

CRYSTAL BEACH PARK LIMITED

herein called "Developer"

-and-

CRYSTAL BEACH TENNIS AND YACHT CLUB

herein called "Club"

WITNESSETH that in consideration of the mutual covenants herein (the sufficiency and receipt whereof is hereby each acknowledged), the parties covenant and agree with the other respectively as follows:

Rights of Developer

1. With respect to the property described in Schedule A hereto (hereinafter called the Club Property), so long as the Developer holds title to any lands described in Schedules B (hereinafter called Developer Property) or C (hereinafter called Additional Development Property) to this Agreement, for the benefit of Developer Property and Additional Development Property, including the Beach and the "pier" projecting into Lake Erie from the land adjacent to the Beach, and the land owned by the Developer below the highwater mark of Lake Erie adjacent to the Club Property, the Developer shall have the right to:

- a. Grant and reserve easements and rights of way for the installation, maintenance, repair, replacement and inspection of utility lines, wires, coaxial cables, pipes and conduits, including, but not necessarily limited to, water, gas electric, cable television, telephone and sewer to service any Developer Property or Additional Development Property;
- b. Connect with and make use of utility lines, wires, pipes, conduits and related facilities including, but not necessarily limited to water, gas electric, telephone, sewer, cable television and security, located on the Club Property and connected to the property of the Lot owners from Club Property;
- c. Use the Club Property for ingress and egress to any and all portions of the Club Property, the Additional Development Property, and the Developer Property;
- d. Operate a sales centre and have prospective purchasers and others visit such sales centre and use certain portions of the Club Property, including, but not necessarily limited to, the parking spaces, and install and maintain signs on the Club Property promoting the sale of lots and dwelling units from among the lots described in Schedule E hereto (hereinafter called the Lot Property) and in the Additional Development Lands;
- e. Grant to itself or to others such other easements and rights of way as may be reasonably needed for the orderly development of the Developer Property and the Additional Development Property;
- f. Grant to the owners of the Additional Development Property rights to use (i) the roadways and common access easement areas being Blocks 192, 207 and 214, Plan 59M - 208, hereto for ingress and egress to the Beach, the pier and other areas of Developer Property and (ii) the Clubhouse and other recreational facilities of the Club located on Block 193 of Plan 59M - 208. Any such grant shall be subject to such owners being obligated, pursuant to a recorded document, to

pay to the Club a "reasonable" portion of the costs of owning, operating, maintaining, repairing and replacing such facilities determined as follows: the owner of each dwelling unit located in that portion of the Additional Development Property in the area south of Erie Road and east of Ridgeway Road shall be obligated to pay on such basis as is determined by the Developer, which basis shall take into account the facilities such owner is entitled to use and the likelihood of the use of such facilities by such owners including the availability of similar facilities for the use of such owners.

2. So long as the Developer holds title to any part of the Developer Property, the Board of Directors of the Club, may not, without the Developer's written consent, which consent must not be unreasonably withheld, (i) except for necessary repairs or any repairs required by law, make any addition, alteration, or improvement to the Club Property, (ii) assess any amount to the Lot Owners for the creation of, addition to or replacement of all or part of a reserve contingency or surplus fund in excess of an amount equal to the proportion of the then existing budget which for the Club bears to the initial budget of estimated expenses for the Club; or (iii) hire any employee in addition to the estimated expenses; or (iv) enter into any service or employees, if any, provided for in the initial budget of the Club, except as may be necessary to maintain the quantity or quality of services or maintenance; or (v) enter into any service or maintenance contract for work not provided for in the initial budget of the Club, except for service or maintenance to facilities not in existence or not owned by the Club at the time of the first conveyance of a Lot; or (vi) borrow money on behalf of the Club; or (vii) reduce the quantity or quality of services or maintenance undertaken by the Club.

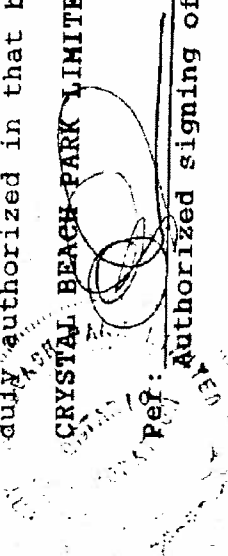
The Developer shall not, so long as the Developer is in control of the Board of Directors of the Club, use its position of control to (i) reduce the level of services set forth in the initial budget of the Club, (ii) prevent capital repairs to the Club Property or (iii) prevent expenditures required to comply with applicable laws or regulations.

The easements, rights-of-way and other rights reserved herein shall run with the land and shall be binding upon and for the benefit of the Club, the Developer and their successors and assigns. With respect to its exercise of the above rights, the owner of the lands benefiting shall be responsible for the payment of a fair share of the cost of operation, maintenance, repair and replacement for those improvements and facilities used in conjunction with the exercise of rights under subsections "b", "c", "e" and "f" of Section 1, above. The Developer agrees to repair any damages resulting from its use within a reasonable time after the completion of development or when such rights are no longer needed, whichever first occurs. This Agreement shall not be amended without the written consent of the Developer.

If any section herein, part of a section, easement, restriction, right of way, term, covenant or condition of this Agreement or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such section, part of a section, easement, restriction, right of way, term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and each section, part of a section, easement, restriction, right of way, term, covenant or condition of this Agreement shall be valid and enforced to the fullest extent permitted by law.

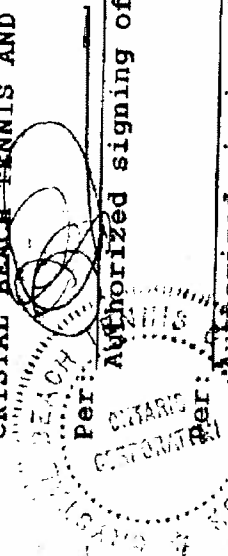
IN WITNESS WHEREOF Crystal Beach Park Limited and Crystal Beach Tennis and Yacht Club have hereunto affixed their respective corporate seals under the hands of their proper signing officers duly authorized in that behalf, as of the date above noted.

CRYSTAL BEACH PARK LIMITED



Per: _____ c/s
Authorized signing officer

CRYSTAL BEACH TENNIS AND YACHT CLUB



Per: _____ c/s
Authorized signing officer

Per: _____
~~Authorized signing officer~~

SCHEDULE "A"

Club Property

Blocks 192, 193, 194, 207 and 214, Plan 59M - 208 in the Land
Titles Division of the Land Registry Office of Niagara South.

(6)

SCHEDULE "B"

Developer Property

Lots 1 through 170 and Blocks 208 through 213, Plan 59M -
208 in the Land Titles Division of the Land Registry
Office of Niagara South.

(X)

SCHEDULE "C"

Additional Development Property

Land Titles

Blocks 171 through 174, 182, 185, 186, 188, 189, 190, 191, 200 and 201, Plan 59M - 208 in the Land Titles Division of the Land Registry Office of Niagara South.

SCHEDULE FOR REGISTRY DESCRIPTION

FIRSTLY:

All and Singular those certain parcels or tracts of land and premises, situate, lying and being in the Town of Fort Erie, in the Regional Municipality of Niagara formerly in the Village of Crystal Beach, in the County of Welland and being composed of all of Block "BB" according to registered Plan 81 for the Village of Crystal Beach, now known as Plan 544.

SECONDLY:

All and Singular those certain parcels or tracts of land and premises, situate, lying and being in the Town of Fort Erie, in the Regional Municipality of Niagara, formerly in the Village of Crystal Beach, in the County of Welland and being composed of all of Lot 54 according to registered Plan 70 for the Village of Crystal Beach, now known as Plan 410.

THIRDLY:

All and Singular that certain parcel or tract of land and premises situate, lying and being in the Town of Fort Erie, in the Regional Municipality of Niagara being composed of part of Block "CC" according to Registered Plan 81 for the former Village of Crystal Beach now known as Plan 544 in the said Town, containing an area of 11.82 Acres and which said parcel or tract of land is more particularly described as follows:

Premising that the West limit of Block "CC" as shown on Registered Plan 81, now known as Plan 544 aforementioned is on an Astronomic course of due North, and that all bearings given herein are referred thereto.

COMMENCING at the Northwest angle of Block "CC";

THENCE North eighty-nine degrees, fifty-eight minutes and forty seconds East (N89°58'40"E) along the Northerly limit of Block "CC", eight hundred and sixty-eight and sixty-one one hundredths feet (868.61') to the Northeast angle of Block "CC";

THENCE South zero degrees, four minutes and thirty seconds East (S0°04'30"E) along the Easterly limit of Block "CC", four hundred and thirty-six and three-tenths feet (436.3') to the Southeasterly angle of Block "CC";

THENCE South sixty degrees, forty-nine minutes West (s60° 49'W) along the Southeasterly limit of Block CC, four hundred and three and eighty-four one hundredths feet (403.84') to the Southeasterly angle of the lands described in Instrument No. 111591;

THENCE North twenty-nine degrees, eleven minutes West (29° 11'W) along the Northeasterly limit of the lands described in Instrument No. 111591, one hundred and twenty-feet (120') to a point.

THENCE South sixty degrees, forty-four minutes and forty seconds West (s60°44'40"W) along the Northerly limit of the lands described in Instrument No. 111591, two hundred and sixty-three and seventeen

one-hundredths feet (263.17') to a point marking a bed therein to the right;

THENCE South seventy-five degrees, thirty-two minutes and twenty seconds West (S75°32'20"W) along the Northerly limit of the lands described in Instrument No. 111591, two hundred feet (200') to a point marking a bend therein to the right;

THENCE North eighty-nine degrees, twenty-seven minutes and forty seconds West (N89°27'40"W) along the Northerly limit of the lands described in Instrument No. 111591, thirty-five feet (35') to a point in the West limit of Block CC;

THENCE North along the last mentioned limit, seven hundred and six and thirty-four one-hundredths feet (706.34') to the place of commencement.

SUBJECT to an easement in favour of the Provincial Gas Company Limited registered as Instrument No. 99942A over that part of Block CC described as follows:

COMMENCING at a point in the West limit of Block CC distant one hundred and thirty-three and six-tenths feet (133.6') measured South thereon from the Northwesterly angle thereof;

THENCE East at right angles to the last mentioned limit, ten feet (10') to a point;

THENCE South parallel with the West limit of Block CC, ten feet (10') to a point;

THENCE West perpendicular to the West limit of Block CC, ten feet (10') to a point therein;

THENCE North along the West limit of Block CC, ten feet (10') to the place of commencement.

AND SUBJECT to an easement of ten feet (10') in perpendicular width in favour of the Municipal Corporation of the former Village of Crystal Beach, now the Town of Fort Erie, registered as Instrument No. 6179 over that part of Block CC described as follows:

COMMENCING at a point in the Southerly limit of Block CC which is distant seventy-seven and sixty-one one-hundredths feet (77.61') measured South sixty degrees, forty-nine minutes West (S60°49'W) thereon from its intersection with the Easterly limit of Lot 52 according to the Registered Plan 70 for the former Township of Bertie now known as Plan 544.

THENCE North twenty-three degrees, thirty-three minutes East (N23°33'E) in a straight line, one hundred and seventy-two and sixteen one-hundredths feet (172.16') more or less to a point in the Easterly limit of Block CC;

THENCE North zero degrees, four minutes and thirty seconds West (N0°04'30W) along the last mentioned limit, twenty-five and thirty-three one-hundredths feet (25.33') more or less to its intersection with a line drawn North twenty-three degrees, thirty-three minutes East (N23°33'E) parallel with and distant ten feet (10') measured North sixty-six degrees, twenty-seven minutes West (N66°27'W) perpendicular from the first described line;

THENCE South twenty-three degrees, thirty-three minutes West (S23°33'W), two hundred and eight and fifty-eight one-hundredths feet (208.58') more or less to a point in the Southerly limit of Block CC;

THENCE North sixty degrees forty-nine minutes East (N60°49'E) along the last mentioned limit, sixteen and fifty-two one-hundredths feet (16.52') more or less to the place of commencement.

SUBJECT to the exclusive use in common only with the Grantor of this easement, its successors and assigns and/or its servants and employees over and upon a certain parcel or tract of land and premises situate in the aforesaid Town of Fort Erie, in the Regional Municipality of Niagara, and being composed of Part of Block EE and Part of Water Lot 1 lying in front of Block EE according to Registered Plan 81 for the Township of Bertie, now known as Plan 544, and more particularly designated as Parts 4, 5 and 6 according to a Reference Plan, deposited in the Registry Office for the Registry Division of Niagara South as No. 59R - 4162, for the purpose and to be used by the Grantee of this easement, its heirs, administrators, successors or assigns for its or their recreational use, including the seasonal storage of boats and the placement of seasonal temporary structures provided that the same shall not interfere with the Grantor of this easement, its servants and employees right of access upon and through said lands, and for access by the Grantee of this easement, its employees and servants for the purpose of repairing or replacing a certain retaining wall located on the northerly boundary of the lands herein in this right of way described.

SUBJECT to the use, in common with all others which the Grantor of this easement or its successors and assigns may from time to time allow or permit thereon, over and upon a certain parcel or tract of land and premises situate, lying and being in the aforesaid Town of Fort Erie, in the Regional Municipality of Niagara, and being composed of Part of Water Lot 1, lying in front of Block EE according to Registered Plan No. 81 for the Township of Bertie, now known as Plan 544, and more particularly designated as Parts 7, 8 and 9 according to a Reference Plan deposited in the Registry Office for the Registry Division of Niagara South as No. 59R - 4162 for the purpose of using the same as a bathing beach together with all such ancillary uses as are ordinarily connected therewith, but the Grantee of this easement, its heirs, administrators, successors and assigns shall specifically not be entitled hereunder to establish on said lands any form of structure or erection, temporary or otherwise, nor engage in any commercial activity whatsoever and shall keep the area absolutely clear and unimpeded to the intent that the Grantor of this easement, its successors and assigns, invitees or licensees shall have free, open and unencumbered use of said lands and water without restriction or impediment in any way or form.

AND SUBJECT ALSO to an easement registered as Instrument No. 261458 in favour of Her Majesty the Queen in Right of Ontario over those parts of Block CC more particularly designated as PARTS 1, 2, 3, 4, 5, 6 and 7 on Reference Plan 59R - 1462.