

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (“Agreement”), dated as of December __, 2005, is made by the Flying-O Ranch Community Association, a California non-profit corporation (the “Association”), for the benefit of Frank S. Wyle as Trustee of the Frank and Edith Wyle Revocable Trust dated February 22, 1980, as amended (“Wyle”), Thomas Wheeler and Janet Wheeler, husband and wife (“Wheeler”), Wyle-O’Neals Cattle Ranch, Inc., a California corporation (“WOCR”), Stephen Wyle, (“S. Wyle”), and Flying-O Ventures, LLC, a California limited liability company (“Flying-O Ventures”) (collectively, the “Developer Parties”).

RECITALS

A. Developer Parties developed and owned the Flying O Ranch Standard Subdivision (the “Property”), pursuant to, among other things, the terms of that certain Declaration of Covenants, Conditions and Restrictions for Flying O Ranch Standard Subdivision (“CC&R Agreement”), dated May 22, 1997.

B. Pursuant to the CC&R Agreement, the Association succeeded to the management of the Property.

C. Certain disputes arose between Developer Parties and the Association regarding the allocation of expenses to the Property during Developer Parties ownership and management of the Property. To help resolve the dispute, the Developer Parties made certain financial records available to the Association for review.

D. The parties hereto have agreed to settle the disputes and differences between themselves with respect to the management of the Property on the terms set forth below and the Association hereby agrees to Release the Developer Parties as set forth in this Agreement.

AGREEMENT

In light of the above Recitals, and in consideration of the agreements set forth herein and other valuable consideration, the parties hereto agree as follows:

1. Acknowledgment of Recitals and Effective Date. The parties hereto acknowledge and agree that the Recitals set forth above are for informational and background purposes only, and shall not be deemed or construed as an admission of any alleged fact or liability by any party to this Agreement. This Agreement shall be effective upon the full execution of this Agreement by the parties hereto.

2. Payment by Developer Parties to the Association. Within ten (10) business days following mutual execution and delivery of this Agreement,

Developer Parties shall deliver to the Association a check in the amount of Two Thousand Four Hundred Sixty-Five and 00/100 Dollars (\$2,465.00).

3. Release. The Association, including its former, present and future affiliated companies, parent companies, subsidiaries, partners, trustees, executors, administrators, beneficiaries, predecessors, successors, officers, directors, shareholders, employees, agents and assigns, does hereby release and discharge the Developer Parties, including the Developer Parties' former, present and future affiliated companies, parent companies, subsidiaries, partners, trustees, executors, administrators, beneficiaries, predecessors, successors, officers, directors, shareholders, employees, agents, assigns, insurance carriers, sureties, attorneys, consultants, contractors and representatives, from any and all claims, demands, causes of action, suits, obligations, damages, liabilities, penalties, fines, forfeitures, liens, settlements, judgments, fees, costs and expenses (including court costs, costs of defense, and attorneys' fees), of any and every kind whatsoever, whether known or unknown, anticipated or unanticipated, suspected or unsuspected, and/or claimed or unclaimed, including but not limited to claims for indemnity, whether contractual or equitable, and including but not limited to those arising out of or in any way related to the Property or the CCR Agreement.

4. Waiver of Section 1542. The Association hereby expressly acknowledges and waives the provisions of Section 1542 of the California Civil Code, and all similar provisions or rules of law, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR

Directors' of the Association's initials:

Lane Wipff

Ernie Beck

Barbara Sexton

John Hughes

Mickey Rappaport

Paul Bergman

5. Assignment of Rights. The parties to this Agreement each represent and warrant that they are the sole owner of the claims which are the subject of this Agreement and further represent and warrant that they have not made any assignment of any such claims or causes of action that they have or may have in the future against any other party hereto.

6. Authority. Each person executing this Agreement represents and warrants that they are duly authorized to execute this Agreement on behalf of the party they purport to represent and to bind that party to all of its terms and conditions.

7. Predecessors and Successors. This Agreement inures to the benefit of and is binding upon the predecessors, successors, and assigns of the respective parties.

8. Independent Investigation. All of the parties to this Agreement hereby acknowledge that they have conducted an independent investigation of the facts concerning the subject matter of this Agreement.

9. Advice of Legal Counsel. This Agreement is entered into freely and voluntarily. The parties acknowledge that they have been represented by counsel of their choice in the negotiations that preceded the execution of this Agreement, and in connection with the preparation and execution of this Agreement. Each party hereto has executed this Agreement with full knowledge of its significance and with the express intention of effectuating its legal consequence. None of the parties hereto has relied upon any representation of any other party in signing this Agreement.

10. Entire Agreement. This Agreement constitutes the entire agreement among the parties and supersedes all prior agreements and understandings, oral or written, between the parties with respect to the subject matter hereof; and all prior agreements, promises or negotiations between the parties are merged into this Agreement. The parties agree that this Agreement may not be altered, amended, modified or otherwise changed except by a writing executed by the parties to it. The parties further agree that because each party has been active in the preparation and negotiation of the terms of this Agreement, it shall not be construed against any party based on its role in preparing this Agreement in the event of any dispute as to the meaning of its terms.

11. Stipulation of Good Faith and No Admission of Liability. This Agreement is the result of a compromise and settlement which was entered into in “good faith” through arms-length negotiation to resolve the disputes between the parties, and shall never at any time or for any purpose be considered an admission of any liability, responsibility, negligence or other wrongdoing on the part of any party herein released, nor shall the payment of any sum of money or the delivery of any other consideration, or the assumption of any obligations under this Agreement, constitute, or be construed as an admission of any liability whatsoever by any party herein released. The parties hereto continue to deny any such liability and to disclaim any such responsibility.

12. Cooperation. The parties to this Agreement shall cooperate, promptly execute any and all reasonable documents, and perform any and all reasonable actions necessary to effectuate this Agreement (including all exhibits).

13. No Waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

14. Dispute Resolution and Attorneys’ Fees. In the event of any dispute among the parties hereto or any of them arising out of or in connection with this Agreement, the prevailing party in any dispute shall be entitled to its costs, consultants’ fees, reasonable attorneys’ fees, and all other costs of suit, in addition to whatever damages or other relief the injured party is entitled to in connection with such dispute. Other than as provided for in this paragraph, each party hereto shall bear its own attorneys’ fees and costs, including all attorneys’ fees and costs related in any way to the Property or the disputes which are the subject of this Agreement.

15. Severability. In the event that, at any time after the full execution of this Agreement, any portion or provision of it is found to be illegal, invalid, unenforceable, non-binding, or otherwise without legal force or effect, the remaining portion(s) will remain in force and be fully binding.

16. Execution. This Agreement may be executed in counterparts by the parties and shall be valid and binding on each party as if fully executed in one copy. Facsimile signatures are sufficient to bind the parties hereto.

[Signatures on Following Page]

Flying-O Ranch Community Association,

a California non-profit corporation

By: _____
Lane Wipff, Director

By: _____
Ernie Beck, Director

By: _____
Barbara Sexton, Director

By: _____
John Hughes, Director

By: _____
Mickey Rappaport, Director

By: _____
Paul Bergman, Director

Developer Parties

Frank S. Wyle, Trustee of the Frank and Edith Wyle Revocable Trust dated February 22, 1980

Thomas Wheeler

Janet Wheeler

Wyle-O'Neals Cattle Ranch, Inc.,
a California corporation

By: _____
Stephen Wyle

Flying-O Ventures, LLC,
a California limited liability company

By: _____
Stephen Wyle