

FILED IN THE DISTRICT COURT
OF TRAVIS COUNTY, TEXAS
MAY 14 2007
At 12:19 P.M.
Amalia Rodriguez-Jendryak, Clerk

STATE OF TEXAS §
Plaintiff §
v. §
GALINDO TRUST, ROBERT L. FLORES, §
AKA ROBERTO FLORES, §
AKA ROBERT FLORES II, §
INDIVIDUALLY AND AS TRUSTEE FOR §
GALINDO TRUST, RICHARD ALLEN §
SMALL JR., INDIVIDUALLY AND AS §
TRUSTEE FOR GALINDO TRUST, §
RF HOMESTEAD GROUP I LP AND §
HOLMAN AUSTIN COLONY TRUST §
Defendants §

IN THE DISTRICT COURT OF
TRAVIS COUNTY, TEXAS
126TH JUDICIAL DISTRICT

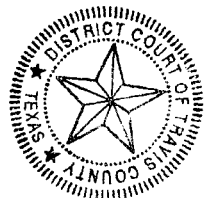
PERMANENT INJUNCTION AND FINAL JUDGMENT

On May 14, 2007, this matter was called for trial. Plaintiff, the State of Texas, appeared through counsel and announced ready. Defendant Robert Flores, individually and as general partner for RF Homestead I LP, and trustee for Galindo Trust ^{although duly served and cited, did not appear and announced ready.} Defendant ~~Kenneth Goheen as trustee for Holman Austin Colony Trust~~ ^{although duly served and cited, did not appear and announced} ready. Defendant Small appeared and announced he and Plaintiff had arrived at an agreement and the matter as to Defendant Small was severed from this cause of action.

Having heard the evidence and the argument of counsel, the Court finds as follows:

DEFINITIONS

1. "DTPA" shall mean the Texas Deceptive Trade Practices-Consumer Protection Act, Tex. Bus. & Com. Code Ann. § 17.41 - 17.63 (West 2002 & Supp. 2006-07).
2. "Contract for Deed" shall mean an executory contract governed by Chapter 5 of the Texas Property Code.



3 “Galindo Street sales” shall mean the sale of property on Galindo Street, Austin Texas through a contract for deed; such property being held in the name of Galindo Trust and including the following properties:

6608 Galindo Street
6609 Galindo Street
6611 Galindo Street
6701 Galindo Street
6702 Galindo Street
6708 Galindo Street
6709 Galindo Street
6710 Galindo Street
6711 Galindo Street
6712 Galindo Street; and
6802 Galindo Street

4. “Galindo Street consumers” shall mean the following consumers who bought or assumed notes from consumers that had bought property from Defendants Galindo Trust, RF Homestead Group L.P. Robert Flores and Richard Small on Galindo Street through contracts for deed:

Maria Carmen Carrizales
Maria Del Rosario Lopez
Juan dela Fuente and Narcisa dela Fuente
Ricardo dela Fuente and Yasmin Lopez
Jose Gonzales
Jose Bautista and Pedro Monsivais
Hector Cabello
Saul Chavez
Virginia Ybarra

Liza Maria Elizondo, now Carrillo

Carlos Pineda

5. "Paredes sale" shall mean the sale of property on Sojourner St. Austin, Texas to Eddie and Violet Paredes on June 29, 2006.

FINDINGS

The Court **FINDS** that:

- a. It has jurisdiction over the subject matter of this action;
- b. It has jurisdiction over the Defendants;
- c. Venue is proper in Travis County, Texas;
- d. The activities of Defendants Galindo Trust, RF Homestead Group L.P. Robert Flores, and Holman Austin Colony Trust constitute trade or commerce.
- e. Motions for Partial Summary Judgment on the issue of liability as to Defendants Galindo Trust, RF Homestead Group L.P. Robert Flores, and Holman Austin Colony Trust were granted on April 30, 2007.
- f. In particular, the Order granting the Motion for Partial Summary judgment as to the Galindo Street Sales found:

1. Defendants Galindo Trust, RF Homestead Group L.P. and Robert Flores Jr. violated DTPA Section 17.46(b)(5) by representing that the property characteristics and benefits it did not have throughg their representations that no one else had an interest in the property when in fact there were two liens on the property.

2. Defendants Galindo Trust, RF Homestead Group L.P. and Robert Flores violated DTPA Section 17.46(b)(12) by representing that an agreement confers or involves rights remedies or obligations which it did not have or involve, when they represented

that there were no liens on the property and they as sellers, had the only interest in the party.

3. Defendants Galindo Trust, RF Homestead Group L.P. and Robert Flores violated DTPA Section 17.46(b)(24) by failing to disclose to the Galindo Street Consumers that the homes sold through the Galindo Street Sales were subject to a mortgage lien and a second lien at the time of the sale. The Galindo Street consumer would not have purchased the properties from Defendants if they had been aware that the homes were subject to two liens.
4. Defendants Galindo Trust, RF Homestead Group L.P. and Robert Flores violated DTPA § 17.46 (b) (5) by representing to three Galindo Street consumers that taxes and insurance payments were included in the monthly payments when they were not.
5. Defendants Galindo Trust, RF Homestead Group L.P. and Robert Flores violated DTPA § 17.46 (b) (5) by representing that the agreements provided for funds to be escrowed and that Mr. Flores would be escrowing funds for taxes and insurances when those funds were not escrowed but instead used for other purposes.
6. Defendants Galindo Trust, RF Homestead Group L.P. and Robert Flores violated DTPA § 17.46 (b) (5) by representing that the monthly payments would not increase when in fact the payments were increased to provide for the escrowed funds which were then not escrowed and used to pay taxes and insurance.
7. Defendants Galindo Trust, RF Homestead Group L.P. and Robert Flores violated Texas Property Code § 5.069 and the DTPA by failing to provide a “legible copy of any document that describes an encumbrance or other claim, . . . , that affects title to the real property” to Galindo Trust Consumers Lopez, Elizondo and Ybarra.
8. Defendants Galindo Trust, RF Homestead Group L.P. and Robert Flores violated Texas Property Code § 5.069 and the DTPA by failing to provide a “legible copy of any document that describes an encumbrance or other claim, . . . , that affects title to the real property” to Galindo Trust Consumers Lopez, Elizondo and Ybarra.

9. Defendants Galindo Trust, RF Homestead Group L.P. and Robert Flores violated Texas Property Code § § 5.068 and 5.069 and the DTPA by failing to provide a documents in Spanish to Ms. Lopez when the sale was negotiated in Spanish.
10. Defendants Galindo Trust, RF Homestead Group L.P. and Robert Flores violated Texas Property Code § 5.069 and the DTPA by failing to provide a “survey, which was completed within the past year, or plat of a current survey of the real property to Galindo Trust Consumers Lopez, Elizondo and Ybarra.
11. Defendants Galindo Trust, RF Homestead Group L.P. and Robert Flores violated Texas Property Code § 5.070 and the DTPA by failing to provide information concerning taxes and insurance to Galindo Trust Consumers Lopez, Elizondo and Ybarra
12. Defendants Galindo Trust, RF Homestead Group L.P. and Robert Flores violated Texas Property Code § 5.076 and the DTPA by failing to file the contracts for deed within do days after executed on the sales to Galindo Trust Consumers Lopez, Elizondo and Ybarra.
13. Robert Flores is liable for the violations of the DTPA and the Texas Property Code both individually and as the representative of Galindo Trust and RF Homestead Group LP.

g. In particular, the Order granting the Motion for Partial Summary judgment as to the Paredes Sales found:

1. Robert Flores and Holman Austin Colony Trust violated DTPA § 17.46 (b) (24) by failing to disclose to Eddie and Violet Paredes that the home at 4207 Sojourner, Austin Texas was subject to a homeowner association lien at the time of the sale.
2. Robert Flores and Holman Austin Colony Trust violated DTPA § 17.46 (b) (24) by failing to disclose to Eddie and Violet Paredes that Flores and the Trust were on default on the underlying note for the home at 4207 Sojourner, Austin Texas.
3. Robert Flores and Holman Austin Colony Trust violated DTPA § 17.46 (b) (24) by failing to disclose to Eddie and Violet Paredes that the home at 4207 Sojourner, Austin

Texas was close to foreclosure.

4. Eddie and Violet Paredes would not have purchased the home at 4207 Sojourner, Austin, Texas if they had been aware that the house was subject to a homeowners association lien, that Defendants Flores and Holman Austin Colony Trust were in default on the mortgage and that the property was close to foreclosure.
5. Robert Flores and Holman Austin Colony Trust violated Texas Property Code § 5.069 and the DTPA by failing to provide a “legible copy of any document that describes an encumbrance or other claim, . . . , that affects title to the real property” to Eddie and Violet Paredes during the sale of the home at 4207 Sojourner, Austin, Texas through a contract for deed.
6. Defendant Robert Flores is liable for the violations of the DTPA and the Texas Property as to the Paredes Sale both individually and as the representative of Holman Austin Colony Trust.
7. The Paredes are entitled to restitution in the amount of \$6,813.31 for the down-payment on the house, costs for preparing the house for move-in, the cost of the move-in and the cost of the move-out.

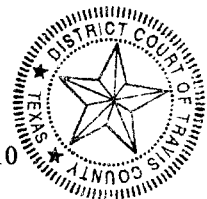
PERMANENT INJUNCTION

The Court is of the opinion that issuing the Permanent Injunction is appropriate to ensure that Defendants, ROBERT L. FLORES JR., GALINDO TRUST, RF HOMESTEAD SOLUTIONS, LP AND HOLMAN AUSTIN COLONY TRUST, do not violate the Texas Deceptive Trade Practices Act and the Texas Property Code. It is therefore **ORDERED** that Defendants, ROBERT L. FLORES JR., GALINDO TRUST, RF HOMESTEAD SOLUTIONS, LP AND HOLMAN AUSTIN COLONY TRUST, their agents, employees, attorneys, and all persons acting in concert with them, are hereby **ENJOINED** from:

1. Representing, directly or by implication, in the sale of real property that:
 - (A) That tax and insurance payments are included in the monthly payments when they are not.
 - (B) That monthly payments will not increase, if the consumer is required to pay more to the financing company if the property taxes and insurance increase.

2. Failing to disclose in the sale of real property the following:
 - (A) That the property is subject to a pre-existing lien.
 - (B) That others beside the seller have an interest in the property.
 - (C) That the pre-existing lien is in default.

3. Failing to provide in the sale of real property through a contract for deed:
 - (A) A survey completed in the past year or a plat of a current survey of the property.
 - (B) A legible copy of any document that describes an encumbrance or other claim, including a restrictive covenant or easement that affects title to the property.
 - (C) A tax certificate from the collector for each taxing unit that collects taxes due on the property as provided by Section 31.08, Tax Code.
 - (D) A legible copy of any insurance policy, binder, or other evidence relating to the property that indicates (a) the name of the insurer and the insured; (b) a description of the property insured; and (c) the amount for which the property is insured.
 - (E) The disclosures and contracts for deed in Spanish when the sale negotiations have been conducted in Spanish.



This Permanent Injunction binds Defendants, ROBERT L. FLORES JR., GALINDO TRUST, RF HOMESTEAD SOLUTIONS, LP AND HOLMAN AUSTIN COLONY TRUST and any of their agents or employees who receive notice of this order by service or otherwise. This Permanent Injunction shall be served on Defendants, ROBERT L. FLORES JR., GALINDO TRUST, RF HOMESTEAD SOLUTIONS, LP AND HOLMAN AUSTIN COLONY TRUST.

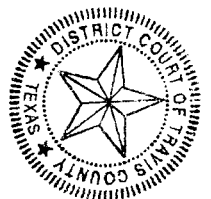
This Permanent Injunction shall be effective immediately without the execution and filing of a bond as the State is exempt from such bond under TEX. CIV. PRAC. & REM. CODE § 6.001.

IT IS FURTHER ORDERED that Defendants, ROBERT L. FLORES JR., GALINDO TRUST, RF HOMESTEAD SOLUTIONS, LP AND HOLMAN AUSTIN COLONY TRUST shall provide written notice of this Order to each of their agents, employees or former employees.

RESTITUTION

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Plaintiff 1 have judgment against Defendants ROBERT FLORES JR., GALINDO TRUST AND RF HOMESTEAD LP for restitution to the following Galindo Street consumers in the amounts set forth below:

HECTOR CABELLO	\$	1426.08
LIZA Carrillo	\$	1200.00



MARIA CARRIZALES	\$	8956.00
SAUL CHAVEZ	\$	2784.48
THE JUAN DELA FUENTES	\$	3300.00
JOSE GONZALES	\$	928.84
MARIA DEL ROSARIO LOPEZ	\$	1472.40
PEDRO MONSIVAIS	\$	2146.08
YASMIN NAVARRO	\$	2370.00
CARLOS PINEDA	\$	3987.00
VIRGINIA YBARRA	\$	1717.80

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Plaintiff have judgment against Defendants ROBERT FLORES JR. and HOLMAN AUSTIN COLONY TRUST for restitution to Mr. and Mrs. Paredes for the Paredes sale for \$6813.31.

PENALTIES, ATTORNEY'S FEES AND COSTS

It is **FURTHER ORDERED** that Defendants Flores, Galindo Trust, and RF Homestead LP, jointly and severally, shall pay \$1,480,000.00.00 in Civil Penalties to the State of Texas for the violations of the Texas Deceptive Trade Practices Act, and the Texas Property Code in the Galindo Street Sales. Defendant Flores is individually liable for these penalties, as well as the entities named above.

It is **FURTHER ORDERED** that Defendants Flores and Holman Austin Colony

Trust, jointly and severally shall pay ~~\$100,000.00~~ ^{\$20,000.00} in Civil Penalties to the State of Texas for the violations of the Texas Deceptive Trade Practices Act, and the Texas Property Code on the Paredes Sale. Defendant Flores is individually liable for these penalties, as well as the entities named

It is **ORDERED** that Defendants Flores, Galindo Trust, and RF Homestead LP shall pay \$120,659.55 in attorney's fees and costs to the State of Texas for the prosecution of the Galindo Street sales violations of the Texas Deceptive Trade Practices Act and the Texas Property Code. Defendant Flores is individually liable for these attorney's fees and costs as well as the entities named above.


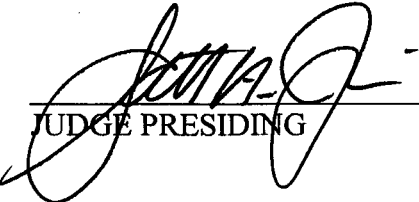
It is **ORDERED** that Defendants Flores and Holman Austin Colony Trust shall pay \$21,292.86 in attorney's fees and investigative costs to the State of Texas for the prosecution of the Paredes Sale violations of the Texas Deceptive Trade Practices Act and the Texas Property Code. Defendant Flores is individually liable for these attorney's fees and costs as well as the entities named above.

It is **ORDERED** that Defendants Flores, Galindo Trust, RF Homestead LP and Holman Austin Colony Trust shall bear all costs of court.

Post-judgment interest of 8.25 % shall apply to this judgment.

All other relief not granted is denied.

SIGNED this 14th day of May, 2007.


Gloria Salinas
State Bar No: 125 34300

JUDGE PRESIDING