EXECUTIVE SUMMARY - ENFORCEMENT MATTER

DOCKET NO.: 2010-1264-MWD-E **TCEQ ID:** RN104282652 **CASE NO.:** 40140
RESPONDENT NAME: LGI HOMES, LTD. and Quadvest, L.P.

ORDER TYPE:		
X 1660 AGREED ORDER	__FINDINGS AGREED ORDER	__FINDINGS ORDER FOLLOWING SOAH HEARING
__FINDINGS DEFAULT ORDER	__SHUTDOWN ORDER	__IMMINENT AND SUBSTANTIAL ENDANGERMENT ORDER
__AMENDED ORDER	__EMERGENCY ORDER	
CASE TYPE:		
__AIR	__MULTI-MEDIA (check all that apply)	__INDUSTRIAL AND HAZARDOUS WASTE
__PUBLIC WATER SUPPLY	__PETROLEUM STORAGE TANKS	__OCCUPATIONAL CERTIFICATION
X WATER QUALITY	__SEWAGE SLUDGE	__UNDERGROUND INJECTION CONTROL
__MUNICIPAL SOLID WASTE	__RADIOACTIVE WASTE	__DRY CLEANER REGISTRATION

SITE WHERE VIOLATION(S) OCCURRED: Creekside WWTP, located approximately 5,000 feet west of the intersection of Riley Fussell Road and the Main Bender Tram, east of the intersection of Woodson's Gully and the Texas Illinois Natural Gas Pipeline, Montgomery County

TYPE OF OPERATION: Domestic wastewater treatment facility

SMALL BUSINESS: __X__ **Yes** ___ **No**

OTHER SIGNIFICANT MATTERS: There are no complaints. There is no record of additional pending enforcement actions regarding this facility location.

INTERESTED PARTIES: No one other than the ED and the Respondents has expressed an interest in this matter.

COMMENTS RECEIVED: The *Texas Register* comment period expired on December 20, 2010. No comments were received.

CONTACTS AND MAILING LIST:

TCEQ Attorney/SEP Coordinator: None
TCEQ Enforcement Coordinator: Mr. Jeremy Escobar, Enforcement Division, Enforcement Team 3, MC R-14, (361) 825-3422; Ms. Laurie Eaves, Enforcement Division, MC 219, (512) 239-4495
Respondent: Mr. Eric Lipar, Manager, LGI GP, LLC, 19221 Interstate Highway 45, Suite 320, Conroe, Texas 77377
Mr. Simon Sequeira, President, Quadvest, L.P., P.O. Box 409, Tomball, Texas 77377
Respondent's Attorney: Not represented by counsel on this enforcement matter

VIOLATION SUMMARY CHART:

VIOLATION INFORMATION	PENALTY CONSIDERATIONS	CORRECTIVE ACTIONS TAKEN/REQUIRED
Type of Investigation: __ Complaint __ Routine __ Enforcement Follow-up X Records Review **Date(s) of Complaints Relating to this Case:** None **Date of Investigation Relating to this Case:** June 24, 2010 **Date of NOV/NOE Relating to this Case:** July 22, 2010 (NOE) **Background Facts:** This was a records review. **WATER** Failed to comply with permitted effluent limits for ammonia nitrogen [TEX. WATER CODE § 26.121(a), 30 TEX. ADMIN. CODE § 305.125(1), and Texas Pollutant Discharge Elimination System ("TPDES") Permit No. WQ0014531001, Interim I Effluent Limitations and Monitoring Requirements No. 1].	**Total Assessed:** $5,680 **Total Deferred:** $1,136 X Expedited Settlement __Financial Inability to Pay **SEP Conditional Offset:** $0 **Total Paid to General Revenue:** $4,544 **Compliance History Classification:** Person/CN – Average Site/RN – Average **Major Source:** __ Yes _X_ No **Applicable Penalty Policy:** September 2002	**Ordering Provisions:** The Order will require the Respondents to, within 90 days after the effective date of this Agreed Order, submit written certification of compliance with the effluent limits of TPDES Permit No. WQ0014531001, including specific corrective actions that were implemented at the Facility to achieve compliance and copies of the most current self-reported discharge monitoring reports, demonstrating at least three consecutive months of compliance with all permitted effluent limitations.

Additional ID No(s).: WQ0014531001

Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002) — *PCW Revision October 30, 2008*

TCEQ

DATES						
Assigned	26-Jul-2010					
PCW	3-Aug-2010	**Screening**	3-Aug-2010	**EPA Due**		

RESPONDENT/FACILITY INFORMATION

Respondent	LGI HOMES, LTD. and Quadvest, L.P.		
Reg. Ent. Ref. No.	RN104282652		
Facility/Site Region	12-Houston	**Major/Minor Source**	Minor

CASE INFORMATION

Enf./Case ID No.	40140	**No. of Violations**	1
Docket No.	2010-1264-MWD-E	**Order Type**	1660
Media Program(s)	Water Quality	**Government/Non-Profit**	No
Multi-Media		**Enf. Coordinator**	Jeremy Escobar
		EC's Team	Enforcement Team 3

Admin. Penalty $ Limit Minimum $0 Maximum $10,000

Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties) — *Subtotal 1*: $4,000

ADJUSTMENTS (+/-) TO SUBTOTAL 1

Subtotals 2-7 are obtained by multiplying the Total Base Penalty (Subtotal 1) by the indicated percentage.

Compliance History — 42.0% Enhancement — *Subtotals 2, 3, & 7*: $1,680

Notes: Enhancement for eight months of self-reported effluent violations and one NOV with dissimilar violations.

Culpability — No — 0.0% Enhancement — *Subtotal 4*: $0

Notes: The Respondents do not meet the culpability criteria.

Good Faith Effort to Comply Total Adjustments — *Subtotal 5*: $0

Economic Benefit — 0.0% Enhancement* — *Subtotal 6*: $0

Total EB Amounts $2,500
Approx. Cost of Compliance $25,000
**Capped at the Total EB $ Amount*

SUM OF SUBTOTALS 1-7 — *Final Subtotal*: $5,680

OTHER FACTORS AS JUSTICE MAY REQUIRE — 0.0% — *Adjustment*: $0

Reduces or enhances the Final Subtotal by the indicated percentage.

Notes:

Final Penalty Amount: $5,680

STATUTORY LIMIT ADJUSTMENT — *Final Assessed Penalty*: $5,680

DEFERRAL — 20.0% Reduction — *Adjustment*: -$1,136

Reduces the Final Assessed Penalty by the indicted percentage. *(Enter number only; e.g. 20 for 20% reduction.)*

Notes: Deferral offered for expedited settlement.

PAYABLE PENALTY: $4,544

Screening Date 3-Aug-2010 **Docket No.** 2010-1264-MWD-E **PCW**

Respondent LGI HOMES, LTD. and Quadvest, L.P.

Policy Revision 2 (September 2002)

Case ID No. 40140

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN104282652

Media [Statute] Water Quality

Enf. Coordinator Jeremy Escobar

Compliance History Worksheet

>> Compliance History *Site* Enhancement (Subtotal 2)

Component	Number of...	Enter Number Here	Adjust.
NOVs	Written notices of violation ("NOVs") with same or similar violations as those in the current enforcement action (*number of NOVs meeting criteria*)	8	40%
	Other written NOVs	1	2%
Orders	Any agreed final enforcement orders containing a denial of liability (*number of orders meeting criteria*)	0	0%
	Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission	0	0%
Judgments and Consent Decrees	Any non-adjudicated final court judgments or consent decrees containing a denial of liability of this state or the federal government (*number of judgements or consent decrees meeting criteria*)	0	0%
	Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government	0	0%
Convictions	Any criminal convictions of this state or the federal government (*number of counts*)	0	0%
Emissions	Chronic excessive emissions events (*number of events*)	0	0%
Audits	Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (*number of audits for which notices were submitted*)	0	0%
	Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (*number of audits for which violations were disclosed*)	0	0%

Other		*Please Enter Yes or No*	
	Environmental management systems in place for one year or more	No	0%
	Voluntary on-site compliance assessments conducted by the executive director under a special assistance program	No	0%
	Participation in a voluntary pollution reduction program	No	0%
	Early compliance with, or offer of a product that meets future state or federal government environmental requirements	No	0%

Adjustment Percentage (Subtotal 2) 42%

>> Repeat Violator (Subtotal 3)

No

Adjustment Percentage (Subtotal 3) 0%

>> Compliance History Person Classification (Subtotal 7)

Average Performer

Adjustment Percentage (Subtotal 7) 0%

>> Compliance History Summary

Compliance History Notes

Enhancement for eight months of self-reported effluent violations and one NOV with dissimilar violations.

Total Adjustment Percentage (Subtotals 2, 3, & 7) 42%

Screening Date 3-Aug-2010 **Docket No.** 2010-1264-MWD-E **PCW**

Policy Revision 2 (September 2002)

PCW Revision October 30, 2008

Respondent LGI HOMES, LTD. and Quadvest, L.P.

Case ID No. 40140

Reg. Ent. Reference No. RN104282652

Media [Statute] Water Quality

Enf. Coordinator Jeremy Escobar

Violation Number 1

Rule Cite(s) Tex. Water Code § 26.121(a), 30 Tex. Admin. Code § 305.125(1), and Texas Pollutant Discharge Elimination System ("TPDES") Permit No. WQ0014531001, Interim I Effluent Limitations and Monitoring Requirements No. 1

Violation Description Failed to comply with permitted effluent limits, as documented in a record review conducted on June 24, 2010. See attached table.

Base Penalty $10,000

>> Environmental, Property and Human Health Matrix

OR	Harm: Release	Major	Moderate	Minor
	Actual			x
	Potential			

Percent 10%

>>Programmatic Matrix

Falsification	Major	Moderate	Minor

Percent 0%

Matrix Notes: A simplified model was used to evaluate ammonia nitrogen ("NH3-N") to determine whether the discharged amounts of pollutants exceeded levels protective of human health or the environment. As a result of these discharges, human health or the environment has been exposed to insignificant amounts of pollutants which do not exceed levels that are protective of human health or environmental receptors.

Adjustment $9,000

$1,000

Violation Events

Number of Violation Events: 4 — 153 Number of violation days

mark only one with an x

daily	
weekly	
monthly	
quarterly	x
semiannual	
annual	
single event	

Violation Base Penalty $4,000

Four quarterly events are recommended.

Good Faith Efforts to Comply

0.0% Reduction — $0

	Before NOV	NOV to EDPRP/Settlement Offer
Extraordinary		
Ordinary		
N/A	x	(mark with x)

Notes: The Respondents do not meet the good faith criteria for this violation.

Violation Subtotal $4,000

Economic Benefit (EB) for this violation

Estimated EB Amount $2,500

Statutory Limit Test

Violation Final Penalty Total $5,680

This violation Final Assessed Penalty (adjusted for limits) $5,680

Economic Benefit Worksheet

Respondent LGI HOMES, LTD. and Quadvest, L.P.
Case ID No. 40140
Reg. Ent. Reference No. RN104282652
Media Water Quality
Violation No. 1

Percent Interest	Years of Depreciation
5.0	15

Item Description (No commas or $)	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Delayed Costs							
Equipment				0.00	$0	$0	$0
Buildings				0.00	$0	$0	$0
Other (as needed)				0.00	$0	$0	$0
Engineering/construction				0.00	$0	$0	$0
Land				0.00	$0	n/a	$0
Record Keeping System				0.00	$0	n/a	$0
Training/Sampling				0.00	$0	n/a	$0
Remediation/Disposal				0.00	$0	n/a	$0
Permit Costs				0.00	$0	n/a	$0
Other (as needed)	$25,000	30-Apr-2009	30-Apr-2011	2.00	$2,500	n/a	$2,500
Notes for DELAYED costs	Estimated cost to evaluate the causes of the effluent violations and to implement necessary rehabilitation to the wastewater treatment system, including the cost to reseed the wastewater treatment system ($15,000). Date required is the first date of non-compliance. The final date is the projected date of compliance.						
Avoided Costs	ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)						
Disposal				0.00	$0	$0	$0
Personnel				0.00	$0	$0	$0
Inspection/Reporting/Sampling				0.00	$0	$0	$0
Supplies/equipment				0.00	$0	$0	$0
Financial Assurance [2]				0.00	$0	$0	$0
ONE-TIME avoided costs [3]				0.00	$0	$0	$0
Other (as needed)				0.00	$0	$0	$0
Notes for AVOIDED costs							

Approx. Cost of Compliance $25,000

TOTAL $2,500

LGI HOMES, LTD. And Quadvest, L.P.
Texas Pollutant Discharge Elimination System Permit No. WQ0014531001
Docket No. 2010-1264-MWD-E; Case No. 40140

EFFLUENT VIOLATION TABLE		
Months	NH3-N daily avg. conc.	NH3-N single grab max. conc.
	Limit = 3 mg/L	Limit = 15 mg/L
4/30/2009	3.92	15.4
9/30/2009	3.49	c
12/31/2009	3.08	c
1/31/2010	9.52	20.8
3/31/2010	7.93	18.8

NH3-N = ammonia nitrogen
c = compliant
max. = maximum
mg/L = milligrams per Liter
conc. = concentration
avg. = average

Compliance History Report

Customer/Respondent/Owner-Operator:	CN602819195	LGI Homes, LTD.	Classification: AVERAGE	Rating: 2.80
Regulated Entity:	RN104282652	CREEKSIDE WWTP	Classification: AVERAGE	Site Rating: 0.20

ID Number(s):

WASTEWATER	PERMIT	WQ0014531001
WASTEWATER	EPA ID	TX0126799

Location: FACILITY IS LOCATED APPROX 5000' W OF THE INTERSECTION OF RILEY FUSSELL RD AND THE MAIN BENDER TRAM E OF THE INTERSECTION OF WOODSONS GULLY AND THE TEXAS ILLINOIS NATURAL GAS PIPELINE

TCEQ Region: REGION 12 - HOUSTON

Date Compliance History Prepared: August 11, 2010

Agency Decision Requiring Compliance History: Enforcement

Compliance Period: August 03, 2005 to August 03, 2010

TCEQ Staff Member to Contact for Additional Information Regarding this Compliance History

Name: Jeremy Escobar Phone: (361) 825-3422

Site Compliance History Components

1. Has the site been in existence and/or operation for the full five year compliance period? Yes
2. Has there been a (known) change in ownership/operator of the site during the compliance period? Yes
3. If Yes, who is the current owner/operator?

   OWN LGI Homes, LTD.

   OPR Quadvest, L.P.
4. If Yes, who was/were the prior owner(s)/operator(s)? Quadvest Inc.

   OWNOPR
5. When did the change(s) in owner or operator occur?

   06/20/2008

   OWNOPR Quadvest Inc.
6. Rating Date: 9/1/2009 Repeat Violator: NO

Components (Multimedia) for the Site :

A. Final Enforcement Orders, court judgments, and consent decrees of the State of Texas and the federal government.

N/A

B. Any criminal convictions of the state of Texas and the federal government.

N/A

C. Chronic excessive emissions events.

N/A

D. The approval dates of investigations. (CCEDS Inv. Track. No.)

1	11/28/2005	494001
2	12/27/2005	494002
3	01/19/2006	(494003)
4	02/24/2006	(493999)
5	03/15/2006	(494000)
6	04/19/2006	(507108)
7	05/15/2006	(507109)
8	06/19/2006	(507110)
9	07/21/2006	(529250)
10	08/09/2006	(487027)
11	08/18/2006	(529251)
12	09/20/2006	(529252)
13	10/20/2006	(634042)
14	11/14/2006	(634044)
15	12/22/2006	(634046)
16	01/22/2007	(634048)
17	02/21/2007	(634034)
18	03/26/2007	(634035)
19	05/02/2007	(634036)
20	05/14/2007	(634037)
21	06/22/2007	(634038)
22	08/03/2007	(634039)
23	08/20/2007	(634040)
24	09/25/2007	(634041)
25	10/29/2007	(634043)
26	11/26/2007	(634045)
27	12/27/2007	(634047)

28 01/14/2008 (677978)
29 02/25/2008 (677975)
30 04/03/2008 (677976)
31 04/09/2008 (677977)
32 05/12/2008 (696808)
33 06/27/2008 (696809)
34 07/17/2008 (696810)
35 07/23/2008 (683093)
36 08/20/2008 (718524)
37 09/29/2008 (718525)
38 10/24/2008 (718526)
39 11/20/2008 (733757)
40 12/17/2008 (756901)
41 01/29/2009 (756902)
42 02/13/2009 (756898)
43 03/06/2009 (756899)
44 04/14/2009 (756900)
45 05/19/2009 (773730)
46 06/08/2009 (773731)
47 07/24/2009 (821596)
48 08/17/2009 (821597)
49 09/14/2009 (821598)
50 10/20/2009 (821599)
51 11/16/2009 (821600)
52 12/14/2009 (821601)
53 01/15/2010 (821602)
54 02/12/2010 (821595)
55 04/23/2010 (836857)
56 04/23/2010 (836858)
57 05/13/2010 (836859)
58 06/14/2010 (848100)
59 07/22/2010 (828612)

E. Written notices of violations (NOV). (CCEDS Inv. Track. No.)

Date: 08/09/2006 (487027) CN602819195
Self Report? NO Classification: Moderate
Citation: 30 TAC Chapter 317 317.7(e)
Description: Failure to provide an all weather road to the wastewater treatment plant.
Self Report? NO Classification: Moderate
Citation: 30 TAC Chapter 317 317.4(a)(8)
30 TAC Chapter 317 317.7(i)
Description: Failure to provide an atmospheric vacuum breaker on the potable water hose at the wastewater treatment plant (WWTP).

Date: 09/30/2008 (718526) CN602819195
Self Report? YES Classification: Moderate
Citation: 2D TWC Chapter 26, SubChapter A 26.121(a)
30 TAC Chapter 305, SubChapter F 305.125(1)
Description: Failure to meet the limit for one or more permit parameter

Date: 04/30/2009 (773730) CN602819195
Self Report? YES Classification: Moderate
Citation: 2D TWC Chapter 26, SubChapter A 26.121(a)
30 TAC Chapter 305, SubChapter F 305.125(1)
Description: Failure to meet the limit for one or more permit parameter

Date 09/30/2009 (821599) CN602819195
Self Report? YES Classification: Moderate
Citation: 2D TWC Chapter 26, SubChapter A 26.121(a)
30 TAC Chapter 305, SubChapter F 305.125(1)
Description: Failure to meet the limit for one or more permit parameter

Date 12/31/2009 (821602) CN602819195
Self Report? YES Classification: Moderate
Citation: 2D TWC Chapter 26, SubChapter A 26.121(a)
30 TAC Chapter 305, SubChapter F 305.125(1)
Description: Failure to meet the limit for one or more permit parameter

Date 01/31/2010 (821595) CN602819195
Self Report? YES Classification: Moderate
Citation: 2D TWC Chapter 26, SubChapter A 26.121(a)
30 TAC Chapter 305, SubChapter F 305.125(1)
Description: Failure to meet the limit for one or more permit parameter

Date 03/31/2010 (836858) CN602819195

Self Report? YES Classification: Moderate
Citation: 2D TWC Chapter 26, SubChapter A 26.121(a)
30 TAC Chapter 305, SubChapter F 305.125(1)
Description: Failure to meet the limit for one or more permit parameter

Date 04/30/2010 (836859) CN602819195
Self Report? YES Classification: Moderate
Citation: 2D TWC Chapter 26, SubChapter A 26.121(a)
30 TAC Chapter 305, SubChapter F 305.125(1)
Description: Failure to meet the limit for one or more permit parameter

Date 05/31/2010 (848100) CN602819195
Self Report? YES Classification: Moderate
Citation: 2D TWC Chapter 26, SubChapter A 26.121(a)
30 TAC Chapter 305, SubChapter F 305.125(1)
Description: Failure to meet the limit for one or more permit parameter

F. Environmental audits.

N/A

G. Type of environmental management systems (EMSs).

N/A

H. Voluntary on-site compliance assessment dates.

N/A

I. Participation in a voluntary pollution reduction program.

N/A

J. Early compliance.

N/A

Sites Outside of Texas

N/A

Compliance History Report

Customer/Respondent/Owner-Operator:	CN602944746	Quadvest, L.P.	Classification: AVERAGE	Rating: 1.78
Regulated Entity:	RN104282652	CREEKSIDE WWTP	Classification: AVERAGE	Site Rating: 0.20

ID Number(s):

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WASTEWATER	EPA ID	TX0126799

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Agency Decision Requiring Compliance History: Enforcement

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Name: Jeremy Escobar Phone: (361) 825-3422

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   OPR Quadvest, L.P.
4. If Yes, who was/were the prior owner(s)/operator(s)? Quadvest Inc.

   OWNOPR
5. When did the change(s) in owner or operator occur?

   06/20/2008

   OWNOPR Quadvest Inc.
6. Rating Date: 9/1/2009 Repeat Violator: NO

Components (Multimedia) for the Site :

A. Final Enforcement Orders, court judgments, and consent decrees of the State of Texas and the federal government.

N/A

B. Any criminal convictions of the state of Texas and the federal government.

N/A

C. Chronic excessive emissions events.

N/A

D. The approval dates of investigations. (CCEDS Inv. Track. No.)

1	11/28/2005	(494001)
2	12/27/2005	(494002)
3	01/19/2006	(494003)
4	02/24/2006	(493999)
5	03/15/2006	(494000)
6	04/19/2006	(507108)
7	05/15/2006	(507109)
8	06/19/2006	(507110)
9	07/21/2006	(529250)
10	08/09/2006	(487027)
11	08/18/2006	(529251)
12	09/20/2006	(529252)
13	10/20/2006	(634042)
14	11/14/2006	(634044)
15	12/22/2006	(634046)
16	01/22/2007	(634048)
17	02/21/2007	(634034)
18	03/26/2007	(634035)
19	05/02/2007	(634036)
20	05/14/2007	(634037)
21	06/22/2007	(634038)
22	08/03/2007	(634039)
23	08/20/2007	(634040)
24	09/25/2007	(634041)
25	10/29/2007	(634043)
26	11/26/2007	(634045)

27	12/27/2007	(634047)
28	01/14/2008	(677978)
29	02/25/2008	(677975)
30	04/03/2008	(677976)
31	04/09/2008	(677977)
32	05/12/2008	(696808)
33	06/27/2008	(696809)
34	07/17/2008	(696810)
35	07/23/2008	(683093)
36	08/20/2008	(718524)
37	09/29/2008	(718525)
38	10/24/2008	(718526)
39	11/20/2008	(733757)
40	12/17/2008	(756901)
41	01/29/2009	(756902)
42	02/13/2009	(756898)
43	03/06/2009	(756899)
44	04/14/2009	(756900)
45	05/19/2009	(773730)
46	06/08/2009	(773731)
47	07/24/2009	(821596)
48	08/17/2009	(821597)
49	09/14/2009	(821598)
50	10/20/2009	(821599)
51	11/16/2009	(821600)
52	12/14/2009	(821601)
53	01/15/2010	(821602)
54	02/12/2010	(821595)
55	04/23/2010	(836857)
56	04/23/2010	(836858)
57	05/13/2010	(836859)
58	06/14/2010	(848100)
59	07/22/2010	(828612)

E. Written notices of violations (NOV). (CCEDS Inv. Track. No.)

Date: 08/09/2006 (487027) CN602944746

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 317 317.7(e)

Description: Failure to provide an all weather road to the wastewater treatment plant.

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 317 317.4(a)(8)
30 TAC Chapter 317 317.7(i)

Description: Failure to provide an atmospheric vacuum breaker on the potable water hose at the wastewater treatment plant (WWTP).

Date: 09/30/2008 (718526) CN602944746

Self Report? YES Classification: Moderate

Citation: 2D TWC Chapter 26, SubChapter A 26.121(a)
30 TAC Chapter 305, SubChapter F 305.125(1)

Description: Failure to meet the limit for one or more permit parameter

Date: 04/30/2009 (773730) CN602944746

Self Report? YES Classification: Moderate

Citation: 2D TWC Chapter 26, SubChapter A 26.121(a)
30 TAC Chapter 305, SubChapter F 305.125(1)

Description: Failure to meet the limit for one or more permit parameter

Date 09/30/2009 (821599) CN602944746

Self Report? YES Classification: Moderate

Citation: 2D TWC Chapter 26, SubChapter A 26.121(a)
30 TAC Chapter 305, SubChapter F 305.125(1)

Description: Failure to meet the limit for one or more permit parameter

Date 12/31/2009 (821602) CN602944746

Self Report? YES Classification: Moderate

Citation: 2D TWC Chapter 26, SubChapter A 26.121(a)
30 TAC Chapter 305, SubChapter F 305.125(1)

Description: Failure to meet the limit for one or more permit parameter

Date 01/31/2010 (821595) CN602944746

Self Report? YES Classification: Moderate

Citation: 2D TWC Chapter 26, SubChapter A 26.121(a)
30 TAC Chapter 305, SubChapter F 305.125(1)

Description: Failure to meet the limit for one or more permit parameter

Date 03/31/2010 (836858) CN602944746
Self Report? YES Classification: Moderate
Citation: 2D TWC Chapter 26, SubChapter A 26.121(a)
30 TAC Chapter 305, SubChapter F 305.125(1)
Description: Failure to meet the limit for one or more permit parameter

Date 04/30/2010 (836859) CN602944746
Self Report? YES Classification: Moderate
Citation: 2D TWC Chapter 26, SubChapter A 26.121(a)
30 TAC Chapter 305, SubChapter F 305.125(1)
Description: Failure to meet the limit for one or more permit parameter

Date 05/31/2010 (848100) CN602944746
Self Report? YES Classification: Moderate
Citation: 2D TWC Chapter 26, SubChapter A 26.121(a)
30 TAC Chapter 305, SubChapter F 305.125(1)
Description: Failure to meet the limit for one or more permit parameter

F. Environmental audits.

N/A

G. Type of environmental management systems (EMSs).

N/A

H. Voluntary on-site compliance assessment dates.

N/A

I. Participation in a voluntary pollution reduction program.

N/A

J. Early compliance.

N/A

Sites Outside of Texas

N/A

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

IN THE MATTER OF AN ENFORCEMENT ACTION CONCERNING LGI HOMES, LTD. AND QUADVEST, L.P. RN104282652	**§ § § § § §**	**BEFORE THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY**

AGREED ORDER
DOCKET NO. 2010-1264-MWD-E

I. JURISDICTION AND STIPULATIONS

At its _____ agenda, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding LGI HOMES, LTD. and Quadvest, L.P. ("the Respondents") under the authority of TEX. WATER CODE chs. 7 and 26. The Executive Director of the TCEQ, through the Enforcement Division, and the Respondents appear before the Commission and together stipulate that:

1. The Respondents own and operate a domestic wastewater treatment facility located approximately 5,000 feet west of the intersection of Riley Fussell Road and the Main Bender Tram, east of the intersection of Woodson's Gully and the Texas Illinois Natural Gas Pipeline, in Montgomery County, Texas (the "Facility").

2. The Respondents have discharged municipal waste into or adjacent to any water in the state under TEX. WATER CODE ch. 26.

3. The Commission and the Respondents agree that the Commission has jurisdiction to enter this Agreed Order, and that the Respondents are subject to the Commission's jurisdiction.

4. The Respondents received notice of the violations alleged in Section II ("Allegations") on or about July 27, 2010.

5. The occurrence of any violation is in dispute and the entry of this Agreed Order shall not constitute an admission by the Respondents of any violation alleged in Section II ("Allegations"), nor of any statute or rule.

6. An administrative penalty in the amount of Five Thousand Six Hundred Eighty Dollars ($5,680) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondents have paid Four Thousand Five Hundred Forty-Four Dollars ($4,544) of the administrative penalty and One Thousand One Hundred Thirty-Six Dollars ($1,136) is deferred contingent upon the Respondents' timely and satisfactory compliance with all the terms of this Agreed Order. The deferred amount will be waived upon full compliance with the terms of this Agreed Order. If the Respondents fail to timely and satisfactorily comply with all requirements of this Agreed Order, the Executive Director may require the Respondents to pay all or part of the deferred penalty.

7. Any notice and procedures, which might otherwise be authorized or required in this action, are waived in the interest of a more timely resolution of the matter.

8. The Executive Director of the TCEQ and the Respondents have agreed on a settlement of the matters alleged in this enforcement action, subject to the approval of the Commission.

9. The Executive Director may, without further notice or hearing, refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings if the Executive Director determines that the Respondents have not complied with one or more of the terms or conditions in this Agreed Order.

10. This Agreed Order shall terminate five years from its effective date or upon compliance with all the terms and conditions set forth in this Agreed Order, whichever is later.

11. The provisions of this Agreed Order are deemed severable and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Agreed Order unenforceable, the remaining provisions shall be valid and enforceable.

II. ALLEGATIONS

As owners and operators of the Facility, the Respondents are alleged to have failed to comply with permitted effluent limits, in violation of TEX. WATER CODE § 26.121(a), 30 TEX. ADMIN. CODE § 305.125(1), and Texas Pollutant Discharge Elimination System ("TPDES") Permit No. WQ0014531001, Interim I Effluent Limitations and Monitoring Requirements No. 1, as documented in a record review conducted on June 24, 2010, and shown in the table below:

EFFLUENT VIOLATION TABLE		
Months	NH3-N daily avg. conc.	NH3-N single grab max. conc.
	Limit = 3 mg/L	Limit = 15 mg/L
4/30/2009	3.92	15.4
9/30/2009	3.49	c
12/31/2009	3.08	c
1/31/2010	9.52	20.8
3/31/2010	7.93	18.8

NH3-N = ammonia nitrogen
c = compliant
max. = maximum
mg/L = milligrams per Liter
conc. = concentration
avg. = average

III. DENIALS

The Respondents generally deny each allegation in Section II ("Allegations").

IV. ORDERING PROVISIONS

1. It is, therefore, ordered by the TCEQ that the Respondents pay an administrative penalty as set forth in Section I, Paragraph 6 above. The payment of this administrative penalty and the Respondents' compliance with all the terms and conditions set forth in this Agreed Order resolve only the allegations in Section II. The Commission shall not be constrained in any manner from requiring corrective action or penalties for violations which are not raised here. Administrative penalty payments shall be made payable to "TCEQ" and shall be sent with the notation "Re: LGI HOMES, LTD. and Quadvest, L.P., Docket No. 2010-1264-MWD-E" to:

Financial Administration Division, Revenues Section
Attention: Cashier's Office, MC 214
Texas Commission on Environmental Quality
P.O. Box 13088
Austin, Texas 78711-3088

2. The Respondents are jointly and severally liable for the violations documented in this Agreed Order, and are jointly and severally liable for timely and satisfactory compliance with all terms and conditions of this Agreed Order.

3. It is further ordered that the Respondents shall, within 90 days after the effective date of this Agreed Order, submit written certification of compliance with the effluent limits of TPDES Permit No. WQ0014531001, including specific corrective actions that were implemented at the Facility to achieve compliance and copies of the most current self-reported discharge monitoring reports, demonstrating at least three consecutive months of compliance with all permitted effluent limitations. The certification shall be notarized by a State of Texas Notary Public and include the following certification language:

"I certify under penalty of law that I have personally examined and am familiar with the information submitted and all attached documents, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations."

The certification shall be submitted to:

Order Compliance Team
Enforcement Division, MC 149A
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

with a copy to:

Water Section, Manager
Houston Regional Office
Texas Commission on Environmental Quality
5425 Polk Avenue, Suite H
Houston, Texas 77023-1486

4. The provisions of this Agreed Order shall apply to and be binding upon the Respondents. The Respondents are ordered to give notice of the Agreed Order to personnel who maintain day-to-day control over the Facility operations referenced in this Agreed Order.

5. If the Respondents fail to comply with any of the Ordering Provisions in this Agreed Order within the prescribed schedules, and that failure is caused solely by an act of God, war, strike, riot, or other catastrophe, the Respondents' failure to comply is not a violation of this Agreed Order. The Respondents shall have the burden of establishing to the Executive Director's satisfaction that such an event has occurred. The Respondents shall notify the Executive Director within seven days after the Respondents become aware of a delaying event and shall take all reasonable measures to mitigate and minimize any delay.

6. The Executive Director may grant an extension of any deadline in this Agreed Order or in any plan, report, or other document submitted pursuant to this Agreed Order, upon a written and substantiated showing of good cause. All requests for extensions by the Respondents shall be made in writing to the Executive Director. Extensions are not effective until the Respondents receive written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director.

7. This Agreed Order, issued by the Commission, shall not be admissible against the Respondents in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Agreed Order; or (2) pursue violations of a statute within the Commission's jurisdiction, or of a rule adopted or an order or permit issued by the Commission under such a statute.

8. This Agreed Order may be executed in multiple counterparts, which together shall constitute a single original instrument. Any executed signature page to this Agreed Order may be transmitted by facsimile transmission to the other parties, which shall constitute an original signature for all purposes under this Agreed Order.

9. Under 30 TEX. ADMIN. CODE § 70.10(b), the effective date is the date of hand-delivery of the Order to the Respondents, or three days after the date on which the Commission mails notice of the Order to the Respondents, whichever is earlier. The Chief Clerk shall provide a copy of this Agreed Order to each of the parties.

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

For the Commission

For the Executive Director

12/27/2010
Date

I, the undersigned, have read and understand the attached Agreed Order. I am authorized to agree to the attached Agreed Order on behalf of the entity indicated below my signature, and I do agree to the terms and conditions specified therein. I further acknowledge that the TCEQ, in accepting payment for the penalty amount, is materially relying on such representation.

I also understand that failure to comply with the Ordering Provisions, if any, in this order and/or failure to timely pay the penalty amount, may result in:

- A negative impact on compliance history;
- Greater scrutiny of any permit applications submitted;
- Referral of this case to the Attorney General's Office for contempt, injunctive relief, additional penalties, and/or attorney fees, or to a collection agency;
- Increased penalties in any future enforcement actions;
- Automatic referral to the Attorney General's Office of any future enforcement actions; and
- TCEQ seeking other relief as authorized by law.

In addition, any falsification of any compliance documents may result in criminal prosecution.

Signature

Date

Eric Lipar
Name (Printed or typed)
Authorized Representative of
LGI HOMES, LTD.

Manager
Title √ LGI GP, LLC

Instructions: Send the original, signed Agreed Order with penalty payment to the Financial Administration Division, Revenues Section at the address in Section IV, Paragraph 1 of this Agreed Order.

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

_____
For the Commission

_____ 12/27/2010
For the Executive Director Date

I, the undersigned, have read and understand the attached Agreed Order. I am authorized to agree to the attached Agreed Order on behalf of the entity indicated below my signature, and I do agree to the terms and conditions specified therein. I further acknowledge that the TCEQ, in accepting payment for the penalty amount, is materially relying on such representation.

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- Increased penalties in any future enforcement actions;
- Automatic referral to the Attorney General's Office of any future enforcement actions; and
- TCEQ seeking other relief as authorized by law.

In addition, any falsification of any compliance documents may result in criminal prosecution.

_____ 10-6-10
Signature Date

Simon Sequeira President
Name (Printed or typed) Title
Authorized Representative of
Quadvest, L.P.

Instructions: Send the original, signed Agreed Order with penalty payment to the Financial Administration Division, Revenues Section at the address in Section IV, Paragraph 1 of this Agreed Order.