

SETTLEMENT AGREEMENT AND MUTUAL RELEASE OF CLAIMS

This Settlement Agreement and Mutual Release (hereinafter "Agreement") is entered into and effective as of this ____ day of ____, 2008 by and between the following parties:

NOTE: the list of Plaintiffs and Defendants has
been omitted since they are repeated below.

1. RECITALS

1.1 On April 23, 2007, Plaintiffs filed a Complaint in the Maricopa County Superior Court, Case Number CV2007-005085, entitled KEN DOSHIER and DOROTHY DOSHIER, husband and wife; DOUG W. HENDERSON and MARIAM HENDERSON, husband and wife; JAY HOWLETT and KITTY L. HOWLETT, husband and wife; WILLY FERNANDEZ, an unmarried man; HARRIETT JACKSON, an unmarried woman; KAREN OLSEN, an unmarried woman; RICHARD G. JAMES, an unmarried man; DWANE SEELE, an unmarried man; DENNIS O'CONNOR, an unmarried man; RICK EICHER, an unmarried man; RAY FITZGERALD, a married man; LARRY L. WALSTON, a married man; ROBERT TEAGUE and JUDI TEAGUE, husband and wife; GEORGE W. FUGMAN and ELSIE M. FUGMAN, husband and wife; LAVINA M. JUNG, a married woman; DOLORES M. MILLER, an unmarried woman; DENNIS M. LANG and JOICE A. LANG, husband and wife; CHARLES E. KILGORE and LORNA KILGORE, husband and wife; MARGUERITTE CURIN, an unmarried woman; CHRISTINE KNIGHT, a married woman; RONALD KNIGHT, an unmarried man; RICHARD SWINGLE and CORA SWINGLE, husband and wife; GARY FRANCHER and BARBARA FRANCHER, husband and wife; RITA TAYLOR, an unmarried woman; JESSIE E. BENNETT, an unmarried woman; GENE R. KRZYCKI and MARJORIE KRZYCKI, husband and wife; ED WHITE and TERRI WHITE, husband and wife; DARLENE STEINER, a married woman; DORA RICH, an unmarried woman; LEW HANDELAND, an unmarried man; CLARENCE LAMERS and SHARI LAMERS, husband and wife; JANICE CHRISTO, a married woman; OSCAR R. FLORES, an unmarried man; JENNIAL MARTIN, an unmarried woman; GEORGIEANNA LANCUCKI, an unmarried woman; JOAN PETERSON, a married woman; DORA REED, an unmarried woman; MARYANNE MILLER, an unmarried woman; DALE ADAM and THERESE ADAM, husband and wife; JAMES J. KIRKPATRICK, an unmarried man; EMILE DUFFY, a married woman; CHARLES LAIR and LELA LAIR, husband and wife; MARGIE STOCK, a married woman; JOHN CORMACK, a married man; LEE WALTER, a married man; WALTER STROMME, a married man;

DEVERE STEVENSON and LOIS L. STEVENSON, husband and wife; BONNIE WILCOX, a married woman; ROY NELSON, a married man; SHARON ANTES, a married woman; DONALD L. HILL and NORMA L. HILL, husband and wife; ROGER JOHANSON and DIXIE JOHANSON, husband and wife; PAULINE PERMANN, a married woman; DAVID STOWE and TONI STOWE, husband and wife; LEROY LANOUE and DONNA LANOUE, husband and wife; PAUL WICHERTS, an unmarried man; JAMES DANIELS and LOLA DANIELS, husband and wife; CHARLES RADCLIFF and VIRGINIA RADCLIFF, husband and wife; JAMES DORRANCE, a married man; JAMES PEARSON and JANE PEARSON, husband and wife; BILL VERNON and DORIS VERNON, husband and wife; HARVEY BELL, an unmarried man; WILLIAMS SCHUMACHER and LUCY SCHUMACHER, husband and wife; JAMES MASCORELLA and LOIS MASCORELLA, husband and wife; GERALD LENKA and MARCY LENKA, husband and wife, in the Superior Court for the State of Arizona, County of Maricopa, Case No. CV2007-005085 (hereinafter the “Action” or “lawsuit”). The Complaint alleged causes of action for Declaratory Relief, Demand for Documents, and Breach of Fiduciary Duty, against the Defendants. The Complaint also contained numerous factual allegations against the Defendants, which were denied.

1.2 Walter Stromme and Judith Stromme filed an action against the Apache Wells Homeowners Association in front of the Department of Fire, Building and Life Safety regarding, among other things, the validity of the increase in Association’s transfer fee. The Office of Administrative Hearings issued a ruling in the matter, which was later reversed by Judge Margret H. Downey in an action styled as Apache Wells Homeowners Association, Inc., vs. Department of Fire, Building and Life Safety, Office of Administrative Hearings, Walter A. Stromme and Judith A. Stromme, Case Number LC2007-000189.

1.3 In making this Agreement, the Settling Parties do not admit the truth or sufficiency of any of the claims, allegations or defenses asserted against each Party. The Settling Parties intend by this Agreement to settle, finally and completely, all claims, demands, actions, causes of action, known and unknown, that they have or may have had against one another concerning the lawsuits referenced in Paragraphs 1.1 and 1.2 under the terms set forth below.

2. SETTLEMENT PAYMENTS

Defendants, through their respective insurer, agree to pay the Settlement Amount of FIFTY THOUSAND DOLLARS 00/100 (\$50,000.00) by check

payable to the trust account of “CHEIFETZ IANNITELLI MARCOLINI, P.C., 1850 North Central Avenue, 19th Floor, Phoenix, Arizona 85004”.

3. TERMS OF SETTLEMENT

3.1 In consideration of the payments set forth herein and other material terms of this Agreement, Plaintiffs, on behalf of themselves and on behalf of their successors, assigns, members, officers, agents, attorneys, representatives, and for any person or entity that could possibly assert a claim through with or under them (“Releasors”), do hereby fully and completely release and discharge APACHE WELLS HOMEOWNERS ASSOCIATION, INC., an Arizona non-profit corporation; BRIAN JOHNSON and Susan JOHNSON, husband and wife; THOMAS H. FINGER, an unmarried man; MARVIN A. STOLL and MARY E. STOLL, husband and wife; GORDON WOOD and LINDA WOOD, husband and wife; TONY PASULA and VAL PASULA, husband and wife; MARVIN A. LARSON and RUTH J. LARSON, husband and wife; JAMES BONNELL and JOCILLE BONNELL, husband and wife; WILLIAM F. GREGORY and JOANNE GREGORY, husband and wife; ROBERT RESSETT and BERNYCE RESSETT, husband and wife; IRV ST. JOHN and PAT ST. JOHN, husband and wife; and L.J. MILLER and JOYCE MILLER, husband and wife, in the broadest possible manner and all their respective agents, servants, employees, employers, directors, officers, owners, attorneys, insurers, divisions, subsidiaries, affiliates, related corporations, stockholders, members, managers, predecessors, successors, sureties and/or bond issues, assigns, partners and joint venturers (“Releasees”) from any and all conceivable claims, demands, obligations, actions, causes of action, rights, damages, costs, losses or services, expenses, liabilities, and compensation of any and every kind and nature whatsoever, whether based on tort, contract or other theory of recovery, which the Releasors now have, known or unknown, related to the subject of the complaint and all related pleadings, including, without limitation, any and all known or unknown claims which were asserted in the Action or which could have been asserted in the Action.

3.2 APACHE WELLS HOMEOWNERS ASSOCIATION, INC., an Arizona non-profit corporation; BRIAN JOHNSON and SUSAN JOHNSON, husband and wife; THOMAS H. FINGER, an unmarried man; MARVIN A. STOLL and MARY E. STOLL, husband and wife; GORDON WOOD and LINDA WOOD, husband and wife; TONY PASULA and VAL PASULA, husband and wife; MARVIN A. LARSON and RUTH J. LARSON, husband and wife; JAMES BONNELL and JOCILLE BONNELL, husband and wife; WILLIAM F. GREGORY and JOANNE GREGORY, husband and wife;

ROBERT RESSETT and BERNYCE RESSETT, husband and wife; IRV ST. JOHN and PAT ST. JOHN, husband and wife; and L.J. MILLER and JOYCE MILLER, husband and wife on behalf of themselves, their successors, assigns, agents and for any person or entity that could possibly assert a claim, hereby fully and completely release and discharge Plaintiffs in the broadest manner and all their respective agents, servants, employees, employers, directors, officers, owners, attorneys, insurers, divisions, subsidiaries affiliates, related corporations, stockholders, predecessors, successors, sureties and/or bond issues, assigns, partners and joint venturers and all their respective agents, servants, employees, employers, directors, officers, owners, attorneys, insurers, divisions, subsidiaries, affiliates, related corporations, stockholders, members, managers, predecessors, successors, sureties and/or bond issues, assigns, partners and joint venturers from any and all conceivable claims, demands, obligations, actions, causes of action, rights, damages, costs, losses or services, expenses, liabilities, and compensation of any and every kind and nature whatsoever, whether based on tort, contract or other theory of recovery, which the Defendants now have, known or unknown, on account of, related to, or that may in any way grow out the subject of the complaint and all related pleadings, including, without limitation, any and all known or unknown claims which were asserted in the Action or which could have been asserted in the Action.

3.3 Plaintiffs agree that no future action will be filed regarding the amount, existence, or validity of the current transfer fee that is the subject of the current lawsuit in front of Judge Downey. Plaintiffs further agree that Judge Downey' ruling reversing the ruling of the Administrative Law Judge will stand.

3.4 Defendants agree that the ruling of Judge Hicks regarding the number of votes required to pass a special assessment will stand. Defendants agree that they will adhere to Judge Hicks' ruling in all future elections for special assessments in Apache Wells, in that a majority of the membership (not a majority of those voting at a meeting or election) is required to approve any special assessment, unless the bylaws are amended or modified otherwise.

3.5 The parties agree to fully cooperate in an open process to attempt to resolve all future disputes short of litigation, and will work together to amend the Bylaws and CC&Rs to be consistent with current law, and to bring clarity to any issues in conflict.

3.6 All parties agree that they will not make, cause to be made or facilitate in any way, the making of defamatory statements, either orally or in writing, to any third party concerning the other, or any of their officers, directors, employees or agents.

3.7 The parties agree that prior to instituting any litigation with regard to any matter involved by any of the parties hereto, their then officers, directors, employees or agents or against any other member of the Apache Wells Homeowners Association, they will first mediate the dispute in an effort to resolve same short of litigation. Mediation is a process in which the parties meet face to face to attempt to resolve their conflicts or disputes.

3.8 Plaintiffs agree to not provide financial support or otherwise encourage, aid and/or cooperate in any manner whatsoever in any prosecution of any claims or lawsuit brought against any party in this matter in the future that are in any way related to the factual bases of the lawsuit set forth in paragraphs 1.1 and 1.2 of this Agreement, including the validity of the transfer fee and the purchase of the bank building.

4. MISCELLANEOUS

4.1 Duplicate Originals. This Agreement may be executed in one or more duplicate originals, each of which when fully executed by each of the parties hereto shall be deemed an original. This Agreement shall be effective as between the executing parties even if there are other parties who do not execute this Agreement. Each of the undersigned warrants that he or she is duly authorized to execute this Agreement and bind the parties on whose behalf he or she signs.

4.2 Counterparts. This Agreement may be executed in counterparts, such that when the executed signature pages are taken together they shall constitute the entire Agreement.

4.3 Governing Law. This Agreement has been negotiated and entered into in the County of Maricopa, State of Arizona. It shall be governed by, construed and enforced in accordance with the laws of the State of Arizona in effect as of the date of the Agreement and according to its fair meaning as if prepared by all parties hereto.

4.4 Dismissal with Prejudice. Settling Parties, as necessary, shall cause their respective attorneys to execute a Stipulation for Dismissal with Prejudice and secure an Order of Dismissal with Prejudice with the Maricopa County Superior Court in Cause Nos. CV2007-005085 and LC2007-000189

4.5 Survival. All representations and warranties and agreements set forth in this Agreement shall survive the execution date of this Agreement.

4.6 Further Documents. The undersigned shall execute and deliver all documents and perform all further acts that may be reasonably necessary to effectuate the provisions of this Agreement.

4.7 Benefits and Burdens. This Agreement shall be binding upon and ensure to the benefit of the undersigned and their respective officers, directors, employees, agents, attorneys, representatives, predecessors, successors, assigns, heirs, partners, joint venturers, executors and administrators.

4.8 Amendment. This Agreement may be amended only in writing executed by the undersigned or their successors in interest at the time of the modification.

4.9 Captions and Interpretations. Titles or captions herein are inserted as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement or any provision thereof.

4.10 Ownership of Claims. Each of the undersigned represents and warrants that he owns all rights, title and interest to all claims, causes of action, demands and indebtedness provided to be released and that no other party has the right to bring the claims that are the subject of this lawsuit. The Plaintiffs further warrant that they have standing to bring these claims and to initiate and maintain this action.

4.11 Representations of Parties. Each of the undersigned have entered into this Agreement voluntarily and not in reliance upon any covenant, representation, warranty, consideration or inducement, not expressly recited herein.

4.12 Attorneys and Experts' Fees. In any litigation arising out of, or relating to, this Agreement, or the breach thereof, the prevailing party shall be awarded its reasonable attorneys fees and costs (including expert witness costs) against the non-prevailing party. Each party hereto shall bear all attorneys' fees and costs, including expert fees and investigative costs, arising from the Action of its own counsel in connection with the lawsuit, this Settlement Agreement and the matters and documents referred to herein, the filing of a dismissal of the complaint and all related matters.

4.13 Investigation and Consultation. Each party represents and warrants that he has performed that investigation of the subject matter of this Agreement which he deems necessary and prudent, and that he has had the right and opportunity to consult legal counsel of his own choosing in this matter and that he fully understands the nature and effect of each and every term of this Agreement.

4.14 Integration. This Agreement sets forth the entire agreement between the parties with regard to the subject matter thereof. All agreements, covenants, representations, and warranties of the parties, express and implied, oral and written, with regard to any subject matter are contained herein and in the documents referred to herein or implemented in the provisions hereof. No other agreements, covenants, representations or warranties, express or implied, oral or written, have been made by any party to the other with respect to the subject matter of this Agreement. All prior and contemporaneous conversations, negotiations, possible and alleged agreements and representations, covenants and warranties with respect to the subject matter hereof are waived, merged herein and superseded by this Agreement. This is an integrated Agreement.

4.15 No Admission. This Agreement constitutes a complete compromise, settlement and release of all disputed claims and allegations asserted by each of the parties to this Agreement, and it is being entered into solely for the purpose of avoiding the burdens, inconveniences, and expenses of further litigation and disputes between the parties concerning the matters set forth herein. This Agreement is not and shall not be construed as an admission of liability, error or wrongdoing on the part of any of the parties hereto.

4.16 Facsimile signatures shall be given full force and effect as if executed in original.