

**AGREEMENT AND RELEASE REGARDING DISTRIBUTION OF
PERFORMANCE GUARANTY FUNDS FOR ROAD IMPROVEMENTS AT THE
BEACHWALK AT PINE POINT SUBDIVISION**

Agreement made as of this 2 day of October, 2007 by and between the Town of Scarborough (the "Town") and the Beachwalk at Pine Point Homeowners Association (the "Association") as follows:

WHEREAS, the Association is a homeowners association, duly formed, established and operating in good standing for the management and maintenance of the common areas within the Beachwalk Subdivision, including, but not limited to, the private subdivision road;

WHEREAS, the Town of Scarborough, through its Planning Board, approved the plan for the Beachwalk Subdivision under the Town of Scarborough Subdivision Ordinance and state statute;

WHEREAS, the developer (Paul Hollis) of the Beachwalk Subdivision is in default on his responsibility to timely deposit sufficient funds as a performance guaranty with the Town for purposes of securing the construction of certain required work and improvements associated with the Beachwalk Subdivision (the "Performance Guarantee") as required under the Town of Scarborough Subdivision Ordinance and under the plan for the subdivision approved by the Planning Board; and

WHEREAS, the Association wishes to complete the required work and improvements and has entered into an agreement with a contractor (Timothy Swenson, "the Contractor") to undertake certain of the required work within the subdivision, the work having commenced and the Association being now obligated to pay the Contractor for the work completed to date;

NOW, THEREFORE, in consideration of the performance, mutual promises and covenants set forth herein, the parties agree as follows:

1. The Town, upon execution of this Agreement, will release the sum of FORTY THREE THOUSAND, TWO HUNDRED TWELVE DOLLARS and FIFTY THREE CENTS (\$43,212.53) of the Performance Guaranty currently on deposit for the Beachwalk Subdivision to the Association. The funds released are to be used by the Association to pay the Contractor for the work on the Beachwalk Subdivision which the Contractor has completed as of the date of this Agreement.

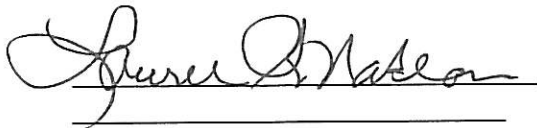
2. The Association acknowledges that the total amount of the Performance Guaranty held by the Town is not sufficient to secure the completion of all the required improvements for the Beachwalk Subdivision and that the Town's release of FORTY THREE THOUSAND, TWO HUNDRED TWELVE DOLLARS and FIFTY THREE CENTS (\$43,212.53) pursuant to this Agreement will further reduce the amount of the funds required to be on deposit in the Performance Guaranty for the Beachwalk Subdivision.

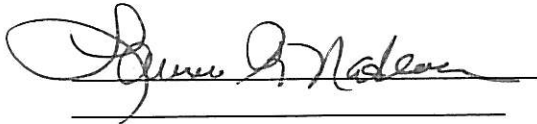
3. In consideration of the release of the FORTY THREE THOUSAND, TWO HUNDRED TWELVE DOLLARS and FIFTY THREE CENTS (\$43,212.53) pursuant to this Agreement, the Association hereby releases, waives and agrees to forego any and all claims, rights or causes of action which the Association may have with respect to the funds held by the Town under the Performance Guaranty as against the Town and its officers, officials, agents and employees, and further, agrees to indemnify and hold the Town harmless from any and all claims, demands or actions as relate to the Town's release or holding of the funds held by the Town under the Performance Guaranty as may be brought by any Beachwalk at Pine Point Subdivision Lot Owner against the Town.

4. The Town further acknowledges and agrees to transfer to the Association any surplus of funds remaining in the performance guaranty account associated with the Cole Farms subdivision after expenditure of such funds as is necessary to complete the required improvements and work associated with that development.

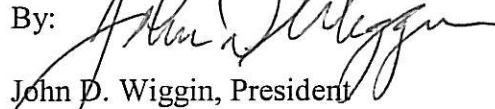
5. The Town further acknowledges and agrees to cooperate, by providing information, records and as appropriate testimony, with individual Beachwalk lot owners, the Association or state or federal agencies on any claims, demands or causes of action as may be brought against Paul Hollis, the original developer/declarant of Beachwalk at Pine Point Subdivision.

Dated: October 2, 2007






Beachwalk at Pine Point
Homeowners Association

By: 
John D. Wiggin, President

Town of Scarborough, Maine

By: 
Ronald W. Owens, Town Manager

STATE OF MAINE
CUMBERLAND, ss.

October 2, 2007

Personally appeared the above named Ronald W. Owens in his capacity as Town Manager for the Town of Scarborough, Maine, and acknowledged the foregoing instrument to be his free act and deed in his said capacity and the free act and deed of the Town of Scarborough.

YOLANDE P. JUSTICE
Notary Public, Maine
My Commission Expires October 31, 2009



Notary Public
My Commission Expires:

STATE OF MAINE
CUMBERLAND, ss.

October 2, 2007

Personally appeared the above named John D. Wiggin in his capacity as President of the Beachwalk at Pine Point Homeowners Association for the Town of Scarborough, Maine, and acknowledged the foregoing instrument to be his free act and deed in his said capacity as the President of the Beachwalk at Pine Point Homeowners Association and free act and deed of the Beachwalk at Pine Point Homeowners Association, and binding the Association to the terms hereunder.

YOLANDE P. JUSTICE
Notary Public, Maine
My Commission Expires October 31, 2008



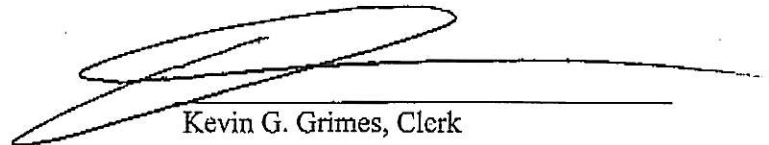
Notary Public
My Commission Expires:

Certification of Resolution

I, Kevin G. Grimes, Esq. do hereby certify, to Town of Scarborough, Maine that I am the duly elected, qualified and acting Clerk of Beachwalk at Pine Point Homeowners Association, a not for profit corporation duly organized and existing under the laws of the State of Maine, that the Members of the Corporation by vote of the Corporation's Members and held in accordance with the Articles of Incorporation and By-Laws of said Corporation resolved to execute the Agreement and Release (as annexed hereto) with the Town of Scarborough.

Further; the resolution is in conformity with the Corporation's Articles and By-Laws and this resolution has been entered upon the regular minutes of the Corporation. Still further; this resolution is now in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand as Clerk and affixed the seal of the said Corporation this 2nd day of October, 2007


Kevin G. Grimes, Clerk