Request for Qualifications (RFQ)

Real Estate Services to Assist in Surplus Property Sales and Property Acquisition

January 2, 2018
1.0 Background

1.1 Executive Summary

The Public Utility District No. 1 of Skagit County, Washington (“District”) requests a Statement of Qualifications (“SOQ”) from qualified professional real estate professionals (“Consultant”) to assist the District in the sale of surplus property and acquisition of new property. Required assistance will include marketing of surplus property, listing surplus property, and land market value analysis among other things. The District intends for this contract to be a multi-year contract of three years.

The District currently owns four parcels that have been scheduled for surplus sales. All four parcels have been water reservoir sites or planned to be water reservoir sites.

Two of the parcels are on Woodland Drive in the City of Mount Vernon where a small steel water reservoir was constructed. The parcels are P27968 and P65469. The above ground components of the water reservoir have been removed. Remaining is a 4 foot thick concrete pad and piping to and from the location of the demolished reservoir. Additional property information is attached in Appendix A.

One of the parcels is located adjacent to Old Day Creek Road, northwest of Clear Lake, in Skagit County. Its parcel number is P30137. On the property is an out of service concrete reservoir that was upgraded with a roof enclosure within the last 30 years. There is no direct access to the property. The District has been provided access through the neighboring property. Attached in Appendix B are the property reports for this parcel.

The last parcel is located north of the intersection of Josh Wilson Road and Higgins Airport Way in Skagit County. The parcel number is P111030. This parcel was intended to be use for a water reservoir, however no improvements were constructed and none are contemplated. There is no formal access to a public right-of-way. Parcel information can be found in Appendix C.

The District is currently under contract with an architect to perform a needs assessment to approximate the District’s long-term facility needs and the future of the District’s facilities at 1415 Freeway Drive, Mount Vernon. There are three predominant alternative options. They are as follows:

1) Sell the existing property and purchase a new property for construction of a new facility.
2) Construct a new facility on site and rent or demolish the existing facility.
3) Remodel and expand the existing facility.

The District’s current location is on a parcel of 15.86 acres located at 1415 Freeway Drive in Mount Vernon, WA with buildings that consolidate the District’s operations. The buildings on site comprise the administration, engineering, and operations functions, as well as providing enough space for the storage of all District vehicles and material inventory. The additional acreage that is not used by the District is leased out to the Mount Vernon School District as recreational play fields. Additional information can be reviewed in Appendix D.

The District’s main campus building was originally constructed in 1969, and then was added to in 1995 to create a building with an overall size of approximately 26,462 square feet. The original building is in need of many maintenance improvements, and the District has also outgrown the space required for its staff. The maintenance improvements would involve some significant construction projects which would be costly and disrupt the operations of the District.
The selected Real Estate Consultant will be required to provide marketing analysis to support the Architect’s services. This work will include researching available parcels that meet the requirements of the needs analysis, approximate the values of alternatives, and provide an approximated value of the District’s property. The scope of work from the architectural services contract states:

“Identify Available Real Estate

Create a property requirements list that outlines target site area, paved area for parking and yards, sizes of buildings and zoning/floor plan requirements. Coordinate with District’s real estate consultant to identify appropriate available land or buildings that might accommodate District needs. Review properties sent by real estate agent and analyze up to 6 potential locations”.

1.2 Overview of Public Utility District No. 1 of Skagit County

The District is a municipal corporation of the State of Washington, established in 1936 for the purpose of providing safe, efficient, reliable and affordable water service to the residents of Skagit County. The District is also authorized under state law to provide sewer services and wholesale telecommunication services. At the current time, there are no active sewer customers, but there are two wholesale fiber-optic customers.

The District currently employs approximately 76 FTEs, which include 66 employees working out of the main campus building on Freeway Drive, and another 10 employees at the water treatment plant. The District operates the largest water system in Skagit County, providing an average of nine million gallons of piped water to approximately 65,000 people every day. The District maintains over 600 miles of pipelines and has over 31 million gallons of water storage volume.

The cities of Mount Vernon, Burlington, and Sedro-Woolley receive the majority of our water. Due to public demand for quality water, the District also provides service to unincorporated and remote areas of the county. The District’s service area includes part of Fidalgo Island at the west end of the county and extends as far east as Marblemount. From south to north, the District’s service area starts in Conway and extends north to Alger/Lake Samish.

2.0 Submittal Format

2.1 General Submittal Requirements

The SOQ shall be a single volume bound such that they lay flat when opened and shall be no longer than 7 pages (double sided, 8.5x11 letter size format). Sections shall be indexed and tabbed for easy reference to the material contained within. The front cover, back cover, introductory letter, and District submittal pages are not included in the page limit. Consultants must submit:

- Two (2) hard copies; and
- One (1) digital copy

The SOQ shall be signed in ink by an authorized representative of the Consultant. Signature on a submittal certifies that it is made without connection with any other person, firm or corporation making a submittal for the same goods and/or services and is in all respects fair and made without collusion or
fraud. Signature on an SOQ also certifies that the Consultant has read, fully understands and agrees with all solicitation requirements, terms and conditions. No consideration will be given to any claim resulting from submittal without fully comprehending all requirements of the Request for Qualifications.

The District reserves the right to request any Consultant submitting an SOQ to clarify its submittal and to supply additional information deemed necessary to assist in the selection of a Consultant. The District also reserves the right to clarify, modify or alter any of the requirements herein. In the event of a material modification of the submittal requirements by the District, Consultants selected by the District may be given an opportunity to modify their SOQ in the specific areas that are impacted.

The District may cancel, reject in whole or in part any submittal, without liability incurred at any time after issuing a RFQ, if it is in the District's best interest to do so. Consultants responding to RFQs are responsible for all costs they may incur in connection with submitting SOQ, which includes, but is not limited to: submittal preparation, pre-proposal conference, if any, document submittal, travel, expenses, interviews, presentations, or evaluation of any related documents.

2.2 Performance Period

It is the District’s desire to retain a Real Estate Consultant for a period of three years from the signing of an agreement. The proposed work will be accomplished in the first year. Any future work will be based on need and will depend on the results of previously performed work.

2.3 Submittal Delivery/Closing Date

Submittals with all required information must be submitted to Doug McConnell, Contracts Administrator, either by hand delivery to 1415 Freeway Drive, Mount Vernon, WA or by mail to PO Box 1436, Mount Vernon, WA 98273-1436 by Friday, January 26, 2018 at 3:00 pm Pacific Time. Submissions received by the District after the closing date and time will not be opened.

2.4 Questions Regarding the Request for Qualifications

There will only be one point of contact for inquiries during the RFQ process. The contact point is the District’s Contracts Administrator Doug McConnell, (360) 848-2169, or by email at mcconnell@skagitpud.org. Any questions or issues that may arise regarding the scope, the RFQ process, and/or the award process shall be directed to Doug McConnell. Responses to such inquiries shall be given in writing via an addendum to all parties who have obtained the RFQ documents from the District.

NOTE: In order to receive an addendum, Consultants must contact Mr. McConnell to be placed on the communication list regarding this RFQ.

2.5 Organization of Submittal

Submissions should be prepared and organized in a clear and concise manner, and must include all information required by this RFQ. Headers, titles, or tabs should be used to identify required information. The submittal shall include the following at a minimum:
Introduction

- Introductory letter indicating the Consultant’s interest in offering these services to the District and highlighting its qualifications to perform this engagement. Also include the availability of the firm to complete all components of the project and any desire to change the proposed schedule.

- Firm name, authorized contact person, address and telephone number.

Consultant Experience and Workload

- A description of Consultant’s experience locating, researching, and evaluating site alternatives to meet a feasibility analysis.

- A description of Consultant’s experience in marketing public or private property for sale.

- A listing of at least three (3) similar projects the firm has completed that are similar to the project described in this RFQ. For each project, provide:
  - Name, address and telephone number of the client
    - Summary of the firm’s role/responsibility in the projects along with the deliverables.
    - Name of the firm’s project manager and personnel who worked on the project, with a description of their roles.
    - Contract value or method of fee calculation.
    - The elements of the projects that are similar to the project described in this RFQ.

- A description of the Consultant’s experience in working with public agencies, including working and communicating with an elected board of commissioners.

Personnel Experience

- Provide an organization chart showing all proposed team members and describing their responsibilities for this project. Include professional qualifications/resumes of each member of the project team.

- Describe the portion of the work that will be performed by a subcontractor, if any, and information about the professional qualifications of proposed subcontractors.

Project Approach and Schedule

- Provide a write-up on the specific tasks listed in the Scope of Work and your approach on how you will complete these, given the District’s needs. Include proposed dates and milestones.

- Suggestions for additional services which may benefit the District.

- Proposed project management and communications approach for this contract.
Fee Structure and Rates

- Provide a written explanation of a fee structure the Consultant would prefer to implement (commissions, lump sum amounts, time and materials, cost plus, etc.)

- Provide a schedule of rates for services

3.0 Evaluation of Proposal

3.1 Method of Evaluation

A panel of District staff members will review the submission based on the criteria listed below and make a recommendation for award. Proposals shall be evaluated based on the following criteria:

1. Consultant Experience and Workload (30 points maximum)
   - Experience and qualifications of the Consultant in performing property research and evaluating site alternatives for the development of feasibility study. Provide a description of success with similar projects. (10 points)
   - Experience and qualification of the Consultant in marketing properties for surplus sales, complete with a list of similar properties sold or marketed. Experience as selling agent over listing agent preferred. (10 points)
   - Experience with public sector clients and a board of elected officials, including community engagement. (5 points)
   - The Consultant’s ability to incorporate this contract into its present workload. (5 points)

2. Experience of the Personnel Assigned to the Team (25 points maximum)
   - Significant consideration will be given to the individual qualifications of the team members identified in the proposal, including years of experience, years with the firm, and experience with similar projects.

3. Project Approach and Schedule (10 points maximum)
   - This includes a demonstrated understanding of the objectives, scope and purpose of the contract, with a specific explanation of how the consultant proposes to achieve the District’s goals. Innovative suggestions that may increase the value of the Consultant to the District will also be considered.

4. Fee Structure and Rates (25 points maximum)
   - This includes an explanation of how compensation to the Consultant will be determined and why this format is the most appropriate method of compensation for this project. If multiple methods are appropriate, list them with an explanation providing a reason for the differing method of compensating the Consultant.
Where straight fees or rates will be use such as a time and material, or fee plus profit method approach, provide a rate schedule with overhead, and a probable number of hours of each employee utilized.

5. Interview (10 points maximum)

Consultants may be requested to take part in an interview to answer questions from the District’s review panel.

The panel may make a recommendation at the appropriate level for a contract award. Upon approval of this recommendation, District staff will coordinate with the selected firm to complete the attached Agreement for Professional Services.

3.2 Tentative Evaluation Schedule

The schedule of events set out herein represents the District’s best estimate of the schedule that will be followed.

- Release of RFQ: January 12, 2018
- Last Date for Request for Clarifications: January 23, 2018
- Closing Date of RFQ: January 26, 2018
- Responses Evaluated: February 15, 2018
- Possible Interviews: February 21, 2018
- Finalize Scope of Work, Negotiations and Contract Execution: February 26, 2018
PROPOSAL SIGNATURE PAGE

Name of Corporation

Mailing Address

City/State/Zip Code

Receipt is hereby acknowledged of addendum(s) No(s). _____, _____, and _____

Individual designated as the point of contact for any questions or concerns related to evaluation of this proposal:

Name of Representative

Telephone    Email

Federal Employee Tax Identification Number

Person authorized to bind corporation to the Terms and Conditions of this response:

Authorized Person

Title

Telephone    Email

Authorized Signature
Appendix A

Woodland Drive Properties

P27968 & P65469
SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE LIMITS OF LIABILITY AND THE CONDITIONS AND STIPULATIONS OF THIS GUARANTEE,

FIRST AMERICAN TITLE INSURANCE COMPANY
a Nebraska corporation, herein called the Company

GUARANTEES

the Assured named in Schedule A against actual monetary loss or damage not exceeding the liability stated in Schedule A, which the Assured shall sustain by reason of any incorrectness in the assurances set forth in Schedule A.

LAND TITLE AND ESCROW
P.O. Box 445 / 111 East George Hopper Rd.
Burlington, WA 98233
(360) 707-2158 / 1 (800) 889-7121

First American Title Insurance Company

For Reference:
File #: 01-160517-F
Issued By:
Mount Vernon Abstract & Title Co., Inc. dba Land Title and Escrow Company of Skagit County
111 E. George Hopper Road
Burlington, WA 98233

This jacket was created electronically and constitutes an original document
SCHEDULE OF EXCLUSIONS FROM COVERAGE OF THIS GUARANTEE

1. Except to the extent that specific assurances are provided in Schedule A of this Guarantee, the Company assumes no liability for loss or damage by reason of the following:
   (a) Defects, liens, encumbrances, adverse claims or other matters against the title, whether or not shown by the public records.
   (b) (1) Taxes or assessments of any taxing authority that levies taxes or assessments on real property; or (2) Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not the matters excluded under (1) or (2) are shown by the records of the taxing authority or by the public records.
   (c) (1) Unpatented mining claims; (2) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (3) water rights, claims or title to water, whether or not the matters excluded under (1), (2) or (3) are shown by the public records.

2. Notwithstanding any specific assurances which are provided in Schedule A of this Guarantee, the Company assumes no liability for loss or damage by reason of the following:
   (a) Defects, liens, encumbrances, adverse claims or other matters affecting the title to any property beyond the lines of the land expressly described in the description set forth in Schedule (A), (C) or in Part 2 of this Guarantee, or title to streets, roads, avenues, lanes, ways or waterways to which such land abuts, or the right to maintain therein vaults, tunnels, ramps or any structure or improvements; or any rights or easements therein, unless such property, rights or easements are expressly and specifically set forth in said description.
   (b) Defects, liens, encumbrances, adverse claims or other matters, whether or not shown by the public records; (1) which are created, suffered, assumed or agreed to by one or more of the Assureds; (2) which result in no loss to the Assured; or (3) which do not result in the invalidity or potential invalidity of any judicial or non-judicial proceeding which is within the scope and purpose of the assurances provided.
   (c) The identity of any party or referred to in Schedule A.
   (d) The validity, legal effect or priority of any matter shown or referred to in this Guarantee.

GUARANTEE CONDITIONS AND STIPULATIONS

1. Definition of Terms.
   The following terms when used in the Guarantee mean:
   (a) the "Assured": the party or parties named as the Assured in this Guarantee, or on a supplemental writing executed by the Company.
   (b) "Land": the land described or referred to in Schedule (A)(C) or in Part 2, and improvements affixed thereto which by law constitute real property. The term "Land" does not include any property beyond the lines of the area described or referred to in Schedule (A)(C) or in Part 2, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways.
   (c) "Mortgage": mortgage, deed of trust, trust deed, or other security instrument.
   (d) "Public Records": records established under state statutes at Date of Guarantee for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge.
   (e) "Date": the effective date.

2. Notice of Claim to be Given by Assured Claimant.
   An Assured shall notify the Company promptly in writing in case knowledge shall come to an Assured hereunder of any claim of title or interest which is adverse to the title to the estate or interest, as stated herein, and which might cause loss or damage for which the Company may be liable by virtue of this Guarantee. If prompt notice shall not be given to the Company, then all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any Assured unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

3. No Duty to Defend or Prosecute.
   The Company shall have no duty to defend or prosecute any action or proceeding to which the Assured is a party, notwithstanding the nature of any allegation in such action or proceeding.

4. Company's Option to Defend or Prosecute Actions; Duty of Assured Claimant to Cooperate.
   Even though the Company has no duty to defend or prosecute as set forth in Paragraph 3 above:
   (a) The Company shall have the right, at its sole option and cost, to institute and prosecute any action or proceeding, interpose a defense, as limited in (b), or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest as stated herein, or to establish the lien rights of the Assured, or to prevent or reduce loss or damage to the Assured. The Company may take any appropriate action under the terms of this Guarantee, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this Guarantee. If the Company shall exercise its rights under this paragraph, it shall do so diligently.
   (b) If the Company elects to exercise its options as stated in Paragraph 4(a) the Company shall have the right to select counsel of its choice (subject to the right of such Assured to object for reasonable cause) to represent the Assured and shall not be liable for and will not pay the fees of any other counsel, nor will the Company pay any fees, costs or expenses incurred by an Assured in the defense of those causes of action which allege matters not covered by this Guarantee.
   (c) Whenever the Company shall have brought an action or interposed a defense as permitted by the provisions of this Guarantee, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from an adverse judgment or order.
(d) In all cases where this Guarantee permits the Company to prosecute or provide for the defense of any action or proceeding, an Assured shall secure to the Company the right to so prosecute or provide for the defense of any action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of such Assured for this purpose. Whenever requested by the Company, an Assured at the Company’s expense, shall give the Company all reasonable aid in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest as stated therein, or to establish the lien rights of the Assured. If the Company is prejudiced by the failure of the Assured to furnish the required cooperation, the Company’s obligations to the Assured under the Guarantee shall terminate.

5. Proof of Loss or Damage.
In addition to and after the notices required under Section 2 of these Conditions and Stipulations have been provided to the Company, a proof of loss or damage signed and sworn to by the Assured shall be furnished to the Company within ninety (90) days after the Assured shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the matters covered by this Guarantee which constitute the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of the Assured to provide the required proof of loss or damage, the Company’s obligation to such assured under the Guarantee shall terminate. In addition, the Assured may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Guarantee, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Assured shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by the Assured provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Assured to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in the above paragraph, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this Guarantee to the Assured for that claim.

6. Options to Pay or Otherwise Settle Claims: Termination of Liability.
In case of a claim under this Guarantee, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Liability or to Purchase the indebtedness.
The Company shall have the option to pay or settle or compromise for or in the name of the Assured any claim which could result in loss to the Assured within the coverage of this Guarantee, or to pay the full amount of this Guarantee or, if this Guarantee is issued for the benefit of a holder of a mortgage or a lienholder, the Company shall have the option to purchase the indebtedness secured by said mortgage or said lien for the amount owing thereon, together with any costs, reasonable attorneys’ fees and expenses incurred by the Assured claimant which were authorized by the Company up to the time of purchase. Such purchase, payment or tender of payment of the full amount of the Guarantee shall terminate all liability of the Company hereunder. In the event after notice of claim has been given to the Company by the Assured the Company offers to purchase said indebtedness, the owner of such indebtedness shall transfer and assign said indebtedness, together with any collateral security, to the Company upon payment of the purchase price.
Upon the exercise by the Company of the option provided for in Paragraph (a) the Company’s obligation to the Assured under this Guarantee for the claimed loss or damage, other than to make the payment required in that paragraph, shall terminate, including any obligation to continue the defense or prosecution of any litigation for which the Company has exercised its options under Paragraph 4, and the Guarantee shall be surrendered to the Company for cancellation.

(b) To Pay or Otherwise Settle With Parties Other Than the Assured or With the Assured Claimant.
To pay or otherwise settle with other parties for or in the name of an Assured claimant any claim assured against under this Guarantee, together with any costs, attorneys’ fees and expenses incurred by the Assured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.
Upon the exercise by the Company of the option provided for in Paragraph (b) the Company’s obligation to the Assured under this Guarantee for the claimed loss or damage, other than to make the payment required in that paragraph, shall terminate, including any obligation to continue the defense or prosecution of any litigation for which the Company has exercised its options under Paragraph 4.

7. Determination and Extent of Liability.
This Guarantee is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Assured claimant who has suffered loss or damage by reason of reliance upon the assurances set forth in this Guarantee and only to the extent herein described, and subject to the Exclusions From Coverage of this Guarantee.
The liability of the Company under this Guarantee to the Assured shall not exceed the least of:

(a) the amount of liability stated in Schedule A or in Part 2;

(b) the amount of the unpaid principal indebtedness secured by the mortgage of an Assured mortgagee, as limited or provided under Section 6 of these Conditions and Stipulations or as reduced under Section 9 of these Conditions and...
Stipulations, at the time the loss or damage assured against by this Guarantee occurs, together with interest thereon; or
(c) the difference between the value of the estate or interest covered hereby as stated herein and the value of the estate or interest subject to any defect, lien or encumbrance assured against by this Guarantee.

8. Limitation of Liability.
   (a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures any other matter assured against by this Guarantee in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.
   (b) In the event of any litigation by the Company or with the Company’s consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title, as stated herein.
   (c) The Company shall not be liable for loss or damage to any Assured for liability voluntarily assumed by the Assured in settling any claim or suit without the prior written consent of the Company.

9. Reduction of Liability or Termination of Liability.
   All payments under this Guarantee, except payments made for costs, attorneys’ fees and expenses pursuant to Paragraph 4 shall reduce the amount of liability pro tanto.

   (a) No payment shall be made without producing this Guarantee for endorsement of the payment unless the Guarantee has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.
   (b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within thirty (30) days thereafter.

11. Subrogation Upon Payment or Settlement.
    Whenever the Company shall have settled and paid a claim under this Guarantee, all right of subrogation shall vest in the Company unaffected by any act of the Assured claimant.
    The Company shall be subrogated to and be entitled to all rights and remedies which the Assured would have had against any person or property in respect to the claim had this Guarantee not been issued. If requested by the Company, the Assured shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect this right of subrogation. The Assured shall permit the Company to sue, compromise or settle in the name of the Assured and to use the name of the Assured in any transaction or litigation involving these rights or remedies.
    If a payment on account of a claim does not fully cover the loss of the Assured the Company shall be subrogated to all rights and remedies of the Assured after the Assured shall have recovered its principal, interest, and costs of collection.

    Unless prohibited by applicable law, either the Company or the Assured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Assured arising out of or relating to this Guarantee, any service of the Company in connection with its issuance of the breach of a Guarantee provision or other obligation. All arbitrable matters when the Amount of Liability is $2,000,000 or less shall be arbitrated at the option of either the Company or the Assured. All arbitrable matters when the amount of liability is in excess of $2,000,000 shall be arbitrated only when agreed to by both the Company and the Assured. The Rules in effect at Date of Guarantee shall be binding upon the parties. The award may include attorneys’ fees only if the laws of the state in which the land is located permit a court to award attorneys’ fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.
    The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules. A copy of the Rules may be obtained from the Company upon request.

13. Liability Limited to This Guarantee; Guarantee Entire Contract.
    (a) This Guarantee together with all endorsements, if any, attached hereto by the Company is the entire Guarantee and contract between the Assured and the Company. In interpreting any provision of this Guarantee, this Guarantee shall be construed as a whole.
    (b) Any claim of loss or damage, whether or not based on negligence, or any action asserting such claim, shall be restricted to this Guarantee.
    (c) No amendment of or endorsement to this Guarantee can be made except by a writing endorsed hereto or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

    All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this Guarantee and shall be addressed to the Company at First American Title Insurance Company, Attn: Claims National Intake Center, 1 First American Way, Santa Ana, California 92707 Claims.NIC@firstam.com Phone: 888-632-1642 Fax: 877-804-7606
PRIVACY POLICY

We Are Committed to Safeguarding Customer Information

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information—particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our parent company, The First American Corporation, we have adopted this Privacy Policy to govern the use and handling of your personal information.

Applicability

This Privacy Policy governs our use of the information which you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its Fair Information Values, a copy of which can be found on our website at www.firstam.com.

Types of Information

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

Use of Information

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies, and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies, or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

Former Customers

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

Confidentiality and Security

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American’s Fair Information Values. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

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SUBDIVISION GUARANTEE

SCHEDULE A

Liability: $ 10,000.00
Policy No.: 5003353-0001705e

Dated: December 12, 2016 at 8:00 A.M.
Order No.: 01-160517-F
Fee: $350.00
Tax: $29.75

Name of Assured:

PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON

The assurances referred to on the face page are:

That, according to those public records which, under the recording laws, impart constructive notice of matters relative to the following described real property:

(See Schedule “A-1,” attached.)

Title to said real property is vested in:

PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON

subject to the matters shown below under Exceptions, which Exceptions are not necessarily shown in the order of their priority.

EXCEPTIONS:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

2. Unpatented mining claims; reservations or exceptions in the United States Patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.

3. Title to any property beyond the lines of the real property expressly described herein, or title to streets, roads, avenues, lanes, ways or waterways on which such real property abuts, or the right to maintain therein vaults, tunnels, ramps, or any other structure or improvement; or any rights or easements therein unless such property, rights or easements are expressly and specifically set forth in said description.

4. Liability for exempt taxes in the event of sale of the property to a taxpayer not entitled to an exempt status. Said taxes may become taxable from the date of execution of a conveyance to a taxable entity and subject to the lien of real property taxes for the balance of year 2016 from the date, and may be further liable for supplemental assessments for general taxes for prior years pursuant to RCW 84.36.810.

(Account No.: 340428-1-001-0001 (P27978))
SCHEDULE A

EXCEPTIONS CONTINUED:

5. Unrecorded leaseholds, if any; rights of vendors and holders of security interests on personal property installed upon said property, and rights of tenants to remove trade fixtures at the expiration of the term.

6. Easements, restrictions, and other matters shown on Schedule "B-1" attached are also excepted from coverage. The easements, restrictions and other matters shown as lettered exceptions on Schedule "B-1" are excepted from policy coverage to the same extent that the numbered Schedule "B" Special Exceptions shown herein are excepted from policy coverage.

NOTE #1: General taxes for the year 2016, without the exemption noted in paragraph 4 above, would be approximately $11.88.

NOTE #2: "For your information, the application for title insurance includes a request of listing of all deeds affecting the subject property from 1974 through present. The last deed of record and the deed under which title was conveyed to the shown Vestee was dated June 24, 1964 and recorded under Skagit County Auditor's File No. 652705."

NOTE #3: EFFECTIVE JANUARY 1, 1997, AND PURSUANT TO AMENDMENT OF WASHINGTON STATE STATUTES RELATING TO STANDARDIZATION OF RECORDED DOCUMENTS, THE FOLLOWING FORMAT AND CONTENT REQUIREMENTS MUST BE MET. FAILURE TO COMPLY MAY RESULT IN REJECTION OF THE DOCUMENTS BY THE RECORDER.

Margins to be 3" on top of first page and 1" on sides and bottom, 1" on top, sides and bottom of each succeeding page. Font size of 8 points or larger, paper size of no more than 8 1/2" by 14". No attachments on pages such as stapled or taped notary seals, pressure seals must be smudged.

INFORMATION WHICH MUST APPEAR ON THE FIRST PAGE

Title or titles of documents. If assignment or reconveyance, reference to auditor's file number of subject deed of trust must be included. Names of grantor(s) and grantee(s) with reference to additional names on following pages, if any. Abbreviated legal description (lot, block, volume/page of plat or section/township/range and quarter section or government lot for unplatted). Assessor's tax parcel number(s). Return address which may appear in the upper left hand 3" top margin.

Pursuant to item c.) above, the abbreviated legal description for the subject property is as follows:

Ptn NE 1/4, 28-34-4 E W.M.

NOTE #4: Unless otherwise specified, this Company has assigned this file to the following Underwriter for the policy to issue: First American Title Company.
Schedule “A-1”

Order No.: 01-160517-F
Policy No.: 5003353-0001705e

DESCRIPTION:

A tract of land within the Northeast ¼ of Section 28, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at the Southeast corner of Lot 52, "FOREST ESTATES," as per plat recorded in Volume 8 of Plats, pages 53 and 54, records of Skagit County, Washington; thence Southerly along the East line of said Section 28, 50.0 feet; thence Westerly parallel with the South line of said Lot 52, 193.01 feet; thence Northerly 50.0 feet to the Southwest corner of said Lot 52; thence Easterly along the South line of said Lot 52 to the point of beginning.

Situate in the City of Mount Vernon, County of Skagit, State of Washington.
EXCEPTIONS:

A. Reservation of minerals and mineral rights, etc., contained in deed from W. M. Lindsay, et ux, dated April 2, 1908, filed April 17, 1908, under Auditor’s File No. 39602, and recorded in Volume 44 of Deeds, page 499, reference being hereby made to the record for full particulars.

NOTE: Said mineral rights are now held of record by Skagit County.
(Affects a portion of said property)

B. Waiver, terms and conditions therein, dated July 17, 1964, recorded under Skagit County Auditor's File No. 652955 (see instrument for full particulars).”

C. Matters disclosed or delineated on the face of the following subdivision(s):

- Forest Estates, Skagit County Auditor’s File No. 639226
- Forest Estates, Plat No. 2, Skagit County Auditor’s File No. 673236
This sketch is a courtesy of LAND TITLE AND ESCROW COMPANY to assist in locating the premises. It is not based on a survey, and the Company assumes no liability for variations, if any, in dimensions and locations. This map does NOT purport to show all highways, roads, or easements affecting the property.
WARRANTY DEED

The Grantors, KEITH S. JOHNSON and ALISON R. JOHNSON, husband and wife, residing at Rt. 4, Mount Vernon, Washington, for and in consideration of TEN DOLLARS ($10.00) and other valuable consideration in hand paid, convey and warrant to PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, the following described real estate situate in Skagit County, Washington:

The South 50.0 feet of lot 52 of the plat of "Forest Estates", as recorded in Volume 8 of plats, pages 53 and 54, records of Skagit County, Washington.

Also a tract of land within the Northeast one-quarter of Section 28, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at the SE corner of lot 52 of the plat of "Forest Estates", as recorded in Volume 8 of plats, pages 53 and 54, records of Skagit County, Washington; thence Southerly along the East line of said Section 28, 50.0 feet; thence Westerly parallel with the South line of said lot 52, 193.01 feet; thence Northerly 50.0 feet to the Southwest corner of said lot 52; thence Easterly along the South line of said lot 52 to the point of beginning.

Situate in Skagit County, Washington

DATED this 24th day of June, 1964.

[Signature]

STATE OF WASHINGTON

COUNTY OF SKAGIT

On this day personally appeared before me KEITH S. JOHNSON and ALISON R. JOHNSON, to me known to be the individuals described in and who executed the within and foregoing instrument and acknowledged that they signed the same as their free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 24th day of June, 1964.

[Signature]

Notary Public in and for the State of Washington, residing at Mount Vernon.
STATE OF WASHINGTON,

County of ________________

I, ________________, a Notary Public in and for the State of Washington, duly
commissioned and sworn, personally came

unto know that this instrument was executed by the person whose name is

hereunto subscribed, and was acknowledged by her to be her free and voluntary

act, and that she executed the same with a full understanding of the nature

and consequences thereof.

She further declared that she voluntarily executed the same and did not do so

under any duress, coercion, fraud, or misrepresentation.

GEORGE. F. STONE, Notary Public.

[Seal]

T. H. H. 1902.

FRANK F. RANDOLPH, husband.

S. H. 1902.

WIFE OF SAID HUSBAND.

Upon examination by me, separate and apart from her said husband, when the

contents of said instrument were by me fully made known unto her, and she was by

me fully apprised of her rights and the effect of signing said instrument, did, freely and

voluntarily, separate and apart from her husband, acknowledge the same, acknowledging

that she did so voluntarily, of her own free will, and without the fear of or coercion from

her said husband, executing the same as her free and voluntary act and deed for the

use and purposes therein mentioned.

In my hand and official seal the day and year in this certificate first above written.

Notary Public in and for the State of Washington.

FRANK F. RANDOLPH

Notary Public in and for the State of Washington.

[Seal]

FRANK F. RANDOLPH

Notary Public in and for the State of Washington.

[Seal]

FRANK F. RANDOLPH

Notary Public in and for the State of Washington.

[Seal]

FRANK F. RANDOLPH

Notary Public in and for the State of Washington.

[Seal]
KEITH S. JOHNSON and ALISON R. JOHNSON, his wife,
MARSHALL WAYNE LINDSTROM and BRIGHT ANN LINDSTROM, his wife,
MARVIN D. DAVIS and CLEO M. DAVIS, his wife, JOHN S. WALLACE and
DOLORES G. WALLACE, his wife, HERMAN A. BAALSON and DONNA G. BAALSON,
his wife, ROBERT N. GREENEWALD and JEAN GREENEWALD, his wife, IRVEN H.
TENNYSON and IRIS M. TENNYSON, his wife, BELLINGHAM FIRST FEDERAL
SAVINGS AND LOAN ASSOCIATION, and FISHER-REISDORFF CONSTRUCTION CO.,
a corporation, being owners or lienholders of certain tracts or
portions thereof in "FOREST ESTATES", as recorded in Volume 8 of
Plats, pages 53 and 54, records of Skagit County, Washington, hereby
waive the restrictions or the right to enforce the same insofar as
said restrictions prevent PUBLIC UTILITY DISTRICT NO. 1 from erecting,
maintaining, repairing or replacing water facilities upon the
following described property:

The South 50.0 feet of Lot Fifty-two (52) of the Plat of
"Forest Estates", as recorded in Volume 8 of Plats, pages
53 and 54, records of Skagit County, Washington.

ALSO, a tract of land within the Northeast quarter (NE\(^2\)) of
Section Twenty-eight (28), Township Thirty-four (34) North,
Range Four (4), East of the Willamette Meridian, described as
follows: Beginning at the Southeast corner of Lot 52 of the
Plat of "Forest Estates", as recorded in Volume 8 of Plats,
pages 53 and 54, records of Skagit County, Washington; thence
southerly along the East line of said Section 28, 193.01 feet;
thence westerly parallel with the South line of said Lot 52;
193.01 feet; thence northerly 50.0 feet to the Southwest corner
of said Lot 52; thence easterly along the South line of said
Lot 52 to the point of beginning; all situate in the County of
Skagit, State of Washington.

DATED this 17th day of July, 1964.

[Signatures]

[Signatures]
STATE OF WASHINGTON  
COUNTY OF SNOHOMISH  

THIS IS TO CERTIFY that on this day personally appeared before
me MARSHALL WAYNE LINDSTROM and BRIGIT ANN LINDSTROM, husband and
wife, MARVIN H. DAVIS and CLEO M. DAVIS, husband and wife, JOHN S.
WALLACE and DOLORES C. WALLACE, husband and wife, HERMAN A. BAALSON
and DONNA G. BAALSON, husband and wife, SIMON W. GREENWALD and
JEAN GREENWALD, husband and wife, and IRVIN H. TENDY and
IRIS H. TENDY, husband and wife, to me known to be the individuals
described in and who executed the within and foregoing instrument,
and acknowledged to me that they signed the same as their free and
voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 17th day of

Notary Public in and for the State of
Washington, residing at Mount Vernon.

STATE OF WASHINGTON  
COUNTY OF WHATCOM  

THIS IS TO CERTIFY that on this day personally appeared before
me GEORGE A. MOORE, JR. and HARVEY M. HUGHES, to me
known to be the President and Vice President, respectively,
of BELLINGHAM FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION, the
corporation that executed the foregoing instrument, and acknowledged
said instrument to be the free and voluntary act and deed of said
corporation, for the uses and purposes therein mentioned, and on oath
stated that they were authorized to execute said instrument, and
that the seal affixed is the corporate seal of said corporation.

GIVEN under my hand and official seal this 17th day of

Notary Public in and for the State of
Washington, residing at Bellingham.

STATE OF WASHINGTON  
COUNTY OF SNOHOMISH  

THIS IS TO CERTIFY that on this day personally appeared before
me ROBERT W. FISHER and CHERYL R. FISHER, to me known
to be the President and Secretary, respectively,
of FISHER-REISDOFF CONSTRUCTION CO., the corporation that executed
the foregoing instrument, and acknowledged said instrument to be the
free and voluntary act and deed of said corporation, for the uses
and purposes therein mentioned, and on oath stated that they were
authorized to execute said instrument, and that the seal affixed is
the corporate seal of said corporation.

GIVEN under my hand and official seal this 17th day of

Notary Public in and for the State of
Washington, residing at Mount Vernon.
STATE OF WASHINGTON,
County of Skagit

On this day personally appeared before me Keith S. Johnson and Alison R. Johnson to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged to me that they signed and sealed the said instrument as their free and voluntary act and deed, for the uses and purposes therein mentioned.

I, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared before me, the undersigned, a Notary Public in and for the State of Washington, to me known to be the individual described in and who executed the foregoing instrument, and acknowledged to me that he signed and sealed the said instrument as his free and voluntary act and deed for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereunto affixed the day and year in this certificate above written.

By Commission expires August 1, 1967.

Makima L. Bardwell
Notary Public in and for the State of Washington
residing at Mount Vernon.

(Acknowledgment by Individual. Washington Title Insurance Company. Form 140.)
DESCRIPTION
This Plat of FOREST ESTATES embraces the following described lands, to wit: The South 400.00 ft. of the Southeast Quarter of the Southeast Quarter of Section 21, Township 34 North, Range 4 East of the Willamette Meridian, less the West 600.00 ft. and less the South 300.00 ft. of the East 25 acres of county roads, and that portion of the East 54 rods of the Northeast Quarter of Section 28, Township 34 North, Range 4 East of the Willamette Meridian, described as follows: Beginning at the Northeast corner of said Section 28, thence S 3° 30' 20" E., along the East line of said Section 28, a distance of 433.00 ft.; thence S 3° 30' 20" W., a distance of 1231.01 ft.; thence N 3° 30' 20" W., a distance of 40.00 ft.; thence S 8° 24' 50" W., a distance of 506.02 ft.; thence S 1° 06' 30" E., a distance of 40.00 ft.; thence S 3° 30' 20" W., a distance of 1231.02 ft., to a point on the West line of said East 54 rods of the Northeast Quarter of Section 28; thence N 1° 06' 30" W., along said West line of the East 54 rods of the Northeast Quarter of Section 28, a distance of 1860.00 ft., to a point on the North line of said Section 28; thence W 1° 06' 30" E., a distance of 301.02 ft., to the point of beginning.

DEDICATION
Know all men by these presents, that we, the undersigned, owners of the land hereby Platted, do hereby declare the Plat to be known as FOREST ESTATES, and do hereby dedicate to the use of the public forever, all public ways shown thereon as public highways; And the right to drain all roads over and across any lots where the water might take a natural course after the roads are graded. In Witness whereof, the aforesaid owners have caused their names to be hereunto subscribed and sealed this 2 day of June, 1963.

[Signature]
President
Bellingham First Federal Savings and Loan Association

[Signature]
Secretary

ACKNOWLEDGE
State of Washington
County of Skagit

This is to certify that on the 2 day of June, 1963, before me, the undersigned, a Notary Public, personally appeared Keith S. Johnson and Allan W. Johnson, to me known to be the persons who executed the foregoing dedication and who acknowledged to me that they signed the same as their free and voluntary act and deed for the uses and purposes therein mentioned. Witness my hand and official seal.

Notary Public in and for the State of Washington, residing at Mount Vernon.

ACKNOWLEDGE
State of Washington
County of Whatcom

This is to certify that on the 2 day of June, 1963, before me, the undersigned, a Notary Public, personally appeared C. W. McCallum and Allan W. Johnson, to me known to be the President and Secretary respectively of the Bellingham First Federal Savings and Loan Association, which corporation had executed the foregoing instrument and each of the aforesaid officers acknowledged the same as their free and voluntary act and deed of the corporation in which he is an officer, said act of oath stated that he was authorized to execute the said instrument and that the seal affixed is the corporate seal of the said corporation. In witness whereof, I have set my hand and affixed my official seal.

Notary Public in and for the State of Washington, residing at Bellingham.

RECORD
Filed for the Record at the request of Keith W. Johnson on this 2 day of August, 1963, at 9:30 minutes past 12:00, o'clock A.M. Pacific Standard Time, and recorded in Volume 5 of Deeds, as pages 56, 62., Records of Skagit County, Washington.

Treasurer Certificate
This is to certify that all taxes hereon levied and which have become a lien upon the lands hereina described, have been fully paid and discharged, according to the records of my office, up to and including the year of 1963.

Treasurer, Skagit County, Washington
DESCRIPTION

This Plat of Forest Estates, Plat No. 2, embraces the following described lands, to wit: That portion of the East 54 rods of the Northeast Quarter of Section 28, Township 34 North, Range 4 East of the Willamette Meridian, described as follows: Beginning at the Southeast corner of said Northeast Quarter of Section 28; thence 580′ S 52° 37′ W along the South line of said Northeast Quarter of Section 28, a distance of 331.00 ft.; thence N 0° 10′ W, a distance of 340.00 ft.; thence N 89° 24′ 10″ E, a distance of 494.20 ft.; thence N 89° 24′ 10″ E, a distance of 583.25 ft.; thence N 89° 24′ 10″ E, a distance of 600.00 ft.; thence N 89° 24′ 10″ E, a distance of 648.58 ft., to the point of beginning.

DEDICATION

Know all men by these presents that we, the undersigned, owners of the land hereby Platted do hereby declare this Plat to be known as FOREST ESTATES, PLAT NO. 2, and do hereby dedicate to the public forever all roads and ways shown hereon as public highways, with the right to make all necessary changes for cars and fiaas, and the right to continue to drain said roads and ways over and across any lot or lots where water might take a natural course, in the original reasonable grading of the roads and ways shown hereon.

Following original reasonable grading of roads and ways hereon, no drainage water on any lot or lots shall be diverted or blocked from their natural course so as to discharge upon any public road right of way, or to hamper proper road drainage. Any enclosing of drainage water in ditches or ditches or re-routing thereof across any lot or lots shall be undertaken by or for the owner of any lot, shall be done by and at the expense of such owner.

In witness, the undersigned owners have caused their names to be hereunto subscribed and sealed this 12th day of July, 1965.

Keith S. Johnson
Alison R. Johnson

Bellingham First Federal Savings and Loan Association:
George A. Moore
Secretary

FOREST ESTATES, PLAT NO. 2
IN THE NE 1/4 OF SECTION 28
T.34N. R.4E. W.M.
SKAGIT COUNTY, WASHINGTON
JULY 1965

SHEET 2 OF 2

ACKNOWLEDGEMENT

State of Washington
County of Skagit

This is to certify that on this 12th day of July, 1965, before me, the undersigned, a Notary Public, personally appeared Keith S. Johnson and Alison R. Johnson, to me known to be the persons who executed the foregoing Dedication, and who acknowledged to me that they signed the same as their free and voluntary act and deed for the uses and purposes therein mentioned. Witness my hand and official seal.

Notary Public in and for the State of Washington, residing at Mount Vernon.

STATE OF WASHINGTON
COUNTY OF WHATCOM

This is to certify that on this 12th day of July, 1965, before me, the undersigned, a Notary Public, personally appeared Keith S. Johnson and Alison R. Johnson, to me known to be the president and secretary respectively of the Bellingham First Federal Savings and Loan Association, which corporation has executed the foregoing Instrument and each of the said named officers acknowledged the said instrument to be the true and voluntary act and deed of the corporation, of which he is an officer, and on oath stated that he was authorized to execute the said instrument and that the said instrument is corporate seal of the said corporation.

In Witness Whereof I have set my hand and affixed my official seal.

Notary Public in and for the State of Washington, residing at Bellingham.

ADDITIONAL NOTARIES

This Plat of Forest Estates, Plat No. 2, embraces the following described lands, to wit: That portion of the East 54 rods of the Northeast Quarter of Section 28, Township 34 North, Range 4 East of the Willamette Meridian, described as follows: Beginning at the Southeast corner of said Northeast Quarter of Section 28; thence 580′ S 52° 37′ W along the South line of said Northeast Quarter of Section 28, a distance of 331.00 ft.; thence N 0° 10′ W, a distance of 340.00 ft.; thence N 89° 24′ 10″ E, a distance of 494.20 ft.; thence N 89° 24′ 10″ E, a distance of 583.25 ft.; thence N 89° 24′ 10″ E, a distance of 600.00 ft.; thence N 89° 24′ 10″ E, a distance of 648.58 ft., to the point of beginning.

DEDICATION

Know all men by these presents that we, the undersigned, owners of the land hereby Platted do hereby declare this Plat to be known as FOREST ESTATES, PLAT NO. 2, and do hereby dedicate to the public forever all roads and ways shown hereon as public highways, with the right to make all necessary changes for cars and fiaas, and the right to continue to drain said roads and ways over and across any lot or lots where water might take a natural course, in the original reasonable grading of the roads and ways shown hereon.

Following original reasonable grading of roads and ways hereon, no drainage water on any lot or lots shall be diverted or blocked from their natural course so as to discharge upon any public road right of way, or to hamper proper road drainage. Any enclosing of drainage water in ditches or ditches or re-routing thereof across any lot or lots shall be undertaken by or for the owner of any lot, shall be done by and at the expense of such owner.

In witness, the undersigned owners have caused their names to be hereunto subscribed and sealed this 12th day of July, 1965.

Keith S. Johnson
Alison R. Johnson

Bellingham First Federal Savings and Loan Association:
George A. Moore
Secretary

FOREST ESTATES, PLAT NO. 2
IN THE NE 1/4 OF SECTION 28
T.34N. R.4E. W.M.
SKAGIT COUNTY, WASHINGTON
JULY 1965

SHEET 2 OF 2

ACKNOWLEDGEMENT

State of Washington
County of Skagit

This is to certify that on this 12th day of July, 1965, before me, the undersigned, a Notary Public, personally appeared Keith S. Johnson and Alison R. Johnson, to me known to be the persons who executed the foregoing Dedication, and who acknowledged to me that they signed the same as their free and voluntary act and deed for the uses and purposes therein mentioned. Witness my hand and official seal.

Notary Public in and for the State of Washington, residing at Mount Vernon.

STATE OF WASHINGTON
COUNTY OF WHATCOM

This is to certify that on this 12th day of July, 1965, before me, the undersigned, a Notary Public, personally appeared Keith S. Johnson and Alison R. Johnson, to me known to be the president and secretary respectively of the Bellingham First Federal Savings and Loan Association, which corporation has executed the foregoing Instrument and each of the said named officers acknowledged the said instrument to be the true and voluntary act and deed of the corporation, of which he is an officer, and on oath stated that he was authorized to execute the said instrument and that the said instrument is corporate seal of the said corporation.

In Witness Whereof I have set my hand and affixed my official seal.

Notary Public in and for the State of Washington, residing at Bellingham.

ADDITIONAL NOTARIES
SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE LIMITS OF LIABILITY AND THE CONDITIONS AND STIPULATIONS OF THIS GUARANTEE,

FIRST AMERICAN TITLE INSURANCE COMPANY
a Nebraska corporation, herein called the Company

GUARANTEES

the Assured named in Schedule A against actual monetary loss or damage not exceeding the liability stated in Schedule A, which the Assured shall sustain by reason of any incorrectness in the assurances set forth in Schedule A.

LAND TITLE AND ESCROW
P.O. Box 445 / 111 East George Hopper Rd.
Burlington, WA 98233
(360) 707-2158 / 1 (800) 889-7121

First American Title Insurance Company

For Reference:
File #: 01-160518-F

Issued By:
Mount Vernon Abstract & Title Co., Inc. dba Land
Title and Escrow Company of Skagit County
111 E. George Hopper Road
Burlington, WA 98233

This jacket was created electronically and constitutes an original document

Dennis J. Gilmore
President

Jeffrey S. Robinson
Secretary

Form 5003353 (7-1-14) Page 1 of 4

CLTA #14 Subdivision Guarantee (4-10-75)
SCHEDULE OF EXCLUSIONS FROM COVERAGE OF THIS GUARANTEE

1. Except to the extent that specific assurances are provided in Schedule A of this Guarantee, the Company assumes no liability for loss or damage by reason of the following:
   (a) Defects, liens, encumbrances, adverse claims or other matters against the title, whether or not shown by the public records.
   (b) (1) Taxes or assessments of any taxing authority that levies taxes or assessments on real property; or, (2) Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not the matters excluded under (1) or (2) are shown by the records of the taxing authority or by the public records.
   (c) (1) Unpatented mining claims; (2) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (3) water rights, claims or title to water, whether or not the matters excluded under (1), (2) or (3) are shown by the public records.

2. Notwithstanding any specific assurances which are provided in Schedule A of this Guarantee, the Company assumes no liability for loss or damage by reason of the following:
   (a) Defects, liens, encumbrances, adverse claims or other matters affecting the title to any property beyond the lines of the land expressly described in the description set forth in Schedule (A), (C) or in Part 2 of this Guarantee, or title to streets, roads, avenues, lanes, ways or waterways to which such land abuts, or the right to maintain therein vaults, tunnels, ramps or any structure or improvements; or any rights or easements therein, unless such property, rights or easements are expressly and specifically set forth in said description.
   (b) Defects, liens, encumbrances, adverse claims or other matters, whether or not shown by the public records; (1) which are created, suffered, assumed or agreed to by one or more of the Assureds; (2) which result in no loss to the Assured; or (3) which do not result in the invalidity or potential invalidity of any judicial or non-judicial proceeding which is within the scope and purpose of the assurances provided.
   (c) The identity of any party shown or referred to in Schedule A.
   (d) The validity, legal effect or priority of any matter shown or referred to in this Guarantee.

GUARANTEE CONDITIONS AND STIPULATIONS

1. Definition of Terms.
   The following terms when used in the Guarantee mean:
   (a) the "Assured": the party or parties named as the Assured in this Guarantee, or on a supplemental writing executed by the Company.
   (b) "land": the land described or referred to in Schedule (A)/(C) or in Part 2, and improvements affixed thereto which by law constitute real property. The term "land" does not include any property beyond the lines of the area described or referred to in Schedule (A)/(C) or in Part 2, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways.
   (c) "mortgage": mortgage, deed of trust, deed or other security instrument.
   (d) "public records": records established under state statutes at Date of Guarantee for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge.
   (e) "date": the effective date.

2. Notice of Claim to be Given by Assured Claimant.
   An Assured shall notify the Company promptly in writing in case knowledge shall come to an Assured hereunder of any claim of title or interest which is adverse to the title to the estate or interest, as stated herein, and which might cause loss or damage for which the Company may be liable by virtue of this Guarantee. If prompt notice shall not be given to the Company, then all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any Assured unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

3. No Duty to Defend or Prosecute.
   The Company shall have no duty to defend or prosecute any action or proceeding to which the Assured is a party, notwithstanding the nature of any allegation in such action or proceeding.

4. Company’s Option to Defend or Prosecute Actions; Duty of Assured Claimant to Cooperate.
   Even though the Company has no duty to defend or prosecute as set forth in Paragraph 3 above:
   (a) The Company shall have the right, at its sole option and cost, to institute and prosecute any action or proceeding, interpose a defense, as limited in (b), or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest as stated herein, or to establish the lien rights of the Assured, or to prevent or reduce loss or damage to the Assured. The Company may take any appropriate action under the terms of this Guarantee, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this Guarantee. If the Company shall exercise its rights under this paragraph, it shall do so diligently.
   (b) If the Company elects to exercise its options as stated in Paragraph 4(a) the Company shall have the right to select counsel of its choice (subject to the right of such Assured to object for reasonable cause) to represent the Assured and shall not be liable for and will not pay the fees of any other counsel, nor will the Company pay any fees, costs or expenses incurred by an Assured in the defense of those actions of action which allegation matters not covered by this Guarantee.
   (c) Whenever the Company shall have brought an action or interposed a defense as permitted by the provisions of this Guarantee, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from an adverse judgment or order.
(d) In all cases where this Guarantee permits the Company to prosecute or provide for the defense of any action or proceeding, an Assured shall secure to the Company the right to so prosecute or provide for the defense of any action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of such Assured for this purpose. Whenever requested by the Company, an Assured, at the Company's expense, shall give the Company all reasonable aid in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest as stated herein, or to establish the lien rights of the Assured. If the Company is prejudiced by the failure of the Assured to furnish the required cooperation, the Company's obligations to the Assured under the Guarantee shall terminate.

5. Proof of Loss or Damage.
In addition to and after the notices required under Section 2 of these Conditions and Stipulations have been provided to the Company, a proof of loss or damage signed and sworn to by the Assured shall be furnished to the Company within ninety (90) days after the Assured shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the matters covered by this Guarantee which constitute the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of the Assured to provide the required proof of loss or damage, the Company's obligation to such assured under the Guarantee shall terminate. In addition, the Assured may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Guarantee, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Assured shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by the Assured provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Assured to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in the above paragraph, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this Guarantee to the Assured for that claim.

6. Options to Pay or Otherwise Settle Claims: Termination of Liability.
In case of a claim under this Guarantee, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Liability or to Purchase the Indebtedness.
The Company shall have the option to pay or settle or compromise for or in the name of the Assurec any claim which could result in loss to the Assured within the coverage of this Guarantee, or to pay the full amount of this Guarantee or, if this Guarantee is issued for the benefit of a holder of a mortgage or a lienholder, the Company shall have the option to purchase the indebtedness secured by said mortgage or said lien for the amount owing thereon, together with any costs, reasonable attorneys' fees and expenses incurred by the Assured claimant which were authorized by the Company up to the time of purchase. Such purchase, payment or tender of payment of the full amount of the Guarantee shall terminate all liability of the Company hereunder. In the event after notice of claim has been given to the Company by the Assured the Company offers to purchase said indebtedness, the owner of such indebtedness shall transfer and assign said indebtedness, together with any collateral security, to the Company upon payment of the purchase price.

Upon the exercise by the Company of the option provided for in Paragraph (a) the Company's obligation to the Assured under this Guarantee for the claimed loss or damage, other than to make the payment required in that paragraph, shall terminate, including any obligation to continue the defense or prosecution of any litigation for which the Company has exercised its options under Paragraph 4, and the Guarantee shall be surrendered to the Company for cancellation.

(b) To Pay or Otherwise Settle With Parties Other Than the Assured or With the Assured Claimant.
To pay or otherwise settle with other parties for or in the name of an Assured claimant any claim asserted against the Assured under this Guarantee, together with any costs, attorneys' fees and expenses incurred by the Assured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of the option provided for in Paragraph (b) the Company's obligation to the Assured under this Guarantee for the claimed loss or damage, other than to make the payment required in that paragraph, shall terminate, including any obligation to continue the defense or prosecution of any litigation for which the Company has exercised its options under Paragraph 4.

7. Determination and Extent of Liability.
This Guarantee is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Assured claimant who has suffered loss or damage by reason of reliance upon the assurances set forth in this Guarantee and only to the extent herein described, and subject to the Exclusions From Coverage of this Guarantee.
The liability of the Company under this Guarantee to the Assured shall not exceed the least of:

(a) the amount of liability stated in Schedule A or in Part 2;
(b) the amount of the unpaid principal indebtedness secured by the mortgage of an Assured mortgagee, as limited or provided under Section 6 of these Conditions and Stipulations or as reduced under Section 9 of these Conditions and
Stipulations, at the time the loss or damage assured against by this Guarantee occurs, together with interest thereon; or
(c) the difference between the value of the estate or interest covered hereby as stated herein and the value of the estate or interest subject to any defect, lien or encumbrance assured against by this Guarantee.

8. Limitation of Liability.
(a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures any other matter assured against by this Guarantee in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.
(b) In the event of any litigation by the Company or with the Company’s consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title, as stated herein.
(c) The Company shall not be liable for loss or damage to any Assured for liability voluntarily assumed by the Assured in settling any claim or suit without the prior written consent of the Company.

9. Reduction of Liability or Termination of Liability.
All payments under this Guarantee, except payments made for costs, attorneys’ fees and expenses pursuant to Paragraph 4 shall reduce the amount of liability pro tanto.

(a) No payment shall be made without producing this Guarantee for endorsement of the payment unless the Guarantee has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.
(b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within thirty (30) days thereafter.

11. Subrogation Upon Payment or Settlement.
Whenever the Company shall have settled and paid a claim under this Guarantee, all right of subrogation shall vest in the Company unaffected by any act of the Assured claimant.
The Company shall be subrogated to and be entitled to all rights and remedies which the Assured would have had against any person or property in respect to the claim had this Guarantee not been issued. If requested by the Company, the Assured shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect this right of subrogation. The Assured shall permit the Company to sue, compromise or settle in the name of the Assured and to use the name of the Assured in any transaction or litigation involving these rights or remedies.
If a payment on account of a claim does not fully cover the loss of the Assured the Company shall be subrogated to all rights and remedies of the Assured after the Assured shall have recovered its principal, interest, and costs of collection.

Unless prohibited by applicable law, either the Company or the Assured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Assured arising out of or relating to this Guarantee, any service of the Company in connection with its issuance or the breach of a Guarantee provision or other obligation. All arbitrable matters when the Amount of Liability is $2,000,000 or less shall be arbitrated at the option of either the Company or the Assured. All arbitrable matters when the amount of liability is in excess of $2,000,000 shall be arbitrated only when agreed to by both the Company and the Assured. The Rules in effect at Date of Guarantee shall be binding upon the parties. The award may include attorneys’ fees only if the laws of the state in which the land is located permits a court to award attorneys’ fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.
The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules. A copy of the Rules may be obtained from the Company upon request.

13. Liability Limited to This Guarantee; Guarantee Entire Contract.
(a) This Guarantee together with all endorsements, if any, attached hereto by the Company is the entire Guarantee and contract between the Assured and the Company. In interpreting any provision of this Guarantee, this Guarantee shall be construed as a whole.
(b) Any claim of loss or damage, whether or not based on negligence, or any action asserting such claim, shall be restricted to this Guarantee.
(c) No amendment of or endorsement to this Guarantee can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this Guarantee and shall be addressed to the Company at First American Title Insurance Company, Attn: Claims National Intake Center, 1 First American Way, Santa Ana, California 92707 Claims.NIC@firstam.com Phone: 888-632-1642 Fax: 877-804-7606
PRIVACY POLICY

We Are Committed to Safeguarding Customer Information

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information -- particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our parent company, The First American Corporation, we have adopted this Privacy Policy to govern the use and handling of your personal information.

Applicability

This Privacy Policy governs our use of the information which you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its Fair Information Values, a copy of which can be found on our website at www.firstam.com.

Types of Information

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

Use of Information

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies, and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies, or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

Former Customers

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

Confidentiality and Security

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American’s Fair Information Values. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

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SUBDIVISION GUARANTEE

SCHEDULE A

Liability: $10,000.00

Dated: December 12, 2016 at 8:00 A.M.

Policy No.: 5003353-0001706e

Order No.: 01-160518-F

Fee: $350.00

Tax: $29.75

Name of Assured:

PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON

The assurances referred to on the face page are:

That, according to those public records which, under the recording laws, impart constructive notice of matters relative to the following described real property:

(See Schedule “A-1,” attached.)

Title to said real property is vested in:

PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON

subject to the matters shown below under Exceptions, which Exceptions are not necessarily shown in the order of their priority.

EXCEPTIONS:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

2. Unpatented mining claims; reservations or exceptions in the United States Patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.

3. Title to any property beyond the lines of the real property expressly described herein, or title to streets, roads, avenues, lanes, ways or waterways on which such real property abuts, or the right to maintain therein vaults, tunnels, ramps, or any other structure or improvement; or any rights or easements therein unless such property, rights or easements are expressly and specifically set forth in said description.

4. Liability for exempt taxes in the event of sale of the property to a taxpayer not entitled to an exempt status. Said taxes may become taxable from the date of execution of a conveyance to a taxable entity and subject to the lien of real property taxes for the balance of year 2016 from the date, and may be further liable for supplemental assessments for general taxes for prior years pursuant to RCW 84.36.810.

(Account No.: 3914-000-052-0105 (P65469))
SUBDIVISION GUARANTEE

Order No.: 01-160518-F
Policy No. 5003353-0001706e

SCHEDULE A

EXCEPTIONS CONTINUED:

5. Unrecorded leaseholds, if any; rights of vendors and holders of security interests on personal property installed upon said property, and rights of tenants to remove trade fixtures at the expiration of the term.

6. Easements, restrictions, and other matters shown on Schedule "B-1" attached are also excepted from coverage. The easements, restrictions and other matters shown as lettered exceptions on Schedule “B-1” are excepted from policy coverage to the same extent that the numbered Schedule “B” Special Exceptions shown herein are excepted from policy coverage.

NOTE #1: General taxes for the year 2016, without the exemption noted in paragraph 4 above, would be approximately $915.81.

NOTE #2: "For your information, the application for title insurance includes a request of listing of all deeds affecting the subject property from 1974 through present. The last deed of record and the deed under which title was conveyed to the shown Vestee was dated June 24, 1964 and recorded under Skagit County Auditor's File No. 652705."

NOTE #3: EFFECTIVE JANUARY 1, 1997, AND PURSUANT TO AMENDMENT OF WASHINGTON STATE STATUTES RELATING TO STANDARDIZATION OF RECORDED DOCUMENTS, THE FOLLOWING FORMAT AND CONTENT REQUIREMENTS MUST BE MET. FAILURE TO COMPLY MAY RESULT IN REJECTION OF THE DOCUMENTS BY THE RECORDER.

Margins to be 3" on top of first page and 1" on sides and bottom, 1" on top, sides and bottom of each succeeding page. Font size of 8 points or larger, paper size of no more than 8 1/2" by 14". No attachments on pages such as stapled or taped notary seals, pressure seals must be smudged.

INFORMATION WHICH MUST APPEAR ON THE FIRST PAGE

Title or titles of documents. If assignment or reconveyance, reference to auditor's file number of subject deed of trust must be included. Names of grantor(s) and grantee(s) with reference to additional names on following pages, if any. Abbreviated legal description (lot, block, volume/page of plat or section/township/range and quarter section or government lot for unplatted). Assessor's tax parcel number(s). Return address which may appear in the upper left hand 3" top margin.

Pursuant to item c.) above, the abbreviated legal description for the subject property is as follows:

South 50 Feet Of Lot 52, Forest Estates.

NOTE #4: Unless otherwise specified, this Company has assigned this file to the following Underwriter for the policy to issue: First American Title Company.
Schedule “A-1”  

Order No.: 01-160518-F  
Policy No.: 5003353-0001706e

DESCRIPTION:

The South 50.0 feet of Lot 52, "FOREST ESTATES," as per plat recorded in Volume 8 of Plats, pages 53 and 54, records of Skagit County, Washington.

Situate in the County of Skagit, State of Washington.
EXCEPTIONS:

A. Reservation of minerals and mineral rights, etc., contained in deed from W. M. Lindsay, et ux, dated April 2, 1908, filed April 17, 1908, under Auditor’s File No. 39602, and recorded in Volume 44 of Deeds, page 499, reference being hereby made to the record for full particulars.

NOTE: Said mineral rights are now held of record by Skagit County.  
(Affects a portion of said property)

B. Waiver, terms and conditions therein, dated July 17, 1964, recorded under Skagit County Auditor’s File No. 653955 (see instrument for full particulars).”

C. Matters disclosed or delineated on the face of the following subdivision(s):

- Forest Estates, Skagit County Auditor’s File No. 639226
- Forest Estates, Plat No. 2, Skagit County Auditor’s File No. 673236

D. COVENANTS, CONDITIONS AND RESTRICTIONS CONTAINED IN DECLARATION OF PROTECTIVE RESTRICTIONS, BUT OMITTING RESTRICTIONS, IF ANY, BASED ON RACE, COLOR, RELIGION OR NATIONAL ORIGIN, AS HERETO ATTACHED.

Declaration Dated: July 3, 1963
Recorded: August 6, 1963
Auditor’s No.: 639291
Executed By: Keith S. Johnson, et ux, et al

ABOVE COVENANTS, CONDITIONS AND RESTRICTIONS WERE AMENDED AS HERETO ATTACHED.

Declaration Dated: January 28, 1969
Recorded: March 10, 1969
Auditor’s No.: 724056
Executed By: Myron Thomas, et ux, et al
This sketch is a courtesy of LAND TITLE AND ESCROW COMPANY to assist in locating the premises. It is not based on a survey, and the Company assumes no liability for variations, if any, in dimensions and locations. This map does NOT purport to show all highways, roads, or easements affecting the property.
WARRANTY DEED

The Grantors, KEITH S. JOHNSON and ALISON R. JOHNSON, husband and wife, residing at Rt. 4, Mount Vernon, Washington, for and in consideration of TEN DOLLARS ($10.00) and other valuable consideration in hand paid, convey and warrant to PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, the following described real estate situate in Skagit County, Washington:

The South 50.0 feet of lot 52 of the plat of "Forest Estates", as recorded in Volume 8 of plats, pages 53 and 54, records of Skagit County, Washington.

Also a tract of land within the Northeast one-quarter of Section 28, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at the SE corner of lot 52 of the plat of "Forest Estates", as recorded in Volume 8 of plats, pages 53 and 54, records of Skagit County, Washington; thence Southerly along the East line of said Section 28, 50.0 feet; thence Westerly parallel with the South line of said lot 52, 193.01 feet; thence Northerly 50.0 feet to the Southwest corner of said lot 52; thence Easterly along the South line of said lot 52 to the point of beginning.

Situates in Skagit County, Washington

DATED this 24th day of June, 1964.

[Signature]

STATE OF WASHINGTON

COUNTY OF SKagit

On this day personally appeared before me KEITH S. JOHNSON and ALISON R. JOHNSON, to me known to be the individuals described in and who executed the within and foregoing instrument and acknowledged that they signed the same as their free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 24th day of June, 1964.

[Signature]

Notary Public in and for the State of Washington, residing at Mount Vernon.
This Indenture, made this the day of April, in the year of our Lord and of the reign of Our Saviour Christ, 18--.

The premises and objects mentioned in the instrument are hereinafter described.

To-wit, a tract or parcel of land, situate, lying and being in the County of ---, State of Washington, and particularly bounded and described as follows, to wit:

The west half of the southeast quarter of Section Sixty, Township Fifty, Range Ten West of the 11th Meridian - East, according to the Government Surveying Theory.

Together with the appurtenances to have and to hold the said premises, with the appurtenances, unto the said party of the second part, and to her...heirs and assigns forever.

And the said party of the first part, their...heirs, executors and administrators, do...by these presents convey, grant and assign, unto the said party of the second part, their...heirs and assigns, that the...said party of the first part, their...heirs, executors and administrators, all and singular, the premises hereinafter conveyed, described and granted, or mentioned, with the appurtenances, unto the said party of the second part, their...heirs and assigns, against all and every person or persons whatsoever lawfully claiming or to claim the same, or any part thereof, shall and will WARRANT and forever DEFEND.

IN WITNESS WHEREOF, the said party of the first part has hereunto set...their hands and seals this day and year above written.

Signed, sealed and delivered in the presence of

By George F. Stone, attorney in fact
C. J. Anderson
(SEAL)
By George F. Stone, attorney in fact
(SEAL)

STATE OF WASHINGTON,
Count'y of ---

THIS IS TO CERTIFY, that on this --- day of April, 19--, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally came...known to me the undersigned, who personally appeared and acknowledged to me that...instrument, and acknowledged the same to be their free and voluntary act and deed for the use and purpose therein mentioned.

And the said...unto me separate and apart from her said husband, when the contents of this instrument, were by me fully made known unto her, and she was by me fully apprised of her rights and the effect of signing the within instrument, did free and voluntarily, separate and apart from her husband, acknowledge the same, acknowledging that she did voluntarily, of her own free will and without the fear of coercion from her said husband, execute the same, her free and voluntary act and deed for the use and purpose therein mentioned.

In testimony whereof, I have hereunto set my hand and official seal, the day and year above written.

Washington, this --- day of April, 19--.
STATE OF WASHINGTON.

County of King.

This is to certify, that on the 27th day of April, 1901, before me, Frank T. Randolph, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally came known to be the parties hereinafter described in and by virtue of the writings, recitals and other evidence of the same, free and voluntary act and deed, for the use and purpose therein mentioned.

And she said, upon an examination by me, separate and apart from her said husband, when the contents of said instrument were made known unto her, and she was by me fully apprised of her rights and the effect of signing the within instrument, did, freely and voluntarily, separate and apart from her husband, acknowledge the same, acknowledging that she did voluntarily, of her own free will and without the fear of or coercion from her said husband, execute the same as her free and voluntary act and deed for the use and purpose therein mentioned.

And I, Frank T. Randolph, do subscribe my name and official seal, the day and year in this certificate, first above written.

Record at request of Osceola Etty, on the 7th day of April, 1901, at 12 minutes past 3 O. M.

Deed

By...

Record as Deed for the State of Washington, enacted at.

Frank T. Randolph
Notary Public in and for the State of Washington, residing at Prattle.
WAIVER

KEITH S. JOHNSON and ALISON R. JOHNSON, his wife,
MARSHALL WAYNE LINDSTROM and BRIGHT ANN LINDSTROM, his wife,
MARLIN H. DAVIS and CLEO M. DAVIS, his wife, JOHN S. WALLACE and
DOLORES G. WALLACE, his wife, HERMAN A. BAALSON and DONNA G. BAALSON,
his wife, ROBERT H. GREENEWALD and JEAN GREENEWALD, his wife, IRVEN H.
TENNYSON and IRIS M. TENNYSON, his wife, BELLINGHAM FIRST FEDERAL
SAVINGS AND LOAN ASSOCIATION, and FISHER-REISDORFF CONSTRUCTION CO.,
a corporation, being owners or lienholders of certain tracts or
portions thereof in "FOREST ESTATES", as recorded in Volume 9 of
Plats, pages 53 and 54, records of Skagit County, Washington, hereby
waive the restrictions or the right to enforce the same insofar as
said restrictions prevent PUBLIC UTILITY DISTRICT NO. 1 from erecting,
maintaining, repairing or replacing water facilities upon the
following described property:

The South 50.0 feet of Lot Fifty-two (52) of the plat of
"Forest Estates", as recorded in Volume 9 of Plats, pages
53 and 54, records of Skagit County, Washington.

ALSO, a tract of land within the Northeast quarter (NE^4) of
Section Twenty-eight (28), Township Thirty-four (34) North,
Range Four (4), East of the Willamette Meridian, described as
follows: Beginning at the Southeast corner of Lot 52 of the
Plat of "Forest Estates", as recorded in Volume 9 of Plats,
pages 53 and 54, records of Skagit County, Washington; thence
southerly along the East line of said Section 29, 50.0 feet;
thence westerly parallel with the South line of said Lot 52;
193.01 feet; thence northerly 50.0 feet to the Southwest corner
of said Lot 52; thence easterly along the South line of said
Lot 52 to the point of beginning; all situate in the County of
Skagit, State of Washington.

DATED this 19th day of July, 1964.

[Signatures]

Marshall Wayne Lindstrom
Bright Ann Lindstrom
Marlin H. Davis
Cleo M. Davis
John S. Wallace
Herman A. Baalson
Robert H. Greenewald
Jean Greenewald
Irven H. Tennyson
Iris M. Tennyson

BELLINGHAM FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION,
By:

FISHER-REISDORFF CONSTRUCTION CO.,
By:

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STATE OF WASHINGTON } 
COUNTY OF SKAGIT } ss.

THIS IS TO CERTIFY that on this day personally appeared before me MARSHALL WAYNE LINDESTROM and BRIGIT ANN LINDESTROM, husband and wife, MARLIN H. DAVIS and CLEO M. DAVIS, husband and wife, JOHN S. WALLACE and DOLORES G. WALLACE, husband and wife, HERMAN A. BAALSON and DONNA G. BAALSON, husband and wife, ROBERT E. GREENE and JEAN GREENE, and IRVING H. TRENSEN and IRIS M. TRENSEN, husband and wife, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged to me that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 17th day of July, 1964.

A. E. Elliott Johnson
Notary Public in and for the State of Washington, residing at Mount Vernon.

STATE OF WASHINGTON } 
COUNTY OF WHATCOM } ss.

THIS IS TO CERTIFY that on this day personally appeared before me GEORGE A. MOORE, Jr., and HARVEY M. HUGHES, to me known to be the President and Vice-President, respectively, of BELLINGHAM FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION, the corporation that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument, and that the seal affixed is the corporate seal of said corporation.

GIVEN under my hand and official seal this 17th day of July, 1964.

A. E. Elliott Johnson
Notary Public in and for the State of Washington, residing at Bellingham.

STATE OF WASHINGTON } 
COUNTY OF SKAGIT } ss.

THIS IS TO CERTIFY that on this day personally appeared before me ROBERT E. FISHER and CHAS. REISDORF, Jr., to me known to be the President and Secretary, respectively, of FISHER-REISDORF CONSTRUCTION CO., the corporation that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument, and that the seal affixed is the corporate seal of said corporation.

GIVEN under my hand and official seal this 17th day of July, 1964.

A. E. Elliott Johnson
Notary Public in and for the State of Washington, residing at Mount Vernon.
STATE OF WASHINGTON,
County of Skagit

On this 31st day of July, A.D. 1964, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn personally appeared

ROBERT N. (RENEWED)

to me known to be the individual described in and who executed the foregoing instrument, and acknowledged to me that he signed and sealed the said instrument as free and voluntary act and deed for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereunto affixed the day and year in this certificate above written.

Notary Public in and for the State of Washington,
residing at Mount Vernon,

(Acknowledgment by Individual. Washington Title Insurance Company. Form L 28)
DESCRIPTION

This Plat of FOREST ESTATES embraces the following described lands, to wit: The South 460.00 ft. of the Southwest Quarter of the Southeast Quarter of Section 21, Township 34 North, Range 4 East of the Willamette Meridian, less the West 600.00 ft. along the South 300.00 ft. of the West 26 rods 50, county, town, and that portion of the East 54 rods of the Northeast Quarter of Section 28, Township 34 North, Range 4 East of the Willamette Meridian, described as follows: Beginning at the Northwest corner of said Section 28, thence S 8° 30' W, a distance of 490.00 ft.; thence S 8° 30' E, a distance of 490.00 ft.; thence S 8° 30' E, a distance of 490.00 ft.; thence S 8° 30' E, a distance of 490.00 ft.; and back to the point of beginning.

DEDICATION

Know all men by these presents that we, the undersigned, owners of the land hereby situated do hereby declare this Plat to be known as FOREST ESTATES, and do hereby dedicate to the use of the public forever, all public ways shown thereon as public highways; also the right to drain all roads over and across any lots where the water might take a natural course after the roads are graded. In Witness whereof, the aforesaid owners have caused their names to be hereunto subscribed and sealed this 1st day of July, 1963.

SEAL

Bellingham First Federal Savings and Loan Association

SEAL

President

TREASURER'S CERTIFICATE

This is to certify that all taxes herebefore levied and which have become a lien upon the lands herein described, have been fully paid and discharged, according to the records of my office, up to and including the year of 1963.

Treasurer, Skagit County, Washington

ACKNOWLEDGMENT

State of Washington
County of Skagit

This is to certify that on this 8th day of July, 1965, before me, the undersigned, a Notary Public, personally appeared Keith S. Johnson and Alison R. Johnson, to me known to be the persons who executed the foregoing Deed and who acknowledged to me that they signed the same on their free and voluntary act and deed for the use and purposes therein mentioned. Witness my hand and official seal.

Notary Public is and for the State of Washington, residing at Mount Vernon.

ACKNOWLEDGMENT

State of Washington
County of Whatcom

This is to certify that on this 6th day of July, 1963, before me, the undersigned, a Notary Public, personally appeared Alison R. Johnson, and Keith S. Johnson, to me known to be the president and secretary respectively of the Bellingham First Federal Savings and Loan Association, which corporation had, excepted the foregoing instrument and each of the said named officers acknowledged the said instrument to be the free and voluntary act and deed of the corporation of which he is an officer, and each of the aforesaid officers was authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

In Witness Whereof, I have set my hand and affixed my official seal.

Notary Public is and for the State of Washington, residing at Bellingham.

RECORD

Filed for the Record at the request of Keith S. Johnson, on this 6th day of August, 1963, at 11:30 minutes past 1:30 o'clock C.M Pacific Daylight Saving Time, and recorded in Volume 6 of Plats, pages 53, and 54, Records of Skagit County, Washington.

King County, Skagit County, Washington
All lots in this plat of Forest Estates, an Addition to Skagit County, Washington, shall be known and described as residential lots except Lot No. 14. No structure or building of any kind shall be erected, altered, placed or permitted to remain on any residential building plot other than one detached single family dwelling for single family occupancy only, not to exceed two and one-half stories in height and a private garage.

No building shall be erected, placed or altered on any building plot in this subdivision until the building plans, specifications and plot plan showing the location of such building have been approved by the Architectural Control Committee as to harmony of external design with existing structures and as to location with respect to topography and finished ground elevation.

The Architectural Control Committee shall be composed of Keith S. Johnson and Alison R. Johnson and a recorded owner of a lot in this subdivision to be elected by the record owners of a majority of the lots in this subdivision. A majority of the Architectural Control Committee may designate a representative to act for it. In the event of death or resignation of any member of the committee, the remaining members shall have full authority to approve or disapprove such design and location or to designate a representative with a like authority. In the event said committee, or its designated representative, fails to approve or disapprove such design and location within thirty days after said plans and specifications have been submitted to it, or in any event, if no suit to enjoin the erection of such building or the making of such alterations has been commenced prior to the completion thereof, such approval will not be required and this covenant will be deemed to have been fully complied with. Neither the members of such committee, nor its designated representative, shall be entitled to any compensation for services performed pursuant to this covenant. The powers and duties of such committee and of its designated representative, shall cease on and after January 1, 1975. Thereafter the approval described in this covenant shall not be required unless prior to said date and effective thereafter, a written instrument shall be executed by the then record owners of a majority of the lots in this subdivision and duly recorded appointing a representative, or representatives, who shall thereafter exercise the same powers previously exercised by said committee.

No building shall be located on any residential lot nearer than 50 feet to the front lot line, nor nearer than 20 feet to any side street line. No building shall be located nearer than 10 feet to an interior lot line, except that a side yard shall be required for a garage or other permitted accessory building located 70 feet or more from the front lot line. No dwelling shall be located on any interior lot nearer than 40 feet to the rear lot line. For the purposes of this covenant, eaves, steps and open porches shall not be considered as a part of a building, provided, however, that this shall not be construed to permit any portion of a building, on a lot to encroach upon another lot.

No residential structure shall be erected or placed on any building plot, which plot shall have an area of less than 14,000 square feet nor a width of less than 30 feet at the front building set back line.

No noxious or offensive trade or activity shall be carried on upon any lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.
Page 3.
Protective Covenants
Keith Johnson's Forest Estates.

If the parties hereto or any of them or their heirs or assigns, shall violate or attempt to violate any of the covenants herein it shall be lawful for any person or persons owning any real property situated in said development or subdivision to prosecute any proceedings at law or in equity against the person or persons violating or attempting to violate any such covenant and either to prevent him or them from doing or to recover damages or other dues for such violation.

Invalidation of any one of these covenants by judgment or court order shall in no wise affect any of the other provisions which shall remain in full force and effect.

Dated this ______ day of ______, 1963.

[Signature]
Keith S. Johnson

[Signature]
Allison E. Johnson

Ballinger First Federal Savings and Loan Association

[Signature]
President

[Signature]
Vice-President

State of Washington } S.S.
County of Skagit

This is to certify that on this ______ day of ______, 1963, before me, the undersigned, a Notary Public, personally appeared Keith S. Johnson and Allison E. Johnson, to me known to be the persons who executed the foregoing instrument and who acknowledged to me that they signed the same as their free and voluntary act and deed for the uses and purposes therein mentioned. Witness my hand and official seal.

[Signature]
Notary Public in and for the State of Washington, residing at Mount Vernon.
State of Washington  
County of Whatcom

This is to certify that on this 25th day of July, 1963, before me, the undersigned, a Notary Public, personally appeared George A. Moore, Jr. and Harvey M. Hughes to me known to be the president and secretary respectively of the Bellingham First Federal Savings and Loan Association, which corporation has executed the foregoing instrument and each of the said named officers acknowledged the said instrument to be the free and voluntary act and deed of the corporation, of which he is an officer, and on oath stated that he was authorized to execute the said instrument and that the seal affixed is the corporate seal of the said corporation.

In Witness Whereof I have set my hand and affixed my official seal.

[Signature]
Notary Public in and for the State of Washington, residing at Bellingham.
NOTICE OF DECISION: LOT CERTIFICATION

A. BACKGROUND INFORMATION:

PROJECT ADDRESS: No address – Woodland Drive
APPLICANT: Public Utility District No. 1 of Skagit County
PROJECT DESCRIPTION: Request for clarification of status of lot. PL16-146
APPLICABLE MVMC: MVMC TITLE 16 AND CHAPTER 14.05

PROJECT PARCEL NUMBERS: P65469

B. APPROVAL CRITERIA:

"Lot certification" means an administrative review process to determine if a lot was legally created and eligible for conveyance and/or whether the lot is eligible to be considered for development permits. The city passed their first subdivision ordinance on November 27, 1974. All division of land after this date must have followed the formal procedures outlined in the Mount Vernon Municipal Code and/or state law to be recognized as a legal lot of record.

Was the lot created before November 27, 1974? Yes ☐ No ☒
If the lot was created after November 27, 1974 was it created following the MVMC process in place at that time? Yes ☐ No ☒

B. DECISION & CONDITIONS:

The LOT CERTIFICATION for the above-listed property has been APPROVED by the Community & Economic Development; subject to compliance with the standards of the Mount Vernon Municipal Code and the following specific requirements and/or items the applicant needs to be aware of:

1. The parcel is a portion of a lot that was created by the Forest Estates, in August 1963.
2. The plat of Forest Estates included CC&Rs that restricted residential construction to lots larger than 14,000 square feet and included specific building setbacks. (July 1963).
3. It was conveyed to PUD in June 1964.
4. PUD was granted a waiver from the restrictions preventing PUD from "ereccting, maintaining, repairing or replacing water facilities" on the parcel. (July 1964).
5. It is not clear that the waiver would allow for residential construction on the parcel. The City of Mount Vernon’s policy regarding plat covenants is that we will process applications (possibly in violation of a covenant on the property) under the appropriate and applicable City Development Regulations and Zoning Code. However, the City expressly disclaims and shall in no way guarantee or warranty that such processing, or even City approval of a land use application by the applicant, will result in the applicant being able to use the property contrary to any covenant that remains.

Marianne Manville-Ailles, Planning Consultant to Community & Economic Development Department
Lot Certification

Date 1/4/2017
D. EXPIRATION/APPEALS/NOTES TO APPLICANT:

Lot Certifications are Process I decisions per MVMC Chapter 14.05; where a final decision is made by the director or the director’s designee without a public hearing and without notice.

This decision may be appealed in an open record appeal hearing to the hearing examiner within 14 days of the date this document was signed by the approval authority, as noted above. The hearing examiner decision may be appealed in a closed record appeal to the city council.

Consistent with MVMC 14.05.140 this approval shall expire within two years of the date this document was signed by the approval authority, as indicated above, should no further action be taken by the applicant.

Further information may be obtained by contacting the Community & Economic Development Department at: 910 Cleveland Ave / P.O. Box 809, Mount Vernon, WA 98273, (360) 336-6214.

ATTACHED:
NOTICE OF DECISION: LOT CERTIFICATION

A. BACKGROUND INFORMATION:

PROJECT ADDRESS: No address – Woodland Drive

APPLICANT: Public Utility District No. 1 of Skagit County

PROJECT DESCRIPTION: Request for clarification of status of lot. PL16-147

APPLICABLE MVMC: MVMC TITLE 16 AND CHAPTER 14.05

PROJECT PARCEL NUMBERS: P27978

B. APPROVAL CRITERIA:

“Lot certification” means an administrative review process to determine if a lot was legally created and eligible for conveyance or whether the lot is eligible to be considered for development permits. The city passed their first subdivision ordinance on November 27, 1974. All division of land after this date must have followed the formal procedures outlined in the Mount Vernon Municipal Code and/or state law to be recognized as a legal lot of record.

Was the lot created before November 27, 1974?

☐ Yes ☐ No

If the lot was created after November 27, 1974 was it created following the MVMC process in place at that time?

☐ Yes ☐ No

B. DECISION & CONDITIONS:

The LOT CERTIFICATION for the above-listed property has been APPROVED by the Community & Economic Development; subject to compliance with the standards of the Mount Vernon Municipal Code and the following specific requirements and/or items the applicant needs to be aware of:

1. The parcel was created by metes and bounds description and conveyed to PUD June 1964.
2. Should be noted that the parcel is not part of Forest Estates or Forest Estates No. 2 and as such it would appear that the parcel is not subject to the Protective Covenants that apply to the plats. The parcel is however included in the July 1964 waiver that waives the restrictions preventing PUD from “erecting, maintaining, repairing or replacing water facilities” on the parcel.
3. While it does not appear that the parcel would be covered by the plat conditions (Forest Estates No 2 clearly shows the parcel labeled as “unplatted”), we offer the following for clarification. The City of Mount Vernon’s policy regarding plat covenants is that we will process applications (possibly in violation of a covenant on the property) under the appropriate and applicable City Development Regulations and Zoning Code. However, the City expressly disclaims and shall in no way guarantee or warranty that such processing, or even City approval of a land use application by the applicant, will result in the applicant being able to use the property contrary to any covenant that remains.

Marianne Manville-Ailles  Planning Consultant to Community & Economic Development

Date 1/4/2017
D. EXPIRATION/APPEALS/NOTES TO APPLICANT:

Lot Certifications are Process I decisions per MVMC Chapter 14.05; where a final decision is made by the director or the director's designee without a public hearing and without notice.

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Consistent with MVMC 14.05.140 this approval shall expire within two years of the date this document was signed by the approval authority, as indicated above, should no further action be taken by the applicant.

Further information may be obtained by contacting the Community & Economic Development Department at: 910 Cleveland Ave / P.O. Box 809, Mount Vernon, WA 98273, (360) 336-6214.

ATTACHED:
Appendix B

Old Day Creek Road Property

P30137
<table>
<thead>
<tr>
<th>First American Title™</th>
<th>Subdivision Guarantee</th>
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<tbody>
<tr>
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<td>ISSUED BY</td>
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<tr>
<td></td>
<td>First American Title Insurance Company</td>
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<tr>
<td>Guarantee</td>
<td>GUARANTEE NUMBER</td>
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SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE LIMITS OF LIABILITY AND THE CONDITIONS AND STIPULATIONS OF THIS GUARANTEE,

FIRST AMERICAN TITLE INSURANCE COMPANY
a Nebraska corporation, herein called the Company

GUARANTEES

the Assured named in Schedule A against actual monetary loss or damage not exceeding the liability stated in Schedule A, which the Assured shall sustain by reason of any incorrectness in the assurances set forth in Schedule A.

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LAND TITLE AND ESCROW
P.O. Box 445 / 111 East George Hopper Rd.
Burlington, WA 98233
(360) 707-2158 / 1 (800) 989-7121

---

First American Title Insurance Company

Dennis J. Gilmore
President

Jeffrey S. Robinson
Secretary

For Reference:

File #: 01-160454-F

Issued By:

Mount Vernon Abstract & Title Co., Inc. dba Land Title and Escrow Company of Skagit County
111 E. George Hopper Road
Burlington, WA 98233

This jacket was created electronically and constitutes an original document
SCHEDULE OF EXCLUSIONS FROM COVERAGE OF THIS GUARANTEE

1. Except to the extent that specific assurances are provided in Schedule A of this Guarantee, the Company assumes no liability for loss or damage by reason of the following:

(a) Defects, liens, encumbrances, adverse claims or other matters against the title, whether or not shown by the public records.

(b) (1) Taxes or assessments of any taxing authority that levies taxes or assessments on real property; or, (2) Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not the matters excluded under (1) or (2) are shown by the records of the taxing authority or by the public records.

(c) (1) Unpatented mining claims; (2) Reservations or exceptions in patents or in Acts authorizing the issuance thereof; (3) Water rights, claims or title to water, whether or not the matters excluded under (1), (2) or (3) are shown by the public records.

2. Notwithstanding any specific assurances which are provided in Schedule A of this Guarantee, the Company assumes no liability for loss or damage by reason of the following:

(a) Defects, liens, encumbrances, adverse claims or other matters affecting the title to any property beyond the lines of the land expressly described in the description set forth in Schedule (A), (C) or in Part 2 of this Guarantee, or title to streets, roads, avenues, lanes, ways or waterways to which such land abuts, or the right to maintain therein vaults, tunnels, ramps or any structure or improvements; or any rights or easements therein, unless such property, rights or easements are expressly and specifically set forth in said description.

(b) Defects, liens, encumbrances, adverse claims or other matters, whether or not shown by the public records; (1) which are created, suffered, assumed or agreed to by one or more of the Assured; (2) which result in no loss to the Assured; or (3) which do not result in the invalidity or potential invalidity of any judicial or non-judicial proceeding which is within the scope and purpose of the assurances provided.

(c) The identity of any party shown or referred to in Schedule A.

(d) The validity, legal effect or priority of any matter shown or referred to in this Guarantee.

GUARANTEE CONDITIONS AND STIPULATIONS

1. Definition of Terms.

The following terms when used in the Guarantee mean:

(a) the "Assured": the party or parties named as the Assured in this Guarantee, or on a supplemental writing executed by the Company.

(b) "land": the land described or referred to in Schedule (A)(C) or in Part 2, and improvements affixed thereto which by law constitute real property. The term "land" does not include any property beyond the lines of the area described or referred to in Schedule (A)(C) or in Part 2, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways.

(c) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.

(d) "public records": records established under state statutes at Date of Guarantee for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge.

(e) "date": the effective date.

2. Notice of Claim to be Given by Assured Claimant.

An Assured shall notify the Company promptly in writing in case knowledge shall come to an Assured hereunder of any claim of title or interest which is adverse to the title to the estate or interest, as stated herein, and which might cause loss or damage for which the Company may be liable by virtue of this Guarantee. If prompt notice shall not be given to the Company, then all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any Assured unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

3. No Duty to Defend or Prosecute.

The Company shall have no duty to defend or prosecute any action or proceeding to which the Assured is a party, notwithstanding the nature of any allegation in such action or proceeding.

4. Company's Option to Defend or Prosecute Actions; Duty of Assured Claimant to Cooperate.

Even though the Company has no duty to defend or prosecute as set forth in Paragraph 3 above:

(a) The Company shall have the right, at its sole option and cost, to institute and prosecute any action or proceeding, interpose a defense, as limited in (b), or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest as stated herein, or to establish the lien rights of the Assured, or to prevent or reduce loss or damage to the Assured. The Company may take any appropriate action under the terms of this Guarantee, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this Guarantee. If the Company shall exercise its rights under this paragraph, it shall do so diligently.

(b) If the Company elects to exercise its options as stated in Paragraph 4(a) the Company shall have the right to select counsel of its choice (subject to the right of such Assured to object for reasonable cause) to represent the Assured and shall not be liable for and will not pay the fees of any other counsel, nor will the Company pay any fees, costs or expenses incurred by an Assured in the defense of those causes of action which allege matters not covered by this Guarantee.

(c) Whenever the Company shall have brought an action or interposed a defense as permitted by the provisions of this Guarantee, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from an adverse judgment or order.
(c) In all cases where this Guarantee permits the Company to prosecute or provide for the defense of any action or proceeding, an Assured shall secure to the Company the right to so prosecute or provide for the defense of any action or proceeding, and all appeals herein, and permit the Company to use, at its option, the name of such Assured for this purpose. Whenever requested by the Company, an Assured, at the Company's expense, shall give the Company all reasonable aid in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest as stated herein, or to establish the lien rights of the Assured. If the Company is prejudiced by the failure of the Assured to furnish the required cooperation, the Company's obligations to the Assured under the Guarantee shall terminate.

5. Proof of Loss or Damage.

In addition to and after the notices required under Section 2 of these Conditions and Stipulations have been provided to the Company, a proof of loss or damage signed and sworn to by the Assured shall be furnished to the Company within ninety (90) days after the Assured shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the matters covered by this Guarantee which constitute the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of the Assured to provide the required proof of loss or damage, the Company's obligation to such assured under the Guarantee shall terminate. In addition, the Assured may reasonably be required to submit examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Guarantee which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Assured shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by the Assured provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Assured to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in the above paragraph, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this Guarantee to the Assured for that claim.

6. Options to Pay or Otherwise Settle Claims: Termination of Liability.

In case of a claim under this Guarantee, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Liability or to Purchase the Indebtedness.

The Company shall have the option to pay or settle or compromise for or in the name of the Assured any claim which could result in loss to the Assured within the coverage of this Guarantee, or to pay the full amount of this Guarantee or, if this Guarantee is issued for the benefit of a holder of a mortgage or a lienholder, the Company shall have the option to purchase the indebtedness secured by said mortgage or said lien for the amount owing thereon, together with any costs, reasonable attorneys' fees and expenses incurred by the Assured claimant which were authorized by the Company up to the time of purchase.

Such purchase, payment or tender of payment of the full amount of the Guarantee shall terminate all liability of the Company hereunder. In the event after notice of claim has been given to the Company by the Assured, the Company offers to purchase said indebtedness, the owner of such indebtedness shall transfer and assign said indebtedness, together with any collateral security, to the Company upon payment of the purchase price.

Upon the exercise by the Company of the option provided for in Paragraph (a) the Company's obligation to the Assured under this Guarantee for the claimed loss or damage, other than to make the payment required in that paragraph, shall terminate, including any obligation to continue the defense or prosecution of any litigation for which the Company has exercised its options under Paragraph 4, and the Guarantee shall be surrendered to the Company for cancellation.

(b) To Pay or Otherwise Settle With Parties Other Than the Assured or With the Assured Claimant.

To pay or otherwise settle with other parties for or in the name of an Assured claimant any claim assured against under this Guarantee, together with any costs, attorneys' fees and expenses incurred by the Assured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of the option provided for in Paragraph (b) the Company's obligation to the Assured under this Guarantee for the claimed loss or damage, other than to make the payment required in that paragraph, shall terminate, including any obligation to continue the defense or prosecution of any litigation for which the Company has exercised its options under Paragraph 4.

7. Determination and Extent of Liability.

This Guarantee is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Assured claimant who has suffered loss or damage by reason of reliance upon the assurances set forth in this Guarantee and only to the extent herein described, and subject to the Exclusions From Coverage of this Guarantee.

The liability of the Company under this Guarantee to the Assured shall not exceed the least of:

(a) the amount of liability stated in Schedule A or in Part 2;
(b) the amount of the unpaid principal indebtedness secured by the mortgage of an Assured mortgagee, as limited or provided under Section 6 of these Conditions and Stipulations or as reduced under Section 9 of these Conditions and
8. Limitation of Liability.
   (a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures any other matter assured against by this Guarantee in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.
   (b) In the event of any litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title, as stated herein.
   (c) The Company shall not be liable for loss or damage to any Assured for liability voluntarily assumed by the Assured in settling any claim or suit without the prior written consent of the Company.

9. Reduction of Liability or Termination of Liability.
   All payments under this Guarantee, except payments made for costs, attorneys' fees and expenses pursuant to Paragraph 4 shall reduce the amount of liability pro tanto.

    (a) No payment shall be made without producing this Guarantee for endorsement of the payment unless the Guarantee has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.
    (b) When liability and the extent of loss or damage has been definitively fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within thirty (30) days thereafter.

11. Subrogation Upon Payment or Settlement.
    Whenever the Company shall have settled and paid a claim under this Guarantee, all right of subrogation shall vest in the Company unaffected by any act of the Assured claimant. The Company shall be subrogated to and be entitled to all rights and remedies which the Assured would have had against any person or property in respect to the claim had this Guarantee not been issued. If requested by the Company, the Assured shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect this right of subrogation. The Assured shall permit the Company to sue, compromise or settle in the name of the Assured and to use the name of the Assured in any transaction or litigation involving these rights or remedies.
    If a payment on account of a claim does not fully cover the loss of the Assured the Company shall be subrogated to all rights and remedies of the Assured and shall have recovered its principal, interest, and costs of collection.

    Unless prohibited by applicable law, either the Company or the Assured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Assured arising out of or relating to this Guarantee, any service of the Company in connection with its issuance or the breach of a Guarantee provision or other obligation. All arbitrable matters when the Amount of Liability is $2,000,000 or less shall be arbitrated at the option of either the Company or the Assured. All arbitrable matters when the amount of liability is in excess of $2,000,000 shall be arbitrated only when agreed to by both the Company and the Assured. The Rules in effect at Date of Guarantee shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the land is located permits a court to award attorneys' fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.
    The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules. A copy of the Rules may be obtained from the Company upon request.

13. Liability Limited to This Guarantee; Guarantee Entire Contract.
    (a) This Guarantee together with all endorses, if any, attached hereto by the Company is the entire Guarantee and contract between the Assured and the Company. In interpreting any provision of this Guarantee, this Guarantee shall be construed as a whole.
    (b) Any claim of loss or damage, whether or not based on negligence, or any action asserting such claim, shall be restricted to this Guarantee.
    (c) No amendment of or endorsement to this Guarantee can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

    All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this Guarantee and shall be addressed to the Company at First American Title Insurance Company, Attn: Claims National Intake Center, 1 First American Way, Santa Ana, California 92707 Claims.NIC@firstam.com Phone: 888-632-1642 Fax: 877-804-7606
PRIVACY POLICY

We Are Committed to Safeguarding Customer Information

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information – particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our parent company, The First American Corporation, we have adopted this Privacy Policy to govern the use and handling of your personal information.

Applicability

This Privacy Policy governs our use of the information which you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its Fair Information Values, a copy of which can be found on our website at www.firstam.com.

Types of Information

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

Use of Information

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies, and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies, or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

Former Customers

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

Confidentiality and Security

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American’s Fair Information Values. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

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SUBDIVISION GUARANTEE

SCHEDULE A

Liability: $10,000.00  Policy No.: 5003353-0001696e

Dated: November 22, 2016 at 8:00 A.M.  Order No.: 01-160454-F

Fee: $350.00  Tax: $29.75

Name of Assured:

SKAGIT COUNTY PUD NO. 1

The assurances referred to on the face page are:

That, according to those public records which, under the recording laws, impart constructive notice of matters relative to the following described real property:

(See Schedule “A-1,” attached.)

Title to said real property is vested in:

PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY

subject to the matters shown below under Exceptions, which Exceptions are not necessarily shown in the order of their priority.

EXCEPTIONS:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

2. Unpatented mining claims; reservations or exceptions in the United States Patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.

3. Title to any property beyond the lines of the real property expressly described herein, or title to streets, roads, avenues, lanes, ways or waterways on which such real property abuts, or the right to maintain therein vaults, tunnels, ramps, or any other structure or improvement; or any rights or easements therein unless such property, rights or easements are expressly and specifically set forth in said description.

4. The property herein described is carried on the tax rolls as exempt, however, it will become taxable from the date of execution of a conveyance to a taxable entity and subject to the lien of real property taxes for the balance of the year from that date.

Tax Account No.: 340506-0-046-0005 (P30137)
(See Note #2)
SUBDIVISION GUARANTEE

Order No.: 01-160454-F
Policy No. 5003353-0001696e

SCHEDULE A

EXCEPTIONS CONTINUED:

5. Easements, restrictions, and other matters shown on Schedule "B-1" attached are also excepted from coverage. The easements, restrictions and other matters shown as lettered exceptions on Schedule "B-1" are excepted from policy coverage to the same extent that the numbered Schedule "B" Special Exceptions shown herein are excepted from policy coverage.

NOTE #1: EFFECTIVE JANUARY 1, 1997, AND PURSUANT TO AMENDMENT OF WASHINGTON STATE STATUTES RELATING TO STANDARDIZATION OF RECORDED DOCUMENTS, THE FOLLOWING FORMAT AND CONTENT REQUIREMENTS MUST BE MET. FAILURE TO COMPLY MAY RESULT IN REJECTION OF THE DOCUMENTS BY THE RECORDER.

Margins to be 3" on top of first page and 1" on sides and bottom, 1" on top, sides and bottom of each succeeding page. Font size of 8 points or larger, paper size of no more than 8 1/2" by 14". No attachments on pages such as stapled or taped notary seals, pressure seals must be smudged.

INFORMATION WHICH MUST APPEAR ON THE FIRST PAGE

Title or titles of documents. If assignment or reconveyance, reference to auditor's file number of subject deed of trust must be included. Names of grantor(s) and grantee(s) with reference to additional names on following pages, if any. Abbreviated legal description (lot, block, volume/page of plat or section/township/range and quarter section or government lot for unplatted). Assessor's tax parcel number(s). Return address which may appear in the upper left hand 3" top margin.

Pursuant to item c.) above, the abbreviated legal description for the subject property is as follows:

Ptn Gov. Lot 3, 6-34-5 E W.M.

NOTE #2: General taxes for the year 2016, without the exemption noted in paragraph 4 above, would be approximately $754.26.

NOTE #3: According to records in the office of the Skagit County Treasurer, the address of the subject property is:

NHN Old Day Creek Road
Sedro-Woolley, WA 98284.

NOTE #4: Unless otherwise specified, this Company has assigned this file to the following Underwriter for the policy to issue: First American Title Company.
DESCRIPTION:

That portion of Government Lot 3, Section 6, Township 34 North, Range 5 East, W.M., described as follows:

Beginning at a point 295 feet North and 221.7 feet East of the Southwest corner of said Lot 3;
thence South 69°22' East 350 feet;
thence North 24°14' East 375.5 feet;
thence South 88°19' West 412 feet;
thence South 18°37' West 218.5 feet to the point of beginning.

Situate in the County of Skagit, State of Washington.
EXCEPTIONS:

A. AGREEMENT AND THE TERMS AND CONDITIONS THEREOF:

Between: Clear Lake Water Company and Clear Lake Water Corporation
Recorded: February 14, 1938
Auditor’s No.: 299145 (Volume 174 of Deeds, page 86)

B. AGREEMENT AND THE TERMS AND CONDITIONS THEREOF:

Between: Clear Lake Water Company and Clear Lake Water Corporation
Recorded: August 1, 1946
Auditor’s No.: 394566

C. MATTERS DISCLOSED BY RECORD OF SURVEY:

Recorded: June 16, 1975
Auditor’s File No.: 819079
(Affects a portion of subject property and other lands)

D. MATTERS DISCLOSED BY RECORD OF SURVEY:

Recorded: June 14, 2012
Auditor’s File No.: 201206140115
(Affects subject property)

E. MATTERS DISCLOSED BY RECORD OF SURVEY:

Recorded: December 30, 2014
Auditor’s File No.: 201412300030
(Affects a portion of subject property and other lands)
This sketch is a courtesy of LAND TITLE AND ESCROW COMPANY to assist in locating the premises. It is not based on a survey, and the Company assumes no liability for variations, if any, in dimensions and locations. This map does NOT purport to show all highways, roads, or easements affecting the property.
executed the same as Treasurer of said county, as his free and voluntary act and deed, for
the uses and purposes therein mentioned.

I, WTHSHE EHEREOF, I have hereunto set my hand and affixed my official seal the day
and year in this certificate first above written.

(seal) Skagit County
State of Washington
Auditors Seal

Filed for record at the request of J.A. Looby, Feb. 11, 1933 at 3:16 o'clock P.M.

C. R. Aloke, County Auditor
by: R. E. Berger, Deputy

THIS AGREEMENT, made and entered into this 31st day of December, 1933, by and between
Clear Lake Water Company, a Washington corporation, (hereinafter called "Grantor"), and
Clear Lake Water Company, a Washington corporation, (hereinafter called "Grantee"),
with these premises:

WHEREAS, the Grantor, is the owner and is now operating a water system at Clear
Lake, Washington, and is desirous of selling said water system, reserving, however, title
to water which may be needed by the Puget Sound Pulp and Timber Co., and Puget Sound &
Cascade Railway Company, their successors and assigns, for their operations at Clear Lake,
Washington, (said Puget Sound Pulp and Timber Co. being the parent company and the owner
of all of the stock of Puget Sound & Cascade Railway Company and of Clear Lake Water
Company, Grantee herein), and

WHEREAS, the Grantee is desirous of purchasing said water system upon the terms and
conditions herein set forth.

NOW, THEREFORE, it is mutually agreed by and between the parties hereto as follows:

1. The Grantor, for a valuable consideration, the receipt of which is hereby acknowledged, hereby assigns and quitclaims to the Grantee the water system now operated by the
Grantor at Clear Lake, Washington, which is described in Exhibit A hereto attached and
made a part hereof; with the buildings and structures situated and being thereon and all
improvements, appurtenances and easements thereto, also all machinery, tools, fixtures,
appliances and apparatus employed as a part thereof, reserving in the Grantee, however,
title to water sufficient to furnish water which may be used by Puget Sound Pulp and
Timber Co. and Puget Sound & Cascade Railway Company, their successors and assigns, in the
future operations of (a) the shingle mill at Clear Lake, Washington, (b) the Puget Sound & Cascade Railway Company and its railroad repair shops at Clear Lake, Washington, and (c) the office buildings owned by said Puget Sound Pulp and Timber Co. and/or Puget Sound & Cascade Railway Company at Clear Lake, Washington, together with the right to have such water flow continuously and uninterruptedly from the reservoir hereinabove described through the mains and pipes of the Grantee to the points of delivery to said shingle mill, railroad and railroad shops and office buildings. This reservation of water by the Grantor shall not be intended to include a larger quantity of water than is now used by the said Puget Sound Pulp and Timber Co. and Puget Sound & Cascade Railway Company when conducting the above described operations.

5. The Grantee covenants and agrees as a part of the consideration for the sale of said water system that it will keep and maintain said water supply, reservoir, pipe lines, and conduits in good condition and repair so that water which is reserved by the Grantor will at all times flow continuously and uninterruptedly through the mains and pipes of said water system to the points of delivery to said Puget Sound Pulp and Timber Co. and said Puget Sound & Cascade railway Company.

6. The Grantor hereby agrees to pay the Grantee the sum of $5.00 per month as an agreed charge for the maintenance and repair of the reservoir, pipe lines, conduits and other parts of the water system. In the event of the discontinuance of the use of water by said Puget Sound Pulp and Timber Co. and Puget Sound & Cascade Railway Company, and/or their successors and assigns, the Grantor shall not be obligated and shall not be liable for the payment of said $5.00 per month for maintenance of said water system during the period of time when water is not taken and used by said Pulp Company and said Railway Company, their successors or assigns.

7. Grantor agrees to obtain and deliver to the Grantee easements from the Puget Sound Pulp and Timber Co. and Puget Sound & Cascade Railway Company which may be necessary for the Grantee to have to furnish water to said Puget Sound Pulp and Timber Co. and Puget Sound & Cascade Railway Company. It is agreed that the Puget Sound Pulp and Timber Co. has abandoned the use of a large portion of its millsite property at Clear Lake for manufacturing purposes, and that it is the present intention of said company to sell and dispose of the property so abandoned for farming or industrial uses; that the parties hereto have no knowledge as to how deep the water pipes affected by this agreement and
said water system to the points of delivery to said Puget Sound Pulp and Timber Co. and said Puget Sound & Cascade Railway Company.

3. The Grantor hereby agrees to pay the Grantee the sum of $5.00 per month as an agreed charge for the maintenance and repair of the reservoir, pipe lines, conduits and other parts of the water system. In the event of the discontinuance of the use of water by said Puget Sound Pulp and Timber Co. and Puget Sound & Cascade Railway Company, and/or their successors and assigns, the Grantor shall not be obligated and shall not be liable for the payment of said $5.00 per month for maintenance of said water system during the period of time when water is not taken and used by said Pulp Company and said Railway Company, their successors or assigns.

4. Grantor agrees to obtain and deliver to the Grantee easements from the Puget Sound Pulp and Timber Co. and Puget Sound & Cascade Railway Company which may be necessary for the Grantee to have to furnish water to said Puget Sound Pulp and Timber Co. and Puget Sound & Cascade Railway Company. It is agreed that the Puget Sound Pulp and Timber Co. has abandoned the use of a large portion of its millsite property at Clear Lake for manufacturing purposes, and that it is the present intention of said company to sell and dispose of the property so abandoned for farming or industrial uses; that the parties hereto have no knowledge as to how deep the water pipes affected by this agreement and easement to be granted across said land are buried nor the exact location of the same.

It is further agreed that if the Pulp Company shall sell said lands for farming or any other purpose and it is found that said water pipes and mains crossing the same are buried to such a shallow depth as to constitute an obstruction in the use of said land that the Grantee will either release its easement as to such pipe or main or at its own cost and expense cause the same to be lowered, or its position changed so as to prevent it from continuing to obstruct the use of said property.

In the event the Puget Sound Pulp and Timber Co. and the Puget Sound & Cascade Railway Company, or their successors or assigns, shall permanently cease their said operations at Clear Lake, Washington, then the Grantor shall assign and quitclaim to said Grantee for the sum of one dollar ($1.00) all of its right, title and interest in and to the said water, the title of which is reserved in the Grantor.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and corporate seals the day and year herein first above written.

(Sgd) Clear Lake Water Company
Corporate SEAL 1927

CLEAR LAKE WATER COMPANY, a corporation,

By Walter DeLong
Vice President
Attest: L. Turcotte
Secretary

Grantor

CLEAR LAKE WATER CORPORATION,
a corporation,

By Harvey F. Stone
President

Attest: L. M. Stone
Secretary

STATE OF WASHINGTON)      SS
COUNTY OF KITSAP

I, F. L. Arnst, Notary Public in and for the State of Washington, residing at Bellingham, in the above named County and State, duly commissioned, sworn and qualified, do hereby certify that on the 31st day of December, 1937, before me personally appeared Walter Delong and L. Turcotte, to be known to me as the Vice President and Secretary, respectively, of CLEAR LAKE WATER CORPORATION, the corporation that executed the within instrument as Grantor and acknowledged the said instrument to be the free and voluntary act and deed of the said corporation for the uses and purposes therein mentioned, and on oath stated that they were duly authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

GIVEN under my hand and notarial seal this 31st day of December, 1937.

STATE OF WASHINGTON)      SS
COUNTY OF KITSAP

I, Tracy E. Griffin, Notary Public in and for the State of Washington, residing at Seattle, in the above named County and State, duly commissioned, sworn and qualified, do hereby certify that on this 31st day of December, 1937, before me personally appeared Harvey F. Stone and L. M. Stone to be known to me as the President and Secretary, respectively, of CLEAR LAKE WATER CORPORATION, the corporation that executed the within instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the said corporation for the uses and purposes therein mentioned, and on oath stated that they were duly authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.
and acknowledged the said instrument to be the free and voluntary act and deed of the said corporation for the uses and purposes therein mentioned, and on oath stated that they were duly authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

GIVEN under my hand and Notarial Seal this 31st day of December, 1887.

(Seal) F. L. Arndt, Notary Public
State of Washington
Commission expires Jul. 31, 1941

F. L. Arndt
Notary Public in and for the State of Washington, residing at

STATE OF WASHINGTON }
COUNTY OF KING }

I, Tracy L. Griffin, Notary Public in and for the State of Washington, residing at
Seattle, in the above named County and State, duly commissioned, sworn and qualified, do hereby certify that on this 31st day of December, 1887, before me personally appeared
Harvey W. Stone and L. W. Stone to me known to be the President and Secretary, respectively, of CLEAR LAKE WATER COMPANY, the corporation that executed the within instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the said corporation for the uses and purposes therein mentioned, and on oath stated that they were duly authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

GIVEN under my hand and Notarial Seal this 31st day of December, 1887.

(Seal) Tracy L. Griffin, Notary Public
State of Washington
Commission expires Jan. 11, 1941

Tracy L. Griffin
Notary Public in and for the State of Washington, residing at

Exhibit A

RESERVOIR PROPERTY

That portion of Lot three (3), Section six (6), Township thirty-four (34) North, Range five (5) East, W.M., described as follows: beginning at a point 235 feet North and 223.7 feet east of the southwest corner of said Lot three (3); thence south 69°22' East 350 feet; thence north 44°14' East 276.5 feet; thence south 88°19' west 412 feet; thence south 18°27' west 413.5 feet to place of beginning, containing 1.63 acres, more or less.

Franchises, rights of way and easements for following pipe-lines connecting springs with reservoir located upon the ground above described and reservoir at Clear Lake;

OUTLET PIPE-LINE FROM RESERVOIR TO MILL YARD

Commencing in Lot three (3), Section six (6), Township thirty-four (34) North, Range five (5) E., W.M.; thence into Lot six (6), Section six (6), Township thirty-four (34) North, Range five (5) E., W.M.; thence into Lot five (5), Section six (6), Township thirty-
our (34) north, Range five (5), E., W.M.; thence into Lot four (4), Section six (6), Township thirty-four (34) North, Range five (5) E., W.M.; thence into Lot one (1) in Section one (1), Township thirty-four (34) North, Range four (4) E., W.M.; thence into Lot five (5), Section one (1), Township thirty-four (34) North, Range four (4) E., W.M.; to connection old 3rd line.

INAKE PIPE-LINE FROM SPRINGS TO RESERVOIR

Commencing in Lot three (3), Section six (6), Township thirty-four (34) North, Range five (5) E., W.M.; thence into Lot six (6), Section six (6), Township thirty-four (34) North, Range five (5) E., W.M.; thence into the South half of the northeast quarter S/2 of NE1/4 of Section six (6), Township thirty-four (34) North, Range five (5) E., W.M.; thence into the South half of the northeast quarter S/2 of NE1/4 of Section five (5), Township thirty-four (34) North, Range five (5) E., W.M.; thence into Lot three (3), Section five (5), Township thirty-four (34) North, Range five (5) E., W.M.; thence into Lot two (2), Section five (5), Township thirty-four (34) North, Range five (5) E., W.M.; thence into Lot one (1), Section five (5), Township thirty-four (34) North, Range five (5) E., W.M.; thence into Lot four (4), Section four (4), Township thirty-four (34) North, Range five (5) E., W.M.; thence into the southwest quarter of the southwest quarter SW1/4 of SW1/4 of Section thirty-three (33), Township thirty-five (35) North, Range five (5) E., W.M.; thence into Lot four (4), Section four (4), Township thirty-four (34) North, Range five (5) E., W.M.; thence into the southwest quarter of the southwest quarter SW1/4 of SW1/4 of Section thirty-three (33), Township thirty-five (35) North, Range five (5) E., W.M.; thence into Lot four (4), Section four (4), Township thirty-four (34) North, Range five (5) E., W.M.; thence into the southwest quarter of the northwest quarter NW1/4 of NW1/4, Section four (4), Township thirty-four (34) North, Range five (5) E., W.M.; thence into the northwest quarter of the southwest quarter SW1/4 of SW1/4 of Section four (4), Township thirty-four (34) North, Range five (5) E., W.M.; thence into the east half of the southeast quarter SE1/2 of SE1/2 of Section five (5), Township thirty-four (34) North, Range five (5) E., W.M.; thence into the east half of the northeast quarter NE1/2 of NE1/2 of Section eight (8), Township thirty-four (34) North, Range five (5) E., W.M.; thence into the southwest quarter of the northwest quarter SW1/4 of SW1/4 of Section nine (9), Township thirty-four (34) North Range five (5) E., W.M., to Intake Camp Creek.

FIRST INTAKE BRANCH LINE

Commencing on main line in northwest quarter of southwest quarter SW1/4 of SW1/4 of Section four (4), Township thirty-four (34) North, Range five (5) E., W.M., to Intake.
..., NW; thence into Lot four (4), Section four (4), Township thirty-four (34) North, Range five (5) E., N.W.; thence into the southwest quarter of the southwest quarter (SW 1/4 of SW 1/4) of section thirty-three (33), Township thirty-five (35) North, Range five (5) E., N.W.; thence into Lot four (4), Section four (4), Township thirty-four (34) North, Range five (5) E., N.W.; thence into the southwest quarter of the northeast quarter (SW 1/4 of NE 1/4) of Section four (4), Township thirty-four (34) North, Range five (5) E., N.W.; thence into the east half of the southeast quarter (SE 1/2 of SE 1/2) of Section five (5), Township thirty-four (34) North, Range five (5) E., N.W.; thence into the east half of the northeast quarter (NE 1/2 of NE 1/2) of Section six (6), Township thirty-four (34) North, Range five (5) E., N.W.; thence into the southwest quarter of the northwest quarter (SW 1/4 of NW 1/4) of Section nine (9), Township thirty-four (34) North, Range five (5) E., N.W., to Intake Camp Creek.

FIRST INTAKE BRANCH LINE

Commencing on main line in northeast quarter of southwest quarter (NE 1/4 of SW 1/4) of Section four (4), Township thirty-four (34) North, Range five (5) E., N.W., to Intake Pump at Old Oster Bank, all in northwest quarter of the southwest quarter (NW 1/4 of SW 1/4) of Section four (4), Township thirty-four (34) North, Range five (5) E., N.W.

SECOND INTAKE BRANCH LINE

Commencing on main line in Lot four (4), Section four (4), Township thirty-four (34) North, Range five (5) E., N.W.; thence into Lot three (3), Section four (4), Township thirty-four (34) North, Range five (5) E., N.W.; thence into Lot two (2), Section four (4), Township thirty-four (34) North, Range five (5) E., N.W.; thence into the south half of the southeast quarter (SE 1/2 of SE 1/2) of Section thirty-three (33), Township thirty-five (35) North, Range five (5) E., N.W.; thence into the northeast quarter of the southeast quarter (NE 1/4 of SE 1/4) of Section thirty-three (33), Township thirty-five (35) North, Range five (5) E., N.W.; thence into the southeast quarter of the southeast quarter (SE 1/4 of SE 1/4) of Section thirty-three (33), Township thirty-five (35) North, Range five (5) E., N.W.; thence into the southwest quarter of the southwest quarter (SW 1/4 of SW 1/4) of Section thirty-four (34), Township thirty-five (35) North, Range five (5) E., N.W., to Salmon Creek Intake.
THIRD INTAKE BRANCH LINE

Commencing on Branch in lot three (3), Section four (4), Township thirty-four (34) North, Range five (5) E., w.m.; thence into lot two (2), Section four (4), Township thirty-four (34) North, Range five (5) E., w.m.; thence into the southwest quarter of the northeast quarter (8%) of §64 of Section four (4), Township thirty-four (34) North, Range five (5) E., w.m.; to Salmon Creek Spring Intake.

A strip of land ten (10) feet in width commencing at the northwest corner of the south half of the southwest quarter (6%) of Government Lot six (6), and continuing southerly through Government Lots seven (7) and eight (8), in Section six (6), Township thirty-four (34) North, Range five (5) E., w.m., said strip being along the shore line of Clear Lake above and immediately adjoining the meander or shore line as reserved by the Clear Lake Lumber Company in a contract to H. C. Peters, dated April 13, 1916, for the sale of lands in said Government Lots six (6), seven (7) and eight (8), Section six (6), Township thirty-four (34) North, Range five (5) E., w.m., said contract being recorded in Volume 109 of Deeds, page 576, records of the County Auditor's office of Skagit County;

Also that certain pipe line franchise granted by the Board of County Commissioners of Skagit County, Washington, to the Puget Sound Pulp & Timber Co., on the 6th day of May, 1923, for a period of twenty-five years from said date, authorizing the Puget Sound Pulp & Timber Co. to operate, maintain, repair and replace certain water main, pipes, etc., over certain of the roads and highways of Skagit County, more particularly described in said franchise;

Filed for record at the request of Clear Lake Water Corp. Feb. 14, 1926 at 9:10 o'clock A.M.

C. F. Kloke, County Auditor

R. H. Stodola, Deputy

IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON IN AND FOR THE COUNTY OF SKAGIT

STATE OF WASHINGTON

County of Skagit

Reclived

Pat McCarthy, Sheriff

Mount Vernon, Skagit County

Washington

No. 15673

vs.

Plaintiff
AGREEMENT

THIS AGREEMENT, made and entered into this 6th day of March, 1940, by and between CLEAR LAKE WATER CORPORATION, a Washington corporation, hereinafter called the Grantor, and PUBLIC UTILITY DISTRICT NO. 1, Skagit County, Washington, hereinafter called the Grantee, WITNESSES:

WHEREAS, the Grantor is the owner of and is now operating a water system at Clear Lake, Washington, and is desirous of selling said water system to said Grantee; and

WHEREAS, the Grantee is desirous of purchasing said water system;

NOW, THEREFORE, for a valuable consideration, the receipt of which is hereby acknowledged, the Grantor hereby grants, bargain, sells, assigns, conveys and quit-claims unto Grantee the water system now operated by the Grantor at Clear Lake, Washington, which is described in Exhibit "A" heretofore attached and made a part hereof, together with the buildings and structures situate and being thereon, and all improvements, appurtenances and easements thereto, owned by the Grantor, subject only to the reservations contained in that certain Agreement between the Grantor and Clear Lake Water Company, dated December 21, 1937, recorded in the Auditor's office, Skagit County, Washington, in Volume 174 of Deeds, at page 35, which the Grantee hereby assumes. The same includes all pumps, materials and property thereunder and thereon, together with any conveyance in so far as all rights of the Grantor are concerned and physical delivery of said property shall be made and possession thereof taken by the Grantee as of the first day of March, 1940.
In accordance hereof, the parties have hereunto set their hands this 11th day and year first above written.

CILER LAKE WATER CORPORATION
By

GRANTOR
PUBLIC UTILITY DISTRICT NO. 1;
Klickitat County, Washington
By

GRANTEE

STATE OF OREGON
COUNTY OF KLEMMOH

I, the undersigned, a Notary Public in and for the State of Oregon, residing at Portland, in the County and State aforesaid, duly commissioned, sworn and qualified, do hereby certify that on this 12th day of March, 1946, personally appeared before me HARVEY L. STONE and

to me known to be the individuals who, as President and Secretary, respectively, of the CILER LAKE WATER CORPORATION, a corporation, executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and that same was executed by said corporation for the uses and purposes therein mentioned, and that same was executed by said corporation for the uses and purposes therein mentioned, and that same was also executed by said corporation for the uses and purposes therein mentioned.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 12th day of March, 1946.

Notary Public in and for the State of Oregon, residing at Portland.
IN WITNESS WHEREOF, the parties have hereunto set
their hands the day and year first above written.

CLEAR LAKE WATER CORPORATION
By: ____________________
    President

GRANTOR
PUBLIC UTILITY DISTRICT NO. 1,
Skagit County, Washington
By: ____________________
    By: ____________________
    Secretary
    Treasurer

STATE OF OREGON
COUNTY OF Multnomah

I, the undersigned, a Notary Public in and for the
State of Oregon, residing at Portland, in the County and State
aforesaid, duly commissioned, sworn and qualified, do hereby
sworn certify that on this 14th day of March, 1940, personally
appeared before me HARVEY F. STONE and

and acknowledged the said instrument to be the free and vol-
untary act and deed of said corporation for the uses and pur-
poses therein mentioned, and on oath stated that they were
authorized to execute said instrument and that the seal affixed
thereto is the corporate seal of this corporation.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 14th day
of March, 1940.

Notary Public in and for the State
of Oregon, residing at Portland.
My Commission expires 4/4/40
STATE OF WASHINGTON
COUNTY OF SKAGIT

I, the undersigned, a Notary Public in and for the State of Washington, residing at Mount Vernon, Washington, in the County and State aforesaid, duly commissioned, sworn and qualified, do hereby certify that on this 19th day of March, 1940, before me personally appeared

and

and

Notary Public in and for the State of Washington, residing at Mount Vernon.

RECLAMATION PROJECT

That portion of Lot Three (3), Section Six (6), Township Thirty-four (34) North, Range Five (5) East, W. M., described as follows: Beginning at a point 295 feet north and 321.7 feet east of the southwest corner of said Lot Three (3); thence south 69° 23' East 350 feet; thence north 248° 14' East 376.6 feet; thence south 296' 19' West 415 feet; thence South 18° 59' West 213.6 feet to place of beginning, containing 2.44 acres more or less.

Franchises, rights of way and easements for following pipe-line connecting springs with reservoir located upon the ground above described and reservoir at Clear Lake;

OUTLET PIPE-LINE FROM RESERVOIR TO MILL YARD

Commencing in Lot three (3), Section six (6), Township thirty-four (34) North, Range Five (5) East, W. M.; thence into Lot Six (6), Section Six (6), Township Thirty-four (34) North, Range Five (5) East, W. M.; thence into Lot Five (5), Section Six (6), Township Thirty-four (34) North, Range Five (5) East, W. M.; thence into Lot Four (4), Section Six (6), Township Thirty-four (34) North, Range Five (5) East, W. M.; thence into Lot One (1) in Section One (1), Township Thirty-four (34) North, Range Four (4) East, W. M.; thence into Lot Five (5), Section One (1), Township Thirty-four (34) North, Range Four (4) East, W. M.; thence into Lot One (1), Section One (1), Township Thirty-four (34) North, Range Four (4) East, W. M.; to connection old line.
FIRST INTAKE BRANCH LINE

Commencing on main line in northwest quarter of southsouthwest quarter (SW ¼ of NW ¼) Section Four (4), Township Thirty-four (34) North, Range Five (5) E., W. M.; thence into Lot Three (3), Section Four (4), Township Thirty-four (34) North, Range Five (5) E., W. M.; thence into Section Four (4), Township Thirty-four (34) North, Range Five (5) E., W. M.; thence into Lot Two (2), Section Four (4), Township Thirty-four (34) North, Range Five (5) E., W. M.; thence into the southwest quarter of the northeast quarter (SW ¼ of NE ¼) of Section Thirty-three (33), Township Thirty-five (35) North, Range Five (5) E., W. M.; thence into Section Eight (8), Section Four (4), Township Thirty-four (34) North, Range Five (5) E., W. M.; thence into the southwest quarter of the northwest quarter (SW ¼ of NW ¼) of Section Twenty-eight (28), Township Thirty-four (34) North, Range Five (5) E., W. M., to Intake Pump Station.

SECOND INTAKE BRANCH LINE

Commencing on main line in Lot Four (4), Section Four (4), Township Thirty-four (34) North, Range Five (5) E., W. M.; thence into Lot Three (3), Section Four (4), Township Thirty-four (34) North, Range Five (5) E., W. M.; thence into the north half of the southeast quarter (NE ¼ of SE ¼) of Section Thirty-three (33), Township Thirty-five (35) North, Range Five (5) E., W. M.; thence into the southwest quarter of the southeast quarter (SW ¼ of SE ¼) of Section Thirty-three (33), Township Thirty-five (35) North, Range Five (5) E., W. M., to Salmon Creek Intake.
A strip of land ten (10) feet in width commencing at the northwest corner of the southwest quarter of Government Lot Six (6), and continuing southeasterly through Government Lots Seven (7) and Eight (8), in Section Six (6), Township Thirty-four (34) North, Range Five (5) E., W. M., said strip being along the shore line of Clear Lake above and immediately adjoining the meander or shore line as reserved by the Clear Lake Lumber Company in a contract to H. O. Peters, dated April 10, 1916, for the sale of lands in said Government Lots Six (6), Seven (7) and Eight (8), Section Six (6), Township Thirty-four (34) North, Range Five (5) E., W. M., said contract being recorded in Volume 102 of Deeds, page 576, records of the County Auditor's office of Skagit County.

Also easement for pipe line over and across a portion of the following described real estate:

All land owned by the Puget Sound Pulp & Timber Company, a corporation, on the 6th day of April, 1939, Section 1, Township Thirty-four (34) North, Range Four (4) E., W. M.

Also that certain Pipe Line Franchise granted by the Board of County Commissioners of Skagit County, Washington, to the Puget Sound Pulp & Timber Company, on the 6th day of May, 1939, for a period of Twenty-five years from said date, authorizing the Puget Sound Pulp & Timber Company to operate, maintain, repair and replace certain water mains, pipes, etc., over certain of the roads and highways of Skagit County, more particularly described in said Franchise;
December 27, 2016

RE: Lot of Record Certification PL16-0546
Parcel P30137

Attn: William Truman

Dear Mr. Truman:

This office has determined, based on the information submitted, that Parcel P30137, is a Lot of Record. However, it should be noted that the Lot of Record Certification is limited to conveyance only and at this time does not include Certification for development.

The determination of Conveyance Only is based on review of Skagit County Code 14.16.850. Enclosed please find a copy of this Section.

Skagit County Code requires processing of a Reasonable Use Application prior to residential development on a parcel less than the minimum lot size and not qualifying for any of the exemptions noted in the ordinance.

The subject property is currently zoned Rural Reserve. The Rural Reserve zoning designation has a minimum lot size of ten (10) acres. The subject property appears to be approximately 2.5 acres in size, and is considered substandard to the zoning designation and does not appear to comply with any of the exceptions noted in the Code. Thus, in order for residential development to occur it will be necessary to apply for and receive a Reasonable Use Certification.

It should also be noted that the subject property is located within the designated Skagit Instream Flow Rule Area. In this situation, the drilling of a new well for residential purposes is not allowed. In order to develop this property, it would be necessary to construct an engineered rainwater catchment system. For more information regarding this type of water system, please feel free to contact Alison Mohns or Ron Palmer in this office.

Enclosed please find a Reasonable Use Application. The fee for this application is $ 300.00, plus approximately $ 280.00 publishing cost, plus approximately $ 74.00 for the recording of the final document. The basis for approving or denying a Reasonable Use Certification is the completed Lot Certification process.

The processing time of a Reasonable Use Application is approximately ten weeks. Included in the processing is notification of all adjacent property owners within 300 ft. and two separate notices published in the Skagit Valley Herald. In order to notify the adjacent property owners, the applicant of a Reasonable Use Application is required to provide stamped, addressed envelopes as part of the complete application.

Enclosed please find an unrecorded copy of the Lot Certification and a Reasonable Use Exception Application. The original of the Lot Certification has been forwarded to the Skagit County Auditor’s Office for recording. When the original is received by this office from the Auditor, it will be forwarded to you.

If you have any questions, please feel free to contact this office.

Sincerely,
Grace Roeder, Senior Planner

[Signature]
SKAGIT COUNTY PLANNING & DEVELOPMENT SERVICES
LOT OF RECORD CERTIFICATION

File Number: PL_16-0546

Applicant Name: __ Public Utility District No. 1 of Skagit County

Property Owner Name: ___ same

Having reviewed the information provided by the applicant, the Department hereby finds that the parcel(s) bearing Skagit County Parcel Number(s):

P#(s): _30137; 340506-0-046-0005; within a Ptn of Govt Lot 3, within a Ptn of the NE ¼ of the NW ¼ of Sec 6, Twp. 34, Rge 5.

Lot Size: _approximately 2.5 acres

1. CONVEYANCE

X IS, a Lot of Record as defined in Skagit County Code (SCC) 14.04.020 or owned by an innocent purchaser who has met the requirements described in SCC 14.18.000(9) and RCW 58.17.210 and therefore IS eligible for conveyance.

IS NOT, a Lot of Record as defined in SCC 14.04.020 or owned by an innocent purchaser who has met the requirements described in SCC 14.18.000(9) and RCW 58.17.210 and therefore IS NOT eligible for conveyance or development.

2. DEVELOPMENT

X IS NOT the minimum lot size required for the _ Rural Reserve _ zoning district in which the lot is located, does not meet an exemption listed in SCC 14.16.850(4)(c) and therefore IS NOT eligible to be considered for development permits. As of this date, a Reasonable Use Exception is required for the subject property to be considered eligible for residential development. As of this date, the subject property is located within the designated Skagit Instream Flow Rule Area.

Authorized Signature: [Signature] Date: 12/27/2016

See attached map for Lot of Record boundaries.
14.16.850 General provisions.

(1) Any provision of this Title may be suspended in an emergency situation by the Administrative Official, subject to approval by the Board of County Commissioners.

(2) There shall be no more than one primary dwelling unit and one accessory dwelling unit per lot of record, unless otherwise permitted in the zoning district. Recreational vehicles do not qualify as dwelling units.

(3) Prohibition on Extension of Sewer Service into Rural and Resource Areas.

(a) Extension of sewer service is prohibited into rural and resource designated areas, except in those circumstances shown to be necessary to protect basic public health and safety and the environment and when such services are financially supportable at rural densities and do not permit urban densities.

(b) For the Similk Beach LAMIRD (SCC 14.16.920), only those properties within the LAMIRD may be served by the sewage system designed for that area, even if allowed by Chapter 17.26 SUKU (On-site Sewage Code). Connections to provide sewage service to properties outside of the LAMIRD are prohibited.

(c) Development of Lots of Record.

(a) Notwithstanding other restrictions of the Skagit County Code, only lots of record meeting the minimum lot size requirements of the zoning district in which they are located that are not restricted from development by the County decision or action (e.g., plat notes, open space designation, or other means) will be eligible for development permits. Lots of record that do not meet the minimum lot size requirements of the zoning district in which they are located (hereafter "substandard lots of record") shall only be considered for development permits if they are not restricted from development by the County decision or action and meet 1 or more of the exceptions described in Subsection (4)(c) of this Section.

(i) An owner of contiguous, substandard lots may choose to aggregate (combine) the lots in order to meet these requirements; provided, that aggregation of lots shall meet the requirements of and be recorded as a boundary line adjustment pursuant to SCC 14.19.700.

(ii) If the owner chooses to aggregate contiguous, substandard lots to meet these requirements, the County shall waive the application fee for the boundary line adjustment.

(iii) If an owner of contiguous, substandard lots chooses to aggregate the lots pursuant to this Subsection in order to meet these requirements and the resulting aggregated lot still does not meet the zoning minimum lot size, the lot must meet an exemption in Subsection (4)(c) of this Section, or apply for and receive a reasonable use exception pursuant to Subsection (4)(f) of this Section to be considered for development permits.

(b) Lots created through testamentary provisions or the laws of descent shall be governed by the following provisions:

(i) Lots that meet the current lot size requirements of the zoning district in which they are located shall be treated the same as a legally subdivided lot.

(ii) Lots that do not meet the current lot size requirements of the zoning district in which they are located, but which did meet the requirements in effect at the time they were created shall be treated as substandard lots of record under Subsection (4)(c) of this Section;

(iii) Lots that do not meet the current minimum lot size dimensional standards of the zoning district in which they are located, and did not meet the standards in effect at the time they were created shall be treated as lots of record for purposes of conveyance, but will not be considered for building or development permits.

(c) The County shall only consider issuing development permits on those substandard lots of record meeting any of the exceptions in this Subsection.

(i) The lot of record was properly platted and approved by Skagit County on or after March 1, 1965; provided, that any lot that was created with a restriction barring future development (e.g., plat notes, open space designation, or other means) shall not be considered for development pursuant to this Subsection.

(ii) The lot of record is recognized as a participating parcel paying assessments to the Edison Subarea (Sub-District) of the Skagit County Clean Water District pursuant to Ordinance No. 16177 or any subsequent ordinances.

(iii) The lot of record is recognized as part of an adopted "Limited Area of More Intense Rural Development (LAMIRD)" pursuant to SCC 14.16.920.

(iv) The lot of record has been approved on a previously issued lot of record certification consistent with SCC 14.06.045(5).

(v) The lot of record is located in an urban growth area, is a minimum of 1 acre in size, and can satisfy the requirements of the Skagit County Code for water (either on-site or connection to a public water system) and for wastewater (either on-site or connection to a public sewer system), together with any other code provision applicable to the type of development proposed, as specified in SCC 14.06.045(6).

(vi) The lot of record is at least 1 acre in size and further meets 1 or more of the following:

(A) Has existing water meter and/or sewer service connection existing on the lot prior to January 1, 2004; or

(B) Has water and/or sewer connections allowed under a specific binding written contract in effect on January 1, 2004, that is an extension agreement or connection agreement; or

(C) The owner or predecessor owner has paid or is currently still paying water and/or sewer assessments pursuant to a legally established utility local improvement district (ULID) or a local improvement district (LID) that was established prior to January 1, 2004.

(vii) The lot of record meets 1 or more of the following:

http://www.codepublishing.com/WA/SkagitCounty/ 07/26/2016
(A) Has an existing dwelling unit that, at a minimum, meets the definition of an “efficiency dwelling unit” or a commercial/industrial/institutional building located solely on the lot of record and the dwelling unit or commercial/industrial/institutional building was either constructed prior to July 1, 1990, according to the Assessor’s records, or, if constructed after that date, obtained a building permit for its construction and approval to occupy from the County; or

(B) Has an approved permit for an on-site sewage system pursuant to Chapter 12.06 SCC that is submitted and approved prior to January 1, 2004, and that permit is still valid, or the system has been installed, or

(C) Has an individual water system evaluation pursuant to Chapter 12.48 SCC (including installation of the well) submitted and approved prior to June 1, 1997, for a water system intended to serve the substandard lot; or

(D) Has been issued a development permit which vests future structure(s) pursuant to SCC 14.02.050 (Vesting).

(e) The lot of record was legally created prior to March 1, 1965, or if created after March 1, 1965, was exempt from subdivision requirements at the time it was created, and meets one of the following requirements:

(A) The lot of record is 2 acres or larger and is located in the Rural Village Residential or Rural Intermediate zoning district. Lots located within the Fidalgo Island subarea plan boundaries identified in Ordinance No. 15375, Appendix 1, Section 1, No. 12, or located on Guemes Island shall not be eligible for this Subsection; or

(B) The lot of record is five acres or larger and is located in the Rural Reserve zoning district; or

(C) The lot of record is 10 acres or larger and is located in a Rural Resource-Natural Resource Lands or Secondary Forest-Natural Resource Lands zoning district; or

(D) The lot of record meets the requirements of SCC 14.16.410(15)(c) for residential development in the Industrial Forest-Natural Resource Lands designation; or

(E) The lot of record is 0.25 acres or larger and is located in the Bayview Ridge Residential zoning district.

(d) In the following zones, if the proposed use for the substandard lot of record is one of the following nonresidential uses and otherwise meets all requirements for the use in the zone, it may be allowed regardless of the determination pursuant to SCC 14.06.045(1)(d):

(i) Rural Village Residential,

(A) Administrative special uses: minor utility developments; parks, specialized recreational facilities; trails and primary and secondary trailheads.

(B) Hearing Examiner special uses: cemetery; community club/grange hall; expansion of existing minor public uses up to 3,000 square feet; historic sites open to the public; minor public uses; parks; community; personal wireless services towers, subject to SCC 14.16.720.

(ii) Rural Intermediate,

(A) Permitted uses: agriculture, agricultural accessory uses.

(B) Administrative special uses: minor utility developments; parks, specialized recreational facilities; trails and primary and secondary trailheads.

(C) Hearing Examiner special uses: cemetery; community club/grange hall; expansion of existing minor public uses up to 3,000 square feet; historic sites open to the public; impoundments greater than 1-acre in size; minor public uses; outdoor recreational facilities; parks; community; personal wireless service towers, subject to SCC 14.16.720.

(ii) Rural Reserve,

(A) Permitted uses: agriculture, agricultural accessory uses, agricultural processing facilities, cultivation, harvest and production of forest products or any forest crop, in accordance with the Forest Practice Act of 1974, and any regulations adopted pursuant thereto.

(B) Administrative special uses: minor utility developments; parks, specialized recreational facility; trails and primary and secondary trailheads.

(C) Hearing Examiner special uses: animal preserve; cemetery; community club/grange hall; expansion of existing minor public uses up to 3,000 square feet; historic sites open to the public; impoundments greater than 1-acre in size; manure lagoon; minor public uses; natural resources training/research facility; outdoor outfitters enterprises; outdoor recreational facilities; parks; community; personal wireless services towers, subject to SCC 14.16.720.

(iv) Urban Reserve Residential,

(A) Administrative special uses: expansion of existing minor public uses, minor public use, minor utility development, seasonal roadside stands under 300 square feet, temporary event, trails and primary and secondary trailheads.

(B) Hearing Examiner special uses: cemetery; community club/grange hall; display gardens; historic sites open to the public; parks; community; personal wireless service towers subject to SCC 14.16.720.

(v) Urban Reserve Commercial-Industrial,

(A) Permitted uses: community club/grange hall, historic sites open to the public, minor public uses.

(B) Administrative special uses: expansion of existing minor public uses up to 3,000 square feet; minor utility developments; parks, specialized recreational facility; personal wireless services towers subject to SCC 14.16.720; temporary event; trails and primary and secondary trailheads.
(C) Hearing Examiner special uses: none.

(iv) Urban Reserve Public: Open Space.

(A) Permitted uses: agriculture; agricultural accessory use; caretaker dwelling unit for on-site resident park manager accessory to the primary public use; cultivation and production of forest products and any forest crop, in accordance with the Forest Practice Act of 1974, and any regulations adopted pursuant thereto; historic sites open to the public; interpretive center; minor public uses; minor utility development; open space; parks; community; park; recreation open space; parks, regional; park, specialized recreation area; trails and primary and secondary trailheads.

(B) Administrative special uses: natural resources training/research facility, outdoor recreation facilities, personal wireless services towers, subject to SCC 14.16.720, Water diversion structure.

(C) Hearing Examiner special uses: impoundment.

(vi) Bayview Ridge Residential.

(A) Permitted uses: agricultural uses; historic sites open to the public.

(B) Administrative special uses: minor utility developments; parks, specialized recreational facilities; trails and primary and secondary trailheads.

(C) Hearing Examiner special uses: parks, community.

(f) In the natural resource land zones, if the proposed use for the substandard lot of record is any of the uses permitted in the respective natural resource land zone other than the following residential uses, it may be allowed regardless of the determination pursuant to SCC 14.06.045(1)(b):

(i) Agricultural-NRL: co-housing, as part of a CARQ, subject to SCC 14.19.300 through 14.19.330; farm-based business carried on exclusively by a member or members of a family residing on the farm and employing no more than 3 nonresident full-time equivalent employees; family day care provider as defined in Chapter 14.04 SCC; Home-Based Business 1; single-family detached residential dwelling unit and residential accessory uses, when accessory to an agricultural use; temporary manufactured homes as permitted in SCC 14.16.900(2)(b); Home-Based Business 2; provided no conversion of agricultural land is required to accommodate the business activity; Home-Based Business 3; provided no conversion of agricultural land is required to accommodate the business activity.

(ii) Secondary Forest-NRL accessory residential structures; co-housing as part of a CARQ, subject to SCC 14.19.300 through 14.19.330; detached single-family residential dwellings; family day care provider; Home-Based Business 1; Home-Based Business 2; provided no conversion of agricultural land is required to accommodate the business activity; Home-Based Business 3; provided no conversion of agricultural land is required to accommodate the business activity.

(iii) Rural Resource-NRL detached single-family residential dwelling; Home-Based Business 1; family day care provider; residential accessory structures; Home-Based Business 2; provided no conversion of agricultural land is required to accommodate the business activity; Home-Based Business 3; provided no conversion of agricultural land is required to accommodate the business activity.

(iv) Industrial Forest-NRL: co-housing, as part of a CARQ, subject to SCC 14.19.300 through 14.19.330; single-family residential dwellings; Home-Based Business 1; Home-Based Business 2; provided no conversion of agricultural land is required to accommodate the business activity; Home-Based Business 3; provided no conversion of agricultural land is required to accommodate the business activity.

(f) Reasonable Use.

(i) Variance from the requirements of this Section shall not be considered. However, if a substandard lot of record in the Rural Reserve, Rural Intermediate, Rural Village Residential, Urban Reserve Residential, or Bayview Ridge Residential zones does not meet any of the exceptions in Subsection (h)(c) of this Section, the lot owner may request that the County further evaluate the lot for a reasonable use exception pursuant to this Subsection. Issuance of a reasonable use exception shall allow the lot owner to apply for residential development permits on the lot. Reasonable use exceptions shall only be issued if the lot owner can demonstrate the following:

(A) The lot has not been owned with any other contiguous lots with the same zoning designation at any time from July 1, 1980, to the present. The owner may elect to aggregate all contiguous, substandard lots held in common ownership, thereby creating a single parcel, to then qualify under this Subsection; and

(B) The proposed use can otherwise satisfy all other requirements of the Skagit County Code; and

(C) The proposed use does not require extension of, or installation of, urban levels of service outside of an urban growth area.

Lots included in a plat shall not be required to be combined with unplatted land or lots in separate plats for the purposes of qualifying under the Subsection. Lots where ownership of 1 or more contiguous lots has been transferred since July 1, 1980, shall not be considered as held in common ownership if the segregation(s) occurred in compliance with all zoning and aggregation provisions in effect at the time of transfer.

(ii) The County evaluation of a reasonable use exception to the requirements of this Section shall be processed as a Level I administrative decision, pursuant to SCC 14.06.110, including all of the public notice and comment requirements.

(iii) In the Natural Resource Land zones (Ag-NRL, RRL-NRL, SF-NRL and IF-NRL), natural resource production is deemed a reasonable use of the property and, therefore, substandard lots of record in these zones shall not be eligible for a reasonable use exception pursuant to this Subsection.
14.16.850 General provisions.
(1) Any provision of this Title may be suspended in an emergency situation by the Administrative Official, subject to approval by the Board of County Commissioners.

(2) There shall be no more than one primary dwelling unit and one accessory dwelling unit per lot of record, unless otherwise permitted in the zoning district. Recreational vehicles do not qualify as dwelling units.

(3) Prohibition on Extension of Sewer Service into Rural and Resource Areas.
(a) Extension of sewer service is prohibited into rural and resource designated areas, except in those limited circumstances shown to be necessary to protect basic public health and safety and the environment and when such services are financially supportable at rural densities and do not permit urban densities.
(b) For the Similk Beach LAMIRD (SSC 14.16.920), only those properties within the LAMIRD may be served by the sewage system designed for that area, even if allowed by Chapter 14.16.920 SSC (On-Site Sewage Code). Connections to provide sewage service to properties outside of the LAMIRD are prohibited.

(4) Development of Lots of Record.
(a) Notwithstanding other restrictions of the Skagit County Code, only lots of record meeting the minimum lot size requirements of the zoning district in which they are located that are not restricted from development by prior County decision or action (e.g., plat notes, open space designation, or other means) will be eligible for development permits. Lots of record that do not meet the minimum lot size requirements of the zoning district in which they are located (hereafter “substandard lots of record”) shall only be considered for development permits if they are not restricted from development by prior County decision or action and meet 1 or more of the exceptions described in Subsection (4)(b) of this Section.

(i) An owner of contiguous, substandard lots may choose to aggregate (combine) the lots in order to meet these requirements; provided, that aggregation of lots shall meet the requirements of and be recorded as a boundary line adjustment pursuant to SSC 14.16.700.
(ii) If the owner chooses to aggregate contiguous, substandard lots to meet these requirements, the County shall waive the application fee for the boundary line adjustment.
(iii) If an owner of contiguous, substandard lots chooses to aggregate the lots pursuant to this Subsection in order to meet these requirements and the resulting aggregated lot does not meet the zoning minimum lot size, the lot must meet an exemption in Subsection (4)(c) of this Section, or apply for and receive a reasonable use exemption pursuant to Subsection (4)(f) of this Section to be considered for development permits.

(b) Lots created through testamentary provisions or the laws of descent shall be governed by the following provisions:

(i) Lots that meet the current lot size requirements of the zoning district in which they are located shall be treated as a legal subdivided lot.
(ii) Lots that do not meet the current lot size requirements of the zoning district in which they are located, but which did meet the requirements in effect at the time they were created will be treated as substandard lots of record under Subsection (4)(c) of this Section;

(c) The County shall only consider issuing development permits on those substandard lots of record meeting any of the exemptions in this Subsection.

(i) The lot of record was properly platted and approved by Skagit County on or after March 1, 1985; provided, that any lot that was created with a restriction banning future development (e.g., plat notes, open space designation, or other means) shall not be considered for development pursuant to this Subsection.
(ii) The lot of record is recognized as a participating parcel paying assessments to the Edison Subarea (Sub-District) of the Skagit County Clean Water District pursuant to Ordinance No. 16177 or any subsequent ordinances.
(iii) The lot of record is recognized as part of an adopted “Limited Area of More Intense Rural Development (LAMIRD)” pursuant to SSC 14.16.920.
(iv) The lot of record has been approved on a previously issued lot of record certification consistent with SSC 14.09.045(5).
(v) The lot of record is located in an urban growth area, is a minimum of 1 acre in size, and can satisfy the requirements of the Skagit County Code for water (either on-site or connection to a public water system) and for wastewater (either on-site or connection to a public sewer system), together with any other code provision applicable to the type of development proposed, as specified in SSC 14.09.045(6).
(vi) The lot of record is at least 1 acre in size and further meets 1 or more of the following:

(A) Has existing water meter and/or sewer service connection existing on the lot prior to January 1, 2004; or
(B) Has water and/or sewer connections allowed under a specific binding written contract in effect on January 1, 2004, that is an extension agreement or connection agreement; or
(C) The owner or predecessor owner has paid or is currently still paying water and/or sewer assessments pursuant to a legally established utility local improvement district (ULID) or a local improvement district (LID) that was established prior to January 1, 2004.
(vi) The lot of record meets 1 or more of the following:

http://www.codepublishing.com/WA/SkagitCounty/
(A) Has an existing dwelling unit that, at a minimum, meets the definition of an "efficiency dwelling unit" or a commercial/industrial/institutional building located solely on the lot of record and the dwelling unit or commercial/industrial/institutional building was either constructed prior to July 1, 1990, according to the Assessor’s records, or, if constructed after that date, obtained a building permit for its construction and approval to occupy from the County; or

(B) Has an approved permit for an on-site sewage system pursuant to Chapter 12.06 SCC that is submitted and approved prior to January 1, 2004 and either that permit is still valid, or the system has been installed; or

(C) Has an individual water system evaluation pursuant to Chapter 12.48 SCC (including installation of the well) submitted and approved prior to June 1, 1997, for a water system intended to serve the substandard lot; or

(D) Has been issued a development permit which vests future structure(s) pursuant to SCC 14.02.050 (Vesting).

(viii) The lot of record was legally created prior to March 1, 1965, or if created after March 1, 1965, was exempt from subdivision requirements at the time it was created, and meets one of the following requirements:

(A) The lot of record is 1 acre or larger and is located in the Rural Village Residential or Rural Intermediate zoning district; lots located within the Fidalgo Island subarea plan boundaries identified in Ordinance No. 18375, Appendix 1, Section 1, No. 12, or located on Guemes Island shall not be eligible for this Subsection; or

(B) The lot of record is five acres or larger and is located in the Rural Reserve zoning district; or

(C) The lot of record is 10 acres or larger and is located in a Rural Resource-Natural Resource Lands or Secondary Forest-Natural Resource Lands zoning district; or

(D) The lot of record meets the requirements of SCC 14.15.41(3)(C) for residential development in the Industrial Forest-Natural Resource Lands designation; or

(E) The lot of record is 0.25 acres or larger and is located in the Bayview Ridge Residential zoning district.

(d) In the following zones, if he proposed use for the substandard lot of record is one of the following nonresidential uses and otherwise meets all requirements for the use in the zone, it may be allowed regardless of the determination pursuant to SCC 14.16.040(1)(C):

(i) Rural Village Residential.

(A) Administrative special uses: minor utility developments; parks, specialized recreation facilities, trails and primary and secondary trailheads.

(B) Hearing Examiner special uses: cemetery; community club/grange hall; expansion of existing major public uses up to 3,000 square feet; historic sites open to the public; minor public uses; parks, community; personal wireless services towers, subject to SCC 14.16.710.

(ii) Rural Intermediate.

(A) Permitted uses: agriculture, agricultural accessory uses.

(B) Administrative special uses: minor utility developments; parks, specialized recreational facilities; trails and primary and secondary trailheads.

(C) Hearing Examiner special uses: cemetery; community club/grange hall; expansion of existing major public uses up to 3,000 square feet; historic sites open to the public; impoundments greater than 1-acre feet in size; minor public uses; outdoor recreational facilities; parks, community; personal wireless services towers, subject to SCC 14.16.720.

(iii) Rural Reserve.

(A) Permitted uses: agriculture, agricultural accessory uses, agricultural processing facilities, cultivation, harvest and production of forest products or any forest crop, in accordance with the Forest Practice Act of 1974, and any regulations adopted pursuant thereto.

(B) Administrative special uses: minor utility developments; parks, specialized recreational facility; trails and primary and secondary trailheads.

(C) Hearing Examiner special uses: animal preserves; cemetery; community club/grange hall; expansion of existing major public uses up to 3,000 square feet; historic sites open to the public; impoundments greater than 1-acre feet in volume; manure lagoons; minor public uses; natural resources training research facility; outdoor outfitters enterprises; outdoor recreational facilities; parks, community; personal wireless services towers, subject to SCC 14.16.720.

(iv) Urban Reserve Residential.

(A) Administrative special uses: expansion of existing major public uses; minor public use; minor utility development; seasonal roadside stands under 300 square feet, temporary event, trails and primary and secondary trailheads.

(B) Hearing Examiner special uses: cemetery; community club/grange hall; display gardens; historic sites open to the public; parks, community; personal wireless services towers subject to SCC 14.16.720.

(v) Urban Reserve Commercial-Industrial.

(A) Permitted uses: community club/grange hall, historic sites open to the public; minor public uses.

(B) Administrative special uses: expansion of existing major public uses up to 3,000 square feet; minor utility developments; parks, specialized recreational facility; personal wireless services towers subject to SCC 14.16.720; temporary event, trails and primary and secondary trailheads.

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Chapter 14.16 ZONING

(C) Hearing Examiner special uses: none.

(vi) Urban Reserve Public Open Space.

(A) Permitted uses: agriculture; agricultural accessory use; caretaker dwelling unit for on-site resident park manager accessory to the primary public use; cultivation; harvest and production of forest products or any forest crop, in accordance with the Forest Practice Act of 1974, and any regulations adopted pursuant thereto; historic sites open to the public; interpretive center; minor public uses; minor utility development; open space; parks, community; park recreation open space; parks, regional; park, specialized recreation area; trails and primary and secondary trailheads.

(B) Administrative special uses: natural resources training/research facility, outdoor recreation facilities, personal wireless services towers, subject to SCC 14.16.720, Water diversion structure.

(C) Hearing Examiner special uses: impoundment.

(vii) Bayview Ridge Residential.

(A) Permitted uses: agricultural uses; historic sites open to the public.

(B) Administrative special uses: minor utility developments; parks, specialized recreational facilities; trails and primary and secondary trailheads.

(C) Hearing Examiner special uses: parks, community.

(a) In the natural resource land zones, if the proposed use for the substandard lot of record is any of the uses permitted in the respective natural resource land zone other than the following residential uses, it may be allowed regardless of the determination pursuant to SCC 14.08.040(1)(b):

(i) Agricultural-NRL: cohousing, as part of a CaRD, subject to SCC 14.19.330 through 14.19.339, farm-based business carried on exclusively by a member or members of a family residing on the farm and employing no more than 3 nonresident full-time equivalent employees; family day care provider as defined in Chapter 14.34 SCC, Home-Based Business 1, single-family detached residential dwelling unit and residential accessory uses, when accessory to an agricultural use; temporary manufactured homes as permitted in SCC 14.16.9000(2)(b), Home-Based Business 2, provided no conversion of agricultural land is required to accommodate the business activity; Home-Based Business 3, provided no conversion of agricultural land is required to accommodate the business activity.

(ii) Secondary Forest-NRL: accessory residential structures; cohousing, as part of a CaRD, subject to SCC 14.19.330 through 14.19.339, detached single-family residential dwellings; family day care provider; Home-Based Business 1, Home-Based Business 2, provided no conversion of agricultural land is required to accommodate the business activity; Home-Based Business 3, provided no conversion of agricultural land is required to accommodate the business activity.

(iii) Rural Resource-NRL: detached single-family residential dwelling; Home-Based Business 1; family day care provider; residential accessory structures; Home-Based Business 2, provided no conversion of agricultural land is required to accommodate the business activity; Home-Based Business 3, provided no conversion of agricultural land is required to accommodate the business activity.

(iv) Industrial Forest-NRL: cohousing, as part of a CaRD, subject to SCC 14.19.330 through 14.19.339, single-family residential dwellings; Home-Based Business 1, Home-Based Business 2, provided no conversion of agricultural land is required to accommodate the business activity; Home-Based Business 3, provided no conversion of agricultural land is required to accommodate the business activity.

(f) Reasonable Use.

(i) Variances from the requirements of this Section shall not be considered. However, if a substandard lot of record in the Rural Reserve, Rural Intermediate, Rural Village Residential, Urban Reserve Residential, or Bayview Ridge Residential zones does not meet any of the exceptions in Subsection (4)(c) of this Section, the lot owner may request that the County further evaluate the lot for a reasonable use exception pursuant to this Subsection. Issuance of a reasonable use exception shall allow the lot owner to apply for residential development permits on the lot. Reasonable use exceptions shall only be issued if the lot owner can demonstrate the following:

(A) The lot has not been owned with any other contiguous lots with the same zoning designation at any time from July 1, 1990, to the present. The owner may elect to aggregate all contiguous, substandard lots held in common ownership, thereby creating a single parcel, to then qualify under this Subsection; and

(B) The proposed use can otherwise satisfy all other requirements of the Skagit County Code; and

(C) The proposed use does not require extension of, or installation of, urban services of level outside of an urban growth area.

Lots included in a plat shall not be required to be combined with unplatted land or lots in separate plats for the purposes of qualifying under this Subsection. Lots where ownership of 1 or more contiguous lots has been transferred since July 1, 1990, shall not be considered as held in common ownership if the segregation(s) occurred in compliance with all zoning and aggregation provisions in effect at the time of transfer.

(ii) The County evaluation of a reasonable use exception to the requirements of this Section shall be processed as a Level 1 administrative decision, pursuant to SCC 14.06.110, including all of the public notice and comment requirements.

(iii) In the Natural Resource Land zoning districts (Ag-NRL, Rro-NRL, SF-NRL and IF-NRL), natural resource production is deemed a reasonable use of the property and, therefore, substandard lots of record in these zones shall not be eligible for a reasonable use exception pursuant to this Subsection.

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Reasonable Use Application

If a substandard Lot of Record in the Rural Reserve, Rural Intermediate, Rural Village Residential or Urban Reserve Residential zones does not meet any exemptions listed in SCC 14.16.850(4)(c), the applicant may apply for a Reasonable Use Exception. Please submit all requested application materials along with the appropriate fees. Please call the Department if you have any questions about the application requirements. Skagit County Code 14.06.045(4) requires the recording of the final decision regarding Lot of Record Status. Planning & Development Services will provide this service.

Required  Submitted

☐ ☐  Fees. $300

☐ ☐  Recording fees (subject to change) 74

☐ ☐  Application. Please complete the attached form answering all questions.

☐ ☐  Ownership Certificate. Please provide a notarized ownership certificate.

☐ ☐  Lot Certification file #: PL 116 - 0546 (Attach copy)

☐ ☐  Boundary Line Adjustment (BLA). If the subject lot was commonly owned with any other contiguous lot at any time since July 1, 1990 please attach a copy of the BLA indicating that the lots have been aggregated as required per SCC 14.16.850(4)(a)(iii). BLA file #: PL _________.

☐ ☐  Pre-addressed/stamped envelopes. Please provide one set of pre-addressed stamped envelope for Owners of Record within 300 feet of all subject property lines.

Per Skagit County Code (SCC) 14.16.850(4)(f)(i), the County evaluation of a Reasonable Use Exception shall be processed as a Level I Administrative Decision, pursuant to SCC 14.06.110 including all of the public notice and comment requirements.

Pursuant to SCC 14.06.200, the Notice of Decision shall be forwarded to parties of record, the applicant and other applicable parties of interest.

The applicant and/or a party of record may appeal this decision to the Hearing Examiner pursuant to the provisions of SCC 14.06.110(7). Parties with standing to appeal must submit the appeal form and appeal fees to Skagit County Planning and Development Services within 14 calendar days of the date the decision was issued pursuant to SCC 14.06.110.
Application for Reasonable Use Exception

Level 1 review pursuant to Skagit County Code 14.16.850(4)(f).

1. Applicant Name ____________________________________________
   Address ____________________________________________
   Phone __________________________________ Fax ______________ e-mail __________________
   Signature ______________________________________________

2. Property Owner Name ____________________________________________
   Address ____________________________________________
   Phone __________________________________ Fax ______________ e-mail __________________

3. Contact Name ____________________________________________
   Address ____________________________________________
   Phone __________________________________ Fax ______________ e-mail __________________

4. Subject Parcel(s) ID#(s): ____________________________________________

5. Site Address: ____________________________________________

6. Comprehensive Plan/Zoning Designation of subject parcel(s):
   □ Rural Reserve □ Rural Intermediate
   □ Urban Reserve Residential □ Rural Village Residential

7. Lot Size: ____________________________________________

8. Legal Description: ____________________________________________
   (Attach additional sheet if necessary)

9. Does this proposal require the extension of urban services outside of an urban growth area?
   □ Yes □ No

10. Has there been ownership of adjacent property since July 1, 1990?
    □ Yes □ No

11. If yes, have any of the adjacent properties been sold?
    □ Yes □ No
OWNERSHIP CERTIFICATION

I, ____________________________, hereby certify that I am the major property owner or officer of the corporation owning property described in the attached application, and I have familiarized myself with the rules and regulations of Skagit County with respect to filing this application for a ____________________________ and that the statements, answers and information submitted presents the argument on behalf of this application and are in all respects true and correct to the best of my knowledge and belief.

Street Address: ____________________________________________________________

City, State, Zip: __________________________________________________________

Phone: (______) ______________________

Signature(s):

_____________________________________________________________________

_____________________________________________________________________

for: ____________________________

(corporation or company name, if applicable)

STATE OF WASHINGTON  )
COUNTY OF SKAGIT   ) ss.

On this day personally appeared before me __________________________, known to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purpose therein mentioned. Given under my hand and official seal this _________ day of ________________________.

Notary’s Signature _______________________________________________________

Notary Public in and for the State of Washington residing at ____________________________

My Commission Expires ____________________________

F:\groucer\WP\Reasonable Use Apps\Reasonable Use Appl.xls doc - last updated 07.07.05
SKAGIT COUNTY PLANNING & DEVELOPMENT SERVICES

REASONABLE USE EXCEPTION DETERMINATION

Pursuant to SCC 14.16.850(4)(f)

File Number: PLApplication Number

Applicant Name: Applicant Name

Property Owner Name: Property Owner Name

Having reviewed the information provided by the applicant, the Department hereby finds that the lot bearing Skagit County Assessor Account Number(s) P Number, P Number, P Number has met the requirements of the Reasonable Use Exception pursuant to SCC 14.16.850(4)(f). A Reasonable Use Exception is hereby granted to consider residential development on the above referenced lot (see attached map for Exception boundaries).

This approval does not guarantee that development permits(s) will be issued. Pursuant to SCC 14.16.850(4)(f), only residential uses that meet all applicable provisions of Skagit County Code and do not require the extension of urban services outside of an Urban Growth Area will be approved.

Authorized Signature: ___________________________ Date: Approval Date

See Attached Map
Appendix C

Josh Wilson / Higgins Airport Way Property

P111030
APPRAISAL REPORT SUMMARY

PUD Water Tank Site
NHN Emily Lane
Burlington, WA 98233

Prepared for:
Skagit PUD
1415 Freeway Drive
Mount Vernon, WA 98273

Date of Inspection: July 7, 2015

Prepared By:
HEWITT APPRAISAL SERVICE
1317 Alpine View Drive
Mount Vernon, WA 98274
Telephone: (360) 428-4758
Fax: (360) 424-8707

Appraiser:
Wayland D. (Dan) Hewitt, SRA
WA General Certification. # 1101648
Dear Mr. Trueman:

An appraisal of the above cited property using the narrative report format has been prepared. This assignment has been completed in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA).

The purpose of this appraisal is to estimate the fee simple interest in the subject property. The intended use of the appraisal is to assist the client in determining value of the real estate for the purpose of possible disposition.

The subject property consists of a one acre vacant land parcel formerly reserved for use as a future water tank site. It is situated on a level, one acre tract accessed by an easement road off of Emily Lane west of Burlington, Washington. It is zoned RRv; Rural Reserve; with a 5 acre residential minimum site size allowed by zoning. The subject property is currently vacant land.

Based on the analysis completed, we have estimated the fee simple interest of the subject property as of, July 7, 2015, is:

FORTY-NINE THOUSAND DOLLARS
$49,000
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SUMMARY OF SALIENT FACTS

Client: Skagit PUD

Intended Use: Estimate fair market value for possible disposition purposes

Intended Users: This report is intended to be used by the Skagit PUD. No other party is authorized or intended to use this report.

Purpose of the Appraisal: The purpose of this appraisal report is to provide an opinion of the market value of the subject property in fee simple estate in “As Is” condition.

Property Appraised: One 43,560 square foot tract of vacant land located off NHN Emily Lane Burlington, WA 98233

Project Scope: Vacant residential land reserved for future water tank site west of Burlington, Washington.

Date of Inspection: July 7, 2015

Completion Date of Report: July 22, 2015

Tax I.D. #: 350327-3-002-0700; P111030

Zoning: RRv; Rural Reserve; 5 acre minimum

Land Area: 1.00 acres; 43,560sf

Owner: Public Utility District

Highest and Best Use
As Vacant: Recreational
As Improved or Proposed: N/A

Hypothetical Conditions: None.

Values: “As is” Fee Simple Estate: $49,000
REPORT ORGANIZATION:

This report is designed to inform the reader of all factors influencing the value of the subject property in a clear and concise manner. An Appraisal Summary is provided to the reader for quick reference to salient conclusions regarding the valuation of the property. Initially, an overview of the subject regional market area, market trends and a neighborhood location analysis is performed. The property is then described physically and a highest and best use for the property is determined. Highest and Best Use establishes the premise upon which the property is valued.

The valuation section describes the various methods of valuing the subject property and includes all pertinent information regarding comparable properties and the applications of this information in arriving at the individual value conclusions. The various valuation methods are then evaluated and reconciled into a final estimate of value for the property. An addendum is provided which illustrates important data about the market, site and improvements and includes photographs of the subject and comparables as well as location maps to aid the reader.

INTENDED USE OF THE APPRAISAL:

The purpose of the appraisal is to provide the appraiser's best estimate of the market value of the subject property. The appraisal is designed to be used by the client for consideration of determining the market value of the property for possible disposition purposes and without prior written approval of the author, the use of this report is limited to this decision-making. All other uses are expressly prohibited. Reliance on this report by anyone other than the designated client for a purpose other than that set forth above is prohibited. The author's responsibility is limited to the client.

INTENDED USER OF THE APPRAISAL:

The intended user of the appraisal is the Skagit PUD.

ASSUMPTIONS AND LIMITING CONDITIONS:

The appraisal is based upon the assumptions and limiting conditions as outlined in the enclosures.

PROPERTY RIGHTS APPRAISED:

The property rights appraised consist of the unencumbered fee simple interest of all present and future benefits, which may be derived from the property's present or possible use.

EFFECTIVE DATE OF APPRAISAL:

The effective date of appraisal is July 7, 2015, which is also the date of physical inspection.

COMPLIANCE AND COMPETENCY PROVISION:

This appraisal report has been prepared in compliance with the Uniform Standards of Professional Practice (USPAP) as revised January 1, 2014 and originally adopted by the Appraisal Standards Board of the Appraisal Foundation on August 9, 1990. The appraiser has years of experience in appraising single
family, multi-family and commercial properties and has the appropriate knowledge and experience to competently complete this report. Refer to the addendum of this report for a statement of qualifications of the appraiser.

**DEFINITION OF MARKET VALUE:**

The purpose of the appraisal is to estimate the market value of the subject property, in fee simple title on July 7, 2015. Market value is defined as:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently and knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of sale as of a specified date and passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- both parties are well informed or well advised, and each acting in what he considers their best interests;
- a reasonable period of time is allowed for exposure in the open market;
- payment is made in terms of U.S. dollars or in terms of financial arrangements comparable thereto; and
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (1)

This definition is in compliance with the OCC (Office of the Comptroller of the Currency), FDIC (Federal Deposit and Insurance Corporation), FIRREA (Federal Institutions Reform, Recovery and Enforcement Act of 1989), the Federal Reserve System (FRS), National Credit Union Administration (NCUA) and USPAP (Uniform Standards of Professional Appraisal Practice) as adopted by the Appraisal Foundation and the Appraisal Institute.

**APPRAISAL DEVELOPMENT, SCOPE AND REPORTING PROCESS:**

In preparing this appraisal, the appraiser:

1. physically inspected the exterior of the subject site
2. gathered information on comparable land sales using the NW MLS, Realist, Real Market Data Comp Service and the Commercial Brokers Association
3. confirmed and analyzed the data and applied the sales comparison, cost and income approaches, where applicable.

The subject property is valued in fee simple interest in an “as is” condition. The property is smaller than allowable zoning and the valuation assumes the property cannot be improved to a residential highest and best use. This Summary Appraisal Report is a brief recapitulation of the appraiser's data, analyses, and conclusions. Additional supporting documentation is retained in the appraiser's file for this appraisal report.

(1) *The Appraisal of Real Estate* 12th Ed. (Chicago, Appraisal Institute, 2001), p 22
ASSESSMENT AND TAX INFORMATION:

The past three years of tax assessment valuations for parcel # P111030 are noted as follows:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>A/V LAND</th>
<th>A/V BLDGS</th>
<th>TOTAL A/V</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$110,000.00</td>
<td>$0.00</td>
<td>$110,000.00</td>
</tr>
<tr>
<td>2014</td>
<td>$110,000.00</td>
<td>$0.00</td>
<td>$110,000.00</td>
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<tr>
<td>2013</td>
<td>$110,000.00</td>
<td>$0.00</td>
<td>$110,000.00</td>
</tr>
</tbody>
</table>

The current total tax assessed value for the tax parcel for the 2015 tax year is $110,000.00. The property owners are a government entity and no real estate taxes are charged to the owners.

OWNERSHIP HISTORY:

The subject property is owned by Skagit PUD, whose address of record is:
1415 Freeway Drive
Mount Vernon, WA 98273.

PERSONAL PROPERTY:

No personal property, manufacturing equipment or business equipment was included in the value estimate.

SALES AND LISTING HISTORY:

The subject property has not sold or been listed for sale during the past three year period.

LEGAL DESCRIPTION:

See the attached addendum section for the complete legal description.

PRIOR APPRAISAL:

The subject property has not previously been appraised by this appraiser. I have performed no other services, as an appraiser, or in any other capacity regarding the property that is the subject of this report in the previous three years preceding this appraisal assignment. (per USPAP, rev. January 1, 2012).

MARKETING TIME AND EXPOSURE TIME:

Exposure time is “the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market.” The exposure time for the subject is estimated to be at least 6 to 9 months.

Marketing time is “an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal.” A reasonable marketing time period for the subject property is estimated to be 6 to 9 months as the potential purchasers are a limited group of investors in the current market.
MARKET, LAND AND IMPROVEMENTS ANALYSIS
REGIONAL AND STATEWIDE ANALYSIS:

The subject property is located in a rural appeal residential and light industrial commercial neighborhood five miles west of the town of Burlington in Skagit County, state of Washington. Washington State is located in the northwest corner of the contiguous 48 United States. The northwest corner of the United States is commonly referred to as the Pacific Northwest region. This area includes the states of Washington, Oregon, Idaho and western portions of Montana.

Regional Characteristics

The multi-state region of the Pacific Northwest is primarily supported by four major metropolitan population centers: Seattle and Spokane in Washington State, Portland in the northwest corner of the state of Oregon and Boise, the capital of the state of Idaho. These four cities are linked by two major interstate freeways, which facilitate trade throughout the region. Interstate 90 links Seattle with Spokane and Boise to the east. Interstate five runs north and south and links Seattle with Vancouver, B.C. in Canada to the north and Portland, Oregon to the south. The Cascade Mountain Range runs north and south through the western part of the states of Washington and Oregon creating a unified cultural and sociological group. It also blocks incoming weather patterns from the onshore ocean flow. East of the mountains in Washington, Idaho and Oregon is a more arid climate and a more agricultural based economy. Spokane and Boise act as trading hubs for product moving to and from the coastal cities of Seattle and Portland and have busy commercial and industrial distribution centers. Rail and trucking are the primary movers of goods, however, each of the cities have major airports for passenger and freight conveyance. The Rocky Mountain Range through Montana and into Utah is the eastern boundary of the region.

Factors such as employment, per capita income, health care and education levels are considered to be on a par with other healthy regions of the United States. Current social issues in the region include preservation and enhancement of environmental conditions, traffic and linkage problems in the major metropolitan areas, (especially in Seattle) and taxes. Washington State has a sales tax on goods and services but no state income tax. Oregon has no sales tax, but does have a state income tax. This can have some effect on trade in the southwestern part of Washington and the northern part of Oregon.

The region is supported by a diverse base of employment which includes aircraft manufacturing, forest product processing, high tech manufacturing and R & D, bio-technology, agriculture, textiles, oil, steel and aluminum processing, recreational opportunities, overseas and intercontinental shipping, retailing and internet businesses. The broad diversity of these major employment bases contributes to a healthy climate for employment levels, income stability, educational levels, housing affordability and overall quality of life.

Geographic Characteristics

Washington State is comprised of 66,544 square miles with an average of 88.6 persons per square mile. The most northwesterly corner of Washington State is often referred to as the Puget Sound Region. Puget Sound is bordered in the east by the Cascade Mountain Range, in the west by the Olympic Peninsula, San Juan Islands and Pacific Ocean. The southern boundary extends to the Olympia area and the northern boundary is the Canadian-U.S. border. It is about 40 miles south of this northern border that Skagit County and Burlington are located.

Population Characteristics

Washington State reports a population of 6,897,012 people as of 2012 according to the U.S. Census. The median age of the population is estimated at 36.2 years. About 50% of the population consists of males and 50% females. Ninety percent of the population is native to the United States and about 53 percent of those were born in Washington State. About 10 percent of the population is foreign-born. The following chart illustrates the age breakdown of the state population:
A trend toward an aging population is noted in the chart above. In addition, a significant lag in the 18-24 age group was also noted.

Educational Characteristics

Educational attainment is noted in the following chart: (Percentages are rounded.)

<table>
<thead>
<tr>
<th>EDUCATION</th>
<th>PERCENT</th>
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</thead>
<tbody>
<tr>
<td>Less than H.S. Diploma/GED</td>
<td>10%</td>
</tr>
<tr>
<td>H.S. Diploma/Equivalent</td>
<td>28%</td>
</tr>
<tr>
<td>Some College/No Degree</td>
<td>25%</td>
</tr>
<tr>
<td>Associate Degree</td>
<td>8%</td>
</tr>
<tr>
<td>Bachelor’s Degree</td>
<td>20%</td>
</tr>
<tr>
<td>Graduate or Professional Degree</td>
<td>10%</td>
</tr>
</tbody>
</table>

Approximately 90 percent of the population 25 years and older have completed high school or its equivalent and 30 percent of the population have a Bachelors degree or higher. About 1.5 million people are enrolled in schools with college enrollment totaling 361,000.

Housing Characteristics

Housing in Washington State consists of 2,907,490 housing units. The vast majority (49%) of the households are occupied by married-couple families, with other families (15%), people living alone (28%) and other non-family households (7%) making up the other 51 percent of household composition.

Economic Characteristics

Puget Sound is important to Washington State in many ways. First, it is characterized by a large, protected waterway with access to the Pacific Ocean. Secondly, the large, deep-water port cities of Seattle, Tacoma, Everett and Bellingham are located here, facilitating international trade and providing a general economic base for the region. This economic base includes forestry, agriculture, importing and exporting and a sizable manufacturing contingent; aerospace technology (Boeing), computer technology and internet businesses (Microsoft, Amazon.com, Real Networks, etc.), oil refineries (Arco, Shell and Texaco). The electricity that supplies these industries comes from both hydroelectric dams and nuclear power. Military bases for aircraft and naval vessels also find the Northwest's protective water and mountains to be strategically advantageous.

Notable concerns in these base industries include Georgia-Pacific in Bellingham and Weyerhauser in Everett as primary processors of forestry products. Boeing operates large plants in Everett, Seattle and Renton, and INTALCO, which manufactures aluminum products in Bellingham, are large manufacturing concerns.

Other manufacturing includes boat building, food processing and metal fabrication. Support industries including tourism and large retailing corporations round out the economic climate. Military defense is an increasingly important entity in the Puget Sound Region and appears to be rapidly adding to the population and economic growth of the area. In addition, support industries of banking, hotel and restaurant services, auto sales and repair and other needed services are well represented in the Pacific Northwest.
Employment in the state has typically run in the 93% to 94% range year to year. National unemployment is at 5.3% as of June 2015, which is down from 5.5% in June 2014. Current unemployment rate in Washington State is at 5.3% as of June 2015, down from 5.4% in June 2014 according the Washington State Employment Security Dept website. (1) Unemployment in Skagit County is at now at 6.6% in May 2015 according to the Washington State Employment Security Dept. website. This trend indicates improving unemployment rates coming off the historical highs for the past several years. Private, non-farm employment in Washington State as of June 2015 was 3,544,900 persons.

A higher unemployment rate is noted for Skagit County versus the rest of the state (6.6% for Skagit County versus 5.3% statewide), however, Skagit County is following the state and national trends with declining unemployment rates.

Transportation and Linkages

Several major linkages facilitate movement of goods in the region. Interstate 5 runs north to south from Vancouver, B.C. through Bellingham, Everett, Seattle, Tacoma and south through Portland, Oregon. Several major highways cross the Cascade Mountain range to access eastern Washington, most notably Interstate 90 which links Seattle with Spokane. Rail and bus services also expedite the movement of goods.

Major parks and national forest areas are located throughout western Washington, including the North Cascades, Mount Rainier, Mount St. Helens and Olympic National Forest and Parks. Other recreational pursuits include snow and water sports, expanding opportunities for golf as well as professional spectator sports. In the 1990’s, Washington State witnessed one of the fastest rates of expansion of new golf course construction in the country.

These factors contribute to the enhancement of the area economically and demographically and indicate that controlled growth is occurring. This, in turn, indicates positive factors for real estate values and the real estate market in the future for the region.

**SKAGIT COUNTY ANALYSIS**

**Geographical Location and Physical Characteristics**

Mount Vernon is the county seat of Skagit County and is also the largest city in the county, both in terms of population and in land area. Skagit County comprises a land area of 1,735 square miles and is characterized by the fertile farmland of the Skagit River delta at the western half portion with the eastern half dominated by foothills and peaks of the Cascade Mountain Range. The Skagit River runs nearly the entire length of the county from east to west and empties into Skagit Bay, which is part of greater Puget Sound. This is the principal drainage system for the county's rainfall and has provided a fertile delta of productive agricultural land. Sedro Woolley is located upriver, ten miles east of Mount Vernon and Burlington, the two principal cities in the county.

Skagit County enjoys a temperate climate with mild temperatures and adequate balance of rainfall and sunshine. Winter temperatures typically average around 30 degrees Fahrenheit while summer temperatures range into the mid 70's. Rainfall can average between 35 and 45 inches, with the mountainous eastern region receiving the large portion of rain. Snowfall is occasional during the winter but does not usually contribute adversely to operational factors.

Skagit County's location offers access to recreational amenities such as parks, lakes and the San Juan Islands to the west.

**Population Characteristics**

According to the U. S. Census, the population of Skagit County in 120,365 in 2014, up from 118,222 in 2012, and up from 115,300 in 2011. From 2010 to 2015, the population in Skagit County increased by 4.3 percent. These findings imply that Skagit County is viewed as a desirable place to live and work and a population influx trend is expected to continue for the foreseeable future. The current median age of the population is 37.2 years, slightly higher than the statewide average. Males comprise 49.5 percent of the population and females comprise 50.5 percent. Age group break downs basically mirror those in the preceding chart of the statewide age groups.

**Housing Characteristics**

Skagit County housing consists of 51,945 units as of 2011 compared to 2,907,490 for the entire state. Multi-family units comprise about 16.9 percent of the total supply in Skagit County versus 25.7 percent for the state. From 2007 to 2011, the home ownership rate was 68.9 percent compared to 64.4 percent for the rest of the state. The median price of the housing in the county is $285,000 in early 2008. Persons per household is 2.52 against 2.50 for the state. Median household income in 2012 was estimated at $55,555 per person.
Skagit County experienced declining single family residential market during the recession beginning in late 2008 following a very active market in the previous three year period. The market began to rebound again in the early months of 2013. While 2014 was somewhat stable, real estate values began to rise again due to improved activity levels as retail buyers re-entered the market. After a period of residential absorption over the past six months, a shortage of listings occurred. Fresh listings have been entering the market recently to fill the demand and are coming in at new, higher and more optimistic pricing. Active listings indicate a shorter marketing time than previously seen several years ago when it was over 6 months. Low interest rates and gradually easing lending policies have helped to spur the current rebound. The more appropriately priced properties tend to sell in a shorter average marketing time period.

Mortgage lending interest rates play a key role in maintaining affordable housing. Lower than typical interest rates from 2002 to 2006 and newer, more flexible lending practices were two prime reasons for rising home values across the nation. Skagit County definitely followed the trend. Interest rates currently range in the 4.0% to 4.5% bracket for 30 year fixed rate conventional loans with 20% LTV’s. Those loans had previously dipped to as low as 3.5%. Fixed rate loans were as high as 5.5% to 6.0% several years ago, but have since fallen to the levels now seen. Adjustable rate mortgages were very popular alternatives to higher fixed rate loans over the last three or four years as they offered a lower interest rate entry point, especially for new home purchasers. 3/1 ARM’s (3 year fixed, adjusting each year thereafter) currently start in the 4.0% to 4.5% range, depending on the lender, credit rating of the borrower and length of adjustable term. These loans are still under scrutiny, however, but are being increasingly marketed to consumers. Conventional loans are the bulk of the lending products offered, but FHA loans with 5%, or even no down and 100% VA loans are still part of the lending landscape.

Economic - Financial Factors

Fertile farmland to the west and forested hillsides to the east constitute Skagit County’s major economic bases of food and wood production respectively. These industries are enhanced by a capable network of roads and highways which facilitate transportation of goods and people. Most primary and secondary roads are asphalted; two are most notable. State Highway 20 enters the county via a mountain pass in the east through Sedro Woolley and Lyman and connects with Whidbey Island and the San Juans through Anacortes in the west.

Interstate 5 begins at the Canadian border, 40 miles to the north and proceeds south, 70 miles to Seattle and beyond; passing through Burlington and Mount Vernon in the approximate western center of the county and offering the fastest link with communities outside the county.

The major industries of the Skagit Valley are supplemented by all necessary support services and this diversification provides some degree of stability during times when outside economic events become factors in local markets. Curtailing of timber industry production due to housing supply situations was supported by agricultural and fishing efforts in the recent past. Agricultural activities include dairy farming as well as harvesting of food crops such as peas, wheat, corn and berries.

Skagit County is closely tied to Whatcom County to the north and Snohomish County to the south for larger industrial employment opportunities. Island County is located west of Skagit County, where the Whidbey Island Naval Air Station accounts for the largest employment base along with county and city governments. The marine industry, fishing and the refineries are the economic bases of the Anacortes area in Skagit County. Government services in the county seat of Mount Vernon provide employment all over the county. The five largest employers in Skagit County are:

<table>
<thead>
<tr>
<th>Employer</th>
<th># Employed</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Skagit Valley Casino</td>
<td>558</td>
</tr>
<tr>
<td>Regence Blue Shield</td>
<td>500</td>
</tr>
<tr>
<td>Shell Puget Sound Refinery</td>
<td>450</td>
</tr>
<tr>
<td>Janicki Industries, Inc.</td>
<td>446</td>
</tr>
<tr>
<td>Tesoro Refining and Marketing</td>
<td>360</td>
</tr>
</tbody>
</table>
Flower bulb farms have also experienced steady growth in the county and are assuming an additionally larger role of successfully catering to spring and summer tourism activities.

Both agriculture and timber employment increases during the spring and summer months. Manufacturing firms such as Texaco and Shell operate oil refining concerns in Anacortes, together with municipal and county government activities and support industries such as trucking, retailing and processing, contribute to year round employment stability.

**Political - Governmental Factors**

All four major cities in the county are governed according to a mayor/city council form of government. Each incorporated city retains its own police and fire protection and individually plan comprehensively for growth direction and usage factors. Such planning includes zoning regulations, building codes and educational opportunities. Governmental activities are supported by the populace and are generally considered successful in their endeavors by their constituents.

County and Port Commissioners have expressed conservative attitudes toward industrialization, especially in regard to rapid or uncontrolled growth. Recent activities by groups such as the Economic Development Association of Skagit County (EDASC) are operated under a careful mandate of the voters to encourage development which will incorporate into the area in a manner which protects the environment and heritage of the region. This non-profit association was largely responsible for attracting SUGIYO, USA to the Anacortes area in order to operate an imitation seafood processing plant, resulting in increased employment.

Property taxes fund the majority of governmental services. Gradually rising levy rates do not appear to affect the real estate values.

Political-Governmental services appear to adequately protect and serve the citizens in an affordable manner and citizens appear satisfied with the quality and quantity of their governmental activities. These satisfactions enhance the local quality of life and contribute to the market's favorable attitude toward real estate and its value.

**Sociological - Locational Factors**

Skagit County offers an enticing lifestyle with scenic countryside and a less stressful, less hectic pace than that of other locations. Social disturbances are rare and a high degree of social conformance contributes to a "comfort zone" which appeals to families as a stable environment.

Educational facilities range from Skagit Valley College, a two-year community college to twenty-two elementary schools and six high schools. These institutions offer accredited, well-rounded educational opportunities as well as successful extra-curricular sports and music programs.

Three general hospitals, with an adequate supply of physicians, surgeons and specialists are complemented by "911" emergency medical services. Other public institutions include libraries, museums, emergency management and parks and recreations boards, which offer widely utilized sports, culture and craft programs. Additionally, a county fair is organized each August, a tulip festival each April, and various arts, crafts and other cultural events regularly occur. Professional sports and other cultural opportunities exist within short transportation distances.

A large, regional shopping mall was constructed along the I-5 freeway at Burlington and draws shopping traffic from as far away as Vancouver, B.C. In addition, several outlet malls and supporting neighborhood shopping centers have either located near this new mall or are in the process of construction. These new malls have resulted in accelerating the job availability and the resultant population growth in the county.
The Bayview Airport and Greyhound Bus lines provide service between Bellingham and Seattle-Tacoma International Airport.

Overall market factors for real estate in the Skagit County area appear favorable due to the location of the county along the I-5 corridor. As stated in the interest rate analysis, market interest rates are at long-time lows since the beginning of the 2008 recession and appear to be stable for the foreseeable future. This is both due to policies of the Fed as well as liquidity issues in the secondary mortgage market. Other than the still somewhat tight finance industry, no adverse influences of a market wide scale are noted.

CITY AND NEIGHBORHOOD ANALYSIS:

The subject property is situated on the hill west of Burlington and just north of Josh Wilson Road, which is an important arterial through the farmlands from Burlington to the community of Bayview near Padilla Bay. Burlington is located along the Interstate 5 freeway at a point where the Skagit Valley opens up to the west. At the crossroads of I-5 and Highway 20, Burlington became an increasingly important hub of business activity in Skagit County. An agricultural and logging economy spawned support industries to maintain equipment and supplies as well as service the growing population. The population of Burlington is 8,499 as of 2013.

Today, Burlington is still characterized by a desirable small town atmosphere and lifestyle. While agriculture and logging are still major economic bases in Skagit County, Burlington has managed to diversify, capitalizing on the burgeoning tourism trade and service industries in the county. Interstate 5 provides the primary north-south route through the county from Conway in the south to Alger in the north. Burlington is situated along the I-5 corridor, which promotes a stabilization of the economy.

The subject property is situated in a rural appeal neighborhood. Most homes are situated on small acreage tracts with some outlying residential subdivisions interspersed. The Skagit Regional Airport and its surrounding light industrial land uses are located within one to two mile south of the subject property. The popular Bayview Elementary School is located within walking distance to the east of the subject property.

Demographic analysis indicates Skagit County and Burlington to be a healthy, growing region and community providing a good place to live and work. Indications are that the area will continue to expand in population and opportunities. The demonstrated ability of its citizens to control and direct growth, while adequately maintaining a high level of service and opportunity, insures that the area's future is optimistic. No factors which would adversely affect property values were evident.

SITE ANALYSIS:

The subject site is comprised of a level, rectangular lot which is mostly wooded. It is accessed by a gravel easement road running westerly off of Emily Lane which connects to the property’s southeastern corner. The easement provides for ingress, egress, utilities and a water pipeline over the south line of parcel P34865. Emily Lane is a private, asphalt road which services a residential subdivision surrounding the subject on the north. The subject lot is one acre in size (43,560 sf) according to the Skagit County Assessor. The subject parcel has been anticipated for use as a water tank site for the Skagit PUD, however, the need for this site has diminished and the property is now held by the Skagit PUD as surplus land. The soil of the surrounding area typically appears capable of adequate load bearing conditions. The site is located in Zone X, above the limits of the 100 year flood plain according to FEMA Flood Hazard Panel #530153-0001-B dated January 3, 1985.

The site is not currently improved with any utility services. No adverse site factors were noted.
ZONING:

The subject property is zoned RRv; Rural Reserve in Skagit County, Washington. This zoning allows for primarily residential land uses and requires a 5 acre minimum site size. No changes to the zoning code are expected as the zoning has existed for a significant time and has a long history of acceptance by the market. No unusual public or private legal limitations were identified.

The current configuration of the subject property does not conform to zoning minimum standards and the site is assumed to not be eligible for lot certification status. As such, the subject property is relegated to recreational use only. It may be acquired by an adjoining lot owner, however, it would most likely be amalgamated to the lot owner’s other property to remain in compliance with zoning regulations. Refer to the Highest and Best Use Analysis for a description of the RRv zoning code.

DESCRIPTION OF IMPROVEMENTS:

The subject site is not currently improved with any structures.
HIGHEST AND BEST USE ANALYSIS
HIGHEST AND BEST USE ANALYSIS

The highest and best use concept is based upon traditional and accepted appraisal theory and reflects the attitudes of typical buyers and sellers, recognizing that value is predicated on future benefits with consideration given to the wealth maximization of the owner in concert with community goals.

The Dictionary of Real Estate Appraisal, 12th Edition defines highest and best use as: "the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria that highest and best use must meet are legal permissibility, physical possibility, financial feasibility and maximum profitability." (1)

The concept of highest and best use represents the premise upon which value is based. In order to insure the most reliable usage of this concept, highest and best use of the property as if vacant is typically considered separately from highest and best use as if improved. Highest and best use as if vacant allows for the consideration of the site as if vacant and available to be put to its highest and best use, within the context of the four tests noted above, even if the property is actually improved with existing improvements which are not in concert with highest and best use as vacant.

It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. Implied within this definition is recognition of the contribution of that specific use to community environment or to community development goals in addition to maximizing the value to the individual property owners. The use must be legally allowable and physically accomplishable, there must be a profitable demand for such use, and it must return to the land the highest net return for the longest period of time.

HIGHEST AND BEST USE AS THOUGH VACANT

Legally Permissible

The subject parcel is zoned RRv; Rural Reserve, in Skagit County, Washington. This zoning allows for residential land uses and requires a 5 acre minimum site size for single family development. Discussions with county authorities revealed that the site would not quality for a residential lot certification as it does not conform to minimum size requirements per the zoning code. While a single family residential subdivision with substandard lots does surround the subject around the east, north and west, those lots were clustered and are grandfathered. No changes to the zoning code are expected as the zoning has existed for a significant time and has a long history of acceptance by the market. No other unusual public or private legal limitations were identified.

Physically Possible

The physical characteristics of the site are discussed in the site description section of this report. This level, 1.00 acre (43,560 sf) site has no apparent physical limitations, which could preclude appropriate residential development. The site is level and roughly square in shape and is lightly wooded. It is most easily accessed by an easement road from nearby Emily Lane to the east.

The site location is located above the limits of the 100 year flood plain and appears to be capable of adequate load bearing conditions. Access to all necessary utilities is readily available. An ingress, egress and water line easement is identified as pertinent to the site. The site could otherwise be developed to an appropriate use with a minimum of physical changes. The lot configuration and location west of Burlington

near the Bayview Elementary School would be conducive to single family residential development under most circumstances.

Financially Feasible

No financial limitations regarding improvement of the subject site appear. The Skagit County residential market area indicates the capability to support the improvement of the subject property to a highest and best use with appropriate financial reward. This is borne out by a number of market factors:

- other competing and supportive residential and commercial business uses are found in the surrounding Skagit County market with successful operating histories
- vacancy rates of improved properties have remained relatively stable indicating minimal risk of sudden vacancy issues to investors and developers
- market activity of sales of similar vacant sites prove that investors and owner-users of such properties are willing to commit capital to competing development ventures
- market activities of tenants indicate willingness to pay market rates for the rights to occupy residential and commercial properties in the market
- support and direction for continued development activities is provided by allowances in zoning and demonstrated by the adoption of the current comprehensive plan

Most residential development has occurred to the immediate east and west of the subject in conjunction with the Josh Wilson Road arterial. This street is a mixture of single-family and light industrial development. Beyond the Josh Wilson Road corridor to the south are primarily light and heavy industrial uses in support of the airport, while to the east, west and north are mostly single family residential land uses of varying sizes and ages. The subject site would normally be capable of supporting single family residential use because of its location, square footage, access and surrounding compatible uses. However, the zoning incompatibility overrides the other tests of Highest and Best Use.

Maximum Productivity

As noted above, the potential to improve the vacant site for a residential usage would ordinarily be considered the most likely way to maximize the highest use of the site. The site meets two of the three tests, with legal permissibility failing the other two.

Thus the subject site is rendered to be best used as a recreational site or to be acquired by an adjoining property owner. This is due to the combination of the aforementioned legal, physical and financially feasible characteristics of the site.

RECONCILIATION OF HIGHEST AND BEST USE AS VACANT

As noted above, the subject parcel can be evaluated by determining the marketability opportunities of the subject site. Considering the location, zoning, size and shape and surrounding land uses, as well as financial feasibility of the property, and maximum productivity, its highest and best use as if vacant is as a recreational use as it cannot be legally developed at this time due to zoning restrictions.

HIGHEST AND BEST USE AS THOUGH IMPROVED

Highest and best use of property as though improved is defined as "the use that should be made of an improved property in light of the existing improvements and the ideal improvement described at the conclusion of the analysis of highest and best use as though vacant.” (2) An existing property should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one. The subject is unimproved and cannot be built upon, thus its highest and best use is the same as vacant, namely as a recreational acreage tract.
VALUATION ANALYSIS
APPROACHES USED IN VALUATION PROCESS

The valuation of the subject property requires the consideration of three different approaches to the value estimate. The three basic approaches considered are: the Cost Approach, the Income Approach, and the Sales Comparison Approach. These three approaches are different in character, but related somewhat in the known facts that are required to arrive at an estimate of value from each. The final estimate of value is derived through a correlation process in which the appraiser weighs one approach against the other to determine the relative merits of each after coming to a conclusion.

COST APPROACH: This method involves valuing the subject site and the subject improvements separately. Vacant land sales of properties considered similar to the subject are analyzed to arrive at an indication of the value of the subject site as if vacant. The replacement cost new of the improvements is then estimated. Once the cost new of the improvements is estimated, the next step is subtracting the accrued depreciation, if any, which is measured in three categories (physical deterioration, functional obsolescence, and external obsolescence). The figure then is the net depreciated value to which site value is added along with site improvements to arrive at an estimated value by the cost approach.

THE INCOME APPROACH: This approach measures the subject value as based on the income earning potential of the property. Valuation by the Income Approach is based on the capitalization of projected net operating income to an estimate of market value. Net operating income is projected on the basis of the subject’s gross rent potential, less vacancy and expenses. Valuation is completed by applying an overall capitalization rate to the projected net operating income stream.

THE SALES COMPARISON APPROACH: This valuation method involves the process of comparing the subject property with sales of similar use properties. Comparisons are made using physical elements of comparison. Each comparable sale is adjusted towards the subject for differences between that property and the subject property. The resulting adjusted range of value of the comparable sales is reconciled for a value indication for the subject property.

All three approaches were considered, however, only the Sales Comparison Approach was deemed applicable to the assignment as the Cost and Income Approaches are not considered reliable methods for vacant land appraisal and are therefore not used in the valuation of the subject property.
SALES COMPARISON APPROACH

Research of the subject’s immediate market of Skagit County was researched for sales of competitive residential or recreational properties.

Estimated Land Value

Six sales comparison procedures are recognized as appropriate valuation methods for vacant land. All six methods utilize various procedures derived from the three basic approaches to value. The six procedures are noted as follows:

1. Sales Comparison Method:

The Sales Comparison Method is the most common technique used in valuing vacant land or land which is being considered as if vacant for highest and best use analysis. Recent sales of comparable properties are identified, analyzed and compared to the subject in order to determine the most probable sale price of the subject as defined in the definition of market value. When reliable comparable sales exist in the market, this is considered the method most reflective of current market conditions and most indicative of the method the market uses when valuing vacant land.

2. The Land Residual Method

This technique is useful when reliable sales data is unavailable in the market. The site is typically valued as if improved to its highest and best use and then the cost of the improvements is deducted leaving a residual which can be attributed to the land. Another method involves determining a specific component of value, such as water or street frontage or large acreage parcels where the value is predominantly situated in a smaller part of the overall acreage. The site is valued with the primary consideration and then the extra (or residual) land is valued as an "as is" contribution to value to the whole parcel.

3. Allocation

Allocation can be used in specific categories of real estate. This method identifies a ratio of land value to improvement value. While this method is usually considered less reliable, it is useful when comparable sales data is unavailable or as a backup or testing method used in concert with one or more of the other recognized methods.

4. Extraction

This variation of the sales comparison method involves the extraction of the land value from the sale price of an improved comparable sale. This is done by determining the depreciated value of the improvements and identifying a residual value attributable to the land. In rural areas where comparable sales are more scarce and improvements more easily analyzed and extracted, this method serves well.

5. Subdivision Development

This method is also most valuable when comparable sales are scarce. It involves a feasibility study of finished subdivision lots but is limited to use when the highest and best use determination is for a proposed subdivision.

6. Ground Rent Capitalization

When ground rent is paid for the right to use and occupy land, the income stream can be capitalized into an estimate of land value by using an appropriate, market derived rate of return.
Since reliable sales of vacant land were identified, the Sales Comparison and Land Extraction methods were deemed the most reliable procedure with which to value the subject land.

The Land Residual, Allocation, Subdivision Development and Ground Rent Capitalization methods were not used as reliable sales of vacant residential land parcels were identified with reliable results.

The subject's Burlington market area was researched for sales of vacant, unimproved residentially zoned land parcels considered to provide an estimate of the subject's land value. Sales were identified as follows:

Residential land sales were identified as follows:

<table>
<thead>
<tr>
<th>SALE DATE</th>
<th>PROPERTY ADDRESS</th>
<th>ZONING</th>
<th>SALE PRICE</th>
<th>SITE SIZE</th>
<th>PRICE PER SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-2015</td>
<td>Lot 2 Bay Meadows Ln Burlington</td>
<td>RRv</td>
<td>$97,500</td>
<td>31,363 sf</td>
<td>$3.10</td>
</tr>
<tr>
<td>1-2015</td>
<td>Lot 24 Bay Meadows Ln Burlington</td>
<td>RRv</td>
<td>$98,500</td>
<td>37,462 sf</td>
<td>$2.63</td>
</tr>
<tr>
<td>12-2014</td>
<td>Lot 25 Bay Meadows Ln Burlington</td>
<td>RRv</td>
<td>$96,500</td>
<td>57,499 sf</td>
<td>$1.67</td>
</tr>
<tr>
<td>12-2014</td>
<td>Lot 11 Bay Meadows Ln Burlington</td>
<td>RRv</td>
<td>$110,500</td>
<td>48,352 sf</td>
<td>$2.28</td>
</tr>
<tr>
<td>5-2014</td>
<td>NHN Humphrey Hill Rd Burlington</td>
<td>RRv</td>
<td>$35,000</td>
<td>30,492 sf</td>
<td>$1.15</td>
</tr>
<tr>
<td>3-2014</td>
<td>NHN Farm - Market Rd Edison</td>
<td>Ag</td>
<td>$150,000</td>
<td>43,560 sf</td>
<td>$3.44</td>
</tr>
</tbody>
</table>

Active listings of competitive sized small acreage were also identified as follows:

<table>
<thead>
<tr>
<th>LIST DATE</th>
<th>PROPERTY ADDRESS</th>
<th>ZONING</th>
<th>LIST PRICE</th>
<th>SITE SIZE</th>
<th>PRICE PER SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>9-2014</td>
<td>NHN Colony Rd Burlington</td>
<td>RRv</td>
<td>$90,000</td>
<td>43,560 sf</td>
<td>$2.06</td>
</tr>
<tr>
<td>5-2014</td>
<td>NHN Colony Rd Burlington</td>
<td>RRv</td>
<td>$90,000</td>
<td>43,560 sf</td>
<td>$2.06</td>
</tr>
</tbody>
</table>

The foregoing vacant land sales and listings were similar in size to the subject, ranging from .70 to 1.32 acres in size. They also offered similar locational appeal as the subject, being located in the rural appeal neighborhoods west and northwest of Burlington. Sale and list prices ranged from $35,000 to $110,500 and indicated a range from $1.15 to $3.44 per square foot. The higher priced Farm to Market Road sale is a unique and desirable one acre tract in the farmland areas south of Edison. All of the sales and listings are all lot certified and can be built on. None of the sales or listings had utilities installed on their sites, but all had availability to utilities with which to develop the lots for single family residential use. None of the comparables were repossession sales or short sale offerings.
The resulting indications trend toward a central tendency ranging from $2.00 to $2.50 per square foot. Based on the attributes of the subject property, such as its location west of Burlington close to an elementary school, its 1 acre site size, easement road access and level topography, the subject property is reconciled at $2.25 per square foot. Thus, $2.25 per square foot times 43,450 square feet equals $98,010, or $98,000 rounded.

The above sales and listings provide a narrow range of value indications for the subject presuming it to be site buildable. Since it not, an analysis was required to determine a market-derived adjustment to reflect that the subject can only be used recreationally and not be built on. No sales on non-buildable lots or small acreage were identified in the subject’s general market area west of I-5. However, several contrasting sales and listings of lots with similar sizes were identified up river from Sedro Woolley, east of the subject. Although this is a different market area with different market forces at work, the resulting differential between buildable and non-buildable lots is a valid comparison which may be applied to the subject property.

Recreational Lot Value:

Sales of comparable properties which were certified as buildable lots or acreage were identified and contrasting sales of lots which were either not buildable or required extensive site development costs were compared as matched paired comparables to determine a reduction in value for the inability to attain lot certification status. Several sales were identified as follows:

Unbuildable Lots:

<table>
<thead>
<tr>
<th>SALE DATE</th>
<th>PROPERTY ADDRESS</th>
<th>ZONING</th>
<th>SALE PRICE</th>
<th>SITE SIZE</th>
<th>PRICE PER SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-2015</td>
<td>14058 Crater Lake Rd Anacortes</td>
<td>RRv</td>
<td>$33,000</td>
<td>17,424 sf</td>
<td>$1.89</td>
</tr>
</tbody>
</table>

The following listings are located in flood prone areas east of Sedro Woolley and are unbuildable.

<table>
<thead>
<tr>
<th>LIST DATE</th>
<th>PROPERTY ADDRESS</th>
<th>ZONING</th>
<th>LIST PRICE</th>
<th>SITE SIZE</th>
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</tr>
</thead>
<tbody>
<tr>
<td>3-2015</td>
<td>NHN Center Concrete</td>
<td>RRv</td>
<td>$10,000</td>
<td>43,124 sf</td>
<td>$.23</td>
</tr>
<tr>
<td>7-2014</td>
<td>9510 N. Lyman Ferry Rd Sedro Woolley</td>
<td>RRv</td>
<td>$38,000</td>
<td>29,200 sf</td>
<td>$1.30</td>
</tr>
</tbody>
</table>

To remain consistent with the up river location of the two listings, research of buildable lots in the Concrete market were identified as contrast to the unbuildable lots.

Buildable Lots:

<table>
<thead>
<tr>
<th>LIST DATE</th>
<th>PROPERTY ADDRESS</th>
<th>ZONING</th>
<th>LIST PRICE</th>
<th>SITE SIZE</th>
<th>PRICE PER SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>7-2014</td>
<td>41808 N. Shore Ln Concrete</td>
<td>RRv</td>
<td>$50,000</td>
<td>30,238 sf</td>
<td>$1.65</td>
</tr>
<tr>
<td>3-2012</td>
<td>7577 Skagit View Drive Concrete</td>
<td>RRv</td>
<td>$38,000</td>
<td>19,602 sf</td>
<td>$1.50</td>
</tr>
<tr>
<td>3-2010</td>
<td>12 Lots/Forest Park Est Concrete</td>
<td>RRv</td>
<td>$49,900</td>
<td>43,560 sf</td>
<td>$1.14</td>
</tr>
</tbody>
</table>
Listing 1 is a lot in the Cape Horn neighborhood which is out of the flood plain and buildable. Listing 2 is located in Wilderness Village and has a view of the river but not frontage and is situated out of the flood plain.

Listing 3 is a total of twelve lots in the Forest Park Estates subdivision in the Birdsview community near the two listings found in the active market. All of the lots are one acre tracts (43,560 sf) and each one is priced at $49,900, which equates to $1.14 per square foot. All of the lots are finished and utilities are available but not connected to the lots. They have been listed since March 2010.

Buildable lots in the upriver market area ranged from $1.14 to $1.65. Unbuildable lots ranged from .23 to $1.30 per square foot. The spread of differential ranges from as little as .30 to as high as $1.30 per square foot between the matched pairs. In percentage terms the differential ranged from about 20% to 80%.

Since no other sales of non-buildable lots in the Skagit County market were found, sales from the adjacent market of Island County were explored. The following sales are located in the Camano Island neighborhoods of Lost Lake and Camaloch. They illustrate a contrast between buildable lots and lots with septic denials, which are unbuildable. They are noted as follows:

<table>
<thead>
<tr>
<th>Unbuildable Lots in Lost Lake:</th>
<th>Buildable Lots in Lost Lake:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SALE DATE</strong></td>
<td><strong>PROPERTY ADDRESS</strong></td>
</tr>
<tr>
<td>7-2014</td>
<td>NHN Birch Lane Camano Island</td>
</tr>
<tr>
<td>4-2012</td>
<td>NHN Hemlock Drive Camano Island</td>
</tr>
<tr>
<td>12-2014</td>
<td>NHN Ridge Drive Camano Island</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Unbuildable Lots in Camaloch:</th>
<th>Buildable Lots in Camaloch:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SALE DATE</strong></td>
<td><strong>PROPERTY ADDRESS</strong></td>
</tr>
<tr>
<td>2-2012</td>
<td>NHN Meadow Drive Camano Island</td>
</tr>
<tr>
<td>2-2012</td>
<td>319 Lauder Camano Island</td>
</tr>
<tr>
<td>9-2013</td>
<td>307 Lauder Lane Camano Island</td>
</tr>
<tr>
<td>5-2013</td>
<td>NHN Heather Drive Camano Island</td>
</tr>
<tr>
<td>7-2012</td>
<td>NHN Scotland Drive Camano Island</td>
</tr>
</tbody>
</table>
The Lost Lake sales showed a wide disparity between the buildable lot and the unbuildable ones. The Camaloch lots also showed the similar wide disparity. Both sets of lot comparables indicated about a 70% average reduction between lots which can be built on and lots with septic denials which can’t be built on.

After considering the groups of sales from the two markets which offered sales and listings of lots and small acreage with both buildable and non-buildable lots, a market derived adjustment of 50% of buildable lot value is reconciled versus a comparable non-buildable parcel.

The subject property was appraised as if vacant and capable to be put to a highest and best use as single family residential and a value of $98,000 was determined. Applying the market derived discount of 50% for the non-buildable factor of the subject in its current state results in a value of $49,000

Site Value: $49,000
ANALYSIS OF VALUE CONCLUSIONS

Indicated values

Cost Approach: NOT USED

Income Capitalization Approach: NOT USED

Sales Comparison Approach: $49,000

The analysis and reconciliation of all approaches to value is the final step in the appraisal process. This procedure requires the evaluation and weighing of each approach to value and determining the reliability and relevance of each process to the question of market value for the subject property.

The Cost Approach and Income Approaches were not used as they are not considered reliable methods for valuing vacant land.

The Sales Comparison Analysis examined sales and listings of residential land considered relatively comparable to the subject. The property was first valued as it developable. Since it cannot be built on, and no recent sales of non-buildable lots in the subject’s general market area were available, matched comparisons of buildable and non-buildable lots were examined from the upriver Skagit County market area and from the competing adjacent market area of Camano Island, where such sales were able to be found. The resulting market derived percentage adjustment for the difference between buildable and non-buildable was applied to the site buildable value in order to arrive at an as is value for the subject. It is believed that the Sales Comparison Approach tends to be reflective of the subject’s fair market value after the required analysis for the subject’s current condition.

The Sales Comparison Approach is considered to be most reflective of the subject’s value and receives greatest weight in the final analysis.

Therefore, after considering the merits of the three approaches to value, the final appraised value of the subject property, as defined, is:

FORTY-NINE THOUSAND DOLLARS
$49,000

July 7, 2015
Effective Date

July 7, 2015
7-22-2015
Date Signed
ASSUMPTIONS AND LIMITING CONDITIONS

1. This is an Appraisal Report which is intended to comply with the reporting standards set forth under Standard Rule 2-2 (b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.

3. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.

4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.

5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.

6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.

7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable, unless stated in the report. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.

8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.

9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in this appraisal report.

10. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.

11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader references purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.

12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.
13. The appraisers are not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraisers value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.

14. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.

15. Any proposed improvements are assumed to be completed in a good, workmanlike manner in accordance with the submitted plans & specifications.

16. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

17. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.

18. Neither all nor any part of the contents of this report, especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected, shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.
CERTIFICATION:

The undersigned certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.

2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my/our personal, unbiased professional analyses, opinions, and conclusions.

3. The undersigned have no present or prospective interest in the property that is the subject of this report and have no personal interest or bias with respect to the parties involved.

4. The undersigned state that compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

5. This appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

6. The analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.

7. The undersigned have made a personal inspection of the property that is the subject of this report.

8. No one provided significant professional assistance to the person signing this report.

9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

11. As of the date of this report, the undersigned have completed the requirements of the continuing education program of the Appraisal Institute.

July 7, 2015                                                                                    7-22-2015
Effective Date  Dan Hewitt, SRA  WA General Cert. #1101648          Date Signed

Hewitt Appraisal Service
QUALIFICATIONS OF APPRAISER

Wayland D. (Dan) Hewitt, SRA
Res: 1317 Alpine View Drive. Mount Vernon, WA 98274
(360) 428-4758; (360) 770-5446 Cell

EDUCATION:

<table>
<thead>
<tr>
<th>SCHOOL</th>
<th>DATES</th>
<th>DEGREE RECEIVED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mount Vernon H. S.</td>
<td>1972-75</td>
<td>Diploma</td>
</tr>
<tr>
<td>Skagit Valley College</td>
<td>1975-77</td>
<td>A. A. Liberal Arts</td>
</tr>
<tr>
<td>University of Washington</td>
<td>1977-79</td>
<td>None</td>
</tr>
<tr>
<td>Washington State University</td>
<td>1979-81</td>
<td>B. A. Communications</td>
</tr>
</tbody>
</table>

PROFESSIONAL AND BUSINESS EXPERIENCE:
Actively appraising full time: May 1986 to present
Qualified as expert witness in Skagit, King and Island Counties

APPRAISAL EDUCATION AND EXPERIENCE:
Seminars and meetings: Seattle Chapter of the Appraisal Institute
SREA Course 101: Nov. 1986; SREA Course 102: May 1987
Manufactured Home Seminar: Washington Mutual; 1992
How to Value Income Property: Palmer, Pietka & Groth; May 1992
Appraiser's Legal Liabilities: Appraisal Institute; Nov. 1992
Basic Income Capitalization-Course 310: Appraisal Institute; Mar 1994
FHA Appraising; April 1995; Lee & Grant
Real Estate Law: Sept. 1996; Mykut School
Residential Appraising; Oct. 1998; Mykut School
FHA Refresher Course; Sept. 1999;
HUD Update Class; Sept. 1999; Lincoln Graduate Center
What’s It Worth?; May 2000; Mykut School
Standards of Professional Practice and Conduct Part C: Nov. 2000; Appraisal Institute
Course 520; Highest and Best Use; March 2002; Appraisal Institute
Course 400; USPAP Update; Oct. 2004; Appraisal Institute
Course 420; Business Practices and Ethics; Oct. 2004; Appraisal Institute
Course 510; Advanced Income Capitalization; June 2005; Appraisal Institute
USPAP Update; Oct. 2006; Appraisal Institute
Scope of Appraisal; Oct. 2006; Appraisal Institute
Analyzing Operating Income Statements; Nov. 2006; Appraisal Institute
Commercial Real Estate Forecast; Nov. 2006; Appraisal Institute
USPAP Update (2 Day); May 2008; Appraisal Institute
Report Writing and Valuation Analysis; June 2008; Appraisal Institute
Advanced Sales Comparison and Cost Approach; Sept 2008; Appraisal Institute
Business Practices and Ethics; Oct. 2008; Appraisal Institute
Advanced Applications; Jan. 2009; Appraisal Institute
Valuation of Easements and Other Divided Partial Interests; Sept. 2010; Appraisal Institute
Common Errors and Misconceptions In Yellow Book Assignments; Sept. 2010; Appraisal Institute
USPAP 7 hr Update; Jan. 2012; Appraisal Institute
Loss Prevention Program for Real Estate Appraisers; July 2012; LIA
Appraising and Analyzing Industrial and Flex Buildings for Mortgage Underwriting; Nov. 2012;
Mckissock
Supervising Appraisal Trainees: Field Preparation; Nov. 2012; Mykut
USPAP 7 hr Update; Jan. 2014; Appraisal Institute
2-4 Family Review; Feb. 2014; Appraisal Institute
Water Rights; June 2015; Appraisal Institute

**DESIGNATIONS AND CERTIFICATIONS HELD:**
Awarded SRA Designation (SRA) May 1990
Washington State Certified General Real Estate Appraiser
Cert # 1101648; Exp: 11-26-2016; Professional Memberships: Appraisal Institute, (Associate Member)

**APPRAISAL AREAS AND PROPERTY TYPES:**
All of Skagit, Island, Whatcom and San Juan Counties
Available for independent fee appraisal assignments for all property types including single family residential, multi-family residential, manufactured housing, vacant land, waterfront, commercial and multi-purpose properties.
SUBJECT PHOTOGRAPHS

WATER TANK SITE FRONT VIEW LOOKING WESTERLY

WATER TANK SITE LOOKING NORTHWESTERLY
SUBJECT PHOTOGRAPHS

EASEMENT ROAD TO SITE LOOKING EASTERLY

EASEMENT ROAD TO SITE LOOKING WESTERLY
SUBJECT PHOTOGRAPHS

EMILY LANE LOOKING NORTHERLY

EMILY LANE LOOKING SOUTHERLY
MAPS
ZONING MAP
ADDENDA
LEGAL DESCRIPTION

The land referred to herein is situated in the County of Skagit, State of Washington, and is described as follows:

A portion of the Southwest 1/4 of Section 27, Township 35 North, Range 3 East, W.M., being more particularly described as follows:

Commencing at the Southwest corner of said Section 27; thence North 1 degree 36' 21" East along the West line of said Section 27, a distance of 660.26 feet to the Northwest corner of the South 660.00 feet of the Southwest 1/4 of the Southwest 1/4 of said Section 27, being the true point of beginning; thence continuing North 1 degree 36' 21" East, a distance of 208.75 feet; thence North 90 degrees 00' 00" East, a distance of 208.75 feet; thence South 1 degree 36' 21" West, a distance of 208.75 feet to a point on the North line of said South 660 feet of the Southwest 1/4 of the Southwest 1/4; thence North 90 degrees 00' 00" West along said South 660 feet to the Southwest 1/4 of the Southwest 1/4, a distance of 208.75 feet to the true point of beginning.
EASEMENT

WATER PIPELINE EASEMENT

THIS AGREEMENT is made this 19th day of February 2000, between JOHN R. AND TWYLA ANN BRINK, HUSBAND AND WIFE, hereinafter referred to as “Grantor”, and PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, a Municipal Corporation, hereinafter referred to as “District”. Witnesseth:

WHEREAS, Grantors are the owners of certain lands and premises situated in the County of Skagit, and

WHEREAS, the District wishes to acquire certain rights and privileges along, within, across, under, and upon the said lands and premises.

NOW, THEREFORE, Grantors, for and in consideration of mutual benefits and other valuable consideration, receipt of which is hereby acknowledged, conveys and grants to the District, its successors or assigns, the perpetual right, privilege, and authority enabling the District to do all things necessary or proper in the construction and maintenance of a water line, lines or related facilities, including the right to construct, operate, maintain, inspect, improve, remove, restore, alter, replace, relocate, connect to and locate at any time a pipe or pipes, line or lines or related facilities, along with necessary appurtenances for the transportation of water over, across, along, in and under the following described lands and premises in the County of Skagit, State of Washington, to wit:

P34865

All that portion of the South 660 feet of the Southwest 1/4 of the Southwest 1/4 of Section 27, Township 35 North, Range 3 East W.M., Skagit County, Washington, being more particularly described as follows:

The East 30 feet of a non-exclusive easement for ingress and egress and utilities over and across a strip of land 60 feet in width, the center line of which is described as follows:

Beginning at a point on the South line of said subdivision, which is 667.32 feet East of the Southwest corner of said Section as measured along the South line thereof; thence North 1°14'30" East a distance of 660.16 feet to the North line of the hereinabove described subject property, and the terminus of said line;

EXCEPTING THEREFROM any portion of said strip of land lying within the South 30 feet thereof conveyed to Skagit County for road purposes by deeds dated March 25, 1911, and recorded June 4, 1912, under Auditor’s File Nos. 100604 and 101637.

Situate in the County of Skagit, State of Washington.
together with the right of ingress to and egress from said lands across adjacent lands of the Grantor; also, the right to cut and/or trim all brush, timber, trees or other growth standing or growing upon the lands of the Grantor which, in the opinion of the District, constitutes a menace or danger to said line or to persons or property by reason of proximity to the line. The Grantor agrees that title to all timber, brush, trees, other vegetation or debris trimmed, cut, and removed from the easement pursuant to this Agreement is vested in the District.

Grantors, their heirs, successors, or assigns hereby conveys and agrees not to construct or permit to be constructed structures of any kind on the easement area without written approval of the General Manager of the District. Grantors shall conduct their activities and all other activities on Grantor’s property so as not to interfere with, obstruct or endanger the usefulness of any improvements or other facilities, now or hereafter maintained upon the easement or in any way interfere with, obstruct or endanger the District’s use of the easement.

The Grantors also agree to and with the District that the Grantors lawfully own the land aforesaid, has a good and lawful right and power to sell and convey same, that same is free and clear of encumbrances except as indicated in the above legal description, and that Grantors will forever warrant and defend the title to said easement and the quiet possession thereof against the lawful claims and demands of all persons whomever.

Any mortgage on said land held by a mortgagee is hereby subordinated to the rights herein granted to the District; but in all other respects the mortgage shall remain unimpaired.

In Witness Whereof, the Grantor hereunto sets his hand and seal this 10th day of February, 2000.

JOHN R. BRINK
TWYLA ANN BRINK

STATE OF WASHINGTON
COUNTY OF SKAGIT

I certify that I know or have satisfactory evidence that JOHN R. AND TWYLA ANN BRINK are the persons who appeared before me, and said persons acknowledged that they signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in the instrument.

Date: 2-18-00

Mary A. Thorne
Notary Public for and for the State of Washington
My appointment expires: 10-01-02

Kathy Hill, Skagit County Auditor
APPRAISER'S CERTIFICATION

STATE OF WASHINGTON
DEPARTMENT OF LICENSING – BUSINESS AND PROFESSIONS DIVISION

THIS CERTIFIES THAT THE PERSON NAMED HEREON IS AUTHORIZED, AS PROVIDED BY LAW, AS A

CERTIFIED GENERAL REAL ESTATE APPRAISER

WAYLAND D HEWITT
HEWITT APPRAISAL SERVICE
1317 ALPINE VIEW DRIVE
MOUNT VERNON WA 98274

Cert/Lic No. 1001648
Issued Date 11/26/2004
Expiration Date 11/26/2006

[Signature]
Pat Kessler, Director

Hewitt Appraisal Service
Appendix D
District Campus Property
1415 Freeway Drive
PUD No. 1 of Skagit County – Building Site Plan