

**SETTLEMENT AGREEMENT AND RELEASE (“AGREEMENT”)  
BETWEEN TAPESTRY COMMUNITY HOMEOWNERS ASSOCIATION  
AND THE CITY OF LA HABRA**

**1.0 PARTIES TO THIS AGREEMENT**

- 1.1 Tapestry Community Homeowners Association (“HOA”).
- 1.2 The City of La Habra (“CITY”).

**2.0 INTENT**

2.1 The Parties have been involved in discussions regarding HOA’s overpayment of water service charges levied by CITY between December 7, 2021 and January 25, 2022. The Parties desire to settle this matter without court action by means of this Settlement Agreement and Release.

2.2 It is the intent of the Parties that HOA will release and waive any claim against CITY relating to these water service overcharges upon payment by CITY as set forth herein.

**3.0 AGREEMENT**

3.1 Upon execution of this Agreement, CITY will pay HOA the amount of \$190,416 in full satisfaction of the water service overcharges referenced above. CITY shall make this payment within 15 calendar days.

3.2 In consideration for this payment, HOA hereby waives any and all claims it may have against the CITY relating to the water service overcharges. This release includes any and all claims and demands existing (known or unknown) on or before the date of execution of this Agreement. HOA understands and agrees that this release extends to all claims of any nature and kind, known or unknown, suspected or unsuspected, anticipated or unanticipated, arising out of or in connection with the water service overcharge, and in that regard HOA acknowledges that it has read, considered and understands the provisions and significance of Section 1542 of the California Civil Code, which reads as follows:

SECTION 1542. GENERAL RELEASE. A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

HOA understands and acknowledges that a risk exists that it incurred or suffered or may incur or suffer, loss or damages as a result of the matters, facts, events, occurrences, transactions, causes and things referred to in this Agreement which were unknown, unsuspected or unanticipated at the time this Agreement was executed. HOA assumes

this risk, and agrees that the foregoing release shall in all respects be effective and not subject to termination or rescission.

BASED UPON THE ADVICE OF COUNSEL, HOA VOLUNTARILY, AND WITH FULL KNOWLEDGE OF ITS SIGNIFICANCE, WAIVES AND RELINQUISHES ANY AND ALL RIGHTS THAT IT MAY HAVE UNDER SECTION 1542 AS WELL AS UNDER THE PROVISIONS OF ALL COMPARABLE, EQUIVALENT OR SIMILAR STATUTES AND PRINCIPLES OF COMMON LAW OR OTHER DECISIONAL LAW OF ANY AND ALL STATES OF THE UNITED STATES.

**3.3 General Conditions.** This Agreement constitutes the full and entire Agreement between the Parties hereto and the Parties acknowledge that there is no other agreement, oral and/or written, between them.

**3.4 Binding Agreement.** This Agreement and Release shall be binding upon and for the benefit of the Parties and their respective successors, devisees, executors, affiliates, representatives, assigns, officers, directors, partners, agents, and employees.

**3.5 Final Agreement.** The Parties acknowledge that: (1) this Agreement and its reduction to final form is the result of extensive good faith negotiations between them; (2) each Party's counsel has carefully reviewed and examined, or had the opportunity to review and examine, this Agreement before execution; and (3) any statute or rule of construction that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

**3.6 Informed Consent.** The Parties expressly state that they have consulted their respective attorneys of record herein concerning all portions of this Agreement and the releases set forth above, and have been fully advised by their own attorneys with respect to their rights and obligations hereunder.

**3.7 No Inducement.** Each party expressly warrants and represents that, in executing this Agreement, it is not relying upon any representation, promise, inducement or statement made by or on behalf of the CITY not expressly contained herein.

**3.8 Modifications.** This Agreement may not be amended or modified except by a written instrument executed by the Parties.

**3.9 Applicable Law.** This Agreement is made and entered into in the State of California and shall be deemed to have been executed and delivered within the State of California, and the rights and obligations of the Parties hereunder shall be governed by, and construed, and enforced in accordance with the laws of the State of California.

**3.10 Effective Date.** The Parties hereto deem this Agreement to be effective as of the date that the Agreement is fully executed by the Parties.

**3.11 Attorneys' Fees.** Should any action be taken to enforce this Agreement, the prevailing party shall be entitled to the reasonable attorney fees incurred in enforcing this Agreement.

**3.12 Severability.** In the event any condition, covenant or provision herein contained is held to be invalid, unenforceable or void by any court of competent jurisdiction, the same shall be deemed severable from the remainder of Agreement and shall in no way affect any other condition, covenant or provision herein contained, and the remainder of Agreement shall continue to be valid and enforceable. If such condition, covenant or other provision shall be deemed invalid or unenforceable due to scope or breadth, such provision shall be deemed valid to the extent of the scope or breadth permitted by law.

**3.13 No Admission.** In making this Agreement, the Parties do not admit the sufficiency of any claims, allegations, assertions, contentions, or positions of any other party, or the sufficiency of any defenses to any such claims, allegations, assertions, contentions or positions. Further, in making this Agreement, the Parties agree that the terms are not intended to be admissions of liability, negligence, willful conduct, breach of contract, or fault of any kind whatsoever, by any party.

**IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement to be executed by and through their respective authorized officers.

CITY OF LA HABRA  
A MUNICIPAL CORPORATION

\_\_\_\_\_  
Jose Medrano, Mayor

Date: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Laurie Swindell, CMC, City Clerk

Date: \_\_\_\_\_

TAPESTRY COMMUNITY  
HOMEOWNERS ASSOCIATION

\_\_\_\_\_  
By: Rajesh Bhagat  
Title: Chair/President of the Tapestry  
Community Homeowners Association  
Board of Directors

Date: \_\_\_\_\_