

**Agreement of Settlement
and Compromise**

BETWEEN

**ARROWHEAD WOODS PROPERTY OWNERS
ASSOCIATION, ET AL**

AND

LAKE ARROWHEAD DEVELOPMENT CO., ET AL

DATED: AUGUST 27, 1964

Recorded:

October 29, 1964

Book 6262, Page 1

San Bernardino, California

AGREEMENT OF SETTLEMENT AND COMPROMISE

THIS AGREEMENT OF SETTLEMENT AND COMPROMISE made and entered into in duplicate as of this 22nd day of August, 1964, by and between ARROWHEAD WOODS PROPERTY OWNERS ASSOCIATION, sometimes hereinafter referred to as the "Association", SIDNEY B. BISNO, JUNE B. BISNO, JOHN CHRISTOPH MOLLER, JR., ELIZABETH YVONNE MOLLER, and LOUIS E. PURMORT, herein jointly known as "plaintiffs" and LAKE ARROWHEAD DEVELOPMENT CO., a California corporation, sometimes hereinafter referred to as "Development Co.", and ARROWHEAD MUTUAL SERVICE CO., a California corporation, sometimes hereinafter referred to as "Service Co.", and jointly as "defendants";

WITNESSETH, that:

WHEREAS, plaintiffs filed an action against the defendants in the Superior Court of the State of California, in and for the County of San Bernardino, being No. 112002 in the records of said Court, and

WHEREAS, the purpose of said action is to establish the right of property owners in Arrowhead Woods, as hereinafter defined, to certificates of membership in the defendant Service Co., to impress a trust on certain lands owned by Service Co. which are referred to as the reserve strips and the reserve strip additions and are hereinafter defined, and on certain rights owned by Service Co. in Lake Arrowhead, hereinafter referred to as the "Lake", which is owned by the defendant Development Co., and for declaratory relief and for an accounting, and the parties now desire to settle and compromise said action, to dismiss the same, and exchange mutual releases, and

WHEREAS, it is the desire of all of the parties by this agreement to determine and establish certain rights in the plaintiffs and in other property owners of lands in Arrowhead Woods in the reserve strips, the reserve strip additions, and in the Lake, all pursuant to the terms of this agreement,

NOW, THEREFORE, the parties agree as follows:

1. The term "Arrowhead Woods" means lands in the County of San Bernardino, State of California, situate in Township 2 North, Range 3 West, San Bernardino Base and Meridian, lying within the boundaries shown upon the map which is attached hereto marked "Exhibit 1". Said Exhibit 1, and Exhibit 2 which are attached hereto are hereby referred to and incorporated in this agreement.

2. "Reserve strips" are certain strips of land bordering the major portion of the Lake and lying within the contour lines 5,122 feet above sea level to 5,132 feet above sea level as herein defined, and "reserve strip additions" are certain strips of land bordering the major portion of the Lake and lying within the contour lines 5,100 feet above sea level to 5,122 feet above sea level, all as more particularly described in the deeds listed on Exhibit 2 under the heading "Reserve Strip and Reserve Strip Addition Deeds". Said reserve strips and said reserve strip additions are now and shall remain subject to the servitudes imposed thereon by the terms of the respective deeds listed in said Exhibit 2, and are collectively hereinafter called the "strips".

3. Development Co. and Service Co. hereby grant without warranty express or implied to all owners of lots in Arrowhead Woods which at any time heretofore have been owned by Service Co., Development Co., Los Angeles Turf Club, Inc., Arrowhead Lake Corporation or Arrowhead Lake Company, and to the successors and assigns of such owners, and subject to all recorded conditions, restrictions and reservations, the following non-exclusive rights, easements and servitudes in,

over, upon and with respect to the reserve strips and reserve strip additions, and the Lake, viz:

(a) The right for themselves, their lessees and house guests to use the strips for private park and reasonable recreational purposes, and for ingress and egress by foot travel, but not for commercial or business purposes;

(b) The right to have the strips be and remain free of any noxious thing and of any trade or business kept, maintained or permitted upon said premises, nor shall any livestock of any kind, including live poultry, be kept, permitted or maintained upon the strips.

(c) The right for themselves, their lessees and house guests to use the Lake for reasonable recreational purposes, including but not limited to boating, fishing, swimming and bathing, but not for business or commercial purposes, and subject to the rights expressed in paragraph 6 of this instrument, and the right in Development Co. and Service Co. or either of them to promulgate and enforce reasonable regulations designed to promote the safety, health, comfort and convenience of persons in or upon the Lake or in the vicinity thereof with respect to the conduct of such activities.

4. Any act or omission inconsistent with said easements and servitudes or any of them and any violation or breach of any right, condition and/or restriction expressed herein may be prevented by injunction and such remedy may be availed of by not less than three owners of lots or portions of lots in Arrowhead Woods. The remedies herein contained shall be cumulative and one shall not be exclusive of the other.

5. Development Co. and Service Co., or either of them shall not increase the height of the dam (which created the Lake) above its present height, nor voluntarily impound water in the Lake to an elevation in excess of 5,108 feet above sea level as herein defined, unless in either case, such act shall be required by Governmental order or regulation.

The term "Sea Level" shall be and shall be construed to be that certain datum plane or point which is 5,122 feet below the level of that certain bench mark which is the top of a two-inch iron pipe situate vertically in a concrete block located 56 feet due South of the corner common to Sections 15, 16, 21 and 22 in Township 2 North, Range 3 West, San Bernardino Base and Meridian, in the County of San Bernardino, State of California.

6. Development Co. and Service Co. or either of them are entitled to charge lot owners reasonable fees for permitting piers and docks to be located and kept on the strips or any of them and/or the Lake and are also entitled to charge reasonable fees for licensing of boats to be used on the Lake and for rental slips; and license agreements hereafter entered into between the parties covering boat or dock licenses shall be consistent with the terms of this Agreement.

7. As used herein, the term "slip" shall mean space on a dock or pier adapted to the mooring of one boat while such boat is floating on the Lake.

On December 31, 1961 there were approximately 835 slips on the Lake, in addition to slips used or held for rental of boats to the public. Development Co. and/or Service Co. shall never permit the total number of slips on the Lake at any one time to increase over 1,285 (835 + 450) except that such number may be increased by the aggregate of the following:

(a) One slip for each lake front lot in Arrowhead Woods which was owned by Development Co. on January 1, 1962, whether then or thereafter subdivided, and for the purposes of this paragraph all lots on the "Peninsula" described on Exhibit 2 shall also be deemed to be lake front lots.

(b) 15% of the number of other lots in Arrowhead Woods contracted to be sold by Development Co. after January 1, 1962.

(c) Any slips in front of "Hamiltair" Subdivision.

(d) Each owner of a lot in Arrowhead Woods purchased by him or his predecessor prior to January 1, 1962, who did not on December 31, 1961, have a dock or pier, and whose lot at the time of application for a dock and/or pier shall be improved with a residence, may hereafter at the option of Development Co. and Service Co. be allowed one slip, or with the approval of the Association when deemed equitable and for the best interests of the community, more than one slip.

8. A large number of owners of lots in Arrowhead Woods have built residences on such lots. Such lots so improved with residences are herein called "Improved lots". Many of the owners of improved lots now have docks on the Lake and in some cases also piers and appurtenances on the strips.

Each owner of such improved lot who now has a dock upon the Lake and/or a pier upon the strips or any of them shall have the right to continue to have such dock and/or pier, together with appurtenances upon the Lake and strips and may transfer such right to a bona fide purchaser of such improved lot subject to the right of Development Co. and/or Service Co. to require the relocation and/or alteration thereof or substitution, as herein provided, when reasonably necessary for improvement of docking facilities on or access to the Lake, provided, further, that the Development Co. and/or the Service Co. shall, except in the case of piers or docks for Lake front lots, have the right to require the substitution of a slip or slips in a multiple-slip dock or marina in lieu of any then existing dock and/or pier.

Such right of alteration and/or relocation or substitution shall not be exercised before January 1, 1970, and shall not be arbitrarily required. Any such alteration and/or relocation or substitution shall be made to a location or facility as close to the dock location now existing as is practicable.

In case the Development Co. requires substitution of a slip or slips in a marina or multiple-slip dock for a private dock, the Development Co. upon transfer of the private dock to it will pay to the owner the cost thereof less ten (10%) percent of such cost for each year since the date of construction of such dock.

Any owner of a lot in Arrowhead Woods whose pier or dock now existing would be affected by any such proposed substitution shall have the right to have determined by arbitration (as hereinafter provided) any or all of the following:

(a) whether such substitution is reasonably necessary for improvement of docking facilities on or access to the Lake; and

(b) whether the substitution proposed is to a location or facility as close to the existing dock location as is practicable.

Such substitution is hereby agreed to be reasonably necessary, and such necessity shall not be arbitrated as to marinas or multiple-slip docks which shall be installed after January 1, 1970 in the locations marked "1", "2", "3" and "4" shown on Exhibit 3 attached hereto.

The decision of the arbitrators shall be final, and if such decision is in the negative as to any of the arbitrated questions, the proposed substitution shall not be made.

The right of a lot owner, or group of lot owners, as hereinafter set forth, to have the matter submitted to arbitration shall be exercised by the lot owner or group of lot owners requesting the same and giving the name and address of an arbitrator requested by him or them. The Development Co. or the Service Co. shall thereafter notify the lot owner, or group of lot owners, of the name and address of an arbitrator desired by it. The two arbitrators so selected shall select a third arbitrator between them. In the event they are unable to do so the matter shall be presented to the American Arbitration Association who shall select a third arbitrator. The vote of any two of the three arbitrators shall be sufficient for an award.

In the event the Development Co. or Service Co. requires simultaneously the substitution affecting a group of two or more existing docks, there will be with respect to said substitution only one arbitration proceeding as hereinabove provided.

Any such lot owner or purchaser as a condition to the exercise of such rights shall pay such reasonable fee and execute such reasonable application and permit as may then be generally required by the Development Co. and/or Service Co. for the maintenance of docks, piers and appurtenances on the Lake and strips.

Any pier or dock hereafter installed on the reserve strip additions shall be so located as to preserve at the 5,100 foot elevation a clear separation of at least 8 feet between such pier or dock and any pier or dock existing on January 1, 1962, unless otherwise agreed between the parties directly affected.

9. No person, except by agreement of the Association and the Development Co. will in the future be permitted to have a dock or boat on the Lake, or pier on the reserve strip additions who is not the owner of improved residential property in Arrowhead Woods, but this paragraph shall not apply to rental boats (450 maximum), to boats used in law enforcement or the enforcement of said regulations, nor to excursion boats or work boats, nor to boats entered in sanctioned boating events on the Lake, nor boats (not exceeding 50 in number at any time) specially authorized by Development Co. to use the Lake. Subject to the provisions of Paragraph 7 nothing in this agreement contained shall effect any right of present or future owners of unimproved lots in Arrowhead Woods to put boats on the Lake on a daily basis, or to rent slips on an availability basis, nor preclude the exercise of such rights.

Buyers of lots sold in that portion of Arrowhead Woods known as "Grass Valley" will not be given the right by Development Co. or Service Co. to own piers or docks on the Lake, but may be given the right, subject to compliance with paragraphs 7 and 9 of this agreement to rent slips in multiple-slip marinas.

10. At the present time it is uncertain as to many roads in Arrowhead Woods whether they are or are not public roads. Development Co. and Service Co. shall diligently proceed in cooperation with the County of San Bernardino to determine which roads in Arrowhead Woods are public, and shall conclude

such determination within six months after date of this agreement. As to such roads which are not presently public roads, Development Co. and Service Co. shall offer to the County of San Bernardino to dedicate to public use such of said roads as are owned by Development Co. and Service Co. or either of them, and shall so dedicate such of said roads as said County will accept.

11. At the present time, title to the trees and other shrubs on lots in Arrowhead Woods is vested in Service Co. Within one year from date, Service Co. will quitclaim the trees and shrubs on any lot in Arrowhead Woods to the owners of such lot who request such conveyance and tender the cost of recording said quitclaim. Such quitclaim shall be subject only to an express provision that the property owner will not cut down, remove or alter any living tree unless first approved by an architectural committee appointed by Service Co. The Association shall have the right to appoint and maintain one member on such committee.

12. The Association shall have the right to select and maintain, at all times, two members on the Board of Directors of the Service Company. The Service Company may now, or at any time hereafter, increase the total number of directors, and this right shall be without restriction or limitation. No such increase in the total membership of the Board of Directors shall entitle the Association to any greater representation on the Board than the two members, as hereinabove stated.

13. Development Co. is and shall be only permitted to voluntarily and intentionally reduce the level of Lake Arrowhead below 5,100 feet above sea level for certain restricted purposes under the reserve strip addition deeds and specifically, it is not permitted when the surface level of the Lake is below 5,100 feet, to use such water for any purpose other than domestic use in Arrowhead Woods and for fire protection in Arrowhead Woods or the adjoining mountain areas, but the parties agree that Development Co. may, when the level of the Lake is below 5,100 feet above sea level, also use the waters of the Lake for

watering the golf course located in Grass Valley so long as the amount of water so used for said golf course does not exceed 250 acre feet during any one calendar year (which is approximately 4 inches of water off the surface of the Lake at 5,100 feet elevation). Development Co. agrees to accurately meter all non-domestic water and annually furnish the Association on or before March first of each year with a certified copy of its records for the previous calendar year showing the amount of such non-domestic water so used in such year.

14. The action shall be dismissed with prejudice upon recordation of this agreement and the attorneys for the respective parties are authorized and directed to so dismiss the action upon such recordation. Such dismissal shall not preclude future enforcement of the provisions of this agreement.

It is the intent of the parties in entering into this agreement to settle specifically all disputes which have resulted in the filing of said action, and all disputes that now exist between them pertaining to the strips or the Lake, or pertaining to membership in Service Co.

In connection with the settlement of such disputes Development Co. and Service Co. expressly agree that in the placing of locations for new piers or docks or in exercising their rights under paragraph 8 requesting the alteration and/or relocation or substitution of docks or dock space, they will fairly and equitably exercise such rights and will not be biased or prejudiced against a lot owner because he may be one of the plaintiffs in said action or because he is now or may at one time have been or may in the future become a member, director or officer of the Association.

15. This agreement is to be binding upon and inure to the benefit of the successors, lessees and assigns of the parties hereto and it is the intention of the parties hereto that this agreement should be recorded so as to constitute notice to any buyer of property within the exterior boundaries of Arrowhead Woods, including the strips and the Lake.

16. This agreement may be amended at any time or times by a written agreement executed by Development Co., Service Co. and the Association and recorded in the office of the County Recorder of San Bernardino County, California.

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

LAKE ARROWHEAD DEVELOPMENT CO.

(SEAL)

By: A. M. POWELL, Vice-President

And: E. C. MOWER, Secretary
"Development Co."

ARROWHEAD MUTUAL SERVICE CO.

(SEAL)

By: A. M. POWELL, Vice-President

And: E. C. MOWER, Secretary
"Service Co."
"DEFENDANTS"

ARROWHEAD WOODS PROPERTY
OWNERS ASSOCIATION

(SEAL)

By: ORRIN W. FOX, President

And: WILLA HODGES, Secretary
"Association"

SIDNEY B. BISNO

(Sidney B. Bisno)

JUNE B. BISNO

(June B. Bisno)

JOHN CHRISTOPH MOELLER, JR.

(John Christoph Moeller, Jr.)

ELIZABETH YVONNE MOELLER

(Elizabeth Yvonne Moeller)

LOUIS E. PURMORT

(Louis E. Purmort)

"PLAINTIFFS"

STATE OF CALIFORNIA }
County of Los Angeles } ss.

On October 1, 1964, before me, the undersigned, a Notary Public in and for the said County and State, personally appeared A. M. POWELL, known to me to be the Vice-President, and E. C. MOWER, known to me to be the Secretary of LAKE ARROWHEAD DEVELOPMENT CO., the Corporation that executed the within Instrument, known to me to be the persons who executed the within Instrument, on behalf of the Corporation herein named, and acknowledged to me that such Corporation executed the within Instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and Official Seal.

FLORENCE G. SMITH
Notary Public in and for said
County and State

STATE OF CALIFORNIA }
County of Los Angeles } ss.

On October 1, 1964, before me, the undersigned, a Notary Public in and for the said County and State, personally appeared A. M. POWELL, known to me to be the Vice-President, and E. C. MOWER, known to me to be the Secretary of ARROWHEAD MUTUAL SERVICE CO., the Corporation that executed the within Instrument, known to me to be the persons who executed the within Instrument, on behalf of the Corporation herein named, and acknowledged to me that such Corporation executed the within Instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and Official Seal.

FLORENCE G. SMITH
Notary Public in and for said
County and State

STATE OF CALIFORNIA }
County of Los Angeles } ss.

On October 14, 1964, before me, the undersigned, a Notary Public in and for the said County and State, personally appeared ORRIN W. FOX, known to me to be the President of the ARROWHEAD WOODS PROPERTY OWNERS ASSOCIATION, the Corporation that executed the within instrument, known to me to be the persons who executed the within Instrument, on behalf of the Corporation herein named, and acknowledged to me that such Corporation executed the within Instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and Official Seal.

J. C. DEMEL
Notary Public in and for said
County and State

STATE OF CALIFORNIA }
County of San Bernardino } ss.

On October 13, 1964, before me, the undersigned, a Notary Public in and for the said County and State, personally appeared known to me to be the President, and WILLA HODGES, known to me to be the Secretary of ARROWHEAD WOODS PROPERTY OWNERS ASSN. the Corporation that executed the within Instrument, known to me to be the persons who executed the within Instrument, on behalf of the Corporation herein named, and acknowledged to me that such Corporation executed the within Instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and Official Seal.

MARGARET FITZPATRICK
Notary Public in and for said
County and State
My Commission Expires 9-3-67

STATE OF CALIFORNIA }
County of Los Angeles } ss.

On October 21, 1964, before me, the undersigned, a Notary Public in and for said State, personally appeared SIDNEY B. BISNO, known to me, to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

WITNESS my hand and Official Seal.

ROBERT W. STEWART
Notary Public in and for said State
My Commission Expires 2-5-66.

STATE OF CALIFORNIA }
County of Los Angeles } ss.

On October 21, 1964, before me, the undersigned, a Notary Public in and for said State, personally appeared JUNE B. BISNO, known to me, to be the person whose name is subscribed to the within Instrument, and acknowledged to me that she executed the same.

WITNESS my hand and Official Seal.

ROBERT W. STEWART
Notary Public in and for said State
My Commission Expires 2-5-66.

STATE OF CALIFORNIA }
County of Los Angeles } ss.

On October 26, 1964, before me, the undersigned, a Notary Public in and for said State, personally appeared JOHN CHRISTOPH MOELLER, JR., known to me, to be the person whose name is subscribed to the within Instrument, and acknowledged to me that he executed the same.

WITNESS my hand and Official Seal.

EVELYN DAHL

Notary Public in and for said State
My Commission Expires 12-23-67.

STATE OF CALIFORNIA }
County of Los Angeles } ss.

On October 26, 1964, before me, the undersigned, a Notary Public in and for said State, personally appeared ELIZABETH YVONNE MOELLER, known to me, to be the person whose name is subscribed to the within instrument, and acknowledged to me that she executed the same.

WITNESS my hand and Official Seal.

EVELYN DAHL

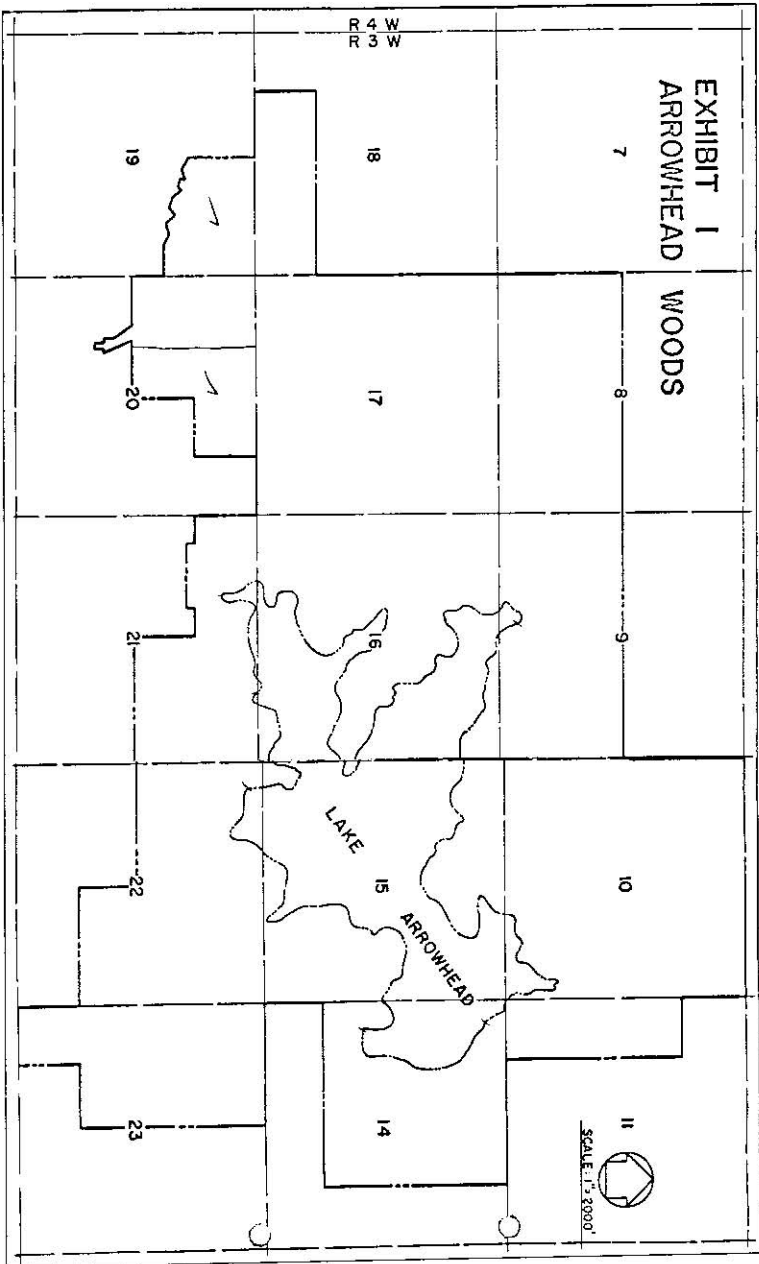
Notary Public in and for said State
My Commission Expires 12-23-67.

STATE OF CALIFORNIA }
County of Los Angeles } ss.

On October 22, 1964, before me, the undersigned, a Notary Public in and for said State, personally appeared LOUIS E. PURMORT, known to me, to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

WITNESS my hand and Official Seal.

KATHERINE R. McMAHON
Notary Public in and for said State
My Commission Expires 6-12-68.



**RESERVE STRIP AND RESERVE STRIP
ADDITION DEEDS**

(References are to Books and Pages of Official Records in
the Office of the County Recorder of San Bernardino County,
California).

<u>Relating to Tract</u>	<u>Deed Recorded</u>	<u>In Book</u>	<u>At Page</u>
5	April 19, 1932	796	279
6	April 19, 1932	810	217
7	April 19, 1932	810	222
50	April 19, 1932	798	150
51	April 19, 1932	798	155
55	April 19, 1932	811	86
71	April 19, 1932	811	93
2499	April 4, 1936	1129	292
2481			
15	Oct. 21, 1937	1241	21
2487			
2283	Jan. 13, 1938	1252	194
74			
2486			
2283	Jan. 13, 1938	1251	208
75			
56	Nov. 4, 1938	1300	395
77	Dec. 14, 1938	1307	147

RESERVE STRIP ADDITION DEEDS

55	Nov. 18, 1938	1319	11
6	Nov. 18, 1938	1309	343
7	Nov. 18, 1938	1305	469
56	Nov. 18, 1938	1319	17
74	Nov. 18, 1938	1317	179
71	Nov. 18, 1938	1308	412
50	Nov. 18, 1938	1318	31
15	Nov. 18, 1938	1312	153
5	Nov. 18, 1938	1308	420
11 & 12	Nov. 18, 1938	1317	195
75	Nov. 18, 1938	1305	484
51	Nov. 18, 1938	1309	348
77	Dec. 21, 1938	1323	132

DESCRIPTION OF PENINSULA

That certain real property in the County of San Bernardino, State of California, described as follows:

All that portion of Sections 15 and 16, Township 2 North, Range 3 West, SAN BERNARDINO BASE AND MERIDIAN, according to United States Government Survey, lying Easterly of the following described lines and the Northerly projection of the Northernmost course of said lines, viz:

BEGINNING at the most Northwesterly corner of that certain Private Beach Lease Area as the same is shown upon the Map of Tract No. 6189, Hamiltair, Lake Arrowhead, as per plat recorded in Book 80, Pages 26 to 30 of Maps, records of San Bernardino County, California; thence Southerly along those several courses which form the Westerly boundary of said Tract No. 6189 to the Southwest corner of said Tract No. 6189; thence leaving said Westerly boundary, Southeasterly a distance of 1,000 feet more or less, to the most Westerly point reached by the body of water known as "Lake Arrowhead" in that certain bay thereof known as "Meadow Bay", when the surface of said lake is at an elevation of 5,100 feet above sea level as hereinafter defined.

EXCEPTING therefrom any portion of said Sections which would be covered with water impounded by a certain dam constructed across and in Little Bear Creek, so-called, in the Northwest quarter of Section 14, Township 2 North, Range 3 West, known as Lake Arrowhead, if the surface of said water were at an elevation of 5,100 feet above sea level, the term "sea level" designating that certain datum plane or point 5,152.62 feet vertically below the level of that certain bench mark which is the top of a 1-inch pipe set vertically in a concrete wall, and located 1,123.06 feet North 78° 27' 14" East from the Quarter corner between Sections 10 and 15 in Township 2 North, Range 3 West, S. B. B. & M.

COMMUNITY DOCK AREA NO. 1

LAKE ARROWHEAD, CALIFORNIA.

OCTOBER, 1964. SCALE 1"=100'

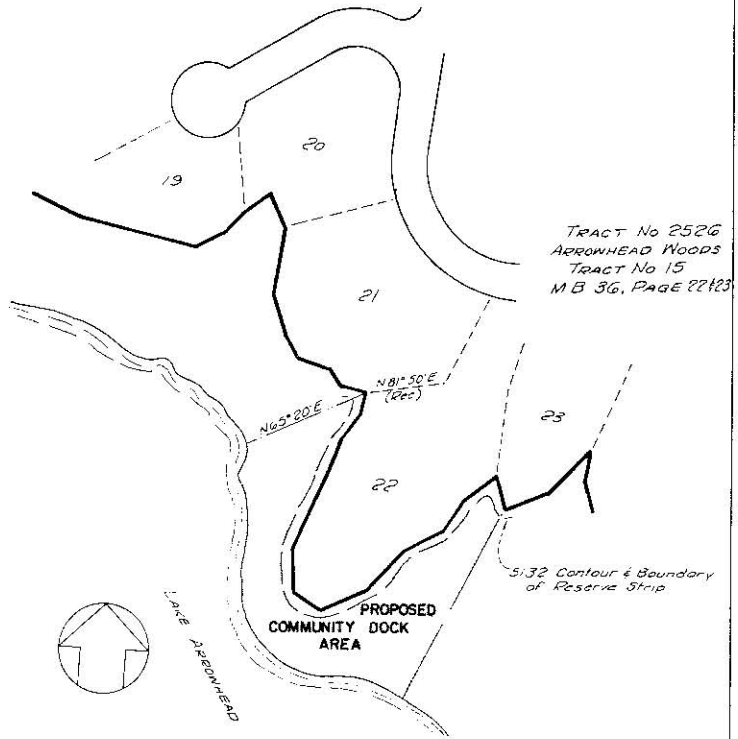
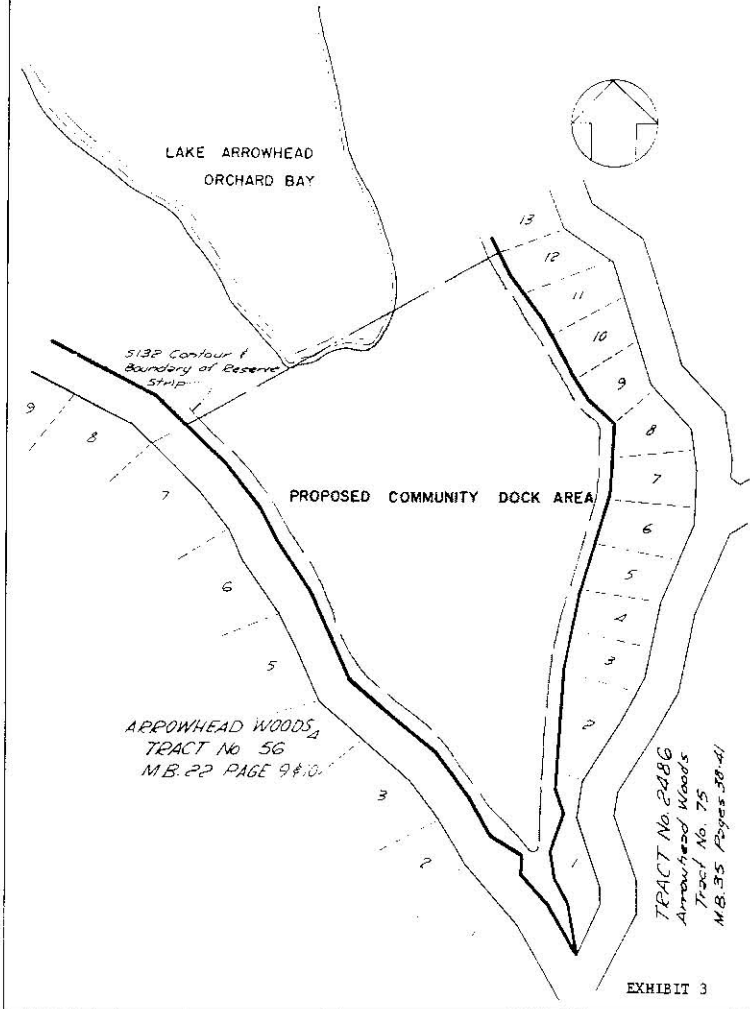


EXHIBIT 3

COMMUNITY DOCK AREA NO. 2

LAKE ARROWHEAD, CALIFORNIA.

OCTOBER, 1964. SCALE 1"=100'



COMMUNITY DOCK AREA NO. 3

LAKE ARROWHEAD, CALIFORNIA.

OCTOBER, 1964. SCALE 1"=100'

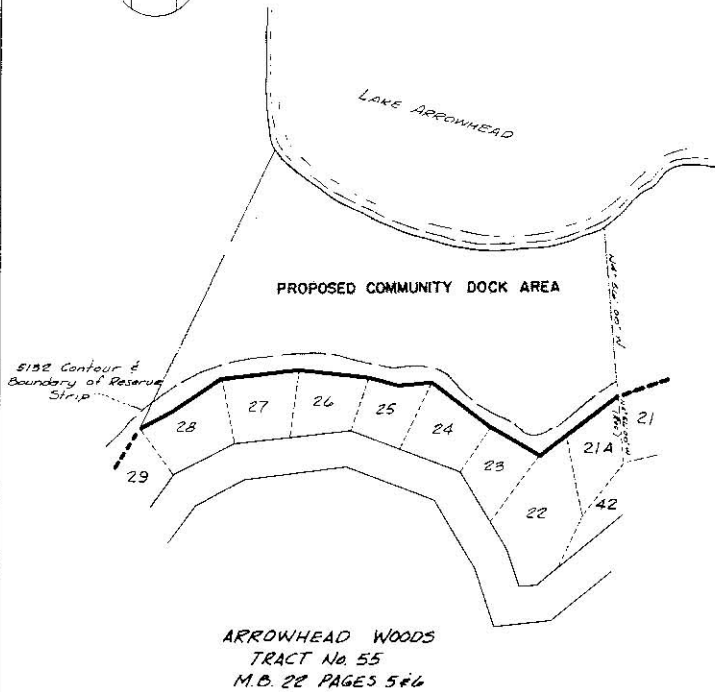
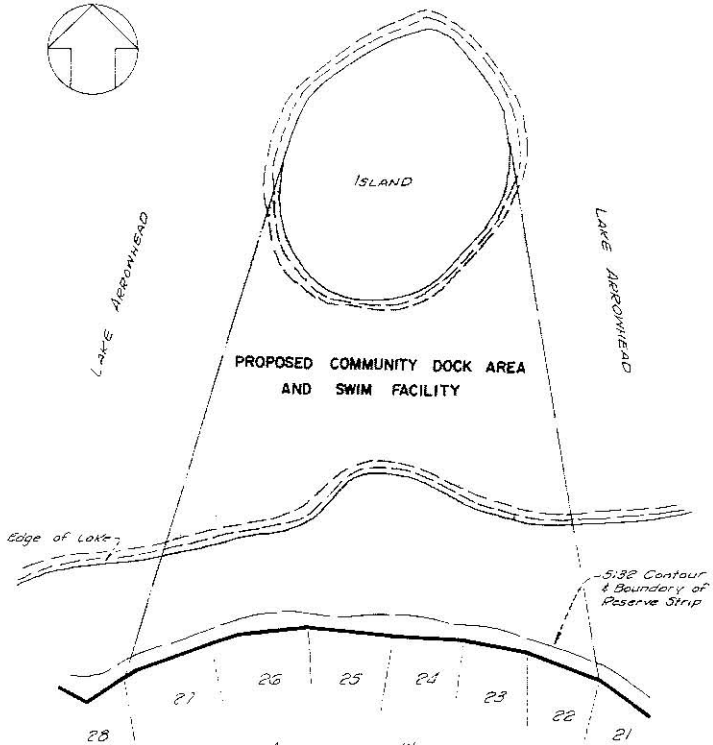


EXHIBIT 3

COMMUNITY DOCK AREA NO. 4

LAKE ARROWHEAD, CALIFORNIA.

OCTOBER, 1964. SCALE 1"=100'



ARROWHEAD WOODS
TRACT No 51
M.B. 22, PAGE 20 & 21

EXHIBIT 3