



SCOTT B. CARPENTER
Also admitted in Texas
JAMES H. HAZLEWOOD

JEFFREY B. CORBEN

AUGUSTUS H. SHAW IV
Also admitted in Nebraska

JAVIER B. DELGADO

J. ROGER WOOD

www.carpenterhazlewood.com

1400 East Southern Ave.
Suite 405
Tempe, Arizona
85282-5693
Tel 480.991.6949
Tel 800.743.9324
Fax 480.991.7040
Fax 800.743.0494

e-mail: augustus.shaw@carpenterhazlewood.com

September 2, 2003

Mogollon Ranch Property Owners Association, Inc.
c/o Allen Bernstein
Homeowners Association Management Company
6586 Highway 179, Suite C-1
Sedona, Arizona 86351

RE: Wells, Lakes and Culverts Settlement

Dear Members of the Board:

Enclosed please find a signed copy of the Agreement and Release (the "Agreement") (the Agreement enclosed contains the original signature of Bluegreen and copies of the Association's signature pages. The Association's original signature pages were sent to Bluegreen) settling the dispute regarding certain defects on the property of the Association built by Bluegreen West Corporation ("Bluegreen").

Also enclosed please find a check, in the name of the Association, for \$200,000 and a check, in the name of the Blue Ridge Fire District, for \$11,650.

If you have any additional questions or comments, please do not hesitate to contact me.

Very truly yours,

Augustus H. Shaw IV, Esq.

for

CARPENTER HAZLEWOOD, PLC

AGREEMENT AND RELEASE

This Agreement and Release ("Agreement") is entered into between Bluegreen West Corporation, a Delaware corporation ("Bluegreen"), and Mogollon Ranch Property Owners Association, Inc., an Arizona non-profit corporation ("Association"). Bluegreen is the subdivider and developer of Mogollon Ranch Unit One, recorded in Case 7 of Maps, pages 90-90B, Coconino County, Arizona, and Mogollon Ranch Unit Two, recorded in Case 7 of Maps, pages 97-97D, Coconino County, Arizona,

As part of the development, Bluegreen engineered and installed roads along with drainage facilities and culverts ("Road Facilities"). Bluegreen also installed various water wells and water storage and other related facilities ("Water Facilities") to separately serve the individual property owners, who are also members of the Association.

The Association is the owner of the Road Facilities. While the respective lot owners served by a water well own an undivided interest in that well and related facilities, the recorded Covenants, Conditions and Restrictions for Mogollon Ranch provide that "An owner's rights in a Well are exercisable only through the Association, and all such rights are assigned to the Association".

The Association has claimed that there are deficiencies in the Road Facilities involving, among other matters, grading, drainage, and culvert insufficiencies and also that there are certain defects in the Well Facilities involving design and/or installation.

Additionally, there are certain monies that are payable to the Blue Ridge Fire District which are claimed to be the responsibility of Bluegreen.

Bluegreen has denied the allegations involving the Road and Water Facilities deficiencies, but by way of a settlement of all the outstanding engineering, construction, development and fire district claims involving Mogollon Ranch, Bluegreen has agreed to enter in to this Agreement with the Association.

IT IS AGREED:

1. Upon execution of this Agreement, Bluegreen shall pay to the Association the sum of \$200,000.
2. Upon execution of this Agreement, Bluegreen shall pay to the Blue Ridge Fire District the sum of \$11,650; further, no later than November 30, 2003, Bluegreen shall pay to the Blue Ridge Fire District the additional sum of \$11,650. All future payments to the First District shall be the sole responsibility of the Association.

3. Each party to this Agreement to the other party to this Agreement promises and releases the other party, its employees, agents, officers, directors, members, and stockholders from any claims, complaints, actions, demands, damages, costs and fees, now or in the future existing, known or unknown, contingent or direct, whether actionable through court proceedings, arbitration, or through proceedings before an administrative agency or otherwise, pertaining to defects and/or omissions, in engineering, developing, and constructing of the Bluegreen improvements at Mogollon Ranch. Each party agrees not to file any legal action or file an administrative complaint or proceeding against the other party at any time, now or in the future involving the subject matter of this Agreement.

4. Each party indemnifies and holds the other harmless from any failure to abide by any representation or provision of this Agreement and represents to the other that each has full authority to enter into this Agreement, and the Association further represents that its execution of this Agreement is binding upon all its members.

5. The parties agree to execute any additional documents reasonably required to implement this Agreement.

6. This Agreement shall be construed in accordance with Arizona law.

7. The release provisions of this Agreement as contained in paragraph 3 are conditioned upon Bluegreen making the payments provided for in paragraphs 1 and 2 above.

DATED this 28 day of August, 2003.


BLUEGREEN:

ASSOCIATION:

Bluegreen West Corporation

Mogollon Ranch Property Owners
Association, Inc.

By



Thomas W. Gaus

By

Its President

By

Its Secretary

APPROVAL BY:

Mogollon Ranch Property Owners
Association Board of Directors:

By _____
Director

By _____
Director

By _____
Director

By _____
Director

By _____
Director

\\rtj\blucgreen\agmt & release

3. Each party to this Agreement to the other party to this Agreement promises and releases the other party, its employees, agents, officers, directors, members, and stockholders from any claims, complaints, actions, demands, damages, costs and fees, now or in the future existing, known or unknown, contingent or direct, whether actionable through court proceedings, arbitration, or through proceedings before an administrative agency or otherwise, pertaining to defects and/or omissions, in engineering, developing, and constructing of the Bluegreen improvements at Mogollon Ranch. Each party agrees not to file any legal action or file an administrative complaint or proceeding against the other party at any time, now or in the future involving the subject matter of this Agreement.

4. Each party indemnifies and holds the other harmless from any failure to abide by any representation or provision of this Agreement and represents to the other that each has full authority to enter into this Agreement, and the Association further represents that its execution of this Agreement is binding upon all its members.

5. The parties agree to execute any additional documents reasonably required to implement this Agreement.

6. This Agreement shall be construed in accordance with Arizona law.

7. The release provisions of this Agreement as contained in paragraph 3 are conditioned upon Bluegreen making the payments provided for in paragraphs 1 and 2 above.

DATED this _____ day of _____, 2003.

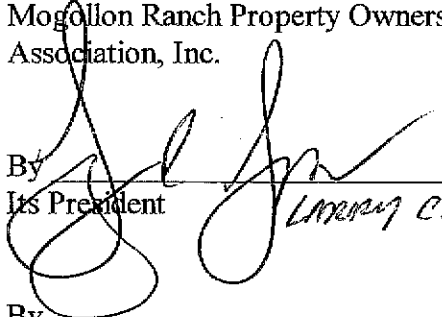
BLUEGREEN:

Bluegreen West Corporation

By _____

ASSOCIATION:

Mogollon Ranch Property Owners
Association, Inc.

By  _____
Its President *LARRY C. SCHOENBERGER*

By _____
Its Secretary

APPROVAL BY:

Mogollon Ranch Property Owners
Association Board of Directors:

By _____
Director

By *James R. McLaughlin*
Director

By _____
Director

By _____
Director

By _____
Director

\\rj\bluegreen\agmt & release

APPROVAL BY:

Mogollon Ranch Property Owners
Association Board of Directors:

By _____
Director

By *Garry R. Dalrymple*
Director

By *Doni Walsh*
Director

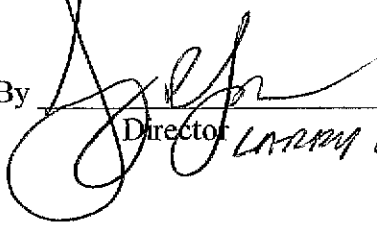
By _____
Director

By _____
Director

\rj\bluegreen\agmt & release

APPROVAL BY:

Mogollon Ranch Property Owners
Association Board of Directors:

By  _____
Director *LARRY E. SEIBENBERGER*

By _____
Director

By _____
Director

By _____
Director

By _____
Director

vjt/blucgreen/amt & release