

AFTER RECORDING MAIL TO:
KATHLEEN BROWN
5314 Quiet Cove Road
Anacortes, Washington 98221



200401080043

Skagit County Auditor

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CHICAGO TITLE C28215 ✓

TITLE OF DOCUMENT: FIRST ADDENDUM TO DECLARATION OF COVENANTS
REFERENCE NUMBER: A.F. #200109100116
GRANTOR: KATHLEEN A. & MATTHEW E. BROWN and REBECCA A. HALL and JEFFREY P. HEILMAN
GRANTEE: DECEPTION SHORES PUD
LEGAL DESCRIPTION: Lots 1 thru 27, inclusive, DECEPTION SHORES PLANNED UNIT DEVELOPMENT, together with all open space and common areas, being a portion of Sec. 24, Twp. 34 N, R 1 E, W.M., Skagit County, Washington (Additional legal descriptions on page 2 of document)
TAX PARCEL NUMBERS: R118294 / 4780-000-001-0000; R118295 / 4780-000-002-0000; R118296 / 4780-000-003-0000; R118297 / 4780-000-004-0000; R118298 / 4780-000-005-0000; R118299 / 4780-000-006-0000; R118300 / 4780-000-007-0000; R118301 / 4780-000-008-0000; R118302 / 4780-000-009-0000; R118303 / 4780-000-010-0000; R118304 / 4780-000-011-0000; R118305 / 4780-000-012-0000; R118306 / 4780-000-013-0000; R118307 / 4780-000-014-0000; R118308 / 4780-000-015-0000; R118309 / 4780-000-016-0000; R118310 / 4780-000-017-0000; R118311 / 4780-000-018-0000; R118312 / 4780-000-019-0000; R118313 / 4780-000-020-0000; R118314 / 4780-000-021-0000; R118315 / 4780-000-022-0000; R118316 / 4780-000-023-0000; R118317 / 4780-000-024-0000; R118318 / 4780-000-025-0000; R118319 / 4780-000-026-0000; R118320 / 4780-000-027-0000; R118321 / 4780-000-999-0000; R118322 / 4780-000-999-0100; R118323 / 4780-000-999-0200; R118324 / 4780-000-999-0300; R118325 / 4780-000-999-0400.

**FIRST ADDENDUM TO
DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS, EASEMENTS AND RESERVATIONS OF
DECEPTION SHORES PLANNED UNIT DEVELOPMENT
FOR OPERATION AND MANAGEMENT OF A
GROUP A PUBLIC SMALL WATER SYSTEM**

First Addendum to Deception Shores PUD CCR's
Regarding Water System - 1

12/31/03

THIS FIRST ADDENDUM to Declaration of Covenants, Conditions, Restrictions, Easements and Reservations of DECEPTION SHORES PLANNED UNIT DEVELOPMENT is made this 5th day of January, 2004, by KATHLEEN A. BROWN and MATTHEW E. BROWN, wife and husband, and REBECCA A. HALL and JEFFREY P. HEILMAN, hereinafter referred to as "Developer".

RECITALS:

A. The Developer is the Owner of the real property and improvements thereon legally described as:

Lots 1 through 27, inclusive, DECEPTION SHORES PLANNED UNIT DEVELOPMENT, together with the open space and common Areas A, B, C, D and E, according to the map thereof recorded September 10, 2001, under Auditor's File No. 200109100117, records of Skagit County, Washington. Situate in Skagit County, Washington;

and as described in Exhibit "A" of the Declaration of Covenants, Conditions, Restrictions, Easements and Reservations of Deception Shores Planned Unit Development recorded under Skagit County Auditor's File No. 200109100116, and this First Addendum is incorporated into and becomes part of said Declaration of Covenants, Conditions, Restrictions, Easements and Reservations (hereinafter referred to as the "CCRs").

B. Developer has installed a Group A Public Small Water System within the Deception Shores Planned Unit Development (hereinafter referred to as the "Deception Shores PUD") to serve each of the lots within Deception Shores PUD, which water system will obtain water from the City of Anacortes through the City's main water distribution line.

C. The Deception Shores PUD Group A Public Small Water System (hereinafter referred to as the "Water System"), with water being supplied by the City of Anacortes, will be operated, maintained and managed by the Developer during the development period, and upon termination of the development period, the Water System shall be operated, maintained and managed by the DECEPTION



SHORES COMMUNITY ASSOCIATION (hereinafter referred to as "Association").

NOW, THEREFORE, to accomplish the foregoing purposes, the Developer hereby incorporates this First Addendum as part of the CCRs of Deception Shores PUD, and the lots in Deception Shores PUD, more particularly described as Lots 1 through 27, inclusive, and Areas A, B, C, D and E, shall be held, sold, conveyed, encumbered, leased, rented, used, occupied, and improved subject to the covenants, conditions, restrictions, reservations set forth herein. This First Addendum shall run with the land and shall be a burden upon and a benefit to the property therein owned by the Developer and any other person, firm, corporation, or entity of any kind whatsoever acquiring or owning an interest in Deception Shores PUD or any part thereof, and their lessees, guests, heirs, executors, personal representatives, successors, and assigns. Acceptance of an interest in any portion of the property comprising Deception Shores PUD shall be deemed acceptance of the terms and provisions of this First Addendum.

ARTICLE I SMALL WATER SYSTEM

Section 1.1: Water System. The lots within Deception Shores PUD will be served by a Group A Public Small Water System, with water supplied by the City of Anacortes pursuant to the terms and conditions of an intertie agreement.

Section 1.2: Reservation by Developer. The Developer reserves the right, with the construction and installation of the Water System, to serve adjoining properties not within the Deception Shores PUD that are desirous of connecting to the Water System as may be allowed by the appropriate regulatory agencies and compliant with the intertie agreement, on such terms and conditions as shall be decided by the Developer to share in the cost and construction of the Water System. All such charges that adjoining properties outside of the PUD are required to pay for connection to the water system, as decided by the Developer, shall be paid to the Developer as partial reimbursement for the cost of the Water System. The owner or owners of each such adjoining properties not within the Deception Shores PUD connecting to the Water System shall be entitled to water service on the same terms and conditions and at the same charge, cost and assessment as the owners of lots within the Deception Shores PUD.



Section 1.3: Management, Operation and Maintenance of Water System. During the development period the Water System shall be operated, maintained and managed by the Developer on behalf of the Association. The Developer shall transfer the Water System to the Association upon termination of the development period or sooner at the election of the Developer. Thereafter, the Association shall have the full responsibility for the management, operation, maintenance, upkeep, repair and improvement of the Water System. The management, operation and maintenance, upkeep, repair and improvement of the Water System shall be in accordance with the rules and regulations that are adopted and amended from time to time by the Washington State Department of Health and the Skagit County Health Department.

Section 1.4: Regulations and Fees. The Developer reserves the right to seek partial reimbursement for the cost of the construction and installation of the Water System from the connection charges, and the Developer shall initially establish a connection charge to be paid by the property owners connecting to the Water System. The Developer shall determine the amount of such connection charge to be paid to the Developer and the amount of such connection charge to be paid to the Association. In addition, the Developer and/or Board shall be empowered and authorized to establish and collect dues and assessments, special assessments, and water fees as shall be necessary for the proper operation, maintenance and management of said Water System. The method and manner of collection of said fees, charges, dues and assessments shall be determined and adopted from time to time by the Developer and/or by resolution of the Board of Directors of the Association. The Developer and/or Board of Directors shall be empowered to establish all necessary rules and regulations for the operation, maintenance and management of the Water System.

Section 1.5: Transfer of System to City. The Developer and/or Association hereby reserves the right, and the Developer and/or Association are hereby authorized, as shall be determined by the Developer and/or Association in their sole discretion during any such period the Developer and/or Association is responsible for the operation, management, maintenance and upkeep of the Water System, to transfer and convey the Water System over to the City of Anacortes, providing the City of Anacortes is willing to accept the same.



ARTICLE II MANAGEMENT BY THE ASSOCIATION

Section 2.1: Authority and Duties of the Board of Directors. On behalf of the Association and for the benefit of the property owners connected to the Water System, the Board of Directors shall have all powers and authority permitted to the Board as allowed by the Bylaws of the Association and this First Addendum, as provided herein, including but not limited to the following:

2.1.1. To manage, operate, repair and upgrade the Water System pursuant to rules and regulations as may be adopted, and amendments and changes thereto, by the Washington State Department of Health, the Skagit County Health Department, and other regulatory agencies that may have jurisdiction or control over small water systems.

2.1.2. To enter into an intertie agreement or agreements, and any amendments and changes thereto, with the City of Anacortes, or such other public or municipal entity for supplying water to the Water System within Deception Shores PUD.

2.1.3. Levy, impose, collect and enforce the collection of fees, rates and charges to cover the costs of carrying out the duties, obligations and functions of the Association hereunder, including but not limited to the obligations of the Association under any agreement or agreements with the City of Anacortes for the supplying of water; provided all such fees, rates, assessments and charges shall be the same for all water connections whether within or outside of the PUD.

2.1.4. Enter into such other agreements with one or more qualified persons to provide for the day-to-day operation, management, maintenance and/or repair of the Water System; the collection of fees, rates and/or charges; and the sending of all required notices to appropriate recipients.

2.1.5. Contract and pay for any materials, supplies, labor or services which the Board shall determine necessary or proper for carrying out its powers, duties and obligations under this First Addendum, including but not limited to any management agreement, including legal, accounting, management, security patrol or other services.



Section 2.2: Adoption of Bylaws, Rules and Regulations. When and to the extent it deems advisable, the Board may adopt Bylaws and such rules and regulations necessary for the maintenance, operation upkeep, repair and improvement of the Water System, and for the distribution of water to the property owners, including all necessary fees, charges, assessments and special assessments, and each property owner shall comply with all such Bylaws, rules and regulations adopted by the Board and any amendments thereto. This First Addendum and the CCRs shall not serve as a limitation or restriction on any Bylaws and rules and regulations that the Board may otherwise lawfully and reasonably adopt.

Section 2.3: Assessments. In addition to all fees, rates and charges that may be established and imposed by the Board from time to time for the operation, management and maintenance of the Water System, the Board is empowered with authority to establish and collect any assessments and special assessments upon lots located within Deception Shores PUD or such other properties without Deception Shores PUD connecting to the Water System by contract and agreement, as may be determined necessary for said operation, management and maintenance and upgrade, improvement and repair of the Water System in the manner and method as provided herein and in the CCRs.

Section 2.4: Additional Powers. In addition to the duties and powers of the Association as specified in this First Addendum, the Association, acting through its Board, shall have the power to do all other things which may be deemed reasonably necessary to carry out its duties and the purpose of this First Addendum. The responsibilities and powers of the Association and its Board provided herein are in addition to and not a limitation or restriction of the responsibilities and powers of the Association and its Board as provided in the Declaration of Covenants, Conditions, Restrictions, Easements and Reservations of Deception Shores PUD recorded under Skagit County Auditor's File No. 200109100116.

ARTICLE III GENERAL COVENANTS

Section 3.1: Creation of Lien and Personal Obligation for Fees, Rates and Charges. Each owner of a lot or property connected to the Water System is deemed to covenant and agree to pay to the Association when due any and all fees,



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rates, and charges, and any assessments or special assessments, including but not limited to connection charges duly levied or imposed by the Association or its agents as provided herein. The Board shall determine from time to time the applicable connection and other fees as well as rates and charges for water usage to cover the costs of the Developer and the Association's obligations related to said Water System. All applicable fees, rates and charges, assessments and special assessments (collectively referred to as "Fees"), together with interest, costs, late charges and reasonable attorney's fees, shall be a continuing lien upon the lot or property against which such fees are imposed or to which they apply and shall be paid as provided herein and in the CCRs. The lien of the Fees as provided herein shall be subordinate to the lien of any first mortgage or deed of trust now or hereafter placed on any lot or property; provided that all such Fees and the personal obligation of the owner of such lot or property at the time they first come due, and the obligation for delinquent Fees, shall pass to the owner's successor in title. No property owner may exempt himself/herself from liability for his/her Fees by abandoning or not using his/her lot or otherwise.

Section 3.2: Addendum to Protective Covenants. The purpose of this First Addendum is to provide additional terms, conditions and covenants for the operation and management of the Water System as provided herein. The terms, conditions and covenants of this First Addendum become part of the Declaration of Covenants, Conditions, Restrictions, Easements and Reservations of Deception Shores PUD recorded under Skagit County Auditor's File No. 200109100116, and are not a limitation, restriction or amendment of the same.

Section 3.3: Severability. If any provision of this First Addendum is determined to be void or unenforceable in whole or in part, it shall not be deemed to affect or impair the validity or enforceability of any other provision contained herein.

IN WITNESS WHEREOF, Developer being the Declarant herein, has hereunto set its hand and seal the day and year first above written.

DEVELOPER:


Kathleen A. Brown


Matthew E. Brown

First Addendum to Deception Shores PUD CCR's
Regarding Water System - 7



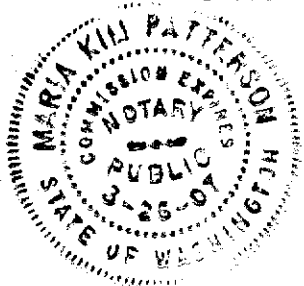
Rebecca Anne Hall
Rebecca Anne Hall

Jeffrey P. Heilman
Jeffrey P. Heilman

STATE OF WASHINGTON)
County of Whatcom) ss.

On this day personally appeared before me KATHLEEN A. BROWN, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged 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 5th day of January, 2004.



Maria Kim Patterson
NOTARY PUBLIC in and for the
State of Washington, residing
at Bellingham
My commission expires: 3-26-07.

STATE OF WASHINGTON)
County of Whatcom) ss.

On this day personally appeared before me MATTHEW E. BROWN, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged 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 5th day of January, 2004.



Maria Kim Patterson
NOTARY PUBLIC in and for the
State of Washington, residing
at Bellingham
My commission expires: 3-26-07.

First Addendum to Deception Shores PUD CCR's
Regarding Water System - 8

12/31/03

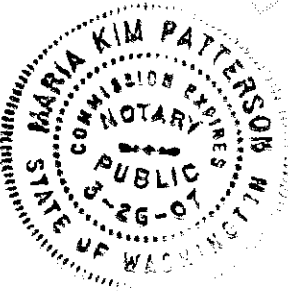


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Skagit County Auditor

STATE OF WASHINGTON)
County of WHATCOM) ss.

On this day personally appeared before me REBECCA A. HALL, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged 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 5th day of January, 2004.

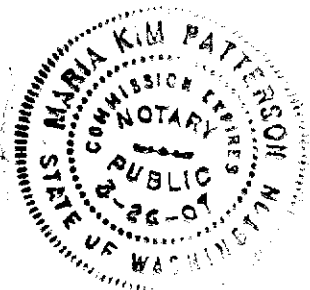


Maria Kim Patterson
NOTARY PUBLIC in and for the
State of Washington, residing
at Bellingham.
My commission expires: 3-26-07.

STATE OF WASHINGTON)
County of WHATCOM) ss.

On this day personally appeared before me JEFFREY P. HEILMAN, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged 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 5th day of January, 2004.



Maria Kim Patterson
NOTARY PUBLIC in and for the
State of WASHINGTON, residing
at Bellingham.
My commission expires: 3-26-07.

