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6 **IN THE GRANT COUNTY SUPERIOR COURT, STATE OF WASHINGTON**

7 LOIS E. KNUTSON and THOMAS D.
8 DOBBIN, wife and husband,

9 Plaintiff,

10 v.

11 DESERT AIRE OWNERS ASSOCIATION, a
12 Washington non-profit corporation; DAVID
13 BEST, officer and director; RICHARD TATRO,
14 officer and director; MICHAEL W. HAAS,
15 officer and director; VIRGINIA
16 SCANTLEBURY, officer and director; DAVID
17 LAWRENCE, director; BILL BRIERE, director;
18 STEVE CHAMBERS, director; DAVID
19 PARKER, director; BILL MILLARD, director;
20 MICHAEL B. STEWART and LADONNA
21 STEWART, husband and wife; ROY H.
22 SCANTLEBURY and VIRGINIA
23 SCANTLEBURY, husband and wife; MICHAEL
24 W. HAAS and JUDY HAAS, husband and wife;
25 DAVID LAWRENCE and CHERYL
26 LAWRENCE, husband and wife; WILLIAM A.
BRIERE and TERRI BRIERE, husband and wife;
ROBERT HUCK and SHIRLEY HUCK,
husband and wife; ALLEN MICHLER and
SHERYL MICHLER, husband and wife;
KERRY TUESLEY and MELINDA TUESLEY,
husband and wife; ANTHONY M. FORTINO
and SUSAN FORTINO, husband and wife;
GEORGE DENNIS HOTTINGER and NANCY
HOTTINGER, husband and wife; BRIAN D.
BERG and ANNABELLE BERG, husband and
wife; and GRANT COUNTY WASHINGTON, a
municipal corporation,

Defendants.

No. 98-2-01021-1

CR 2A SETTLEMENT
AGREEMENT

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2 THIS AGREEMENT is made and entered into as of the 3rd day of June, 2002, by and
3 between Lois E. Knutson and Thomas D. Dobbin, husband and wife (hereinafter referred to
4 collectively as "Knutson"); Desert Aire Owners Association, a Washington non-profit
5 corporation; David Best, officer and director; Richard Tatro, officer and director; Michael W.
6 Haas, officer and director; Virginia Scantlebury, officer and director; David Lawrence, director;
7 Bill Briere, director; Steve Chambers, director; David Parker, director; and Bill Millard, director
8 (hereinafter collectively referred to as "Desert Aire" and/or the "Association"); Michael B.
9 Stewart and Ladonna Stewart, husband and wife; Roy H. Scantlebury and Virginia Scantlebury,
10 husband and wife; Michael W. Haas and Judy Haas, husband and wife; David Lawrence and
11 Cheryl Lawrence, husband and wife; William A. Briere and Terri Briere, husband and wife;
12 Robert Huck and Shirley Huck, husband and wife; Allen Michler and Sheryl Michler, husband
13 and wife; Kerry Tuesley and Melinda Tuesley, husband and wife; Anthony M. Fortino and
14 Susan Fortino, husband and wife; George Dennis Hottinger and Nancy Hottinger, husband and
15 wife; and Brian D. Berg and Annabelle Berg, husband and wife (hereinafter collectively referred
16 to as the "Individual Owners"); and Grant County Washington, a municipal corporation
17 (hereinafter referred to as "Grant County")

18 WITNESSETH:

19 WHEREAS, the parties hereto have been involved in litigation under the above cause
20 number regarding the residential use of recreational vehicles at Desert Aire; and

21 WHEREAS, the parties hereto have reached a Mediated Settlement Agreement dated
22 May 20, 2002, which Mediated Settlement Agreement has been signed by the attorneys for all
23 parties and which Mediated Settlement Agreement is attached hereto as Exhibit A and
24 incorporated herein by reference as though fully set forth herein; and

25 WHEREAS, the parties now wish to further delineate this Mediated Settlement
26 Agreement herein with the signature of all parties thereto and to agree to the entry of an order of
dismissal with prejudice and without costs of the above cause based upon said settlement;

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants set forth herein,
the parties hereto agree as follows:

1. The settlement amount to be paid on behalf of the Defendants (i.e. by the carrier
for the Association) to Knutson is \$35,000.00. Payment shall be made by way of a check made
payable to Attorney F. Steven Lathrop of Lathrop, Winbauer, Harrel, Slothower & Denison,
L.L.P. in trust for Knutson. Payment shall be made in this manner on or before the 31st day of
May, 2002; provided, however, if this Agreement has not been completed and executed or the
Order of Dismissal has not yet been entered by said date, then Attorney Lawrence-Berrey agrees,
nevertheless, to deliver the said settlement check by said date to Attorney Lathrop's possession
and Attorney Lathrop agrees to hold the check at his office and not deposit the same until such

1 time as the final settlement papers have been executed by all parties and the Order of Dismissal
2 has been entered by the Court.

3 2. All parties hereto where appropriate, and each of them, by and on behalf of
4 themselves and their respective insurance companies, officers, agents, directors and attorneys
5 hereby fully release all other parties hereto for any and all damages or other claims of relief,
6 including, but not limited to, those claims related to or arising out of certain CC&R enforcement
7 issues or otherwise that were the subject of that certain action filed by the Plaintiffs against the
8 defendants in the Grant County Superior Court under Cause No. 98-2-01021-1 and which
9 predate this release.

10 3. Desert Aire and the Individual Owners hereby agree to comply, if and as
11 applicable, with the Grant County regulation or regulations prohibiting the residential use of
12 recreational vehicles. This commitment to compliance by said parties is continuing in nature and
13 includes any future amendment of such ordinance or ordinances by Grant County and any
14 subsequent final court order.

15 4. The Association hereby stipulates that the residential use of recreational vehicles
16 in Desert Aire is not permissible under Grant County development regulations, as amended. The
17 Association further stipulates and states its commitment to cooperate with Grant County in the
18 County's enforcement of such regulations. This cooperation shall include, but is not limited to,
19 providing and distributing information on the subject as received from Grant County, but does
20 not include actual enforcement efforts by the Association except as might be otherwise required
21 by the existing Desert Aire CC&Rs, as amended.

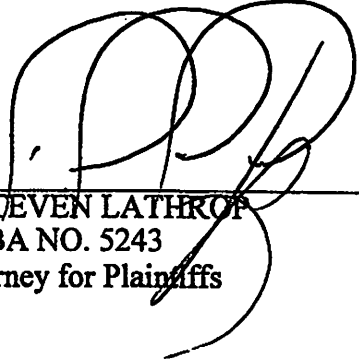
22 5. Grant County agrees that the Prosecutor's office will review within 60 days
23 certain identified complaints as to the residential use of RV's in Desert Aire by owners whose
24 installations are not grandfathered under Ordinance 02-30-CC. Should the Prosecutor's office
25 determine in its sole discretion that no action is warranted on such claims, the Prosecutor's office
26 shall forward a letter to Plaintiffs' counsel so advising. In any event, Grant County hereby
agrees to review the situation again upon the expiration of the ordinance grace period in January
of 2003. In the meantime, Grant County agrees to carry out an education effort with Desert Aire
by providing informational letters further explaining and detailing Grant County's ordinances
prohibiting the residential use of RVs. Grant County agrees that such educational efforts shall be
carried out over the course of the summer of 2002.

6. The mediation expenses incurred herein shall be divided three ways amongst
Knutson, Desert Aire and Grant County.

7. This Cr 2a Settlement Agreement shall be considered fully executed once original
or fax copies have been generated as counterparts upon which appear the signatures of all parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day
and year first above written.

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3 Lois E. Knutson


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5 F. STEVEN LATHROP
6 WSBA NO. 5243
7 Attorney for Plaintiffs

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9 Thomas D. Dobbin

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11 Desert Aire Owners Association, a Washington non-profit corporation

12 By: _____
13 Michael W. Haas, President and director

14 By: _____
15 Wm R. (Bill) Millard, Vice President and
16 director

17 By: _____
18 Allen Clow, Secretary and director

19 By: _____
20 Terry Goodrich, Treasurer and director

21 By: _____
22 David Lawrence, director

23 By: _____
24 Wm A (Bill) Briere, director

25 By: _____
26 Dan Harris, director

27 By: _____
28 Lewis (Duke) Johnson, director

29 By: _____
30 Mel Schauer, director

31 By: _____
32 David Best, former officer and director

33 By: _____
34 Richard Tatro, former officer and director

35 By: _____
36 Virginia Scantlebury, former officer and
37 director

38 By: _____
39 Steve Chambers, former director

40 By: _____
41 David Parker, former director

42 ROBERT E. LAWRENCE-BERREY, JR.
43 WSBA NO. 19703
44 Attorney for Defendants Desert Aire, its
45 Officers and Directors

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Michael B. Stewart

Ladonna Stewart

Roy H. Scantlebury

Virginia Scantlebury

Michael W. Haas
Michael W. Haas

Judy Haas
Judy Haas

David Lawrence

Cheryl Lawrence

William A. Briere

Terri Briere

Robert Huck

Shirley Huck

Allen Michler

Sheryl Michler

Kerry Tuesley

Melinda Tuesley

Anthony M. Fortino

Susan Fortino

George Dennis Hottinger

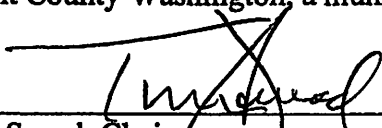
Nancy Hottinger

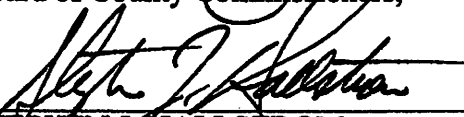
Brian D. Berg

Annabelle Berg

ANTONI H. FROEHLING
WSBA NO. 8271
Attorney for Individual Defendants

1 Grant County Washington, a municipal corporation

2
3 By: 
4 Tim Snead, Chair
5 Board of County Commissioners,

6 
7 STEPHEN J. HALLSTROM
8 WSBA NO. 13814
9 Attorney for Defendant Grant County
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