

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual Release (this "**Agreement**") is entered into as of this ____ day of April, 2011 (the "**Effective Date**") by and between BETH KNAPP, DARIK EATON, SHERYL EATON, VAN WOODS, EMMA WOODS, ED RANKIN, STACY TRAN, MARIA OLIVAREZ, TIEN TRAN, KATRINA PUTEZ, KAELA VALDES, KAREN HARRISON, JOHN BETZ ("**Owners**"); and BELLTOWN COURT OWNERS ASSOCIATION, INC. ("**Belltown**") a Washington nonprofit corporation, and PROPERTY MANAGEMENT NW, INC., a Washington corporation (collectively the association and its property manager shall be referred to as "**Managers**") with respect to short term rentals of condominiums at Belltown Court Condominiums located at 2415 2nd Ave. and 2414 1st Ave., Seattle WA, 98121 (the "**Property**"). Collectively, Owners and Managers are referred to herein as the "**Parties**," and the Owners and Managers are referred to individually as a "**Party**." This Agreement shall become effective as of the date it is fully executed by both Parties, and is made with reference to the following facts:

RECITALS

WHEREAS, The Owners filed a lawsuit against the Managers in August 2009 under King County Cause number 09-2-31887-5 SEA (the "**Lawsuit**"). The Owners asserted claims including but not limited to alleged violations of the Condominium Declaration for Belltown Court a Condominium ("**Declaration**"), recorded under King County Recording No. 9607241447, the Washington Condominium Act, and negligent misrepresentation. The Owners sought various relief, including money damages and injunctive relief.

WHEREAS, When the Lawsuit was filed, Amendment No. 15 to Condominium Declaration for Belltown Court a Condominium, recorded under King County recording No. 19990713002473 ("**Amendment 15**"), prohibited all rentals of less than six months ("**short term rentals**" or "**STR**").

WHEREAS, The Owners claimed that Amendment 15 was improper because it was adopted by Belltown without the required number of votes as provided in the Declaration and that the Owners were entitled to damages for Belltown's improper attempts to enforce Amendment 15.

WHEREAS, Managers disagreed and threatened to fine and punish Owners if they used their units for STR.

WHEREAS, The Court issued a summary judgment ruling stating that Amendment 15 was improper.

WHEREAS, the Managers responded to the Lawsuit by denying certain allegations in the Complaint and asserting certain affirmative defenses ("**Answer**"). The Managers asserted certain counterclaims against Owners ("**Counterclaims**") seeking money damages and for other relief.

WHEREAS, the Parties now desire to resolve their respective dispute in the Lawsuit,

fully and finally on the terms and conditions of this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the provisions of this Agreement, which consideration fully and completely satisfies the claims released herein, the Parties, and each of them, agree as follows:

1. Incorporation of Recitals. The foregoing Recitals are true and correct and, by this reference, are incorporated herein.
2. Payment to Owners. Managers shall pay Owners \$100,000.
3. Regulation of STRs. Managers agree to the following with regard to the regulation of STRs:
 - a) Unless specified below, the fees and other policies and procedures set forth in the Declaration, bylaws, and rules and regulations of Belltown Court shall remain in full force and effect and the Owners shall comply with them as applicable.
 - b) Within 30 days of the execution of this Agreement, Belltown through its Board of Directors ("Board") shall amend the Declaration by recording a Notice of Correction or other proper documentation with the King County Recorder, with the form to be approved by Owners and Owners' counsel prior to recording, acknowledging that Amendment 15 and all of its contents is null and void, in accordance with the provisions, if any, for doing so in the Declaration.
 - c) Within 30 days of the execution of this Agreement, the Board shall reduce STR processing fee from \$50.00 to \$12.50 that applies to each change in occupancy by anyone other than Owner or Owner's family members or guests.
 - d) Within 30 days of the execution of this Agreement, the Board shall set up a subcommittee of the Board to address rental and leasing issues and concerns and shall pass a resolution to that effect incorporating the terms contained in this paragraph 3(d). That committee shall consist of at least six individuals but not more than eight. Of the individuals on the committee, half shall be owners of STRs. All fines, processing fee increases, and any other regulation, policy or procedure dealing with STRs, leases, or rentals shall be first reviewed by this committee prior to any action by the Board. This committee shall provide recommendations to the Board regarding any fines, fees, policies, or procedures prior to those procedures being implanted.
4. Release of All Claims. Owners and Managers hereby releases and forever discharge each other and their agents, servants, independent contractors, employees, heirs, beneficiaries, successors and assigns from and against any and all claims, demands, actions, causes of action, suits, liabilities, losses, agreements, attorneys' fees or expenses, obligations and damages asserted [or that could have been asserted] in the Lawsuit.

5. Dismissal of Lawsuit. The parties, by and through their legal counsel, will execute and present to the King County Superior Court a stipulation and agreed order of dismissal with prejudice of the Lawsuit within 20 days of the mutual execution of this Agreement.
6. Costs and Fees. Each Party understands and agrees that this Agreement includes all claims for damages, costs, expenses and attorneys' fees, taxable and otherwise, incurred in or arising out of the investigation, prosecution or defense of any matter released by this Agreement.
7. Sole Agreement. This document embodies the entire terms and conditions of the Agreement between the Parties with respect to the Original Agreements, the Property Management Agreement, and/or the Lawsuit, and each Party acknowledges that it has not relied upon any warranties, representations or promises, except as set forth expressly in this Agreement. Any prior correspondence, memoranda or agreements, whether oral or written, regarding the Original Agreements, the Property Management Agreement, and/or the Lawsuit are superseded in total by this Agreement. All words, phrases, sentences and paragraphs, including the recitals hereto, are material to this Agreement.
8. Voluntary Execution. The Parties represent and warrant that they understand the contents of this Agreement and have executed it voluntarily. Each Party understands that, after executing this Agreement, it cannot proceed against the other Party on account of the matters referred to herein.
9. Severability. The provisions of this Agreement are contractual, and not mere recitals, and shall be considered severable, so that if any provision or part of this Agreement shall at any time be held invalid, that provision or part thereof shall remain in force and effect only to the extent allowed by law, and all other provisions of this Agreement shall remain in full force and effect, and enforceable.
10. Applicable Law. This Agreement shall be governed by and interpreted under the internal laws of the State of Washington, and venue for any action with respect to its enforcement shall lie in the Superior Court for King County.
11. Breach of Agreement and Attorneys' Fees and Costs. If any Party causes a material breach of this Agreement, then the other Party shall be entitled to the following remedies: damages caused by such breach, specific performance, or election to terminate this Agreement. The Parties hereby agree that, in any legal action or proceeding instituted to enforce the terms of this Agreement, to seek a declaration of rights in conjunction herewith, or otherwise relating to or arising out of this Agreement, whether in tort or contract, the prevailing party shall be entitled to recovery of its reasonable fees for attorneys, paralegals, experts and consultants, and for costs and other expenses, taxable or otherwise.
12. Cooperation. The Parties agree to execute such other and further documents as may be necessary to effectuate the provisions of this Agreement and to cooperate in good faith for that purpose.
13. Advice of Counsel. In executing this Agreement, the Parties acknowledge that they have consulted with and been advised by their respective attorneys, or have had the opportunity to seek legal advice, and that they have executed this Agreement after independent investigation,

and without fraud, duress or undue influence. The Parties further acknowledge and agree that they have had a reasonable period of time for deliberation before executing this Agreement.

14. Future Waivers. No waiver by a Party or of its respective attorney of any condition or term of this Agreement shall be deemed a waiver of any other condition or provision at the same time or at any other time.

15. Non-Disparage. Managers agree not to post any flyers or other written material at the Belltown Court Condominiums, referring to the Owners an/or their rental businesses as "Hotels," "Hoteliers," Lodging Business," or any assertion that the Owners are violating any rules or regulations by utilizing their Unit as an STR. Managers also agree not to similarly refer to Owners in their official correspondence or communications with other members of the Belltown Court Owners Association. The Owners shall similarly not disparage the Managers or Belltown.

16. Rule Changes. Unless expressly stated in this Agreement, nothing in this Agreement is intended to waive or otherwise modify the provisions of the Belltown Court's governing documents. In addition, nothing in this Agreement shall limit the ability of future Boards to implement rules and regulations; and nothing in this Agreement shall prohibit Owners from challenging future actions of the Board.

17. Modification. This Agreement may be modified only by a writing signed by the Parties.

18. Time. Time is hereby expressly declared to be of the essence of this Agreement and of each and every term, covenant, agreement, condition and provision hereof.

19. No Admission of Liability. The Parties agree that the claims related to the Original Agreements, the Property Management Agreement, and/or the Lawsuit are disputed by the Parties, that this Agreement is made only to avoid the costs of trial to the court, and that this Agreement shall not be construed as an admission of liability by any Party.

20. No Representations. Each Party acknowledges that such Party is fully aware of the significance and legal effect of this Agreement, including its release provisions, and is not entering into this Agreement in reliance on any representation, promise, or statement made by any party, except those explicitly contained in this Agreement.

21. Construction. This Agreement has been reviewed by the Parties and their attorneys, and the Parties have had a full opportunity to negotiate the contents of this Agreement. The Parties expressly waive any common law or statutory rule of construction that ambiguity should be construed against the drafter of this Agreement. The language in all parts of this Agreement shall in all cases be construed as a whole according to its fair meaning and not strictly for or against either of the Parties.

22. Survival of Provisions. All promises, covenants, releases, representations and warranties contained in this Agreement shall survive the execution and delivery of this Agreement.

23. Counterparts. This Agreement may be signed in counterparts, and all executed counterparts are duplicate originals equally admissible in evidence. This Agreement shall be

binding upon the Parties after all necessary signatures are obtained, as if all such signatures appeared on one original.

24. Authority. The individuals signing this Agreement represent and warrant that they are fully authorized to execute this Agreement and have received all the necessary authorizations from any Board or other entity necessary to make this Agreement binding.

24. Confidentiality. The financial terms and considerations of this Agreement, as set out in Paragraph 2 above, shall be kept confidential, to the extent permitted by law, and can only be disclosed to Owners' attorneys, accountants, or in response to a judicial order compelling disclosure or as may otherwise be required by law or may be necessary to defend or assert claims by or against any party hereto in a judicial proceeding.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

Owners

Managers

<p><i>Beth Knapp</i> BETH KNAPP Date: 4/22/11</p>	<p>BELLTOWN COURT OWNERS ASSOCIATION, INC., a Washington nonprofit corporation.</p>
<p>DARIK EATON Date:</p>	<p>By: _____ Name:</p>
<p>SHERYL EATON Date:</p>	<p>Its:</p>
<p>VAN WOODS Date:</p>	<p>Date: PROPERTY MANAGEMENT NW, INC. a Washington corporation.</p>
<p>EMMA WOODS Date:</p>	<p>By: _____ Name:</p>
<p>ED RANKIN Date:</p>	<p>Its:</p>
<p>STACY TRAN Date:</p>	<p>Date:</p>

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<p>_____</p> <p>BETH KNAPP</p> <p>Date: _____</p> <p></p> <p>_____</p> <p>DARIK EATON</p> <p>Date: 4/26/11</p> <p>_____</p> <p>SHERYL EATON</p> <p>Date: _____</p> <p>_____</p> <p>VAN WOODS</p> <p>Date: _____</p> <p>_____</p> <p>EMMA WOODS</p> <p>Date: _____</p> <p>_____</p> <p>ED RANKIN</p> <p>Date: _____</p> <p>_____</p> <p>STACY TRAN</p> <p>Date: _____</p>	<p>BELLTOWN COURT OWNERS ASSOCIATION, INC., a Washington nonprofit corporation.</p> <p>By: _____</p> <p>Name: _____</p> <p>Its: _____</p> <p>Date: _____</p> <p>PROPERTY MANAGEMENT NW, INC. a Washington corporation.</p> <p>By: _____</p> <p>Name: _____</p> <p>Its: _____</p> <p>Date: _____</p>
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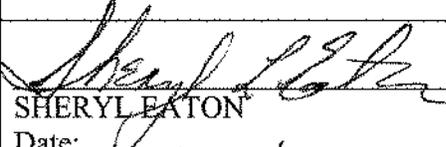
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<p></p> <p>SHERYL EATON</p> <p>Date: <u>4/22/11</u></p>	<p>PROPERTY MANAGEMENT NW, INC. a Washington corporation.</p> <p>By: _____</p> <p>Name: _____</p> <p>Its: _____</p> <p>Date: _____</p>
<p>_____</p> <p>VAN WOODS</p> <p>Date: _____</p>	
<p>_____</p> <p>EMMA WOODS</p> <p>Date: _____</p>	
<p>_____</p> <p>ED RANKIN</p> <p>Date: _____</p>	
<p>_____</p> <p>STACY TRAN</p> <p>Date: _____</p>	
<p>_____</p> <p>MARIA OLVAEZ</p> <p>Date: _____</p>	

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<p>_____</p> <p>DARIK EATON</p> <p>Date: _____</p>	<p>By: _____</p> <p>Name: _____</p>
<p>_____</p> <p>SHERYL EATON</p> <p>Date: _____</p> 	<p>Its: _____</p> <p>Date: _____</p> <p>PROPERTY MANAGEMENT NW, INC. a Washington corporation.</p>
<p>_____</p> <p>VAN WOODS</p> <p>Date: 4/24/2011</p> 	<p>By: _____</p> <p>Name: _____</p>
<p>_____</p> <p>EMMA WOODS</p> <p>Date: 4-24-11</p>	<p>Its: _____</p> <p>Date: _____</p>
<p>_____</p> <p>ED RANKIN</p> <p>Date: _____</p>	
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<hr/> SHERYL EATON Date:	By: _____ Name:
<hr/> VAN WOODS Date:	Its: Date:
<hr/> EMMA WOODS Date: 	
<hr/> ED RANKIN Date: April 21, 2011	
<hr/> STACY TRAN Date:	

MARIA OLIVAREZ

Date:

TIEN TRAN

Date:

KATRINA PUTEZ

Date:

Katrina Putetz

KAELA VALDES

Date: 4/22/2010

KAREN HARRISON

Date: 4/22/2010

Karen Harrison

JOHN BETZ

Date:

Maria Olyarez

MARIA OLYAREZ

Date: 4/26/11

Maria Olyarez

TIEN TRAN

Date: 4/26/11

Tien Tran

KATRINA PUTEZ

Date: 4/26/11

Katrina Putez

KAELA VALDES

Date:

KAREN HARRISON

Date:

Karen Harrison

JOHN BETZ

Date: 4/26/11

John Betz

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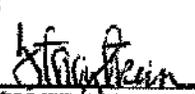
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<p>_____ EMMA WOODS Date:</p>	<p>PROPERTY MANAGEMENT NW, INC. a Washington corporation.</p>
<p>_____ ED RANKIN Date:</p>	<p>By: _____ Name:</p>
<p> _____ STACY TRAN Date: 5-5-11</p>	<p>Its:</p>
	<p>Date:</p>