



200204020058

Skagit County Auditor

4/2/2002 Page 1 of 28 9:54AM



200203290183

Skagit County Auditor

3/29/2002 Page 1 of 24 3:16PM

Document Title:Agreement Regarding Conditions
of Annexation, dated 1-9-2002Reference Number:#200102270069, + Add'l on following
pageGrantor(s):

1. City of Sedro-Woolley

2. S-W Land Company LLC

☒ additional grantor names on page 2.Grantee(s):

1. City of Sedro-Woolley

2. S-W Land Company LLC

☒ additional grantee names on page 2-3Abbreviated legal description:Sect. 7, 13 + 18, Twp 35N, Rge SE., W.M.
Skagit County, WA☒ full legal on page(s) Numbered 20Assessor Parcel / Tax ID Number:

P 39318. —

☒ additional tax parcel number(s) on page 3.

RETURN TO:

P. Hayden
City of Sedro-Woolley
720 Murdock Street
Sedro-Woolley, WA 98284

DOCUMENT TITLE(S) *(or transactions contained herein):*

Agreement Regarding Conditions of Annexation, dated January 9, 2002

REFERENCE NUMBER(S) OF DOCUMENTS ASSIGNED OR RELEASED:

Contains subordination for the following deeds of trust in AF#'s: 200102270069; 200109070091; 200109070090; 200104050107; 200108210036; 9806180062; 9806180063

GRANTOR(S) *(Last name, first name and initials):*

1. **CITY OF SEDRO-WOOLLEY, a Washington municipal corporation**
2. **S-W LAND COMPANY, LLC, A Washington Limited Partnership**
3. **THE FOXHALL LAND COMPANY, LLC, A Washington Limited Partnership**
4. **McGOFFIN, MARY THERESE JANICKI, and JANICKI, LISA as Co-Trustees for the JANICKI FAMILY TRUST dated May 1, 1988**
5. **LANGE, JOHN A. and LANGE, GAYLE, Husband and Wife**
6. **KINDRED, GALEN and KINDRED, SONDRRA, husband and wife**
7. **DUKES HILL, LLC, a Washington Limited Liability Company**
8. **Mumford II, James R. and Mumford, Debra, husband and wife (as to subordination)**
9. **North Country Bank (as to subordination)**
10. **Whidbey Island Bank (as to subordination)**
11. **SeaPower Carpenter, Ltd. (as to subordination)**
12. **Zion First National Bank, Custodian for Louise H. Marsh Individual Retirement Account (as to subordination)**

GRANTEE(S) *(Last name, first name and initials):*

1. CITY OF SEDRO-WOOLLEY, a Washington municipal corporation
2. S-W LAND COMPANY, LLC, A Washington Limited Partnership
3. THE FOXHALL LAND COMPANY, LLC, A Washington Limited Partnership
4. MARY THERESE JANICKI McGOFFIN and LISA JANICKI, as Co-Trustees for THE JANICKI FAMILY TRUST dated May 1, 1988
5. LANGE, JOHN A. and LANGE, GAYLE, Husband and Wife
6. KINDRED, GALEN and KINDRED, SONDRRA husband and wife
7. DUKES HILL, LLC, a Washington Limited Liability Company;

LEGAL DESCRIPTION (Abbreviated: i.e., lot, block, plat or quarter, quarter, section, township and range).

Portion of Sections 7, 13, and 18, Twp 35 North, Range 5 East, W.M.

Situate in the County of Skagit, State of Washington. (Complete legal attached page #ed 20)

ASSESSOR'S PARCEL/TAX I.D. NUMBER:

P39318; P39316; P39317; P38608; P39368; P39364; P113136; 39358; P113137; P39358; P113471; P39369; P39372; P103786; P39305 (Parcel numbers are for reference only, and the legal description in the ordinance shall prevail over any conflict with parcel numbers.)



200204020058

Skagit County Auditor

AGREEMENT REGARDING CONDITIONS OF ANNEXATION

THIS AGREEMENT, made and entered into this 9 day of January, 2002 by and between the **CITY OF SEDRO-WOOLLEY, a Washington Municipal Corporation**, hereinafter referred to as "City", and:

1. **S-W LAND COMPANY, LLC, A Washington Limited Partnership, and THE FOXHALL LAND COMPANY, LLC, A Washington Limited Partnership, as Tenants in Common;**
2. **MARY THERESE JANICKI McGOFFIN and LISA JANICKI, as Co-Trustees for THE JANICKI FAMILY TRUST dated May 1, 1988;**
3. **JOHN A. LANGE and GAYLE LANGE, Husband and Wife;**
4. **GALEN KINDRED and SONDR A KINDRED, husband and wife;**
5. **DUKES HILL, LLC, a Washington Limited Liability Company;**

hereinafter referred to jointly and severally as "Petitioner",

WITNESSETH:

WHEREAS, the Petitioner has requested that the City of Sedro-Woolley annex that real property legally described on the attached Exhibit A, shown on the map attached as Exhibit B for illustrative purposes, and has plans and intentions of developing a portion of the annexed property for residential development; and

WHEREAS, said property is presently contiguous to the City of Sedro-Woolley, but presently not a part thereof; and

WHEREAS, it is the intent of the Petitioner to complete annexation proceedings and for incorporation of said area into the City of Sedro-Woolley; and

WHEREAS, the City has determined that there are certain impacts as a result of this annexation, apart from whether the development is completed, and that the City has an obligation to ensure that the property is developed to the densities required by the Growth Management Act, related decisions of the Western Washington Growth Management Hearing Board (WWGMHB), and the Sedro-Woolley Comprehensive Plan; and

WHEREAS, the City Council, functioning in its legislative capacity, will annex the real property at issue if the Petitioner agrees to make certain infrastructure improvements as set forth herein, regardless of future development of the property being annexed; and



200204020058

Skagit County Auditor

WHEREAS, the Petitioner has agreed to make such improvements as a condition of annexations, to induce the City Council to approve the annexation process; and

WHEREAS, the Petitioner voluntarily agrees to enter into this agreement to provide for certain improvements as specified herein, all as a condition of annexation, to induce the City Council to complete the annexation process,

NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Completion of Annexation Process. The Petitioner will file with the City all documents necessary to complete the annexation process, as required by Chapter 35.13 RCW, including the annexation of other lands as deemed necessary by the City Council and Washington State Boundary Review Board.

2. Development of Annexed Area to City Standards. The Petitioner agrees that the real property described on the attached Exhibit A in which Petitioner has any interest whatsoever shall be developed at a minimum average density of four (4) units per acre, as contemplated by the decisions of the WWGMHB and Sedro-Woolley Comprehensive Land Use Plan, within five (5) years of annexation. The Petitioner agrees to apply for subdivision and development permits for property within the annexed area in which it has an interest, consistent with such densities, and applicable City ordinances, within five (5) years of annexation.

The Petitioner agrees that prior to approval of Petitioner's application for any permits for fill and grade or construction of any buildings or structures, or improvements, including subdivision and infrastructure improvements, on the real property described on the attached Exhibit A in which Petitioner has any interest whatsoever, Petitioner will execute a Development Agreement with the City of Sedro-Woolley pursuant to RCW Ch. 36.70B and such other basis as provided by law, which complements this Annexation Agreement.

3. Improvements. In addition to any other improvements subsequently determined to be necessary as a condition of development of any portion of the annexed area owned by Petitioner and described on the attached "Exhibit A", and not in lieu thereof, Petitioner agreed to completely perform the obligations set forth in this Section within five (5) years of annexation of the real property described on the attached Exhibit A, or upon development or subdivision of the real property described in Exhibit A in which it has an interest, whichever is sooner:

- a. Convey or provide for the conveyance of two acres of real property to the City for use as a park in the annexed area, said property to be adjacent to a public



street and reasonably acceptable to the City Planner, to the satisfaction of the City, in the approximate location identified in *Exhibit C* attached hereto.

- b. Convey or provide for the conveyance of 12,000 SF of real property located on a public right-of-way, with all infrastructure in place to the City's satisfaction, to the City for use as a fire station in the annexed area, said property to be in a location reasonably acceptable to the Sedro-Woolley Fire Chief, to the satisfaction of the City. (The City shall construct any future building to reasonably conform to architectural appearance standards compatible with adjacent residential development, at Petitioner's request, if the Petitioner shall pay any increase in construction cost due to this standard), in the approximate location identified in *Exhibit C* attached hereto.
- c. Convey or provide for the conveyance of street right-of-way for an East-West arterial collector between Fruitdale Road and Highway 9, in such location on real property presently owned or to be acquired by Petitioners as is reasonably acceptable to the City Engineer, to the satisfaction of the City, in the approximate location identified in *Exhibit C* attached hereto.
- d. Convey or provide for the conveyance of a North-South walking trail right-of-way from McGarigle Street to the North end of the development, in such location and design as approved by the City Planner (which approval shall not be unreasonably withheld), to the satisfaction of the City, in the approximate location identified in *Exhibit C* attached hereto.

(The Sedro-Woolley City Planner may attach Exhibit C to this agreement after signatures.)

4. Sewer improvements. Petitioner agrees to pay or provide for to payment of \$60,000.00 to the City prior to annexation, towards sewer improvements for upgrading a collapsed main line located on Township Street, the scope of said work to be determined by the City Engineer. Provision for payment may include a bond, security account, letter of credit, or agreement secured by a deed of trust acceptable to the City Attorney.

5. Credit Towards Development Impacts. Upon performance of the obligations identified above, the Petitioner shall receive a credit as follows against City impact fees for planned developments SWMC Chapter, at the time of application for building permits:

- a. For conveyance of land and improvements in paragraph 3(b), the Petitioner shall receive a credit against fire impact fees of \$30,000.00 for the lot.
- b. For conveyance of the land in paragraph 3(a), a credit of two (2) acres towards parkland for any development as computed pursuant to City ordinances on the date of application for subdivision.

This credit may only apply to construction or development activity in property owned by Petitioner in the annexed area described in Exhibit A. The Petitioners signing below shall provide for allocation of the credit among them, and shall provide appropriate documentation to the City of such allocation prior to application of the credit prior to development.

The Petitioner shall receive no credit (against impact fees or otherwise), and waives the same, for any other item in *Section 3 and 4* not specified in this *Section 5*.

Except as herein provided, the credit shall be subject to the requirements of SWMC Ch. 15.60.

6. Successors Bound. This agreement shall be a covenant running with the above-described property owned by Petitioners or in which Petitioners have an interest, and shall bind the heirs, executors, assigns and successors in interest of the undersigned to the real property described herein, and shall constitute an obligation which may be specifically enforced against the parties and their successor's in interest, in addition to any other remedy allowed by law. The obligations of the Petitioner set forth in this agreement are cumulative, and in addition all other obligations and regulations, and not in lieu thereof.

The obligations of this agreement are in addition to the requirements of the Sedro-Woolley development code, environmental regulations, and other statutes and regulations, and not in lieu thereof. Nothing in this agreement shall relieve or excuse the Petitioner from performing any obligation or condition of subdivision and development of the annexed property in effect at the time of application for development activity or land use action, except as allowed as a credit by *Section 5*. In the development process, the Petitioner shall comply with all statutes, ordinances, regulations, and discretionary requirements relating to the development allowed by law.

7. Litigation – Mediation - Arbitration. Should any court action be brought to enforce any terms of this agreement, to defend the rights of either party hereto or in the event of

any controversial claim or dispute arising out of, or relating to this agreement or the method and manner of performance thereof or the breach thereof, the prevailing party shall be entitled, in addition to any other relief, a reasonable sum as litigation expenses. In the event neither party wholly prevails, the party that substantially prevails shall be awarded a reasonable sum as litigation expenses. Venue of an action to enforce the terms and conditions of this agreement shall be in Skagit County, Washington.

In the event that the parties are unable to agree upon the location of parkland, right-of-ways, or the fire station, the parties shall participate in mediation with a neutral mediator agreed upon by the parties or appointed by the presiding judge of the Skagit County Superior Court.

If the location of parkland, right-of-ways, or the fire station is not resolved by agreement or mediation, a neutral arbitrator selected by agreement of all parties shall locate these facilities, or if the parties cannot agree on an arbitrator, then one shall be selected by the presiding judge of the Skagit County Superior Court. The parties shall proceed pursuant to the arbitration rules of the American Arbitration Association. In determining these issues, the arbitrator shall give due weight to the terms of this agreement and the reasonable engineering, financial, traffic safety and fire prevention needs of the City.

The parties shall each pay 1/6th the cost of mediation and arbitration, and each pay their own costs and attorney fees in such a proceeding. The arbitrator's decision shall be enforceable as a judgment in Superior Court.

All issues other than the location of parkland, right-of-ways, or the fire station shall be decided by the Superior Court.

8. In Contemplation of Annexation. This agreement is conditioned upon annexation of all or substantially all of the real property described on the attached Exhibit A. It shall be void and of no effect if the City shall fail or refuse to annex said property. Provided further, nothing in this agreement shall bind the City Council of the City to annex said property, nor obligate the City to approve the subdivision and development of this property described herein, nor to impose or not impose any particular conditions or requirements for said development or land use actions.

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



200204020058
Skagit County Auditor

4/2/2002 Page 8 of 28 9:54AM

**CITY OF SEDRO-WOOLLEY,
a Washington Municipal Corporation:**

Sharon D. Dillon
MAYOR

Attest:

Patsy K. Nelson
CITY CLERK

Approved as to Form:

[Signature]
CITY ATTORNEY

STATE OF WASHINGTON)
) SS.
COUNTY OF SKAGIT)

I, the undersigned Notary Public, in and for the State and County, do hereby certify that on this day personal appeared before me Sharon D. Dillon, to me know to be the Patsy K. Nelson of the City of Sedro-Woolley, who executed the within instrument and acknowledged that they signed and sealed the same as the free and voluntary act and deed of said City for the uses and purposes therein mentioned.

GIVEN UNDER my hand and official seal this 18 day of January, 2002.



Julie Rosario
Notary Public in and for the State of
Washington, residing at Sedro-Woolley
My Commission Expires: 7/23/08
Print Name Julie Rosario



Page 7 Intentionally left blank.



200204020058

Skagit County Auditor

4/2/2002 Page 10 of 28 9:54AM

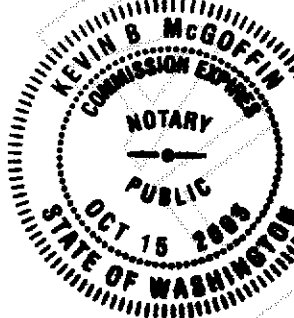
S-W LAND COMPANY, LLC, A Washington Limited Partnership

By *[Signature]*
MANAGING PARTNER

State of Washington)
) ss.
County of Skagit)

On this day personally appeared before me Frederick B. Flemming to me known to be the Managing Partner of Sedro-Woolley Land Company, LLC, and executed the foregoing instrument to be the free and voluntary act and deed of said Limited Partnership for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 7 day of January, 2002.



[Signature]
Notary Public in and for the State of
Washington, residing at Sedro-Woolley
My Commission Expires: 10-15-2005
Print Name Kevin B. McGoffin



200204020058
Skagit County Auditor
4/2/2002 Page 11 of 28 9:54AM

THE FOXHILL LAND COMPANY, LLC, A Washington Limited Partnership

By

[Signature]
MANAGING PARTNER

State of Washington)
) ss.
County of Skagit)

On this day personally appeared before me JOHN FLEMING to me known to be the Managing Partner of The Foxhill Land Company, LLC, and executed the foregoing instrument to be the free and voluntary act and deed of said Limited Partnership for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 10th day of December, 2001.

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

~~My Commission Expires:~~

~~Print Name~~

[Signature]

Notary Public in and for
the County of Orange, State
of California, residing at

Placentia, California
My Commission Expires: 5-27-05
Print Name Jennifer Garcia



200204020058
Skagit County Auditor

4/2/2002 Page 12 of 28 9:54AM

THE JANICKI FAMILY TRUST dated May 1, 1988

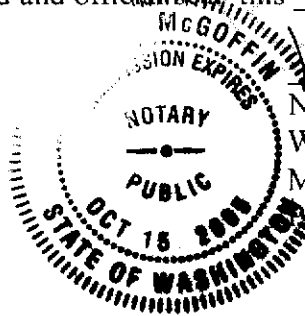
By Mary Therese Janicki McGoffin
MARY THERESE JANICKI McGOFFIN
AS CO-TRUSTEE

By Lisa Janicki
LISA JANICKI AS CO-TRUSTEE
AS CO-TRUSTEE

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

ON THIS DAY personally appeared before me MARY THERESE JANICKI McGOFFIN and LISA JANICKI, to me known to be the Co-Trustees of THE JANICKI FAMILY TRUST dated May 1, 1988, who executed the within and foregoing instrument and acknowledged to me that they signed the same as the free and voluntary act and deed of the said Trust, for the purposes therein mentioned, and in their capacity as Co-Trustees.

GIVEN under my hand and official seal, this 4th day of January, 2002.



Kevin B. McGoffin
Notary Public in and for the State of
Washington, residing at Seah. Woolley
My Commission Expires: 10-15-2008
Print Name: Kevin B. McGoffin



200204020058

Skagit County Auditor

4/2/2002 Page 13 of 28 9:54AM

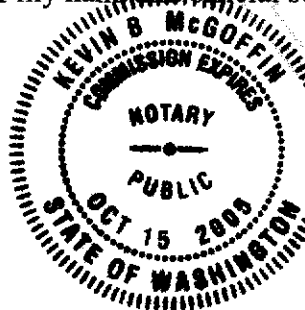
John A. Lange
JOHN A. LANGE

Gayle Lange
GAYLE LANGE

STATE OF WASHINGTON)
) SS.
COUNTY OF SKAGIT)

I, the undersigned Notary Public, in and for the State and County, do hereby certify that on this date, personal appeared before me John A. Lange and Gayle Lange, to me known to be the individual(s) described in and who executed the within instrument and acknowledged that he/she signed and sealed the same as his/her free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 4th day of January, 2002.



Kevin B. McGoffin
Notary Public in and for the State of
Washington, residing at 5050 Woolley, WA.
My Commission Expires: 10-15-2005
Print Name Kevin B. McGoffin



200204020058
Skagit County Auditor

4/2/2002 Page 14 of 28 9:54AM

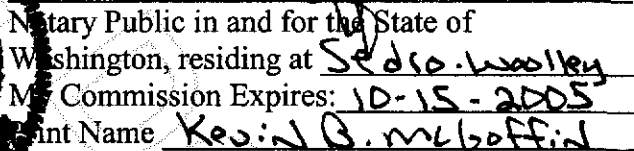
3/29/2002 Page 14 of 24 3:16PM

GALEN KINDRED

SONDRA KINDRED

COUNTY OF SKAGIT

GIVEN under my hand and official seal this 7th day of January, 2002.



Agreement, page 12

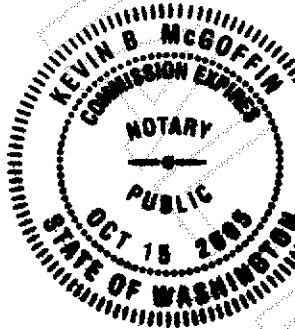
DUKES HILL, LLC, a Washington Limited Liability Company

By [Signature]
MANAGING PARTNER

State of Washington)
) ss.
County of Skagit)

On this day personally appeared before me Robert Janick to me known to be the Managing Member of Dukes Hill, LLC, and executed the foregoing instrument to be the free and voluntary act and deed of said Limited Liability Company, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 4th day of January, 2002.



[Signature]
Notary Public in and for the State of
Washington, residing at Sciro-Woodley
My Commission Expires: 10-15-2005
Print Name Kevin McGoffin



200204020058
Skagit County Auditor

3/

4/2/2002 Page 16 of 28 9:54AM

Subordination

The undersigned beneficiaries of that Deed of Trust in which John A. Lange and Gayle Lange, husband and wife, are Grantors, and James R. Mumford II and Debra Mumford, husband and wife are Beneficiaries, and First American Title Company is Trustee, dated February 16, 2001, and recorded February 22, 2001, in Skagit County Auditor's File No. 200102220008, agree that the all of the Beneficiaries' rights under said Deed of Trust shall be fully subordinate to this AGREEMENT REGARDING CONDITIONS OF ANNEXATION, as it may be extended, renewed, modified or replaced, and to all of the rights of the City of Sedro-Woolley thereunder.

James R. Mumford II
JAMES R. MUMFORD II

Debra Mumford
DEBRA MUMFORD

Debra

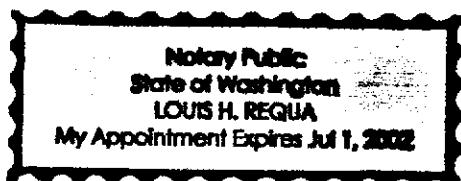
STATE OF WASHINGTON)

) SS.

COUNTY OF SKAGIT)

I, the undersigned Notary Public, in and for the State and County, do hereby certify that on this date, personal appeared before me James R. Mumford and Debra Mumford, to me known to be the individual(s) described in and who executed the within instrument and acknowledged that he/she signed and sealed the same as his/her free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 12 day of December, 2001.



Louis H. Regua
Notary Public in and for the State of
Washington, residing at Sedro-Woolley
My Commission Expires: July 1, 2002
Print Name Louis H. Regua



200204020058
Skagit County Auditor

4/2/2002 Page 17 of 28

9:54AM

Subordination

The undersigned beneficiary of:

- a. that Deed of Trust in which John A. Lange and Gayle Lange, husband and wife, are Grantors, and North Country Bank is Beneficiary, and First American Title Company is Trustee, dated February 26, 2001, and recorded February 27, 2001, in Skagit County Auditor's File No. 200102270069, and
- b. that Deed of Trust in which John A. Lange and Gayle Lange, husband and wife, are Grantors, and North Country Bank is Beneficiary, and First American Title Company is Trustee, dated September 5, 2001 and recorded September 7, 2001, in Skagit County Auditor's File No. 200109070091, and
- c. that Deed of Trust in which John A. Lange and Gayle Lange, husband and wife, are Grantors, and North Country Bank is Beneficiary, and First American Title Company is Trustee, dated September 5, 2001 and recorded September 7, 2001, in Skagit County Auditor's File No. 200109070090, and
- d. that Deed of Trust in which John A. Lange and Gayle Lange, husband and wife, are Grantors, and North Country Bank is Beneficiary, and First American Title Company is Trustee, dated February 26, 2001, and recorded April 5, 2001, in Skagit County Auditor's File No. 200104050107,

agrees that the all of the Beneficiary' rights under said Deed of Trust shall be fully subordinate to this AGREEMENT REGARDING CONDITIONS OF ANNEXATION, as it may be extended, renewed, modified or replaced, and to all of the rights of the City of Sedro-Woolley thereunder.

NORTH COUNTRY BANK

By

Title:

By

Title:

State of Washington)
) ss.
County of Skagit)

On this day personally appeared before me Dennis M. King and
_____ to me known to be the Senior V.P.
and _____, respectively of North Country Bank, the corporation that
executed the foregoing instrument to be the free and vol_____ and deed of said corporation



200204020058

Skagit County Auditor

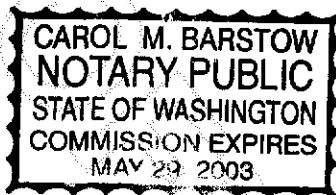
4/2/2002 Page 18 of 28

9:54AM

3/29/2002 Page

for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 8th day of January, 2002.



Carol M. Barstow
Notary Public in and for the State of
Washington, residing at Arlington, Wa
My Commission Expires: 5-29-03
Print Name ~~Carol M.~~ CAROL M. BARSTOW



Subordination

The undersigned beneficiary of that Deed of Trust in which S-W Land Company LLC and The Foxhill Company LLC are Grantors, and Whidbey Island Bank is Beneficiary, and First American Title Company is Trustee, dated August 16, 2001, and recorded August 21, 2001, in Skagit County Auditor's File No. 200108210036, agrees that the all of the Beneficiary' rights under said Deed of Trust shall be fully subordinate to this AGREEMENT REGARDING CONDITIONS OF ANNEXATION, as it may be extended, renewed, modified or replaced, and to all of the rights of the City of Sedro-Woolley thereunder.

WHIDBEY ISLAND BANK

By

Title: S. V. P.

By

Title: V-D.

State of Washington)

SS.

County of Skagit

On this day personally appeared before me KE Blomberg and Richard Thompson to me known to be the Senior Vice President and Vice President, respectively of Whidbey Island Bank, the corporation that executed the foregoing 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 the said instrument for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 11 day of December, 2001.



Rhonda B Tingler
Notary Public in and for the State of
Washington, residing at *Burlington*
My Commission Expires: *10/1/02*
Print Name *Rhonda B Tingler*



200204020058
Skagit County Auditor

4/2/2002 Page 20 of 28 9:54AM

Subordination

The undersigned beneficiary of that Deed of Trust in which S-W Land Company LLC and The Foxhill Company LLC are Grantors, and SeaPower Carpenter, Ltd., is Beneficiary, and First American Title Company is Trustee, dated April 28, 1998, and recorded June 18, 1998, in Skagit County Auditor's File No. 9806180062, agrees that the all of the Beneficiary' rights under said Deed of Trust shall be fully subordinate to this AGREEMENT REGARDING CONDITIONS OF ANNEXATION, as it may be extended, renewed, modified or replaced, and to all of the rights of the City of Sedro-Woolley thereunder.

SEAPOWERS CARPENTER, LTD

By [Signature]
Title: PRESIDENT

By E.Y.P.
Title: E.Y.P.

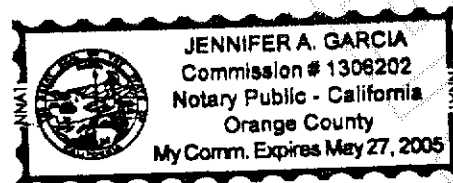
State of Washington)
) ss.
County of Skagit)

On this day personally appeared before me JOHN D. FLEMMING and JAMES B. JONES to me known to be the PRESIDENT and EXECUTIVE VICE PRES., respectively of SeaPower Carpenter, Ltd., the corporation/LLC that executed the foregoing 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 the said instrument for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 10th day of December, 2001.

~~Notary Public in and for the State of
Washington, residing at
My Commission Expires: _____
Print Name~~

[Signature]
Notary Public in and for the
County of Orange, State of
California, residing at
Placentia, Calif.
My Commission Expires: 5-27-07
Print Name Jeanette A. [unclear]



200204020058
Skagit County Auditor

4/2/2002 Page 21 of 28 9:54AM

Subordination

The undersigned beneficiary of that Deed of Trust in which S-W Land Company LLC and The Foxhill Company LLC are Grantors, and Zions First National Bank, Custodian for Louise H. Marsh Roth Individual Retirement Account, is Beneficiary, and First American Title Auditor's File No. 9806180063, agrees that all of the Beneficiary's rights under said Deed of Trust shall be fully subordinate to this AGREEMENT REGARDING CONDITIONS OF ANNEXATION, as it may be extended, renewed, modified or replaced, and to all of the rights of the City of Sedro-Woolley thereunder.

ZIONS FIRST NATIONAL BANK, CUSTODIAN FOR LOUISE H. MARSH ROTH INDIVIDUAL RETIREMENT ACCOUNT

By: Roshelle C. Lucky

Roshelle C. Lucky

Title: Trust Officer

By: F. Kim Stephens

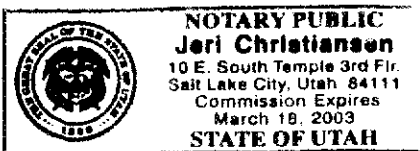
F. Kim Stephens

Title: Vice President & Trust Officer

State of Utah)
) ss.
County of Salt Lake)

On this day personally appeared before me Roshelle C. Lucky and F. Kim Stephens to me known to be the Trust Officer and Vice President & Trust Officer, respectively of Zions First National Bank, Custodian for Louise H. Marsh Roth Individual Retirement Account, the corporation that executed the foregoing 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 the said instrument for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 10th day of December, 2001.



Jeri Christiansen
Notary Public in and for the State of Utah
Residing at Salt Lake County
My Commission Expires: 3-18-03
Print Name: JERI CHRISTIANSEN



Skagit County Auditor

4/2/2002 Page 22 of 28 9:54AM

LEGAL DESCRIPTION FOR THE CITY OF SEDRO-WOOLLEY OF
ANNEXED PROPERTY SOUTHERLY AND WESTERLY OF FRUITDALE ROAD

Beginning at the northwest corner of the south one third of Gov't Lot 1, Section 18, Township 35 North, Range 5 East, W.M., which point is the northwest corner of property in said Section 18 that was annexed to the City of Sedro-Woolley in August 1968 by Ordinance No. 675; thence north along the west line of said Section 18 to the northeast corner of the south half of the northeast quarter of the northeast quarter of Section 13, Township 35 North, Range 4 East, W.M. which point is the northeast corner of property annexed to the City of Sedro-Woolley in February 1978 by Ordinance No. 879; thence west along the north line of the south half of northeast quarter of the northeast quarter of said Section 13 a distance of 30 feet, more or less, to the west right of way line of state highway SR9; thence north along the west right of way line of state highway SR to its intersection with the westerly projection of the south line of the north 315 feet of the north one third of Gov't Lot 1 of said Section 18; thence east along the south line of said north 315 feet and its westerly projection, to the east line of said Gov't Lot 1; thence north along the east line of said Gov't Lot 1 to the north line of said Section 18; thence east along the north line of said Section 18 to the north quarter corner of said Section 18; thence north along the west line of the southeast quarter of Section 7, Township 35 North, Range 5 East, W.M., a distance of 320 feet more or less to the north right of way line of Fruitdale Road; thence southeasterly along the north right of way line of Fruitdale Road to its intersection with the south line of said Section 7; thence continuing southeasterly along the north right of way line of Fruitdale Road in said Section 18 to the angle point in the right of way line that is 20 feet, more or less, easterly of the west line of the northeast quarter of the northeast quarter of said Section 18; thence southerly along the east line of Fruitdale Road to the south line of the northeast quarter of the northeast quarter of said Section 18; thence west to the southwest corner of the northeast quarter of the northeast quarter of said Section 18; thence continuing west along the south line of the northwest quarter of the northeast quarter of said Section 18, to the westerly right of way line of the abandoned Northern Pacific Railway Company right of way, (Note: the course last described and all courses described hereafter are intended to follow the lines of property annexed to the City of Sedro-Woolley by Ordinance No. 857 or Ordinance No. 675); thence southwesterly along the westerly right of way line of said abandoned railway to the north line of the northeast quarter of the southwest quarter of said Section 18; thence east along the north line of said northeast quarter of the southwest quarter to the northeast corner thereof; thence south along the east line of said northeast quarter of the southwest quarter to its intersection with a line 200 feet distant northerly of, when measure at right angles to, and parallel with the north right of way line of the Puget Sound and Baker River Railroad right of way, said right of way being that County Road known as the McGarigle Road; thence southwesterly along said 200 foot line to the south line of said northeast quarter of the southwest quarter; thence west along the south line of said northeast quarter of the southwest quarter to the southwest corner thereof, said point being also the southeast corner of Gov't Lot 3 of said Section 18; thence north along the east line of Gov't Lot 3, the east line of Gov't Lot 2, and the east line of the south one third of Gov't Lot 1, to the northeast corner of the south one third of Gov't Lot 1 of said Section 18; thence west along the north line of the south one third of said Gov't Lot 1 to the point of beginning of this description.

p 20

Exhibit A



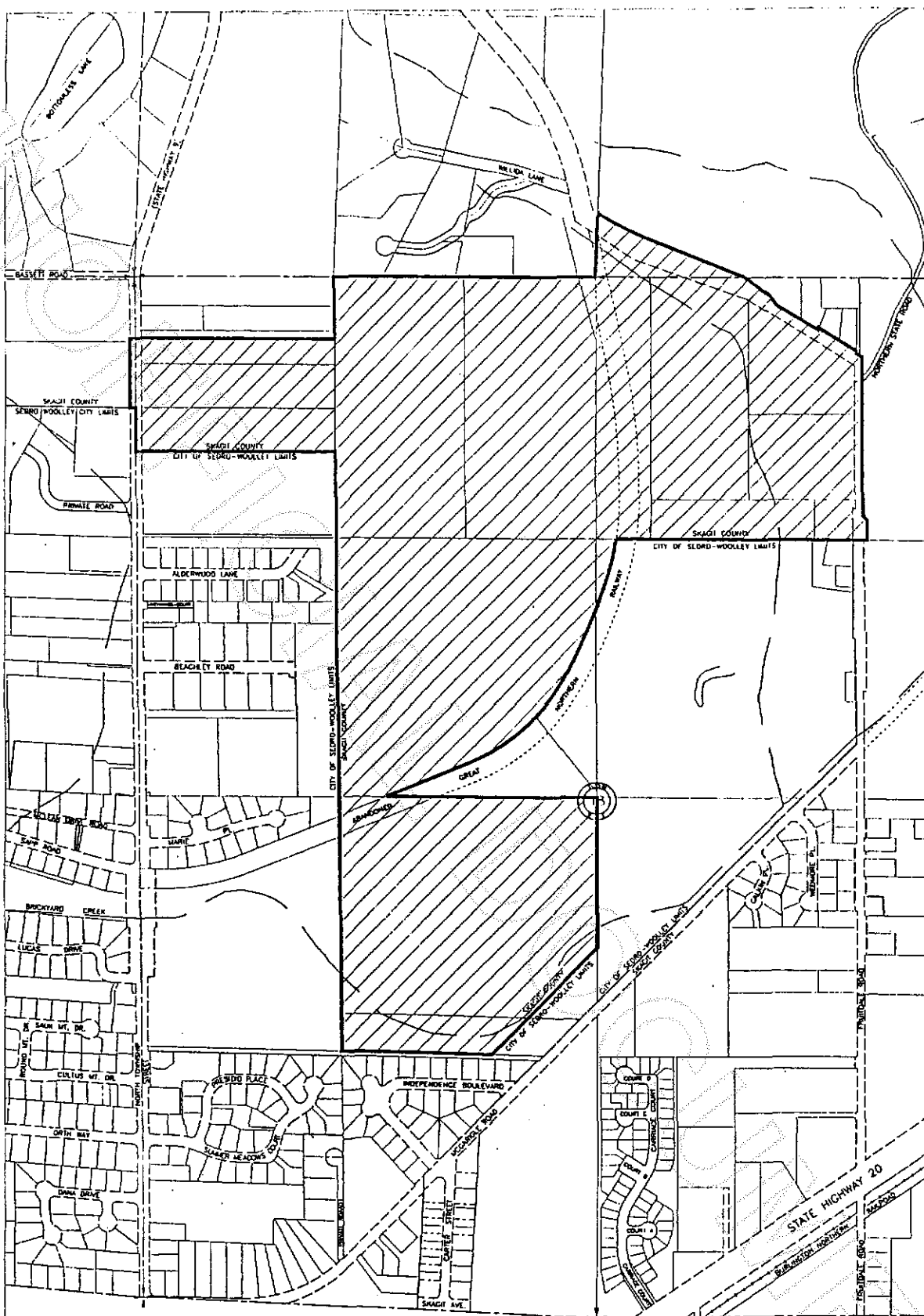
200204020058

Skagit County Auditor

4/2/2002 Page 23 of 28

9:54AM

3:16PM



NOTES:

- 1.) COMPREHENSIVE PLAN ZONING = SEDRO-WOOLLEY UGA
- 2.) SEDRO-WOOLLEY ZONING = SF-2
- 3.) AREA = 165 ACRES

1" = 600'



200204020058

Skagit County Auditor

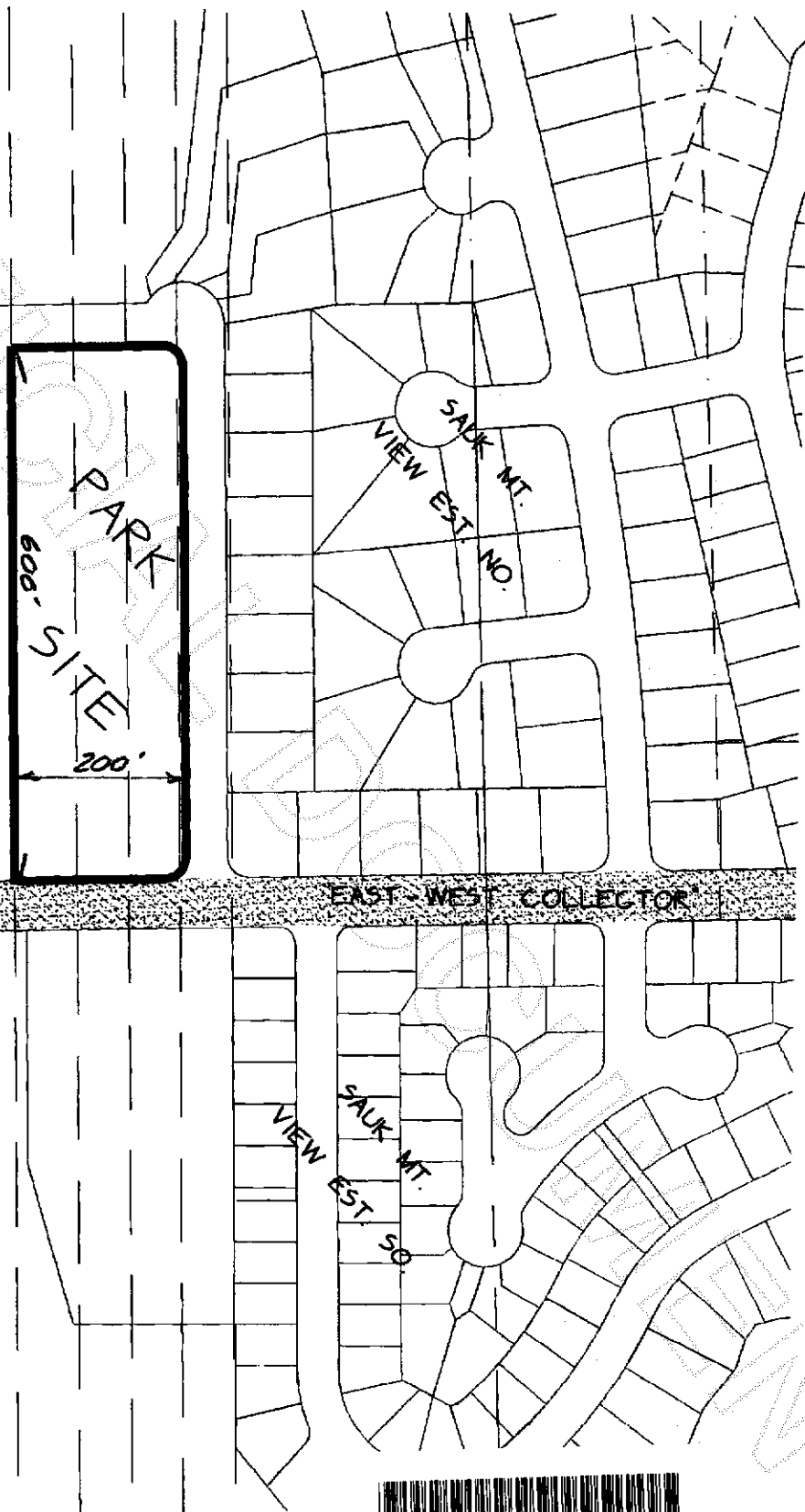
4/2/2002 Page 24 of 28

9:54AM

JOHN LANGE, et.al.
ANNEXATION EXHIBIT MAP

EXHIBIT "C"

Est. C, Page 1 of 4

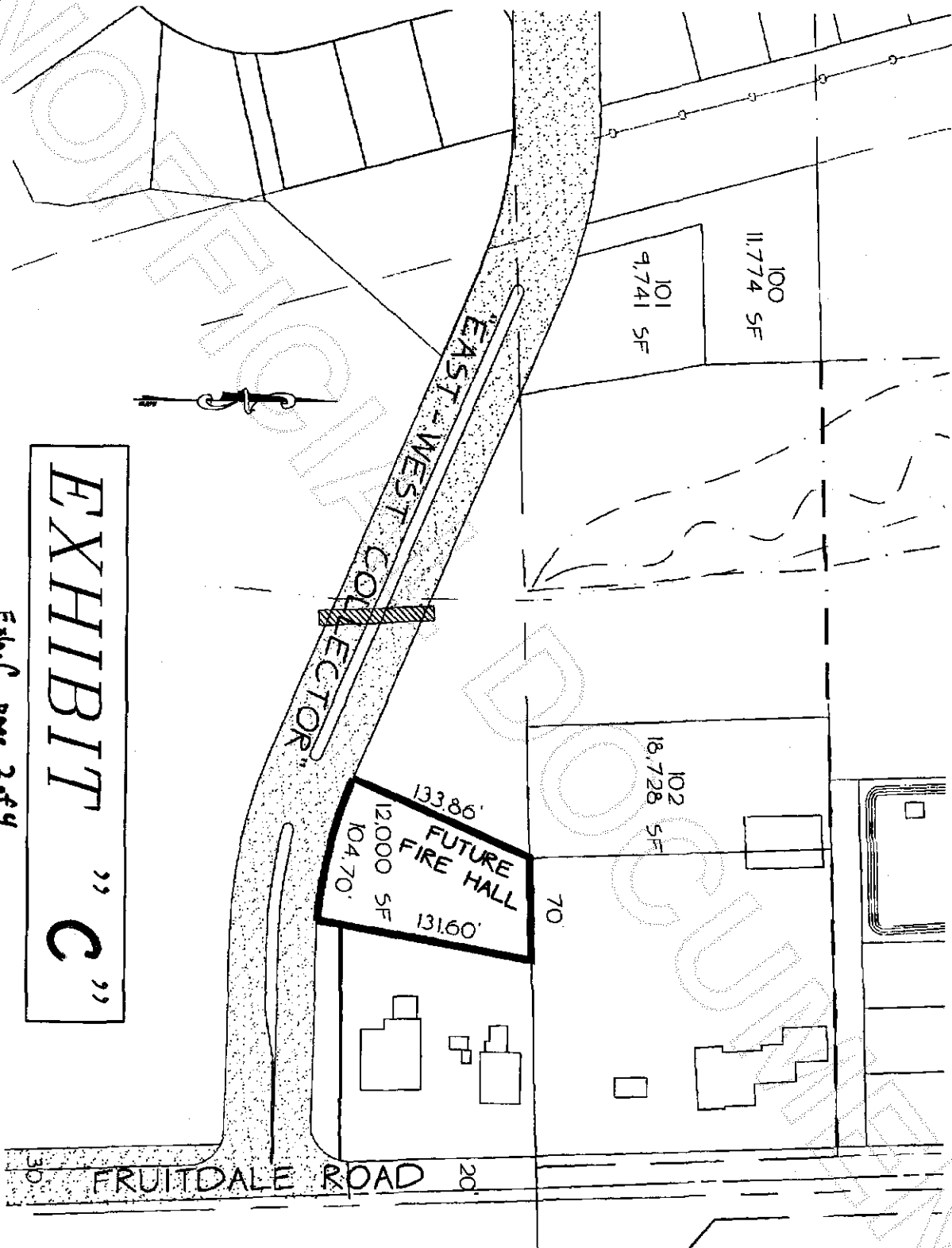


200204020058

Skagit County Auditor

Exh. C page 2 of 4

EXHIBIT "C"



200204020058

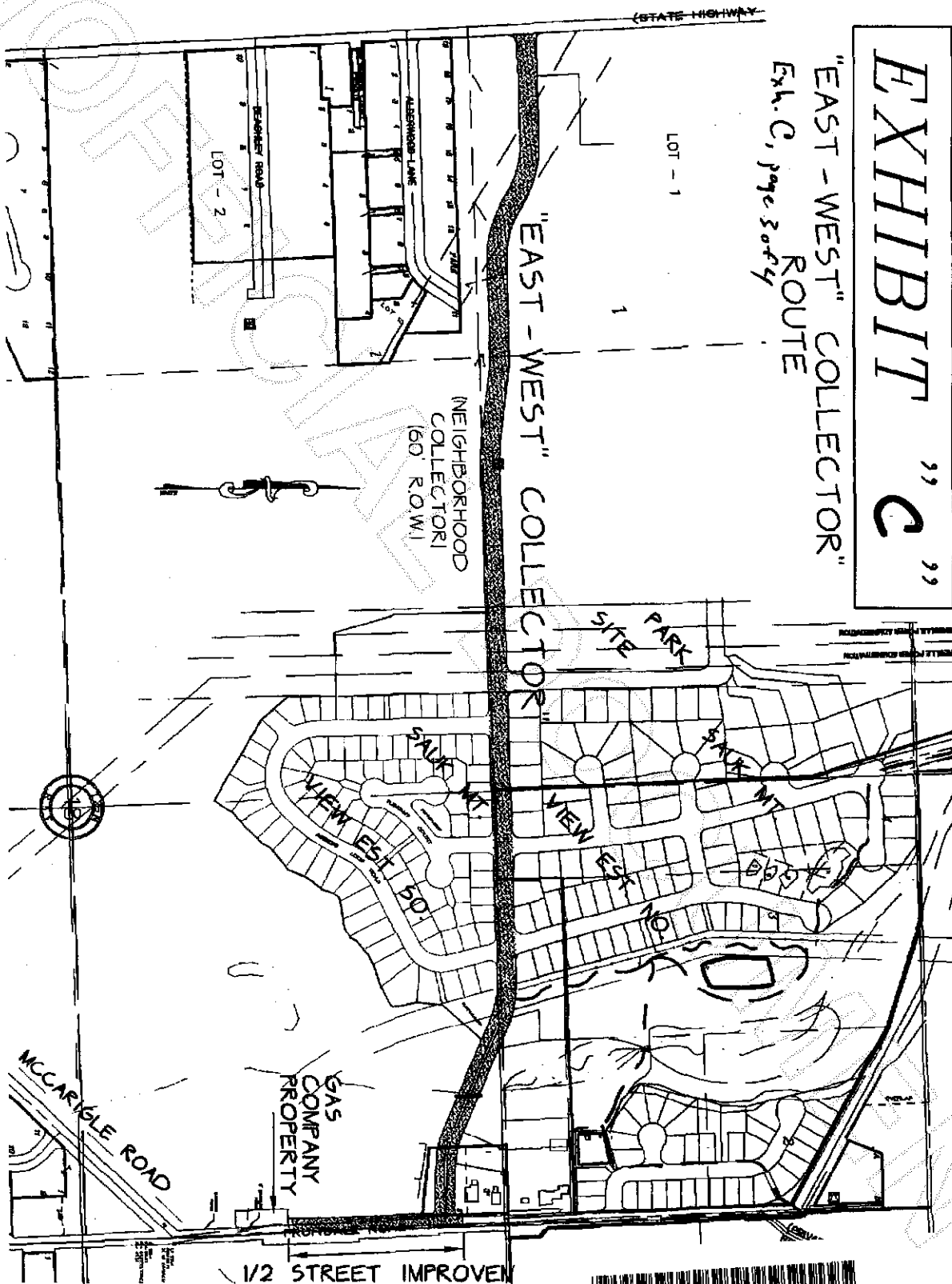
Skagit County Auditor

4/2/2002 Page 26 of 28

9:54AM

EXHIBIT "C"

"EAST-WEST" COLLECTOR
ROUTE
Exh. C, page 3 of 4



200204020058

Skagit County Auditor

05 - BOWENVILLE POWER ADMINISTRATION
 077 - BOWENVILLE POWER ADMINISTRATION

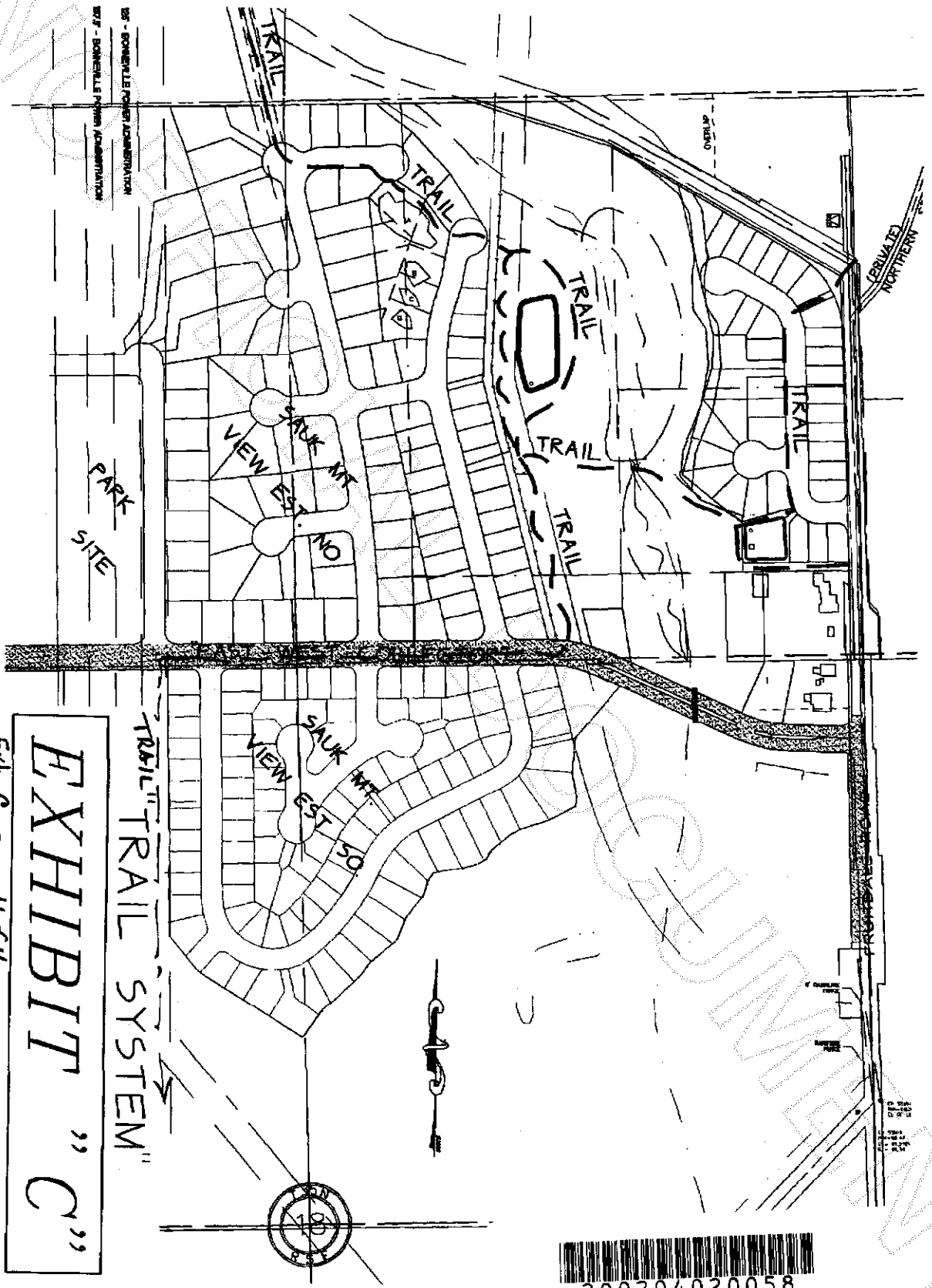


EXHIBIT "C"
 Exh. C, page 4 of 4

