

AGREEMENT ASSIGNING AND GRANTING  
RIGHTS AND RESERVATIONS IN REAL PROPERTY

THIS AGREEMENT is entered into this 15<sup>th</sup> day of March, 1990, by and between K.E. HOLDINGS, LTD., a Canadian corporation, and WOLSTENCROFT INVESTMENTS, LTD., a Canadian corporation, hereinafter collectively referred to as "Seller", and MAYFLOWER EQUITIES, INC., a Washington corporation, hereinafter referred to as "Buyer".

This Agreement is made with reference to the following facts:

A. The Seller and the Buyer have entered into a Purchase and Sale Agreement wherein the Buyer agrees to purchase and the Seller agrees to sell the following-described real property situated in Whatcom County, Washington:

That portion of the following described property lying North and West of the Plat of Bay Ridge Estates: The South half of the Northwest Quarter of Section 23, Township 40 North, Range 1 West of W.M., except roads as deeded to Whatcom County by deeds recorded under Auditor's File Nos. 138580, 138582, 889643, and 889644, and except Bay Ridge Estates as per the map thereof, recorded in Volume 14 of Plats, pages 13, 14 and 15, records of Whatcom County, Washington.

B. The above-described property is contiguous and adjacent to the subdivision of Bay Ridge Estates filed for record in the office of the Auditor of Whatcom County, Washington, on the 8th day of February, 1977, under Auditor's File No. 1241877 and recorded in Book 14 of Plats, Page 13-14-15, records of Whatcom County.

C. The Seller herein were the developers and owners of the Plat of Bay Ridge Estates (hereinafter referred to as "Bay Ridge Estates"), and are the "owners" named in the Declaration of Rights, Reservations, Restrictions and Covenants of Bay Ridge Estates (hereinafter referred to as "Declaration") as filed with the Plat of Bay Ridge Estates under Whatcom County Auditor's File No. 1241876, a copy of which is attached hereto as Exhibit "A".

D. An approximately 8.3 acre parcel of property situated Southerly and Westerly of Bay Ridge Estates and adjacent thereto, designated as the "unplatted future park area" on the face of the plat map was deeded by K. E. HOLDINGS, LTD. to the BAY RIDGE COMMUNITY CLUB ASSOCIATION for future

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park and recreational area, which deed as recorded on February 8, 1977, under Whatcom County Auditor's File No. 1241673, is attached hereto as Exhibit "B".

E. The Seller in accordance with Paragraph 11 of the Declaration attached hereto as Exhibit "A" has control of the Bay Ridge Community Club until such time as ninety percent (90%) of the lots, tracts and parcels within the existing platted portion of Bay Ridge Estates and the adjacent, contiguous property described in Paragraph A herein are sold to purchasers. A copy of the Articles of Incorporation of Bay Ridge Community Club is attached hereto as Exhibit "C".

F. The Seller is desirous of assigning all of their rights and reservations pertaining to Bay Ridge Estates and their rights and reservations as to any unplatted community tract adjacent to Bay Ridge Estates.

NOW, THEREFORE, in consideration of the mutual promises contained herein and in consideration of the purchase price to be paid by the Buyer to the Seller for the property described in Paragraph A above, the parties hereto agree as follows:

1. Grant of Right of Use and Easement. The Seller hereby grants a right of use and access, ingress and egress on, under, over and across all roads, ways, walkways, paths, common areas, easements, community tracts as shown on the face of the Plat of Bay Ridge Estates, or any reserved areas outside of the Plat of Bay Ridge Estates to the Buyer herein.

2. Assignment of Reserved Rights. The Seller as "owners" in the Declaration of Rights, Reservations, Restrictions and Covenants of Bay Ridge Estates attached hereto as Exhibit "A", does hereby transfer, assign and convey all rights, interest and reservations arising out of the Plat of Bay Ridge Estates or the Declaration as attached hereto as Exhibit "A", including but not limited to the following:

(a) the reservation of the owners for ingress and egress over and across the roads, ways and walkways and the perpetual right to use the same, which right may not be restricted or impaired by the Bay Ridge Community Club as provided in Paragraph 3 of Exhibit "A"; and

(b) the reservation of the right of travel and perpetual use of the roads, ways, and walkways and ingress and egress over the same that may not be impaired, terminated or restricted by the Community Club or its successor as provided in Paragraph 4 of Exhibit "A".

3. Assignment of Interest in Unplatted Park Area. The Seller does hereby transfer, convey and assign all of its

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interest and reserved rights in that certain unplatted "park" area conveyed by the Seller to the Bay Ridge Community Club by way of that Quit Claim Deed dated February 8, 1977, and recorded under Whatcom County Auditor's File No. 1241873, a copy of said Quit Claim Deed is attached hereto as Exhibit "B" and by this reference incorporated herein. The assignment of rights and reserved rights by the Seller to the Buyer shall include but is not limited to the right to further burden the unplatted park area described in Exhibit "B" attached hereto by the use and enjoyment of the owners of any lot or parcel in the contiguous and adjacent portion of property acquired by the Buyer subject to any additional development of the park area that may be required by Whatcom County to be constructed on or about the property described in Exhibit "B" attached hereto.

4. Non-liability of Buyer. This grant of right of use and assignment of reserved rights is not an assignment by the Seller to the Buyer of any of the Seller's obligations arising out of the development and sale of lots in Bay Ridge Estates. Further, this grant of right of use and assignment of reserved rights shall not be construed as an assumption on the part of the Buyer of any prior or existing obligations that the Seller may have arising out of the development and sale of lots at Bay Ridge Estates. The Seller does hereby hold harmless and agree to indemnify the Buyer as to any claims or actions against the Buyer arising out of the Seller's development and sale of lots at Bay Ridge Estates that would otherwise be maintained against the Seller except for this Agreement.

5. Completion of Club Facilities. It is understood and agreed that Whatcom County, in the preliminary plat approval, required installation of a swimming pool, club house and two (2) tennis court facilities in the preliminary plat. The Seller was not required to construct these facilities, namely, the swimming pool and club house, until such time as 126 lots or 50% of the entire subdivision was given final plat approval. The OILSR Statement of Record, File No. 0-04666-50-184, contained a synopsis of the proposed plans for the swimming pool, club house and two (2) tennis courts, including a description of the facilities and type of materials to be used. The Seller herein installed the two (2) tennis courts with the initial phase of Bay Ridge Estates. It is further understood and agreed that the Buyer assumes responsibility for the construction and installation of the swimming pool and club house referred to herein upon development of the adjacent property as may be required by Whatcom County.

6. Assignment of Control of Bay Ridge Community Club. The Seller does hereby designate the Buyer as the person or party to appoint the trustees of the Bay Ridge Community Club

until such time as ninety percent (90%) of all of the lots, tracts or parcels of Bay Ridge Estates as presently platted in the first phase of development or as may hereafter be platted by the Buyer on the parcel of property described in Paragraph A herein are sold. The Seller hereby assigns to the Buyer the right to control the Architectural Committee and the Maintenance Committee and the control of the Bay Ridge Community Club until such time as the control is to be turned over to the members or purchasers of lots as provided in Paragraph 11 of the Declaration and the Bylaws of the Bay Ridge Community Club. At such time after closing as the Buyer shall notify the Seller in writing that the Buyer is desirous of assuming control of the community association, the Seller or the members of the Board of Trustees of Bay Ridge Community Club that are acting by and through the Seller agree to appoint in their place the Trustees selected by the Buyer and each of the present Trustees agree to thereupon withdraw from the Board. The Seller hereby agrees that the Buyer upon assuming control as provided herein shall not be liable or responsible for any claim or action commenced against the Bay Ridge Community Club by any member or owner of any lot or lots within Phase I of Bay Ridge Estates for any action or non-action on the part of the Seller or Bay Ridge Community Club arising prior to the date of closing; and the Seller agrees to hold harmless and indemnify the Buyer from any such claim or action.

7. Warranty. The Seller hereby warrants that it is the "owner" as referred to in the Declaration as attached hereto as Exhibit "A" and that it has clear title and interest to the rights and reservations specified therein and has full authority to grant and assign the Seller's rights and interest as provided herein.

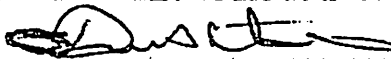
8. Approval by Bay Ridge Community Club. The Seller represents that this Agreement has been presented to the Trustees of the Bay Ridge Community Club, a Washington non-profit corporation, and the Trustees in behalf of the Bay Ridge Community Club approved the grant of right of use and assignment of reserved rights by the Seller to the Buyer as provided herein.

DATED this 15th day of March, 1990.


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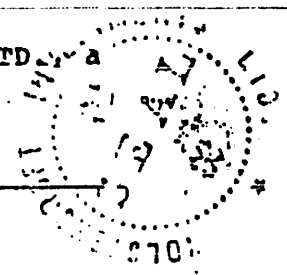
SELLER:

K.E. HOLDINGS, LTD., a Canadian  
corporation  
BY ITS LAWFUL ATTORNEY  
THE ROYAL BANK OF CANADA  
By ITS LAWFUL ATTORNEYS:

  
George Johnstone Rushton - Manager, Commercial Banking  
Harvey Earl Fisk - Account Manager


WOLSTENCROFT INVESTMENTS, LTD. a  
Canadian corporation

BY 



BUYER:


MAYFLOWER EQUITIES, INC., a  
Washington corporation

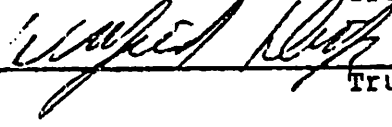
BY 

APPROVED BY:

BAY RIDGE COMMUNITY CLUB

BY  Trustee

BY  Trustee

BY  Trustee

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