

UNITED STATES DISTRICT COURT
DISTRICT OF SOUTH CAROLINA
FLORENCE DIVISION

QBE INSURANCE COMPANY,)	
)	
)	C/A No.: 4:17-cv-01611-RBH
Plaintiff,)	
)	
v.)	
)	
OCEAN KEYES DEVELOPMENT, LLC;)	
KEYE CONSTRUCTION COMPANY,)	
INC.; KEYE COMMUNITIES, LLC;)	
PINE BLUFF CONSTRUCTION CO.;)	
KEYE REAL ESTATE, INC.; RUSSELL)	
BALZTER; MARC HYMAN; BEACH)	
VILLAS AT OCEAN KEYES)	
PROPERTY OWNERS ASSOCIATION,)	
INC., SEASHORE VILLAS AT OCEAN)	
KEYES PROEPRTY OWNERS)	
ASSOCIATION, INC., LAKESIDE)	
TOWNHOMES AT OCEAN KEYES)	
HORIZONTAL PROPERTY REGIME,)	
INC.; LAKESIDE TONWHOMES AT)	
OCEAN KEYES PROPERTY OWNERS)	
ASSOCIATION, INC.; HARPER OCEAN)	
KEYES, LLC; ROBERT F. MCKENNA;)	
OLGA R. MCKENNA; ROBERT W.)	
DISMORE; AND LUTHER A.)	
BEAZLEY, III, TRUSTEE OF THE)	
LUTHER A. BEAZLEY REVOCABLE)	
TRUST;)	
)	
Defendants.)	

SETTLEMENT, RELEASE, AND POLICY BUY-BACK AGREEMENT

This Settlement Agreement, Release, and Policy Buy-Back Agreement ("AGREEMENT") is entered into by QBE Insurance Corporation ("QBE") and each of their past, present, and future subsidiaries, affiliated companies, owners, principals, shareholders, general partners, limited partners, joint ventures, officers, directors, agents, attorneys, third-party administrators, servants,

employees, predecessors, heirs, successors, assigns, members, and shareholders, on the one hand, and Ocean Keyes Development LLC ("Ocean Keyes"), Keye Real Estate, Inc. (collectively "OCEAN KEYES ENTITIES") and each of their past, present, and future subsidiaries, affiliated companies, owners, principals, shareholders, general partners, limited partners, joint ventures, officers, directors, agents, attorneys, third-party administrators, servants, employees, predecessors, heirs, successors, assigns, members, and shareholders; and Keye Construction Co., Inc., Keye Communities, LLC, Pine Bluff Construction Co., Marc Hyman, Russell P. Baltzer ("KEYE-RELATED ENTITIES"); and each of their past, present, and future subsidiaries, affiliated companies, owners, principals, shareholders, general partners, limited partners, joint ventures, officers, directors, agents, attorneys, third-party administrators, servants, employees, predecessors, heirs, successors, assigns, members, and shareholders; and Beach Villas at Ocean Keyes Property Owners Association, Inc., Seashore Villas at Ocean Keyes Property Owners Association, Inc., Lakeside Townhomes at Ocean Keyes Horizontal Property Regime, Inc., Lakeside Townhomes at Ocean Keyes Property Owners Association, Inc., Harper Ocean Keyes, LLC; Robert F. McKenna, Olga R. McKenna, Robert W. Dismore, and Luther A. Beazley, III, Trustee of the Luther A. Beazley Revocable Trust (collectively "HOMEOWNER PARTIES") and each of their past, present, and future subsidiaries, affiliated companies, owners, principals, shareholders, general partners, limited partners, joint ventures, officers, directors, agents, attorneys, third-party administrators, servants, employees, predecessors, heirs, successors, assigns, members, and shareholders, on the other.

QBE, OCEAN KEYES ENTITIES, KEYE-RELATED ENTITIES, and HOMEOWNER PARTIES are referred to herein as the "PARTIES" or individually as "PARTY".

I. RECITALS

NOW, THEREFORE, and in consideration of the covenants and conditions contained herein, the PARTIES agree as follows:

1. WHEREAS, THE HOMEOWNER PARTIES alleged construction defects at their respective condominium and townhouse projects, including to their individual units and the project common areas against some or all of the OCEAN KEYES ENTITIES and the KEYE-RELATED ENTITIES in the following lawsuits:

a. *Beach Villas at Ocean Keyes Property Owners Association, Inc. v. Ocean Keyes Development, LLC, et al.* in the Fifteenth Judicial Circuit in the Court of Common Pleas of Horry County, South Carolina, Case No. 2014-CP-26-6573 (“the *Beach Villas* action”).

b. *Seashore Villas at Ocean Keyes Property Owners Association, Inc. v. Ocean Keyes Development, LLC, et al.* in the Fifteenth Judicial Circuit in the Court of Common Pleas of Horry County, South Carolina, Case No. 2015-CP-26-8308 (“the *Seashore Villas* action”).

c. *Lakeside Townhomes at Ocean Keyes Horizontal Property Regime, Inc., et al. v. Ocean Keyes Development, LLC, et al.* in the Fifteenth Judicial Circuit in the Court of Common Pleas of Horry County, South Carolina, Case No. 2015-CP-26-5585 (“the *Lakeside Townhomes* action”);

d. *Harper Ocean Keyes, LLC, et al. v. Ocean Keyes Development, LLC, et al.*, in the Fifteenth Judicial Circuit in the Court of Common Pleas of Horry County, South Carolina, Case No. 2015-CP-26-4599 (“the *Harper Ocean* action”);

2. WHEREAS, The *Beach Villas* lawsuit, *Seashore Villas* lawsuit, *Lakeside Townhomes* lawsuit, and *Harper Ocean* lawsuit are collectively referred to as the "UNDERLYING ACTIONS".

3. WHEREAS, QBE issued Policy Number JCG23468, which was effective from June 29, 2010 to June 29, 2011 ("2010-2011 policy") and Policy Number JCG23468-1, which was effective from June 29, 2011 to June 29, 2012 ("2011-2012 policy") (collectively, referred to as the "QBE policies");

4. WHEREAS, both of the Declaration Pages in the QBE policies list "Keye Real Estate, Inc." and "Ocean Keyes Development, LLC" as Named Insureds, and identify them in the business description as: "real estate agent".

5. WHEREAS, both of the Declaration Pages in the QBE policies state that the classification and annual premium calculation (\$1,479) was based on the following: (1) real estate agents payroll, and (2) approximately 10,028 square feet of building or premises, classified as: "bank, office-merc, mfg (lessor's risk only)";

6. WHEREAS, each of the QBE policies contain a Commercial General Liability Coverage Part, which has a General Aggregate Limit of \$2,000,000, a Products - Completed Operations Aggregate Limit of \$2,000,000, and an "Each Occurrence" Limit of \$1,000,000;

7. WHEREAS, both of the QBE policies contain an Additional Insured – Managers or Lessors of Premises Endorsement, written on Form CG 2011 01 06, which states the following:

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT
CAREFULLY

ADDITIONAL INSURED – MANAGERS OR LESSORS OF
PREMISES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

1. Designation of Premises (Part Leased to You):

601 HILLSIDE DRIVE N 3000 NORTH MYRTLE BEACH SC
29582

2. Name of Person or Organization (Additional Insured):

OCEAN KEYES DEVELOPMENT LLC

3. Additional Premium: \$ INCLUDED

(If no entry appears above, the information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you and shown in the Scheduled and subject to the following additional exclusions:

This insurance does not apply to:

1. Any "occurrence" which takes place after you cease to be a tenant in that premises.
2. Structural alterations, new construction or demolition operations performed by or on behalf of the person or organization shown in the Schedule.

8. WHEREAS, both of the QBE policies also contain a Limitation of Coverage to Designated Premises or Project Endorsement, written on Form CG 2144 07 98, which states the following:

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT
CAREFULLY

LIMITATION OF COVERAGE TO DESIGNATED PREMISES OR PROJECT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Premises: 601 HILLSIDE DRIVE N 3000 NORTH MYRTLE BEACH SC 29582
Project:

(If no entry appears above, the information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

This insurance applies only to "bodily injury", "property damage", "personal and advertising injury" and medical expenses arising out of:

1. The ownership, maintenance or use of the premises shown in the Schedule and operations necessary or incidental to those premises; or
2. The project shown in the Schedule.

9. WHEREAS, Section IV of the QBE policies contains a condition, titled "Representations", which states that "[b]y accepting this policy, you agree the statements in the Declarations are accurate and complete, those statements are based upon representations you made to us, and we have issued this policy in reliance upon your representations";

10. WHEREAS, on or about July 6, 2010, Marc Hyman signed an application for insurance, in which Keye Real Estate and Ocean Keyes were identified as "real estate agents";

11. WHEREAS, the insurance application also indicated that "Ocean Keyes Development, LLC" requested to be added as an additional insured for one building: "Lessor's Risk Landlord";

12. WHEREAS, QBE agreed to defend Ocean Keyes against the UNDERLYING ACTIONS, subject to a reservation of rights.

13. WHEREAS, QBE brought a coverage action, titled *QBE Insurance Corporation v. Ocean Keyes Development, LLC, et al.* in the United States District Court for the District of South Carolina, Florence Division, Case No. 4:17-cv-01611-RBH (the "COVERAGE ACTION");

14. WHEREAS, the Defendants in the COVERAGE ACTION include the OCEAN KEYES ENTITIES, KEYE-RELATED ENTITIES, and HOMEOWNER PARTIES;

15. WHEREAS, QBE's COVERAGE ACTION sought a declaration that, under the terms and conditions of the QBE policies, there is no coverage for Ocean Keyes for the UNDERLYING ACTIONS, and QBE has no duty to defend or indemnify Ocean Keyes against the UNDERLYING ACTIONS;

16. WHEREAS, QBE's COVERAGE ACTION also sought a declaration that, under the terms and conditions of the of QBE policies, there is no coverage for Keye Construction Company, Inc., Pine Bluff Construction Co., Inc., and Key Communities, LLC for the UNDERLYING ACTIONS, and QBE has no duty to defend or indemnify Keye Construction Company, Inc., Pine Bluff Construction Co., Inc., and Key Communities, LLC against the UNDERLYING ACTIONS;

17. WHEREAS, QBE's COVERAGE ACTION also sought a declaration that, under the terms and conditions of the QBE policies, there is no coverage for Russell Baltzer and Marc

Hyman for the UNDERLYING ACTIONS, and QBE has no duty to defend or indemnify Russell Baltzer or Marc Hyman against the UNDERLYING ACTIONS;

18. WHEREAS, QBE's COVERAGE ACTION also sought a declaration that, under the terms and conditions of the QBE policies, there is no coverage for the UNDERLYING ACTIONS pursuant to the Limitation of Coverage to Designated Premises or Project Endorsement in the QBE policies, and QBE has no duty to defend or indemnify any insured against the UNDERLYING ACTIONS;

19. WHEREAS, QBE's COVERAGE ACTION also sought a declaration that, under the terms and conditions of the QBE policies, there was no coverage for the UNDERLYING ACTIONS because some or all of the property damage was known to the insureds prior to the QBE policy's effective date of June 29, 2010, and therefore, QBE had no duty to defend or indemnify any insured against the UNDERLYING ACTIONS;

20. WHEREAS, QBE's COVERAGE ACTION sought Rescission of the QBE policies based on alleged misrepresentations made in the application for insurance which identified Keye Real Estate, Inc., and Ocean Keyes as "real estate agents";

21. WHEREAS, QBE's COVERAGE ACTION sought reimbursement of attorneys' fees and other costs incurred in the UNDERLYING ACTIONS;

22. WHEREAS, the OCEAN KEYES ENTITIES, KEYE-RELATED ENTITIES, and HOMEOWNER PARTIES disputed QBE's contentions that were alleged in the COVERAGE ACTION;

23. WHEREAS, though QBE contends that QBE had no duty to defend or indemnify the OCEAN KEYES ENTITIES, KEYE-RELATED ENTITIES, or any other entity against the UNDERLYING ACTIONS, QBE agrees to contribute \$750,000 towards the settlement or

judgment satisfaction of the UNDERLYING ACTIONS, in return for a "policy buy-back", i.e. a complete rescission of the QBE policies, subject to the terms and conditions expressed herein. Therefore, QBE's \$750,000 settlement is consideration for buying back the QBE policies from the OCEAN KEYES ENTITIES;

24. WHEREAS, QBE desires to effect a full and final settlement, compromise, mutual release, and resolution of all claims by the HOMEOWNER PARTIES in the UNDERLYING ACTIONS; any unknown Plaintiffs, homeowners, or claimants in the UNDERLYING ACTIONS; and any and all disputes and disagreements related to the UNDERLYING ACTIONS, and to terminate and release any obligations QBE has or ever may have in the past, present, or future with respect to the UNDERLYING ACTIONS or the QBE policies, and to effect a policy buy-back of the QBE policies from the OCEAN KEYES ENTITIES free and clear of all liens, claims, encumbrances, and other interests, to the full extent permitted by law;

25. WHEREAS, an additional intended scope and operation of this AGREEMENT is to ensure that the HOMEOWNER PARTIES receive the exclusive benefit of QBE's \$750,000 settlement payment in order to satisfy the HOMEOWNER PARTIES' claims in the UNDERLYING ACTIONS, either through settlements or judgments in the UNDERLYING ACTIONS, subject to certain Conditions, as discussed in Section II of this AGREEMENT.

26. WHEREAS, an additional intended scope and operation this AGREEMENT is to effectively rescind the QBE policies, ab initio, so that the OCEAN KEYES ENTITIES, KEYE-RELATED ENTITIES, and HOMEOWNER PARTIES cannot assert or assign any rights or obligations in any way related to QBE or the QBE policies to any other party, including any insurer, subcontractor, plaintiffs, owners, principals, shareholders, general partners, limited partners, joint

ventures, officers, directors, agents, attorneys, third-party administrators, employees, predecessors, members, and shareholders, or any other entity, whether known or unknown, including their insurers, or any other entity, under any circumstance, whether known or unknown, anticipated or unanticipated.

27. WHEREAS, through this AGREEMENT, the PARTIES agree that any purported assignment shall be null and void and will not bind any of the PARTIES;

28. WHEREAS, the PARTIES desire to effect a full and final settlement, compromise, mutual release, and resolution of all claims by each PARTY against any other PARTY relating to the COVERAGE ACTION;

29. WHEREAS, through this AGREEMENT, the PARTIES seek to provide each other the broadest possible release with respect to the QBE policies, the COVERAGE ACTION, and any and all future claims that relate to the QBE policies, and to provide that, except as set forth in this AGREEMENT, no PARTY shall have any further obligations with respect to the QBE policies;

NOW, THEREFORE, in consideration of the performance of the covenants and agreements herein recited and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the PARTIES agree as follows:

II. AGREEMENT

1. THE SETTLEMENT AMOUNT

A. QBE agrees to pay the OCEAN KEYES ENTITIES the amount of \$750,000 (Seven Hundred and Fifty Thousand Dollars and No Cents) ("SETTLEMENT AMOUNT") to be made payable to "Bellamy, Rutenberg, Copeland, Epps, Gravely & Bowers, P.A Escrow Account," and delivered to David B. Miller, Esq. of Bellamy, Rutenberg, Copeland, Epps, Gravely & Bowers, P.A. at P.O. Box 357, Myrtle Beach, South Carolina 29578.

B. In consideration of the full and timely performance of the terms and conditions of this AGREEMENT, QBE agrees to pay the above-referenced SETTLEMENT AMOUNT to the OCEAN KEYES ENTITIES within thirty (30) calendar days after the Court in the COVERAGE ACTION grants a Consent Order dismissing the COVERAGE ACTION without prejudice pursuant to Federal Rule of Civil Procedure 41.

C. In consideration of the full and timely performance of the terms and conditions of this AGREEMENT, QBE's obligation to defend the UNDERLYING ACTIONS will end on the date of the Court's Order in the COVERAGE ACTION granting QBE's Motion to Dismiss without prejudice pursuant to Federal Rules of Civil Procedure 41.

D. In consideration of the full and timely performance of the terms and conditions of this AGREEMENT, the OCEAN KEYES ENTITIES agree that the SETTLEMENT AMOUNT that the OCEAN KEYES ENTITIES will receive from QBE is intended exclusively to be allocated towards the good faith settlement, or payment of any judgment in the UNDERLYING ACTIONS. The SETTLEMENT AMOUNT shall be used, first and foremost, for the purposes of paying any settlement or judgment amount regarding the UNDERLYING ACTIONS. OCEAN KEYES ENTITIES further agree that it shall place the SETTLEMENT AMOUNT it receives from QBE in a settlement trust for the exclusive benefit of the HOMEOWNER PARTIES in the UNDERLYING ACTIONS. The HOMEOWNER PARTIES will agree to a separate Escrow Agreement with the respective OCEAN KEY ENTITIES regarding how the SETTLEMENT AMOUNT will be distributed.

E. In the event that any of the UNDERLYING ACTIONS: (i) are not resolved by a settlement; (ii) the OCEAN KEYES ENTITIES successfully obtain a defense verdict in all of the UNDERLYING ACTIONS; (iii) the settlement and/or judgment amounts in the UNDERLYING

ACTIONS are satisfied by any other available insurance proceeds to OCEAN KEYES ENTITIES or other parties to the UNDERLYING ACTIONS; and/or (iv) the SETTLEMENT AMOUNT exceeds that amounts of settlement and/or judgments against the OCEAN KEYES ENTITIES in the UNDERLYING ACTIONS; then, and only then, shall the OCEAN KEYES ENTITIES disburse any remaining SETTLEMENT AMOUNT as they deem appropriate. However, in no event shall the OCEAN KEYES ENTITIES disburse any remaining SETTLEMENT AMOUNT until and unless all of the UNDERLYING ACTIONS, as well as any appeals in the UNDERLYING ACTIONS, have become final and closed.

F. The PARTIES agree that, in consideration for QBE's payment of the SETTLEMENT AMOUNT, the OCEAN KEYES ENTITIES, KEYE-RELATED ENTITIES, and HOMEOWNER PARTIES cannot and shall not assign any of their rights or obligations relating to the COVERAGE ACTION or the QBE policies to any insurer, subcontractor, plaintiffs, owners, principals, shareholders, general partners, limited partners, joint ventures, officers, directors, agents, attorneys, third-party administrators, employees, predecessors, members, and shareholders, or any other entity, whether known or unknown. The PARTIES agree that any purported assignment by a PARTY shall be null and void and not bind on the PARTIES. The PARTIES further agree that this provision is intended to apply in the broadest possible manner allowable under the laws of the State of South Carolina to restrict the PARTIES from assigning its rights or obligations related to QBE in the UNDERLYING ACTIONS, the DECLARATORY JUDGMENT ACTION, or the QBE policies.

2. **RELEASE**

A. **Release of QBE**

In consideration of QBE's payment of the SETTLEMENT AMOUNT and the terms and conditions of this AGREEMENT, the OCEAN KEYES ENTITIES, KEYE-RELATED ENTITIES, and HOMEOWNER PARTIES on behalf of themselves as well as their past, present and future parent companies, divisions, subsidiaries, affiliates, partnerships, limited liability partnerships, corporations, limited liability corporations, business entities, members, owners, stockholders, directors, officers, employees, insurers, lenders, predecessors, predecessors-in-interest, successors, successors-in-interest, assigns, partners, joint ventures, legal representatives, agents, attorneys, heirs, administrators, trusts, trustees, beneficiaries, creditors, hereby release and forever discharge QBE, and each of its past, present and future parent companies, divisions, subsidiaries, affiliates, partnerships, limited liability partnerships, corporations, limited liability corporations, business entities, members, owners, stockholders, directors, officers, employees, insurers, reinsurers, lenders, predecessors, predecessors-in-interest, successors, successors-in-interest, assigns, partners, joint ventures, legal representatives, agents, attorneys, heirs, administrators, trusts, trustees, beneficiaries, creditors from any and all claims, demands, actions, or causes of action, of any kind or nature, whether known or unknown, from the beginning of time, to and including the date hereof, whether based on contract, tort, statute, bad faith, or any other legal or equitable theory of recovery, including but not limited to any claims, demands, actions, or causes of action which in any way arise out of or relate to the following: (1) the UNDERLYING ACTIONS; (2) the COVERAGE ACTION; (3) any actual or alleged duty to defend or indemnify any of the insureds or additional insureds under the QBE policies in connection with the UNDERLYING ACTIONS; (4) any actual or alleged duty to defend or indemnify any of the insureds or additional insureds under the QBE policies or insurance issued or underwritten by the PARTIES or their parent, subsidiaries, affiliates or related business

entities, in connection with the UNDERLYING ACTIONS; and (5) any and all claims, demands, or causes of action, asserted, or that could have been asserted by the OCEAN KEYES ENTITIES, KEYE-RELATED ENTITIES, and the HOMEOWNER PARTIES against QBE in the COVERAGE ACTION or the UNDERLYING ACTIONS.

B. Release of the QBE Policies

In consideration of QBE's payment of the SETTLEMENT AMOUNT, the OCEAN KEYES ENTITIES, KEYE-RELATED ENTITIES, and the HOMEOWNER PARTIES expressly agree, represent, and declare that, upon the occurrence of QBE's payment of the SETTLEMENT AMOUNT, the QBE policies will be deemed to have rescinded, ab initio, free and clear of any and all past, present or future liens, claims, encumbrances and other interests, and all rights of OCEAN KEYES ENTITIES, KEYE-RELATED ENTITIES, HOMEOWNER PARTIES, and any of the PARTIES, or any party claiming by, through, or on behalf of, under OCEAN KEYES ENTITIES, of any nature whatsoever, under the QBE policies shall be terminated and of no further force and effect. The PARTIES agree that QBE's payment of the \$750,000 SETTLEMENT AMOUNT, pursuant to paragraphs II.A and B of the AGREEMENT, constitutes QBE's full and complete performance of any and all obligations under the QBE policies owed to any of the insureds or additional insureds, exhausts all limits of liability of the QBE policies, and effects a complete sale, outright, of the QBE policies by OCEAN KEYES ENTITIES back to QBE. The PARTIES intend that all rights, title, or interest which OCEAN KEYES ENTITIES, KEYE-RELATED ENTITIES, HOMEOWNER PARTIES, or any other party, person, or entity may have had, may presently have, or in the future may have in the QBE

policies are hereby released. OCEAN KEYES ENTITIES, KEYE-RELATED ENTITIES, HOMEOWNER PARTIES, expressly agree, and accept the SETTLEMENT AMOUNT in full and complete satisfaction of all QBE's past, present, and future obligations to the OCEAN KEYES ENTITIES, or any other insured or additional insured under the QBE policies or arising therefrom, as to any and all claims for insurance coverage or policy benefits of any nature whatsoever, whether legal or equitable, known or unknown, suspected or unsuspected, fixed or contingent, and regardless of whether or not such claims are in any way related to, connected with, based on, or arise out of the UNDERLYING ACTIONS or the COVERAGE ACTION, or otherwise.

C. Release of the OCEAN KEYES ENTITIES

QBE, on behalf of itself, and all of its past, present, and future employees, directors, officers, shareholders, agents, representatives, attorneys, related entities, affiliates, parents, subsidiaries, divisions, within or affiliated with QBE, any predecessors, successors and assigns, releases the OCEAN KEYES ENTITIES and their respective employees, attorneys, agents, successors, and assigns, from any and all claims arising under or relating to the QBE policies, and the COVERAGE ACTION under any theory or combination of theories, whether known or unknown, including but not limited to any claims for reimbursement of defense costs and settlement payments made by QBE related to the UNDERLYING ACTIONS, and including but not limited to, claims sounding in subrogation, contribution, or premium owed.

D. Release of the KEYE-RELATED ENTITIES

QBE, on behalf of themselves, and all of their past, present, and future employees, directors, officers, shareholders, agents, representatives, attorneys, related entities, affiliates, parents, subsidiaries, divisions, within or affiliated with QBE, any predecessors, successors and

assigns, hereby releases the KEYE-RELATED ENTITIES and their respective employees, attorneys, agents, successors, and assigns, from any and all claims arising under or relating to the COVERAGE ACTION, under any theory or combination of theories, whether known or unknown, including but not limited to any claims for reimbursement of defense costs and settlement payments related to the UNDERLYING ACTIONS, and including but not limited to, claims sounding in subrogation, contribution, or premium owed.

E. Release of the HOMEOWNER PARTIES

QBE, on behalf of themselves, and all of their past, present, and future employees, directors, officers, shareholders, agents, representatives, attorneys, related entities, affiliates, parents, subsidiaries, divisions, within or affiliated with QBE, any predecessors, successors and assigns, hereby releases the HOMEOWNER PARTIES and their respective employees, attorneys, agents, successors, and assigns, from any and all claims arising under or relating to the COVERAGE ACTION, under any theory or combination of theories, whether known or unknown, including but not limited to any claims for reimbursement of defense costs and settlement payments related to the UNDERLYING ACTIONS, and including but not limited to, claims sounding in subrogation, contribution, or premium owed.

3. SALE FREE AND CLEAR

This AGREEMENT effects a sale and policy buy-back outright of the QBE policies by the OCEAN KEYES ENTITIES back to QBE. The OCEAN KEYES ENTITIES hereby sell the QBE policies back to QBE free and clear of all known liens, claims, encumbrances, and other interests. The PARTIES acknowledge and agree that (i) QBE is a good faith purchaser of the QBE policies, (ii) the consideration exchanged by QBE and OCEAN KEYES ENTITIES

pursuant to this AGREEMENT constitutes a fair and reasonable settlement of the COVERAGE ACTION and of their respective rights and obligations relating to the QBE policies and constitute reasonably equivalent value, and (iii) the policy "buy-back" of the QBE policies constitutes a complete satisfaction of all QBE's past, present, and future obligations to the OCEAN KEYES ENTITIES, or any other insured or additional insured under the QBE policies or arising therefrom, as to any and all claims for insurance coverage or policy benefits of any nature whatsoever, whether legal or equitable, known or unknown, suspected or unsuspected, fixed or contingent, and regardless of whether or not such claims are in any way related to, connected with, based on, or arise out of the UNDERLYING ACTIONS or the COVERAGE ACTION, or otherwise.

4. GENERAL RELEASE AND WAIVER

The PARTIES acknowledge and agree that this AGREEMENT is a full and final release of all claims between QBE and the OCEAN KEYES ENTITIES, QBE and the KEYE-RELATED ENTITIES, and QBE and the HOMEOWNER PARTIES and shall apply to all known and unknown and anticipated and unanticipated damages that relate to the UNDERLYING ACTIONS, the COVERAGE ACTION, and the QBE policies. The PARTIES acknowledge and agree that this AGREEMENT is not a full and final release of any claims between the HOMEOWNER PARTIES and the OCEAN KEYES ENTITIES, and the HOMEOWNER PARTIES and the KEYE-RELATED ENTITIES that relate to the UNDERLYING ACTIONS.

5. NO ADMISSION OF LIABILITY

The PARTIES hereto understand that this AGREEMENT is in compromise of disputed claims, and that neither this AGREEMENT nor the settlement contemplated herein, nor the

payment of the consideration hereunder, is intended to be, nor shall be deemed, construed, or treated in any way as an admission of liability by the PARTIES for any purpose.

6. WAIVER OF RIGHT TO BRING ACTION

The PARTIES, and each one of them, agree that they will not bring, commence, maintain or prosecute, directly or indirectly, any action at law or any proceeding in equity, or any legal or administrative proceeding, or any claim for damages or other relief against one another or any of their respective subsidiaries or affiliated companies, owners, principals, shareholders, general partners, limited partners, joint ventures, members, officers, directors, agents, attorneys, employees, predecessors, heirs, successors, or their assigns or their insureds relating to, connected with, or arising out of QBE's duty to defend or indemnify any insured or additional insured in connection with the UNDERLYING ACTIONS or the COVERAGE ACTION, other than any action that arises from the breach of any representation, obligation, or warranty contained in this AGREEMENT.

7. WARRANTY OF CAPACITY TO EXECUTE AGREEMENT

The PARTIES represent and warrant that each signatory to this AGREEMENT has the specific authority and power to execute the AGREEMENT. The PARTIES warrant that they have no knowledge that any other person or entity has or has had any interest in the claims, demands, obligations or causes of action referred to in this AGREEMENT, and that they have not sold, assigned, transferred, conveyed or otherwise disposed of any.

8. ENTIRE AGREEMENT

This AGREEMENT contains the entire agreement between the PARTIES and supersedes and replaces any and all prior or contemporaneous agreements or understandings, written or oral, with regard to the matters set forth in it. This AGREEMENT may be amended or modified in

whole or in part at any time only by an agreement in writing executed by all of the PARTIES in the same manner as this AGREEMENT. The PARTIES acknowledge that they have not executed this AGREEMENT in reliance on any promise, representation, or warranty extraneous to the express terms of this AGREEMENT.

9. BINDING EFFECT

This AGREEMENT shall be binding upon and shall insure to the benefit of the PARTIES, their respective executors, administrators, heirs, successors and assigns.

10. CONSTRUCTION BY SOUTH CAROLINA LAW

This AGREEMENT is entered into in the State of South Carolina and shall be construed and interpreted according to the laws of the United States of America and the State of South Carolina.

11. REPRESENTATION OF COMPREHENSION OF DOCUMENT

In entering into this AGREEMENT, the PARTIES represent that they have relied upon the legal advice of their attorneys, who are the attorneys of their own choice. The undersigned and counsel have reviewed and revised, or have had the opportunity to review and revise, this AGREEMENT and, accordingly, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this AGREEMENT or any amendment of it.

12. VALID AND ENFORCEABLE

If any provision or any part of any provision of this AGREEMENT is for any reason held to be invalid, unenforceable, or contrary to any public policy, law, statute, and/or ordinance, then

the remainder of this AGREEMENT shall not be affected thereby and shall remain valid and fully enforceable.

13. ENFORCEMENT OF AGREEMENT

In the event legal action becomes necessary to interpret, enforce, or seek remedies for a breach of any part of this Agreement, the prevailing PARTY in such action shall be entitled to reasonable costs and attorney's fees incurred in seeking such enforcement or remedy.

14. ATTORNEY'S FEES AND COSTS

The PARTIES, and each of them, agree, as to each other only, to bear their own costs of suit, experts' fees, attorneys' fees, and other costs and expenses, of any kind or character, arising out of or relating in any way to any of the claims, demands, actions or causes of action which are being released pursuant to the provisions of this AGREEMENT.

15. COUNTERPARTS

This AGREEMENT may be executed in several counterparts, and all so executed shall constitute one AGREEMENT which shall be binding upon all the PARTIES hereto, notwithstanding that all the PARTIES' signatures do not appear on the same page. The PARTIES may provide signatures by facsimile or computer transmittal (PDF). A signature produced by facsimile or computer transmission shall be deemed an original signature.

IN WITNESS HEREOF, the undersigned on behalf of the PARTIES have executed this Agreement as of the dates indicated below.

DATED: OLGA R. MCKENNA

By: _____
(Signature)

(Print Name)

Its: _____
(Title)

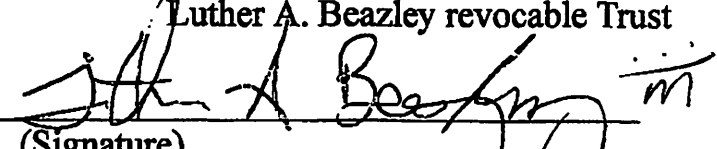
DATED: ROBERT W. DISMORE

By: _____
(Signature)

(Print Name)

Its: _____
(Title)

DATED: LUTHER A. BEAZLEY, III, as Trustee of the
Luther A. Beazley revocable Trust

By: 
(Signature)

Luther A Beazley III
(Print Name)

Its: _____
(Title)

DATED: 10/26/12

QBE INSURANCE CORPORATION

By:

(Signature)

Paul A. Amato

(Print Name)

Its:

Authorized Representative

(Title)

DATED:

12/13/17

OCEAN KEYES DEVELOPMENT, LLC

By:

(Signature)

Marc H. Hyman

(Print Name)

Its:

Managing Member

(Title)

DATED:

12/13/17

KEYE CONSTRUCTION CO., INC.

By:

(Signature)

Russell P. Baltzer

(Print Name)

Its:

Pres.

(Title)

DATED:

12/13/17

KEYE COMMUNITIES, LLC

By:

(Signature)

Marc H. Hyman

(Print Name)

Its:

Managing Member

(Title)

DATED:

12/13/17

PINE BLUFF CONSTRUCTION CO.

By:

(Signature)

Russell P. Baetzer
(Print Name)

Its:

Pres.
(Title)

DATED:

12/13/17

KEYE REAL ESTATE, INC.

By:

(Signature)

Marc H Hyman
(Print Name)

Its:

VP / Secretary
(Title)

DATED:

12/13/17

RUSSELL P. BAETZER

By:

(Signature)

Russell P. Baetzer
(Print Name)

Its:

Self
(Title)

DATED:

12/13/17

MARC HYMAN

By:

(Signature)

Marc H Hyman
(Print Name)

Its:

(Title)

DATED:

Dec. 6, 2017

BEACH VILLAS AT OCEAN KEYES PROPERTY
OWNERS ASSOCIATION, INC.

By:

(Signature)

(Print Name)

Its:

(Title)

DATED:

SEASHORE VILLAS AT OCEAN KEYES PROPERTY
OWNERS ASSOCIATION, INC.

By:

(Signature)

(Print Name)

Its:

(Title)

DATED:

LAKESIDE TOWNHOMES AT OCEAN KEYES
PROPERTY OWNERS ASSOCIATION, INC.

By:

(Signature)

(Print Name)

Its:

(Title)

DATED:

HARPER OCEAN KEYES, LLC

By:

(Signature)

(Print Name)

Its:

(Title)

DATED:

BEACH VILLAS AT OCEAN KEYES PROPERTY
OWNERS ASSOCIATION, INC.

By: _____
(Signature)

(Print Name)

Its: _____
(Title)

DATED:

SEASHORE VILLAS AT OCEAN KEYES PROPERTY
OWNERS ASSOCIATION, INC.

By: Faye Chowning
(Signature)

FAYE CHOWNING
(Print Name)

Its: President
(Title)

DATED:

LAKE SIDE TOWNHOMES AT OCEAN KEYES
PROPERTY OWNERS ASSOCIATION, INC.

By: _____
(Signature)

(Print Name)

Its: _____
(Title)

DATED:

HARPER OCEAN KEYES, LLC

By: _____
(Signature)

(Print Name)

Its: _____
(Title)

DATED:

BEACH VILLAS AT OCEAN KEYES PROPERTY
OWNERS ASSOCIATION, INC.

By: _____
(Signature)

(Print Name)

Its: _____
(Title)

DATED:

SEASHORE VILLAS AT OCEAN KEYES PROPERTY
OWNERS ASSOCIATION, INC.

By: _____
(Signature)

(Print Name)

Its: _____
(Title)

DATED:

LAKESIDE TOWNHOMES AT OCEAN KEYES
PROPERTY OWNERS ASSOCIATION, INC.

By: Lorraine K. Aldrich
(Signature)

LORRAINE K ALDRICH
(Print Name)

Its: PRESIDENT
(Title)

DATED:

HARPER OCEAN KEYES, LLC

By: _____
(Signature)

(Print Name)

Its: _____
(Title)

(Title)

DATED:

HARPER OCEAN KEYES, LLC

By: Karen R. Harper
(Signature)

KAREN R HARPER
(Print Name)

Its: Manager
(Title)

DATED:

ROBERT F. MCKENNA

By: _____
(Signature)

(Print Name)

Its: _____
(Title)

DATED:

OLGA R. MCKENNA

By: _____
(Signature)

(Print Name)

Its: _____
(Title)

DATED:

ROBERT W. DISMORE

By: _____
(Signature)

(Print Name)

Its: _____

QBE SETTLEMENT AGREEMENT

DATED: 11/7/17

ROBERT F. MCKENNA

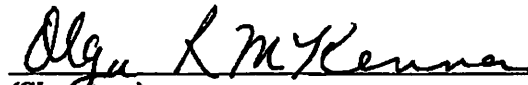
By: 
(Signature)

ROBERT F. MCKENNA
(Print Name)

Its: OWNER
(Title)

DATED: 11/7/17

OLGA R. MCKENNA

By: 
(Signature)

OLGA R. MCKENNA
(Print Name)

Its: OWNER
(Title)

DATED:

ROBERT W. DISMORE

By: _____
(Signature)

(Print Name)

Its: _____
(Title)

DATED:

LUTHER A. BEAZLEY, III, as Trustee of the Luther A. Beazley revocable Trust

By: _____
(Signature)

(Print Name)

Its: _____
(Title)

By: _____
(Signature)

(Print Name)

Its: _____
(Title)

DATED:

ROBERT F. MCKENNA

By: _____
(Signature)

(Print Name)

Its: _____
(Title)

DATED:

OLGA R. MCKENNA

By: _____
(Signature)

(Print Name)

Its: _____
(Title)

DATED:

ROBERT W. DISMORE

By: Robert W. Dismore
(Signature)

Robert Dismore
(Print Name)

Its: _____
(Title)