

EXHIBIT A

SETTLEMENT AGREEMENT

This **SETTLEMENT AGREEMENT** (the "Agreement") is entered into on October __, 2005 (the "Closing Date") by and among VarTec Properties, Inc., a Texas corporation ("VarTec"); Republic Title of Texas, Inc., a Texas corporation ("Republic Title"); and Regional Management Co., Inc., an Oklahoma corporation ("Regional") (d/b/a Regional Management, Inc.). VarTec, Republic Title, and Regional are sometimes individually referred to herein as a "Party" and collectively as the "Parties."

RECITALS

A. On November 1, 2004, VarTec and certain of its affiliates (collectively, the "Debtors") each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). The Debtors' bankruptcy cases are pending before the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "Bankruptcy Court") and are jointly administered under the bankruptcy case styled *In re VarTec Telecom, Inc., et al.*; Case No. 04-81694-HDH-11 (the "Bankruptcy Case").

B. On February 28, 2005, the Court entered its Order Approving the Sale of Real Property in DeSoto, Texas, Free and Clear of All Liens, Claims, Interests, Encumbrances, and Taxes, and Waiving the Automatic Stay Imposed Under Federal Rule of Bankruptcy Procedure 6004(g) [Docket No. 1019] (the "Sale Order"). By the Sale Order, the Court approved the sale of an undeveloped tract of land in DeSoto, Texas owned by VarTec under a Contract for Sale dated October 22, 2004 and the First Amendment to the Contract for Sale dated January 20, 2005 (together, the "Contract"). The buyer under the Contract is Regional. Pursuant to the Contract, Regional agreed to place \$25,000.00 into an escrow account at Republic Title as earnest money (the "Funds")

C. On March 7, 2005, Regional notified VarTec that it sought to terminate the Contract and would not close on the proposed sale. On March 8 and 9, 2005 VarTec made written demand upon Republic Title for the Funds pursuant to the Contract. On March 17, 2005, Regional made a demand upon Republic Title for the Funds. On March 31, 2005, despite the competing demands, Republic Title released the Funds to Regional without prior notification to VarTec.

D. On July 18, 2005, VarTec filed its Complaint, which commenced an adversary proceeding against Republic Title styled *VarTec Properties, Inc. v. Republic Title of Texas*; Adversary Proceeding No. 05-03567 (the "Adversary Proceeding") which is pending before the Bankruptcy Court. In the Complaint, VarTec asserts causes of action based on breach of contract and breach of fiduciary duty.

E. The Parties desire to enter into this Agreement to limit the hazards, uncertainties and inconvenience of continuing and future litigation and appeals and to resolve (i) all claims¹ asserted or that could have been asserted by VarTec against Republic Title and/or Regional in connection with, as a result of, relating to, or arising out of the Contract (collectively, the “VarTec Claims”); (ii) all claims asserted or that could have been asserted by Republic Title against VarTec and/or Regional in connection with, as a result of, relating to, or arising out of the Contract (collectively, the “Republic Title Claims”); and (iii) all claims asserted or that could have been asserted by Regional against VarTec and/or Republic Title in connection with, as a result of, relating to, or arising out of the Contract (collectively, the “Regional Claims”). Notwithstanding the foregoing, nothing herein shall be deemed to release any of the Parties from the rights and claims granted pursuant to this Agreement.

SETTLEMENT

In consideration of the mutual covenants hereinafter set forth, recognizing the risks of litigation and desiring to compromise and settle the various claims described herein, and for other good and valuable consideration, receipt and sufficiency of which are hereby mutually acknowledged, the Parties agree as follows:

1. Settlement.

a. **Payment by Republic Title.** Within two business days after the Order approving this Agreement (the “Approval Order”) becomes final and non-appealable, or if appealed, is not and cannot be subject to a stay, Republic Title shall pay \$15,000 to VarTec. The payment provided herein shall be made by wire transfer.

b. **Dismissal of Adversary Proceeding.** Within two business days after the Approval Order becomes final and non-appealable, or if appealed, is not and cannot be subject to a stay, the Debtors shall file a notice of dismissal of the Adversary Proceeding in which they provide that the Adversary Proceeding shall be dismissed with prejudice.

¹ As used herein, “claims” shall include all claims, causes of action, counterclaims, demands, controversies, costs, debts, sums of money, accounts, reckonings, bonds, bills, damages, obligations, liabilities, objections, legal proceedings, equitable proceedings, and executions of any nature, type, or description which the releasing parties have or may come to have against the released parties, including, but not limited to, negligence, gross negligence, fraud, deceit, misrepresentation, conspiracy, unconscionability, duress, economic duress, defamation, control, interference with contractual and business relationships, conflicts of interest, concealment, disclosure, violations of statutes and regulations of governmental entities, instrumentalities and agencies, equitable subordination, deceptive trade practices, breach or abuse of any alleged fiduciary duty, breach of any alleged special relationship, course of conduct or dealing, alleged obligation of fair dealing, alleged obligation of good faith, and alleged obligation of good faith and fair dealing, whether or not in connection with or related to this agreement or any matter or document related hereto, at law or in equity, in contract, in tort, or otherwise, known or unknown, suspected or unsuspected.

2. Release of the VarTec Claims.

a. **Release.** Upon receipt of the payment set forth in paragraph 1 above, VarTec, for itself and its predecessors, successors, assigns, legal representatives, officers, directors, agents, attorneys, employees, heirs, and insurers (collectively, the "VarTec Releasing Parties") does hereby fully, finally, and forever release, acquit, and discharge Republic Title and Regional and their respective affiliates, subsidiaries, and all of their respective predecessors, successors, assigns, past and present legal representatives, officers, directors, agents, attorneys, and employees (the "Republic Title - Regional Released Parties") of and from any VarTec Claims, and hereby quit-claims, waives any right to, and covenants not to sue any Republic Title - Regional Released Party with respect to the VarTec Claims that VarTec has, had or may, can, or shall have, hold, own, or claim to have, own, or hold related in any manner to the Contract or the Funds.

b. **Complete Defense.** VarTec understands and agrees that the releases included in this paragraph 2 shall be treated as a full and complete defense to, and will forever be a complete bar to the commencement or prosecution of, any and all claims released herein.

c. **Unknown Claims.** VarTec understands and agrees that there is a risk that, subsequent to the execution of this Agreement and the releases included herein, a releasing party will discover, incur, or suffer damage as to the claims released herein which were unknown or unanticipated at the time this Agreement was executed which, if known by a releasing party on the date this Agreement is executed, may have materially affected the decision of the releasing party to execute this Agreement. VarTec understands and agrees that, by reason of the releases agreed to by it herein, it is assuming the risk of such unknown claims and agrees that its release of the persons and entities referred to in this paragraph 2 applies to any and all such claims.

d. **Full and Complete Settlement.** VarTec intends that the releases agreed to by it in this paragraph 2 be complete and not subject to a claim of mistake of fact and that it expresses a **FULL AND COMPLETE SETTLEMENT** of the claims released herein. Regardless of the adequacy or inadequacy of the consideration paid, the releases included herein are intended to settle or avoid litigation and/or settle the claims released herein, and to be final and complete.

3. Release of Republic Title Claims.

a. **Release.** Republic Title, for itself and its predecessors, successors, assigns, legal representatives, officers, directors, agents, attorneys, employees, heirs, and insurers (collectively, the "Republic Title Releasing Parties"), does hereby fully, finally, and forever release, acquit, and discharge VarTec and Regional and their respective affiliates, subsidiaries, and all of their respective predecessors, successors, assigns, past and present legal representatives, officers, directors, agents, attorneys, and employees (the "VarTec - Regional Released Parties") of and from any Republic Title Claims, and hereby quit-claims, waives any right to, and covenants not to sue any VarTec - Regional Released Party with respect to the Republic Title Claims that

Republic Title has, had or may, can, or shall have, hold, own, or claim to have, own, or hold related in any manner to the Contract or the Funds.

c. **Complete Defense.** Republic Title understands and agrees that the releases included in this paragraph 3 shall be treated as a full and complete defense to, and will forever be a complete bar to the commencement or prosecution of, any and all claims released herein.

d. **Unknown Claims.** Republic Title understands and agrees that there is a risk that, subsequent to the execution of this Agreement and the releases included herein, a Republic Title Releasing Party will discover, incur, or suffer damage as to the claims released herein which were unknown or unanticipated at the time this Agreement was executed which, if known by a Republic Title Releasing Party on the date this Agreement is executed, may have materially affected the decision of the Republic Title Releasing Party to execute this Agreement. Republic Title understands and agrees that, by reason of the releases agreed to by it herein, it is assuming the risk of such unknown claims and agree that its release of the persons and entities referred to in this paragraph 3 applies to any and all such claims.

e. **Full and Complete Settlement.** Republic Title intends that the releases agreed to by it in this paragraph 3 be complete and not subject to a claim of mistake of fact and that they express a **FULL AND COMPLETE SETTLEMENT** of the claims released herein. Regardless of the adequacy or inadequacy of the consideration paid, the releases included herein are intended to settle or avoid litigation and/or settle the claims released herein, and to be final and complete.

4. **Release of Regional Claims.**

a. **Release.** Regional, for itself and its predecessors, successors, assigns, legal representatives, officers, directors, agents, attorneys, employees, heirs, and insurers (collectively, the "Regional Releasing Parties"), does hereby fully, finally, and forever release, acquit, and discharge VarTec and Republic Title and their respective affiliates, subsidiaries, and all of their respective predecessors, successors, assigns, past and present legal representatives, officers, directors, agents, attorneys, and employees (the "VarTec – Republic Title Released Parties") of and from any Regional Claims, and hereby quit-claims, waives any right to, and covenants not to sue any VarTec – Republic Title Released Party with respect to the Regional Claims that Regional has, had or may, can, or shall have, hold, own, or claim to have, own, or hold related in any manner to the Contract or the Funds.

b. **Complete Defense.** Regional understands and agrees that the releases included in this paragraph 4 shall be treated as a full and complete defense to, and will forever be a complete bar to the commencement or prosecution of, any and all claims released herein.

c. **Unknown Claims.** Regional understands and agrees that there is a risk that, subsequent to the execution of this Agreement and the releases included herein, a Regional Releasing Party will discover, incur, or suffer damage as to the

claims released herein which were unknown or unanticipated at the time this Agreement was executed which, if known by a Regional Releasing Party on the date this Agreement is executed, may have materially affected the decision of the Regional Releasing Party to execute this Agreement. Regional understands and agrees that, by reason of the releases agreed to by it herein, it is assuming the risk of such unknown claims and agree that its release of the persons and entities referred to in this paragraph 4 applies to any and all such claims.

d. **Full and Complete Settlement.** Regional intends that the releases agreed to by it in this paragraph 4 be complete and not subject to a claim of mistake of fact and that they express a **FULL AND COMPLETE SETTLEMENT** of the claims released herein. Regardless of the adequacy or inadequacy of the consideration paid, the releases included herein are intended to settle or avoid litigation and/or settle the claims released herein, and to be final and complete.

5. Representations. Each Party declares, represents, and warrants to each other Party as follows:

a. Subject to paragraph 6 below with respect to VarTec, each Party has full power and authority to execute this Agreement and perform all of its obligations set forth herein.

b. No further corporate or organizational action or approval except for the entry of the Approval Order is necessary on the part of any Party to execute and deliver this Agreement, to be bound by its terms, or to perform its obligations set forth herein.

c. Prior to the Closing Date, each Party fully informed itself as to the terms, contents, provisions, and effects of this Agreement.

d. Prior to the Closing Date, each Party has had the benefit of the advice of an attorney or attorneys chosen and employed by that Party concerning this Agreement.

e. No promise or representation of any kind has been made to any of the Parties or their representatives by any other Party or its representative, except as expressly set forth in this Agreement.

f. This Agreement replaces any and all prior arrangements, understandings, representations, promises, inducements, or other communications, whether written or oral, among the Parties pertaining to the subject matter of this Agreement.

g. The Parties are the sole owners and holders of the claims they are releasing under this Agreement, and none of those claims have been assigned, pledged, encumbered, or otherwise transferred, in whole or in part, to any other person or entity.

6. **Court Approval.** The enforceability and effectiveness of this Agreement shall be contingent upon Bankruptcy Court approval. Within three business days after the execution of this Agreement, the Debtors shall file pleadings, in form and substance agreeable to the Parties, requesting the entry of the Approval Order.

7. **Modifications.** This Agreement may not be modified, amended, revised, extended, supplemented, or terminated except in writing signed by all of the Parties.

8. **No Admission.** Except as otherwise provided herein, by entering into this Agreement, no Party is in any way admitting any liability to any other Party on account of any matter covered by this Agreement. Rather this Agreement is entered into solely for the purpose of compromise and settlement, to buy peace, and to avoid and reduce the hazards and uncertainties of litigation.

9. **Choice of Law.** **THIS AGREEMENT AND ALL MATTERS ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED, AND CONSTRUED IN ACCORDANCE WITH THE PROCEDURAL AND SUBSTANTIVE LAWS OF THE STATE OF TEXAS WITHOUT REFERENCE TO ITS RULES AND LAWS AS TO CONFLICTS OF LAW.**

10. **Retention of Jurisdiction.** So long as the Bankruptcy Cases are pending, the Bankruptcy Court shall retain jurisdiction over this Agreement, any transactions or agreements contemplated under this Agreement, and any controversies or disputes arising under or in connection with this Agreement.

11. **Binding Effect.** This Agreement contains the entire agreement of the Parties with respect to the subject matter of this Agreement. The Parties acknowledge that this Agreement is executed after extensive negotiations between and among representatives of the Parties; therefore, no Party shall be charged with having drafted or promulgated this Agreement. The Parties agree that each Party and its attorneys have conducted their own investigation concerning the facts surrounding the matters covered by this Agreement and in voluntarily choosing to execute this Agreement, have relied upon their own analysis of such facts and not on any information furnished by any other Party or its representatives. This Agreement shall be binding upon the assignees and successors of the Parties.

12. **Notices.** Except as otherwise provided herein, any notices required or permitted to be sent hereunder shall be delivered personally; mailed, certified mail, return receipt requested; sent by facsimile; or delivered by overnight courier service to the following addresses, or such other address as either Party designates by written notice, and shall be deemed to have been given or made (i) upon delivery, if delivered personally; (ii) two business days after mailing, if mailed; or (iii) one business day after delivery to the courier, if delivered by facsimile or overnight courier service.

If to any of the Debtors:

Michael G. Hoffman
VarTec Telecom, Inc.
2440 Marsh Lane
Carrollton, TX 75006
(fax) 972.478.3340

with a copy to:

Daniel C. Stewart
Vinson & Elkins L.L.P.
3700 Trammell Crow Center
2001 Ross Avenue
Dallas, Texas 75201-2975
(fax) 214.999.7761

If to Republic Title:

Peter Graf
Republic Title of Texas, Inc.
2626 Howell Street, 10th Floor
Dallas, Texas 75204
(fax) 214.855.8889

If to Regional:

Mark McDowell
Regional Management Co., Inc.
82 Armstrong Drive
Mustang, Oklahoma 73064
(fax) 405.376.9321

with a copy to:

Gordon Russell
Kane, Russell, Coleman & Logan, P.C.
3700 Thanksgiving Tower
1601 Elm Street
Dallas, Texas 75201
(fax) 214.777.4299

13. Validity. If any part of this Agreement is held to be invalid, illegal or otherwise unenforceable, the validity, legality, and enforceability of the remaining provisions shall be unaffected and unimpaired.

14. Counterparts. This Agreement may be signed in identical counterpart originals, all of which shall constitute one settlement agreement, but each of which shall be deemed to be an original for all purposes.

[Remainder of Page Intentionally Left Blank]

The Parties have executed and delivered this Agreement as of the date first above written.

VARTEC PROPERTIES, INC., a Texas corporation

By: _____
Name: _____
Title: _____

REPUBLIC TITLE OF TEXAS, INC., a Texas corporation

By: _____
Name: _____
Title: _____

REGIONAL MANAGEMENT CO., INC., an Oklahoma corporation

By: _____
Name: _____
Title: _____