

MUTUAL RELEASE
COST SHARING, FACILITIES MANAGEMENT AND
SETTLEMENT AGREEMENT

This Mutual Release, Cost Sharing, Facilities Management and Settlement Agreement (the "Settlement Agreement"), effective as of this 13th day of November, 2006, is entered into by and between Covered Bridge Highlands Condominium Association ("Phase I"), Covered Bridge Resort Condominium Phase II Association ("Phase II"), and Covered Bridge Resort Condominium Phase III Association ("Phase III").

RECITALS

This Settlement Agreement is entered into with reference to the following facts:

Whereas, Phase I and Phase II share common facilities including, but not limited to, roads, tennis courts, swimming pool, grounds, septic conduits and fields, and wish to jointly maintain such facilities for the common enjoyment of each association's respective homeowner members and to enhance the value of the property; and,

Whereas, Phase I and Phase II wish to settle all claims and disputes between them and on behalf of their homeowner members, which claims and disputes have arisen generally in regard to past maintenance practices and expenses;

Now, therefore, for good and valuable consideration including but not limited to the covenants and respective releases contained herein, the homeowner members of Phase I and Phase II, through their respective Boards of Directors, enter into this agreement for the management, repair and improvement of such shared facilities, as well as to establish the basis for sharing of future attendant costs, and the settlement of all claims and disputes, it is agreed as follows:

SETTLEMENT TERMS

1) A Shared Common Facilities Committee (the "SCFC") shall be established to manage, maintain and repair the access road, all roads within the Phase I and Phase II property, all common grounds within the Phase I, Phase II and Covered Bridge Resort Condominium Phase III Association ("Phase III") property, the swimming pool, sewage pipes, septic fields, tennis courts, maintenance building and related appurtenances, as well as utilities associated with the above.

2) The SCFC shall be comprised of three individuals, each of whom shall be a Director of Phase I, Phase II or Phase III. Initially there will be two Directors from Phase I and one from Phase II. When Phase III has six units contributing to the shared common costs, a Director from Phase III shall be added and one from Phase I, selected by Phase I, shall stand down. Until the time that Phase III has six units contributing to the shared common costs and appoints a member to the SCFC, Ken Biedermann,

[Handwritten initials]
[Handwritten initials]

representing Covered Bridge Associates, the Developer of Phase III, shall be the representative of Phase III on the SCFC.

3) In any decision of the SCFC each member of the SCFC shall have a vote weighted to equal the number of units his or her homeowners association represents as a percentage of the total number of contributing condominium units in all three phases. Decisions of the SCFC shall be determined by a simple majority of all voting interests.

4) The SCFC shall continue to retain ARFA Property Management as the Property Manager for these activities during 2007. By July 1, 2007 the SCFC shall put the property management contract out to bid to ARFA and two other qualified property managers. While ARFA is the Property Manager, it shall continue to provide bookkeeping services which shall be subject to semi-annual review, commencing in 2007, by Angela Norder, or such other professional accounting firm as the SCFC shall designate.

5) The SCFC shall develop an annual budget in conjunction with the Property Manager for the maintenance and improvement of the property and facilities described in Section 1 above, develop a job description and guidelines for the Property Manager, and direct and oversee the Property Manager.

6) The SCFC shall prepare an annual budget by October 30th of each calendar year. The parties shall ratify such budget, as it may be reasonably and mutually amended, before the end of each calendar year. So that the budgeting process remains transparent, each party, and any member thereof, shall have a right, upon reasonable notice, to review and audit the financial accounts and budgeting process, at the requesting party's sole cost and expense. The costs thus budgeted shall be allocated for payment to each association based on the number of units in such association as a percentage of the total number of units in all three associations that are paying toward these shared common costs at the beginning of the budgeted year. Each association shall pay its share of budgeted expenses on a quarterly basis in advance and shall be responsible for collecting contributions from its homeowner members.

7) Each association, based on its own Declaration and Bylaws, shall determine how to allocate its share of costs between its homeowner members. In any year in which the actual expenses exceed budgeted amounts for that year, the Boards of Directors of Phases I, II, and as applicable Phase III, shall jointly determine whether to assess homeowners to cover such additional costs during that same calendar year or add such overage to the following year's budget. In any instance where expenses for a complete calendar year are less than the budgeted amount collected, the excess shall be returned to each association in the same proportion as contributed by each association for such year, unless the SCFC determines that such excess shall be placed in a reserve to be established for future shared expenses. Any surplus remaining for calendar year 2006 shall be returned to each association in the same proportion as contributed by each association and not retained as a reserve.

Handwritten initials:
JSP
DK

8) During the development of Phase III, the number of Phase III units counted for budgeting and allocation purposes shall be the number of completed units that have been sold by the Developer, or for which the Developer contributes for that year, as of January 1 for the year being budgeted and allocated. Units completed and sold after that date and during the calendar year shall pay the same per unit shared common area fee as determined in the budget, prorated for the number of days remaining in such calendar year. Any amounts not expended at the end of the fiscal year shall be refunded or reserved pursuant to Section 7 above.

9) The associations shall each be responsible for the maintenance of their respective building structures and hereby pledge to maintain such buildings to the standard heretofore established in order to maintain the value, homogeneity and look of the entire community. Toward that end, each association shall be individually responsible for financing the costs of such maintenance as it deems appropriate. Each Phase shall maintain appropriate insurance to assure replacement at the common standard in case of fire or other disaster.

10) Each association has separate water supply systems and shall be separately responsible for the maintenance of its own system.

11) Phase I shall pay to Phase II for its homeowner members the amount of twenty thousand dollars (\$20,000) payable in two installments of ten thousand dollars (\$10,000) each. The first payment shall be paid by December 31, 2006 and the second by December 31, 2007.

12) At the time of signing this Settlement Agreement, Phase II shall pay to Phase I its unpaid portion, \$6,929.25, of the 2006 shared common cost budget as previously determined on a per unit allocation basis.

13) Phase I and its homeowner members shall make no claim for any additional payments by Phase II for any shared common cost expenses accrued before December 31, 2006.

14) Phase II and its homeowner members shall make no further claims to recoup shared common area fees paid by Phase II homeowner members before December 31, 2006..

15) Any and all disputes of whatever nature shall be settled by arbitration, and the parties agree not to take matters to court without first submitting such disputes to a three member arbitration panel, with one arbitrator selected by the Boards of each Phase and the third by the two arbitrators selected. In the event of such dispute, the substantially prevailing party shall be entitled to an award of its reasonable attorneys fees and costs.

16) Phase I and Phase II acknowledge that to the extent that this Settlement Agreement pertains to the future management of shared common property and facilities shared with Phase III, this agreement is subject to agreement by Phase III.

Handwritten signature and initials in blue ink, located in the bottom left corner of the page. The signature appears to be "JKS" and the initials below it are "JKS".

17) Phase I and Phase II homeowner members, for themselves and their heirs, successors and assigns, through the acceptance of this agreement by their duly elected and authorized Boards of Directors, hereby release each other and their respective executors, administrators, representatives, family members, beneficiaries, successors, heirs, assigns from all claims, actions, and demands of every kind and nature, in law, equity or otherwise, known and unknown, disclosed and undisclosed, suspected or unsuspected, including without limitation, any claims for damages, past, present or future, as well as attorneys' fees and costs. The parties further covenant that none of them will at any time hereafter threaten, file or pursue any suits, complaints or other actions that assert, arise out of, or are in any way related to, the claims released under this Settlement Agreement. Notwithstanding the foregoing, this Section 17 shall not apply to any action or claim to enforce the terms of this Settlement Agreement.

18) This Settlement Agreement constitutes a compromise settlement of disputed claims and shall not be deemed or construed to be an admission of liability by any party at any time for any purpose. The parties represent and agree that none of them will at any time hereafter represent to any person or entity that any wrongdoing was committed by any conduct that is any way related to the claims released under this Settlement Agreement.

19) The parties represent that they have read and been advised by counsel regarding this Settlement Agreement, that they understand its provisions and legal effect, and that they are voluntarily entering into this Settlement Agreement. The parties acknowledge that this Settlement Agreement is a full, fair and final settlement of all claims, known or unknown. The parties further represent that in executing this Settlement Agreement they do not rely on any inducements, promises, or representations other than those expressly set forth in this Settlement Agreement.

20) This Settlement Agreement and all matters arising out of or relating to this Settlement Agreement shall be governed by, interpreted and construed in accordance with the substantive laws of Vermont without regard to the conflicts of laws provisions thereof. If any part of this Settlement Agreement shall be determined to be illegal, invalid or unenforceable, that part shall be severed from the Settlement Agreement and the remaining parts shall be valid and enforceable.

21) This Settlement Agreement may be executed in counterparts, each of which shall constitute a duplicate original, and shall be in full force and effect only after it has been executed by all parties hereto.

22) The individuals signing this Settlement Agreement and the parties represent and warrant that they have full and complete authority and authorization to execute and effect this Settlement Agreement and to take or cause to be taken all acts contemplated by this Settlement Agreement.



23) This Settlement Agreement constitutes the entire agreement between the parties and supercedes any and all prior or contemporaneous agreements or representations, written or oral, between the parties concerning the subject matter of this Settlement Agreement, and it may only be modified or amended in writing and signed by a duly authorized representative of each party. No other act, document, usage or custom shall be deemed to amend or modify this Settlement Agreement.

ACKNOWLEDGMENT OF ARBITRATION.

I understand that this Agreement contains an agreement to arbitrate. After signing this document, I understand that I will not be able to bring a lawsuit concerning any dispute that may arise which is covered by the arbitration agreement, unless it involves a question of constitutional or civil rights. Instead, I agree to submit any such dispute to an impartial arbitrator.

Dated November 13, 2006

COVERED BRIDGE HIGHLANDS
CONDOMINIUM ASSOCIATION

By: Francis C. Loewald
Title: PRESIDENT

Dated November 14, 2006

COVERED BRIDGE RESORT
CONDOMINIUM PHASE II
ASSOCIATION

By: Richard Blum
Title: PRESIDENT

Dated November 15 2006

COVERED BRIDGE RESORT
CONDOMINIUM PHASE III
ASSOCIATION

By: William Blum
Title: President

STATE OF NEW YORK
WESTCHESTER COUNTY, SS.

At SOUTH SALEM, NY, this 13TH day of NOVEMBER, 2006,
FRANCIS A. LOEWALD personally appeared, and he/she acknowledged this instrument, by
his/her sealed and subscribed, to be his/her free act and deed and the free act and deed of
Covered Bridge Highlands Condominium Association.

Florence Furdyna

FLORENCE FURDYNA
Notary Public, State of New York
No. 4904113
Qualified in Westchester County
Commission Expires Aug. 31, 2009

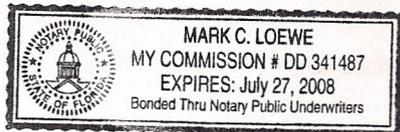


Before me,

Notary Public

STATE OF FL
Collier COUNTY, SS.

At Naples, FL, this 14 day of Nov, 2006, Richard C Sherwood personally appeared, and he/she acknowledged this instrument, by him sealed and subscribed, to be his/her free act and deed and the free act and deed of Covered Bridge Resort Condominium Phase II Association.



Before me,

Mark C. Loewe
Notary Public

STATE OF VERMONT
LAMOILLE COUNTY, SS.

At Stowe, Vt, this 15th day of November, 2006, Ken Biederman personally appeared, and he/she acknowledged this instrument, by him/her sealed and subscribed, to be his/her free act and deed and the free act and deed of Covered Bridge Resort Condominium Phase III Association.

Before me,

Katie P. Shuca
Notary Public

Exp. 2/10/07

BTV.534411.03

Stowe, Vt. Record Received
FEB 01, 2007 at 2:55 PM
Alison A. Kaiser, Town Clerk