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FILED FOR RECORD *File 7*
 1985 at *30* Oct. *2* M.
 request of *Donald Olson*
 Lincoln County Auditor
 By *M. J. ...* Deputy

AGREEMENT AND EASEMENT FOR WATER SYSTEM

THIS AGREEMENT, made and entered into this 6th day of November, 1985, is by and between LAKE RANCH ASSOCIATES, a Washington general partnership, with offices of record at 3568 W. Marginal Way S.W., Seattle, Washington 98106 ("Declarant"), DONALD S. OLSON, an individual ("Olson") and ROOSEVELT LAKE RANCH WATER SYSTEM, a Washington nonprofit corporation ("Corporation").

WITNESSETH:

WHEREAS, Declarant is the owner of certain property located in the County of Lincoln, State of Washington, a portion of which is platted or being platted as "Roosevelt Lake Ranch," all of which is more particularly described on Exhibit A attached hereto.

WHEREAS, Olson is the owner of certain property located in the County of Lincoln, State of Washington, all of which is described on Exhibit B attached hereto, all of which is more particularly described on Exhibit B attached hereto ("Additional Property").

WHEREAS, the members of the Corporation are the owners of the lot in Roosevelt Lake Ranch and owners of Additional Property which elect to become members.

WHEREAS, Roosevelt Lake Ranch and the Additional Property (sometimes collectively referred to as "Property") is not serviced by a public water system.

WHEREAS, a water well and pumping apparatus has been constructed on a portion of the Property with the intention that the well serve all the members of the Corporation.

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WHEREAS, said water well has been transferred to the Corporation.

WHEREAS, Declarant and Olson (sometimes collectively referred to herein as "Grantors") desire to provide proper access and easements so that the members of the Corporation can use the water well and so that the water from the water well can be distributed throughout the Property,

NOW, THEREFORE, for and in consideration of the mutual promises and covenants contained herein and mutual benefits and burdens to be realized to each lot of the Property and the members of the Corporation, the parties hereto agree as follows:

ARTICLE I.

DEFINITIONS

1. "Corporation" shall mean and refer to Roosevelt Lake Ranch Water System, a Washington nonprofit corporation, its successors and assigns, formed for the purpose of rendering water service to the Lots which are owned by members of the Corporation; membership in which shall be composed of the owners of Lots in said Property and any Lots made subject to the provisions of this instrument.

2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. The term "Owner" may refer to one or more persons and specifically includes Declarant.

3. "Plat" shall refer to the plat of Roosevelt Lake Ranch, other plats on the Property presently existing or to be made by Declarant or its successors or assigns, and any other plat of Property which may hereafter be made subject to the provisions of this instrument. It is expressly stated that the Property is to be developed in stages or phases but that Owners of all the Property are entitled to membership in the Association.

4. "Lot", "Farm" or "Ranch" shall mean and refer to any parcel of land shown upon any recorded subdivision map of the Property presently existing or to be platted by Declarant, for single family residential or recreational or farming purposes, including the keeping, breeding, and raising of cattle, sheep and/or horses. "Lot", "Ranch" or "Farm" shall not include a dude ranch, riding academy or similar venture.

5. "Water System" shall mean the water well, pumping apparatus, and water lines presently on the Property and those to be placed on the Property in order to reasonably service all Lots, all of which Water System is owned by the Corporation.

6. "Annexation Lots" shall mean those lots whereby service of the water system is expanded upon approval of two-thirds (2/3) of the Water System Membership and only after the Board of Directors of the Corporation has received reasonable evidence that the Water System has sufficient flow for such extension. Olson shall have the absolute and continuing right to add the Additional Property to the Water System so long as the system has reasonably sufficient flow.

Notwithstanding the above, no Annexation Lot owner shall be added as a member unless and until payment has first been made to the Secretary/Treasurer of the Corporation for initiation fees as may be reasonably determined and fixed by the Board of Directors, if any.

7. "Residential Use" shall mean water use for single-family usage on a Lot, Ranch or Farm, including the keeping, breeding and raising of cattle, sheep and horses, but shall not extend to extensive water use for an orchard exceeding twenty (20) trees, community or private swimming or other pools or ponds, farming of crops over three acres in the aggregate for any one lot, or other non-single family uses unless approved in writing by the Board of Directors of the Association, which approval may be arbitrarily withheld.

ARTICLE II.

MEMBERSHIP AND VOTING RIGHTS

1. Membership. The owners or purchasers of the Lots entitled to receive water service from the Corporation shall automatically constitute the membership of the Corporation by virtue of Lot ownership. For the purpose of membership, an individual, group or the members of a marital community shall be considered as a single owner or purchaser. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

2. Voting Rights. The holder of each Membership Certificate shall be entitled to one vote. In case a Certificate is held by a marital community, either the husband or wife may vote, but both

shall not be entitled to vote. In no event shall more than one vote be cast with respect to any Membership Certificate.

ARTICLE III.

LANDS ENTITLED TO WATER SERVICE

1. Hookup. The Lots which are situated in the County of Lincoln, State of Washington and described on Exhibits A and B attached hereto and incorporated herein by this reference, shall be entitled to receive water service for Residential Use or approved use from the Roosevelt Lake Ranch Water System as provided herein.

Each member of the Corporation is allowed one hookup or connection to the Water System at the valve outlet provided on the Water System for that Lot. Each such hookup or connection is to provide water service to that Lot only and water may not be sold by Lot Owner or any other person or entity to third parties.

An approved water meter may be required to be installed at the Lot owner's expense, immediately adjacent to the valve provided at the Water System hookup point.

The Corporation shall, at its expense, maintain, operate and repair the water well, the pump apparatus and the main water line from the well to the individual member's shut-off valve. Members shall be responsible for and pay for the construction, maintenance, operation and repair of the water line from the member's individual shut-off valve to the individual member's use location. After installation, the shut-off valve shall be the member's responsibility. If a member fails to keep the water line, shut-off

value and equipment on his/her own land in proper condition, as a result of which an unnecessary waste of water occurs to the detriment of the Water System as a whole or the members thereof, the Corporation may enter upon the Property of the member and make necessary repairs and charge the cost thereof to the member. If the cost of such necessary repair is not paid within thirty (30) days, the Corporation may cut off water service and refuse to render service to such member until said repair costs have been paid.

No member of the Corporation shall be held liable for damages in the event of failure of any part of the Water System, except if such failure is as a result of the negligence or interference by any member as provided below.

Expenses required as a result of the negligence or interference of members' water rights by any of the members of the Corporation shall be borne by said person causing such negligence or interference.

2. Additional Hook-ups/Subdivision. No Roosevelt Lake Ranch Division I platted Lot shall be subdivided for a period of three (3) years after the actual sale of the Lot by Declarant. Lot Owners or Subdivided Lot Owners shall have no right to rely that the Lots are divisible or that subdivided Lots have any right to become members of the Association. Additional Hook-ups may only be made to subdivided Lots the same as any of the Annexation Lots. All costs for installation of water lines, shut-off valves, etc. shall be at member's expense. All such construction and installation shall be

made under the direction of the Association with all plans and contractors subject to approval by the Board of Directors.

IV.

EASEMENT

Each lot is subject to an Easement in favor of the Corporation which is appurtenant to and for the benefit and burden of the Lots of the Property, their successors and assigns, or their heirs, for inspection, installation, maintenance and operation of water lines (to be in a reasonable location), over, under and through each respective Lot of the Property in a width not to exceed ten (10) feet, plus a reasonable space for pumps and booster pumps as reasonably necessary, all as determined by the Association. In addition, there shall be an easement over the south one-half (1/2) of Lot 6 of Roosevelt Lake Ranch Division I, in a minimum radius of one hundred (100) feet from the location of the present well, for the purpose of the usage, inspection, servicing, maintenance and repair of the water well, pumps and water lines located in or to be located on the Property. The Corporation shall have the right but not the obligation to install pumps and water lines along the entire width and length of the roads of the Property in addition to any pumps and lines on individual Lots as it deems desirable. It is acknowledged that several Lots on the Property are already serviced by water lines and that the Association shall have an easement to maintain and repair such lines, pumps or other apparatus in addition to all other easements contained herein.

The parties hereunder agree that they, their heirs, successors in interest and assigns, will not construct, maintain or suffer to be constructed or maintained within the distance required by Lincoln County or other applicable regulatory or governmental body, of the water well, so long as the same is operated to furnish water for public consumption, any of the following: cesspools, sewers, privies, septic tanks, drain fields, manure piles, garbage of any kind or description, barns, chicken houses, rabbit hutches, pig pens or other enclosures or structures for the keeping or maintainance of fowl or animals or storage of liquid or dry chemicals, herbicides or insecticides. Notwithstanding the above, none of the above may be constructed, maintained, or suffered to be continued or maintained on the south one-half (1/2) of Lot 6 of Roosevelt Lake Ranch Division I, which is the location of the water well.

ARTICLE V.

COVENANT FOR MAINTENANCE ASSESSMENTS

1. Creation of the Lien and Personal Obligation of Assessments.

(a) Assessments. Grantors, for each Lot owned within the Properties, hereby covenants, and each member by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Corporation: (i) annual assessments or charges; and (ii) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided.

(b) Liens. The annual and special assessments, together with interest, costs and reasonable attorneys' fees, shall be a charge on the Lots and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them. Interest shall be computed at the rate of twelve percent (12%) per annum or the highest rate permitted by law, whichever is less.

2. Purpose of Assessments. The assessments levied by the Corporation shall be used exclusively to improve, insure, operate and maintain the Water System and to accrue a surplus for emergencies.

3. Special Assessments for Capital Improvements. In addition to the assessments authorized above, the Corporation may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement for the Water System; provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of the Membership.

4. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots hooked up to the Water System and may be collected on a monthly or other basis.

5. Effect of Non-payment of Assessments: Remedies of the Corporation.

Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of twelve percent (12%) per annum or the highest rate permitted by law, whichever is less. The Corporation may bring an action at law against the Owner personally obligated to pay the same, and/or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Water System or abandonment of Owner's Lot. If any member shall be delinquent more than three (3) months in the payment of any dues or assessments, the Corporation may declare such membership forfeited, at its option, until such delinquencies are repaid in full.

6. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

7. Insurance on Lots. The Corporation shall have no obligation to obtain insurance on the Lots or the structures thereon.

ARTICLE VI.

WATER USE RESTRICTIONS

1. The Corporation reserves to itself the right to all water appropriated from the water well and the equipment which is a part of the Water System. All members may take such reasonable amounts of water therefrom for personal consumption as conditions permit, subject to such restrictions and charges as the Corporation may from time to time impose.

2. No Lot Owner may drill or permit to be drilled a well or to appropriate any surface or other water, or make application to any governmental authority for water rights without the prior written consent of the Corporation. Any application for water rights shall be void unless signed by the Corporation in addition to the Lot Owners.

ARTICLE VII.

GENERAL PROVISIONS

1. Enforcement. The Corporation or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Agreement. Failure by the Corporation or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

3. Amendment. The provisions of this Agreement shall run with and bind the land, for a term of thirty (30) years from the date this Agreement is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Agreement may be amended by an instrument signed by not less than seventy-five percent (75%) of the members. Any amendment must be recorded.

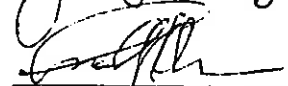
IN WITNESS WHEREOF, this Agreement has been entered into as of the date set forth above.

"DECLARANT"

LAKE RANCH ASSOCIATES,
a Washington general partnership




JERRY L. OLSON, Partner



DONALD S. OLSON, Partner

"OLSON"



DONALD S. OLSON, an individual

"CORPORATION"

ROOSEVELT LAKE RANCH WATER SYSTEM

By 

Its PRESIDENT

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