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JERRY McINTURFF
SKAGIT COUNTY AUDITOR

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BYLAWS OF

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BIZ POINT WATER ASSOCIATION

ARTICLE I. PRINCIPAL OFFICE. The principal office for the transaction of the business of the association is hereby affixed and located at 3215 Commercial Avenue, Anacortes, WA 98221. The Board of Trustees may at anytime or from time to time change the temporary or permanent location of the principal office.

ARTICLE II. SEAL. The association shall have a common seal consisting of two (2) concentric circles with the words:

BIZ POINT WATER ASSOCIATION

(hereinafter "association"), together with the date of the incorporation of this association.

ARTICLE III. MEMBERSHIP.

Section 1. Members. Other than as provided in Section 2, infra, there shall be one class of members, each of whom shall be an owner of a parcel of property, which is a portion of:

a. One of the four (4) lots in Short Plat No. 3-78, located in Section 15, Township 34 N., Range 1, EWM, approved January 31, 1978, and recorded in Vol. 2 of Short Plats, Page 190, Auditor's File No. 873014, records of Skagit County, Washington.

b. One of four (4) tracts in Short Plat No. 99-77, located in Section 15, Township 34 N., Range 1, EWM, approved January 26, 1978, and recorded in Vol. 2 of Short Plats, Page 184, Auditor's File No. 872707, records of Skagit County, Washington.

c. That portion of Government Lot 1, Section 15, Township 34 N., Range 1, EWM., described as follows: (ELSIES)

Beginning at the northeast corner of the said Government Lot 1; thence north 88°49'13" west, along the north line of said Government Lot 1, a distance of 1,058.21' to a point that bears south 88°49'13" east, a distance of 15' from the southeast corner of Tract "A" of the Plat of RANCHO SAN JUAN DELMAR, SUBDIVISION NO. 3, as recorded in Vol. 6 of Plats, Page 19, records of Skagit County, Washington; thence south 42°41'18" west, a distance of 777.84 feet to the TRUE POINT OF BEGINNING of this description; thence north 5°28'00" east, a distance of 270.00 feet; thence north

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"membership" = "share" = "member" — ^{"subscribed member"} meaning additional #8000 memberships have the same and equal rights, liabilities, & responsibilities as initial memberships. That is, 1 vote, dues payable, lien proceedings applicable to initial parcel of property.

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BIZ PT. WATER ASSOC.

60°32'00" west to the line of ordinary high tide to a point that bears north 80°18'00" west from the TRUE POINT OF BEGINNING of this description; thence south 80°18'00" east to the TRUE POINT OF BEGINNING.

d. That portion of the NW quarter of the NE quarter of Section 15, Township 34 N., Range 1, EWM., described as follows: (5 ACRE PARCEL)

Beginning at the NW corner of Lot 24 in the PLAT OF SUNSET WEST, according to the plat recorded in Vol. 9 of Plats, Pages 98 and 99, records of Skagit County, Washington; thence N. 0°56'38" West along the West line of said subdivision a distance of 65' to the TRUE POINT OF BEGINNING of this description; thence N. 89°03'22" East a distance of 246.82 feet; thence S. 47°23'36" East a distance of 270.17 feet; thence S. 88°58'47" East a distance of 73.41 feet; thence N. 0°56'38" West a distance of 607.57 feet to a point on the South right of way line of that certain 60' wide county road known as BIZ POINT ROAD; thence along the South right of way line of said road on the following courses:

South 71°33'30" West, a distance of 24.04 feet on a curve to the right having a radius of 984.93 feet an arch distance of 321.31 feet N. 89°45'00" West a distance of 176.44 feet to a point on the West line of said subdivision; thence S. 0°56'38" East along the West line of said subdivision a distance of 370.0 feet to the TRUE POINT OF BEGINNING of this description. TOGETHER with a non-exclusive easement to construct and maintain a water pipe line over and across a strip of land five (5) feet in width extending from the South line of the above described named tract to the North line of Madrona Drive, as shown on said plat of Sunset West, the East line of which strip being the East line of Lot 27 of said plat and said line extended North.

Section 2. Purchasers of tracts in Section 1, a. and b. shall be entitled to one membership together with an option to buy one additional membership for Eight Thousand Dollars (\$8,000.00), said decision to exercise said option to purchase an additional membership must be exercised in writing and directed to the office of the association at ~~3215 Commercial Avenue, Anacortes, WA 98221~~ within thirty (30) days of lot purchase or when membership in said association becomes available, whichever event last occurs. First in time shall have first in right and said option to purchase an additional membership will be exercised accordingly.

a. Owner of Tract C, described above, shall be entitled to a single membership on payment of Three Thousand Dollars (\$3,000.00) in cash. (ELSIE)

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J. Welch
Minkler
b. Owner of Tract described in Section 1, d. above, shall be entitled to one membership and said owner may exercise an option to purchase one additional membership on the same basis as outlined above for purchasers of lots as described in Section 1, a. and b.

c. In no event shall there be more than fifteen (15) residential water users shares issued by this association without a vote of the entire membership wherein sixty (60%) per cent of the eligible members shall vote in the affirmative to extend the memberships to not more than thirty (30), it being understood that all costs of additional pumps, treating facilities, storage facilities, distribution and lateral lines as may be needed to serve additional members, shall be borne by the association. Each existing member shall have first right of refusal to purchase an additional membership and any unsubscribed memberships shall be retained in the association to assure adequate water for their members, their successors and assigns.

Section 3. Voting. A membership in this association shall entitle the owner thereof to one (1) vote whether said owner be a family, partnership, corporation, or any other entity. The entity owning the membership will designate the person entitled to vote the membership. There shall be no fragmentation or division of a voting membership.

Section 4. Water Supply. Each membership certificate represents the right to sufficient water to supply a single family residence together with associated uses normally associated with a "single family domestic use". No membership shall be transferable by either sale or assignment or gift or bequest to a person or persons not owning land as described in these Bylaws. Said association and its members shall accept conveyance of the non-exclusive easement rights, pumps, treatment facility, storage tank, and distribution lines as is and shall have no right to service more than fifteen (15) single family residences with said system without negotiating with WESTSIDE, INC., a Washington corporation, the owner of the water source site and watershed area described on that certain engineer's drawing No. 2342, dated June 19, 1978 for the water to service any additional residences within the property described within these Bylaws or other adjacent property if these Bylaws are to be amended to include additional property and all costs of increasing capacity, storage systems, distribution systems and permits as may be required by governmental agencies shall be the responsibility of this association. *

Section 5. Meetings, Quorum. The annual meeting of the members of this association shall be held on the 1ST day of DECEMBER of each year at the home of the president, last duly elected, or such other place as designated by the board of trustees. Special meetings of the members may be called by the board of trustees or by members holding not less than twenty-five (25%) per cent of the voting power of members. Notice of annual and special meetings of the members shall specify the date, hour and place of meeting and shall be given personally to each member or sent to each member by mail, charges prepaid, addressed to him at his address as shown upon the records of the association, or if it is not so shown on such records, to the address used by Skagit County Treasurer, for property tax purposes. All such notices of regular or special meetings shall be given at least ten (10) days, but

not more than sixty (60) days in advance of the specified date of the meeting and shall specify the general nature of business to be transacted. The presence in person or by proxy of members holding in excess of fifty (50%) per cent of the voting power shall constitute a quorum for the transaction of business at any annual or special meeting. However, if a meeting is called for the purpose of considering an expansion of the service area of the water system, the quorum requirement shall be seventy (70%) per cent of the voting power.

advantage of the association shall at each annual meeting elect the board of trustees to serve for the ensuing year, or until their successors are elected and qualified. Every member shall have the right to cumulate his votes and give one candidate a number of votes equal to the number of directors to be elected, or to distribute his votes on the same principal among as many candidates as he shall think fit.

Section 7. Liabilities and Property Rights of Members. No member of the association shall be personally liable to its creditors for any indebtedness or liability, and any and all creditors shall look only to assets of the association for payment.

ARTICLE IV. BOARD OF TRUSTEES.

Section 1. Number of Trustees. The Board of Trustees shall consist of five (5) members until changed by amendment to these Bylaws as hereinafter provided, and a majority of the board shall constitute a quorum for the transaction of business.

Section 2. Powers of Trustees. Subject to the powers of the members as provided by law or as herein set forth, all corporate powers of the association shall be exercised by or under the authority of, and the business and affairs of the association shall be controlled by, the Board of Trustees. Without limiting the generality of the foregoing, the Board of Trustees shall have the following power:

(a) To appoint and remove all officers, agents and employees of the association, prescribe such powers and duties for them as may not be inconsistent with law, the Department of Ecology of the State of Washington, the Articles of Incorporation, or the Bylaws, fix their compensation and require from them security for faithful service.

(b) To conduct, manage, and control the affairs and business of the association, and to make such rules and regulations therefore not inconsistent with law, regulations of the Department of Ecology, regulations of the State and County Health Departments, the Articles of Incorporation, or the Bylaws, and such administrative rules and regulations for the general good management of the association's properties and services.

(c) To change the principal office for the transaction of the business of the association from one location to another within Skagit County, State of Washington, to fix and locate from time to time one or more subsidiary offices of the association within or without the State of Washington for the holding of any trustee's or members' meetings

and to adopt, make, and use a corporate seal and to alter the form thereof from time to time as in their judgment they may deem best; provided, such seal shall at all times comply with provisions of law.

(d) To borrow money and incur indebtedness for the purposes of the association, and to cause to be executed and delivered therefor, in the association's name, promissory notes or other evidence of debt.

(e) To have and exercise all of the powers and authority granted to the Board of Trustees by the Non-Profit Corporation Act of the State of Washington.

Section 3. Election and Term of Office. The trustees shall be elected at each annual meeting of the members, and shall hold office until their respective successors are elected.

Section 4. Vacancies. Any vacancy or vacancies in the Board of Trustees resulting from death, incapacity, resignation, expiration of term of office, removal or otherwise, shall be filled by the remaining trustees or trustee then in office even though less than a quorum.

Section 5. Place of Meeting. Regular meetings of the Board of Trustees shall be held at any place within or without the State which has been designated from time to time by resolution of the board or by written consent of all members of the board. In the absence of such designation, regular meetings shall be held at the principal office of the association. Special meetings of the Board may be held either at a place so designated or at the principal office.

Section 6. Organization Meeting. Immediately following each annual meeting of members, the Board of Trustees shall hold a regular meeting for the purpose of organization, election of officers, and the transaction of other business. Notice of both such meetings is hereby dispensed with.

Section 7. Special Meetings. Special meetings of the Board of Trustees for any purpose shall be called at anytime by the president or by any two trustees.

Written notice of the time and place of special meetings shall be delivered personally to each trustee or sent to each trustee by mail or by other form of written communication, charges prepaid, addressed to him at his address as it is shown upon the records of the association, or if it is not so shown on such records or is not readily ascertainable, to the address used by the Treasurer of Skagit County for tax statement purposes. Such notice shall be mailed at least seventy-two (72) hours prior to the time of the holding of the meeting.

Actions taken at any meeting of the Board of Trustees, however called and noticed and wherever held, shall be as valid as actions taken at a regular meeting scheduled by notice, if a quorum be present and if either before or after the meeting each of the trustees not present signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 8. Adjournment. In the absence of a quorum at any meeting of the Board of Trustees, the majority of the directors present may adjourn the meeting of the board. Notice of the time and place of holding an adjourned meeting need not be given to absent trustees if the time and place be fixed at the meeting adjourned.

Section 9. Removal. A trustee may be removed from office, for cause, by the vote of the majority of the membership.

Section 10. Compensation. The trustees shall receive no compensation for their services as such.

Section 11. Initial Board. The initial board shall consist of WALLACE M. MARTIN, JACKSON H. WELCH, MADGE WELCH, ELSIE ERVINE, CHARLES I. STAVIG and they shall serve as the Board of Trustees until such time as there are at least eight (8) members (not counting the members of the initial board) and at such time the Board of Trustees shall set a date, place and time for a meeting of the membership to elect five (5) directors for the ensuing year from the membership, such election must be held within thirty (30) days.

ARTICLE V

Section 1. Officers. The officers of this association shall be a President, Secretary and Treasurer, and such other officers as the Board of Trustees may appoint. When the duties do not conflict, one (1) person, other than the President, may hold more than one of these offices. Officers other than the President need not be members of the Board of Trustees.

Section 2. Election. The Board of Trustees shall elect all officers of the association for terms of one (1) year, or until their successors are elected and qualified.

Section 3. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise shall be filled by the Board of Trustees.

Section 4. President. Subject to the control of the Board of Trustees, the President shall have general supervision, direction, and control of the business and affairs of the association. He shall preside at all meetings of the members and trustees, and shall have such other powers and duties as may be prescribed from time to time by the Board of Trustees.

Section 5. Secretary. The Secretary shall keep a full and complete record of the proceedings of the Board of Trustees; shall keep the seal of the association and affix the same to such papers, and instruments as may be required in the regular course of business, shall make service of such notices as may be necessary or proper, shall supervise the keeping of the books of the association, and shall discharge such other duties as pertain to the office or as prescribed by the Board of Trustees.

Section 6. Treasurer. The treasurer shall receive and safely keep all funds of the association and deposit the same in such bank or banks as may be designated by the Board of Trustees. Such funds shall be paid out only by check of the association signed by the president and by the treasurer or by such other officers as may be designated by the Board of Trustees as authorized to sign the same. The treasurer shall have such other powers and perform such other duties as may be prescribed from time to time by the Board of Trustees.

ARTICLE VI. AMENDMENT OF BYLAWS.

The Bylaws may be amended or repealed and new Bylaws adopted only by the vote or written consent of members holding at least seventy (70) percent of the voting power. *

ARTICLE VII. ANNUAL AUDIT.

The Board of Trustees shall cause an annual independent audit to be made of its accounts, or of any management body responsible to the board and shall deliver a copy of such audit to each member within thirty (30) days after completion thereof.

ARTICLE VIII. MISCELLANEOUS.

Section 1. As used in these Bylaws, the term "trustee" means "director" and the Board of Trustees shall be deemed the Board of Directors as the same are defined in the Articles of Incorporation of this association and the general Non-Profit Corporation Act of the State of Washington.

Section 2. The Board of Trustees shall, subject to all restrictions of law, have authority to delegate its powers.

Section 3. At all meetings of the membership, whether regular or special, the vote of at least a majority of the voting power shall prevail at any of such meetings at which a quorum is present, except where a vote of seventy (70%) per cent of the voting power is required by Article VI of these Bylaws and except where a greater percentage of the voting power or a unanimous vote is required by law or by the Articles of Incorporation.

Section 4. All notices required to be given members of the association under the Articles of Incorporation, Bylaws, or association rules or regulations adopted pursuant thereto, shall be sufficient if made in writing and directed by mail, postage prepaid, to such member at his address as used on his application for membership, or such other address as may be used by the Treasurer of Skagit County, State of Washington, for tax statement purposes. All notices required to be given to the association or its Board of Trustees, under said Articles, Bylaws, and rules and regulations, shall be sufficient if made in writing and directed by mail, postage prepaid, to the person designated as the family representative or the person designated to represent multiple ownership of a single residential tract. Notice to and service of process on said association shall be made on its designated statutory agent on file with the Secretary of State, State of Washington.

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Section 5. The association, through its Board of Trustees, shall have and exercise with respect to the members and property involved, all other power and authority set forth in the rules and regulations of state and county agencies for the operation and maintenance of a water system, pumping, treating, storing and distributing to single family homes (one membership per single family resident not to exceed fifteen (15) in number).

Section 6. The association, through its Board of Trustees, shall design a form entitled "Application for Membership in Biz Point Water Association" and set forth requested information as needed by the association for its records, including member's full name, member's mailing address, member's telephone number, description of property being purchased, date of purchase, method of purchase and his acknowledgment that he will comply with all the rules, regulations of said association and the rules and regulations of governmental agencies and will promptly pay all assessments and/or fees as may be set by the Board of Directors. *

#2000. Section 7. The Board of Directors shall immediately upon taking office pass a resolution setting the price which shall be paid for each membership, not pre-assigned to Lots 1, 2, 3 and 4 in Short Plat No. 99-77 and Lots 1, 2, 3 and 4 in Short Plat No. 3-78 and that membership reserved for Tract B as shown on engineer's drawing No. 2342, dated June 6, 1978.

Section 8. The sale and/or assignment of memberships shall be limited to owners of property within the boundaries of the property described in these Bylaws and no transfer or sale shall be effective unless approved by the Board of Directors and recorded in the records of said association.

Section 9. Each owner of a lot in either Short Plat No. 99-77 or Short Plat No. 3-78 or Tract B shall have the option to purchase one (1) additional membership. Purchase rights shall be determined by the first to purchase a lot having priority over a subsequent purchaser of a lot.

Section 10. The Board of Directors shall establish a membership book for record keeping purposes and shall issue a membership certificate to the person entitled with the date of issuance printed thereon and each certificate shall be numbered One (1) through Fifteen (15) and said certificate shall be issued in that order.

We, the undersigned, do hereby adopt these Bylaws this 25th day of October, 1978.

BIZ POINT WATER ASSOCIATION

By Wallace M. Martin
Wallace M. Martin

Jackson H. Welch
Jackson H. Welch

Madge Welch
Madge Welch

Elsie Ervine
Elsie Ervine

Charles I. Stavig
Charles I. Stavig

C O N T R A C T

STAVIG

WESTSIDE PROPERTIES, INC., a Washington corporation, hereinafter referred to as "supplier" and BIZ POINT WATER ASSOCIATION, a non-stock, non-profit corporation licensed under the non-profit corporation act of the State of Washington, hereinafter called "association", do hereby by their respective authorized officers contract and agree as follows:)

* WHEREAS, "supplier" is the owner of two acres of land which it has set aside to remain in an undeveloped state as a watershed and water resource site for the purpose of supplying water associations, such as the "association" with needed water to supply the associations water distribution systems, so as to provide adequate residential water supplies to the association's members. And,

WHEREAS, the "association" is a group of property owners owning or having an interest in the following designated parcels of land:

a) One of the four (4) lots in Short Plat No. 3-78, located in Section 15, Township 34 N., Range 1, EWM, approved January 31, 1978, and recorded in Vol. 2 of Short Plats, Page 190, Auditor's File No. 873014, records of Skagit County, Washington.

b) One of four (4) tracts in Short Plat No. 99-77, located in Section 15, Township 34 N., Range 1, EWM, approved January 26, 1978, and recorded in Vol. 2, of Short Plats, Page 184, Auditor's File No. 872707, records of Skagit County, Washington.

c) That portion of Government Lot 1, Section 15, Township 34 N., Range 1, EWM., described as follows:

Beginning at the northeast corner of the said Government Lot 1; thence north $88^{\circ}49'13''$ west, along the north line of said Government Lot 1, a distance of 1,058.21' to a point that bears south $88^{\circ}49'13''$ east, a distance of 15' from the southeast corner of Tract "A" of the Plat of RANCHO SAN JUAN DELMAR, SUBDIVISION NO. 3 as recorded in Vol. 6 of Plats, Page 19, records of Skagit County, Washington; thence south $42^{\circ}41'18''$ west, a distance of 777.84 feet to the TRUE POINT OF BEGINNING of this description; thence north $5^{\circ}28'00''$ east, a distance of 270.00 feet; thence north $60^{\circ}32'00''$ west to the line of ordinary high tide to a point that bears north $80^{\circ}18'00''$ west from the TRUE POINT OF BEGINNING of this description; thence south $80^{\circ}18'00''$ east to the TRUE POINT OF BEGINNING.

d) That portion of the NW quarter of the NE quarter of Section 15, Township 34 N., Range 1, EWM., described as follows:

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Beginning at the NW corner of Lot 24 in the PLAT OF SUNSET WEST, according to the plat recorded in Vol. 9 of Plats, Pages 98 and 99, records of Skagit County, Washington; thence N. 0°56'38" West along the West line of said subdivision a distance of 65' to the TRUE POINT OF BEGINNING of this description; thence N. 89°03'22" East a distance of 246.82 feet; thence S. 47°23'36" East a distance of 270.17 feet; thence S. 88°58'47" East a distance of 73.41 feet; thence N. 0°56'38" West a distance of 607.57 feet to a point on the South right of way line of that certain 60' wide county road known as BIZ POINT ROAD; thence along the South right of way line of said road on the following courses:

South 71°33'30" West, a distance of 24.04 feet on a curve to the right having a radius of 984.93 feet an arc distance of 321.31 feet N. 89°45'00" West a distance of 176.44 feet to a point on the West line of said subdivision; thence S. 0°56'38" East along the West line of said subdivision a distance of 370.0 feet to the TRUE POINT OF BEGINNING of this description. TOGETHER with a non-exclusive easement to construct and maintain a water pipe line over and across a strip of land five (5) feet in width extending from the South line of the above described named tract to the North line of Madrona Drive, as shown on said plat of Sunset West, the East line of which strip being the East line of Lot 27 of said plat and said line extended North.

That said owners of interests in the above described property are in need of water and are herein contracting with "supplier" to purchase existing pump, storage tank, distribution lines, water treatment facilities and other miscellaneous equipment. The payment for said water pumping, storage and distribution system to be made to "supplier" as outlined in the Bylaws of said "association". And,

WHEREAS, the "supplier" and "association" do agree as follows:

a) The "association" agrees to turn over to "supplier" all funds received pursuant to section 2 of the Bylaws of said BIZ POINT WATER ASSOCIATION as and for the purchase of the water supply and distribution system installed by "supplier" as each membership is subscribed or option exercised as outlined in said Bylaws of the Association.

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money from
* additional
share
& Elsie's
share.

b) "Supplier" hereby grants a license for which "supplier" will charge the "association" the sum of ~~200~~ Dollars per year wherein the "association" can enter the property of the "supplier" for the purposes of maintaining, cleaning, repairing or restoring or replacing the "associations" equipment which remains on "suppliers" property, and this license shall be in perpetuity for so long as there is a need of the "association", whichever event first occurs.

? TAXES ?

c) The "associations" right to go upon the two (2) acre site previously referred to herein is limited to the maintenance of the system as it presently exists or for the substitution of a like system of pumps, pipes, storage tanks, water treatment facilities but, in no

*Prorated annual taxes applicable to two acre tract

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~~the~~ association have a right to install a larger system? without the prior written permission of "supplier", first had and obtained.

d) "Supplier" agrees to maintain the water resource site "water shed" in its natural state, reserving the right unto itself to install additional wells, storage facilities and distribution pipe, etc. to serve other water associations provided that "supplier" must meet the needs of the "association" as its first commitment as a source of water for the "associations" membership which cannot exceed fifteen (15) single family residential users within the geographical area previously described.

in
area,
quantity,
shares,

e) The "association" herein agrees that any enlargement of their system to serve the needs of more than fifteen (15) members, wherein there would be an anticipated increase demand for water from "suppliers" source, is subject to negotiation with "supplier" and it shall be the prerogative of "supplier" as to whether or not additional members can be served and what remuneration "supplier" deems reasonable.

f) "Supplier" contracts and agrees with "association" that it will maintain said water shed at its expense and will do nothing on adjoining lands owned by "supplier" which will in any way adversely affect the quality or the quantity of water which is herein contracted for.

g) It shall be the responsibility of the "association" at its expense to maintain its pumping, storage, treatment, pipes and other elements of its pumping and distribution system and said "association" shall indemnify and hold harmless "supplier" from any and all claims by its members, members guests and others as to claims which may or may not arise because of inadequacy of supply or contamination other than those causes that are directly and solely related to any change in the two (2) acre water shed owned by "supplier".

h) The "association" shall not attempt to serve members outside of the real property described herein without the prior written consent of "supplier", first having obtained, and any attempt to do so shall be deemed a material breach of this agreement by the "association" and shall entitle "supplier" to make a surcharge Fifty Dollars (\$50.00) per month for each month that a residence outside the perimeter of the lands described herein is served by said system, even though the actual membership remains at fifteen (15) or under.

In consideration that the "supplier" has an adequate water source to serve up to fifteen residential memberships and that said "association" anticipates a need to serve fifteen members (15) within the geographical area there is mutual and bilateral consideration running to each and this agreement shall be binding on the undersigned corporations, their successors in interests and assigns and said agreement shall remain in full force and effect so long as the "association" desires to withdraw water as outlined herein from the land of "supplier".

This contract encompasses the entire agreement between the BIZ POINT WATER ASSOCIATION and WESTSIDE PROPERTIES, INC. with the exception of reference to certain documents herein contained which shall be deemed a part of this agreement as if fully set forth.

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Any written material hereinafter enacted as between the parties must make reference to this agreement and be incorporated within this agreement and attached thereto in order to have any force or effect on the parties by the other.

It shall be the full and complete responsibility of the "association" to collect all monies from its members as provided for in its Bylaws and any unpaid monies owed "supplier" by the "association" and failure on the part of the board of trustees of the "association" to take action to make assessments and collect them shall allow "supplier" to bring an action in Superior Court to seek enforcement of the "association's" rights as against its own members in the event of non-payment of funds due by the "association" to "supplier".

This Agreement entered into on the 15th day of November, 1978, by the undersigned corporations through their authorized officers.

WESTSIDE PROPERTIES, INC.

BIZ POINT WATER ASSOCIATION

Jackson H. Watch
President

Wallace M. Martin
President

Wallace M. Martin
Secretary

Jackson H. Watch
Secretary

STATE OF WASHINGTON)
COUNTY OF SKAGIT) ss.

ON THIS 25th day of October, 1978, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Jackson H. Watch and Wallace M. Martin to me known to be the President and Secretary respectively of WESTSIDE PROPERTIES, INC. the corporation that executed the foregoing instrument, and acknowledges the said instrument to be the free and voluntary act and deed of each corporation for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the said instrument.

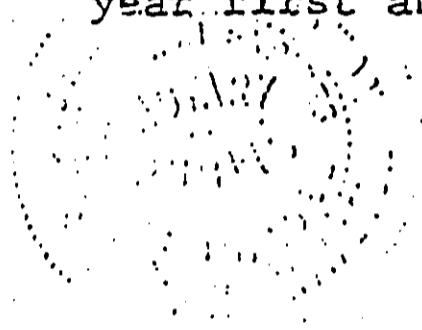
WITNESS my hand and official seal hereto affixed the day and year first above written.

William R. ...
Notary Public in and for the State of Washington, residing in

STATE OF WASHINGTON)
COUNTY OF SKAGIT) ss.

ON THIS 25th day of October, 1978, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Wallace W. Martin and Jackson H. Welch to me known to be the President and Secretary respectively of BIZ POINT WATER ASSOCIATION, the corporations that executed the foregoing instrument, and acknowledges the said instrument to be the free and voluntary act and deed of each corporation for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.



Richard P. [Signature]
Notary Public in and for the State of Washington, residing in Anacortes.

CONFIRMATION OF AUTHORITY OF OFFICERS

WESTSIDE PROPERTIES, INC.

Wallace W. Martin
Board Member

Jackson H. Welch
Board Member

Clifford [Signature]
Board Member

BIZ POINT WATER ASSOCIATION

Edwin [Signature]
Trustee

Charles I. Stawig
Trustee

Al [Signature]
Trustee

Jackson H. Welch
Trustee

Wallace W. Martin
Trustee

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DECLARATION OF CHARGES, ASSESSMENTS AND LIENS

THIS DECLARATION made the 15th day of November, 1978, by WALLACE M. MARTIN, JACKSON H. WELCH, MADGE WELCH, ELSIE ERVINE and CHARLES I. STAVIG, constituting the initial Board of Trustees of BIZ POINT WATER ASSOCIATION, a non-stock, nonprofit corporation,

WITNESSETH:

WHEREAS, the said Declarants are the owners of Short Plat No. 3-78, located in Section 15, Township 34 North, Range 1, East, W.M., approved January 31, 1978, and recorded in Volume 2 of Short Plats, page 190, Auditor's File No. 873014, records of Skagit County, Washington, and

Short Plat No. 99-77, located in Section 15, Township 34 North, Range 1, East, W.M., approved January 26, 1978, and recorded in Volume 2 of Short Plats, page 184, Auditor's File No. 872707, records of Skagit County, Washington, and

The owners of Tract B as is fully described in said corporate Bylaws, and having contracted with WESTSIDE PROPERTIES, INC., a Washington corporation, for a supply of water with which to operate a community water system to service single family residences within the boundaries of the properties described in said Bylaws, and

WHEREAS, the said non-stock, nonprofit corporation will maintain and operate said water system, except non-exclusive ownership responsibility in easements over land on which the water system is maintained, and it shall be necessary to levy charges and assessments and impose liens as to members of this association as herein set forth;

NOW, THEREFORE, the said Declarants hereby declare and establish the following covenants, charges, assessments and liens and impose the same on said real property, to-wit:

ARTICLE I

Section 1. Said property shall be subject to such charges, assessments and liens as shall from time to time be imposed by the said non-stock, nonprofit corporation acting pursuant to its Articles of Incorporation and its Bylaws, including any duly attached amendments thereto, and regulations duly adopted by resolution.

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Section 2. The amount of such charges and assessments and the manner of payment hereof shall be determined by the non-stock, non-profit corporation imposing such charges and assessments, and the proceeds therefrom shall likewise be applied in such manner and for such objects and purposes as shall be determined by the Board of Trustees of said corporation. Said corporation being BIZ POINT WATER ASSOCIATION, a Washington non-profit corporation.

NOTE →

Section 3. Charges and assessments by the non-stock, non-profit corporation shall be levied in equal proportions against each and every residential lot within the geographical area as described in the Bylaws of said corporation, and said lots are hereby made subject to such charges and assessments.

ARTICLE II

Section 1. Any charge or assessment levied by the non-stock, non-profit corporation against any residential lot within the area described in the Bylaws of said association, including interest on such charge or assessment and collection costs, if any, shall constitute a lien upon said residential lot as soon as such charge, assessment, interest, or cost shall become due and payable. Such lien shall be superior to any and all other liens (except as provided in Section 3 hereof) at anytime levied or imposed upon such residential lot.

Section 2. All liens herein provided for shall be enforceable by foreclosure proceedings in the manner provided by law for the foreclosure of mortgages; provided, however, by the acceptance of a deed for any residential lot or lots, or by the signing of a contract or agreement to purchase the same, whether from any of the undersigned, or from a subsequent owner or purchaser hereof, said purchaser or owner shall hereby waive any and all rights of redemption and homestead in such lot or lots with respect to foreclosure for such liens. As an alternative remedy to the foreclosure of such liens, the non-stock, non-profit corporation shall have exclusive right and option at anytime after the expiration of a period of six (6) months during which any of such charges or assessments shall remain unpaid, to purchase any residential lot upon which such lien or liens are imposed, upon payment to the owner or purchaser of such lot an amount equal to the value of such owner's or purchaser's interest in such lot. Upon the exercise of said option by the non-stock, non-profit corporation, the owner or purchaser of such lot shall convey to said corporation all right, title and interest which such owner may have in such lot. In any court proceedings to enforce such option, the non-stock, non-profit corporation shall be entitled to have a decree of specific performance entered in its behalf if the value of such owner's or purchaser's interest in such lot cannot be agreed upon, the lot to be appraised in accordance with normal arbitration proceedings wherein an appraiser shall be retained by each party and if the two appraisers

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cannot agree they shall obtain a third appraiser whose opinion will be final. Each party agrees to be bound by such appraisal method and each will pay their prorata share of said appraisal cost.

Section 3. First mortgage liens placed upon any of said residential lots for the purpose of constructing a residence or other improvements thereon, which are recorded in accordance with the laws of the State of Washington, shall be, from the date of recordation of such, superior to any and all charges, assessments and liens imposed pursuant to this Declaration.

ARTICLE III

All of the provisions of this Declaration shall be deemed to be covenants and obligations running with the land and shall bind WALLACE M. MARTIN, JACKSON H. WELCH, MADGE WELCH, ELSIE ERVINE and CHARLES I. STAVIG, their successors and assigns and all parties claiming by, through, or under them, and shall be taken to hold, agree, and covenant with the five of them, their successors in title, and with each of them to conform to and observe all of the terms and conditions herein contained.

IN WITNESS WHEREOF, the said parties hereto have caused this instrument to be executed this 25th day of October, 1978.

Elsie Ervine
ELSIE ERVINE

Wallace M. Martin
WALLACE M. MARTIN

Charles I. Stavig
CHARLES I. STAVIG

Jackson H. Welch
JACKSON H. WELCH

Madge Welch
MADGE WELCH

STATE OF WASHINGTON)
COUNTY OF SKAGIT) ss.

THIS IS TO CERTIFY that on this day personally appeared before me Wallace M. Martin, Jackson H. Welch, Madge Welch, Elsie Ervine and Charles I. Stavig, 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 25th day of October, 1978.

Wallace M. Martin
Notary Public in and for the State of Washington, residing at Inacul.