COPY

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT ("Agreement") is entered into this 19 of March, 2002, by and among the TOWN OF ERIE, a Colorado municipal corporation ("Erie"), and NORTHRIDGE DEVELOPMENT, LLC, a Colorado limited liability company, THOMAS S. MORTON, individually, and JAMES G. NORTON, individually (collectively referred to herein as "Northridge").

RECITALS

WHEREAS, residents in the Northridge Development located in the Town of Erie ("Development") have made complaints to Northridge and to Erie concerning certain specific drainage problems in the Development; and,

WHEREAS, Northridge has certain outstanding obligations concerning the completion of the public improvements in the Development as required by the Subdivision Agreements (as defined herein below) prior to Erie's granting of final acceptance of the improvements in the Development; and,

WHEREAS, both Erie and Northridge desire to address certain specific drainage problems in the Development on behalf of the residents and to complete the outstanding obligations concerning the public improvements as required by the Subdivision Agreements; and,

WHEREAS, it is the parties' intent to enter into this Settlement Agreement in order to fully and completely resolve the specific issues and obligations referred to herein below between Erie and Northridge concerning the Development and to relieve each party from any and all further duty and liability to the other party with regard to the specific issues and obligations resolved herein.

NOW, THEREFORE, in consideration of the mutual promises, terms, benefits and conditions contained herein, the parties hereto agree as follows:

1. Erie herein grants to Northridge final acceptance and declaration of the end of the warranty period for the Development, as provided for under the Subdivision Agreement dated February 26, 1996, recorded with the Clerk and Recorder of Weld County, Colorado, at Book 1533, Page 402; the Subdivision Agreement dated December 12, 1994; and, the Subdivision Agreement Northridge Filing No. 3, dated April 18, 1997 (which three subdivision agreements are referred to in this Agreement as the "Subdivision Agreements").

2. Erie releases Northridge from the following responsibilities and obligations with regard to the Subdivision Agreements:

A. The paving of Weld County Road 1 ½ from Fletcher Drive East to the edge of the Development per plan.

B. The grading and seeding of the 18.6 acre neighborhood park located in the Development.

C. The payment for the Coal Creek Bridge on Road 1.5.

D. The siphon behind Lot 2 under Lower Boulder Ditch or the need for a larger siphon.

E. A drainage siphon or the drainage emitted from the siphon under what would have been Reddington street leading into the property donated to the Town by Northridge under this agreement.

F. All drainage from the Northridge subdivision southwest of Lower Boulder Ditch onto the property transferred to the Town by Northridge under this Agreement

G. All box culverts, storm drainage pipes, grates and boxes are accepted. All bridge warranties, if any, have terminated.

H. Obligations related to construction and paving of WCR 10.5.

I. Drainage issues located at the rear of the homes on the south side of Northridge Drive from approximately 1086 Northridge Drive to the crossing at the Lower Boulder Ditch.

J. Drainage issues located at the rear of the homes on the south side of Fletcher Drive from approximately 1290 Fletcher Drive to the intersection with Northview Drive.

3. Northridge shall pay to Erie, in cash or certified funds, the amount of Thirty-three Thousand Dollars ($33,000.00) for Erie's completion of the tot lot park, at the Closing as set forth in Paragraph 4.D., below.

4. Northridge shall deed to Erie real property consisting of approximately Fifty-two (52) acres, as more particularly described on Exhibit "A," attached hereto and incorporated herein by this reference (the "Property"), upon the following terms:

A. Transfer of the Property to the Town by Special Warranty Deed, save and except only those permitted exceptions listed in the title commitment, as revised to reflect any deficiencies which have been cured.

B. Upon signature of this Agreement by the Town Administrator of Erie, and prior to the approval of this Agreement and ratification of the Town Administrator's signature hereto by Resolution or Ordinance by the Board of Trustees of Erie, as provided for in paragraph 18, below, Northridge shall provide to Erie a title insurance commitment covering the Property in an amount to be

determined by Erie. Erie may inspect the Property at any time during normal business hours. Within forty-five (45) days of receipt of the title commitment, Erie shall make written request that Northridge cure any defects in the Property or in the state of Northridge's title to the Property. Northridge shall make such cure, or refuse to do so, within fifteen (15) days following its receipt of such notice. Erie may, in its sole and exclusive discretion, choose to approve this Agreement and ratify the Town Administrator's signature hereto and thus close on the purchase of the Property, or not approve this Agreement and not ratify the Town Administrator's signature hereto, and thus not close.

C. Northridge shall pay for the title insurance policy as required herein, but shall not pay more than $1,500.00 towards the cost of the title insurance.

D. Closing on the transfer of the Property shall be Ten (10) days following the approval of this Agreement and ratification of the Town Administrator's signature hereto by Resolution or Ordinance by the Board of Trustees of Erie, as provided for in paragraph 18, below. All costs of closing shall be shared equally between Erie and Northridge.

E. Northridge has no knowledge of hazardous materials located, buried or stored on or under the surface of the Property, and Northridge further has no knowledge of any environmental issues, including land fills or disposal sites which effect the Property. The term "hazardous materials" shall include "hazardous waste" has defined in 42 USC 6903(5) and "Petroleum" as defined in 42 USC 6991(8).

F. Northridge has no knowledge of any violations of any federal, state, local or municipal law, code, ordinance, rule, regulation or requirement affecting the Property. Northridge further has no knowledge of any litigation, claim or proceeding pending or threatened which may in any manner affect the Property or Northridge's ability to transfer and sell the Property to Buyer.

5. Erie agrees, at the Closing as set forth in Paragraph 4.D., above, to release all bonds and indemnities placed by Northridge as required under the Subdivision Agreements and shall provide Northridge with written requests for termination of such obligations.

6. This Agreement shall be controlled by and construed according to the laws of the State of Colorado.

7. No part of this Agreement or the obligations contained herein shall be assigned by any party without the express written consent of all the parties.

8. This Agreement states the entire intent and agreement of the parties hereto, and all prior oral and written representations and agreements with regard to the subjects addressed herein are superseded by this Agreement.

9. This Agreement shall not be modified or amended except by written mutual agreement of the parties hereto.

10. Each party has had the opportunity and actual assistance of legal counsel of its own choice prior to entering into this Agreement. Each party acknowledges and agrees that the consideration stated in this Agreement is fair, adequate and legally binding.

11. Each party, individually and through their respective representatives, represents that the signing parties have the power and authority to enter into and contractually bind themselves to the terms and condition of this Agreement.

12. In the event of default or breach of this Agreement or any portion hereof by any party, the non-defaulting or non-breaching party shall have the following rights and remedies:

A. Recovery of damages, including exemplary damages if allowed by Colorado law.
B. Specific performance of this Agreement.
C. Recovery of attorney's fees, costs and expenses.
D. Declaratory relief.
E. Injunctive relief.

The remedy of termination of this Agreement shall not be available to any party. All of the rights and remedies set forth in this paragraph shall be in addition to and not exclusive of any other rights and remedies allowed by Colorado law, federal law, or both unless made exclusive by operation of law.

13. It is the intent of the parties to this Agreement that they be and remain the sole beneficiaries of this Agreement and no other person or party shall be entitled to the benefits.

14. The parties agree that the exclusive venue and jurisdiction for any litigation or dispute involving this Agreement, either in whole or in part, shall be the District Court of Weld County, Colorado.

15. The warranties, obligations, agreements and promises of the parties hereto contained in this Agreement not completed prior to closing shall not merge at closing but shall survive the closing and remain enforceable obligations binding the respective parties in accordance with contract law.

16. To the best of Northridge's knowledge, there is no action, suit, proceeding, claim or arbitration, or any investigation by any person or entity, including, but not limited to, any owner of property in the Development, any Government or Governmental Agency,

pending, to which Northridge is a party, or to the knowledge of Northridge, is threatened against or relating to Northridge or any of the Development, and there is no basis for any such action, suit, proceeding, claim, arbitration or investigation.

17. Northridge represents and warrants that the transaction described in this Agreement has been undertaken by it in good faith, and without any intent to defraud Erie, and that it has disclosed all issues, claims, damages, notices, investigations and pending or threatened legal action it is aware of which might affect Erie's decision to enter into this Agreement. Northridge has previously disclosed to Erie one suit filed against Northridge, which suit has been settled by Northridge. Other than this suit previously disclosed to Erie, to the best of Northridge's knowledge, Northridge has not been sued or threatened with suit by any owner of property in the Development or any other party related to the Development. Northridge has no knowledge of any past, present or future condition, state of facts or circumstances which has affected or which might affect adversely the Development. This Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained herein not misleading. There is no fact known to Northridge which is not disclosed in this Agreement which materially adversely affects the accuracy of the representations and warranties contained in this Agreement.

18. The Erie Town Administrator's signature of this Agreement is not binding on the Town of Erie, and is specifically contingent and conditioned upon the approval of this Agreement by the Board of Trustees of the Town of Erie, Colorado, and by ratification of such signature by Resolution or Ordinance, which Resolution or Ordinance must be adopted, if adopted at all, on or prior to June 25, 2002. In the event this Agreement is not approved by the Board of Trustees of the Town of Erie, Colorado, and the Erie Town Administrator's signature to this Agreement is not ratified by Resolution or Ordinance on or prior to June 25, 2002, then, in that event, this Agreement shall be null and void, unenforceable, and not binding on either party hereto.

[Remainder of Page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto have executed this Settlement Agreement as of the date as first set forth above.

TOWN OF ERIE, Colorado municipal corporation

By: _____
Dennis A. Drumm,
Town Administrator

ATTEST:

By: _____
Linda Salas, Town Clerk

NORTHRIDGE DEVELOPMENT, LLC,
a Colorado limited liability company

By: _____
Thomas S. Morton, Manager and Member

By: _____
James G. Norton, Manager and Member

_____
Thomas S. Morton, Individually

_____
James G. Norton, Individually

STATE OF COLORADO)
) ss.
COUNTY OF Weld)

The foregoing Settlement Agreement was acknowledged before me this 19 day of March, 2002, by Thomas S. Morton, both as Managing Member of NORTHRIDGE DEVELOPMENT, LLC, a Colorado limited liability company, and as an Individual.

My commission expires: 04/14/2003

WITNESS my hand and official seal.

NOTARY SEAL
NOTARY PUBLIC
STATE OF COLORADO

_____
Notary Public

STATE OF COLORADO)
) ss.
COUNTY OF Weld)

The foregoing Settlement Agreement was acknowledged before me this 19 day of March, 2002, by James G. Norton, both as Managing Member of NORTHRIDGE DEVELOPMENT, LLC, a Colorado limited liability company, and as an Individual.

My commission expires: 04/19/2003
WITNESS my hand and official seal.

NOTARY SEAL

Rhonda K. Eckert
Notary Public

STATE OF COLORADO)
) ss.
COUNTY OF WELD)

The foregoing Settlement Agreement was acknowledged before me this 19 day of March, 2002, by Dennis A. Drumm, Town Administrator, and Linda Salas, Town Clerk, Town of Erie, A Colorado municipal corporation.

My commission expires: 04/19/2003
WITNESS my hand and official seal.

NOTARY SEAL

Rhonda K. Eckert
Notary Public

3/19/02 v.12

STATE OF COLORADO)
) ss.
COUNTY OF Weld)

The foregoing Settlement Agreement was acknowledged before me this 19 day of March, 2002, by James G. Norton, both as Managing Member of NORTHRIDGE DEVELOPMENT, LLC, a Colorado limited liability company, and as an Individual.

My commission expires: 04/19/2003
WITNESS my hand and official seal.

NOTARY SEAL

Rhonda K. Eckert
Notary Public

STATE OF COLORADO)
) ss.
COUNTY OF WELD)

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WITNESS my hand and official seal.

NOTARY SEAL

Rhonda K. Eckert
Notary Public

3/19/02 v.12

EXHIBIT "A"

(DESCRIPTION OF THE PROPERTY)