

BOOK 1492 PAGE 299

9176

THIS IS A COMPROMISE AND SETTLEMENT AGREEMENT, made on this 10th day of September, A.D. 1985, between SWANN KEYS CIVIC ASSOCIATION, a Delaware nonprofit corporation, and OLEITA N. ATKINSON, hereinafter referred to as parties of the first part,

-AND-

BET, INC., a Delaware corporation, hereinafter referred to as party of the second part,

-AND-

MADISON M. GRAY, owner of certain land adjoining Swann Drive, hereinafter referred to as party of the third part.

WHEREAS, the parties of the first part instituted a suit in the Court of Chancery of the State of Delaware, in and for Sussex County, captioned John F. Atkinson and Oleita N. Atkinson and Swann Keys Civic Association, a corporation of the State of Delaware, Plaintiffs v. BET, INC., a corporation of the State of Delaware, Defendant, Civil Action No. 852; and

WHEREAS, the lawsuit sought a declaratory judgment that BET, Inc. be required to form a nonprofit corporation composed of the lot owners of Swann Keys pursuant to Restriction No. 12 of a certain set of restrictions which plaintiffs contended were applicable to Swann Keys, which contention was disputed by defendant; and

WHEREAS, during the course of the litigation, the Court certified the formation of a class composed of all of the lot owners of Swann Keys with the plaintiffs being the class representatives; and

WHEREAS, the parties have reached a compromise and settlement of all outstanding disputes and causes of action arising from said

LAW OFFICES
MUNNELL & BAYSON
GEORGETOWN, DEL.

litigation and desire to set forth their compromise and settlement in this document for the approval of the Court following a hearing on the settlement on due notice to members of the class.

NOW THEREFORE, for One Dollar (\$1), and in consideration of the mutual covenants set forth herein, and other valuable consideration, the receipt whereof is hereby acknowledged by the parties, the following compromise, accord and settlement of all outstanding differences arising from the aforementioned lawsuit between the parties is as follows:

1. BET, Inc. will convey all the common areas and amenities at Swann Keys to the Swann Keys Civic Association for the sum of Three Hundred Thousand Dollars (\$300,000), payable at date of settlement as hereafter provided. The property to be transferred includes the pool and recreation area, the wells, water treatment system, sewer lines and attendant equipment, and any franchises, licenses or permits necessary to maintain or operate the water system, sewer system and common areas. It also includes the purchase of the basketball court, playground equipment, pool, clubhouse, tennis courts, two concrete boat ramps, entrance gatehouse and mobile home office, equipment and furniture. The water system includes an estimated 18,000 lineal feet of lines, water treatment system and buildings, all storage tanks, and there is an estimated 18,000 lineal feet of sewer lines with park lift stations. In addition, the property subject to the purchase covers all the roads and street lights at Swann Keys and there is approximately 10.03 acres of roadbeds. The real estate includes the lagoons and Lots 101 through 113, inclusive, Block D, Lots 1 through 15, inclusive, Block E of the land plotted in File Case 1, page 51, as noted in the deed from Exten

LAW OFFICES
TUNNELL & RAYSON
GEORGETOWN, DEL.

BOOK 1492 PAGE 301

Associates, Inc. to BET, Inc., dated May 27, 1975, of record in Deed Book 748, page 649. The roads are referenced in a deed from Exten Associates, Inc. to BET, Inc. by deed dated May 16, 1978, of record in Deed Book 896, page 46. The land known as Parcel "A" also is part of this purchase. The real property subject to this transfer is further described in a survey of Swann Keys prepared by G. Kenneth Carter and Associates dated March, 1978, recorded in Plot Book 14, pages 99-100 in the Office of the Recorder of Deeds in and for Sussex County at Georgetown, Delaware, as reference thereto will more fully appear.

This Compromise and Settlement Agreement is contingent upon the following conditions, the failure of any one of which may result in the termination of this Compromise and Settlement Agreement at the sole option of the Swann Keys Civic Association:

A. This agreement is contingent upon and is subject to the Court of Chancery approval of this settlement, and, following the class action settlement hearing, the execution and entry of a court judgment incorporating this Compromise and Settlement Agreement in the decree and further binding all the property owners of Swann Keys to a set of restrictions subject to the approval of the Court. The plaintiffs' attorney will submit a set of restrictions within twenty-one (21) days from execution of the agreement. Without limitation on the scope of the restrictions, the Swann keys Civic Association will be designated as the nonprofit corporation comprised of all the lot owners of Swann keys to operate the common areas and amenities and will have the power to assess all the Swann Keys lot owners for the operation and maintenance of the common areas who will be members of the Association. The restrictions

LAW OFFICES
TURNELL & BAYDOR
GEORGETOWN, DEL.

BOOK 1492 PAGE 302

will provide for a special assessment or assessments to raise money for repayment of the loan used for the funding of this purchase, for payment of any other expenses incurred in or related to the purchase, including but not limited to additional sums which will have to be raised to settle and plaintiffs' attorneys' fees and costs for the litigation in Civil Action 852 through settlement under this Compromise and Settlement Agreement, and for future loans, which assessments shall be charges upon all the lot owners at Swann keys, which may be necessary for the functioning of the Park as determined by the majority of the present Board of Directors of Swann Keys Civic Association;

B. BET, Inc. relinquishes any claim to a right of first refusal for any lots in Swann keys as it otherwise might be entitled to under certain restrictions of record;

C. The Swann Keys Civic Association will make application to obtain financing from a lending institution for a loan of \$300,000 at an interest rate of 13 percent or less to fund the purchase and attendant settlement and closing costs. If financing cannot be obtained within sixty (60) days from date of execution of this agreement or within a reasonable time thereafter under the provisions of paragraph 14 hereafter, then the Swann Keys Civic Association shall have the option to terminate the agreement;

D. Title to all the real and personal property subject to this agreement will be marketable, free and clear of all liens and encumbrances. A title search will be performed within 60 days from date of execution of this agreement, subject to the provisions of paragraph 14 hereafter. Any defects found as a result of the search will result,

LAW OFFICES
TUNNELL & RAYBOR
GEORGETOWN, DEL.

BOOK 1492 PAGE 303

at the option of Swann Keys Civic Association, in the termination of this agreement. Further, if any defects are found as a result of a bring-down search performed at time of settlement, including those which could have been discovered by the first search but were not, then Swann Keys Civic Association may, at its option, terminate this agreement;

E. All the personal property subject to this agreement will be inspected by representatives designated by the Swann Keys Civic Association. This inspection will occur within 60 days of execution of this agreement, subject to the provisions of paragraph 14 hereafter. If at the time of this inspection and upon further inspection at date of settlement the personal property and equipment is found not to be in good working order, good condition or repair, then the Swann Keys Civic Association may terminate this agreement. Without limitation of the foregoing, if title to any personal property subject to this agreement is found to be defective at time of settlement, Swann Keys Civic Association may terminate this agreement.

2. BET, Inc. represents to Swann Keys Civic Association that there are no actual or contingent contracts, undertakings, obligations or commitments with any third party whereby Swann Keys Civic Association as a successor in interest to BET, Inc. would have responsibility or liability to connect, incorporate, provide access to or extend any services, roads or amenities of Swann Keys to any third party other than to the approximately 550 lot owners of Swann Keys as delineated on a plot of Swann Keys recorded in Plot Book 14, pages 99-100 of a survey of Swann Keys prepared by C. Kenneth Carter and Associates dated March, 1978, in the Office of the Recorder of Deeds at Georgetown, Delaware, as

LAW OFFICES
TUNNELL & RAYBOR
GEORGETOWN, DEL.

-5-

BOOK 1492 PAGE 304

reference thereto will more fully appear, and further that it has no liabilities, obligations, claims or demands against it, whether material or immaterial, whether by contract or otherwise, whether liquidated, unliquidated or contingent, which would impair or adversely affect the transaction or cause Swann Keys Civic Association financial liability after date of settlement, and hereby does indemnify and hold harmless Swann Keys Civic Association from any such liability, except for a contract of record in Deed Book 998, page 161, in the Office of the Recorder of deeds in and for Sussex County at Georgetown, Delaware, between BET, Inc. and B & E, Inc., with George Edward Gray and Anna Lee Gray, dated March 13, 1980, and one pending suit, viz: James and Asher Carey v. BET, Inc., Civil Action No. 1051, Chancery Court, Sussex County. The parties believe that this litigation has been settled without liability to Swann Keys Civic Association as a result of a settlement conference held on August 28, 1985. If the parties are wrong in this belief, Swann Keys Civic Association shall have the right to terminate this compromise and settlement agreement.

The following provisions apply with respect to the BET, Inc. and B & E, Inc. contract dated March 13, 1980:

BET, Inc. will assign its rights in the aforementioned contract to Swann Keys Civic Association. BET, Inc. will procure the execution of B & E, Inc. to the assignment. BET, Inc. and B & E, Inc. shall cooperate and deal in good faith with Swann Keys Civic Association in any disputes with George Edward Gray and his wife, Anna Lee Gray, if any should occur at any time.

LAW OFFICES
TUNNELL & RAYSON
GEORGETOWN, DEL.

BOOK 1492 PAGE 305

3. On date of settlement, all assessments collected by BET, Inc. from the lot owners of Swann Keys shall be paid to the Swann Keys Civic Association minus any payments for matters pertaining to the operation or maintenance of the purchased items incurred in the ordinary course of business of BET, Inc. Until date of settlement, BET, Inc. will be responsible for security at Swann Keys. Any disputes about payments or matters pertaining to the expenses incurred in the ordinary course of business of BET, Inc. shall be arbitrated by the accountants under the two Chancery Court stipulations on assessments of record in Civil Action No. 852, and the accountants' determinations shall be final. In this regard, management fees and a return on investment charges will be prorated on the following basis: The management fees and return on investment charges for the preceding budget year of April 1, 1984-March 31, 1985, will be multiplied by the fraction of the number of months from April 1, 1985 to date of settlement as the numerator over twelve months to yield the money which BET, Inc. may retain for management fees and return on investment charges.

4. Each party shall bear its own costs and expenses, including its own attorneys' fees. However, the expenses for the class action certification of Swann Keys Civic Association v. BET, Inc. and for the class action hearing on approval of this class action settlement shall be evenly divided by the parties at date of settlement.

5. BET, Inc. represents to the Swann Keys Civic Association that there are no outstanding employment contracts or other obligations by BET, Inc. which obligate Swann Keys Civic Association to employ any person or firm in connection with the operation or maintenance of any of the purchased items.

LAW OFFICES
TUNNEL & HAYDON
GEORGETOWN, DEL.

BOOK 1492 PAGE 306

6. If required by the Bulk Transfer Act of the State of Delaware, BET, Inc. will comply with the Act and will further obtain approval of its board of directors and its stockholders for this transaction.

7. BET, Inc. will bear the customary costs incurred by a seller of real estate, including payment for the deed, the proration of any taxes or assessments applicable to the transaction, and an even division of the Delaware realty transfer tax.

8. BET, Inc. will execute any documents reasonably requested of it by Swann Keys Civic Association to effectuate the settlement, including a deed, assignment, bill of sale and the like and will cooperate by making property and information from its banking and business records available for inspection to effectuate the settlement to representatives of Swann Keys Civic Association, including its accountant.

9. BET, Inc. will execute any documents necessary to transfer any franchises, licenses or permits to the Swann Keys Civic Association for the maintenance and operation of the common areas and will cooperate with the Association to effect any such transfers.

10. A. The parties agree that Madison Gray shall have the right to connect to sewer and water facilities of Swann Keys to Madison Gray's property consisting of approximately 6.54 acres assessed to Madison Gray in Sussex County tax assessment map, District 5-33, Map 13.00, Parcel #8, adjoining Swann Drive at the Swann Keys Park, if the conditions of the remaining part of this paragraph are satisfied. However, Madison Gray shall be solely responsible and shall pay for all costs required for these connections, including but not limited to the repair of roads and property affected by these connections, and, following the hook-up

LAW OFFICES
YUNNELL & BAYSOR
GEORGETOWN, DEL.

BOOK 1492 PAGE 307

of the sewer and water connections, each lot will be assessed with and will be required to pay the same annual maintenance assessment as other Swann Keys lots are subjected to for the use of the amenities at Swann Keys, including any special assessment charges for the funding of the purchase subject to this Compromise and Settlement Agreement or of any other nature. These assessments will be for each lot and an owner of one or more lots, including Madison Gray, will be responsible for these assessments for the total number of lots owned. These assessments will be due and payable when each lot is first put in service, that is on the first occupancy of the lot by a tenant or buyer. Each lessee or buyer will belong to the Swann Keys Civic Association and will be subject to the restrictions for the development as developed under this compromise and settlement agreement.

B. Madison M. Gray further agrees that the 6.54 acres shall be used only for mobile home development and that no maintenance or storage sheds shall be placed on the 6.54 acres except for those used or owned by lessees or buyers of lots for mobile homes placed in the 6.54 acres.

C. At date of settlement, Madison Gray will execute documents prepared by plaintiffs' attorney to implement this paragraph 10.

D. The provisions of this paragraph 10 shall inure to and be binding upon the respective heirs, executors, administrators, successors or assigns of the parties.

E. Madison M. Gray agrees that application will be made to Sussex County Planning and Zoning authorities for rezoning of the land to permit mobile home development within 90 days from when an application can be submitted to the Planning and Zoning authorities. Swann Keys Civic Association agrees to support and cooperate with him in

LAW OFFICES
TUNHELL & SAYDOR
GEORGETOWN, DEL.

BOOK 1492 PAGE 308

this application and will also support and cooperate with any variance requests which are compatible with the present Swann Keys development. If the Planning and Zoning authorities do not permit rezoning to permit mobile home development, then the foregoing provisions of paragraph 10, subsections A through D, shall not apply.

11. Upon settlement, BET, Inc. agrees that no appeal of the December 4, 1984 summary judgment opinion, or of any other opinion of Vice Chancellor Maurice A. Hartnett, III rendered in Civil Action 852 will be made to the Supreme Court and that approval and implementation of this Compromise and Settlement Agreement as provided for herein shall be a final and conclusive judgment upon all matters raised or which could be raised in the litigation.

12. BET, Inc. represents to Swann Keys Civic Association that the budget for the April 1, 1985-March 31, 1986 year will be discussed with the Swann Keys Civic Association and BET, Inc. will first consult with Swann Keys Civic Association before making any binding engagements for the April 1, 1985-March 31, 1986 assessment year.

13. The date of settlement shall be within a reasonable time from approval of financing and satisfaction of the contingencies of this compromise and settlement agreement at the offices of Tunnell & RAYSON, Race and Pine Streets, P.O. Box 151, Georgetown, Delaware.

14. In any event, if a reasonable time is necessary to prepare the necessary legal documents or fulfill any matters required by a lender or to implement any other obligations under this Compromise and Settlement Agreement beyond any of the time limitations heretofore set forth in this Compromise and Settlement Agreement, then the date of settlement shall be extended for a reasonable period of time.

LAW OFFICES
TUNNELL & RAYSON
GEORGETOWN, DEL.

BOOK 1492 PAGE 309

15. At settlement, mutual general releases shall be executed and the parties shall have no responsibilities to each other except as may arise under this Compromise and Settlement Agreement and resultant judgment of the Chancery Court.

16. Any party who defaults on any obligation under this Compromise and Settlement Agreement shall pay reasonable attorneys' fees and costs to the nondefaulting party.

17. This Compromise and Settlement Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, executors, administrators, successors and assigns. All the terms of the Compromise and Settlement Agreement shall survive settlement and shall not be merged in any deed for the conveyance or transfer of any property by BET, Inc. to Swann Keys Civic Association.

18. This Compromise and Settlement Agreement constitutes the entire agreement and understanding between the parties and may not be changed orally, but only by an agreement in writing and signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

IN WITNESS WHEREOF, the parties hereto have caused this Compromise and Settlement Agreement to be executed the day and year first above written.

LAW OFFICES
TUNNELL & BAYSON
GEORGETOWN, DEL.

SWANN KEYS CIVIC ASSOCIATION

By George H. [Signature]
President
Attest [Signature]
Secretary

BOOK 1492 PAGE 310

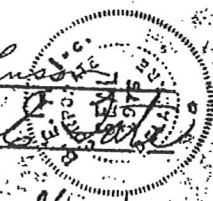
John H. Westing
Witness

Oleita N. Atkinson (SEAL)
Oleita N. Atkinson

BET, INC.

By Grace N. Atkinson
President

Attest James E. [unclear]
Secretary



William D. [unclear]
Witness

Madison M. Gray (SEAL)
Madison M. Gray

LAW OFFICES
TUNNELL & SAVON
GEORGETOWN, DEL.

BOOK 1492 PAGE 312

STATE OF DELAWARE :
: ss.
COUNTY OF SUSSEX :

BE IT REMEMBERED, that on this 3rd day of September, A.D. 1985,
personally came before me, the Subscriber, a Notary Public for the State
and County aforesaid, OLEITA N. ATKINSON, party to this Indenture, known
to me personally to be such, and acknowledged this Indenture to be her
deed.

GIVEN under my Hand and Seal of Office, the day and year aforesaid.

[Signature]
Notary Public



LAW OFFICES
TUNNELL & RAYSON
GEORGETOWN, DEL.

BOOK 1492 PAGE 313

Wilmington
STATE OF DELAWARE :
Sussex : ss.
COUNTY OF SUSSEX :

BE IT REMEMBERED, that on this 10th day of September,
A.D. 1985, personally came before me, The Subscriber, a Notary Public
for the State and County aforesaid, Bruce W. Johnson,
President of BET, INC., a corporation of the State of Delaware, party to
this Indenture, known to me personally to be such, and acknowledged this
Indenture to be his act and Deed, and the act and the Deed of the said
corporation; that the signature of the President is in his own proper
handwriting; that the seal affixed is the common and corporate seal of
the said corporation duly affixed by its authority; and that the act of
signing, sealing, acknowledging and delivering the said Indenture was
first duly authorized by resolution of the Board of Directors of the
said corporation.

GIVEN under my Hand and Seal of office, the day and year aforesaid.

Betty Weir
Notary Public

LAW OFFICES
TUNNELL & SAYBOR
GEORGETOWN, DEL.



BOOK 1492 PAGE 314

Maryland
STATE OF DELAWARE :
Sussex : ss.
COUNTY OF SUSSEX :

BE IT REMEMBERED, that on this 10th day of September,
A.D. 1985, personally came before me, the Subscriber, a Notary Public
for the State and County aforesaid, MADISON M. GRAY, party to this
Indenture, known to me personally to be such, and acknowledged this
Indenture to be his deed.

GIVEN under my Hand and Seal of Office, the day and year aforesaid.

Betty Blair
Notary Public

C. RUSSELL MCCABE
DOR. CHARGES PAID
1987 MAY 22 AM 11:44
RECORDED BY DEEDS
SUSSEX COUNTY

PURCHASING REPORT MADE
VRS 10th DAY OF May 1987
ASSESSMENT DIVISION OF SUSSEX COUNTY

LAW OFFICES
TUNNELL & RAYSON
GEORGETOWN, DEL.



T. Rayson
Call 10/87