by Plaintiff's Expert to be \$1500 per multi-section home and \$1200 per single section home and amount to a massive undertaking to be completed over three years on an estimated 860 plus homes as there are estimated to be approximately 400-450 homes in each respective class. There are estimated to be approximately 400-450 homes in each respective class. An inspection of Class members' manufactured homes by a qualified inspector agreed to by Class Counsel and Coordinating Defendants Counsel will occur, which inspection shall determine whether or not the Class members' manufactured homes are fitted with proper anchoring systems as required by the applicable building codes. Additionally for Class I only: Persons in the Settlement Class who, individually or collectively, submit a completed Claim Form to Class Counsel within three years of Final Approval of this Settlement or on or before October 3, 2011, shall be entitled to receive a payment of one-hundred and eighty five dollars (\$185.00). **Class I funding:** Defendant(s) have agreed to establish and fund a Settlement Trust in the amount of \$710,000.00 which is considered part of the common fund created as a result of the *Royal* Action (the other part being the in kind contribution of goods and services to bring homes into compliance with applicable federal and state tie-down standards as contemplated in the retro-fit to be consummated over a three year period). Of this amount, \$115,000 shall be set aside for putative payments to class members and incentive payments to class representatives as contemplated herein. As an incentive payment for representing the Class, participating in the litigation, and allowing their homes to be used as test prototypes for the new stabilizing systems, Class Counsel is proposing incentive payments of \$15,000 each to Lawrence Corwin and Cordelia and John Walser for acting as Class I Representatives. The remainder shall be used as approved by the Court for class counsel fees and costs. Finally, \$30,000 will be paid immediately by Eastern Homes to help cover the costs of administration and class notice, including newspaper advertising. **Class II funding:** Defendant(s) have agreed to establish and fund a Settlement Trust in the amount of \$140,000.00. As an incentive payment for representing the Class, participating in the litigation, and allowing their homes

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to be used as test prototypes for the new stabilizing systems, Class Counsel is proposing incentive payments of \$3,000 each to Jason Royal, Leonard and Melinda Stewart and Hamilton "Buddy" Shoop for acting as Class II Representatives. The remainder shall be used as approved by the Court for class counsel fees and costs.

What are your options?

You have a choice of deciding whether to stay in the Class settlement or not, or whether to object to the proposed settlement, and you must decide this now.

1. If you stay in the Class settlement by not electing to exclude yourself from the settlement, you will be legally bound by all orders and judgments of the Court, whether favorable or not, and you will not be able to sue, or continue to sue, Eastern Homes, Inc. or other released parties as part of any other lawsuit for the installation of your manufactured home, including but not limited to the anchors and stabilizing devices, the foundation, the footings and piers for your manufactured home. *To stay in the Class settlement, you do not have to do anything now.*

2. You may ask the Court to exclude you from Class I and/or Class II. The Court will exclude every person who requests to be excluded by the date specified below. If you choose to exclude yourself from the Class I and/or Class II, you cannot get any of the benefits from this settlement, but you will keep any rights to sue Eastern Homes, Inc. or other parties for these claims, now or in the future and will not be bound by any orders or judgments of the Court. You have the right to exclude yourself from the settlement by filing a written request for exclusion with the Clerk of the Circuit Court for Howard County, Court House, 8360 Court Avenue, Ellicott City, MD 21043, and serving copies of the request on the lawyers for the class and coordinating defense lawyers below. The request for exclusion must be received by the Clerk of the Court on or before September 15, 2008 and must refer to the name and number of the case. A request for exclusion form can be obtained at the web site below. If you do not request exclusion by this date, you will be bound by any judgment entered by the Court, whether favorable or not. The Court's judgment will include all members of Class I and/or Class II who do not request exclusion.

3. You may object to the settlement by filing a written objection in the Circuit Court for Howard County, Court House, 8360 Court Avenue, Ellicott City MD 21043. The objection must be received by the Clerk of the Court on or before September 15, 2008 and copies must be sent to the attorneys identified herein.

4. Please mail any exclusion request or objection to the Court at the address given above and also to: (a) Class Counsel, Attn: Royal Class Action, Pels Anderson, LLC, 4833 Rugby Avenue, Fourth Floor, Bethesda, MD 20814; and (b) Coordinating Defense Counsel Patrick C. Smith, Esquire, Powers & Frost, L.L.P. 502 Washington Avenue, Suite 200, Towson, MD 21204. Include your name, address, telephone number, make, model, and year of your manufactured homes, and the date you purchased the manufactured home, and the date your manufactured home was installed, or, if you do not know the date of installation, then the date of you began living in your manufactured home.

IMPORTANT: THE COURT REQUIRES THAT ANY REQUESTS FOR EXCLUSION OR OBJECTIONS BE ACTUALLY RECEIVED BY THE CLERK BY SEPTEMBER 15, 2008. MERELY MAILING THESE MATERIALS ON THAT DATE DOES NOT SATISFY THE REQUIREMENT OF ACTUAL RECEIPT BY THE COURT. IF YOU MAIL A REQUEST FOR EXCLUSION OR OBJECTION TO THE COURT, YOU BEAR THE RISK OF ANY PROBLEM WITH THE MAILS AND YOU SHOULD ALLOW AT LEAST 10 BUSINESS DAYS FOR THOSE DOCUMENTS TO BE RECEIVED BY THE COURT. YOU MAY USE PRIVATE OVERNIGHT DELIVERY SERVICES SUCH AS FEDEX OR UPS TO DELIVER THESE MATERIALS TO THE COURT. IT IS STRONGLY RECOMMENDED THAT YOU UTILIZE A DELIVERY METHOD THAT PROVIDES YOU WITH PROOF THE MATERIALS WERE RECEIVED.

The Court Hearing on the Settlement

The Court will hold the final Fairness Hearing to determine Final Approval and Findings of Fact on October 2, 2008 at 9:00AM. Every person who does not request exclusion from the settlement and who desires to enter an appearance through an attorney may do so. You will be responsible for paying any attorney that you retain to represent you.

How can you get more information?

If you have questions or want a detailed notice or other documents about this lawsuit and your rights, visit www.pallaw.com/EasternHomesClassAction/, or write to: Eastern Homes, Inc. Class Action, c/o Pels, Anderson, LLC, 4833 Rugby Avenue, 4th Floor, Bethesda, MD 20814. www.pallaw.com/EasternHomesClassAction/