

**In the Matter of Timberwood Park Property Owners Association and Timberwood Development Company**

**COMPROMISE SETTLEMENT AGREEMENT AND RELEASE  
ARISING DURING MEDIATION**

1. **The parties to this Agreement are:**

- (a) Timberwood Park Property Owners Association ("Ass'n") and**
- (b) Timberwood Development Company ("TDC").**

**This Agreement shall bind and run to the benefit of all attorneys, agents, employees, officers, directors, shareholders, partners, heirs, assigns, and legal representatives of the parties hereto.**

2. **The parties, for themselves and those they represent, agree to the following:**

3. **The consideration to be given for this settlement is as follows:**

- a. Ass'n shall conduct a proper election between November 15, 2010 and December 7, 2010 to elect a new board that will take over on or before the turnover. Each lot subject to assessment shall be allowed one vote regardless of the number of lots held or the payment status of its assessment account. TDC shall not vote in this special election. Marc Markel and Tom Newton shall serve as election judges; and**
- b. Ass'n shall amend its by-laws to "serve the good of all owners"; and**
- c. Ass'n agrees to accept all Turnover Rights and Maintenance, Management and Regulatory Obligations (Bexar County and Federal regulatory obligations) from TDC on or before January 1, 2011, except that TDC will continue to maintain the roads within Timberwood Park that have not been assumed by the County to begin to provide maintenance; and**
- d. TDC shall file an affidavit of status quo noting the assessment rate by unit; and**
- e. When Ass'n assumes Turnover Rights and Maintenance, Management and Regulatory Obligations from TDC, TDC shall contemporaneously turnover ONE HUNDRED THOUSAND DOLLARS (\$100,000.00); and**
- f. TDC shall retain and collect for its own benefit assessments paid or due on or before December 31, 2010; and**
- g. TDC shall assign any rights of architectural control to Ass'n; and**

- h. Ass'n shall execute a promissory note made payable to TDC on a form approved by the State Bar of Texas in the principal amount of ONE HUNDRED THOUSAND DOLLARS (\$100,000.00) to be repaid in TEN (10) TEN THOUSAND DOLLAR (\$10,000.00) monthly payments beginning March 1, 2011 until paid; and
- i. Ass'n will continue to rent its current space in a building owned by TDC at a rate of \$200 per month through December 31, 2011 and TDC hereby grants Ass'n an option to purchase the building and land on which that space is located for ONE HUNDRED THOUSAND DOLLARS (\$100,000.00) on or before December 31, 2011; and
- j. Upon payment by Ass'n of all sums owed to TDC under this Agreement, TDC shall, acting through a duly authorized representative of TDC, execute and cause to be filed in the Office of Public Records of Real Property of Bexar County, Texas, a deed as to the 29.638 acre tract of land made the subject of a Dedication Deed from TDC to the Ass'n previously filed in the Official Public Records of Real Property of Bexar County, Texas on June 29, 1987, in which TDC shall disclaim any interest in said land and convey all right, title, and interest in and to it and its fixtures, appurtenances, and improvements on it, with the representation and assurance that TDC has not previously transferred or conveyed any interest in said land to any entity other than the Ass'n.; and
- k. The parties agree that each party to the Rule 11 Agreement, dated December 4, 2001, have fully performed and discharged their obligations under that agreement.

4. The Association notwithstanding its Articles of Incorporation has acted since its inception as a social organization, coordinating social events, and providing information to the community regarding community events and other issues. The Association entered into a Rule 11 agreement with TDC on or about December 2001 wherein it agreed to the turnover of the control of the maintenance fund. This settlement agreement finalizes any disagreement as to the turnover with TDC. To the extent that it has the authority; which it does not believe it possesses, the Association releases any and all claims that it may have against TDC. The Association does not have the power and does not release the claims of any of its members. TDC releases any and all claims that it may have against the Ass'n.

5. Each signatory hereto hereby warrants and represents that:

- (a) such person has authority to bind the parties for whom such person acts; and
- (b) the claims, suits, rights, and/or interests which are the subject matter hereto are owned by the party asserting same, have not been assigned, transferred or sold, and are free of encumbrance.

6. The parties and their counsel agree to cooperate with each other in the drafting and execution

and spirit of this Agreement.

7. If one or more disputes arise with regard to the interpretation and/or performance of this Agreement or any of its provisions, the parties agree to attempt to resolve same by telephone conference with Donald R. Philbin, Jr., the mediator who facilitated this settlement. If the parties cannot resolve their differences by such telephone conference, then each agrees to schedule one day of mediation with such mediator within thirty (30) days to resolve the disputes and to share equally the costs of such mediation. If a party refuses to mediate, then such party thereby waives any recovery for attorneys' fees or costs incurred in any litigation brought to construe or enforce this Agreement. Otherwise, if the parties are unable to resolve their dispute by mediation, then the prevailing party or parties shall be entitled to recover reasonable attorneys' fees, costs and expenses, including the cost of the mediation.

8. This Agreement is made and performable in Bexar County, Texas, and shall be construed in accordance with the laws of the State of Texas.

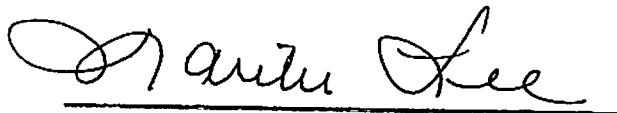
9. Each signatory to this Agreement has executed it freely and without duress, after having consulted with, or having had the opportunity to consult with, the attorneys of such person's choice. Each party hereto has been advised by the mediator that the mediator is not the attorney for any party and that each party should have this Agreement reviewed by such party's attorney prior to executing same.

10. Although the mediator has provided a basic outline of this Agreement to the parties' counsel as a courtesy to facilitate the final resolution of this dispute, the parties and their counsel have thoroughly reviewed such outline and have, where necessary, modified it to conform to the requirements of their agreement. All signatories to this Agreement hereby release the mediator from any and all liability arising from the drafting of this Agreement.

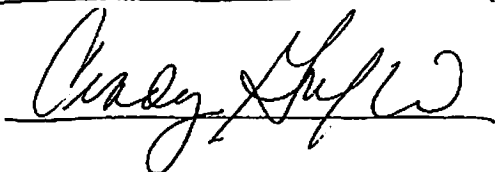
Signed this 15th day of September, 2010.

APPROVED AS TO FORM AND SUBSTANCE, AND AGREED TO, BY:

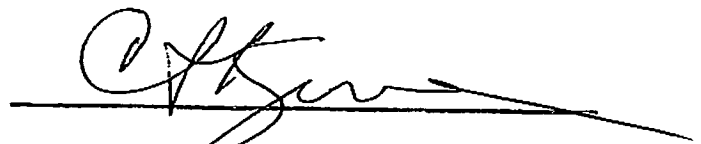
Timberwood Park Property  
Owners Association



Authorized Representative



Timberwood Development Company



Authorized Representative