

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
GAINESVILLE DIVISION**

IN RE:)	BANKRUPTCY CASE NO.
)	08-20355
CORNERSTONE MINISTRIES)	
INVESTMENTS, INC.,)	Chapter 11
)	
Debtor.)	JUDGE BRIZENDINE
_____)	

**MOTION FOR AUTHORITY TO SETTLE AND COMPROMISE CLAIMS AGAINST
THE ESTATE OF CECIL A. BROOKS, THE COVENANT FAMILY TRUST UAD
12/19/2008 AS AMENDED 5/1/2009, AND JANE C. BROOKS**

Ronald L. Glass in his capacities as Plan Administrator in the above-referenced bankruptcy case of Cornerstone Ministries Investments, Inc. (the “Plan Administrator”) and as Private Actions Trustee of the CMI Private Actions Trust (the “Private Actions Trustee” and, together as the “Settling Plaintiffs’ Representative”), by his counsel, hereby files this motion (“Motion”), pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), requesting that this Court: (i) approve the terms of compromise described herein, and more specifically set forth in the Settlement Agreement, Mutual Release and Covenants attached hereto as Exhibit A (the “Settlement Agreement”); and (ii) enter an Order, substantially in the form attached hereto as Exhibit B authorizing the Settling Plaintiffs’ Representative to settle and compromise claims against the Estate of Cecil A. Brooks, the Covenant Family Trust UAD 12/19/2008 as Amended 5/1/2009, and Jane C.

Brooks (collectively, the “Settling Defendants”). In support of the Motion, the Settling Plaintiffs’ Representative shows the Court the following:

Jurisdiction and Venue

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334(b), the Standing Order of Reference of the United States District Court for the Northern District of Georgia, Article X.C of the Plan (undefined capitalized terms are defined below), and Section 11.4 of the Private Actions Trust Agreement.

2. This is a core proceeding as defined by 28 U.S.C. § 157(b)(2)(A) insofar as it seeks to compromise and settle causes of action held by the bankruptcy estate of the above-captioned debtor. This is a non-core proceeding insofar as it seeks to compromise and settle causes of action held by the Private Actions Trust. All non-core proceedings are otherwise related to the above-captioned case under chapter 11 of the Bankruptcy Code.

3. Venue is proper in this district in accordance with 28 U.S.C. § 1409(a).

Background

4. Cornerstone Ministries Investments, Inc. (the “Debtor” or “CMI”) filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Northern District of Georgia (the “Bankruptcy Court”) on February 10, 2008, docketed as Bankruptcy Case No. 08-20355 (the “Bankruptcy Case”).

5. On April 9, 2009, the Court entered an order confirming the Plan of Liquidation proposed by the Debtor and the Official Committee of Creditors Holding Unsecured Claims (the “Plan”). All conditions required for the Plan to become effective have been satisfied or waived

in accordance with the Plan and the Plan became effective as of September 25, 2009 (the “Effective Date”).

6. Pursuant to Article VII.B.5., this Court must approve the settlement of any Estate Litigation Claim (as defined in the Plan) where the Face Amount (as defined in the Plan) of the Estate Litigation Claim is more than \$200,000. As discussed below, the Face Amount of the Estate Litigation Claims the Plan Administrator seeks to settle in this Motion are greater than \$200,000.

7. The Plan Administrator was duly appointed in accordance with the terms of the Plan. Among other things, the Plan charges the Plan Administrator to liquidate claims of the Debtor’s estate.

8. The Plan created the CMI Private Actions Trust (the “Private Actions Trust”) that is governed by the CMI Private Actions Trust Agreement (the “Private Actions Trust Agreement”). The Trust holds claims, rights, and causes of action assigned to the Trust. The Private Actions Trustee is the duly appointed trustee of the Private Actions Trust.

9. Pursuant to Section 3.12(j) of the Private Actions Trust Agreement, the Private Actions Trustee, in consultation with and subject to the Private Actions Trust Committee (as defined in the Private Actions Trust Agreement), may compromise and settle any causes of action held by the Private Actions Trust.

10. The Settling Plaintiffs’ Representative has evaluated certain claims that may be held by the Debtor’s estate and/or the Private Actions Trust against the Settling Defendants arising out of Cecil A. Brooks’s acts and omissions as a former CMI officer and director, and the Settling Defendants’ status as recipients of certain transfers from CMI and/or Cecil A. Brooks. Based on his review, the Settling Plaintiffs’ Representative believes these claims, including

breach of fiduciary duty, fraud, securities fraud, negligent misrepresentation, and avoidance of fraudulent transfers, have merit and initiated pre-suit settlement negotiations with the Settling Defendants. The Settling Defendants deny that they have any liability to the Debtor's estate, the Private Actions Trust, or any other person or entity.

The Compromise and Settlement

11. The Settling Plaintiffs' Representative and the Settling Defendants wish to avoid the uncertainties and expense of litigation and desire to settle, compromise, and forever resolve the claims the Debtor's estate and the Private Actions Trust may have against the Settling Defendants. The Settling Plaintiffs' Representative and the Settling Defendants have engaged in arms-length, good faith negotiations in reaching an acceptable resolution of all such disputes, with such negotiations culminating in this settlement being submitted for this Court's approval.

12. The material term of the parties' agreement which could impact the Debtor's bankruptcy estate and the Private Actions Trust is that in exchange for release of the claims held by the Debtor's estate and the Private Actions Trust against the Settling Defendants, the Settling Defendants have agreed to pay to the Settling Plaintiffs' Representative, collectively as administrator of the Plan and trustee of the Trust, the sum of One Million, Three Hundred and Fifty Thousand and 00/100 Dollars (\$1,350,000.00) (the "Settlement Amount").

13. The allocation of the Settlement Amount between the Debtor's estate and the Private Actions Trust will be the subject of a separate motion to be filed by the Plan Committee established by the Plan. The terms of settlement are expressly conditioned upon this Court's prior approval of the Settlement Agreement pursuant to Bankruptcy Rule 9019.

14. The terms of settlement are more specifically described in the attached Settlement Agreement (Exhibit A) that is submitted contemporaneously for this Court's review and approval.

Legal Authority and Analysis

15. Bankruptcy Rule 9019 provides that upon the filing of a motion, and after appropriate notice and a hearing thereon, the court may approve a compromise and settlement. Fed. R. Bankr. P. 9019. A compromise should be approved if the court determines, after considering all of the facts, that the compromise is in the best interest of the estate. *See In re Feifer Industries, Inc.*, 155 B.R. 256, 260 (Bankr. N.D. Ga. 1993).

16. In the Eleventh Circuit, courts evaluating a proposed settlement under Bankruptcy Rule 9019 must consider: (a) the probability of success in the litigation; (b) the difficulties, if any, to be encountered in the matter of collection; (c) the complexity of the litigation involved, and the expense, inconvenience and delay necessarily attending it; and (d) the paramount interest of the creditors and a proper deference to their reasonable views in the premises. *Chira v. Salkin (In re Chira)*, 567 F.3d 1307, 1312 (11th Cir. 2009) (citing *In re Justice Oaks II, Ltd.*, 898 F.2d 1544, 1549 (11th Cir. 1990) (quoting *Martin v. Kane (In re A & C Prop.)*, 784 F.2d 1377, 1381 (9th Cir. 1986)). Courts should consider these factors to determine "the fairness, reasonableness and adequacy of a proposed settlement agreement." *Id.* at 1312-13 (citing *In re A & C Prop.*, 784 F.2d at 1381).

17. The Settling Plaintiffs' Representative has asserted that the Debtor's estate has viable claims and causes of action against the Settling Defendants for, *inter alia*, breach of fiduciary duty, fraud, negligent misrepresentation and fraudulent conveyances. The Settling Plaintiffs' Representative has also asserted that the Private Actions Trust has viable claims and

causes of action against the Settling Defendants for fraudulent conveyances, violations of state and federal securities laws, and fraudulent and/or negligent misrepresentations to the CMI bondholders that assigned their claims to the Private Actions Trust.

18. The Settling Defendants have asserted numerous potentially available defenses to the potential claims and causes of action to be asserted by the Settling Plaintiffs' Representative. The Settling Defendants also have limited insurance proceeds available to settle or pay a judgment.

19. The Settling Plaintiffs' Representative, after investigation, believes that some, but not all, of the Settling Defendants assertions may have merit, and that to the extent such assertions prevail after costly and time-consuming litigation, the net benefit to the Debtor's estate and the Private Actions Trust in this matter may be materially diminished. Although the Settling Plaintiffs' Representative believes that his claims have substantial merit, the Settling Plaintiffs' Representative acknowledges that fraudulent conveyance liability and the ability to collect on a judgment are rarely certain. Further, the prosecution of such claims would likely be expensive and protracted.

20. A pre-suit settlement will also save the Estate's creditors and Trust beneficiaries significant attorneys' fees. Under the contingency arrangement the Settling Plaintiffs' Representative has negotiated with post-confirmation special counsel, Reid Davis LLP ("Reid Davis"), Reid Davis has agreed to charge half its normal contingency fee rate for services that

produce a pre-suit settlement.¹ Thus, a pre-suit settlement provides significantly more net value to the Estate's creditors and Trust beneficiaries than a post-suit resolution in the same amount.²

21. Moreover, the Settling Plaintiffs' Representative believes that there would be difficulties in collecting any final judgment on his claims against the Settling Defendants. The Settling Defendants have limited, if any, remaining coverage under the director and officer liability insurance policy available to former directors and officers of CMI. The policy limit for such policy is \$3,000,000.00 in coverage for all officer and directors, and prior settlements between Settling Plaintiffs' Representative and certain other former officers and directors of CMI have resulted in a settlement for \$2,980,000 of the \$3,000,000 in total available policy proceeds. Thus, Settling Defendants are without sufficient insurance proceeds to settle or satisfy a judgment in this case.

22. The Settling Plaintiffs' Representative submits that approval of the compromise and settlement described herein is in the best interest of the Debtor's bankruptcy estate, the Debtor's creditors, the Private Actions Trust, and the beneficiaries of the Private Actions Trust. The settlement described herein eliminates all litigation risks, costs and delays, and ends this dispute.

23. The Settling Plaintiffs' Representative and the Settling Defendants reserve the right to assert additional support for the relief requested herein at any hearing on this joint motion.

¹ Reid Davis, subject to the terms of its letter of engagement, has agreed to accept a contingency fee of 20% of gross recoveries for matters which are settled pre-suit and 40% of gross recoveries for certain matters in which litigation is commenced.

² Net proceeds of this settlement after payment of Reid Davis' contingency fee will be approximately \$1.08 million (*i.e.*, \$1.35 million * 0.80). If suit were actually filed, the Settling Plaintiffs' Representative would need to realize \$1.8 million in proceeds from the action to create the same net proceeds based upon the higher contingency rate (*i.e.*, \$1.8 million * 0.60 = \$1.08 million).

24. The Settlement Amount, less a fee equal to \$270,000 to be paid by the Settling Plaintiffs' Representative to Reid Davis as post-confirmation contingency fee counsel in this matter promptly upon entry of an order approving this Motion, will be held in trust by the Settling Plaintiffs' Representative pending the Court's approval of an allocation of the Settlement Amount between the Debtor's estate and the Trust. Such allocation will be requested by the Plan Committee, as defined in the Plan, by separate motion.

WHEREFORE, PREMISES CONSIDERED, the Settling Plaintiffs' Representative respectfully requests that the Court grant this Motion, thereby approving and consenting to the terms and conditions of the Settlement Agreement attached as Exhibit A, and enter an order substantially in the form of that attached hereto as Exhibit B. The Settling Plaintiffs' Representative further requests authorization to execute any and all other documents necessary to effectuate the terms of the proposed settlement, and for such other relief as is just and necessary.

Dated: September 7, 2010

/s/ David J. Marmins
David J. Marmins
BALCH & BINGHAM LLP
30 Ivan Allen Jr. Boulevard, NW, Suite 700
Atlanta, Georgia 30308
Telephone: (404) 261-6020
Facsimile: (866) 320-6793

Attorney for Ronald L. Glass

CERTIFICATE OF SERVICE

I hereby certify that I electronically filed the foregoing MOTION FOR AUTHORITY TO SETTLE AND COMPROMISE CLAIMS AGAINST THE ESTATE OF CECIL A. BROOKS, THE COVENANT FAMILY TRUST UAD 12/19/2008 AS AMENDED 5/1/2009, AND JANE C. BROOKS and PROPOSED ORDER with the Clerk of the Court using the CM/ECF system, which sent notification to all counsel of record via the CM/ECF filing system on the 7th day of September, 2010.

This 7th day of September, 2010.

s/ David J. Marmins
David J. Marmins
Georgia Bar No. 470630
BALCH & BINGHAM LLP
30 Ivan Allen Jr. Blvd., Suite 700
Atlanta, Georgia 30308
Telephone: (404) 261-6020
Facsimile: (404) 261-3656

SETTLEMENT AGREEMENT, MUTUAL RELEASE, AND COVENANTS

This SETTLEMENT AGREEMENT, MUTUAL RELEASE, AND COVENANTS (this “Agreement”) is made and entered into by Cornerstone Ministries Investments, Inc. (“CMI” or the “Debtor”), the CMI Private Actions Trust, the Estate of Cecil A. Brooks (the “Brooks Estate”), the Covenant Family Trust UAD 12/19/2008 as Amended 5/1/2009 (the “Covenant Trust”), and Jane C. Brooks (“Brooks”) (collectively, the “Parties”).

Recitals

A. CMI filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Georgia (the “Bankruptcy Court”) on February 10, 2008, which is being administered as Case No. 08-20355 (the “CMI Bankruptcy Case”).

B. On January 27, 2009, CMI and the Official Committee of Creditors Holding Unsecured Claims filed their Joint Disclosure Statement [Docket #489] (the “Disclosure Statement”) for CMI’s Joint Amended Chapter 11 Plan of Liquidation [Docket # 488] (the “Plan”), which was confirmed by the Bankruptcy Court by Order dated April 9, 2010 [Docket #562] (the “Confirmation Order”) and the Findings of Fact and Conclusions of Law Regarding the Plan of Liquidation Proposed by Cornerstone Ministries Investments, Inc., and the Official Committee of Creditors Holding Unsecured Claims [Docket #560] (the “Findings of Fact and Conclusions of Law”) dated April 9, 2009.

C. Pursuant to the Plan, the Debtor has continued in existence as the Post-Effective Date Debtor [Plan Art. VI. ¶ A. 1.] with the Plan Administrator succeeding to all rights and powers of the directors and officers of the Debtor [Plan Art. VI. ¶ B.]. As set forth in the Findings of Fact and Conclusions of Law, Ronald Glass of GlassRatner Advisory & Capital Group LLC was appointed as the Plan Administrator of CMI [Findings of Fact and Conclusions of Law ¶ N.]. The Plan retained the Debtor’s Estate Litigation Claims [Plan Art. V. ¶ B.] for enforcement by the Plan Administrator [Plan Art. IV ¶ D. 3(j); Plan Art. VII. ¶ B. 1.]. Pursuant to the Plan, its beneficiaries include the holders of all allowed Bondholder Unsecured Claims and Other Unsecured Claims against CMI as defined in Plan Art. III, ¶ B. 9-10.

D. Additionally, the CMI Private Actions Trust was created pursuant to the Plan [Plan Art. VI. ¶ G. 1.], and is governed by the provisions of the CMI Private Actions Trust Agreement (the “CMI Private Actions Trust Agreement”) dated September 25, 2009. Ronald Glass was appointed as trustee of the CMI Private Actions Trust pursuant to Article 1, Section 1.1(b) of the CMI Private Actions Trust Agreement, and has the power to prosecute, compromise, and settle all claims, rights, and causes of action assigned or transferred to the CMI Private Actions Trust [CMI Private Actions Trust Agreement Art. 3, Section 3.11(a)].

E. The Debtor holds any and all potential claims and causes of action, whether arising pre-petition or post-petition, that the Debtor may have or may at any time have had against

the Brooks Estate, the Covenant Trust, and Brooks (collectively, "Settling Defendants"). Additionally, the CMI Private Actions Trust holds any and all assignable claims and causes of action against the Settling Defendants that were the property of or could be asserted by those bondholders who assigned such claims into the CMI Private Actions Trust.

F. Ronald Glass in his capacities as Plan Administrator of Cornerstone Ministries Investments, Inc. and Private Actions Trustee of the CMI Private Actions Trust has the power to assert and settle all claims owned by the Debtor and owned by the CMI Private Actions Trust.

G. The Debtor and the CMI Private Actions Trust (collectively, "Settling Plaintiffs") have evaluated and asserted all of their potential claims against the Settling Defendants arising from their acts, omissions, and certain alleged voidable transfers, both pre-petition and post-petition, and believe that their claims have merit. Settling Defendants deny that they have any liability to the Debtor, the CMI Private Actions Trust, or any other person or entity arising from any of their acts or omissions related to CMI, and further deny that the claims have merit.

H. In order to avoid the costs and uncertainty of litigation, the Parties have agreed to settle all disputes and controversies between them under the terms set forth in this Agreement, without admitting any liability or wrongdoing and without resort to litigation between them.

Terms and Conditions

NOW, THEREFORE, in consideration for the covenants, promises and releases set forth herein, and in full settlement of all such claims, the Parties hereby agree, on behalf of themselves and any and all of their predecessors, successors, assigns, insurers, and any other parties or persons claiming by, through, or under any of the Parties hereto, as follows:

1. On or before the Payment Date defined in paragraph 8 of this Agreement, the Covenant Trust shall pay to the Settling Plaintiffs the sum of One Million, Three Hundred and Fifty Thousand Dollars (\$1,350,000.00) (the "Settlement Amount"), by wire transfer to Reid Davis LLP, as counsel for the Settling Plaintiffs. The Settlement Amount along with certain non-monetary consideration set forth herein represent consideration for this Agreement and the compromise and release of all potential claims that the Settling Plaintiffs may have or may have had against the Settling Defendants, as set forth in paragraph 2 below. In the event that the Approval Order, as defined in paragraph 4, below, is not entered, or in the event that the Approval Order is entered but does not become a Final Order as that term is defined herein, the Settlement Amount shall be returned to Settling Defendants.

2. Subject to the conditions set forth in paragraph 4 below, the Settling Plaintiffs fully release and discharge Settling Defendants, their heirs, successors, trustees, personal representatives, assigns, attorneys, consultants, adjustors, and insurers, in their capacities as such (collectively, the "Settling Defendant Released Parties"), from any and all claims, demands,

damages, liabilities, actions, causes of action or suits at law or in equity of whatever kind, state or federal, known or unknown that the Settling Plaintiffs ever had or now have against the Settling Defendant Released Parties, including but not limited to, claims in tort or contract, claims arising under chapter 5 of the Bankruptcy Code or any other statute, and claims related in any manner to any acts or omissions by the Settling Defendants such that Settling Plaintiffs shall have no remaining claim or cause of action of any type or nature that may be asserted against any Settling Defendant Released Parties, and the Parties also acknowledge that this Agreement and the releases contained herein inure to the benefit of any transferee of the Settling Defendant Released Parties relating or connected in any way to claims for wrongful, fraudulent, or otherwise improper transfer or conversion of any of the Settling Defendant Released Parties' assets of any nature. This release includes claims against George B. Dixon Jr. in his capacities as trustee of the Covenant Trust and as personal representative or executor of the Brooks Estate, as well as for his conduct undertaken in connection with any management, advice, counsel, or services provided to or for the Covenant Trust or the Brooks Estate, whether he was formally and legally appointed to these capacities at the time of his conduct or not. Settling Plaintiffs acknowledge that they may have claims which they do not know or suspect to exist, or claims that they may not know or suspect to be assertable on behalf of other persons or entities who are not the Settling Plaintiffs (the "Settling Plaintiff Unknown Claims"). Settling Plaintiffs acknowledge that the Settling Plaintiff Unknown Claims may be material and that the Settling Plaintiff Unknown Claims would, if known to the Settling Plaintiffs, materially affect their settlement with Settling Defendants. Settling Plaintiffs waive any Settling Plaintiff Unknown Claims and any right to modify, vitiate or invalidate this Agreement, in whole or in part, based on the existence or later identification or discovery of any Settling Plaintiff Unknown Claims. Further, Settling Plaintiffs waive their rights under any statute or common law rule providing that unknown claims are not compromised or released. Settling Plaintiffs agree that this Agreement be interpreted to effectuate the broadest discharge of Settling Defendants, to the maximum extent allowed by law and equity, of any and all claims which might be asserted by the Settling Plaintiffs against the Settling Defendants (including claims that may arise under any alter ego, veil piercing, constructive trust, or agency theories), including the Parties' voluntary waiver of rights under statute and common law which may purport to limit the breadth of claims, known or unknown, that can be waived by this Agreement.

3. Subject to the conditions set forth in paragraph 4 below, each and every one of the Settling Defendants, for themselves and on behalf of the Settling Defendant Released Parties, fully release and discharge Settling Plaintiffs, Ronald Glass in his capacity as the Plan Administrator of CMI and as Trustee of the CMI Private Actions Trust, and all of their present and former trustees, managers, employees, agents, consultants, attorneys, directors, and officers, and their respective insurers in their capacities as such (collectively, the "Settling Plaintiff Released Parties"), from any and all claims, demands, damages, liabilities, actions, causes of action or suits at law or in equity of whatever kind, state or federal, known or unknown, which the Settling Defendants ever had or now have against the Settling Plaintiff Released Parties arising from or relating to any matter involving Settling Plaintiffs, including but not limited to, any proofs of claim or other claims that Settling Defendants or entities they own or control have filed or could file in the future in connection with the CMI Bankruptcy Case. Settling Defendants acknowledge that

they may have claims which they do not know or suspect to exist, or claims that they may not know or suspect to be assertable on behalf of other persons or entities (the "Settling Defendant Unknown Claims"). Settling Defendants acknowledge that the Settling Defendant Unknown Claims may be material and that the Settling Defendant Unknown Claims would, if known to the Settling Defendants, materially affect their settlement with the Settling Plaintiffs. Settling Defendants waive any Settling Defendant Unknown Claims and any right to invalidate this Agreement based on any Settling Defendant Unknown Claims. Further, Settling Defendants waive their rights under any statute or common law rule providing that unknown claims are not compromised or released. This Agreement and the Settling Defendants' releases of the Settling Plaintiff Released Parties shall not prohibit Settling Defendants from asserting the facts underlying the Released Claims as a bar, defense, affirmative defense, or otherwise in defense of any litigation or for the purpose of addressing any claim or litigation which Settling Defendants may have against any insurer, including any insurer for CMI which provided any insurance or benefit which may inured to the benefit of Cecil Brooks; provided however, notwithstanding anything to the contrary, under all circumstances Settling Defendants shall be barred from pursuing any claims or seeking any relief against or from any Settling Plaintiff Released Parties with respect to the claims released herein.

4. The releases set forth in paragraphs 2 and 3 above shall become effective when both: (a) the Bankruptcy Court issues an order approving this Agreement (the "Approval Order") that becomes a Final Order; and (b) the Settling Plaintiffs have irrevocably received the Settlement Amount.

5. Notwithstanding anything to the contrary, nothing contained in this Agreement or otherwise, will constitute or shall be regarded as releasing, impairing, or limiting any rights, claims, or causes of action that the Settling Plaintiffs may have against any person or entity that is not a party to this Agreement.

6. Upon the releases becoming effective as set forth in paragraph 4 above, the Parties agree not to institute litigation, arbitration, or otherwise assert claims against one another with respect to any matters released herein.

7. The term "Final Order" as used herein means: (i) an Order of the Bankruptcy Court as to which the time to appeal, or move for re-argument or rehearing has expired, and as to which no appeal, or other proceedings for re-argument or rehearing shall then be pending; or (ii) in the event that an appeal, re-argument, or rehearing thereof has been sought, such order of the Bankruptcy Court has been affirmed in material respects by the highest court to which such order may be appealed, and the time to take any further appeal, move for re-argument, or rehearing shall have expired; provided however, notwithstanding the foregoing, an Order that is subject to appeal may be treated as a Final Order if no stay of the Order has been obtained and all Parties to the Bankruptcy proceeding consent to treating such Order as a Final Order.

8. The term "Payment Date" as used herein means the first regular business date that is fourteen (14) calendar days after all parties have executed this Agreement.

9. Except for the written warranties, representations, covenants, terms and conditions specifically set forth herein, in executing this Agreement, no party has received nor relied upon any oral or written representation, statement or communication of any other party or party representative regarding any past or present fact, circumstance, condition, state of affairs, legal effect, or promise of future action. Each party has been represented by its own counsel of its choice in the negotiation of the agreements and consideration identified herein and the preparation of this Agreement and, except for the representations, warranties, covenants, terms, and conditions referenced in this Agreement, each party has relied solely upon the information from, and advice of, its own counsel.

10. Notice of this Agreement and application for the Approval Order shall be given to all creditors in the CMI Bankruptcy Case listed on the master mailing list associated with such case.

11. Any notice in connection with this Agreement to each of the Parties shall be given, by facsimile and by certified mail, to the following individuals:

For Settling Plaintiffs:

Ronald Glass
GlassRatner Advisory & Capital Group LLC
3391 Peachtree Road, Suite 110
Atlanta, Georgia 30326
Telephone: (404) 835-8843
Facsimile: (678) 904-1991

with copy to:

P. Jason Collins
REID DAVIS LLP
4301 Westbank Drive, Suite B230
Austin, Texas 78746
Telephone: (512) 647-6106
Facsimile: (512) 647-6129

For Settling Defendants:

William S. Helfand
CHAMBERLAIN, HRDLICKA, WHITE, WILLIAMS & MARTIN
1200 Smith, Suite 1400

Houston, Texas 77002
Telephone: (713) 654-9630
Facsimile: (713) 658-2553

12. The Parties agree to engage in reasonable, good faith efforts to: (a) seek entry and approval of the Approval Order such that it becomes a Final Order; and (b) support this Agreement in all material ways including in its application and enforcement against any and all persons or entities seeking to prohibit approval of this Agreement, entry of the Approval Order, or to avoid or limit the applicability or scope of the Agreement in any manner.

13. Settling Plaintiffs agree to file a satisfaction and release of claim, using the form provided by Settling Defendants, and, to the extent a lawsuit is formally filed wherein Settling Plaintiffs assert such claim against the Brooks Estate, a stipulated dismissal with prejudice of Settling Plaintiffs' February 4, 2010 claim filed in *In re: Estate of Cecil A. Brooks, deceased*; File Number 09-CP-212, in the Circuit Court for Nassau County, Florida, Probate Division, and amended on April 30, 2010, within 5 business days of when both: (a) the Bankruptcy Court's Approval Order becomes a Final Order; and (b) the Settling Plaintiffs have irrevocably received the Settlement Amount.

14. Settling Plaintiffs and their counsel acknowledge that, in the negotiation of the settlement related to this Agreement, they have been provided certain personal information to which they might not otherwise be entitled, including financial statements for the Covenant Trust and Brooks (collectively, the "Confidential Information"). Settling Plaintiffs agree to cause their attorneys to turn over to the Settling Defendants and/or destroy and delete the Confidential Information in any form, including all electronic communication and attachments thereto, that the attorneys received in connection with the negotiation of the settlement related to this Agreement with Settling Plaintiffs, and not their attorneys, retaining only one copy of such Confidential Information in their files. Should Settling Plaintiffs' attorneys chose to destroy, rather than return, the Confidential Information, Settling Plaintiffs shall cause their attorneys to confirm to Settling Defendants in writing their deletion of all Confidential Information and provide Settling Defendants a list of all information Settling Plaintiffs' attorneys destroyed and deleted. Settling Plaintiffs agree to avoid disclosing the Confidential Information to third parties except: (a) as requested to do so by the Bankruptcy Court in connection with the Parties' efforts to obtain its approval of the Agreement; (b) as may be required by statute, regulation, or court order, provided however, that such disclosing party shall give notice describing the proceeding and information so requested to the non-disclosing party sufficiently in advance of such disclosure to afford the non-disclosing party a reasonable opportunity to either contest the disclosure entirely or seek appropriate confidentiality restrictions in connection therewith; (c) as may be required to be disclosed on a confidential basis to Settling Plaintiffs' accountants, attorneys, or other advisors with assurances of confidentiality from any such person; (d) as may be required to prepare and file tax returns and tax reporting information; or (e) as is reasonably necessary to enforce rights with respect to this Agreement. In the event that the Bankruptcy Court requests or requires the Parties to file any Confidential Information with the Bankruptcy Court, the Parties shall request that such

Confidential Information be filed under seal, provided however, the failure of the Bankruptcy Court (or any other court of competent jurisdiction) to allow the Confidential Information to be filed under seal or to unseal previously filed Confidential Information shall not be a breach of this Agreement, vitiate this Agreement, or affect the binding effect and enforceability of this Agreement.

15. Settling Defendants further agree to cooperate with Settling Plaintiffs and their counsel in connection with Settling Plaintiffs' continuing investigation and pursuit of claims related to CMI, including but not limited to: (a) making any and all documents related in any manner to CMI or its borrowers, including emails, in Settling Defendants' possession or control available for review, inspection, and copying by Settling Plaintiffs and their representatives; and (b) voluntarily move to withdraw any and all proofs of claim filed by any of the Settling Defendant Released Parties.

16. Settling Defendants represent and warrant to Settling Plaintiffs that all financial information and trust documentation that they have provided to Settling Plaintiffs and/or their counsel in connection with the Parties' settlement discussions leading up to this Agreement, including financial statements for the Covenant Trust and Brooks, an inventory of the Estate of Cecil Brooks, a copy of the Covenant Trust Agreement dated December 19, 2008, and its amendment dated May 1, 2009, and correspondence regarding financial information exchanged between Settling Defendants' counsel and Settling Plaintiffs' counsel are true and correct. Settling Defendants further represent and warrant to Settling Plaintiffs that there are no assets in which they have a legal, equitable, or beneficial interest that they failed to disclose in writing to the Settling Plaintiffs or their counsel prior to the execution of this Agreement. Settling Defendants further represent and warrant that neither they, nor any predecessor in interest, including Cecil A. Brooks (or anyone acting on behalf of Cecil A. Brooks), has transferred or assigned any claim against Settling Plaintiffs, including but not limited to, any proofs of claim in connection with the CMI Bankruptcy Case or any bond or other security issued by CMI.

17. This Agreement is entered into as a good faith compromise among the Parties for the complete and final settlement of any and all claims, disputes and causes of action among them. By this settlement, no Party admits liability to any other Party in any respect (other than the obligations set forth in this Agreement), or makes any admission as to factual or legal contentions relating to the matters settled herein.

18. This Agreement shall be treated as jointly drafted, and will not be construed against either party as drafter. This Agreement provides no rights to any third party except to the extent expressly set forth herein.

19. The Parties expressly stipulate, covenant, and agree that the running of any and all statutes of limitations, statutes of repose, laches periods, or other time deadlines (whether statutory, equitable, contractual, or otherwise, including, without limitation, sections 108, 546, and 550 of the Bankruptcy Code) relating to the claims being released herein are hereby tolled through

and including 30 days following the later of: (a) an order by the Bankruptcy Court approving this Agreement (the "Approval Order") becomes a Final Order; and (b) 91 days have passed since the Settling Plaintiffs have irrevocably received the Settlement Amount (the "Tolling Period"). This tolling of the otherwise applicable limitations or other time periods shall continue indefinitely until 30 days following the later of the two conditions set forth above. This Tolling Period shall not be affected in any way by any denial or delay in approval of this Settlement by the Bankruptcy Court. Settling Defendants expressly stipulate, covenant, and agree that they will not include the entirety of Tolling Period as part of their calculations if they assert that claims asserted by the Settling Plaintiffs are barred, in whole or in part, by laches, waiver, estoppel, or by the expiration of any applicable limitations period or by any other time-related defense.

20. This Agreement constitutes the entire agreement among the Parties on the subjects addressed herein. No supplement, modification, amendment, waiver or termination of this Agreement shall be binding unless executed in writing by the Parties to be bound thereby. This Agreement is executed without reliance upon any representations by any person or entity concerning the nature, cause or extent of injuries, or legal liability therefore, or any other representations of any type or nature except as set forth herein. No contrary or supplementary oral agreement shall be admissible in a court to contradict, alter, supplement, or otherwise change the meaning of this Agreement. **THE PARTIES ALSO ACKNOWLEDGE THE CONTESTED AND ADVERSARIAL NATURE OF THE CMI CLAIMS AND UNDERLYING DISPUTES AND STIPULATE THAT IN EXECUTING THIS AGREEMENT THEY ARE NOT RELYING ON ANY REPRESENTATION BY ANY OTHER PARTY OR ITS/HIS AGENTS, REPRESENTATIVES OR ATTORNEYS, WITH REGARD TO (1) FACTS UNDERLYING THE LAWSUIT, (2) THE SUBJECT MATTER OR EFFECT OF THIS AGREEMENT, AND (3) ANY OTHER FACTS OR ISSUES WHICH MIGHT BE DEEMED MATERIAL TO THE DECISION TO ENTER INTO THIS AGREEMENT, OTHER THAN AS SPECIFICALLY SET FORTH IN THIS AGREEMENT.**

21. This Agreement may be executed in any number of counterparts each of which, when executed and delivered, shall be deemed an original and all of which together shall constitute but one and the same agreement. The signatories executing this Agreement represent and warrant that they are authorized to execute this Agreement on behalf of the Parties and entities for whom they sign and in the capacities set forth below. Signatures obtained by facsimile, email in PDF or similar format, or other electronic means shall be deemed to be an original signature.

22. Each Party agrees to bear its own fees and costs, including attorney's fees, with respect to any duties required of such party under this Agreement as well as in any matter involving, referring, or relating to the interpretation and enforcement of this Agreement; and in connection with any disputes that may arise between the Parties relating to this Agreement.

23. This Agreement is to be governed by the laws of the State of Georgia. The Bankruptcy Court shall retain exclusive jurisdiction over the interpretation and enforcement of this Agreement, as well as any disputes that may arise between the Parties relating to this Agreement, and the Parties consent to the exclusive jurisdiction of the Bankruptcy Court for these purposes.

24. This Agreement is subject to approval by the Bankruptcy Court.

DATED: August ~~23~~ 2010

CORNERSTONE MINISTRIES INVESTMENTS, INC.

By: Ronald Glass
Ronald Glass, solely in his capacity as
Plan Administrator of CMI

DATED: August ~~23~~ 2010

CMI PRIVATE ACTIONS TRUST

By: Ronald Glass
Ronald Glass, solely in his capacity as
Trustee of the CMI Private Actions Trust

DATED: August 24, 2010

ESTATE OF CECIL A. BROOKS

By: [Signature]
George B. Dixon, Jr.
Title: Personal Representative

STATE OF FLORIDA)
COUNTY OF Orange)

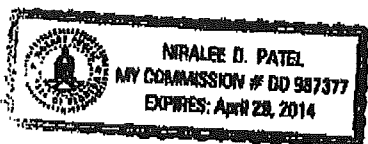
I, the undersigned, a notary public in and for said county in said state, hereby certify that George B. Dixon, Jr., whose name as Personal Representative of the Estate of Cecil A. Brooks is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such personal representative and with full authority, executed the same voluntarily for and as the act of said estate.

Given under my hand and official seal this 24 day of August, 2010.

[Signature]
Notary Public

[NOTARIAL SEAL]

My commission expires: 4/27/2014



DATED: August 24, 2010

COVENANT FAMILY TRUST UAD 12/19/2008 as Amended 5/1/2009

By: [Signature]
George B. Dixon, Jr.
Title: Trustee

STATE OF FLORIDA)
COUNTY OF Orange)

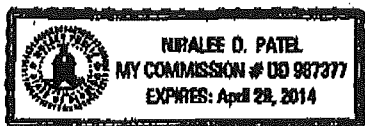
I, the undersigned, a notary public in and for said county in said state, hereby certify that George B. Dixon, Jr., whose name as Trustee of the Covenant Family Trust UAD 12/19/2008 as Amended 5/1/2009 is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such trustee and with full authority, executed the same voluntarily for and as the act of said trust.

Given under my hand and official seal this 24 day of August, 2010.

[Signature]
Notary Public

[NOTARIAL SEAL]

My commission expires: 4/29/14



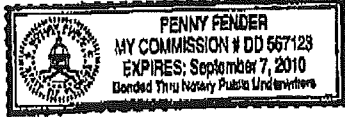
DATED: August 24, 2010

Jane C. Brooks
Jane C. Brooks

STATE OF FLORIDA)
COUNTY OF Nassau)

I, the undersigned, a notary public in and for said county in said state, hereby certify that Jane C. Brooks whose name is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, she, individually, executed the same voluntarily.

Given under my hand and official seal this 24th day of August, 2010.



Penny Fender
Notary Public

[NOTARIAL SEAL]

My commission expires: 9-7-10

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
GAINESVILLE DIVISION**

IN RE:)	BANKRUPTCY CASE NO.
)	08-20355
CORNERSTONE MINISTRIES)	
INVESTMENTS, INC.,)	Chapter 11
)	
Debtor.)	JUDGE BRIZENDINE
_____)	

**ORDER GRANTING MOTION FOR AUTHORITY TO SETTLE AND COMPROMISE
CLAIMS AGAINST THE ESTATE OF CECIL A. BROOKS, THE COVENANT
FAMILY TRUST UAD 12/19/2008 AS AMENDED 5/1/2009, AND JANE C. BROOKS**

THIS CAUSE came before the Court at a hearing on October 6, 2010 at 1:30 p.m. (the “Hearing”) to consider the MOTION FOR AUTHORITY TO SETTLE AND COMPROMISE CLAIMS AGAINST THE ESTATE OF CECIL A. BROOKS, THE COVENANT FAMILY TRUST UAD 12/19/2008 AS AMENDED 5/1/2009, AND JANE C. BROOKS (the “Motion”)¹ filed by Ronald L. Glass as plan administrator in the above-styled bankruptcy case and as private actions trustee of the CMI Private Actions Trust (the “Settling Plaintiffs’ Representative”) regarding the settlement and compromise reached with The Estate Of Cecil A. Brooks, The Covenant Family Trust UAD 12/19/2008 As Amended 5/1/2009, And Jane C. Brooks (“Brooks”). The Court having considered the Motion and the statements of counsel at the Hearing determines as follows:

- A. The Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334;
- B. The relief requested in the Motion is a core proceeding pursuant to 28 U.S.C. § 157(b);
- C. Venue is property before this Court pursuant to 28 U.S.C. §§ 1408 and 1409;
- D. Notice of the Motion is proper and no further notice is needed;
- E. The relief sought by the Motion is in the best interests of the estate of Cornerstone Ministries Investments, Inc., its creditors and beneficiaries of the Private Actions Trust; and
- F. There is an appropriate legal and factual basis for the relief granted in this Order.

¹ Capitalized terms not herein defined shall have the same meaning assigned to them in the Motion.

IT IS HEREBY **ORDERED, ADJUDGED AND DECREED** as follows:

1. The Motion is **GRANTED**.
2. The compromise and settlement detailed in the Motion is hereby approved and the parties are authorized to take all steps necessary to complete the settlement.
3. This Court shall retain exclusive jurisdiction over all claims arising out of the compromise and settlement detailed in the Motion and the Settling Plaintiffs' Representative, Brooks and all creditors and parties in interest are hereby enjoined from asserting any such claims in any court other than this Court.
4. Pursuant to Federal Rule of Bankruptcy Procedure 6004(g), this Order shall and is hereby deemed to be effective, operative and enforceable immediately upon entry, and no stay shall apply.

[END OF DOCUMENT]

Submitted by:

David J. Marmins
BALCH & BINGHAM LLP
30 Ivan Allen Jr. Boulevard, NW, Suite 700
Atlanta, Georgia 30308
Telephone: (404) 261-6020
Facsimile: (866) 320-6793

Attorney for Ronald L. Glass

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
GAINESVILLE DIVISION**

In re:)
) Case No.08-20355-REB
CORNERSTONE MINISTRIES)
INVESTMENTS, INC.,) CHAPTER 11
)
Debtor.) JUDGE BRIZENDINE

**NOTICE OF HEARING ON MOTION FOR AUTHORITY TO SETTLE AND
COMPROMISE CLAIMS AGAINST THE ESTATE OF CECIL A. BROOKS, THE
COVENANT FAMILY TRUST UAD 12/19/2008 AS AMENDED 5/1/2009, AND JANE C.
BROOKS**

Plan Administrator Ronald Glass (the “Plan Administrator”), by and through counsel, have filed papers on September 7, 2010 with the Court to obtain an order approving the MOTION FOR AUTHORITY TO SETTLE AND COMPROMISE CLAIMS AGAINST THE ESTATE OF CECIL A. BROOKS, THE COVENANT FAMILY TRUST UAD 12/19/2008 AS AMENDED 5/1/2009, AND JANE C. BROOKS (the “Motion”). A copy of the Motion can be found at the Claim Agent’s website, www.bmcgroup.com/cornerstoneministries, and is incorporated herein by reference. **Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one in this bankruptcy case. (If you do not have an attorney, you may wish to consult one.)**

If you do not want the court to approve the Motion, or if you want the court to consider your views on the Motion, then you or your attorney must file an objection to the Motion on or before **September 29, 2010**. A hearing on the Motion is scheduled to be held on **October 6, 2010, at 1:30 p.m., U. S. Bankruptcy Northern District of Georgia, Gainesville Division, Courtroom 103, U. S. Courthouse, 121 Spring Street, S.E., Gainesville, Georgia.**

If you or your attorney do not take these steps, the court may decide that you do not oppose the Motion and may enter an order granting the Motion.

This 7th day of September, 2010.

s/ David J. Marmins
David J. Marmins
Georgia Bar No. 470630
BALCH & BINGHAM LLP
30 Ivan Allen Jr. Blvd., Suite 700
Atlanta, Georgia 30308
Telephone: (404) 261-6020
Facsimile: (404) 261-3656

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
GAINESVILLE DIVISION**

In re:)
) Case No.08-20355-REB
CORNERSTONE MINISTRIES)
INVESTMENTS, INC.,) CHAPTER 11
)
Debtor.) JUDGE BRIZENDINE

CERTIFICATE OF SERVICE

I, David J. Marmins, certify under penalty of perjury that I am over the age of 18 and that on September 7, 2010, I filed the MOTION FOR AUTHORITY TO SETTLE AND COMPROMISE CLAIMS AGAINST THE ESTATE OF CECIL A. BROOKS, THE COVENANT FAMILY TRUST UAD 12/19/2008 AS AMENDED 5/1/2009, AND JANE C. BROOKS together with a copy of the foregoing NOTICE, with the Clerk of Court using the CM/ECF system which will automatically send e-mail notification of such filing to all attorneys of record.

Additionally, I hereby certify that on September 7, 2010, a copy of the foregoing MOTION FOR AUTHORITY TO SETTLE AND COMPROMISE CLAIMS AGAINST THE ESTATE OF CECIL A. BROOKS, THE COVENANT FAMILY TRUST UAD 12/19/2008 AS AMENDED 5/1/2009, AND JANE C. BROOKS and NOTICE was sent to BMC Group, Inc, the Official Claims and Noticing Agent for the Clerk of Court who will post the MOTION FOR AUTHORITY TO SETTLE AND COMPROMISE CLAIMS AGAINST THE ESTATE OF CECIL A. BROOKS, THE COVENANT FAMILY TRUST UAD 12/19/2008 AS AMENDED 5/1/2009, AND JANE C. BROOKS on its website and will serve the NOTICE by U.S. First Class Mail, properly addressed and postage prepaid, on all creditors. Upon completion, the

claims agent will prepare and file a secondary certificate of service with the Clerk of Court.

/s/ David J. Marmins

David J. Marmins

Georgia Bar No. 470630

BALCH & BINGHAM LLP

30 Ivan Allen Jr. Blvd., Suite 700

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