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KATHY HILL
SKAGIT COUNTY AUDITOR

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Use, Maintenance, and Repair Covenants

The following covenants are made and entered into by and among CASCADIAN FARM, INC., a Washington corporation, hereinafter, the owner of premises legally described as:

The North half of Government Lot 1, Section 20, less the East 300 feet thereof, in Township 35 North, Range 10 East, W.M., Skagit County, Washington; TOGETHER WITH a portion of the Northeast quarter of the Southeast quarter of said Section 20, conveyed to CFI by Boundary Adjustment Deeds, recorded under Skagit County Auditor's File Nos. 8610170001 and 8807050013, ratified and confirmed by Correction Quit Claim Deed recorded under Auditor's File No. 9606170015 and Boundary Adjustment Deed recorded under Auditor's File No. 9606170017.

Situate in the County of Skagit, State of Washington.

and EUGENE B. KAHN, an unmarried man, SARAH ROSS FORSTER, a married woman as to her separate property, and ROC V. FLEISHMAN, a single man, as co-tenants, of real property legally described as:

The Northeast quarter of the Southeast quarter of Section 20, Township 35 North, Range 10 East, W.M., in Skagit County, Washington; EXCEPT that portion conveyed to CFI by Boundary Adjustment Deeds, recorded under Skagit County Auditor's File Nos. 8610170001 and 8807050013, ratified and confirmed by Correction Quit Claim Deed recorded under Auditor's File No. 9606170015 and Boundary Adjustment Deed recorded under Auditor's File No. 9606170017.

and EUGENE B. KAHN, an unmarried man, and ESTHER J. KAHN, widow of PHILIP KAHN, tenants in common of real property legally described as follows:

The South 1/2 of Government Lot 1, Section 20, Township 35 North, Range 10 East, W.M., EXCEPT the East 300 feet thereof; SUBJECT TO an easement 30' in width along the easterly boundary thereof, appurtenant to the north 1/2 of Government Lot 1 of Section 20, Township 35 North, Range 10 East, W.M.; TOGETHER WITH Government Lot 1 of Section 29, Township 35 North, Range 10 East, W.M., EXCEPT that portion lying southerly of State Highway 20, conveyed by Statutory

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Warranty Deed to The Nature Conservancy under Skagit County Auditor's File No. 9209240055.

WHEREAS, the parties and their predecessors have made mutual beneficial use of the road and water system serving Government Lot 1, Section 20, and the Northeast quarter of the Southeast quarter, Section 20, and Government Lot 1, Section 29, North of State Highway 20, all in Township 35 North, Range 10 East, W.M.; and

WHEREAS, CFI rents land from EUGENE B. KAHN and ESTHER J. KAHN, for its farm stand on Highway 20; and

WHEREAS, ingress, egress and utility uses are beneficial to CFI and the above-named cotenants, who have filed a Skagit County Short Plat Application under file number SP 96-055; and

WHEREAS, the cotenants have bonded road turnout improvements and water line extension costs for the protection of Skagit County and the third party benefit of CFI; and

WHEREAS, the parties now desire to memorialize their contractual relations governing the use, maintenance, and repair of common facilities and easements, now, therefore,
WITNESS:

1. Road Turnout Improvements. The above-named co-tenants shall pay the entire costs of road improvements associated with securing Skagit County Short Plat approval, including, without limitation, the expenditure of funds bonded to Skagit County for improvements in the road turnouts on the easement for ingress and egress granted by CFI and EUGENE B. KAHN and ESTHER J. KAHN.

2. Water Service Improvements. Co-tenants further agree to



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expend from funds bonded to Skagit County the cost of any necessary line extension to serve domestic water from an existing public system identified by the Skagit County Health Department as Cascadian Farm Water System.

3. Maintenance Association. CFI and each lot owner within Skagit County Short Plat 96-055, or any further subdivision thereof, agree to each designate a representative to the board of the association created by this covenant. The board will develop an equitable cost sharing formula, assess the costs accrued and projected as of October 31 each year, establish an annual budget, bill property owners for their assessment, choose a chief executive officer, and perform other such duties as are necessary to fulfill these covenants. IF EUGENE B. KAHN and ESTHER J. KAHN, or their successors, do not lease to CFI or its successors, then the South half of Government Lot 1, Section 20, and that portion of Government Lot 1, Section 29 North of State Highway 20, shall be subject to these covenants and the duty to pay for water system service in accordance with these covenants.

4. Executive. Responsibilities of the chief executive officer shall include maintaining a bank account for the payment of joint expenses contemplated by this covenant, and the calling of an annual meeting during the month of October 1996 and on each succeeding October until this covenant is terminated. CFI shall serve as the initial chief executive officer of the association.

5. Maintenance Payments. Each lot owner, for that lot owner, the owner's heirs, executors, and assigns, covenants and agrees



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to pay annually the pro rata share of the cost to maintain the road, turnouts, and utility services, including domestic water supply. The maintenance assessments shall be paid promptly when due.

6. Sharing of Costs. Costs shall be shared equitably in proportion to use and according to a formula to be developed by the association board. The initial allocation of fifteen percent (15%) per short plat lot and seventy percent (70%) to CFI is based on the history of the usage of the farm stand on Highway 20, plus the barn premises, including agricultural processing equipment, and the expectation that each of the two short plat tracts will include a residence requiring vehicle access and domestic water supply.

7. Remedies. In the event that any lot owner fails to pay the annual assessment promptly when due, the amount of the assessment shall become a lien against the lot owners premises to which the assessment applies. The assessment lien may be enforced in equity by such an injunction or sanction as may be necessary, or as judgments are foreclosed under state law. These remedies shall be cumulative and not an exclusive means of enforcing the duty to pay when due.

8. Termination. At such time as any public body shall undertake to maintain the roads or water system and provide the public services contemplated by this agreement, this covenant shall cease, terminate, and be held for naught; provided, that all sums then owed by the owner shall first be paid.

9. Allocation of Costs. No party to this covenant shall be required to pay for improvements necessitated by a Land Use application made by any other participant in the association; provided, that maintenance after completion to county standards shall be shared equitably in proportion to use.

10. Binding Effect. The covenants expressed in this contract shall run with the land, and the grantee, by accepting the deed to the premises, accepts the same, subject to those restrictions, reservations, and servitudes for the owner, the owner's heirs, administrators, and assigns, jointly and severally.

11. Independent Agreement. Each covenant and promise contained in this contract shall be considered to be an independent and separate covenant and agreement, and, in the event that any one or more of the covenants, restrictions, or obligations is held to be invalid or unenforceable, then all remaining covenants, restrictions, and agreements shall, nevertheless, remain in full force and effect.

DATED this ____ day of ____, 1996.

CO-TENANTS

Eugene B. Kahn
EUGENE B. KAHN

Sarah Ross Forster
SARAH ROSS FORSTER

RCC V. Fleishman
RCC V. FLEISHMAN

CASCADIAN FARM, INC.

By: Eugene B. Kahn
EUGENE B. KAHN, President

N:\JONES\KAHN\FORSTER\MAINTENA.FIN 6/26/96

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Esther J. Kahn
ESTHER J. KAHN
Eugene B. Kahn
EUGENE B. KAHN

STATE OF WASHINGTON)
COUNTY OF SKAGIT) ss.

On this day personally appeared before me EUGENE B. KAHN, to me known to be the individual described in and who executed the within and foregoing instrument and acknowledged to me that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

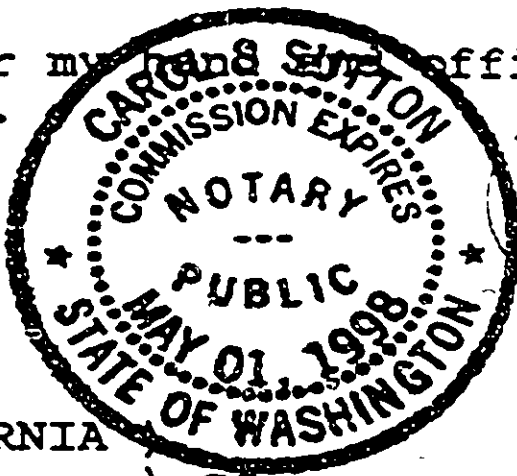
GIVEN under my hand and official seal this 10th date of July, 1996.

Carol Search
Notary Public in and for the
State of Washington, residing
at: Rockport
My Commission Expires: 6/2000

STATE OF WASHINGTON)
COUNTY OF SAN JUAN) ss.

On this day personally appeared before me SARAH ROSS FORSTER, to me known to be the individual described in and who executed the within and foregoing instrument and acknowledged to me that she signed the same as her free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 2nd date of July, 1996.

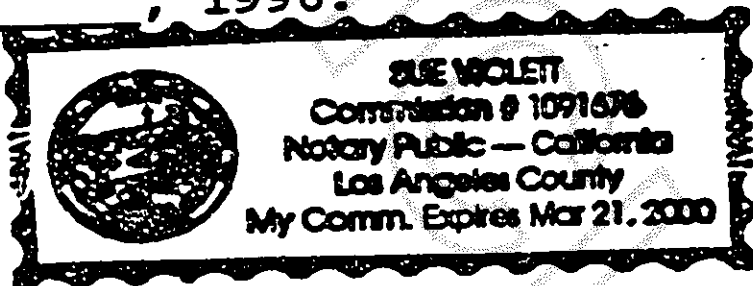


Carol Search
Notary Public in and for the
State of Washington, residing
at: Castroville
My Commission Expires: May 1, 1998

STATE OF CALIFORNIA)
COUNTY OF Los Angeles) ss.

On this day personally appeared before me ROC V. FLEISHMAN, to me known to be the individual described in and who executed the within and foregoing instrument and acknowledged to me that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 6/28 date of
1996.



Sue Violet
Notary Public in and for the
State of California, residing
at: Oatworth
My Commission Expires: 3/21/00

STATE OF WASHINGTON)
COUNTY OF SKAGIT) ss.

On this 10 day of July, 1996, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared EUGENE B. KAHN, President of CASCADIAN FARM, INC., and JAY SOLOMON, Assistant Secretary of the corporation, and executed the 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 on oath stated that they are authorized to execute the said instrument for the corporation.

Witness my hand and official seal the day and year first above written.

Carol Starck
Notary Public in and for the State of
Washington, residing at: Rockport
My Commission Expires: 6/1/2000

Eugene B. Kahn
Eugene B. Kahn, President Cascadian Farm, Inc.
Jay H. Solomon
Jay H. Solomon, Asst Sec'y Cascadian Farm, Inc.