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IN THE DISTRICT COURT OF JOHNSON COUNTY, KANSAS

STATE OF KANSAS, *ex rel.*,)
STEVE SIX, Attorney General,)
)
Plaintiff,)
)
v.)
)
APPLE ASSET, L.C.)
)
and)
)
DARRIN VOLK, an individual,)
LARRY HEDENKAMP, an individual,)
)
Defendants.)

Case No. 09-CV-05828
Division. 14

(Pursuant to K.S.A. Chapter 60)

JOURNAL ENTRY OF CONSENT JUDGMENT

NOW on this 29 day of Sept 2009, Plaintiff's Journal entry of Consent Judgment comes before the Court pursuant to K.S.A. 50-632(b). Plaintiff, the State of Kansas, *ex rel.*, Steve Six, Attorney General, appears by and through Tai J. Vokins, Assistant Attorney General. Defendant Larry Hedenkamp appears by and through Vincent O'Flaherty. Defendant Apple Asset, L.C. appears by and through Kenneth C. Jones. Defendant Darrin Volk appears *pro se*.

The parties advise the Court that they have stipulated and agreed to the following matters:

1. Steve Six is the Attorney General of the State of Kansas.

CLERK OF DISTRICT COURT
JOHNSON COUNTY, KS.

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2. The Attorney General's authority to bring this action is derived from the statutory and common law of the State of Kansas, specifically the Kansas Consumer Protection Act, K.S.A. 50-623 *et seq.*

3. Defendants Larry Hedenkamp and Darrin Volk are members of defendant Apple Asset, L.C., a limited liability company registered with the Kansas Secretary of State.

4. Defendants engage in consumer transactions that include, but are not limited to general real estate transactions, the sale and purchase of redemption rights, lease agreements with options to repurchase and typical lease agreements.

5. Defendants are suppliers as that term is defined by K.S.A. 50-624(j).

6. The Court has personal and subject matter jurisdiction over the parties for the sole purpose of entering into this Consent Judgment and any subsequent enforcement thereof.

7. Plaintiff filed its Petition and Amended Petition in this matter, wherein Plaintiff alleged, among other things, that Defendants engaged in deceptive and unconscionable acts and practices in violation of the Kansas Consumer Protection Act.

8. Pursuant to K.S.A. 50-632(b) the parties have reached an agreement, subject to the approval of this Court, to enter into a Consent Judgment. In reaching such agreement the parties agree that the Consent Judgment entered pursuant to 50-632(b) shall not be deemed to be an admission of any violation by defendants.

9. Defendants agree to refrain from and to be permanently enjoined from engaging in those acts and practices alleged to be unlawful and unconscionable in Plaintiff's Amended Petition. Defendants agree that engaging in such acts or similar acts, after the date of this Consent Judgment, shall constitute a violation of this Order and civil penalties will be imposed for each subsequent violation.

10. In the course of consumer transactions, Defendants engage in so-called "lease option" home purchase transactions. In the course of these transactions, Defendants enter into redemption rights purchase agreements whereby Defendants purchase redemption rights and enter into a residential rental agreement with consumers that often were/are in the course of a foreclosure proceeding. The lease agreement includes an option whereby the consumer is allowed to repurchase the home during a certain period of time after sheriff's sale.

11. Defendants agree, that in the course of, and prior to the completion of, any transaction similar to the transaction outlined in paragraph 9, Defendants will:

i. Provide copies of all executed documents to consumers at the time of execution.

ii. Execute and provide consumers the document entitled "Acknowledgement of Receipt of Copies of Transaction Documents" attached as Exhibit "A".

iii. Include all the language required by K.S.A. 58-2342(c) in any and all agreements that conveys an assignment or transfer of the rights of the homeowner consumer in relation to real property which is the subject of a pending action to foreclose and is the residence of the consumer.

iv. Complete and provide consumers with a disclosure that indicates the amount of equity available to Defendants in the event of a consumer default of any lease with option to repurchase as a separate disclosure attached hereto as Exhibit "B".

12. Defendants agree to make available and/or disclose the provisions of this Consent Judgment to Apple Asset's employees, agents and representatives within five days of signing the Consent Judgment.

13. Defendants agree to be permanently enjoined from entering into, forming, organizing or reorganizing into any partnership, corporation, sole proprietorship or any other legal structures, for the purpose of avoiding compliance with the terms of this Consent Judgment.

14. The parties have exchanged a list of certain past due rents on transactions similar to those described in paragraph 9. These past due rents are hereinafter referred to as "List Past Due Rents." Defendants have already obtained judgment for some of the List Past Due Rents. Defendants agree that, in the future, although Defendants may attempt to collect the List Past Due Rents that are not already the subject of a judgment and may file forcible detainer or eviction actions based on a tenant's failure to pay List Past Due Rents, Defendant will not (1) seek collection of List Past Due Rents that are already the subject of a judgment, or (2) seek or obtain a monetary judgment in the amount of any List Past Due Rents that are not the subject of a judgment.

15. Pursuant to K.S.A. 50-632(b) Defendant Hedenkamp stipulates and agrees to pay, on behalf of all defendants, the office of the Kansas Attorney General civil penalties, reasonable expenses and investigation fees incurred by the Kansas Attorney General in the amount of \$5,000.00. Payment shall be made payable to the Kansas Attorney General within three (3) business days of signing of this document.

16. Jurisdiction is retained by this Court for the purpose of enabling any of the parties to this Consent Judgment to apply to this Court at any time for such further orders and directions as may be necessary or appropriate for the modification of any of the provisions hereof, for the enforcement of compliance herewith, and for the punishment of violations thereof.

17. If any portion, provision, or part of this Consent Judgment is held to be invalid, unenforceable, or void for any reason, that portion shall be severed from the remainder and shall not affect the validity or enforceability of the remaining provisions, portions or parts.

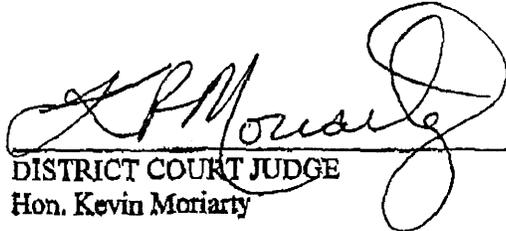
18. Compliance with this Consent Judgment does not relieve Defendants of any obligation imposed by applicable federal, state, or local law, nor shall the Attorney General be precluded from taking appropriate legal action to enforce civil or criminal statutes under his jurisdiction.

19. The parties understand that this Consent Judgment shall not be construed as an approval of or sanction by the Kansas Attorney General of the business practices of Defendants nor shall Defendants represent the decree of such approval. The parties further understand that any failure by the State of Kansas or by the Attorney General to take any action in response to any information submitted pursuant to the Consent Judgment shall not be construed as an approval of or sanction of any representations, acts or practices indicated by such information, nor shall it preclude action thereon at a later date.

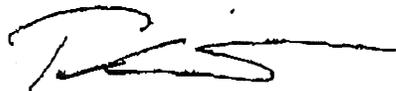
IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that the stipulation and agreement of the parties contained herein are adopted and approved as the findings of fact and conclusions of law of the Court and any monies stipulated to be owed hereunder by Defendant Hedenkamp immediately become a judgment upon filing.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that pursuant to K.S.A. 50-632(b) Defendant Hedenkamp, on behalf of all defendants, pay civil penalties, reasonable expenses and investigation fees incurred by the Kansas Attorney General associated with this action totaling Five Thousand Dollars (\$5,000.00).

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that pursuant to the Kansas Consumer Protection Act, and the provisions of K.S.A. 50-632(b), the Court hereby approves the terms of the Consent Judgment and adopts the same as the order of the Court.
IT IS SO ORDERED.

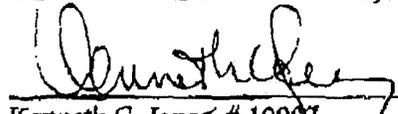

DISTRICT COURT JUDGE
Hon. Kevin Moriarty

Prepared and Approved by:


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