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Document Title:

Agreement

Reference Number :

Grantor(s):

☐ additional grantor names on page ____

1. Decker, Daniel
2. Decker, Charlotte

Grantee(s):

☐ additional grantee names on page ____

1. Brooks, George
2. Brooks, Barbara J.

Abbreviated legal description:

☐ full legal on page(s) ____

21-35-9

Assessor Parcel / Tax ID Number:

☐ additional tax parcel number(s) on page ____

P 44620
P 104051

JUL 14 2003

Phyllis [Signature] Co. Clerk
By [Signature] Deputy

SETTLEMENT AGREEMENT

Whereas, Don and Jill Rapp ("Rapps") and Dan and Charlotte Decker ("Deckers") each own 50% of the shares of Sauk Mountain Ranch, Inc. ("Sauk"), and Sauk's principal asset is 28.3 acres of land situated in Skagit County, Washington ("the property"), and

Whereas, the parties have asserted various claims against each other, and have arbitrated those claims before Hugh Ridgway, which arbitration has led to litigation in the Skagit County Superior Court, cause number 91-2-00281-1, and

Whereas, the parties wish to settle any and all claims that either party has asserted or may assert against the other, arising out of the above-described arbitration and litigation, and further wish to dissolve Sauk and partition the real property owned by Sauk; now, therefore,

In consideration of the mutual covenants set forth below, the parties agree as follows:

1. **Confidentiality.** The parties and their attorneys shall keep confidential, and shall not divulge to anyone, the terms of this settlement agreement, except that the Deckers may divulge to representatives of the state Department of Natural Resources ("DNR") only those settlement terms which are necessary to effectuate the planned land swap between the Deckers and the DNR.

2. **Partition.** Sauk shall convey 14.15 acres of the property to the Rapps, and shall convey 14.15 acres of the property to the Deckers. The parties agree to execute all documents necessary to

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enable Sauk to so convey the property to the parties via statutory warranty deeds. The precise manner of partition of the property shall be as agreed by the parties, as illustrated by the attached map, which the parties agree is not to scale, subject to final adjustment following the completion of a survey.

The parties further agree that following the completion of said survey, the precise manner of partition will be reduced to written legal description as commonly used in deeds, and said description will be incorporated into an "Agreed Order for Partition" of the property, which order shall be presented to Hugh Ridgway for signature and to the Skagit County Superior Court for confirmation. The agreed order shall be the basis for the preparation of the aforementioned statutory warranty deeds.

3. **Survey.** The parties have jointly selected Stuart Van Buren, a licensed land surveyor, to survey the property for the purpose of effectuating the agreed-upon partition of the property. The cost of the survey shall be borne equally by the parties.

4. **Obligations of the Rapps.** The Rapps agree to defend and indemnify the Deckers against any claim for attorney fees brought by Brad Furlong or Elliott Johnson and relating to the provision of legal services for Sauk.

The Deckers agree that the Rapps shall have no obligation to the DNR for costs and expenses incurred by the DNR and relating to the planned land swap between the Deckers and the DNR. The Deckers agree to defend and indemnify the Rapps against any claim which

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may be brought by the DNR for such costs and expenses. DNR costs do not include survey costs.

5. **Mortgage Payments to the Coons.** As of November 1, 1991, the total outstanding principal amount owed by Sauk to Leonard and Geraldine Coons is \$30,468.36. The parties agree that following the partition of the property as described in paragraph 2 herein, and subject to the provisions of the note existing between Sauk and Coons, the Rapps will assume responsibility for \$21,134.18 of the aforementioned total outstanding principal, and the Deckers will assume responsibility for \$9,334.18 of the aforementioned total outstanding principal.

Each party shall contribute proportionately to the required monthly payment on the Sauk/Coons note, in such proportion as their assumed responsibility bears to the total outstanding principal. Either party, without penalty, may pre-pay any portion of their respective assumed responsibility, above that required by said note and this agreement.

The parties agree to approach the Coons for the purpose of obtaining separate personal notes, between Rapps and Coons and between Deckers and Coons, and cancellation of the existing note between Sauk and Coons.

If a party defaults on their payment requirements herein, such party shall defend and indemnify the other party from any and all claims made by the Coons relating to such default.

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6. **The Sauk/Coons Settlement.** Concerning the 7 acres to be fully reconveyed to Sauk under the terms of the "Stipulation and Agreed Judgment" filed in Skagit County Superior Court cause number 89-2-00516-9 on September 6, 1990: The parties agree to cooperate in designating, to the Coons, the seven acres for reconveyance. The parties further agree that four of the seven acres shall be conveyed to the Deckers as part of the agreed-upon partition of the property, and three of the seven acres shall be conveyed to the Rapps as part of the agreed-upon partition of the property.

7. **The Well.** The parties agree to share the existing well on the property, even though the planned partition will result in the well being located on property owned by the Rapps. The cost of maintaining, repairing, and improving the well shall be borne equally by the parties and their successors and assigns. Payment contributions for repair and maintenance shall be made upon completion of the work.

The parties agree to construct a holding tank for the well. The cost of this tank and related work shall be borne equally by the parties. The parties shall obtain competitive bids for this work from at least two contractors, and shall award the work to the lowest bidder. Prior to the commencement of work, the parties shall each contribute \$1,500 to an escrow account for use in paying for the tank and related work. The escrow account shall be set up so that the withdrawal of funds requires two signatures:

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one by Rapp and one by Decker. The escrow account shall remain open for possible future improvements to the well.

Deckers agree that they shall not use well water to feed or replenish the pond which, following the planned partition, will be located on property owned by the Deckers.

8. **The Existing Roadway.** The parties agree that, until the completion by DNR of a planned roadway which will allow the Deckers access to their homesite, the Deckers shall be entitled to use the existing roadway, even though the planned partition will result in said existing roadway being partially located on property owned by the Rapps. Upon completion by DNR of the planned roadway, the Deckers' right to use the existing roadway shall cease.

Following partition, and until completion by DNR of the planned roadway, the cost of repairing and maintaining that portion of the existing roadway lying on Rapp property shall be borne equally by the parties and their successors and assigns. Payment contributions for such repair and maintenance shall be made upon completion of the work, except: The parties shall each contribute \$500 to an escrow account for use in paying for repair work needed immediately, specifically, expansion of the culvert to prevent road wash-out, and re-grading of the road with gravel. The escrow account shall be set up so that the withdrawal of funds requires two signatures: one by Rapp and one by Decker. The escrow

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account shall remain open for possible future improvements to the existing roadway.

Following partition, the cost of repairing and maintaining that portion of the existing roadway lying on Decker property shall be borne exclusively by the Deckers.

9. **Pond Water-Source Easement and Pipeline.** Following partition, the pond will be located on property owned by the Deckers, and an existing pipeline, leading from a fresh-water creek to the pond, will be located on property owned by the Rapps.

The parties agree that the Deckers shall, by June 1, 1992, bury all portions of the existing pipeline now located above ground. All costs relating to this work shall be borne exclusively by the Deckers.

The Deckers shall be granted a right of access (and not an easement) on Rapps' property for the purpose of burying the pipeline, for maintaining and repairing the pipeline, and for the right to take water from the creek via the pipeline, **provided**, that this right of access shall not interfere with or prevent any development or use contemplated or undertaken by the Rapps or their successors and assigns. If such interference arises, then the right of access shall cease, and the Deckers shall have the option to construct and maintain a new pipeline around the perimeter of the property, commencing at the intersection of the creek with the east boundary line of Rapps' property, running north along the creek path to the north boundary line of Rapps' property.

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property, thence westerly along the north boundary line of Rapps' property to the Deckers' property line. If the Deckers exercise this option to construct a new pipeline, they shall be granted a 10-foot-wide easement on Rapps' property for the purpose of constructing, maintaining, repairing, and improving the new pipeline, as well as for the right to take water from the creek via the new pipeline. The Deckers need not bury the new pipeline, but can lay the pipe on the ground at their discretion. If the Deckers exercise this option to construct a new pipeline, the Rapps agree to pay for half the cost of the required pipe, but not for any other material or labor. All other costs relating to a new pipeline shall be borne exclusively by the Deckers.

If the Deckers undertake repair and/or maintenance work to the existing pipeline, they shall, following any such work, restore the Rapps' property to its original condition (i.e., to the condition the property was in prior to undertaking such work).

All costs relating to the existing pipeline shall be borne exclusively by the Deckers.

10. **Release and Dismissal.** Following the execution of this Agreement, and the submission of the "Agreed Order for Partition" to Hugh Ridgway and the Skagit County Superior Court (see paragraph 2 above), the Deckers shall cause to be filed, with the Skagit County Superior Court, a stipulation for dismissal, with prejudice, of cause number 91-2-00281-1, each party to bear its own costs and fees. The parties agree that they will stipulate to

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the confirmation of the "Agreed Order for Partition" as presented by Hugh Ridgway. The parties agree that they will not move to confirm prior awards made by Hugh Ridgway. The Rapps and the Deckers release and forever discharge each other, and each other's successors and assigns, from any and all claims, asserted or unasserted, known or unknown, related in any way to the ownership and operation of Sauk Mountain Ranch, Inc., its land, and the Deckers' construction of a house on property owned by the DNR.

11. **Choice of Law.** This Settlement Agreement shall be governed by the laws of the state of Washington.

12. **Entire Agreement.** This document, which incorporates the "Agreed Order for Partition" (see paragraph 2 above), contains the entire Agreement between the parties. It may only be modified in writing. Neither party is entering into this Agreement in reliance upon any oral or written promises, inducements, representations, understandings, interpretations, or agreements other than those contained in this Agreement.

13. **Severability.** If any provision of this Settlement Agreement is for any reason unenforceable, such unenforceability shall not affect the enforceability of any other provision of this Settlement Agreement.

14. **Advice of Counsel.** This Agreement represents the settlement of a dispute between the parties, and is the product of an arms-length negotiation. The parties have read this Agreement carefully and have had the advice and assistance of their

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15. **Attorneys' Fees and Costs.** If either party files suit to enforce the mutual obligations herein, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs.

DATED this 9th day of December, 1991.

Daniel Decker
DANIEL DECKER

CHARLOTTE DECKER

I certify that I know or have satisfactory evidence that **Don Rapp, Jill Rapp, Daniel Decker, and Charlotte Decker** are the persons who appeared before me this date and acknowledged that they each signed this instrument, a "Settlement Agreement", as their free and voluntary act for the uses and purposes mentioned therein.

DATED: December 9, 1991.

Gary T. Jones
 NOTARY PUBLIC
 printed name: GARY T. JONES
 residing at: Mount Vernon WA
 My commission expires: 3/10/94

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Initials: DE

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ADDENDUM TO SETTLEMENT AGREEMENT

THIS ADDENDUM supplements the nine (9) page Settlement Agreement consisting of fifteen (15) numbered paragraphs and is contemporaneously attached to the Settlement Agreement and initialed by DANIEL and CHARLOTTE DECKER.

1. UTILITY ISSUES. The Deckers present electric service includes a meter pole and underground power line located on the 3-acre parcel released by Coons to Rapp. Deckers understand they will have the right to maintain, repair, reconstruct, and otherwise use the underground power lines free of interference by Rapp or Rapp's successors and assigns. Similarly, the underground waterline serving the Decker residence crosses the Rapp property. Planned improvements to the well may eliminate this underground pipe. Until such improvements are made, Deckers maintain the right to have access to the underground water lines for maintenance, repair, reconstruction and use of those lines. The electric service to the wellhouse and other outbuildings on the Rapp parcel are presently charged to the Decker electric bill. Improvements to the well will result in installation of a separate meter and equal sharing of the cost of electricity for the well only. To the extent deemed necessary or appropriate by the parties, the utility easements necessary to maintain the above-recited improvements shall be included in deeds made by Sauk Mountain Ranch, Inc. to reserve future use for the benefit of the property being partitioned under this Settlement Agreement.

2. ROAD ACCESS. This addendum supplements Paragraph 8 titled "The Existing Roadway." If and when Washington Department of

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Natural Resources builds a roadway with access to Highway 20 on the 60-foot strip of land along the west border of the Sauk Mountain Ranch, Inc. premises, Rapp, or Rapp's successors and assigns, shall be granted access over, along and across the 60-foot strip from the existing driveway serving the house and outbuildings on the 3 acre parcel released from the Coons Deed of Trust to the DNR road access on Highway 20. Because the engineering of the DNR roadway is not done and future actions are necessary to determine the grade and location of appropriate access from the Rapp property to a future roadway, the specific portion of the Deckers' 60-foot strip to be subjected to Rapp's access is not designated in this agreement. However, the Rapps' access to the DNR roadway shall occur at the point where the existing roadway enters the 60-foot strip.

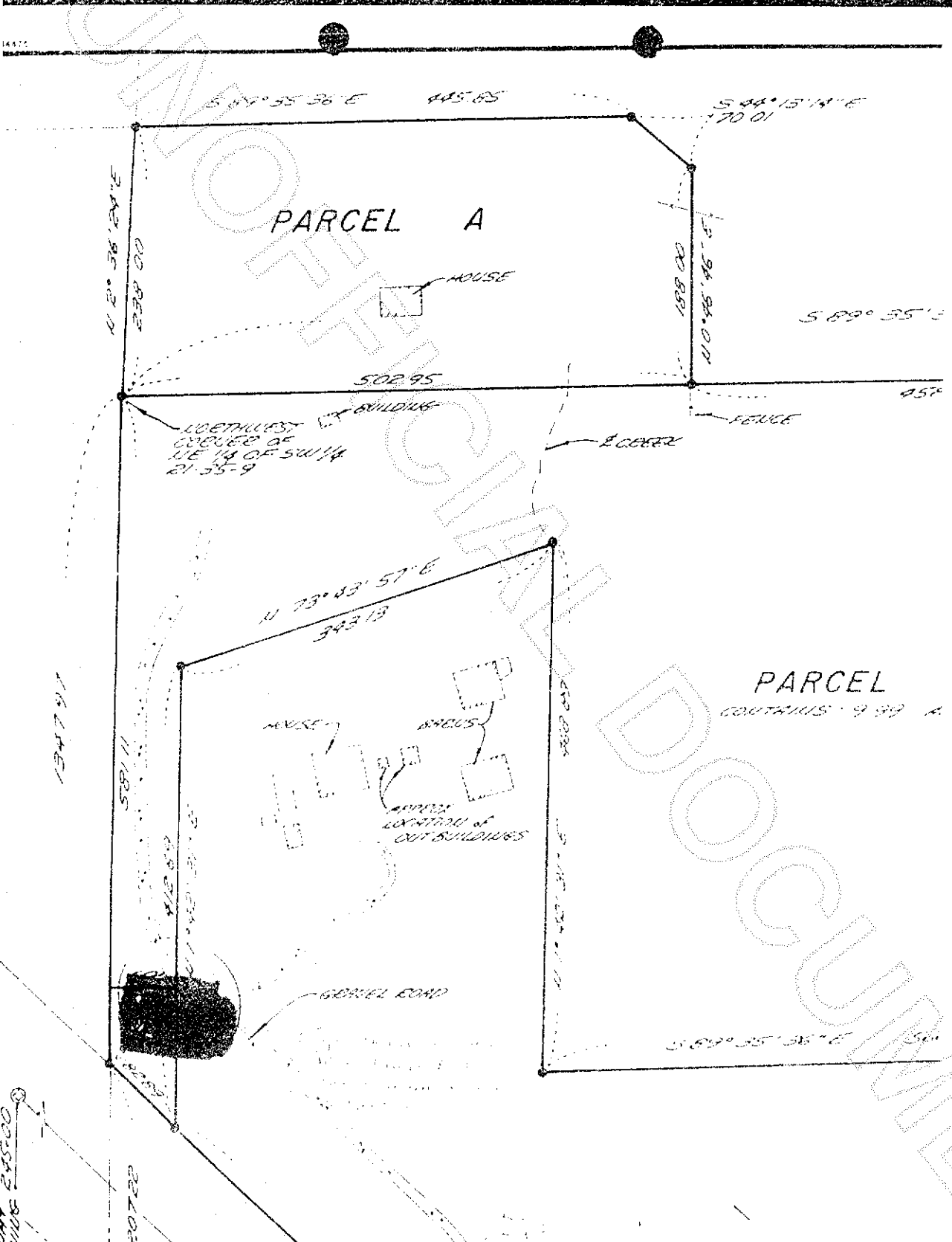
Dated: December 9, 1991

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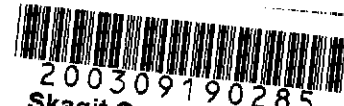


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State of Washington,
County of Skagit
ss.

I, Nancy K. Scott, County Clerk of Skagit County and ex-officio Clerk of the Superior Court of Washington, for the County of Skagit, do hereby certify that the foregoing instrument is a true and correct copy of the original instrument filed in Case No. 03-2-03, now on file in my office.

In Testimony Whereof, I have hereunto set my hand and affixed the seal of said Court at my office at Mount Vernon, Washington, this 14th day of May, 2003.

Nancy K. Scott, County Clerk

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Trudy Clerk



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