



First American

First American Title Insurance Company

531 Fern St #201, PO Box 29
Eastsound, WA 98245-9444

March 03, 2015

Curt Johnson
Islands Surveying Inc
PO BOX 775
Eastsound, WA 98245
Phone:
Fax:

Title Officer: Teri Nigretto
Phone: (360)376-4939
Fax No.: (800)481-0271
E-Mail: tnigretto@firstam.com
Order Number: 2387050

Escrow Number: 2387050

Buyer:

Owner: Rosario Signal LLC

Property: 1400 Rosario Rd
Eastsound, Washington 98245

Attached please find the following item(s):

Guarantee

Thank You for your confidence and support. We at First American Title Insurance Company maintain the fundamental principle:

Customer First!



First American

Guarantee

Subdivision Guarantee

ISSUED BY

First American Title Insurance Company

GUARANTEE NUMBER

5003353-2387050

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE LIMITS OF LIABILITY AND THE CONDITIONS AND STIPULATIONS OF THIS GUARANTEE,

FIRST AMERICAN TITLE INSURANCE COMPANY
a Nebraska corporation, herein called the Company

GUARANTEES

the Assured named in Schedule A against actual monetary loss or damage not exceeding the liability stated in Schedule A, which the Assured shall sustain by reason of any incorrectness in the assurances set forth in Schedule A.

First American Title Insurance Company

Dennis J. Gilmore
President

Jeffrey S. Robinson
Secretary

This jacket was created electronically and constitutes an original document

1. Except to the extent that specific assurances are provided in Schedule A of this Guarantee, the Company assumes no liability for loss or damage by reason of the following:
 - (a) Defects, liens, encumbrances, adverse claims or other matters against the title, whether or not shown by the public records.
 - (b) (1) Taxes or assessments of any taxing authority that levies taxes or assessments on real property; or, (2) Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not the matters excluded under (1) or (2) are shown by the records of the taxing authority or by the public records.
 - (c) (1) Unpatented mining claims; (2) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (3) water rights, claims or title to water, whether or not the matters excluded under (1), (2) or (3) are shown by the public records.
2. Notwithstanding any specific assurances which are provided in Schedule A of this Guarantee, the Company assumes no liability for loss or damage by reason of the following:
 - (a) Defects, liens, encumbrances, adverse claims or other matters affecting the title to any property beyond the lines of the land expressly described in the description set forth in Schedule (A), (C) or in Part 2 of this Guarantee, or title to streets, roads, avenues, lanes, ways or waterways to which such land abuts, or the right to maintain therein vaults, tunnels, ramps or any structure or improvements; or any rights or easements therein, unless such property, rights or easements are expressly and specifically set forth in said description.
 - (b) Defects, liens, encumbrances, adverse claims or other matters, whether or not shown by the public records; (1) which are created, suffered, assumed or agreed to by one or more of the Assureds; (2) which result in no loss to the Assured; or (3) which do not result in the invalidity or potential invalidity of any judicial or non-judicial proceeding which is within the scope and purpose of the assurances provided.
 - (c) The identity of any party shown or referred to in Schedule A.
 - (d) The validity, legal effect or priority of any matter shown or referred to in this Guarantee.

GUARANTEE CONDITIONS AND STIPULATIONS

1. Definition of Terms.

The following terms when used in the Guarantee mean:

- (a) the "Assured": the party or parties named as the Assured in this Guarantee, or on a supplemental writing executed by the Company.
- (b) "land": the land described or referred to in Schedule (A)(C) or in Part 2, and improvements affixed thereto which by law constitute real property. The term "land" does not include any property beyond the lines of the area described or referred to in Schedule (A)(C) or in Part 2, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways.
- (c) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.
- (d) "public records": records established under state statutes at Date of Guarantee for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge.
- (e) "date": the effective date.

2. Notice of Claim to be Given by Assured Claimant.

An Assured shall notify the Company promptly in writing in case knowledge shall come to an Assured hereunder of any claim of title or interest which is adverse to the title to the estate or interest, as stated herein, and which might cause loss or damage for which the Company may be liable by virtue of this Guarantee. If prompt notice shall not be given to the Company, then all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any Assured unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

3. No Duty to Defend or Prosecute.

The Company shall have no duty to defend or prosecute any action or proceeding to which the Assured is a party, notwithstanding the nature of any allegation in such action or proceeding.

4. Company's Option to Defend or Prosecute Actions; Duty of Assured Claimant to Cooperate.

Even though the Company has no duty to defend or prosecute as set forth in Paragraph 3 above:

- (a) The Company shall have the right, at its sole option and cost, to institute and prosecute any action or proceeding, interpose a defense, as limited in (b), or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest as stated herein, or to establish the lien rights of the Assured, or to prevent or reduce loss or damage to the Assured. The Company may take any appropriate action under the terms of this Guarantee, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this Guarantee. If the Company shall exercise its rights under this paragraph, it shall do so diligently.
- (b) If the Company elects to exercise its options as stated in Paragraph 4(a) the Company shall have the right to select counsel of its choice (subject to the right of such Assured to object for reasonable cause) to represent the Assured and shall not be liable for and will not pay the fees of any other counsel, nor will the Company pay any fees, costs or expenses incurred by an Assured in the defense of those causes of action which allege matters not covered by this Guarantee.
- (c) Whenever the Company shall have brought an action or interposed a defense as permitted by the provisions of this Guarantee, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from an adverse judgment or order.
- (d) In all cases where this Guarantee permits the Company to prosecute or provide for the defense of any action or proceeding, an Assured shall secure to the Company the right to so prosecute or provide for the defense of any action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of such Assured for this purpose. Whenever requested by the Company, an Assured, at the Company's expense, shall give the Company all

reasonable aid in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest as stated herein, or to establish the lien rights of the Assured. If the Company is prejudiced by the failure of the Assured to furnish the required cooperation, the Company's obligations to the Assured under the Guarantee shall terminate.

5. Proof of Loss or Damage.

In addition to and after the notices required under Section 2 of these Conditions and Stipulations have been provided to the Company, a proof of loss or damage signed and sworn to by the Assured shall be furnished to the Company within ninety (90) days after the Assured shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the matters covered by this Guarantee which constitute the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of the Assured to provide the required proof of loss or damage, the Company's obligation to such assured under the Guarantee shall terminate. In addition, the Assured may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Guarantee, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Assured shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by the Assured provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Assured to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in the above paragraph, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this Guarantee to the Assured for that claim.

6. Options to Pay or Otherwise Settle Claims: Termination of Liability.

In case of a claim under this Guarantee, the Company shall have the following additional options:

- (a) To Pay or Tender Payment of the Amount of Liability or to Purchase the Indebtedness.
The Company shall have the option to pay or settle or compromise for or in the name of the Assured any claim which could result in loss to the Assured within the coverage of this Guarantee, or to pay the full amount of this Guarantee or, if this Guarantee is issued for the benefit of a holder of a mortgage or a lienholder, the Company shall have the option to purchase the

indebtedness secured by said mortgage or said lien for the amount owing thereon, together with any costs, reasonable attorneys' fees and expenses incurred by the Assured claimant which were authorized by the Company up to the time of purchase.

Such purchase, payment or tender of payment of the full amount of the Guarantee shall terminate all liability of the Company hereunder. In the event after notice of claim has been given to the Company by the Assured the Company offers to purchase said indebtedness, the owner of such indebtedness shall transfer and assign said indebtedness, together with any collateral security, to the Company upon payment of the purchase price.

Upon the exercise by the Company of the option provided for in Paragraph (a) the Company's obligation to the Assured under this Guarantee for the claimed loss or damage, other than to make the payment required in that paragraph, shall terminate, including any obligation to continue the defense or prosecution of any litigation for which the Company has exercised its options under Paragraph 4, and the Guarantee shall be surrendered to the Company for cancellation.

- (b) To Pay or Otherwise Settle With Parties Other Than the Assured or With the Assured Claimant.

To pay or otherwise settle with other parties for or in the name of an Assured claimant any claim assured against under this Guarantee, together with any costs, attorneys' fees and expenses incurred by the Assured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of the option provided for in Paragraph (b) the Company's obligation to the Assured under this Guarantee for the claimed loss or damage, other than to make the payment required in that paragraph, shall terminate, including any obligation to continue the defense or prosecution of any litigation for which the Company has exercised its options under Paragraph 4.

7. Determination and Extent of Liability.

This Guarantee is a contract of Indemnity against actual monetary loss or damage sustained or incurred by the Assured claimant who has suffered loss or damage by reason of reliance upon the assurances set forth in this Guarantee and only to the extent herein described, and subject to the Exclusions From Coverage of This Guarantee.

The liability of the Company under this Guarantee to the Assured shall not exceed the least of:

- (a) the amount of liability stated in Schedule A or in Part 2;
- (b) the amount of the unpaid principal indebtedness secured by the mortgage of an Assured mortgagee, as limited or provided under Section 6 of these Conditions and Stipulations or as reduced under Section 9 of these Conditions and Stipulations, at the time the loss or damage assured against by this Guarantee occurs, together with interest thereon; or
- (c) the difference between the value of the estate or interest covered hereby as stated herein and the value of the estate or interest subject to any defect, lien or encumbrance assured against by this Guarantee.

8. Limitation of Liability.

- (a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures any other matter assured against by this Guarantee in a reasonably diligent manner by

any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.

- (b) In the event of any litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title, as stated herein.
- (c) The Company shall not be liable for loss or damage to any Assured for liability voluntarily assumed by the Assured in settling any claim or suit without the prior written consent of the Company.

9. Reduction of Liability or Termination of Liability.

All payments under this Guarantee, except payments made for costs, attorneys' fees and expenses pursuant to Paragraph 4 shall reduce the amount of liability pro tanto.

10. Payment of Loss.

- (a) No payment shall be made without producing this Guarantee for endorsement of the payment unless the Guarantee has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.
- (b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within thirty (30) days thereafter.

11. Subrogation Upon Payment or Settlement.

Whenever the Company shall have settled and paid a claim under this Guarantee, all right of subrogation shall vest in the Company unaffected by any act of the Assured claimant. The Company shall be subrogated to and be entitled to all rights and remedies which the Assured would have had against any person or property in respect to the claim had this Guarantee not been issued. If requested by the Company, the Assured shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect this right of subrogation. The Assured shall permit the Company to sue, compromise or settle in the name of the Assured and to use the name of the Assured in any transaction or litigation involving these rights or remedies. If a payment on account of a claim does not fully cover the loss of the Assured the Company shall be subrogated to all rights and remedies of the Assured after the Assured shall have recovered its principal, interest, and costs of collection.

12. Arbitration.

Unless prohibited by applicable law, either the Company or the Assured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Assured arising out of or relating to this Guarantee, any service of the Company in connection with its issuance or the breach of a Guarantee provision or other obligation. All arbitrable matters when the Amount of Liability is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Assured. All arbitrable matters when the amount of liability is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Assured. The Rules in effect at Date of Guarantee shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the land is located permits a court to award attorneys' fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules.

A copy of the Rules may be obtained from the Company upon request.

13. Liability Limited to This Guarantee; Guarantee Entire Contract.

- (a) This Guarantee together with all endorsements, if any, attached hereto by the Company is the entire Guarantee and contract between the Assured and the Company. In interpreting any provision of this Guarantee, this Guarantee shall be construed as a whole.
- (b) Any claim of loss or damage, whether or not based on negligence, or any action asserting such claim, shall be restricted to this Guarantee.
- (c) No amendment of or endorsement to this Guarantee can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

14. Notices, Where Sent.

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this Guarantee and shall be addressed to the Company at **First American Title Insurance Company, Attn: Claims National Intake Center, 1 First American Way, Santa Ana, California 92707 Claims.NIC@firstam.com Phone: 888-632-1642 Fax: 877-804-7606**



First American Title



First American

Schedule A

Subdivision Guarantee

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ISSUED BY

First American Title Insurance Company

GUARANTEE NUMBER

2387050

Order No.: 2387050

Liability: \$1,000.00

Fee: \$500.00

Tax: \$40.50

Name of Assured: San Juan County

Date of Guarantee: February 13, 2015

The assurances referred to on the face page hereof are:

1. Title is vested in:

Rosario Signal LLC, a Delaware limited liability company
2. That, according to the public records relative to the land described in Schedule C attached hereto (including those records maintained and indexed by name), there are no other documents affecting title to said land or any portion thereof, other than those shown under Record Matters in Schedule B.
3. The following matters are excluded from the coverage of this Guarantee
 - A. Unpatented Mining Claims, reservations or exceptions in patents or in acts authorizing the issuance thereof.
 - B. Water rights, claims or title to water.
 - C. Tax Deeds to the State of Washington.
 - D. Documents pertaining to mineral estates.
4. No guarantee is given nor liability assumed with respect to the validity, legal effect or priority of any matter shown herein.
5. This Guarantee is restricted to the use of the Assured for the purpose of providing title evidence as may be required when subdividing land pursuant to the provisions of Chapter 58.17, R.C.W., and the local regulations and ordinances adopted pursuant to said statute. It is not to be used as a basis for closing any transaction affecting title to said property.
6. Any sketch attached hereto is done so as a courtesy only and is not part of any title commitment, guarantee or policy. It is furnished solely for the purpose of assisting in locating the premises and First American expressly disclaims any liability which may result from reliance made upon it.



Schedule B

ISSUED BY

First American Title Insurance Company

GUARANTEE NUMBER

2387050

RECORD MATTERS

1. Exceptions and reservations contained in deed from the State of Washington, whereby the grantor excepts and reserves all oils, gases, coal, ores, minerals, fossils, etc., and the right of entry for opening, developing and working mines, etc., providing that no rights shall be exercised until provisions have been made for full payment of all damages sustained by reason of such entry.

As disclosed by: Tideland Deed
Recorded: February 3, 1912
Auditor's File No.: 12709
Volume/Page: 12 of Deeds, at page 615

(Affects the Tidelands of the Second Class only abutting 160621001000)

2. Exceptions and reservations contained in deed from the State of Washington, whereby the grantor excepts and reserves all oils, gases, coal, ores, minerals, fossils, etc., and the right of entry for opening, developing and working mines, etc., providing that no rights shall be exercised until provisions have been made for full payment of all damages sustained by reason of such entry.

As disclosed by: Tideland Deed
Recorded: August 3, 1914
Volume/Page: 13 of Deeds, at page 363

(Affects the Tidelands of the Second Class abutting 173134005000)

3. Rights of the United States and/or the State of Washington, and/or the appropriate agencies of each, under its constitution, statutes and regulation, to regulate the use or occupancy of that portion of property herein described lying below the line of mean high tide.

4. The Question as to the location of the lateral boundaries of said Second Class Tidelands.

5. The right, title, ownership and interest of the dock and/or wharf, ramps, launching facilities, and/or floats situated in front of, adjacent to and abutting upon said property lying seaward beyond the lateral boundaries of the tidelands is specifically excepted from the coverage of the forthcoming Title Insurance Policy.

(Affects 160621001000)

6. The effect of the conditions and restrictions contained in Real Estate Contract, dated June 20, 1958, executed by Falcon Corporation, a Texas Corporation to Wayne Bonner and Mildred Bonner, his wife, recorded July 28, 1959, in Volume 31 of Deeds, at page 115, under Auditor's File No. 50918, records of San Juan County, Washington, as follows:

"Purchaser hereby agrees to pay the sum of \$8.00 per month for water and dock privileges. All direct current (DC) now connected to house may be used by purchaser but seller does not guarantee that such current will remain in service for any definite period of time and seller

reserves the right to discontinue such service whenever deemed necessary, Seller hereby grants to purchaser a perpetual easement for ingress and egress to the herein described property and further purchaser shall be permitted to park his car in designated circle next to Cascade residence."

(Said Real Estate Contract contained a legal description for Tax Parcel No. 160612001)"

7. Notice of rights, obligations and easements as contained in Real Estate Contract, dated April 21, 1958 executed by Falcon Corporation, a Texas Corporation, to Roy F. Flaherty and Mary E. Flaherty, his wife, recorded July 28, 1959, in Volume 31, of Deeds, at page 137, under Auditor's File No. 50928, records of San Juan County, Washington, as follows:

"Purchaser hereby agrees to pay the sum of \$8.00 per month for water and dock privileges, Such other privileges as seller may from time to time provide are also included in this agreement. All direct current to house may be used by purchaser, but seller does not guarantee that such current will remain in service for any definite period of time and seller reserves the right to discontinue such service however deemed necessary.

Seller hereby reserves an easement across the attached described property for access to property known as "the honeymoon cottage" or purchaser may construct in lieu of this easement a trail around the rear of the attached described property sufficient for access by walking to the "honeymoon cottage". Seller further reserves a perpetual easement and right for use and construction of docks and moorage in front of property. The road as is providing access to the attached described property shall remain in place or another suitable access will be provided for the use of the purchaser."

(Said Real Estate Contract contained a legal description for Tax Parcel No. 173143002.)"

8. The effect of the Covenants, Conditions and Restrictions contained in Declaration of Protective Restrictions recorded August 10, 1964, in Volume 13 of Miscellaneous Records, at pages 223 and 224, under Auditor's File No. 59572, records of San Juan County, Washington. Copy attached.

(Affects 173152037000 and 173152038000)

9. Covenants, Conditions, Obligations, Easements and Restrictions contained in the Dedication of the Plat of Rosario No. 3. A copy of which is attached and made a part hereto.

(Affects 173152037000 and 173152038000)

10. Notice of a Portion of Pipeline Easement as disclosed by Record of Survey for the Plat of Rosario No. 3 prepared by Robert Condon, Registered Land Surveyor for Gilbert H. Geiser, recorded February 16, 1967, in Book 3 of Long Plats, at pages 15 and 15A, under Auditor's File No. 63449, records of San Juan County, Washington.

11. Easement dated June 11, 1970, executed by Rosario Inc. to Orcas Power and Light Company, recorded December 30, 1970, in Volume 17, of Miscellaneous Records, at page 206, under Auditor's File No. 75017, records of San Juan County, Washington, as follows:

"do hereby grant and convey to the grantee its successors and assigns, an easement for the installation and continued operation, maintenance, repair and replacement of underground electric transmission or distribution line, with all necessary wires and fixtures thereon, together with the right to cut, trim, control and remove trees, brush and other obstructions which may interfere with the Grantee's proper use of this easement and the right to permit the joint use of the line or system by others for electrical, telephone, or TV cable purposes, over and across the following described property in San Juan County, Washington, to wit:

1. An Easement 10 feet it width, laying 5 feet on either side of the following centerline; beginning at the Grantee's existing pole #B47; thence N21°E 50 feet to the True Point Beginning; thence N57°E 140 feet; thence N13°W 275 feet; thence N7°E 160 feet; thence N 79° E 20 feet; thence

2. An easement 10 feet in width, laying 5 feet on either side of the following centerline; beginning at the Grantee's existing pole #B47; thence N21°E 50 feet; thence N57°E 140 feet; thence N13°W275 feet; thence N7°E 160 feet; thence N79°E 20 feet to the true point of beginning; thence continuing N79°E 45 feet to the point of ending.

All facilities installed by Grantee on said lands shall remain its property and may be removed by it at any time.

The alignment of the above mentioned easement is not shown or described in the instrument creating the easement.

- 12. Easement dated February 22, 1971, executed by Gilbert H. & Gleda B. Geiser to Orcas Power and Light Company, recorded March 12, 1971, in Volume 17, of Miscellaneous Records, at page 327, under Auditor's File No. 75468, records of San Juan County, Washington, as follows:

"do hereby grant and convey to the grantee its successors and assigns, an easement for the installation and continued operation, maintenance, repair and replacement of underground electric transmission or distribution line, with all necessary wires and fixtures thereon, together with the right to cut, trim, control and remove trees, brush and other obstructions which may interfere with the Grantee's proper use of this easement and the right to permit the joint use of the line or system by others for electrical, telephone, or TV cable purposes, over and across the following described property in San Juan County, Washington, to wit:

The roads and streets on the Plat of Rosario No. 3, filed in Volume 3 of Plats, Pages 15 and 15A, records of San Juan County, State of Washington.

All facilities installed by Grantee on said lands shall remain its property and may be removed by it at any time.

(Affects 173152037000 and 173152038000)

- 13. Easement dated August 9, 1972, executed by Geiser Land Company to Orcas Power and Light Company, recorded August 17, 1972, in Volume 18, of Miscellaneous Records, at page 545, under Auditor's File No. 79456, records of San Juan County, Washington, as follows:

"do hereby grant and convey to the grantee its successors and assigns, an easement for the installation and continued operation, maintenance, repair and replacement of underground electric transmission or distribution line, with all necessary wires and fixtures thereon, together with the right to cut, trim, control and remove trees, brush and other obstructions which may interfere with the Grantee's proper use of this easement and the right to permit the joint use of the line or system by others for electrical, telephone, or TV cable purposes, over and across the following described property in San Juan County, Washington, to wit:

NW ¼ of the NE ¼ of Section 31, Township 37 North, Range 1 West, W.M.

1. An easement 10' in width laying 5' on either side of the following centerline; beginning at the Grantee's existing pole #B79; thence N 21°50' to the true point of beginning, thence N 57°E 140', thence N 13° W 275', thence N 7° E 160', thence N 79° E 20', thence S 33° E 145' to the point of ending.

2. An easement 10' in width laying 5' on either side of the following centerline; beginning at the Grantee's existing pole B79, thence N 21° E 50', thence N 57° E 140', thence N 13° W 275', thence N 7° E 160 ', thence N 79° E 20' to the true point of beginning, thence continuing N 79° E 45' to the point of ending.

This easement is written to correct easement filed under #75017 of records of San Juan County.

14. Notice of Water Rights as contained in Certificate of Adjudicated Water Right, recorded December 29, 1972, in Volume 19, of Miscellaneous Records, at page 152, under Auditor's File No. 80565, records of San Juan County, Washington, as follows:

"This is to certify that by virtue of a decree of the Superior Court of the State of Washington in and for San Juan County, made and entered on the 8th Day of December 1970 in the case of State of Washington vs Arthur J. Boyd, etal, County Cause No. 2448, which decree determined the rights of all known claimants to the use of waters of Mountain Lake-Cascade Creek Drainage Basin, Gilbert Geiser and Gleda Geiser of Eastsound, Washington are entitled to use, subject to provisions set forth in said decree and the laws of the State of Washington, the waters of Cascade Creek, Tributary of East Sound, for the purpose of hydro-electric power and domestic use. The water right is confirmed in the amount of water that is reasonable and actually necessary for the purpose aforesaid and shall not exceed amount of water that is reasonably and actually necessary for the purpose aforesaid and shall not exceed 3.0 cubic feet per second;

November, December and January, 2.0 cubic feet per second; October, February and March; 1.0 cubic feet per second; April, May June and September; and .5 cubic foot per second; July and August.

That the decree aforesaid establishes said right in Class I, with a priority date of 1884. That the approximate points of diversion are the NE $\frac{1}{4}$ of Government Lot 1, Section 5, Township 36 North, Range 1 West, W.M.. That said water right was adjudged by said decree to be and is appurtenant to the SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 31, Township 37 North, Range 1 West, W.M."

15. Notice of Water Right, as contained in Certificate of Adjudicated Water Right, recorded January 8, 1973, in Volume 10 of Miscellaneous Records, at page 169, under Auditor's File No. 80607, records of San Juan County Washington, as follows:

"This is to certify that by virtue of a decree of the Superior Court of the State of Washington in and for the San Juan County, made and entered on the 8th Day of December 1970 in the case of State of Washington vs Arthur J. Boyd, etal, County Cause No. 2448, which decree determined the rights of all known claimants to the use of waters of Mountain Lake-Cascade Creek Drainage Basin, Gilbert Geiser and Gleda Geiser of Eastsound, Washington are entitled to use, subject to provisions set forth in said decree and the laws of the State of Washington, the waters of Cascade Creek, Tributary of East Sound, for the purpose of hydro-electric power and domestic use. The water right is confirmed in the amount of water that is reasonable and actually necessary for the purpose aforesaid and shall not exceed amount of water that is reasonably and actually necessary for the purpose aforesaid and shall not exceed 3.0 cubic feet per second; November, December and January, 2.0 cubic feet per second; October, February and March; 1.0 cubic feet per second; April, May, June and September; and .5 cubic foot per second; July and August.

That the decree aforesaid establishes said right in Class I, with a priority date of 1884. That the approximate points of diversion are the NE $\frac{1}{4}$ of Government Lot 1, Section 5, Township 36 North, Range 1 West, W.M.. That said water right was adjudged by said decree to be and is appurtenant to the SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 31, Township 37 North, Range 1 West W.M.; that part of Rosario Point lying with the NW $\frac{1}{4}$ of Section 6, Township 36 North, Range 1 West, W.M.."

16. Notice of the Location of Vusario Lane and Notice of Conflict of the Westerly Boundary Location of 12S as it relates to the Plat of Rosario Highlands No. 3 as disclosed by Record of Survey prepared by John Thalacker, Registered Land Surveyor for Vusario Company, recorded May 24, 1974, in Book 1 of Surveys, at page 78, under Auditor's File No. 84965, records of San Juan County, Washington.

17. The effect of Agreement entered into June 27, 1975 between Orcas Power & Light Company and Gilbert H. Geiser and Gleda B. Geiser, husband and wife, recorded July 2, 1975, in Volume 11 of Official Records, at page 494, under Auditor's File No. 88992, records of San Juan County, Washington, as follows:

"The underground cables are three single phase 1/0 ACSR cables, which serve facilities within the Rosario area. This distribution line branches off from the Rosario No. 3 Subdivision and extends to the Discovery House and the Marina area. Considerable fill has been deposited over the normal depth of the cables, and the foundation of the Patos Condominium building is close to the said underground cables and at one point is within one foot thereof. Geiser plans to construct sidewalks, paved areas and place landscaping of trees and shrubs over the ground where said cables are buried.

"NOW THEREFORE IN CONSIDERATION OF OPALCO making electric energy available for use in the newly constructed Patos Condominium and continuing the distribution of electrical energy to other accounts within the area, Geiser does hereby agree that in the event it becomes necessary for OPALCO to replace or repair any portion of said underground cables within 100 feet of said buildings in any area where sidewalks or paved or improved areas, or landscaping by lawns, plants, trees, deep fill or shrubs, cover the area where said cables are buried, they consent to the removal by OPALCO of any such covering which may be necessary to replace or repair said cable, and Geiser does further agree that they will pay to OPALCO all extra costs and expenses which are incurred by OPALCO by reason thereof.

In any such work OPALCO will not interfere with, damage or destroy any of the facilities of Geiser placed over said cables and within said 100 feet are any more than is necessary to perform and complete the work involved.

18. Notice of Condominium Common Area Boundaries, Satellite Hall, Easement Road Locations as disclosed by Record of Survey for Satellite Condominiums at Rosario - Sucia I, Sucia II, Patos, Matia and Satellite Hall prepared by Frederick L. Krabbe, Registered Land Surveyor for Gilbert H. Geiser, recorded September 5, 1975, in Book 1 of Condominiums, at pages 5 and 5A, under Auditor's File No. 89611, records of San Juan County, Washington. Copy attached.
19. Notice of 60 foot Easement 'Vusario Lane', Easement 'Q' and Easement 'R' as disclosed by the Plat of Vusario, a private subdivision prepared by John L. Thalacker, a Registered Land Surveyor for Vusario Company, a Washington Limited Partnership, recorded March 22, 1976, in Book 4 of Plats, at pages 22, 22A & 22B under Auditor's File No. 91402, records of San Juan County, Washington.
20. Agreement for Sewer Services at Moran State Park and Notice of Sewer Distribution Line, dated October 10, 1977, executed by and between Rosario Resort Hotel and State Parks and Recreation Commission operator of Moran State Park on Orcas Island, recorded December 8, 1977, in Volume 33 of Official Records, at page 488, under Auditor's File No. 99292, records of San Juan County, Washington.
21. Agreement to Furnish Water, dated January 13, 1978, between Gilbert H. Geiser and Gleda B. Geiser, his wife, to James G. Dahl, recorded January 24, 1978, in Volume 35 of Official Records, at page 188, under Auditor's File No. 99961, records of San Juan County, Washington, as follows:

"Gilbert H. Geiser and Gleda B. Geiser, his wife, owners of the Rosario Water System, agree to furnish water to as many as sixteen households on the property developed by James G. Dahl on Government Lot 2, Section 31, Township 37N, Range 1 West of Willamette Meridian, Auditor's File No. 78569 and 68128.

A hook-up fee of TWO HUNDRED FIFTY AND NO/100 (\$250.00) per household at commencement of construction and a monthly charge of at least SIX AND NO/100 (\$6.00) and not to exceed normal charges, will be made thereafter.

22. Terms, provisions and agreements contained in various Contracts for Purchase and Deeds for the sale of Lots within the PLAT OF ROSARIO, A PRIVATE SUBDIVISION, as follows:

Grantee shall pay Grantors, so long as Grantee shall have an interest in said property, the sum of \$4.00 per month for the maintenance of recreation area, said payments to become due on the 1st day of each and every month immediately upon execution of this contract. Grantee shall pay the sum of \$100.00 to Grantor for water tap-on fee, said sum to be due when Grantee shall commence construction. Thereafter, Grantee so long as Grantee shall have an interest in said property, shall pay to Grantor the sum of \$4.00 per month for water supplied, said payments to be due on the 1st day of each and every month immediately after the water hook-up charge is due.

AFFECTS: Lots 12, 26E, 27E, 26W, 28W, 28E, 29E, 31, 32, 37, 39, 41, 42, 43, 44, 45 and 47.

NOTE: Lots 19, 20W, 22E, 22W, 27W and 29W contained a sum of \$6.00 per month for water supplied.

NOTE: Lots 14, 23W, 24EE, 24EW, 25W, 50 and 61 contained the following provision from the developer:

"purchaser agrees to pay the sum of \$8.00 per month for the water and dock privileges."

NOTE: Lot 18A contained an additional provision to the water fee, tap on fee and recreational fees as follows:

"And thereafter pay the sum of \$6.00 per month for dock."

NOTE: The remaining lots not mentioned above contained no provisions from the original developer or developers.

23. The effect of the Terms, Covenants, Conditions and Agreements contained in various Real Estate Contracts and Deeds of public record providing for the sale and conveyance of Lots situate within the Plat of Rosario Estates No. 2, as follows:

"Purchasers shall pay to sellers, so long as purchaser shall have an interest in said property, the sum of \$4.00 per month for the maintenance of recreation area, said payments to become due on the 1st day of each and every month immediately upon execution of this contract. Purchaser shall pay the sum of \$100.00 to sellers for water tap-on fee, said sum to be due when purchaser shall commence construction. Thereafter, purchaser, so long as purchaser shall have an interest in said property, shall pay to sellers the sum of \$4.00 per month for water supplied, said payments to be due on the 1st day of each and every month immediately after the water hook-up charge is due."

AFFECTS: Lots 1, 2, 3, 4, 5, 7, 8, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 22, 23, 24, 25, 26, 27, 28, 29, 30, 37, 38, 45, 47 and 48.

NOTE: Lots 9, 19, 35, 36, 39, 41, 49 and 50 contained a provision for a \$250.00 water tap-on fee and a \$6.00 per month fee for water supplied.

NOTE: Lots 6, 11, 21, 31, 32, 33, 34, 40, 42, 43, 44 and 46 contained no provisions or agreements for water, water tap-on or recreational fees upon sale from the developer.

24. The effect of the Terms, Covenants, Conditions and Agreements contained in various Real Estate Contracts and Deeds of public record providing for the sale and conveyance of Lots situate within the Plat of Rosario Estates No. 3, as follows:

"Purchasers shall pay to sellers, so long as purchaser shall have an interest in said property, the sum of \$4.00 per month for the maintenance of recreation area, said payments to become due

on the 1st day of each and every month immediately upon execution of this contract. Purchaser shall pay the sum of \$100.00 to sellers for water tap-on fee, said sum to be due when purchaser shall commence construction. Thereafter, purchaser, so long as purchaser shall have an interest in said property, shall pay to sellers the sum of \$4.00 per month for water supplied, said payments to be due on the 1st day of each and every month immediately after the water hook-up charge is due." Page 18 of 24

AFFECTS: Lots 1, 3, 6, 8, 9, 10, 11, 13, 14, 15, 16, 18, 20, 21, 23, 24, 25, 26, 28, 29, 30, 32, 33, 34, 35 and 36.

NOTE: Lots 2, 4, 7, 12, 17, 27 and 31 contained a provision for a \$250.00 water tap-on fee and a \$6.00 per month fee for water supplied.

NOTE: Lot 5 contained no provision or agreement for water, water tap-on or recreational fees upon sale from the developer.

25. The effect of the Terms, Covenants, Conditions and Agreements contained in various Real Estate Contracts and Deeds of public record providing for the sale and conveyance of Lots situate in the Plat of Rosario Palisades, as follows:

"Purchasers shall pay to sellers, so long as purchaser shall have an interest in said property, the sum of \$4.00 per month for the maintenance of recreation area, said payments to become due on the 1st day of each and every month immediately upon execution of this contract. Purchaser shall pay the sum of \$100.00 to sellers for water tap-on fee, said sum to be due when purchaser shall commence construction. Thereafter, purchaser, so long as purchaser shall have an interest in said property, shall pay to sellers the sum of \$4.00 per month for water supplied, said payments to be due on the 1st day of each and every month immediately after the water hook-up charge is due."

AFFECTS: Lots 4, 5, 13, 14, 15, 17, 18, 21, 26, 29, 31, 34, 36, 38, 40, 41, 43, 44, 47 and 49.

NOTE: Lots 7, 8, 16, 19, 20 and 51 contained a provision for a \$250.00 water tap-on fee and a \$6.00 per month fee for water supplied.

NOTE: Lots 6, 9, 10, 11, 12, 22, 23, 24, 25, 26, 27, 28, 30, 32, 33, 35, 37, 39, 42, 45, 46 and 48 contained no provision concerning water, water hook-up fee or recreation fees upon sale from the developer.

26. The effect of the Terms, Covenants, Conditions and Agreements contained in various Real Estate Contracts and Deeds of public record providing for the sale and conveyance of Lots situate within the Plat of Rosario Shores as follows:

"Purchasers shall pay to sellers, so long as purchaser shall have an interest in said property, the sum of \$4.00 per month for the maintenance of recreation area, said payments to become due on the 1st day of each and every month immediately upon execution of this contract. Purchaser shall pay the sum of \$100.00 to sellers for water tap-on fee, said sum to be due when purchaser shall commence construction. Thereafter, purchaser, so long as purchaser shall have an interest in said property, shall pay to sellers the sum of \$4.00 per month for water supplied, said payments to be due on the 1st day of each and every month immediately after the water hook-up charge is due."

AFFECTS: Lots 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15 and 16

NOTE: Lots 7, 20 and 21 contained a provision for a \$250.00 water tap-on fee and a \$6.00 per month fee for water supplied.

NOTE: Lots 1, 2, 17 and 18 contained a provision for a \$100.00 water tap-on fee and a \$6.00 per month for water supplied fee.

27. The effect of the Terms, Covenants, Conditions and Agreements contained in various Real Estate Contracts and Deeds of public record providing for the sale and conveyance of Lots situate within the Plat of Palisades South as follows:

"Purchasers shall pay to sellers, so long as purchaser shall have an interest in said property, the sum of \$4.00 per month for the maintenance of recreation area, said payments to become due on the 1st day of each and every month immediately upon execution of this contract. Purchaser shall pay the sum of \$250.00 to sellers for water tap-on fee, said sum to be due when purchaser shall commence construction. Thereafter, purchaser, so long as purchaser shall have an interest in said property, shall pay to sellers the sum of \$6.00 per month for water supplied, said payments to be due on the 1st day of each and every month immediately after the water hook-up charge is due."

AFFECTS : Lots 1, 2, 5, 6, 7, 8, 9, 10, 11, 12 and 15

NOTE: Lots 3, 4, 13 and 14 contained no agreements of record for water, water tap-on or recreational fees upon sale from the developer.

28. Notice of right or rights contained in various Real Estate Contracts and/or Statutory Deeds conveying properties to person or persons for unplatted portions of the Rosario Resort Residential Community, carrying an agreement or obligation as follows:

"Grantee, his heirs and assigns shall pay to Grantor, his heirs and assigns the minimum of \$4.00 per month for the maintenance of recreation area, said payments to become due on the 1st day of each and every month immediately upon execution of the real estate contract. Grantee shall pay the sum of \$250.00 to Grantor for water tap-on fee, said sum to be due when Grantee shall commence construction. Thereafter, Grantee, his heirs and assigns, shall pay to Grantors the minimum sum of \$6.00 per month for water supplied, said payments to be due on the 1st day of each and every month immediately after the water hook-up charge is due."

AFFECTS : Tax Parcel No's.: 160714001, 161614002, 161614003, 161614004 and 273614002.

NOTE: The following carried a charge of \$100.00 for water tap-on fee. Tax Parcel No's.: 173132002, 173132002, 173132004, 273611001, 273611003, 273611004, 273611005, 273611007, 273614001, 160541001.

NOTE: The following carried a recital as follows:

"Together with domestic water and recreational rights, subject, of course, to the regular charges, therefore."

Tax Parcel No's.: 173132006 and 173132007

29. An Easement, dated April 20, 1978, executed by Rosario Incorporated to Orcas Power & Light Company, recorded May 4, 1978, in Volume 38 of Official Records, at page 311, under Auditor's File No. 101415, records of San Juan County, Washington, as follows:

"do hereby grant and convey to the Grantee, its successors and assigns and easement for the installation and continued operation, maintenance, repair and replacement of an overhead or underground electric transmission of distribution line, with all necessary wires and fixtures thereon, together with the right to cut, trim, control and remove trees, brush and other obstructions which may interfere with the Grantee's proper use of this easement and the right to permit the joint use of the line or system by others for electrical, telephone or TV cable purposes, over under and across the following described property:

30. Notice of Water Right, as contained in Certificate of Adjudicated Water Right, recorded October 16, 1978 in Volume 44 of Official Records, at page 325, under Auditor's File No. 103914, records of San Juan County, Washington, as follows:

This is to certify that by virtue of a decree of the Superior Court of the State of Washington in and for San Juan County, made and entered on the 31 day of August, 1978 in the case of State of Washington vs James N. Anspach, et al County Cause No. 3236, which decree determined the rights of all known claimants to the use of the waters of Cascade Lake Drainage Basin, that Gilbert H. Geiser and Gleda B. Geiser of Eastsound, Washington are entitled to use, subject to provisions set forth in said decree and the laws of the State of Washington, the waters of the natural and stored waters of Cascade Lake and its tributary streams for the purpose of power generation; this instantaneous diversion rate is the maximum combined rate authorized for power generation, including existing rights from Mountain Lake through Cascade Creek; irrigation of five (5) acres of lawn and garden and fire protection as needed.

The water is confirmed in the amount of water that is reasonably and actually necessary for the purposes aforesaid and shall not exceed 2.31 cfs as needed, not to exceed 499 acre-feet each year; 1.0 cfs, from April 15 to October 1, not to exceed 5 acre-feet each year; fire protection as needed, that the decree aforesaid establishes said right in Class I, with a priority date of _____, 1910.

That the approximate points of diversion are at the outlet structure on Cascade Lake located approximately 725 east and 750 feet south of the center said Section 31, being within NW ¼ SE ¼, Section 31, Township 37 North, Range 1 West, W.M.. That said water right was adjudged by said decree to be and is appurtenant to Gov. Lots 4, 5 and 6, Section 31, Township 37 North, Range 1 West, W.M., and Gov. Lots 3, Section 6, Township 36 North, Range 1 West, W.M.

31. Notice of Water Rights as contained in Certificate of Adjudicated Water Rights, recorded October 26, 1978, in Volume 45 of Official Records, at page 14, under Auditor's File No. 104098, records of San Juan County, Washington, as follows:

"This is to certify that by virtue of a decree of the Superior Court of the State of Washington in and for San Juan County, made and entered on the 31 day of August, 1978, in the case of State of Washington vs James N. Anspach, et al, County Cause No. 3236, which decree determined the rights of all known claimants to the use of the waters of Cascade Lake Drainage Basin, that Gilbert H. Geiser and Gleda B. Geiser of Eastsound, Washington are entitled to use, subject to provisions set forth in said decree and the laws of the State of Washington, the waters of precipitation, inlet streams to Cascade Lake and appropriated water from Cascade Creek for the purposes of storage rights (the 1879 acre-feet is the amount of storage right, including some "dead" storage to the lip of spillway at an elevation of 351 feet above mean sea level. Filling may take place at any time during year when waters are available. Release and use of stored waters shall be conditioned to maintain a level in Cascade Lake of no less than 347 feet above MSL 4 feet below spillway in years of average or greater than average precipitation and no less than 345 feet above MSL 6 feet below spillway during low run-off years); domestic supply (the authorization to utilize these stored waters for the described beneficial uses are governed by Claimant's appropriation rights set forth in Adjudicated Water Rights, Volume XI, page 85 and Volume XIII, page 2); power generation, irrigation of five (5) acres and fire protection as needed. The water right is confirmed in the amount of water that is reasonably and actually necessary for the purpose aforesaid and shall not exceed 1,879 acre-feet. That the decree aforesaid establishes said right in Class I, with a priority date of _____, 1910. That the approximate point of impoundment structure; approximately 725 feet east and 750 feet south of the center of Section 31, being within the NW ¼ SW ¼.

32. Notice of right or rights of Condominium owner or owners of Satellite Condominiums at Rosario in and to road or roads abutting or upon property herein described contained in various Easements of record by owners of the various condominiums to Rosario, Inc. and as shown as

access areas on plat plan for Satellite Condominiums at Rosario, recorded October 15, 1970, in Volume 1 of Condominiums at pages 1 and 2, and Skipjack Condominiums I and II, recorded November 13, 1978, in Volume 1 of Condominiums, at pages 13 and 13A, under Auditor's File No. 104401, records of San Juan County, Washington.

33. An Easement, dated April 9, 1979, executed by Rosario Incorporated to Orcas Power & Light Company, recorded April 13, 1979, in Volume 52 of Official Records, at page 178, under Auditor's File No. 106642, records of San Juan County, Washington, as follows:

"do hereby grant and convey to the Grantee, its successors and assigns an easement for the installation and continued operation, maintenance, repair and replacement of an overhead or underground electric transmission or distribution line, with all necessary wires and fixtures thereon, together with the right to cut, trim, control and remove trees, brush and other obstructions which may interfere with the Grantee's proper use of this easement and the right to permit the joint use of the line or system by others for electrical, telephone or TV cable purposes, over, under and across the following described property:

Affects: an underground distribution line 10 feet in width over, under and across a portion of the common areas or elements only."

34. Sewer Option Agreement, dated June 30, 1979, executed between Rosario, Inc. and the owners of record of Lot 9, Plat of Rosario Estates, as recorded in Volume 2 of Plats, pages 3 and 3A, recorded July 5, 1979, in Volume 55 of Official Records, at page 549, under Auditor's File No. 108032, records of San Juan County, Washington, as follows:

"The owners of record of Lot 9, Plat of Rosario Estates, as recorded in Volume 2 of Plats, pages 3 and 3A, records of San Juan County, Washington are hereby granted the option of connecting into the Rosario Sewer System at a One thousand and No/100 Dollars (\$1,000.00) hook-up fee per lot, payable at the commencement of construction of the sewer line and Six and No/100 (\$6.00) per month, or the going rate, monthly maintenance fee commencing at the date of sewer hook-up and payable quarterly thereafter, both payments to be made to Rosario, Inc., Eastsound, Washington 98245.

The expense of the installation of the sewer line from the Recreation Area of Rosario Resort Hotel, across the Boatel Road to the common boundary line of Lot No. 7 and Lot No. 8 of Rosario Estates, as recorded in Volume 2 of Plats, pages 3 and 3A, records of San Juan County, Washington and then west on the North side of the Boatel Road to the property line of said Lot No. 9 will be the responsibility of the owner of record of said Lot No. 9, and it will be the responsibility of the owner of record of said Lot No. 9 to enter into financial arrangements with the owners of said Lot No. 7 and said Lot No. 8 for the joint installation of the sewer line from said Recreation Area to the common boundary line of the said Lot No. 7 and the said Lot No. 8.

Prior permission for the installation of this sewer line must be obtained from Rosario, Inc. so that disruption of the Boatel Road is not detrimental to resort activities."

35. Easement Agreement, dated October 4, 1980, executed by Gilbert H. Geiser and Gleda B. Geiser, his wife and Rosario Resort Development Company a partnership to all present and future owners of Tax Parcel No. 173134001 and Lots 21, 23 and 24 Rosario Estates #3, recorded October 7, 1980, in Volume 71, of Official Records, at page 81, under Auditor's File No. 114035, records of San Juan County, Washington, as follows:

For: non-exclusive easement for roadway and utility purposes over, under and across a 20-foot strip of land

Affects: Tract "A" Rosario No. 3 173152037000

36. Easement, dated December 29, 1980, executed by Rosario Resort Development Company to Orcas Power & Light Company, recorded in Volume 75 of Official Records, at page 66, under Auditor's File No. 115552, records of San Juan County, Washington, as follows:

"do hereby grant and convey to the Grantee, its successors and assigns, an easement for the installation and continued operation, maintenance, repair and replacement of an overhead or underground electric transmission or distribution line, with all necessary wires and fixtures thereon, together with the right to cut, trim, control and remove trees, brush and other obstructions which may interfere with the Grantor's proper use of this easement and the right to permit the joint use of the line or system by others for electrical, telephone or TV cable purposes, over, under, and across the following described property in San Juan County, Washington, to-wit:

An Easement for an underground distribution line 10 feet in width being 5 feet on either side of the following described line:

Beginning at the Southeast corner of Lot 1, Rosario Estates, as described in Volume 2, pages 3 and 3A, Book of Plats of San Juan County, State of Washington, also located in Section 31, Township 37 North, Range 1 West, W.M.; thence East along an existing Road Easement 174 feet, more or less; thence South 63 feet, more or less, the true point of beginning; thence a meandering line Southerly 155 feet, more of less, to the point of ending.

All facilities installed by Grantee on said lands remain its property and may be removed by it at any time."

- 37. Easement dated September 14, 1981, executed by Rosario Resort Development Company, a Washington Partnership to Orcas Power and Light Company, recorded December 16, 1981, in Volume 85, of Official Records, at page 622, under Auditor's File No. 119476, records of San Juan County, Washington, as follows:

"do hereby grant and convey to the grantee its successors and assigns, an easement for the installation and continued operation, maintenance, repair and replacement of underground electric transmission or distribution line, with all necessary wires and fixtures thereon, together with the right to cut, trim, control and remove trees, brush and other obstructions which may interfere with the Grantee's proper use of this easement and the right to permit the joint use of the line or system by others for electrical, telephone, or TV cable purposes, over and across the following described property in San Juan County, Washington, to wit:

An easement 10 feet in width, being 5 feet on either side of the following described line:

Beginning at the Northern-most point of Lot 4 of Rosario Palisades, as recorded in Volume 3, Page 37 of the Book of Plats of San Juan County, State of Washington. Thence westerly along the southerly boundary of Palisades Drive 468 feet, more or less, to the True Point of Beginning; thence a meandering line southerly 265 feet, more or less, to the point of ending.

The Grantor releases and holds harmless Orcas Power and Light Company for any damages resulting from the installation or maintenance on the property herein described, resulting from an act of any third party.

All facilities installed by Grantee on said lands shall remain its property and may be removed by it at any time.

- 38. Easement dated May 7, 1982, executed by Rosario Resort Development Company, a Partnership to Orcas Power & Light Company, recorded June 29, 1982, at page 67, under Auditor's File No. 122125, said records, follows:

"do hereby grant and convey to the Grantee its successors and assigns an easement for the installation and continued operation, maintenance, repair and replacement of an overhead or underground electric transmission or distribution line, with all necessary wires and fixtures thereon together with the right to cut, trim, control and remove tree, brush and other obstructions which may interfere with the Grantee's proper use of this easement and the right to permit the joint use of the line or system by others for electrical, telephone or TV cable purposes, over, under and across the following described property in San Juan County, Washington, to-wit:

Beginning at the Northwest corner of Government Lot 8, as described under Auditor's File Number 119035; thence South 1°20'14" West 250 feet; thence South 40° East 200 feet; thence South 1°20'14" West 145.31 feet; thence South 89°45'27" East 41.33 feet; thence South 61°26'31" East 120.65 feet to the True Point of Beginning of this easement; thence approximately South 72° West 73 feet; thence approximately South 5° East 190 feet; thence approximately South 27° West 100 feet; thence approximately South 31° West 130 feet; thence approximately South 40° West 104 feet; thence approximately South 65° West 247 feet; thence approximately South 53° West 110 feet; thence approximately South 07° East 94 feet; thence a meandering line westerly 155 feet, more or less, to the point of ending, which point is approximately 270 feet West of and 90 feet South of the center of Section 31, Township 37 North, Range 1 W.W.M..

The Grantor releases and holds harmless Orcas Power and Light Company for any damages resulting from the installation or maintenance on the property herein described, resulting from an act of any third party.

All facilities installed by Grantee on said lands shall remain its property and may be removed by it at any time."

- 39. Notice of Easements, Sewer Line, Drainage Line, Stream, Overhead Power Line, Roadway and Utilities as disclosed by Record of Survey for Rosario Resort Development Co., prepared by Krabbe & Starr, Inc., Surveying, recorded February 14, 1983, in Book 5 of Surveys, at page 35, under Auditor's File No. 124721, records of San Juan County, Washington.
- 40. Affidavit of public notice, executed by Wallace Gudgell, Jr., Preliminary print for reference purposes of the Rosario Water System Plan and preliminary print for reference purposes of the Rosario Present and Future Sewer Plan, giving notice to the public that an Agreement was signed and filed August 22, 1984 under Auditor's File No. 131967 in the office of the Auditor of San Juan County, Washington that was signed by Gilbert H.Geiser, Rosario Resort Development Co., Wallace F. Gudgell, Jr., Rainier National Bank, SLP Energy, Inc. and Home Savings Bank which in general provided for the future enhancement and the orderly development of Rosario Resort Area in regards to water, sewer, access, all necessary easements, covenants, conditions, restrictions and obligations of the parties executing or signing the said Agreement, recorded August 22, 1984, in Volume 120 of Official Records, at page___, under Auditor's File No. 131968, in the office of the Auditor of San Juan County, Washington. Reference should be made to said filed Agreement, Affidavit and the attached maps for full particulars.
- 41. Easement Agreement, dated September 5, 1984, executed by Gilbert Geiser and Rosario Resort Development Company, a Washington Partnership to Fee Owners of the Utility Tract, recorded September 7, 1984, in Volume 121 of Official Records, at page 345, under Auditor's File No. 132083, records of San Juan County, Washington.

For: a non-exclusive easement for purposes of pumping, treating, storing and discharging sewage and/or effluent, including maintenance and enhancement of the existing system.

Affects: a portion of the property herein described and includes other property.

- 42. Easements and Appurtenant Rights to Resort Facilities, dated September 7, 1984, executed by Rosario Resort Development Company, a Washington partnership to Rosario Resort Development Company, a Washington Partnership, its successors and assigns, recorded September 7, 1984, in Volume 121 of Official Records, at page 354, under Auditor's File No. 132085, records of San Juan County, Washington.

For: Recreation Privileges and Resort Rights

Affects: 160621001000 and 173142002000 and includes other property

43. Notice of roads as disclosed by Record of Survey for Rosario Harbor Condominiums at Rosario by Broge Minor, a professional land surveyor for Rosario Resort Development Co., a partnership, recorded September 7, 1984, in Book 1 of Condominiums, at pages 28, 28A, 28B and 28C, under Auditor's File No. 132093, records of San Juan County, Washington.
44. Notice of Matia Condominiums location as disclosed by Record of Survey for Satellite Condominiums Matia at Rosario prepared by Thomas C. Starr, a professional land surveyor for Rosario Resort Development Co., a partnership, recorded September 7, 1984, in Book 1 of Condominiums, at page 29, 29A and 29B, under Auditor's File No. 132096, records of San Juan County, Washington.
45. Certificate of Change to change the point of diversion, purpose of use and place of use of surface waters, dated January 4, 1989 executed by Herman H. Huggins, Water Resource Section Head, Northwest Regional Office Department of Ecology, recorded February 3, 1989 in Volume 230 of Official Records at page 317, under Auditor's File No. 89155695, records of San Juan County, Washington, as follows:

The previous point of diversion for domestic supply was recorded at a point on Cascade Lake located approximately 725 feet East and 750 feet South of the center of Section 31, Township 37 North, Range 1 West, W.M., and is changed and located on Cascade Lake 750 feet North and 1336 feet East from the center of Section 31, Township 37 North, Range 1 West, W.M.

A portion of the water previously diverted from Cascade Lake for power generation is changed and will now be diverted for community domestic supply. The quantity of water changed from power generation to domestic supply is 0.133 cfs (60 gpm) and 30.8 acre-feet per year, leaving a remainder of 468.2 acre-feet per year from Cascade Lake for power Generation.

The total quantity of water diverted from Cascade Lake will not be changed or increased. The purpose of use, quantities and point of diversion under this water right will henceforth be as follows:

- a) Community domestic supply - continuously, 0.266 cfs (119.7 gpm), 73 acre-feet per year, from Cascade Lake, 750 feet North and 1336 feet East of the center of Section 31, Township 37 North Range 1 West, W.M.
- b) Irrigation - April 15 to October 1 (5 acres), 0.10 cfs (45 gpm), 5 acre-feet per year,
- c) from the dam on Cascade Lake, 750 feet South and 725 feet East of the center of Section 31, Township 37 North, Range 1 West, W.M.
- d) Power generation - continuously, 2.177 cfs (979.65 gpm). 460 acre-feet per year - from the dam on Cascade Lake, 750 feet South and 725 feet East of the center of Section 31, Township 37 North, Range 1 West, W.M.
- e) Storage rights, 1879 acre-feet per year in Cascade Lake between a lake level of 347 and 351 feet above mean sea level during years of average or greater precipitation, and 345 - 351 feet above mean sea level during low run off years.
- f) Fire Protection - as needed

Data regularly collected by Rosario Development Co. (Geiser Land Co.) from the ware on the Cascade Creek, the lake level staff gauge and the flow meters on the domestic supply diversion and irrigation pipe shall be made available to the Ecology Department when requested (see provisions of RCW 90.03 and WAC 508.64).

46. Easement, dated February 9, 1989, executed by Sarah H. Geiser, Personal Representative of the Estate of Gilbert H. Geiser; Geiser Land Company, a Washington General Partnership; Skipjack Associates, a Washington general partnership; Security Pacific Bank Washington N.A., a National Banking Association formerly known as Rainier National Bank; Satellite Condominiums of Rosario Association, a Washington non-profit corporation; and Skipjack Condominiums I and II Association, a Washington non-profit corporation to themselves, their successor's and assigns for the mutual benefit to be derived therefrom, recorded April 5, 1989, in Volume 236, of Official Records, at page 048, under Auditor's File No. 89156743, records of San Juan County, Washington, as follows:

For: pedestrian walkways, roadways and utility purposes

Affects: a portion of the property herein described and includes other property

Provisions: all parties acquiring the right of use of the above described easements, their respective grantees, heirs, successors and assigns, shall be responsible for and agree to participate in the repair and maintenance of roadways with and upon said easements. The cost of such maintenance and/or construction shall be borne proportionately by each property owner having said right of use, and by their acknowledgment herein they have agreed to assessments and the filing of liens against property and the collections of same. Each property's proportionate share will be based on the percentages listed within said document.

47. The effect of the Covenants, Conditions and Restrictions contained in Moran State Park Pumphouse Easement recorded August 31, 1990, in Volume 301 of Official Records, at page 270, under Auditor's File No. 90168489, records of San Juan County, Washington.

(Affects a portion of Rosario Water System)

48. The effect of the Covenants, Conditions and Restrictions contained in Shoreline Management Act of 1971 Permit For Shoreline Management Substantial Development, Conditional Use, or Variance, (Kenmore Air Harbor Scheduled Floatplane Service to Three County Locations) recorded September 24, 1990, in Volume 304 of Official Records, at page 309, under Auditor's File No. 90169044, records of San Juan County, Washington.

(Affects 160621001000)

49. The effect of the Covenants, Conditions and Restrictions contained in Shoreline Management Act of 1971 Permit For Shoreline Management Substantial Development, Conditional Use, or Variance, (Kenmore Air Harbor Scheduled Floatplane Service to Three County Locations) recorded September 24, 1990, in Volume 304 of Official Records, at page 321, under Auditor's File No. 90169045, records of San Juan County, Washington.

(Affects 160621001000)

50. Easement, dated January 15, 1991, executed by Wallace Gudgell and Gretchen Gudgell, recorded January 22, 1991, in Volume 316, of Official Records, at page 427, under Auditor's File No. 91171275, records of San Juan County, Washington, as follows:

For: installation and maintenance of a septic tank, tightline and drainfield

Affects: a portion of the property herein described and includes other property

Provisions: The purpose of this easement is to prevent practices in the use of the parties land which might be injurious to the public health, safety and welfare.

This easement shall run with the land and be binding on all parties assuming any right, title or interest in either Parcel I of II. Unity of title in the two parcels shall not affect his easement. When a sanitary sewer system approved by the San Juan County Health Department is available to serve Parcel II described above this easement will terminate with the recording of a release of

(Affects 173142001000 and 173134005000)

51. Aquatic Lands Lease No. 20-A09919 Lease affecting the premises herein stated, executed by and between the parties herein named for the term of 12, years and upon the terms, covenants and conditions therein provided.

Dated: November 17, 1995

Lessor: State of Washington Department of Natural Resources

Lessee: Red Rock Resorts, Inc., DBA Rosario Resort, an Arizona Corporation

Recorded: March 26, 1996, in Volume 544 of Official Records, at page 92, under Auditor's File No. 96032607, records of San Juan County, Washington.

Affects: A portion of Cascade Bay

An Assignment of the Lessee's interest in said Lease was:

Executed By: Red Rock Resorts, By: Daniel J. Donahoe, President

To: Rosario Resort Limited Partnership, By: Turquoise Land Corporation, General Partner, Robert Cunningham, Vice President

Dated: September 5, 1997

Recorded: September 19, 1997, under Auditor's File No. 97091935, records of San Juan County, Washington.

Affects: Tidelands of the Second Class and Bed of Eastsound (Lease No. 20-A09919)

An Assignment of the Lessee's interest in said Lease was:

Executed by: Rosario Resort Limited partnership

To: Oly Rose LLC, a Delaware Limited Liability Company

Dated: October 29, 1998

Recorded: October 29, 1998 under Auditor's File No. 19981029021, records of San Juan County, Washington.

52. The effect of the conditions and restrictions contained in Staff Report, dated July 21, 1996, executed by Brookdale Ltd. Partnership to San Juan County, recorded August 5, 1996, in Volume 561 of Official Records, at page 383, under Auditor's File No. 96080542, records of San Juan County, Washington.

Affects: 173134005000

53. Declaration of Easement, dated October 8, 1996, executed by Rosario Resort Limited Partnership to Tom W. Horowitz and G. Loretta Horowitz, husband and wife, recorded October 9, 1996, in Volume 570, of Official Records, at page 52, under Auditor's File No. 96100902, records of San Juan County, Washington.

For: an exclusive easement for access, as well as the right to maintain any and all existing improvements on said real property, including but not limited to fence, rock retaining wall and driveway

Affects: Portion of 173152038000

54. Utility Easement dated October 11, 1996, executed by Brookdale Limited Partnership to Rosario Utilities L.L.C., recorded October 17, 1996, in Volume 571, of Official Records, at page 101, under Auditor's File No. 96101723, records of San Juan County, Washington.

55. Utility Easement dated October 11, 1996, executed by Brookdale Ltd. Partnership to Orcas Power and Light Company, recorded November 15, 1996, in Volume 575, of Official Records, at page 47, under Auditor's File No. 96111515, records of San Juan County, Washington, as follows:

"do hereby grant and convey to the grantee its successors and assigns, an easement for the installation and continued operation, maintenance, repair and replacement of underground electric distribution line, with all the necessary below ground wires and fixtures said easement being 10 feet wide, 5 feet on each side of said Orcas Power and Light Company buried distribution cable and appurtenant facilities as installed, together with the right to access to said facilities and the right to cut, trim, control and remove trees, brush and other obstructions which may interfere with the Grantee's proper use of this easement and the right to permit the joint use of the easement by others for underground electrical, telephone, or TV cable purposes, over and across the following described property in San Juan County, Washington, to wit:

All facilities installed by Grantee on said lands shall remain its property and may be removed by it at any time.

56. Notice of Easement Location for Existing Concrete Walk as disclosed by Record of Survey prepared by Curtis A. Johnson, Professional Licensed Surveyor for Clarice M. Carney, recorded July 3, 1997, in Book 14 of Surveys, at page 97, under Auditor's File No. 97070350, records of San Juan County, Washington. Copy attached.
57. An unrecorded Lease affecting the premises herein stated, to the Lessee herein named for the term of (undisclosed of record) years, and upon the terms, covenants and conditions therein provided.

Dated: August 1, 1977

Lessee: Rosario Resort

Disclosed: Assignment of Department of Natural Resources Aquatic Lease No. 20-10962

Executed By: Rosario Resort Limited Partnership, By: Daybreak Investments, Inc., former General Partner, Daniel J. Donahoe, President

To: Rosario Resort Limited Partnership, By: Turquoise Land Corporation, General Partner, Robert Cunningham, Vice President

Dated: July 24, 1997

Recorded: August 6, 1997, under Auditor's File No. 97080619, records of San Juan County, Washington.

Affects: Tidelands of the Second Class and Bed of Eastsound

Assignment of Department of Natural Resources Aquatic Lease, dated October 29, 1998, recorded October 29, 1998, under Auditor's File No. 19981029022, records of San Juan County, Washington wherein all Lessee's rights were assigned to Oly Rose, LLC, a Delaware Limited Liability Company.

58. The effect of the conditions and restrictions contained in Shoreline Development/Conditional Use Permit - 95SJ022/95CU020, Rosario Resort Ltd. Partnership Condos, Orcas Island, dated November 15, 1996, executed by San Juan County Board of Adjustment to Rosario Resort Limited Partnership, recorded December 4, 1997, under Auditor's File No. 19970120426, records of San Juan County, Washington.

Affects: Tax Parcels Numbered 160621001, 173134002, 173134005, 173142001 & 173143009

59. Notice of Moran State Trail Markers, Park Walking Trail, Maintenance Road and Utility Poles as disclosed by Record of Survey prepared by Thomas E. Metke, Professional Licensed Surveyor for Oly Rose, recorded November 17, 1998, in Book 15 of Surveys, at page 72, 72A, 72B and 72C, under Auditor's File No. 19981117003, records of San Juan County, Washington.
60. Notice of paved driveway and easement locations as disclosed by Record of Survey prepared by Jeffrey A. Iverson, Professional Licensed Surveyor for Olympus Real Estate Corporation, recorded December 15, 1998, in Book 15 of Surveys, at page 93, under Auditor's File No. 19981215003, records of San Juan County, Washington.

61. Notice of Gravel Drive, Concrete Wall, Rockery Wall, Paved Access and Propane tank locations as disclosed by Record of Survey prepared by Patrick S. Kirby, Professional Licensed Surveyor for Olympus Real Estate, recorded December 18, 1998, in Book 15 of Surveys, at page 101, 101A, 101B and 101C, under Auditor's File No. 19981218009, records of San Juan County, Washington.
62. Notice of Building, Easements, Driveways, Paved Roads, Utilities and Gravel Parking Locations as disclosed by Record of Survey prepared by Patrick A. Kirby, Professional Licensed Surveyor for Olympus Real Estate, recorded December 18, 1998, in Book 15 of Surveys, at page 102, 102A and 102B, under Auditor's File No. 19981218010, records of San Juan County, Washington.
63. Utilities and Sewer Line Easement over Lot No. 15, Rosario Estates No. 2, dated January 1, 1978, executed by Edwin L. Sutton, as his separate estate, Grantors and Rosario Inc., Grantees, recorded March 9, 1978, in Volume 36 of Official Records, at page 342, under Auditor's File No. 100524, records of San Juan County, Washington, as follows:

"An agreement stating the Grantors have the option of connecting into the Rosario Sewer System at a ONE THOUSAND AND NO/100 (\$1,000.00) hook-up fee payable at the commencement of construction and SIX AND NO/100 (\$6.00) monthly maintenance fee commencing at the date of sewer hook-up and payable quarterly thereafter, does hereby give, grant and convey unto Grantee, ROSARIO, INC., a Washington Corporation, a permanent and non-exclusive right, privilege and easement for the installation and maintenance of utilities and sewer line over, under and across a 15.00 strip of land, being 7.50 feet on each side of the following described centerline:

Commencing at the southeast corner of Lot 41, Rosario Estates No. 2, according to the plat recorded at Volume 2 of Plats, page 29, records of San Juan County, Washington; thence North 86°26'27" West along the south line thereof 47.00 feet to the true point of beginning; thence North 11°15' East 33.00 feet; thence North 14°13' East 74.00 feet: thence North 11°58' East 97.40 feet; thence North 06°22' West 91.80 feet to a point on the north line of said Lot 41 and the end of this description.

This is a conveyance running with the title to the above described tract of land and shall be for the use and benefit of the Grantee, his heirs, successors, administrators and assigns."

(Affects 173113004000)

64. Easement, as disclosed by instrument dated August 13, 2004, and recorded August 20, 2004, under Auditor's File No. 20040820033, records of San Juan County, Washington, as follows:
- For: Owners within Plats of Rosario Estates, Rosario Estates No. 2, Rosario Estates No. 3, Rosario Palisades, Rosario Shores, Palisades South.
- Affects: Recreation Area at Rosario Resort
65. Terms, covenants, conditions and restrictions as disclosed by Application for Boundary Line Modification and Statement of Disclosure, executed by Oly Rose LLC, recorded November 27, 2002, under Auditor's File No. 20021127016, records of San Juan County, Washington.
66. Conditions, notes, easements, provisions and/or encroachments contained and/or delineated on the face of the Survey No. 2003 0325021, recorded in volume 18 of surveys, at page(s) 40, in San Juan County, Washington.
67. Easement, dated November 2, 1978, executed by William R. Garvin and Rachel A. Garvin, to Rosario Inc., recorded November 7, 1978, in Volume 45 of Official Records, at page 385, under Auditor's File No. 104298, records of San Juan County, Washington, as follows:

"The undersigned owner of a condominium in Sucia does hereby convey, bargain and grant unto Rosario, Inc., a non-exclusive easement for ingress, egress and utilities, over the property

Affects: The common area only.

68. Notice of Easement, contained in Partial Warranty Fulfillment Deed, dated November 17, 1981, executed by Gilbert H. Geiser and Gleda B. Geiser, individually; The Meade Rosario Trust, individually; and Rosario, Inc. by its successors-in-interest, Gilbert H. Geiser, Gleda B. Geiser and The Meade Rosario Trust to Rosario Resort Development Company, a general partnership, recorded June 25, 1982, in Volume 92 of Official Records at pages 89 through 93, under Auditor's File No. 122142, records of San Juan County, Washington, as follows:

"SUBJECT TO AND TOGETHER WITH a non-exclusive easement for waterline and utility purposes being 20' in width and following the existing waterline from the dam at the west end of Cascade Lake Lagoon Southwesterly across the above described parcel to the existing power plant."

Affects: a portion of common area only.

69. Notice of Rights as contained in Water Rights Conveyance, executed by Oly Rose, LLC, a Delaware limited liability company, to Orcas Water Holdings, LLC, a Delaware limited liability company, recorded November 14, 2006, under Auditor's File No. 20061114003, records of San Juan County, Washington. Copy Attached.
70. Notice of Rights as contained in Water Rights Conveyance, executed by Orcas Water Holdings, LLC, a Delaware limited liability company, to Rosario Utilities, LLC, a Delaware limited liability company, recorded April 2, 2007, under Auditor's File No. 2007 0402001, records of San Juan County, Washington. Copy attached.
71. The effect of the Covenants, Conditions and Restrictions contained in Water Rights Conveyance recorded November 1, 2007, under Auditor's File No. 2007 1101020, records of San Juan County, Washington. Copy attached.
72. The effect of the Covenants, Conditions and Restrictions contained in Easement for Water Supply and Sewer Utilities recorded November 1, 2007, under Auditor's File No. 2007 1101021, records of San Juan County, Washington. Copy attached.
73. The effect of the Covenants, Conditions and Restrictions contained in Sewer Capacity Reservation and Connection Covenant recorded November 1, 2007, under Auditor's File No. 2007 1101022, records of San Juan County, Washington. Copy attached.
74. The effect of the Terms, Provisions, Covenants, Conditions, Restrictions, Reservations and Easements contained in instrument recorded November 1, 2007, under Auditor's File No. 2007 1101024, records of San Juan County, Washington. Copy attached.
75. Memorandum of Sewer Service Agreement entered into by Rosario Utilities, LLC, a Washington Limited Liability Company and Oly Rose, LLC, a Delaware limited liability company, dated October 31, 2007, recorded November 1, 2007, under Auditor's File No. 2007 1101025, records of San Juan County, Washington. Copy Attached.
76. The effect of the Covenants, Conditions and Restrictions contained in Water Rights Conveyance recorded November 1, 2007, under Auditor's File No. 2007 1101026, records of San Juan County, Washington. Copy attached.

Re-recorded : Said Water Rights Conveyance was re-recorded November 6, 2007, under Auditor's File No. 2007 1106008, records of San Juan County, Washington.

77. Terms, covenants, conditions and restrictions as disclosed by Application for Boundary Line Modification and Statement of Disclosure, executed by Oly Rose LLC, recorded November 2, 2007, under Auditor's File No. 2007 1102015, records of San Juan County, Washington. Page 25 of 215
78. Conditions, notes, easements, provisions and/or encroachments contained and/or delineated on the face of the Survey No. 2008 0208011, recorded in volume 21 of surveys, at page(s) 87, in San Juan County, Washington.
79. The effect of the Covenants, Conditions and Restrictions contained in Grant of Rights and Payment Obligations recorded January 9, 2008, under Auditor's File No. 2008 0109010, records of San Juan County, Washington. Copy attached.
80. The terms and provisions contained in the document entitled "Declaration of Covenants, Restrictions and Agreement"
 Recorded: November 17, 2008
 Recording No.: 2008 1117018
81. The terms and provisions contained in the document entitled "Easement for Pedestrian Trail and Water Diversion Facility"
 Recorded: November 17, 2008
 Recording No.: 2008 1117017
82. The terms and provisions contained in the document entitled "Aquatic Lands Outfall Easement"
 Recorded: December 29, 2008
 Recording No.: 2008 1228033
83. The terms and provisions contained in the document entitled "Conveyance of Water Right and Subordination Agreement"
 Recorded: October 22, 2009
 Recording No.: 2009 1022015
84. The terms and provisions contained in the document entitled "Water Rights Conveyance"
 Recorded: November 2, 2010
 Recording No.: 2010 1102030
85. The terms and provisions contained in the document entitled "Boundary Line Modification"
 Recorded: March 19, 2012
 Recording No.: 2012 0319011
86. The terms and provisions contained in the document entitled "Restatement of the Mutual Easement Agreement, Recorded April 25, 1989, San Juan County, Washington under Auditor's File Number 89156743"
 Recorded: August 31, 2012
 Recording No.: 2012 0831003
87. General Taxes for the year 2015. The first half becomes delinquent after April 30th. The second half becomes delinquent after October 31st.
 Tax Account No.: 160621001000
1st Half
 Amount Billed: \$ 8,710.43
 Amount Paid: \$ 0.00
 Amount Due: \$ 8,710.43
 Assessed Land Value: \$ 1,808,750.00

Assessed Improvement Value: \$ 671,370.00

2nd Half

Amount Billed: \$ 8,710.32
Amount Paid: \$ 0.00
Amount Due: \$ 8,710.32
Assessed Land Value: \$ 1,808,750.00
Assessed Improvement Value: \$ 671,370.00

88. General Taxes for the year 2015. The first half becomes delinquent after April 30th. The second half becomes delinquent after October 31st.

Tax Account No.: 173134005000

1st Half

Amount Billed: \$ 2,886.71
Amount Paid: \$ 0.00
Amount Due: \$ 2,886.71
Assessed Land Value: \$ 344,830.00
Assessed Improvement Value: \$ 473,280.00

2nd Half

Amount Billed: \$ 2,886.65
Amount Paid: \$ 0.00
Amount Due: \$ 2,886.65
Assessed Land Value: \$ 344,830.00
Assessed Improvement Value: \$ 473,280.00

89. General Taxes for the year 2015. The first half becomes delinquent after April 30th. The second half becomes delinquent after October 31st.

Tax Account No.: 173133002000

1st Half

Amount Billed: \$ 721.75
Amount Paid: \$ 0.00
Amount Due: \$ 721.75
Assessed Land Value: \$ 200,250.00
Assessed Improvement Value: \$ 0.00

2nd Half

Amount Billed: \$ 721.70
Amount Paid: \$ 0.00
Amount Due: \$ 721.70
Assessed Land Value: \$ 200,250.00
Assessed Improvement Value: \$ 0.00

90. General Taxes for the year 2015. The first half becomes delinquent after April 30th. The second half becomes delinquent after October 31st.

Tax Account No.: 173152037000

1st Half

Amount Billed: \$ 25.81
Amount Paid: \$ 0.00
Amount Due: \$ 25.81
Assessed Land Value: \$ 1,510.00
Assessed Improvement Value: \$ 0.00

2nd Half

Amount Billed: \$ 25.71
Amount Paid: \$ 0.00
Amount Due: \$ 25.71

Assessed Land Value: \$ 1,510.00
Assessed Improvement Value: \$ 0.00

91. General Taxes for the year 2015. The first half becomes delinquent after April 30th. The second half becomes delinquent after October 31st.

Tax Account No.: 173152038000

1st Half

Amount Billed: \$ 45.14
Amount Paid: \$ 0.00
Amount Due: \$ 45.14
Assessed Land Value: \$ 600.00
Assessed Improvement Value: \$ 0.00

2nd Half

Amount Billed: \$ 0.00
Amount Paid: \$ 0.00
Amount Due: \$ 0.00
Assessed Land Value: \$ 600.00
Assessed Improvement Value: \$ 0.00

92. Personal Property Taxes.

Account No.: 9021532

Year: 2015

Amount Billed: \$ 4,024.93
Amount Paid: \$ 0.00
Amount Due: \$ 4,024.93

Informational Notes, if any



First American

Schedule C

Subdivision Guarantee

ISSUED BY

First American Title Insurance Company

GUARANTEE NUMBER

2387050

The land in the County of San Juan, State of Washington, described as follows:

PARCEL 160621001000 (Mansion)

That portion of Government Lot 3, Section 6, Township 36 North, Range 1 West, W.M., and that portion of Government Lots 4 and 5 Section 31, Township 37 North, Range 1 West, W.M., described as follow:

Beginning at the Southeast corner of Lot 18 as shown in the Plat of Rosario Estates recorded at Volume 2 of Plats at page 3, records of said county; Thence along the Easterly boundary of said Lot 18 and continuing along the Easterly boundaries of Lots 19, 20E and 21E to the Southeast corner of Lot 22E; Thence along the Easterly boundary of Lot 22E North 6°10' West 38.7 feet; Thence Northwesterly 45 feet, more or less, to the most Southerly corner of Lot 10 of said plat; Thence continuing Northeasterly along the Southeasterly boundaries of Lots 1 through 10 to the Southeast corner of said Lot 1; Thence along the Northeasterly boundary of said Lot 1, 75.1 feet, more or less to a point on a line parallel with and 75.0 feet Northerly of the North margin of a 40-foot wide easement road as shown on the face of "Sucia" as described at Volume 1 of Condominiums at page 1, said records; Thence leaving said boundary and along said parallel line North 82°30' East 130.38 feet; Thence North 87°57'40" East 90.38 feet; Thence perpendicular to said North margin South 2°02'20" East 115.0 feet to the Southerly margin of said 40-foot wide easement; Thence along said Southerly margin North 87°57'40" East 258.78 feet to the Northwest corner of that parcel of land described at Auditor's File No. 51101; Thence along the Westerly boundary of said parcel described at Auditor's File No. 51101 Southeasterly to a point on the line of ordinary high tide; Thence southwesterly along said line of ordinary high tide to a point on the Northerly boundary of Lot 18B of said Plat of Rosario Estates, that bears South 66°09' East from said TRUE POINT OF BEGINNING; Thence leaving said line of ordinary high tide and along said Northerly lot boundary North 66°09' West to said point of beginning.

TOGETHER WITH the Tidelands of the Second Class situate in front of, adjacent to, abutting upon that portion of the U.S. Government Meander Line of Government Lot 5 as conveyed by the State of Washington by Tideland Deed, recorded January 20, 1906, in Volume 10 of Deeds, at page 130 records of San Juan County, Washington.

TOGETHER WITH the Tidelands of the Second Class situate in front of, adjacent to, abutting upon Government Lot 5 lying between the line of mean low tide and the line of extreme low tide as conveyed by the State of Washington by Deed, recorded February 3, 1912, in Volume 12 of Deeds, at page 615, under Auditor's File No. 12709, records of San Juan County, Washington.

Situate in San Juan County, Washington.

PARCEL 160621001000 (Mansion)

Vacated Lots 18A, 18B, 18C, 18D, 18E, 20E and 21E as Vacated pursuant to San Juan County Board of Commissioners Resolution No. 90-1986, May 20, 1986 of ROSARIO ESTATES, according to the Plat thereof, recorded in Volume 2 of Plats, at page 3, in the office of Auditor of San Juan County, Washington.

EXCEPTING THEREFROM those portions of vacated Lots 20E and 21E as Vacated pursuant to San Juan County Board of Commissioners Resolution No. 90-1986, May 20, 1986 of ROSARIO ESTATES, according to the Plat thereof, recorded in Volume 2 of Plats, at page 3, in the office of Auditor of San Juan County,

Beginning at the Southeast corner of said Lot 20E as marked by an iron pipe set by Rehm & Condon, Inc. from which the Southwest corner of said Lot as marked by an iron pipe set by Rehm & Condon, Inc., bears South 74° 21' 58" West, a distance of 109.00; thence North 39° 38' 03" West a distance of 35.92 feet; thence North 6° 43' 40" East a distance of 170.04 feet; thence North 11° 11' 36" West a distance of 15.94 feet to a point on the North line of said Lot 21E and the terminus of this line description from which the Northwest corner of said Lot 21E as marked by an iron pipe set by Rehm & Condon, Inc. bears South 74° 39' 36" West a distance of 121.67 feet.

Situate in San Juan County, Washington.

PARCEL 173152037000

Tract "A", of ROSARIO NO. 3, according to the plat thereof, recorded in Volume 3 of Plats, at pages 15 and 15A, in the office of the Auditor of San Juan County, Washington.

TOGETHER WITH a non-exclusive right to use the roads and streets as platted as a means of ingress and egress for private roadway purposes as created, declared and granted in the Dedication of the Plat of Rosario No. 3.

SUBJECT TO AND TOGETHER WITH a non-exclusive easement for roadway and utility purposes as described within and conveyed by Mutual Easement Agreement recorded April 5, 1989 in Volume 236 of Official Records, at page 48, under Auditor's File No. 89156743, records of San Juan County, Washington.

Situate in San Juan County, Washington.

PARCEL 173152038000

That portion of Lot 24, of ROSARIO NO. 3, according to the Plat thereof, recorded in Volume 3 of Plats, at pages 15 and 15A, in the Office of the Auditor of San Juan County, Washington, described as follows:

Beginning at a concrete monument marking the Northwest corner of said Lot 24; Thence North 76°57'30" East, 154.43 feet to a point on the East boundary of said Lot 24; Thence along said East boundary North 18°00' West, 40.15 feet to the Northeast corner of said Lot; Thence along the North boundary of said Lot, South 76°48'20" West, 105.41 feet to a point on the boundary common to said Lot 24 and Tract A of said plat and which point is on the curve to the right having a radius of 40 feet; Thence Southwesterly along said curve thru a central angle of 98°07'40" for a distance of 68.5 feet to the Point of Beginning.

TOGETHER WITH a non-exclusive right to use the roads and streets as platted as a means of ingress and egress for private roadway purposes as created, declared and granted in the Dedication of the Plat of Rosario No. 3.

SUBJECT TO AND TOGETHER WITH a non-exclusive easement for roadway and utility purposes as described within and conveyed by Mutual Easement Agreement recorded April 5, 1989 in Volume 236 of Official Records, at page 48, under Auditor's File No. 89156743, records of San Juan County, Washington.

Situate in San Juan County, Washington.

Parcel 173134005000

That portion of Government Lot 5 and Government Lot 6, Section 31, Township 37 North, Range 1 W.W.M., described as follows:

Beginning at the Southeast corner of all units of Sucia, Hillside Condominiums of Rosario (a condominium), along with Common Elements, according to Declaration thereof recorded May 1, 2007, under Auditor's File No. 2007 0501003, and any amendments thereto, and Survey Map and Plans thereof recorded in Volume 1 of Condominiums, page 1, records of San Juan County, Washington, and any amendments thereto, and which point is marked by a 1" iron pipe; thence along the South and West boundaries of said "Sucia" to the most Southerly corner of that parcel of land designated as All units of Matia, Parcel B, Hillside Condominiums of Rosario (a condominium), along with Common Elements, according to Declaration thereof recorded May 1, 2007, under Auditor's File No. 2007 0501003, and any amendments thereto, and Survey Map and Plans thereof recorded in Volume 1 of Condominiums, pages 29, 29A, and 29B, records of San Juan County, Washington, and any amendments thereto; thence along the Westerly margin of said Parcel 'B' to a 1" iron pipe marking the Southeast corner of Lot 29 of Rosario No.3 as recorded in Volume 3 of Plats, page 15, said records; thence along the Southerly boundaries of Lots 25 through 29, all of said Plat of Rosario No. 3, to the Northeast corner of Lot 24,said plat; thence along the Easterly of said Lot 24 and along the Easterly boundary of Lot 1 of Rosario Estates as recorded in Volume 2 of Plats, Page 3, said records , to a point 75.0 feet Northerly of the Southeast corner of said Lot; thence parallel with and 75.0 feet North of the North margin of a 40-foot wide easement road as shown on the face of said condominium designated "Sucia" North 82° 30' East, 130.38 feet; thence North 87° 57' 40" East, 90.38 feet; thence perpendicular to said North margin South 2° 02' 20" East, 115.0 feet to the Southerly margin of said 40-foot wide easement; thence along said Southerly margin North 87° 57' 40" East, 258.78 feet to the Northeast corner of that parcel described at Auditor's File No. 51101, said records; thence along the Northeasterly boundary of said parcel described at Auditor's File No. 51101 Southeasterly to a point on the line of ordinary high tide; thence Southeasterly along said point or ordinary high tide to a point which bears South of the point of beginning; thence leaving said line of ordinary high tide North to the point of beginning.

TOGETHER WITH that portion of the tidelands of the second class situate in front of, adjacent to, or abutting upon as conveyed by the State of Washington, by Tideland Deed recorded August 3, 1914, in Volume 13 of Deeds, at page 363, under Auditor's File No. 14170, records of San Juan County, Washington.

TOGETHER WITH AND SUBJECT TO a non-exclusive ingress, egress and the conveyance of public utilities as granted, conveyed and described within Mutual Easement Agreement, recorded April 5, 1989, Volume 236 of Official Records, at page 48, Auditor's File No. 89156743, records of San Juan County, Washington.

TOGETHER WITH that portion of said Parcel "B", lying Westerly of the following described line:

Beginning at a 5/8" rebar with yellow plastic cap marked Greg White PLS 36826 on the Northerly line of said Parcel "B" from which a Rehm and Condon iron pipe marking the Southeast corner of Lot 30 Plat of Rosario No. 3, Volume 3 of Plats at pages 15 and 15A, records of said County, bears North 68° 01' 40" East, 10.07 feet; thence South 38° 24' 36" East, 72.30 feet to a 5/8" rebar with yellow plastic cap marked Greg White PLS 36826; thence South 14° 46' 24" East, 59.10 feet to a 5/8" rebar with yellow plastic cap marked Greg White PLS 36826; thence South 08° 14' 02" East, 115.34 feet to a 5/8" rebar with yellow plastic cap marked Greg White PLS 36826 on the line described directly below.

EXCEPTING any portion of said Parcel "B" lying Southwesterly of the following described line: Beginning at the Southeasterly corner of All unite of Patos, Parcel 'C', Hillside Condominiums of Rosario (a condominium), along with Common Elements, according to Declaration thereof recorded May 1, 2007, under Auditor's File No. 2007 0501003, and nay amendments thereto, and Survey Map and Plans thereof recorded in Volume 1 of Condominiums, pages 5 and 5A, records of San Juan County, Washington, and any amendments thereto, at a rebar with cap marked ISI PLS 26369; thence along the Southerly boundary line of said Parcel 'C' North 89° 58' 50" West, 207.23 feet to a 1-inch iron pipe with cap marked K & S 15038'; thence along the Easterly boundary line of said Parcel "B", South 36° 25' 12" West, 80.51 feet to a rebar with a cap marked LS 19612 and the TRUE POINT OF BEGINNING; thence North 71° 10' 10" West, 301.06 feet to a rebar with a cap marked LS 19612 on the Westerly boundary line of said Parcel "B" and the terminus of said line.

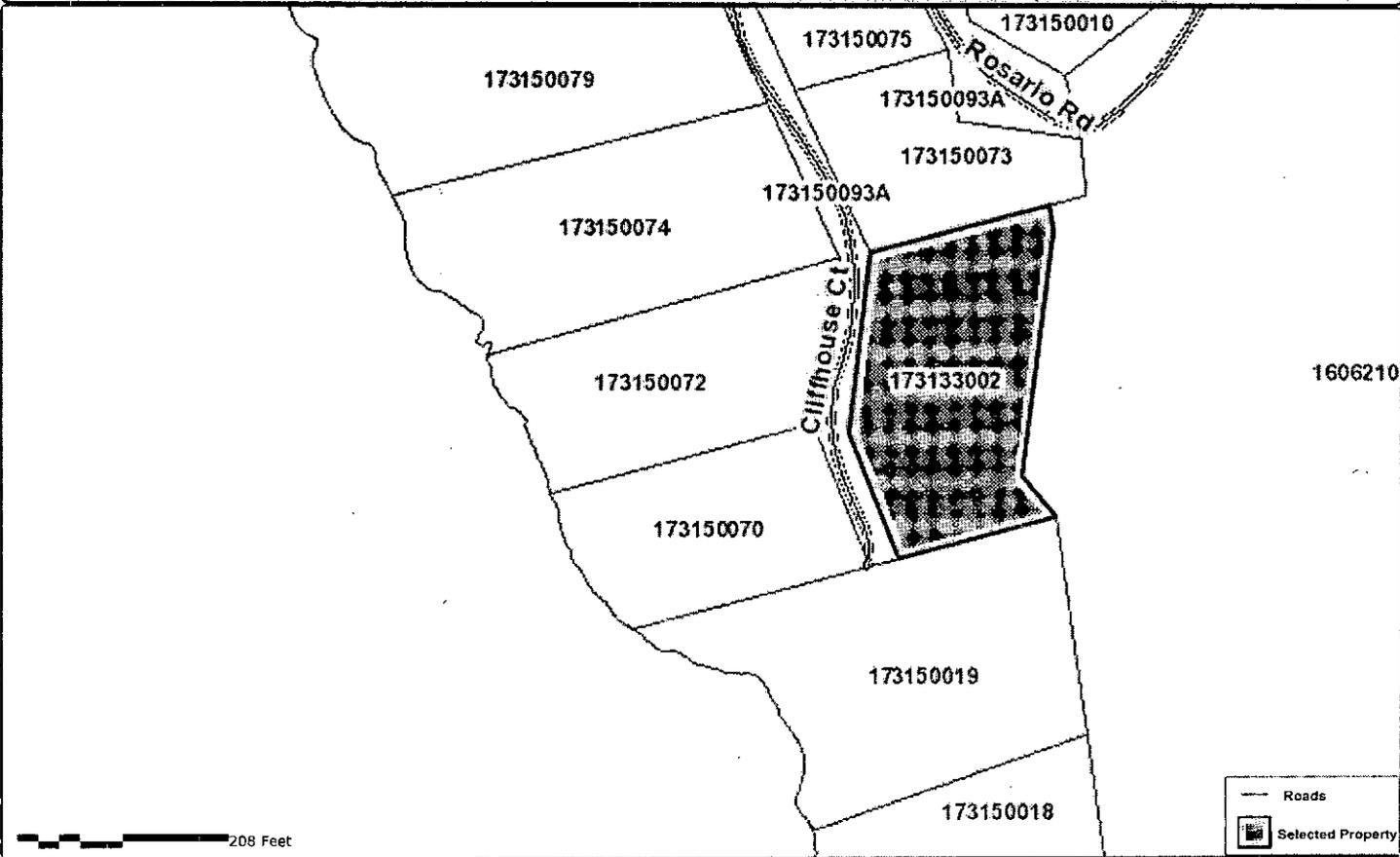
Situate in San Juan County, Washington

Those portions of vacated Lots 20E and 21E as Vacated pursuant to San Juan County Board of Commissioners Resolution No. 90-1986, May 20, 1986 of ROSARIO ESTATES, according to the Plat thereof, recorded in Volume 2 of Plats, at page 3, in the office of Auditor of San Juan County, Washington, lying Westerly of the following described line:

Beginning at the Southeast corner of said Lot 20E as marked by an iron pipe set by Rehm & Condon, Inc. from which the Southwest corner of said Lot as marked by an iron pipe set by Rehm & Condon, Inc., bears South 74° 21' 58" West, a distance of 109.00; thence North 39° 38' 03" West a distance of 35.92 feet; thence North 6° 43' 40" East a distance of 170.04 feet; thence North 11° 11' 36" West a distance of 15.94 feet to a point on the North line of said Lot 21E and the terminus of this line description from which the Northwest corner of said Lot 21E as marked by an iron pipe set by Rehm & Condon, Inc. bears South 74° 39' 36" West a distance of 121.67 feet.

Situate in San Juan County, Washington.

San Juan County Assessor & Treasurer - Map of Property ID 4826 for Year 2014



Property Details

Account
 Property ID: 4826
 Geo ID: 173133002000
 Type: Real
 Legal Description: PRS GL-4 & GL-3, SEC 6,T36N Sec 31, T 37N, R 1W

Location
 Situs Address:
 Neighborhood: Rosario- Rosario Resort
 Mapsco:
 Jurisdictions: CC EXP,CC RD SHFT,CO ROAD,CON FUT,DVCORDSH,OR FIRE,OR LB,OR P&R,OR SC BD,O

Owner
 Owner Name: ROSARIO SIGNAL LLC
 Mailing Address: c/o JERRY BARTO, 1400 ROSARIO RD, EASTSOUND, WA 98245-8570

Property
 Appraised Value: \$200250

This sketch is furnished for information purposes only to assist in property location with reference to streets and other parcels. It is not guaranteed as to accuracy and the Company assumes no liability for any losses occasioned by reason of reliance thereon.

<http://parcel.sanjuanco.com/Map/View/Map/0/4826/2014>



San Juan County Assessor & Treasurer - Map of Property ID 3179 for Year 2014



Property Details

Account

Property ID: 3179
Geo ID: 160621001000
Type: Real
Legal Description: PR GL 3, 4 & 5, TGW TDS Sec 06, T 36N, R 1W

Location

Situs Address: 1400 Rosario Rd ORCAS ISLAND,
Neighborhood: Rosario- Rosario Resort
Mapsco:
Jurisdictions: CC EXP,CC RD SHFT,CO ROAD,CON FUT,DVCORDSH,OR FIRE,OR LB,OR P&R,OR SC BD,O

Owner

Owner Name: ROSARIO SIGNAL LLC
Mailing Address: c/o JERRY BARTO, 1400 ROSARIO RD, EASTSOUND, WA 98245-8570

Property

Appraised Value: \$2480120

<http://parcel.sanjuanco.com/Map/View/Map/0/3179/2014>



This sketch is furnished for information purposes only to assist in property location with reference to streets and other parcels. It is not guaranteed as to accuracy and the Company assumes no liability for any losses occasioned by reason of reliance thereon.

with reference to streets and other parcels. It is not guaranteed as to accuracy and the Company assumes no liability for any losses occasioned by reason of reliance thereon.

Auditor File #: Auditor File #: 2008 1117017

RECORDED AT THE REQUEST OF
AND AFTER RECORDING RETURN TO:

WAGRE EASE

Foster Pepper PLLC
1111 Third Avenue, Suite 3400
Seattle, WA 98101
Attn: Roger A. Pearce

Recorded at t Recorded at the request of:
CHICAGO CHICAGO TITLE COMPANY

on 11/17 on 11/17/2008 at 15:26

Total of Total of 14 page(s) Fee: \$ 55.00

EXCISE TAX NOT REQUIRED
SAN JUAN CO. TREASURER
BY *[Signature]* DEPUTY

SAN JUAN COUNTY, WASHINGTON
F. MILENE HENLEY, AUDITOR

DMT DMT

EASEMENT FOR PEDESTRIAN TRAIL AND WATER DIVERSION FACILITY

Grantor: Oly Rose, LLC, a Delaware limited liability company

Grantee: Oly Rose, L.L.C., a Delaware limited liability company

Grantor's Property: Ptn NW ¼ of SW ¼, §31 T37N, R1W, W.M.
Situate in San Juan County, Washington.
Complete Legal at Exhibit A.

Grantee's Property: Ptn Gov Lot 3, §6, T36N, R1W, W.M.; Ptns Govt Lots 4 & 5,
§31, T37N, R1W, W.M.;
Ptn Gov Lot 6, §31, T37N, R1W, W.M.;
Ptn SE SE ¼, §30 & NW ¼ §31, T37N, R1W, W.M.;
Tract A and Ptn Lot 24, Rosario No. 3, Plats V.3 pp. 15-15A;
Ptn Gov Lots 6 & 7 and ptn of NW ¼ of SE ¼ of SE ¼ of S/E ¼,
all in §31 T37N, R1W W.M.;
Ptn Gov Lots 5 & 6, §31, T37N, R1W, W.M.;
Ptn NW ¼ of SE ¼, §31, T37N, R1W, W.M.
All situate in San Juan County, Washington
Complete Legal at Exhibit B.

Assessor's ID#s:
Grantor's Property 173142002000

Grantee's Property 160621001000; 173143009000, 173043001000, 173152037000,
173152038000, 173142001000, 173134005000, 173133002000

Reference No.: N/A

2008 1117017 PAGE 2 OF 14
SAN JUAN COUNTY, WASHINGTON

EASEMENT FOR PEDESTRIAN TRAIL AND WATER DIVERSION FACILITY

This EASEMENT FOR PEDESTRIAN TRAIL AND WATER DIVERSION FACILITY (the "Easement") is entered into as of the 24th day of October, 2008, by and between the OLY ROSE, LLC, a Delaware limited liability company, as owner of the Grantor's Property described herein ("Grantor") and OLY ROSE, LLC, a Delaware limited liability company, as owner of the Grantee's Property described herein ("Grantee").

RECITALS

- A. Grantor is the owner of that certain real property located in San Juan County legally described in Exhibit A hereto ("Grantor's Property").
- B. Grantee is the owner of that certain real property located in San Juan County that is nearby to Grantor's Property and legally described in Exhibit B hereto ("Grantee's Property").
- C. Grantor's Property and Grantee's Property have been operated in conjunction with one another as part of Rosario Resort, and for many years were jointly owned. Grantee is currently auctioning and conveying Grantee's Property separately from Grantor's Property. Grantee's Property is the property on which San Juan County has approved development of an expansion to the Rosario Resort as described in the Rosario Resort Master Plan (May 2007) pursuant to San Juan County Ordinance No. 11-2007.
- D. Grantee owns and maintains certain water diversion and water conveyance facilities on the Grantor's Property for the benefit of the Grantee's Property, including a water line, meter, valves, and water diversion attached to and through the Cascade Lake Dame on Grantor's Property (the "Diversion Facilities"). The Diversion facilities have allowed the lawful diversion of water for irrigation, for fire protection, and for hydropower uses on Grantee's Property.
- E. After Grantee conveys Grantee's Property to a third party, which is anticipated to occur after an auction of Grantee's Property scheduled to occur on or about September 30, 2008, Grantee's successor in interest will require to access and maintain those diversion and conveyance facilities on Grantor's Property for purposes or irrigation, fire protection and possibly for hydropower uses.
- F. The County-approved Resort Master Plan also shows some pedestrian paths on Grantor's Property that may be developed by Grantee during the development and expansion of the Rosario Resort pursuant to the County-approved Resort Master Plan.
- G. Because Grantor's Property and Grantee's Property will be owned and operated by separate owners in the future, Grantor and Grantee wish to enter into this easement to provide Grantee the ability to operate, service and maintain Grantee's Diversion Facilities on Grantor's Property and to develop and maintain the pedestrian paths for the benefit of Grantor's Property as proposed in the Rosario Resort Master Plan.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENTS

1. Grant of Easement for Access to and Maintenance of Diversion and Conveyance Facilities. Grantor hereby grants, for the benefit of Grantee's Property, a perpetual, nonexclusive easement for Grantee to operate, maintain and repair the existing Grantee's Diversion Facilities on Grantor's Property. This includes the right to come onto Grantor's Property at reasonable times and with reasonable notice to Grantor in order to repair and maintain Grantee's Diversion Facilities. This easement does not obligate the Grantee to maintain the dam structure itself, except to the extent necessary to maintain the Diversion Facilities, or the associated spillway with the dam structure. The Grantor and Grantee anticipate that the maintenance of dam and spillway structures on Grantor's Property will be addressed in a separate agreement.
2. Grant of Easement for Location, Construction and Maintenance of Pedestrian Paths. Grantor hereby grants, for the benefit of Grantee's Property, a perpetual, nonexclusive easement for Grantee to locate, develop, use and maintain pedestrian paths no more the six feet in width as generally shown in the Rosario Resort Master Plan approved by San Juan County Ordinance No. 11-1997. The general location of the path is between the presently existing tennis courts and lakeshore (see Figure 2.8-1 of Rosario Resort Master Plan). This easement includes the right to access the paths and adjacent portions of Grantor's Property in order to maintain the paths.
3. Use of Easements. Grantee shall keep Grantee's Diversion Facilities and Grantee's pedestrian paths in good and serviceable condition. Grantee, its employees, officers, directors, contractors, partners, agents, lessees, sublessees, licensees, successors and assigns shall not use the Grantor's Property in any way that would adversely affect and/or damage Grantor's Property, the improvements located thereon, or any of Grantor's tenants, lessees, guests, invitees, licensees, agents, employees, officers, directors, contractors or customers.
4. Maintenance. Grantee shall be responsible for maintenance and all costs of maintenance of Grantee's Diversion Facilities and Grantee's pedestrian paths. All repairs shall be made in a professional manner and in compliance with all applicable laws, ordinances, codes and regulations. Except for emergencies, Grantee shall give reasonable notice to Grantor of any maintenance or repair activities on Grantor's Property and shall schedule maintenance and repair activities in consultation with Grantor in order to minimize inconvenience to Grantor and Grantor's invitees. After any maintenance or repair of Grantee's water diversion and conveyance facilities and/or Grantee's pedestrian paths by Grantee, Grantee shall promptly restore Grantor's Property to as good or better condition as prior to the maintenance or repair activity.

5. Permitting. Grantor shall cooperate in all permitting and permit applications necessary for Grantee to exercise the easement rights granted herein. Grantee shall reimburse Grantor for all expenses required for Grantor to provide such cooperation in permitting.

6. Reservation of Other Rights. Grantor retains, reserves and shall continue to enjoy the use of the Grantor's Property for any and all purposes which do not unreasonably interfere with the rights granted to Grantee herein.

7. Indemnity. Grantee shall indemnify and hold Grantor harmless for, from, and against all losses, liabilities, claims (including mechanics' or materialmen's liens), costs (including attorneys' fees), actions or damages of any sort or nature whatsoever incurred as a result of or arising out of the construction and/or operation, maintenance, removal, repair or replacement of Grantee's water diversion and conveyance facilities and Grantee's pedestrian paths and from any personal injury or property damage caused by or arising out of the use of Grantor's Property by Grantee, its invitees, employees, officers, directors, contractors, customers, partners, agents, lessees, sublessees, licensees, visitors, guests, successors and assigns. The indemnities granted hereby shall not apply to any losses, liabilities, claims, costs, actions or damages caused by the intentional misconduct or to the extent of negligence or contributory negligence of Grantor. Further, should Grantor's Property and/or the improvements located thereon be damaged or destroyed by the negligence, default, act, or omission of Grantee or any officer, agent, employee, guest, invitee, contractor, subcontractor, tenant, lessee or visitor of Grantee during Grantee's exercise of the rights granted herein, and after request to Grantee to repair such damage and a reasonable time for Grantee to take commence repairs, Grantor may repair such damage and restore Grantor's Property and improvements at Grantee's expense to as good a condition as existed immediately prior to said damage or destruction, and Grantee shall compensate Grantor, its tenants and subtenants, for any and all other damages, including, but not limited to, loss of income or business occurring as a result of such damage or destruction. Grantee shall be solely responsible for and shall pay all costs and expenses of such repair and restoration immediately upon receipt of invoices for the same from Grantor.

8. Liens; Taxes. Grantee shall have no authority to create or place any lien or encumbrance of any kind whatsoever upon Grantor's Property in the exercise of the rights granted herein, or in any manner to bind the interest of Grantor in Grantor's Property, and Grantee covenants and agrees promptly to pay all sums legally due and payable by it on account of any work performed upon Grantor's Property. Grantor shall pay all real estate taxes and special assessments on the Grantor's Property; however, Grantee shall reimburse Grantor upon request for all such real estate taxes or special assessments to the extent attributable to Grantee's water diversion and conveyance facilities and Grantee's pedestrian paths on Grantor's Property.

9. Enforcement. The restrictions, easements, and covenants, contained herein may be enforced by the respective owners of Grantor's Property and Grantee's Property and their respective designated agents and the successors and assigns of the above parties. Violation of any one or more of the restrictions or covenants may be restrained or enforced by any court of competent jurisdiction and/or damages may be awarded for any violation. However, nothing herein shall be construed as meaning that damages are an adequate remedy where equitable relief

is sought, and the parties retain all remedies available in law or equity. In the event any party employs an attorney to enforce any of the restrictions, easements or covenants herein, or to uphold or defend the validity of any restrictions, easements, or covenants contained in this Easement, the prevailing party shall be entitled to recover its costs and reasonable attorneys' fees incurred in connection with such action, including appellate costs. In addition, if any party shall fail or refuse to perform any of its respective obligations or duties as set forth in this Easement, and if such failure or refusal shall continue for thirty (30) days after such defaulting party receives written notice thereof from any other party hereunder (unless, within such thirty (30) day period, such defaulting party has commenced and is diligently pursuing the performance of the obligation or duty specified in such notice), then the party giving such written notice shall have the right (but not the obligation) to perform or pay the obligation or duty which the defaulting party has failed or refused to perform or pay and, in connection therewith, each party hereto grants to the other party, and its respective agents, employees, and independent contractors, full right on, to, and from their respective properties for the purposes of performing such obligations or duties. All costs and expenses incurred by any party in connection with the performance of a defaulting party's obligation or duty shall be repaid by the defaulting party within ten (10) days after demand, together with interest thereon from the date of demand until repaid at the lesser of (1) the maximum rate permitted under applicable law or (2) the rate of twelve percent (12%) per annum.

Any such claim for monies due and payable under this Easement, together with interest as aforesaid, shall be a secured right, and a lien therefor in favor of the party owed said monies may attach to the real property (and improvements thereon) described herein which is owned by the defaulting party effective upon recording of a notice of claim of lien in the Recorder's Office of San Juan County, Washington, stating the amount due, the name of the defaulting party, and the legal description of the property owned by such defaulting party. Such lien may be enforced by all methods for the enforcement of such liens, including foreclosure by an action in like manner as a mortgage of real property. Such lien shall be subordinate to any first mortgage or deed of trust now or hereafter covering any portion of such defaulting party's property and improvements thereon. A breach of this Easement shall not defeat or render invalid any such mortgage or deed of trust. It is further agreed that the foregoing lien shall be in addition to any right of subrogation the party paying or performing such obligation or duty may have to any mechanics', contractors' or materialmen's liens. The party who paid or performed the defaulting party's obligations may bring an action at law against the defaulting owner personally obligated to pay the same for a money judgment or to foreclose the lien against the property, or both, and interest, costs, and reasonable attorneys' fees on any action shall be added to the amount due and owing.

10. Governing Law. This Easement shall be governed by the laws of the State of Washington.

11. Binding Effect. The easements and covenants in this Agreement shall be a covenant running with the land and shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns. The rights and obligations herein shall not be extinguished by merger, by nonuse or abandonment, or by transfer of any interest in the Grantor's Property or the Grantee's Property.

12. Captions. The captions and paragraph headings contained in this Agreement are for convenience of reference only and in no way define, describe, extend or limit the scope or intent of this Easement, nor the intent of any provision hereof.

13. Amendment. This Agreement may not be modified or amended without the prior written approval of the parties hereto, or their respective successors and assigns.

14. Severability. If any clause, sentence, or other portion of the terms, conditions, covenants and restrictions of this Agreement becomes illegal, null or void for any reason, or is held by any court of competent jurisdiction to be so, the remaining portions will remain in full force and effect.

15. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original, but which together shall constitute one and the same document.

16. Authority. All parties executing this Agreement in a representative capacity covenant that all necessary approvals have been granted by any body required to provide them with the authority to enter into this Agreement.

17. No Third-Party Beneficiaries. The parties agree that this Easement is solely for the benefit of the parties hereto, and their heirs, successors and assigns, and shall not be construed to confer any rights or enforcement rights to any third party including governmental agencies.

18. No Merger/Further Actions. Grantor and Grantee that the rights in this Easement shall not be extinguished by the doctrine of merger. Grantor agrees for itself and its successors in interest that any successor in interest shall re-execute this Easement in this same form if a court of competent jurisdiction finds any extinguishment by merger with respect to any of the part of this Easement.

IN WITNESS WHEREOF, this Agreement is executed as of the date first shown above.

GRANTOR:

OLY ROSE, LLC, a Delaware limited liability company


By: LAURIE CAMERON
Its: VP

GRANTEE:

OLY ROSE, LLC, a Delaware limited liability company


By: LAURIE CAMERON
Its: VP

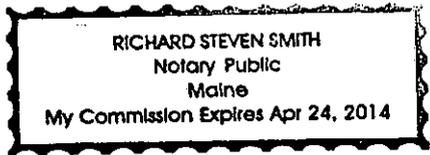
2008 1117017 PAGE 7 OF 14
SAN JUAN COUNTY, WASHINGTON

STATE OF MAINE
COUNTY OF CUMBERLAND

SS.

I certify that I know or have satisfactory evidence that LAURIE CAMERON is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the VICE PRESIDENT of Grantor Oly Rose, LLC, a Delaware limited liability company, to be the free and voluntary act of such company for the uses and purposes mentioned in the instrument.

Dated this 24th day of OCTOBER, 2008.



Richard Steven Smith
(Signature of Notary)

RICHARD STEVEN SMITH
(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of MAINE, residing at 50 MONUMENT SQ. PORTLAND, ME 04101
My appointment expires APRIL 24, 2014

STATE OF MAINE
COUNTY OF CUMBERLAND

SS.

I certify that I know or have satisfactory evidence that LAURIE CAMERON is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the VICE PRESIDENT of Grantee Oly Rose, LLC, a Delaware limited liability company, to be the free and voluntary act of such company for the uses and purposes mentioned in the instrument.

Dated this 24th day of OCTOBER, 2008.



Richard Steven Smith
(Signature of Notary)

RICHARD STEVEN SMITH
(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of MAINE, residing at 50 MONUMENT SQ. PORTLAND, ME 04101
My appointment expires APRIL 24, 2014

**EXHIBIT A
GRANTOR PROPERTY**

PARCEL 173142002000 (Tennis Courts)

That portion of said Northwest Quarter of the Southeast Quarter said Section 31, Township 37 North, Range 1 West, W.M., lying Easterly of County Road No. 216 and Northerly and Westerly of the following line:

Commencing at a 1" iron pipe marking the Northeast corner of Lot 4, Plat of Rosario No. 3, as recorded at Volume 3 of Plats, at page 15, records of said county; Thence South $61^{\circ}51'40''$ East 158.9 feet to an aluminum U.S.G.S. survey monument set on the North end of the Rosario Dam; said point being the TRUE POINT OF BEGINNING; Thence from said TRUE POINT OF BEGINNING South 84° West 40 feet, more or less, to the East margin of said County Road No. 216 and the point of termination; Thence returning to the TRUE POINT OF BEGINNING; Thence from said Point of Beginning North 84° East to a point which bears South 28° East from the most Northerly corner of Lot 2, said Plat of Rosario No. 3; Thence North 28° West 300.0 feet, more or less, to a point on the Easterly margin of said County Road No. 216 and the point of termination; AND ALSO

That portion of said Northwest Quarter of the Southeast Quarter said Section 31, Township 37 North, Range 1 West, W.M., described as follows:

Commencing at a 1" iron pipe marking the Northeast corner of Lot 4, Plat of Rosario No. 3, as recorded at Volume 3 of Plats, at page 15, records of said county; Thence South $61^{\circ}51'40''$ East 158.9 feet to an aluminum U.S.G.S. survey monument set on the North end of the Rosario Dam; and the True Point of Beginning; Thence North 84° East, 250.00 feet; Thence South 20° East, 150.00 feet; Thence South 45° West, 140. feet, more or less to a point on the East margin of said County Road No. 216; Thence Northwesterly along said East margin to a point which bears South 84° West from the point of beginning; Thence North 84° East, 50 feet, more or less to the point of beginning.

EXCEPTING THEREFROM any portion lying or situate within County Road No. 216.

Situate in San Juan County, Washington.

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SAN JUAN COUNTY, WASHINGTON

**EXHIBIT B
GRANTEE PROPERTY**

PARCEL 160621001000 (Mansion)

That portion of Government Lot 3, Section 6, Township 36 North, Range 1 West, W.M., and that portion of Government Lots 4 and 5 Section 31, Township 37 North, Range 1 West, W.M., described as follow:

Beginning at the Southeast corner of Lot 18 as shown in the Plat of Rosario Estates recorded at Volume 2 of Plats at page 3, records of said County; Thence along the Easterly boundary of said Lot 18 and continuing along the Easterly boundaries of Lots 19, 20E and 21E to the Southeast corner of Lot 22E; Thence along the Easterly boundary of Lot 22E North 6°10' West 38.7 feet; Thence Northwesterly 45 feet, more or less, to the most Southerly corner of Lot 10 of said plat; Thence continuing Northeasterly along the Southeasterly boundaries of Lots 1 through 10 to the Southeast corner of said Lot 1; Thence along the Northeasterly boundary of said Lot 1, 75.1 feet, more or less to a point on a line parallel with and 75.0 feet Northerly of the North margin of a 40-foot wide easement road as shown on the face of "Sucia" as described at Volume 1 of Condominiums at page 1, said records; Thence leaving said boundary and along said parallel line North 82°30' East 130.38 feet; Thence North 87°57'40" East 90.38 feet; Thence perpendicular to said North margin South 2°02'20" East 115.0 feet to the Southerly margin of said 40-foot wide easement; Thence along said Southerly margin North 87°57'40" East 258.78 feet to the Northwest corner of that parcel of land described at Auditor's File No. 51101; Thence along the Westerly boundary of said parcel described at Auditor's File No. 51101 Southeasterly to a point on the line of ordinary high tide; Thence southwesterly along said line of ordinary high tide to a point on the Northerly boundary of Lot 18B of said Plat of Rosario Estates, that bears South 66°09' East from said TRUE POINT OF BEGINNING; Thence leaving said line of ordinary high tide and along said Northerly lot boundary North 66°09' West to said point of beginning.

TOGETHER WITH the Tidelands of the Second Class situate in front of, adjacent to, abutting upon that portion of the U.S. Government Meander Line of Government Lot 5 as conveyed by the State of Washington by Tideland Deed, recorded January 20, 1906, in Volume 10 of Deeds, at page 130 records of San Juan County, Washington.

TOGETHER WITH the Tidelands of the Second Class situate in front of, adjacent to, abutting upon Government Lot 5 lying between the line of mean low tide and the line of extreme low tide as conveyed by the State of Washington by Deed, recorded February 3, 1912, in Volume 12 of Deeds, at page 615, under Auditor's File No. 12709, records of San Juan County, Washington.

Situate in San Juan County, Washington.

PARCEL 160621001000 (Mansion)

Vacated Lots 18A, 18B, 18C, 18D, 18E, 20E and 21E as Vacated pursuant to San Juan County Board of Commissioners Resolution No. 90-1986, May 20, 1986 of ROSARIO ESTATES, according to the Plat thereof, recorded in Volume 2 of Plats, at page 3, in the office of Auditor of San Juan County, Washington.

EXCEPTING THEREFROM those portions of vacated Lots 20E and 21E as Vacated pursuant to San Juan County Board of Commissioners Resolution No. 90-1986, May 20, 1986 of ROSARIO ESTATES, according to the Plat thereof, recorded in Volume 2 of Plats, at page 3, in the office of Auditor of San Juan County, Washington, lying Westerly of the following described line:

Beginning at the Southeast corner of said Lot 20E as marked by an iron pipe set by Rehm & Condon, Inc. from which the Southwest corner of said Lot as marked by an iron pipe set by Rehm & Condon, Inc., bears South 74° 21' 58" West, a distance of 109.00; thence North 39° 38' 03" West a distance of 35.92 feet; thence North 6° 43' 40" East a distance of 170.04 feet; thence North 11° 11' 36" West a distance of 15.94 feet to a point on the North line of said Lot 21E and the terminus of this line description from which the Northwest corner of said Lot 21E as marked by an iron pipe set by Rehm & Condon, Inc. bears South 74° 39' 36" West a distance of 121.67 feet..

Situate in San Juan County, Washington.

PARCEL 173143009000 (SATELLITE HALL)

Portion of Government Lot 6, Section 31, Township 37 North, Range 1 West of W.M., more particularly described as follows:

Commencing at the most Easterly corner of Lot 30 of the Plat of Rosario No. 3, recorded in Volume 4 of Plats at page 15, records of San Juan County, Washington. Thence North 69°16'20" East, 59.30 feet; Thence South 3°15'44" West 119.52 feet; Thence South 51°59'15" East 133.17 feet to an iron pipe and the TRUE POINT OF BEGINNING; Thence from said True Point of Beginning East 207.56 feet to a point marked by an iron pipe; Thence South 46°29'29" West 125.00 feet to a point marked by an iron pipe; Thence West 180.13 feet to a point marked by an iron pipe; Thence North 36°18' East 106.79 feet to the TRUE POINT OF BEGINNING.

SUBJECT TO AND TOGETHER WITH a non-exclusive easement for roadway and utility purposes as described within and conveyed by Mutual Easement, recorded April 5, 1989, Volume 236 of Official Records, at page 48, Auditor's File No. 89156743, records of San Juan County, Washington.

Situate in San Juan County, Washington.

PARCEL 173043001000

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SAN JUAN COUNTY, WASHINGTON

A portion of the Southeast Quarter of Section 30 and the Northeast Quarter of Section 31, Township 37 North, Range 1 West, Willamette Meridian, San Juan County, Washington, more particularly described as follows:

Beginning at the South Quarter Corner of Section 30; Thence S.01°09'58"W., a distance of 89.58 feet to the intersection of the centerline of the Orcas-Olga Road (County Road No. 4) and the centerline of the 60 foot access easement of "Vusario Lane", being also the POINT OF BEGINNING; Thence along said easement, North 32° 18' 30" East, a distance of 175.00 feet to a point of curve to the right having a radius of 297.85 feet and a central angle of 15° 17' 52"; Thence Northeasterly along the arc a distance of 79.52 feet; Thence North 47° 36' 22" East, a distance of 100.89 feet to a point of curve to the right having a radius of 137.09 feet and a central angle of 47°16'33"; Thence Easterly along the arc a distance of 113.11 feet; Thence South 85° 07' 05" East, a distance of 49.94 feet to a point of curve to the left having a radius of 257.37 feet and a central angle of 21° 59' 17"; Thence Easterly along the arc a distance of 98.77 feet; Thence North 72° 53' 38" East, a distance of 91.32 feet to a point of curve to the left having a radius of 281.18 feet and a central angle of 26° 01' 59"; Thence Northeasterly along the arc a distance of 127.76 feet; Thence North 46° 51' 39" East, a distance of 128.70 feet to a point of curve to the right having a radius of 82.01 feet and a central angle of 52° 00' 00"; Thence Easterly along the arc a distance of 74.43 feet; Thence South 81° 08' 21" East, a distance of 93.28 feet to a point of curve to the right having a radius of 284.64 feet and a central angle of 26° 18' 00"; Thence Easterly along the arc a distance of 130.66 feet to a point of reverse curve to the left having a radius of 402.48 feet and a central angle of 18° 45' 50"; Thence Southeasterly along the arc, a distance of 131.81 feet; Thence South 73° 36' 11" East, a distance of 33.46 feet to a point of curve to the right having a radius of 409.89 feet and a central angle of 18° 01' 19"; Thence Southeasterly along the arc a distance of 128.93 feet to a point of reverse curve to the left having a radius of 39.00 feet and a central angle of 22° 55' 42"; Thence Southeasterly along the arc a distance of 15.61 feet; Thence leaving said easement, South 78° 30' 34" East, a distance of 305.57 feet; Thence North 46° 57' 18" East, a distance of 735.09 feet; Thence South 88° 42' 03" East, a distance of 491.29 feet to a point on the East line of Section 30; Thence along said East line, South 01° 17' 57" West, a distance of 724.09 feet to the Southeast corner of Section 30; Thence along the South line of Section 30, North 88° 46' 20" West, a distance of 1,316.41 feet; Thence South 02° 31' 56" West, a distance of 714.40 feet to the centerline of the aforesaid Orcas-Olga Road; Thence along said centerline South 75° 48' 06" West, a distance of 32.91 feet to a point of curve to the right having a radius of 349.67 feet and a central angle of 37° 16' 59"; Thence Westerly along the arc a distance 227.54 feet; Thence North 66° 54' 55" West, a distance of 290.23 feet; Thence North 69° 40' 25" West, a distance of 281.18 feet to a point of curve to the right having a radius of 699.34 feet and a central angle of 22° 10' 30"; Thence Northwesterly along the arc a distance of 270.67 feet; Thence North 47° 29' 55" West, a distance of 172.41 feet to a point of curve to the right having a radius of 699.34 feet and a central angle of 11° 36' 00"; Thence Northwesterly along the arc a distance of 141.59 feet; Thence North 35° 53' 55" West, a distance of 85.70 feet to the Point of Beginning.

Situate in San Juan County, Washington.

PARCEL 173152037000

Tract "A", of ROSARIO NO. 3, according to the plat thereof, recorded in Volume 3 of Plats, at pages 15 and 15A, in the office of the Auditor of San Juan County, Washington.

TOGETHER WITH a non-exclusive right to use the roads and streets as platted as a means of ingress and egress for private roadway purposes as created, declared and granted in the Dedication of the Plat of Rosario No. 3.

SUBJECT TO AND TOGETHER WITH a non-exclusive easement for roadway and utility purposes as described within and conveyed by Mutual Easement Agreement recorded April 5, 1989 in Volume 236 of Official Records, at page 48, under Auditor's File No. 89156743, records of San Juan County, Washington.

Situate in San Juan County, Washington.

PARCEL 173152038000

That portion of Lot 24, of ROSARIO NO. 3, according to the Plat thereof, recorded in Volume 3 of Plats, at pages 15 and 15A, in the Office of the Auditor of San Juan County, Washington, described as follows:

Beginning at a concrete monument marking the Northwest corner of said Lot 24; Thence North $76^{\circ}57'30''$ East, 154.43 feet to a point on the East boundary of said Lot 24; Thence along said East boundary North $18^{\circ}00'$ West, 40.15 feet to the Northeast corner of said Lot; Thence along the North boundary of said Lot, South $76^{\circ}48'20''$ West, 105.41 feet to a point on the boundary common to said Lot 24 and Tract A of said plat and which point is on the curve to the right having a radius of 40 feet; Thence Southwesterly along said curve thru a central angle of $98^{\circ}07'40''$ for a distance of 68.5 feet to the Point of Beginning.

TOGETHER WITH a non-exclusive right to use the roads and streets as platted as a means of ingress and egress for private roadway purposes as created, declared and granted in the Dedication of the Plat of Rosario No. 3.

SUBJECT TO AND TOGETHER WITH a non-exclusive easement for roadway and utility purposes as described within and conveyed by Mutual Easement Agreement recorded April 5, 1989 in Volume 236 of Official Records, at page 48, under Auditor's File No. 89156743, records of San Juan County, Washington.

Situate in San Juan County, Washington.

PARCEL 173142001000

That portion of Government Lot 6 and Government Lot 7, and portions of the Northwest quarter of the Southeast Quarter and the Southeast Quarter of the Southeast Quarter all in Section 31, Township 37 North, Range 1 West, W.M., described as follows:

Beginning at the most Easterly corner of that portion of Satellite Condominiums designated as "Patos" and recorded at Volume 1 of Condominiums, Page 5, records of said County, said corner is marked by a 1" iron pipe; Thence along the boundary of that portion of Satellite Condominiums designated "Skipjack" and recorded at Volume 1 of Condominiums, Page 13, said records, North 39°47'59" East, 73.47 feet; Thence continuing along said boundary North 1°59'22" West, 146.71 feet; Thence South 44°41'37" East, 342.78 feet; South 26°52'11" East, 233.97 feet to the most Easterly corner of said "Skipjack", Phase 2: Thence leaving said boundary South 51°02'22" East, 248.28 feet to a point on the Westerly boundary of the plat of Rosario Palisades as recorded at Volume 3 of Plats, Page 37, said records; Thence along said Westerly boundary North 24°57'50" East, 310.56 feet; Thence continuing along said Westerly boundary North 37°25'40" East, 107.21 feet; Thence North 56°45' East, 77.4 feet; Thence North 37°26'10" East, 116.06 feet to the Southwesterly margin of Palisades Drive as shown on said Plat of Rosario Palisades; Thence along said Southwesterly margin of Palisades Drive to the most Northerly corner of Lot 36 as shown in the Plat of Rosario No. 3, recorded at Volume 3 of Plats, Page 15, said records; Thence along the Southeasterly boundary of said Plat of Rosario No. 3 to the most Southerly corner of Lot 31 of said Plat of Rosario No. 3; Thence leaving said Southeasterly boundary and along the Northerly boundary of the "Access Area" as shown on said "Patos" condominium North 69°16'20" East, 59.3 feet; Thence continuing along said Northerly boundary North 86°08' East, 158.25 feet; Thence South 71°28' East, 100.5 feet; Thence South 61°36'20" East, 175.42 feet to the Point of Beginning.

TOGETHER WITH that parcel of land designated as "Skipjack", Phase 2, as shown at said Volume 1 of Condominiums, at page 13, AND ALSO

TOGETHER WITH a non-exclusive easement for private roadway purposes as a means of ingress, egress and utilities as described and conveyed by Easement Agreement, recorded September 7, 1984, Volume 121, of Official Records, at page 332, Auditor's File No. 132081, records of San Juan County, Washington.

TOGETHER WITH AND SUBJECT TO a non-exclusive ingress, egress and the conveyance of public utilities as granted, conveyed and described within Mutual Easement Agreement, recorded April 5, 1989, of Official Records, Volume 236, at page 48, Auditor's File No. 89156743, records of San Juan County, Washington.

Situate in San Juan County, Washington.

PARCEL 173134005000

That portion of Government Lot 5 and Government Lot 6, Section 31, Township 37 North, Range 1 West, W.M., described as follows:

Beginning at the Southeast corner of "Sucia" as described at Volume 1 of Condominiums, page 1, records of said County, and which point is marked by a 1" iron pipe; thence along the South and West boundaries of "Sucia" to the most Southerly corner of that parcel of land designated as "Matia" in said Volume 1 of Condominiums; Thence along the Westerly margin of "Matia" to a 1" iron pipe marking the Southeast corner of Lot 29 of Rosario No. 3 as recorded at Volume 3 of

RECORDED AT THE REQUEST OF
AND AFTER RECORDING RETURN TO:

Foster Pepper PLLC
1111 Third Avenue, Suite 3400
Seattle, WA 98101
Attn: Roger A. Pearce

Auditor File # Auditor File #: 2008 1117018

AGREE COVEN

Recorded at t Recorded at the request of:

CHICAGO CHICAGO TITLE COMPANY

on 11/17 on 11/17/2008 at 15:36

Total of Total of 68 page(s) Fee: \$ 109.00

SAN JUAN COUNTY, WASHINGTON

F. MILENE HENLEY, AUDITOR

DMT

DMT

DECLARATION OF COVENANTS, RESTRICTIONS AND AGREEMENT

Grantor: Oly Rose, LLC, a Delaware limited liability company

Grantee: Rosario Signal L.L.C., a Delaware limited liability company

Grantor's Property: Ptn Gov Lot 3, §6, T36N, R1W, W.M.; Ptns Govt Lots 4 & 5, §31, T37N, R1W, W.M.; Ptn Gov Lot 6, §31, T37N, R1W, W.M.; Ptn SE SE ¼, §30 & NW ¼ §31, T37N, R1W, W.M.; Tract A and Ptn Lot 24, Rosario No. 3, Plats V.3 pp. 15-15A; Ptn Gov Lots 6 & 7 and ptn of NW ¼ of SE ¼ of SE ¼ of S/E ¼, all in §31, T37N, R1W, W.M.; Ptn Gov Lots 5 & 6; §31, T37N, R1W, W.M.; Ptn NW ¼ of SE ¼, §31, T37N, R1W, W.M.; All situate in San Juan County, Washington Complete Legal at Exhibit A.

Grantee's Property: Ptn Gov Lot 3, §6, T36N, R1W, W.M.; Ptns Govt Lots 4 & 5, §31, T37N, R1W, W.M.; Ptn Gov Lot 6, §31, T37N, R1W, W.M.; Ptn SE SE ¼, §30 & NW ¼ §31, T37N, R1W, W.M.; Tract A and Ptn Lot 24, Rosario No. 3, Plats V.3 pp. 15-15A; Ptn Gov Lots 6 & 7 and ptn of NW ¼ of SE ¼ of SE ¼ of S/E ¼, all in §31, T37N, R1W, W.M.; Ptn Gov Lots 5 & 6; §31, T37N, R1W, W.M.; Ptn NW ¼ of SE ¼, §31, T37N, R1W, W.M.; All situate in San Juan County, Washington Complete Legal at Exhibit A.

Assessor's ID#s:
Grantor's Property and 160621001000; 173143009000, 173043001000, 173152037000,
Grantee's Property 173152038000, 173142001000, 173134005000, 173133002000
Reference No.: N/A

CLOSING RESTRICTIONS**DECLARATION OF COVENANTS, RESTRICTIONS AND AGREEMENT**

WHEREAS, OLY ROSE, LLC, a Delaware limited liability company ("Declarant"), owns that certain real property located at 1400 Rosario Road, Eastsound, San Juan County, Washington 98245, as more particularly described on Exhibit A attached hereto and incorporated herein for all purposes (the "Property");

WHEREAS, Declarant and the Rosario Independent Owners Association, a Washington non-profit corporation, entered into that certain Settlement Agreement and Release dated as of February 20, 2006 (the "Condo Settlement Agreement"), attached hereto and incorporated herein for all purposes as Exhibit B;

WHEREAS, Declarant and Rockresorts International, LLC and Bradley F. Henke and Judith M. Henke entered into that certain Stipulation for Order of Dismissal dated as of August 2, 2004 in connection with the Property and that certain action related thereto and styled Bradley F. Henke and Judith M. Henke vs. Rockresorts International, LLC and Oly Rose, LLC, filed in the Superior Court of the State of Washington in and for the County of San Juan as Case No. 02-2-05188-1 (as amended and ordered, the "Henke Settlement Agreement"), attached hereto and incorporated herein for all purposes as Exhibit C;

WHEREAS, ROSARIO SIGNAL LLC, a Delaware limited liability company and permitted assign of Jerrel C. Barto, anticipates becoming owner ("Owner") of the Property pursuant to an Agreement for Sale and Purchase of Hotel (the "Purchase Agreement") between Oly Rose, LLC and Jerrel C. Barto, following the recording of this Declaration of Covenants, Restrictions and Agreement ("Declaration");

WHEREAS, the obligations of the Declarant under the Condo Settlement Agreement and the Henke Settlement Agreement are such that they cannot be satisfied except by the Owner of the Property, because they involve the ownership and operation of an outdoor swimming pool and recreation area that are located upon and are appurtenant to the Property (i.e., they touch and concern the Property), the ownership of which will pass to the Owner with the title to the Property;

NOW THEREFORE, Declarant declares that the Property is and shall be owned, held transferred, sold, conveyed, occupied and enjoyed subject to the restrictions hereinafter set forth on the terms and provisions herein stated:

1. **INDEMNIFICATION OF DECLARANT'S LOSSES.**

- (a) **Indemnification.** The Owner hereby agrees to indemnify, defend, and hold harmless Declarant and its members, officers, representatives and agents (collectively, the "Indemnified Parties" and individually, as "Indemnified Party") against, for and in respect of any and all Losses (as defined below).

- (b) "Losses" shall mean all actual damages (excluding punitive damages assessed against third parties and awarded to Indemnified Parties, but including punitive damages paid or required to be paid by any Indemnified Party to third parties) (including, without limitation, amounts paid in settlement), losses, obligations, liabilities, claims, deficiencies, costs (including, without limitation, reasonable attorneys' fees), penalties, fines, interest, monetary sanctions and expenses, including, without limitation, reasonable attorneys' fees and costs incurred to with injunctions and other court and agency orders, and other costs and expenses incident to any suit, action, investigation, claim or proceeding suffered, sustained, incurred or required to be paid by any Indemnified Party by reason of the failure of any of the Owners to perform any of the covenants contained in Section 5 of this Declaration of Restrictions which are to be performed by any of the Owners, excluding any items which have been paid, prorated or reserved pursuant to Article VII of the Purchase Agreement or which are or were to be performed prior to the date of any such Owner's acquisition of the Property. Losses shall be increased by an amount equal to the lesser of ten percent (10%) per annum or the highest rate allowed by applicable law on the amount of the Losses from the date incurred by the Indemnified Parties until the date paid by the Owners.
2. NOTICE OF LOSS. The Indemnified Parties or any of them shall provide written notice to the Notice Parties setting forth in reasonable detail the breach and/or claim giving rise to a right of indemnity under this Agreement (the "Notice of Claim") within thirty (30) days following the date on which the Indemnified Parties receive written information which leads them to conclude that a claim for indemnity would arise under this Agreement. Notwithstanding the preceding sentence, failure of the Indemnified Parties to give a Notice of Claim within such thirty (30) day period shall not release the Owners from their obligations hereunder, except to the extent the Owners are actually prejudiced by such failure to receive the Notice of Claim within such thirty (30) day period. Within thirty (30) days following the date of the Notice of Claim, the Notice Parties shall send written notice to the Indemnified Parties either acknowledging in writing their obligations to provide indemnification to the Indemnified Parties pursuant to this Agreement for the liability arising out of the matters described in the Notice of Claim or reserving their right to contest their obligation to provide indemnification to the Indemnified Parties hereunder (the "Notice of Acknowledgment"). Should the Notice Parties fail to send written Notice of Acknowledgment within such thirty (30) day period, it shall be deemed to be an agreement on the part of the Owners that they are obligated to provide indemnification to the Indemnified Parties pursuant to this Agreement for the liability arising out of the matters described in the Notice of Claim.
3. RIGHT TO CURE. At any time after the court initiates action against Declarant with respect to the Condo Settlement Agreement or the Henke Settlement Agreement, the Declarant or its designee may pay such sums and take such actions as are reasonably necessary to cure the breach, suit, claim, proceeding or other situation described in the Notice of Claim and Declarant hereby reserves to itself and its designees a non-exclusive easement on the Property for the purpose of effectuating such curative actions. All sums

and obligations incurred by Declarant in connection with such curative action shall be Losses.

4. RIGHT TO DEFEND. After the Owners have assumed responsibility for indemnification under this Agreement in the Notice of Acknowledgment, the Owners shall be entitled to defend, contest or otherwise protect against any such suit, action, investigation, claim or proceeding at its own cost and expense in the name of and on behalf of the Indemnified Parties and Declarant's rights under Section 3(b) shall be suspended during the pendency of such contest; provided, however (i) that any counsel retained by the Owners shall be reasonably acceptable to the Indemnified Parties and (ii) in the reasonable opinion of the Indemnified Parties the delay which will be caused by the contest could not have a material adverse effect on the Indemnified Parties. In the event the Owners retain counsel reasonably acceptable to the Indemnified Parties, the Indemnified Parties shall have the right, but not the obligation, to participate at its own expense in defense thereof by counsel of its own choosing, but the Owners shall be entitled to control the defense unless the Indemnified Parties have relieved the Owners from liability with respect to the particular matter or the Owners fail to assume defense of the matter or, having assumed it, fail to diligently pursue it. In the event the Owners retain counsel which is not reasonably acceptable to the Indemnified Parties, the Indemnified Parties shall have the right to retain counsel of its own choosing and recover the entire cost thereof from the Owners, including, without limitation, reasonable attorneys' fees, disbursements and other costs and expenses. In the event the Owners fail to acknowledge their liability hereunder in a Notice of Acknowledgement which was timely delivered or, having acknowledged their liability, fail to defend, contest or otherwise protect in a timely manner against any such suit, action, investigation, claim or proceeding, the Indemnified Parties shall have the right, but not the obligation, thereafter to defend, contest or otherwise protect against the same and make any compromise or settlement thereof and recover the entire cost from the Owners including, without limitation, reasonable attorneys' fees, disbursements and all amounts paid as a result of such suit, action, investigation, claim or proceeding or the compromise or settlement thereof; provided, however, that the Indemnified Parties must deliver a written notice to the Notice Parties of any such proposed settlement or compromise three (3) business days prior to the effective date of such proposed settlement or compromise; provided, further, that such written notice shall not give the Owners any right to approve or reject the proposed settlement or compromise. If the Owners undertake the defense of such matters with counsel reasonably acceptable to the Indemnified Parties or agree to pay an amount sufficient to settle such claim without further defense, the Indemnified Parties shall not, so long as the Owners satisfy such claim or do not abandon the defense thereof, be entitled to recover from the Owners any legal or other expenses subsequently incurred by the Indemnified Parties in connection with such claim or the defense thereof other than the reasonable costs incurred by the Indemnified Parties prior to the date the Owners assumed the defense or settled the matter.
5. COVENANTS. The Owners, at their sole cost and expense, shall timely comply with all obligations, restrictions, reservations, covenants, conditions and stipulations which are

imposed on Declarant by the terms of the Condo Settlement Agreement and the Henke Settlement Agreement.

- 6. COOPERATION. The Owners and Declarant and their successors and assigns shall cooperate with each other in the defense of any suit, action, investigation, proceeding or claim by a third party, without charge one to the other, and, during normal business hours, shall afford each other access to their books and records and employees relating to such suit, action, investigation, proceeding or claim.
- 7. SURVIVAL OF INDEMNIFICATION AND OBLIGATIONS. The obligation of Indemnitors to indemnify the Indemnified Parties for those Losses shall remain in full force and effect until the Condo Settlement Agreement and the Henke Settlement Agreement terminate in accordance with their respective terms.
- 8. SEVERABILITY. The invalidity, illegality or unenforceability of any provision of this Declaration shall not affect or impair the validity, legality or enforceability of the remainder of this Declaration, and to this end, the provisions of this Declaration are declared to be severable.
- 9. NOTICES. Except as otherwise provided in this Agreement, all notices, demands, requests, consents, approvals, and other communications (each a "Notice", collectively "Notices") required or permitted to be given under this Agreement, or which are to be given with respect to this Agreement, shall be in writing and shall be personally delivered or sent by registered or certified mail, postage prepaid, return receipt requested, or by overnight express courier, postage prepaid, addressed to the party to be so notified as follows:

If to Declarant, to: OLY ROSE, LLC
5080 Spectrum Drive, Suite 1050 East
Addison, Texas 75001
Attention: Laurie Cameron
Telephone: 972-490-2791
Telecopy: 972-980-2240

With copies to: OLYMPUS REAL ESTATE PARTNERS
5080 Spectrum Drive, Suite 1050 East
Addison, Texas 75001
Attention: Tim Smith
Telephone: 972-980-2290
Telecopy: 972-980-2291
and
LOCKE LORD BISSELL & LIDDELL LLP
2200 Ross Avenue, Suite 2200
Dallas, Texas 75201
Attention: J. Mitchell Bell
Telephone: 214-740-8422
Telecopy: 214-756-8422

If to Owner, to: Rosario Signal L.L.C.
Attn: Jerry Barto
P.O. Box 927
Anacortes, WA 98221
Telecopy: 360 299-8660

With a copy to: Karr Tuttle Campbell
Attn: Douglas A. Luetjen
1201 3rd Avenue, Suite 2900
Seattle WA 98101
Telephone: 206 223-1313
Telecopy: 206 682-7100

Notice mailed by registered or certified mail shall be deemed received by the addressee three (3) days after mailing thereof. Notice personally delivered shall be deemed received when delivered. Notice mailed by overnight express courier shall be deemed received by the addressee on the next business day after mailing thereof. Any party may at any time change the address for notice to such party by mailing a Notice as aforesaid.

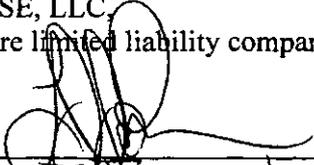
10. NOTICE PARTIES. The "Notice Parties" are those Owners who from time to time provide Declarant with written notice of their ownership of part or all of the Property, their desire to be treated as a Notice Party hereunder, and an address to which notices shall be sent.
11. MODIFICATION OR TERMINATION. These restrictions may be modified at any time in any particular manner or terminated in their entirety by the recording in the official public records of San Juan County, Washington of an instrument amending or revoking these restrictions, signed by Declarant or the assignee of its rights and by the owner or owners of the Property.
12. RUN WITH THE LAND. The covenants and obligations of Owners hereunder shall run with the Property and shall be binding upon all parties now or hereafter owning all or any part of the Property.
13. GOVERNING LAW. THIS DECLARATION SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF WASHINGTON. ALL ACTS REQUIRED OR PERMITTED TO BE PERFORMED HEREUNDER ARE PERFORMABLE IN SAN JUAN COUNTY, WASHINGTON AND IT IS AGREED THAT ANY ACTION BROUGHT TO ENFORCE THEM OR CONSTRUE THE TERMS OR PROVISIONS HEREOF OR TO ENJOIN OR REQUIRE THE PERFORMANCE OF ANY ACT IN CONNECTION HERewith SHALL BE BROUGHT IN A COURT OF COMPETENT JURISDICTION SITTING IN SAN JUAN COUNTY, WASHINGTON.

[Signature of Declarant Follows]

Executed by the undersigned to be effective as of November 14, 2008.

DECLARANT:

OLY ROSE, LLC
a Delaware limited liability company

By: 
Name: M. Johnson
Title: Vice President

OWNER:

ROSARIO SIGNAL L.L.C., a Delaware limited liability company

By: _____
Name: _____
Title: _____

Unofficial Copy

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SAN JUAN COUNTY, WASHINGTON

Executed by the undersigned to be effective as of November 14, 2008.

DECLARANT:

OLY ROSE, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

OWNER:

ROSARIO SIGNAL L.L.C., a Delaware limited liability
company

By: 
Name: JERICHO BARTO
Title: Managing Member

Unofficial Copy

STATE OF TEXAS
COUNTY OF DALLAS | SS.

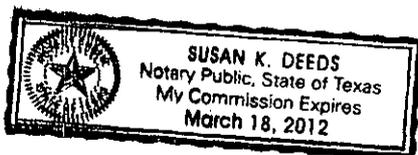
I, the undersigned, a Notary Public in and for said County, in the State aforesaid, CERTIFY THAT L. J. Johnson, personally known to me to be the VICE PRESIDENT of OLY ROSE, LLC, a Delaware limited liability company, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such VICE PRESIDENT, he signed and delivered the said instrument, pursuant to authority of said limited liability company, as his free and voluntary act, and as the free and voluntary act and deed of said limited liability company, for the uses and purposes therein set forth.

Dated this 12TH day of Nov, 2008.

Susan K. Deeds
(Signature of Notary)

Susan K. Deeds
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington, Texas
residing at 15635 Mildred Place #4511
Addison TX 75001
My appointment expires 3-18-2012



Unofficial Copy

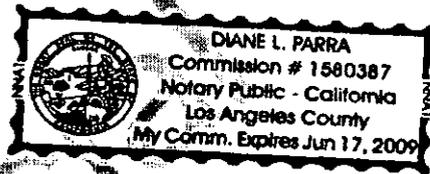
STATE OF CALIFORNIA }
County of Los Angeles }

On November 12, 2008 before me, Diane L. Parra, Notary Public, personally appeared Jerrel C. Barto who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Diane L Parra



Unofficial
Copy

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SAN JUAN COUNTY, WASHINGTON

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

[following 7 pages]

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Exhibit A

**EXHIBIT A
PROPERTY**

PARCEL 160621001000 (Mansion)

That portion of Government Lot 3, Section 6, Township 36 North, Range 1 West, W.M., and that portion of Government Lots 4 and 5 Section 31, Township 37 North, Range 1 West, W.M., described as follow:

Beginning at the Southeast corner of Lot 18 as shown in the Plat of Rosario Estates recorded at Volume 2 of Plats at page 3, records of said county; Thence along the Easterly boundary of said Lot 18 and continuing along the Easterly boundaries of Lots 19, 20E and 21E to the Southeast corner of Lot 22E; Thence along the Easterly boundary of Lot 22E North 6°10' West 38.7 feet; Thence Northwesterly 45 feet, more or less, to the most Southerly corner of Lot 10 of said plat; Thence continuing Northeasterly along the Southeasterly boundaries of Lots 1 through 10 to the Southeast corner of said Lot 1; Thence along the Northeasterly boundary of said Lot 1, 75.1 feet, more or less to a point on a line parallel with and 75.0 feet Northerly of the North margin of a 40-foot wide easement road as shown on the face of "Sucia" as described at Volume 1 of Condominiums at page 1, said records; Thence leaving said boundary and along said parallel line North 82°30' East 130.38 feet; Thence North 87°57'40" East 90.38 feet; Thence perpendicular to said North margin South 2°02'20" East 115.0 feet to the Southerly margin of said 40-foot wide easement; Thence along said Southerly margin North 87°57'40" East 258.78 feet to the Northwest corner of that parcel of land described at Auditor's File No. 51101; Thence along the Westerly boundary of said parcel described at Auditor's File No. 51101 Southeasterly to a point on the line of ordinary high tide; Thence southwesterly along said line of ordinary high tide to a point on the Northerly boundary of Lot 18B of said Plat of Rosario Estates, that bears South 66°09' East from said TRUE POINT OF BEGINNING; Thence leaving said line of ordinary high tide and along said Northerly lot boundary North 66°09' West to said point of beginning.

TOGETHER WITH the Tidelands of the Second Class situate in front of, adjacent to, abutting upon that portion of the U.S. Government Meander Line of Government Lot 5 as conveyed by the State of Washington by Tideland Deed, recorded January 20, 1906, in Volume 10 of Deeds, at page 130 records of San Juan County, Washington.

TOGETHER WITH the Tidelands of the Second Class situate in front of, adjacent to, abutting upon Government Lot 5 lying between the line of mean low tide and the line of extreme low tide as conveyed by the State of Washington by Deed, recorded February 3, 1912, in Volume 12 of Deeds, at page 615, under Auditor's File No. 12709, records of San Juan County, Washington.

Situate in San Juan County, Washington.

PARCEL 160621001000 (Mansion)

Vacated Lots 18A, 18B, 18C, 18D, 18E, 20E and 21E as Vacated pursuant to San Juan County Board of Commissioners Resolution No. 90-1986, May 20, 1986 of ROSARIO ESTATES, according to the Plat thereof, recorded in Volume 2 of Plats, at page 3, in the office of Auditor of San Juan County, Washington.

EXCEPTING THEREFROM those portions of vacated Lots 20E and 21E as Vacated pursuant to San Juan County Board of Commissioners Resolution No. 90-1986, May 20, 1986 of ROSARIO ESTATES, according to the Plat thereof, recorded in Volume 2 of Plats, at page 3, in the office of Auditor of San Juan County, Washington, lying Westerly of the following described line:

Beginning at the Southeast corner of said Lot 20E as marked by an iron pipe set by Rehm & Condon, Inc. from which the Southwest corner of said Lot as marked by an iron pipe set by Rehm & Condon, Inc., bears South $74^{\circ} 21' 58''$ West, a distance of 109.00; thence North $39^{\circ} 38' 03''$ West a distance of 35.92 feet; thence North $6^{\circ} 43' 40''$ East a distance of 170.04 feet; thence North $11^{\circ} 11' 36''$ West a distance of 15.94 feet to a point on the North line of said Lot 21E and the terminus of this line description from which the Northwest corner of said Lot 21E as marked by an iron pipe set by Rehm & Condon, Inc. bears South $74^{\circ} 39' 36''$ West a distance of 121.67 feet.

Situate in San Juan County, Washington.

PARCEL 173143009000 (SATELLITE HALL)

Portion of Government Lot 6, Section 31, Township 37 North, Range 1 West of W.M., more particularly described as follows:

Commencing at the most Easterly corner of Lot 30 of the Plat of Rosario No. 3, recorded in Volume 4 of Plats at page 15, records of San Juan County, Washington. Thence North $69^{\circ} 16' 20''$ East, 59.30 feet; Thence South $3^{\circ} 15' 44''$ West 119.52 feet; Thence South $51^{\circ} 59' 15''$ East 133.17 feet to an iron pipe and the TRUE POINT OF BEGINNING; Thence from said True Point of Beginning East 207.56 feet to a point marked by an iron pipe; Thence South $46^{\circ} 29' 29''$ West 125.00 feet to a point marked by an iron pipe; Thence West 180.13 feet to a point marked by an iron pipe; Thence North $36^{\circ} 18'$ East 106.79 feet to the TRUE POINT OF BEGINNING.

SUBJECT TO AND TOGETHER WITH a non-exclusive easement for roadway and utility purposes as described within and conveyed by Mutual Easement, recorded April 5, 1989, Volume 236 of Official Records, at page 48, Auditor's File No. 89156743, records of San Juan County, Washington.

Situate in San Juan County, Washington.

PARCEL 173043001000

A portion of the Southeast Quarter of Section 30 and the Northeast Quarter of Section 31, Township 37 North, Range 1 West, Willamette Meridian, San Juan County, Washington, more particularly described as follows:

Beginning at the South Quarter Corner of Section 30; Thence S.01°09'58"W., a distance of 89.58 feet to the intersection of the centerline of the Orcas-Olga Road (County Road No. 4) and the centerline of the 60 foot access easement of "Vusario Lane", being also the POINT OF BEGINNING; Thence along said easement, North 32° 18' 30" East, a distance of 175.00 feet to a point of curve to the right having a radius of 297.85 feet and a central angle of 15° 17' 52"; Thence Northeasterly along the arc a distance of 79.52 feet; Thence North 47° 36' 22" East, a distance of 100.89 feet to a point of curve to the right having a radius of 137.09 feet and a central angle of 47°16'33"; Thence Easterly along the arc a distance of 113.11 feet; Thence South 85° 07' 05" East, a distance of 49.94 feet to a point of curve to the left having a radius of 257.37 feet and a central angle of 21° 59' 17"; Thence Easterly along the arc a distance of 98.77 feet; Thence North 72° 53' 38" East, a distance of 91.32 feet to a point of curve to the left having a radius of 281.18 feet and a central angle of 26° 01' 59"; Thence Northeasterly along the arc a distance of 127.76 feet; Thence North 46° 51' 39" East, a distance of 128.70 feet to a point of curve to the right having a radius of 82.01 feet and a central angle of 52° 00' 00"; Thence Easterly along the arc a distance of 74.43 feet; Thence South 81° 08' 21" East, a distance of 93.28 feet to a point of curve to the right having a radius of 284.64 feet and a central angle of 26° 18' 00"; Thence Easterly along the arc a distance of 130.66 feet to a point of reverse curve to the left having a radius of 402.48 feet and a central angle of 18° 45' 50"; Thence Southeasterly along the arc, a distance of 131.81 feet; Thence South 73° 36' 11" East, a distance of 33.46 feet to a point of curve to the right having a radius of 409.89 feet and a central angle of 18° 01' 19"; Thence Southeasterly along the arc a distance of 128.93 feet to a point of reverse curve to the left having a radius of 39.00 feet and a central angle of 22° 55' 42"; Thence Southeasterly along the arc a distance of 15.61 feet; Thence leaving said easement, South 78° 30' 34" East, a distance of 305.57 feet; Thence North 46° 57' 18" East, a distance of 735.09 feet; Thence South 88° 42' 03" East, a distance of 491.29 feet to a point on the East line of Section 30; Thence along said East line, South 01° 17' 57" West, a distance of 724.09 feet to the Southeast corner of Section 30; Thence along the South line of Section 30, North 88° 46' 20" West, a distance of 1,316.41 feet; Thence South 02° 31' 56" West, a distance of 714.40 feet to the centerline of the aforesaid Orcas-Olga Road; Thence along said centerline South 75° 48' 06" West, a distance of 32.91 feet to a point of curve to the right having a radius of 349.67 feet and a central angle of 37° 16' 59"; Thence Westerly along the arc a distance 227.54 feet; Thence North 66° 54' 55" West, a distance of 290.23 feet; Thence North 69° 40' 25" West, a distance of 281.18 feet to a point of curve to the right having a radius of 699.34 feet and a central angle of 22° 10' 30"; Thence Northwesterly along the arc a distance of 270.67 feet; Thence North 47° 29' 55" West, a distance of 172.41 feet to a point of curve to the right having a radius of 699.34 feet and a central angle of 11° 36' 00"; Thence Northwesterly along the arc a distance of 141.59 feet; Thence North 35° 53' 55" West, a distance of 85.70 feet to the Point of Beginning.

Situate in San Juan County, Washington.

PARCEL 173152037000

Tract "A", of ROSARIO NO. 3, according to the plat thereof, recorded in Volume 3 of Plats, at pages 15 and 15A, in the office of the Auditor of San Juan County, Washington.

TOGETHER WITH a non-exclusive right to use the roads and streets as platted as a means of ingress and egress for private roadway purposes as created, declared and granted in the Dedication of the Plat of Rosario No. 3.

SUBJECT TO AND TOGETHER WITH a non-exclusive easement for roadway and utility purposes as described within and conveyed by Mutual Easement Agreement recorded April 5, 1989 in Volume 236 of Official Records, at page 48, under Auditor's File No. 89156743, records of San Juan County, Washington.

Situate in San Juan County, Washington.

PARCEL 173152038000

That portion of Lot 24, of ROSARIO NO. 3, according to the Plat thereof, recorded in Volume 3 of Plats, at pages 15 and 15A, in the Office of the Auditor of San Juan County, Washington, described as follows:

Beginning at a concrete monument marking the Northwest corner of said Lot 24; Thence North $76^{\circ}57'30''$ East, 154.43 feet to a point on the East boundary of said Lot 24; Thence along said East boundary North $18^{\circ}00'$ West, 40.15 feet to the Northeast corner of said Lot; Thence along the North boundary of said Lot, South $76^{\circ}48'20''$ West, 105.41 feet to a point on the boundary common to said Lot 24 and Tract A of said plat and which point is on the curve to the right having a radius of 40 feet; Thence Southwesterly along said curve thru a central angle of $98^{\circ}07'40''$ for a distance of 68.5 feet to the Point of Beginning.

TOGETHER WITH a non-exclusive right to use the roads and streets as platted as a means of ingress and egress for private roadway purposes as created, declared and granted in the Dedication of the Plat of Rosario No. 3.

SUBJECT TO AND TOGETHER WITH a non-exclusive easement for roadway and utility purposes as described within and conveyed by Mutual Easement Agreement recorded April 5, 1989 in Volume 236 of Official Records, at page 48, under Auditor's File No. 89156743, records of San Juan County, Washington.

Situate in San Juan County, Washington.

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SAN JUAN COUNTY, WASHINGTON

PARCEL 173142001000

That portion of Government Lot 6 and Government Lot 7, and portions of the Northwest quarter of the Southeast Quarter and the Southeast Quarter of the Southeast Quarter all in Section 31, Township 37 North, Range 1 West, W.M., described as follows:

Beginning at the most Easterly corner of that portion of Satellite Condominiums designated as "Patos" and recorded at Volume 1 of Condominiums, Page 5, records of said County, said corner is marked by a 1" iron pipe; Thence along the boundary of that portion of Satellite Condominiums designated "Skipjack" and recorded at Volume 1 of Condominiums, Page 13, said records, North 39°47'59" East, 73.47 feet; Thence continuing along said boundary North 1°59'22" West, 146.71 feet; Thence South 44°41'37" East, 342.78 feet; South 26°52'11" East, 233.97 feet to the most Easterly corner of said "Skipjack", Phase 2: Thence leaving said boundary South 51°02'22" East, 248.28 feet to a point on the Westerly boundary of the plat of Rosario Palisades as recorded at Volume 3 of Plats, Page 37, said records; Thence along said Westerly boundary North 24°57'50" East, 310.56 feet; Thence continuing along said Westerly boundary North 37°25'40" East, 107.21 feet; Thence North 56°45' East, 77.4 feet; Thence North 37°26'10" East, 116.06 feet to the Southwesterly margin of Palisades Drive as shown on said Plat of Rosario Palisades; Thence along said Southwesterly margin of Palisades Drive to the most Northerly corner of Lot 36 as shown in the Plat of Rosario No. 3, recorded at Volume 3 of Plats, Page 15, said records; Thence along the Southeasterly boundary of said Plat of Rosario No. 3 to the most Southerly corner of Lot 31 of said Plat of Rosario No. 3; Thence leaving said Southeasterly boundary and along the Northerly boundary of the "Access Area" as shown on said "Patos" condominium North 69°16'20" East, 59.3 feet; Thence continuing along said Northerly boundary North 86°08' East, 158.25 feet; Thence South 71°28' East, 100.5 feet; Thence South 61°36'20" East, 175.42 feet to the Point of Beginning.

TOGETHER WITH that parcel of land designated as "Skipjack", Phase 2, as shown at said Volume 1 of Condominiums, at page 13, AND ALSO

TOGETHER WITH a non-exclusive easement for private roadway purposes as a means of ingress, egress and utilities as described and conveyed by Easement Agreement, recorded September 7, 1984, Volume 121 of Official Records, at page 332, Auditor's File No. 132081, records of San Juan County, Washington.

TOGETHER WITH AND SUBJECT TO a non-exclusive ingress, egress and the conveyance of public utilities as granted, conveyed and described within Mutual Easement Agreement, recorded April 5, 1989, of Official Records, Volume 236, at page 48, Auditor's File No. 89156743, records of San Juan County, Washington.

Situate in San Juan County, Washington.

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SAN JUAN COUNTY, WASHINGTON

PARCEL 173134005000

That portion of Government Lot 5 and Government Lot 6, Section 31, Township 37 North, Range 1 West, W.M., described as follows:

Beginning at the Southeast corner of "Sucia" as described at Volume 1 of Condominiums, page 1, records of said County, and which point is marked by a 1" iron pipe; thence along the South and West boundaries of "Sucia" to the most Southerly corner of that parcel of land designated as "Matia" in said Volume 1 of Condominiums; Thence along the Westerly margin of "Matia" to a 1" iron pipe marking the Southeast corner of Lot 29 of Rosario No. 3 as recorded at Volume 3 of Plats, Page 15, said records; Thence along the Southerly boundaries of Lots 25 through 29, all of said plat of Rosario No. 3, to the Northeast corner of Lot 24, said plat; Thence along the Easterly boundaries of said Lot 24 and along the Easterly boundary of Lot 1 of Rosario Estates as recorded in Volume 1 of Plats, Page 3, said records, to a point 75.0 feet Northerly of the Southeast corner of said Lot 1; Thence parallel with and 75.0 feet North of the North margin of a 40-foot wide easement road as shown on the face of said condominium designated "Sucia" North 82°30' East, 130.38 feet; Thence North 87°57'40" East, 90.38 feet; Thence perpendicular to said North margin South 2°02'20" East, 115.0 feet to the Southerly margin of said 40-foot wide easement; Thence along said Southerly margin North 87°57'40" East, 258.78 feet to the Northeast corner of that parcel of land described at Auditor's File No. 51101 said records; Thence along the Northeasterly boundary of said parcel described at Auditor's File No. 51101, Southeasterly to a point on the line of ordinary high tide; Thence Southeasterly along said line of ordinary high tide to a point which bears South of the Point of Beginning; Thence leaving said line of ordinary high tide North to the Point of Beginning.

TOGETHER WITH that portion of the Tidelands of the Second Class situate in front of, adjacent to, or abutting upon as conveyed by the State of Washington, by Tideland Deed recorded August 3, 1914, in Volume 13, of Deeds, at page 363, under Auditor's File No. 14170, records of San Juan County, Washington.

TOGETHER WITH AND SUBJECT TO a non-exclusive ingress, egress and the conveyance of public utilities as granted, conveyed and described within Mutual Easement Agreement, recorded April 5, 1989, Volume 236, of Official Records, at page 48, Auditor's File No. 89156743, records of San Juan County, Washington.

Situate in San Juan County, Washington.

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SAN JUAN COUNTY, WASHINGTON

PARCEL 173133002000

Those portions of vacated Lots 20E and 21E as Vacated pursuant to San Juan County Board of Commissioners Resolution No. 90-1986, May 20, 1986 of ROSARIO ESTATES, according to the Plat thereof, recorded in Volume 2 of Plats, at page 3, in the office of Auditor of San Juan County, Washington, lying Westerly of the following described line:

Beginning at the Southeast corner of said Lot 20E as marked by an iron pipe set by Rehm & Condon, Inc. from which the Southwest corner of said Lot as marked by an iron pipe set by Rehm & Condon, Inc., bears South 74° 21' 58" West, a distance of 109.00; thence North 39° 38' 03" West a distance of 35.92 feet; thence North 6° 43' 40" East a distance of 170.04 feet; thence North 11° 11' 36" West a distance of 15.94 feet to a point on the North line of said Lot 21E and the terminus of this line description from which the Northwest corner of said Lot 21E as marked by an iron pipe set by Rehm & Condon, Inc. bears South 74° 39' 36" West a distance of 121.67 feet..

Situate in San Juan County, Washington.

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EXHIBIT B

CONDO SETTLEMENT AGREEMENT

[following 38 pages]

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Exhibit B

CONDO SETTLEMENT AGREEMENT
(February 20, 2006)

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SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement ("Settlement Agreement") is dated, for reference purposes only, as of February 20, 2006, and is entered into by and among Oly Rose, LLC dba Rosario Resort ("Oly Rose"), the undersigned owners ("Owners") of twenty condominium units ("Rosario IOA Units" or "Units") leased to Oly Rose and operated as part of the Rosario Resort and Rosario Independent Owners Association, a Washington Non-Profit Corporation ("Rosario IOA"). Owners collectively constitute the membership of Rosario IOA. The Owners and Rosario IOA are hereinafter collectively referred to as Rosario IOA, and Rosario IOA and Oly Rose are collectively referred to as the "Parties."

RECITALS

A. Rosario IOA has made or asserted certain claims (the "Claims") against Oly Rose arising out of the rights and obligations set forth, generally, under that certain Master Agreement Regarding Lease of Rosario Resort Condominiums (the "Master Lease") and ancillary Condominium Lease Agreements (the "Individual Leases"). The Master Lease and Individual Leases are hereafter collectively referred to as the "Leases". The Claims are summarized in the December 13, 2005 mediation submission of the Rosario IOA and Exhibits 1 and 2 to that submission.

B. Oly Rose either denied the Claims or asserted they had been (or were being) resolved. The responses and defenses of Oly Rose to the Claims are summarized in its December 13, 2005 mediation submission and exhibits attached thereto.

C. The Parties mediated the Claims before the Honorable Charles Burdell, Ret., on December 15, 2005. As a result of the mediation, the parties settled the Claims, on terms and conditions generally set forth in a CR 2A Settlement Agreement, a copy of which is attached hereto as Exhibit A. As part of that CR 2A Settlement Agreement, the parties agreed to execute a more formal and detailed settlement agreement and release.

AGREEMENT

Therefore, and in consideration of the terms and conditions contained herein, the Parties agree to the following:

1. Payment Obligation of Oly Rose. Oly Rose is to pay Rosario IOA the lump sum amount of One Hundred and Fifty Thousand Dollars and no/100 (\$150,000.00) on or before January 15, 2006 or on such other date as is mutually agreed between the parties. The settlement proceeds shall be made payable to the Trust Account of Cable, Langenbach, Kinerk & Bauer, LLP.

2. Performance Obligation of Oly Rose.

2.1 Oly Rose will complete the painting of the interior of all Rosario IOA Units (as of the date of the mediation, Oly Rose had completed interior painting of some of the Units).

2.2 Oly Rose will clean the moss off the decks and walkways on the entry sides of the four buildings containing the Rosario IOA Units.

2.3 Oly Rose will complete the repair and refinishing of all tabletops, nightstand tops, and desktops in Rosario IOA Units showing damage or significant wear (as of the date of the mediation, Oly Rose had completed some of this work).

2.4 Oly Rose will continue performing its obligations under the Leases through December 31, 2006 (the "Termination Date"), including its obligation to carry out normal cleaning of the units and sweeping of decks and pathways; provided, however, except as set forth in this Section 2 and Section 3, below, Oly Rose shall have no obligation to repair roofs or maintain and repair building exteriors or address deferred maintenance issues on the interior of the Units or the exterior of the buildings, or otherwise make capital improvements. On the Termination Date, the Rosario IOA Units (and personal property) are to be turned over to Rosario IOA, with the work referenced in this Section 2 and Section 3, below, completed and proper maintenance having been performed from the date hereof through the Termination Date, reasonable wear and tear excepted. For purposes of the preceding sentence, proper maintenance shall include the repair of any new incident of damage (the "New Incident of Damage"), other than ordinary wear and tear, occurring after the date of this Settlement Agreement, to the Units and building exteriors resulting from the actions of Oly Rose, its agents, guests and other invitees, and third parties, as well as acts of God. Should a New Incident of Damage arise, Rosario IOA agrees to provide Oly Rose written notice of the same no later than September 30, 2006 for New Incidents of Damage arising prior to September 15, 2006, and no later than January 2, 2007 for New Incidents of Damage arising on or prior to the Termination Date. Notice shall be provided, via facsimile, to:

Attn: Legal Department
Olympus Real Estate Partners
5080 Spectrum Drive, Suite 1050 East
Addison, Texas 75001
(972) 980-2291 Fax

With a Copy to:

Attn: Brad Thoreson
Foster Pepper, PLLC
1111 Third Avenue, Suite 3400
Seattle, Washington 98101
(206) 749-1923

In the event the parties are unable to resolve the question of whether the noticed item is a New Incident of Damage, the parties agree to submit the matter to binding mediation with the Honorable Charles Burdell, at JDR, whose decision on the matter shall be final and not subject to appeal.

3. Repair of Bathrooms.

3.1 The parties shall each engage a qualified person to participate in a joint inspection ("Joint Inspection") of the bathrooms in each of the RIAO Units. Oly Rose has engaged Dave Deress of Wiss Janey Elsnor as its Inspector; Rosario IOA has engaged John Field of Restoration Solutions as its Inspector.

3.2 The Joint Inspection shall be performed by January 15, 2006 or as otherwise mutually agreed by the parties.

3.3 The Inspectors shall review each bathroom to determine (a) if any of the claimed defects listed below ("Defects") are present, (b) if so, whether repair of the Defect (or Defects) is required as part of proper maintenance of the bathroom and (c) the scope of any repair. The claimed Defects are as follows:

- Replacement of all shower door gaskets and other repairs to prevent (stop) water leaking onto bathroom floor.
- Removal of wallboard showing water damage, repair dry rot and replace wallboard.
- Remove shower surround where water has penetrated and replace the shower surround. All dry rot and mold are to be removed.
- Replace all cracked shower and counter tiles.
- Clean shower tiles and counter tiles; replace missing grout.
- Recaulk where necessary.

3.4 Following completion of the Joint Inspection, the Inspectors are to prepare a Report specifying for each Unit: (a) Agreed Repairs: the Defects the Inspectors agree are found in the bathroom, the Defects the Inspectors agree should be repaired as part of proper maintenance of the Unit and the scope of the repair they jointly feel is required, and (b) Disputed Repairs: in each instance where the Inspectors disagree on whether a Defect is present, whether the Defect should be repaired as part of proper maintenance, or the scope of the repair required, a brief summary of the position of each Inspector on each aspect of the item or issue.

3.5 Oly Rose shall promptly make all Agreed Repairs reported by the Inspectors under 3.4(a) above, consistent with the Inspector's recommendation.

3.6 The parties shall attempt to resolve their differences regarding the Disputed Repairs by mediation before the Honorable Charles Burdell, retired ("Mediator"). In the event the parties are unable to reach agreement on any Disputed Repair through mediation,

the matter is to be decided by binding arbitration before the Honorable Larry Jordon, retired ("Arbitrator"), who shall determine (a) whether the Disputed Repair is proper maintenance, and (b) if so, the scope of repair required. At any such arbitration, Rosario IOA will not expand the list of claimed defects beyond the list set forth in Section 3.3 above. Oly Rose shall promptly repair the Disputed Repair items resolved as Agreed Repairs through mediation and all Disputed Repairs found to be proper maintenance by the Arbitrator.

3.7 The parties agree to schedule the mediation and arbitration as soon as practicable based on the schedules of the Mediator and Arbitrator, the Parties and the parties' personnel and attorneys.

4. Release of Claims. Rosario IOA, for itself, its Members, and its successors and assigns, and the Owners, release Oly Rose, Olympus Real Estate Fund II, L.P., Olympus Real Estate Partners, LLC, their respective officers, directors, employees, agents, management companies, and attorneys, from any and all claims, known or unknown of any nature whatsoever, including claims for latent defects. This release includes any claims for reasonable wear and tear to the Rosario IOA Units from December 15, 2005 through the Termination Date. The foregoing notwithstanding, Rosario IOA does not release the following claims:

- a. Claims for breach of this Agreement, including Oly Rose's continuing obligations hereunder; and
- b. Claims involving Oly Rose's obligations under the Mutual Easement Agreement dated February 9, 1989, and recorded on April 5, 1985 in San Juan County under AFN 89156743.

5. Termination of Leases. The parties agree that the Master Lease and the Individual Leases shall all terminate on December 31, 2006 and the option to extend contained in the Master Lease shall be without further legal force and effect.

6. Right to Use Rosario Swimming Pool and Amendment of Master Lease Agreement. Rosario IOA is granted the non-exclusive use right (with payment obligation) granted to the lot owners within the Rosario Residential Community, as referenced in that Stipulation for Order of Dismissal dated August 2, 2004 (filed August 10, 2004) in *Henke v. Oly Rose, LLC and Rockresorts International, LLC*, San Juan County Cause No. 02-2-05188-1 ("Stipulation for Order of Dismissal"). The payment obligation specified in the Stipulation for Order of Dismissal specified for each lot within the Rosario Residential Community shall apply to each numbered unit listed on the signature page of this Settlement Agreement. A combined billing for all Units can be sent to Rosario IOA, and it shall be the responsibility of RIOA to allocate the payment between Unit Owners. Additionally, the right to use the swimming pool specified in the Stipulation and Order for Dismissal shall apply to any replacement of the swimming pool constructed for the use of guests of the Rosario Resort. The foregoing rights and obligations shall run with the title to each RIOA Unit. To this end, the Notice of Master Agreement and Grant of Rights appended hereto as Exhibit B shall be signed by Oly Rose and delivered to Rosario IOA for recording.

7. Settlement Amends Master Agreement. The Parties agree that this Settlement Agreement amends, modifies and clarifies the terms and conditions of that certain Master Agreement Regarding Lease of Rosario Resort Condominiums, San Juan County Recording Number 97021904 and the individual leases. The Parties agree to execute and record an instrument that advises prospective purchasers and/or lenders of this Settlement Agreement.
8. Authority. The parties each represent and warrant to the other that the execution and performance of this Agreement has been duly authorized, that each party has reviewed the entire Agreement with its respective attorneys or has had the opportunity to do so, and that each fully knows and understands the contents and meaning of this Agreement.
9. Construction. This Agreement has been mutually negotiated, and the rule of construction that ambiguities are to be resolved against the drafting party shall not be applied.
10. Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.
11. Applicable Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of Washington without regard to its principals of conflicts of law.
12. Entire Agreement. This Agreement represents the complete, integrated understanding of the parties. All prior and contemporaneous conversations, negotiations, understandings and agreements concerning the subject matter of this Agreement are merged into this Agreement. In the event of conflict between the provisions of this Agreement and the provisions of the Settlement Agreement appended as Exhibit "A," the provisions of this Agreement shall control.
13. Modification/Waiver. This Agreement may be amended and modified by, and only by, a written instrument executed by all the parties. The terms of this Agreement may be waived by, and only by, a written instrument executed by the party against whom such waiver is sought to be enforced.
14. Confidentiality. Except as otherwise required by law, the terms of this Agreement shall be kept confidential and shall not be disclosed to any third party, unless required by court of competent jurisdiction. The foregoing notwithstanding, the parties may disclose to any person that they have satisfactorily settled their dispute. Additionally, the parties may disclose the substance of discrete portions of this Agreement to the extent reasonably necessary to carry out its terms. The parties may also file this Agreement with the court if necessary to enforce its terms. An Owner of a Unit may also provide a copy of this Agreement to the purchaser of such Unit and disclose the Agreement to a prospective purchaser of the Unit during the feasibility period.
15. Agreement to Perform Necessary Acts. Each party to this Agreement agrees to perform any further acts and execute and deliver any additional documents that may be reasonably necessary to carry out the provisions of this Agreement.

16. Successors. This Agreement shall be binding upon an inure to the benefit of the parties, their successors and assigns.

17. Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, all of which shall constitute one and the same document.

Oly Rose, LLC

Rosario Independent Owners Association

By  _____
Its D. Johnson
Vice President

By _____
Joseph T. Cooper
Its President

By _____
Its Secretary

Unofficial
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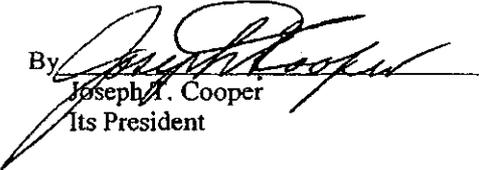
16. Successors. This Agreement shall be binding upon an inure to the benefit of the parties, their successors and assigns.

17. Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, all of which shall constitute one and the same document.

Oly Rose, LLC

Rosario Independent Owners Association

By _____
Its _____

By 
Joseph A. Cooper
Its President

By _____
Its Secretary

Unofficial
Copy

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Rosario Independent Owners Association

By _____
Its _____

By _____
Joseph T. Cooper
Its President

By Sarah H. Jases
Its Secretary

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 SAN JUAN COUNTY, WASHINGTON

SETTLEMENT AGREEMENT AND RELEASE

The undersigned Unit Owners and Members of Rosario IOA approve the Settlement Agreement and Release by and between Oly Rose, LLC, d/b/a Rosario Resort and Rosario Independent Owners Association, a Washington Non-Profit Corporation and its Members.

<p>SUCIA 151 ABC TAX PARCEL 173149010000</p> <p>Jaycee Investments, LLC P.O. Box 418 Eastsound, WA 98245-0418</p> <p>By <u>Sarah H. Geiser</u> Sarah Geiser Its <u>managing member</u></p>	<p>SUCIA 152 ABC TAX PARCEL 173149011000</p> <hr/> <p>Marcia Ostyn 3322 Ginger Lane Nampa, ID 83686-8126</p>
<p>SUCIA 153 ABC TAX PARCEL 173149012000</p> <hr/> <p>Bonnie J. Meyers 1306 262nd Place Ocean Park, WA 98640</p>	<p>SUCIA 154 ABC TAX PARCEL 173149013000</p> <hr/> <p>Leo R. Jensen 100 140th Street NE Marysville, WA 98270</p> <hr/> <p>Eleanor Jensen 100 140th Street NE Marysville, WA 98270</p>

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<p>SUCIA 153 ABC TAX PARCEL 173149012000</p> <p>_____ Bonnie J. Meyers 1306 262nd Place Ocean Park, WA 98640</p>	<p>SUCIA 154 ABC TAX PARCEL 173149013000</p> <p>_____ Leo R. Jensen 100 140th Street NE Marysville, WA 98270</p> <p>_____ Eleanor Jensen 100 140th Street NE Marysville, WA 98270</p>

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<p>SUCIA 155 ABC TAX PARCEL 173149014000</p> <p>JM Land, LLC 9016 E. Lakeview Drive Sun Lakes, AZ 85248</p> <p>By <u><i>Joseph T. Cooper</i></u> Joseph T. Cooper Its President</p>	<p>SUCIA 156 ABC TAX PARCEL 173149015000</p> <p>Conver Family Trust 10550 Northridge Hill Drive Chatsworth, CA 91311</p> <p>By _____ Timothy Conver, Trustee</p> <p>By _____ Barbara Conver, Trustee</p>
<p>SUCIA 157 ABC TAX PARCEL 173149016000</p> <p>_____ Sarah H. Geiser P.O. Box 418 Eastsound, WA 98245</p>	<p>SUCIA 158 ABC TAX PARCEL 173149017000</p> <p>JM Land, LLC 9016 E. Lakeview Drive Sun Lakes, AZ 85248</p> <p>By <u><i>Joseph T. Cooper</i></u> Joseph T. Cooper Its President</p>
<p>PATOS 167 ABC TAX PARCEL 173149018000</p> <p>_____ Sarah H. Geiser P.O. Box 418 Eastsound, WA 98245</p>	<p>PATOS 168 ABC TAX PARCEL 173149019000</p> <p>_____ Kathryn H. Whiting 113 Cliffhouse Court Eastsound, WA 98245</p>

<p>SUCIA 155 ABC TAX PARCEL 173149014000</p> <p>JM Land, LLC 9016 E. Lakeview Drive Sun Lakes, AZ 85248</p> <p>By _____ Joseph T. Cooper Its President</p>	<p>SUCIA 156 ABC TAX PARCEL 173149015000</p> <p>Conver Family Trust 10550 Northridge Hill Drive Chatsworth, CA 91311</p> <p>By _____ Timothy Conver, Trustee</p> <p>By _____ Barbara Conver, Trustee</p>
<p>SUCIA 157 ABC TAX PARCEL 173149016000</p> <p><i>Sarah H. Geiser</i> Sarah H. Geiser P.O. Box 418 Eastsound, WA 98245</p>	<p>SUCIA 158 ABC TAX PARCEL 173149017000</p> <p>JM Land, LLC 9016 E. Lakeview Drive Sun Lakes, AZ 85248</p> <p>By _____ Joseph T. Cooper Its President</p>
<p>PATOS 167 ABC TAX PARCEL 173149018000</p> <p><i>Sarah H. Geiser</i> Sarah H. Geiser P.O. Box 418 Eastsound, WA 98245</p>	<p>PATOS 168 ABC TAX PARCEL 173149019000</p> <p>Kathryn H. Whiting 113 Cliffhouse Court Eastsound, WA 98245</p>

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 SAN JUAN COUNTY, WASHINGTON

<p>SUCIA 155 ABC TAX PARCEL 173149014000</p> <p>JM Land, LLC 9016 E. Lakeview Drive Sun Lakes, AZ 85248</p> <p>By _____ Joseph T. Cooper Its President</p>	<p>SUCIA 156 ABC TAX PARCEL 173149015000</p> <p>Conver Family Trust 10550 Northridge Hill Drive Chatsworth, CA 91311</p> <p>By <u>TS</u> Timothy Conver, Trustee</p> <p>By <u>Barbara Conver</u> Barbara Conver, Trustee</p>
<p>SUCIA 157 ABC TAX PARCEL 173149016000</p> <p>_____ Sarah H. Geiser P.O. Box 418 Eastsound, WA 98245</p>	<p>SUCIA 158 ABC TAX PARCEL 173149017000</p> <p>JM Land, LLC 9016 E. Lakeview Drive Sun Lakes, AZ 85248</p> <p>By _____ Joseph T. Cooper Its President</p>
<p>PATOS 167 ABC TAX PARCEL 173149018000</p> <p>_____ Sarah H. Geiser P.O. Box 418 Eastsound, WA 98245</p>	<p>PATOS 168 ABC TAX PARCEL 173149019000</p> <p>_____ Kathryn H. Whiting 113 Cliffhouse Court Eastsound, WA 98245</p>

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SAN JUAN COUNTY, WASHINGTON

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<p>PATOS 167 ABC TAX PARCEL 173149018000</p> <p>_____ Sarah H. Geiser P.O. Box 418 Eastsound, WA 98245</p>	<p>PATOS 168 ABC TAX PARCEL 173149019000</p> <p><i>Kathryn H. Whiting</i> Kathryn H. Whiting 113 Cliffhouse Court Eastsound, WA 98245</p>

<p>PATOS 169 ABC TAX PARCEL 173149020000</p> <p>Church Family Trust Roxie Duvall, Trustee c/o Paulette Church 1938 Fairway Drive Richland, WA 99352</p> <p>By <u>Roxie Duvall</u> Roxie Duvall, Trustee</p> <p>By <u>Paulette Church</u> Paulette Church, Attorney-in-Fact</p>	<p>PATOS 170 ABC TAX PARCEL 173149021000</p> <hr/> <p>Susan Heffron 2870 NE 183rd Street Lake Forest Park, WA 98155</p>
<p>PATOS 171 ABC TAX PARCEL 173149022000</p> <p>JM Land, LLC 9016 E. Lakeview Drive Sun Lakes, AZ 85248</p> <p>By _____ Joseph T. Cooper Its President</p>	<p>PATOS 172A TAX PARCEL 173149023000</p> <hr/> <p>Diane E. Cooper 17882 Lamson Road Castro Valley, CA 94546</p>
<p>PATOS 172BC TAX PARCEL 173149024000</p> <hr/> <p>Pam Cobb 642 NW 163rd Seattle, WA 98177</p> <hr/> <p>Beverly Jacobs 1715 Lambert Lane Port Angeles, WA 98362</p>	

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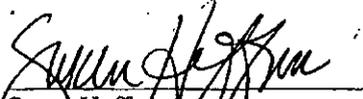
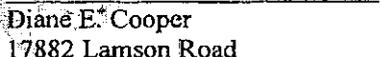
2008 1117018 PAGE 38 OF 68
SAN JUAN COUNTY, WASHINGTON

<p>PATOS 169 ABC TAX PARCEL 173149020000</p> <p>Church Family Trust Roxie Duvall, Trustee c/o Paulette Church 1938 Fairway Drive Richland, WA 99352</p> <p>By _____ Roxie Duvall, Trustee</p> <p>By _____ Paulette Church, Attorney-in-Fact</p>	<p>PATOS 170 ABC TAX PARCEL 173149021000</p> <hr/> <p>Susan Heffron 2870 NE 183rd Street Lake Forest Park, WA 98155</p>
<p>PATOS 171 ABC TAX PARCEL 173149022000</p> <p>JM Land, LLC 9016 E. Lakeview Drive Sun Lakes, AZ 85248</p> <p>By <u>Joseph T. Cooper</u> Joseph T. Cooper Its President</p>	<p>PATOS 172A TAX PARCEL 173149023000</p> <hr/> <p>Diane E. Cooper 17882 Lamson Road Castro Valley, CA 94546</p>
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SAN JUAN COUNTY, WASHINGTON

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<p>SKIPJACK 173 ABC TAX PARCEL 173149025000</p> <p>J. Cooper and Martha Cooper Trust 9016 E. Lakeview Drive Sun Lakes, AZ 85248</p> <p>By <u>Joseph T. Cooper</u> Joseph T. Cooper, Trustee</p> <p>By <u>Martha Cooper</u> Martha Cooper, Trustee</p>	<p>SKIPJACK 174 ABC TAX PARCEL 173149026000</p> <hr/> <p>Paulette Church 1938 Fairway Drive Richland, WA 99352</p>
<p>SKIPJACK 175 ABC TAX PARCEL 173149027000</p> <p>Church Family Trust Roxie Duvall, Trustee c/o Paulette Church 1938 Fairway Drive Richland, WA 99352</p> <p>By _____ Roxie Duvall, Trustee</p> <p>By _____ Paulette Church, Attorney-in-Fact</p>	<p>SKIPJACK 176 ABC TAX PARCEL 173149028000</p> <hr/> <p>Sarah H. Geiser P.O. Box 418 Eastsound, WA 98245</p>

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SAN JUAN COUNTY, WASHINGTON

<p>SKIPJACK 173 ABC TAX PARCEL 173149025000</p> <p>J. Cooper and Martha Cooper Trust 9016 E. Lakeview Drive Sun Lakes, AZ 85248</p> <p>By _____ Joseph T. Cooper, Trustee</p> <p>By _____ Martha Cooper, Trustee</p>	<p>SKIPJACK 174 ABC TAX PARCEL 173149026000</p> <hr/> <p>Paulette Church 1938 Fairway Drive Richland, WA 99352</p>
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OFFICE COPY

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<p>SKIPJACK 177 ABC TAX PARCEL 173149029000</p> <hr/> <p>Kathryn H. Whiting 113 Cliffhouse Court Eastsound, WA 98245</p> <p><i>Kathryn H. Whiting</i></p>	<p>SKIPJACK 178 ABC TAX PARCEL 173149030000</p> <p>Skip & Jack Associates P.O. Box 418 Eastsound, WA 98245</p> <p>By _____ Sarah Geiser Its _____</p>
<p>SKIPJACK 179 ABC TAX PARCEL 173149031000</p> <hr/> <p>Philip Storrer 852 Discovery Bay Blvd. Byron, CA 94514</p> <hr/> <p>Karla Storrer 852 Discovery Bay Blvd. Byron, CA 94514</p>	

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<p>SKIPJACK 177 ABC TAX PARCEL 173149029000</p> <hr/> <p>Kathryn H. Whiting 113 Cliffhouse Court Eastsound, WA 98245</p>	<p>SKIPJACK 178 ABC TAX PARCEL 173149030000</p> <p>Skip & Jack Associates P.O. Box 418 Eastsound, WA 98245</p> <p>By _____ Sarah Geiser Its _____</p>
<p>SKIPJACK 179 ABC TAX PARCEL 173149031000</p> <hr/> <p>Philip Storrer 852 Discovery Bay Blvd. Byron, CA 94514</p>  <hr/> <p>Karla Storrer 852 Discovery Bay Blvd. Byron, CA 94514</p>	

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<p>SKIPJACK 177 ABC TAX PARCEL 173149029000</p> <hr/> <p>Kathryn H. Whiting 113 Cliffhouse Court Eastsound, WA 98245</p>	<p>SKIPJACK 178 ABC TAX PARCEL 173149030000</p> <p>Skip & Jack Associates P.O. Box 418 Eastsound, WA 98245</p> <p>By <u>Sarah H. Geiser</u> Sarah Geiser Its <u>Manager</u></p>
<p>SKIPJACK 179 ABC TAX PARCEL 173149031000</p> <hr/> <p>Philip Storrer 852 Discovery Bay Blvd. Byron, CA 94514</p> <hr/> <p>Karla Storrer 852 Discovery Bay Blvd. Byron, CA 94514</p>	

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SETTLEMENT AGREEMENT

The Landlords and Tenant, whose successor-in-interest is Oly Rose, LLC, ("Tenant") to that certain Master Agreement Regarding Lease of Rosario Resort Condominiums dated January 1, 1997 (the "Lease") hereby agree as follows:

1. The Tenant will pay \$150,000 to the Landlords on or before January 15, 2006, as long as Landlords have executed the release described in paragraph 7, below.
2. The Lease will terminate on December 31, 2006, and will not be extended by option or otherwise.
3. The Tenant will continue to paint the interiors of all the Landlords' units, will paint the flooring on all the Landlords' decks, will continue repairing all table tops, nightstand tops and desk tops and will continue with its normal cleaning procedure of the Landlords' units.
4. The Tenant will grant to the Landlords the same rights granted to Henke regarding use of the Tenant's swimming pool.
5. This Settlement Agreement does not relate to the issues involving the bathrooms, the total scope of which is described on the attached exhibit. The Landlords specifically agree that they will not expand the scope of the work described in the attached exhibit, should this issue proceed to arbitration under the Lease.
6. Not later than January 15, 2006, the parties will have their expert witnesses meet at the site and jointly inspect all of the bathrooms. If the experts agree that a repair is necessary as proper maintenance, then Tenant shall undertake repair of the same. If the experts do not agree on any, or certain, items, then the parties will return to mediation with Charles Burdell. If settlement relating to the bathrooms is not reached, the parties agree to arbitrate 1) whether repair of the particular item is required as "proper maintenance" under the Lease and (2) the level of repair required of the Tenant.
7. The Landlords will execute a release of all claims they may have, of any nature whatsoever, including claims for latent defects, known or unknown, and reasonable wear and tear for the period of 12/14/05 through 12/31/06. This release does not include claims under the roadway easement and those related to the bathrooms as set forth on the attached exhibit.
8. The attorney for Tenant will draft a complete release of all claims, excepting those set forth on the attached exhibit, for execution by the owners. In the event that the parties cannot agree on the specific language in this instrument, Charles Burdell will decide the matter in binding arbitration.
9. The parties contemplate the preparation and execution of more formal documentation memorializing this Settlement Agreement.

Handwritten notes:
 Land clean w/oss of deck & walkways on north entrance side of building
 [Signatures]

December 15, 2005

Sarah H. Jensen
[Signature]
 Oly Rose
 Lauri Cameron

[Signature]
 Martha Cooper

[Signature]

Furniture:

1. Replace all tables.
2. Replace all nightstands.

Bathroom:

1. Replace all shower door gaskets and make other repairs to prevent (stop) water leaking onto floor
2. All wallboard showing water damage must be removed, dry rot repaired and wall board replaced.
3. Shower ~~tile~~^{surround} should be removed and replaced where water has penetrated. All dry rot and mold should be removed. (Units of specific concern: Unit 1607, wall shows extensive water damage (in area of fixtures), evidence of rats behind panel by tub, water damage around tub; Unit 1609, water damage up wall by shower door; Unit 1611, evidence of water leak inside wall at faucet and showerhead end, faucet lose from wall.
4. All cracked shower and counter tiles must be replaced.
5. Shower tiles and counter tiles should be cleaned; missing grout should be replaced.
6. Recaulk where necessary

2000 Building (Pajus)

Exterior:

1. Tree trimming/removal: Unit 2007, trim lower trees; Unit 2009, trim trees; Unit 2011, remove trees.
2. Repair all warped siding.
3. Repair/replace all warped fascia.
4. Restain exterior of building.

Decks:

1. Replace all boards showing deterioration (the outer board holding the railing is deteriorating on many of the decks).
2. Treat deck and railing with preservative.

Rooms:

1. Carpet should be replaced in all units.
2. All box springs and mattresses should be replaced with commercial quality.
3. Missing security bars should be replaced.
4. Repair scuff marks on door frame.
5. Repaint walls and ceilings of each room (including bathrooms).

Summary of Required Repairs - 3 of 5

Furniture:

1. Replace all tables.
2. Replace all nightstands.

Bathroom:

1. Replace all shower door gaskets *and make other repairs to prevent (stop) water leaking into floor*
2. All wallboard showing water damage must be removed, dry rot repaired and wall board replaced.
3. ^{Summit} Shower ~~tile~~ should be removed and replaced where water has penetrated. All dry rot and mold should be removed. (Units of specific concern: Unit 1607, wall shows extensive water damage (in area of fixtures), evidence of rats behind panel by tub, water damage around tub; Unit 1609, water damage up wall by shower door; Unit 1611, evidence of water leak inside wall at faucet and showerhead end, faucet lose from wall.
4. All cracked shower and counter tiles must be replaced.
5. Shower tiles and counter tiles should be cleaned; missing grout should be replaced.
6. Recaulk where necessary

2000 Building (Papas)

Exterior:

1. Tree trimming/removal: Unit 2007, trim lower trees; Unit 2009, trim trees; Unit 2011, remove trees.
2. Repair all warped siding.
3. Repair/replace all warped fascia.
4. Restain exterior of building.

Decks:

1. Replace all boards showing deterioration (the outer board holding the railing is deteriorating on many of the decks).
2. Treat deck and railing with preservative.

Rooms:

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2. All box springs and mattresses should be replaced with commercial quality.
3. Missing security bars should be replaced.
4. Repair scuff marks on door frame.
5. Repaint walls and ceilings of each room (including bathrooms).

Summary of Required Repairs - 3 of 5

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SAN JUAN COUNTY, WASHINGTON

EXHIBIT B

Return to:

Edward R. Langenbach, Esq.
Cable, Langenbach, Kinerk & Bauer, LLP
1000 Second Avenue, Suite 3500
Seattle, Washington 98104

**NOTICE OF MASTER AGREEMENT AMENDMENT AND
GRANT OF RIGHTS**

Grantor: Oly Rose, LLC, a Delaware Limited Liability Company

Grantee: Rosario Independent Owners Association, A Washington Non-Profit Corporation

Tax Parcel No.: 173149010000; 173149011000; 173149012000; 173149013000;
173149014000; 173149015000; 173149016000; 173149017000;
173149018000; 173149019000; 173149020000; 173149021000;
173149022000; 173149023000; 173149024000; 173149025000;
173149026000; 173149027000; 173149028000; 173149029000;
173149030000; 173149031000

Reference Nos. of Related Documents: AFN 97021904

Abbreviated Legal Description: Portions of Government Lots 5 and 6, Section 31, Township 37 North, Range 1 West, of W.M., San Juan County, Washington.

**NOTICE OF MASTER AGREEMENT AMENDMENT AND
GRANT OF RIGHTS**

The undersigned parties have entered into an written Settlement Agreement ("Agreement") dated February __, 2006 which provides, in part, that each of the condominium units listed below is granted the rights and payment obligations, as specified in the Agreement, granted to lot owners within the Rosario Residential Community as referenced in that certain Stipulation for Order of Dismissal dated August 2, 2004 and filed August 10, 2004 in *Henke v. Oly Rose, LLC and Rockresorts International, LLC*, San Juan County Cause No. 02-2-05188-1.

2008 1117018 PAGE 54 OF 68
 SAN JUAN COUNTY, WASHINGTON

Condominiums of the Satellite Condominiums at Rosario

Unit	Tax Parcel No.	Owner
151 ABC Sucia	173149010000	Jaycee Investments, LLC
152 ABC Sucia	173149011000	Marcia Ostyn
153 ABC Sucia	173149012000	Bonnie J. Meyers
154 ABC Sucia	173149013000	Leo R. and Eleanor Jensen
155 ABC Sucia	173149014000	JM Land, LLC
156 ABC Sucia	173149015000	Conver Family Trust
157 ABC Sucia	173149016000	Sarah H. Geiser
158 ABC Sucia	173149017000	JM Land, LLC
167 ABC Patos	173149018000	Sarah H. Geiser
168 ABC Patos	173149019000	Kathryn H. Whiting
169 ABC Patos	173149020000	Church Family Trust
170 ABC Patos	173149021000	Susan Heffron
171 ABC Patos	173149022000	JM Land, LLC
172 A Patos	173149023000	Diane E. Cooper
172 BC Patos	173149024000	Pam Cobb/Beverly Jacobs

Skipjack Condominiums I and II

Unit	Tax Parcel No.	Owner
173 ABC Skipjack	173149025000	J. Cooper and Martha Cooper Trust
174 ABC Skipjack	173149026000	Paulette Church
175 ABC Skipjack	173149027000	Church Family Trust
176 ABC Skipjack	173149028000	Sarah H. Geiser
177 ABC Skipjack	173149029000	Kathryn H. Whiting
178 ABC Skipjack	173149030000	Skip & Jack Associates
179 ABC Skipjack	173149031000	Philip and Karla Storrer

NOTIFICATION OF MASTER LEASE AMENDMENT BY SETTLEMENT AGREEMENT

Additionally, the Agreement amends and modifies certain terms and conditions in that Master Agreement Regarding Lease of Rosario Resort Condominiums, San Juan County Recording Number 97021904, and affects the rights and obligations of the owners of the condominium units described above. Any purchaser of a condominium unit described above, or lender, will be bound, as successor, to the terms and conditions of the written Settlement Agreement.

2008 1117018 PAGE 56 OF 68
SAN JUAN COUNTY, WASHINGTON

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2006.

Signature

Printed name
NOTARY PUBLIC in and for the
State of _____
My commission expires on: _____

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2008 1117018 PAGE 57 OF 68
SAN JUAN COUNTY, WASHINGTON

LEGAL DESCRIPTION

Sucia Unit Nos. 151 ABC, 152 ABC, 153 ABC, 154 ABC, 155 ABC, 156 ABC, 157 ABC, 158 ABC, and Patos Unit Nos. 167 ABC, 168 ABC, 169 ABC, 170 ABC, 171 ABC, 172 A, 172 BC, Satellite Condominiums of Rosario, recorded in Volume 1 of Plats, at pages 5 and 5a, under Auditor's File No. 89611, records of San Juan County, Washington.

Skipjack Unit Nos. 173 ABC, 174 ABC, 175 ABC, 176 ABC, 177 ABC, 178 ABC, 179 ABC, Skipjack Condominiums I and II, situate at Rosario, Orcas Island, Washington, Volume 1 of Condominiums, at pages 13 and 13A, under Auditor's File No. 104401, San Juan County, Washington.

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LEGAL DESCRIPTION TO EXHIBIT B: NOTICE OF MASTER AGREEMENT AMENDMENT AND GRANT OF RIGHTS

2008 1117018 PAGE 58 OF 68
SAN JUAN COUNTY, WASHINGTON

EXHIBIT C

HENKE SETTLEMENT AGREEMENT

[following 10 pages]

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Exhibit C

2008 1117018 PAGE 59 OF 68
SAN JUAN COUNTY, WASHINGTON

HENKE SETTLEMENT AGREEMENT
(August 2, 2004)

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COUNTY CLERKS OFFICE
FILED

AUG 10 2004

MARY JEAN CAHILL
SAN JUAN COUNTY, WASHINGTON

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IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR THE COUNTY OF SAN JUAN

BRADLEY F HENKE and JUDITH M)
HENKE,)

Plaintiffs,)

vs.)

OLY ROSE, LLC and ROCKRESORTS)
INTERNATIONAL, LLC)

Respondents.)

NO. 02-2-05188-1

STIPULATION FOR
ORDER OF DISMISSAL

COME NOW, Plaintiffs, Bradley F. Henke and Judith M Henke, by and through their attorney, Eric Richter, and Defendants, Oly Rose LLC and Rockresorts International LLC, by and through their attorney, John O. Linde, and stipulate as follows:

1 Oly Rose, LLC is the owner of that certain real property described in attached Exhibit "A" and commonly referred to as Rosario Resort. Oly Rose and its successor owners of Rosario Resort are referred to hereafter as the "Resort owner."

2. Oly Rose, LLC is the successor in interest to Falcon Corporation, which created the Plat of Rosario Estates, as well as Gilbert H. Geiser and Geiser Land Company, a Washington corporation, who created the Plats of Rosario Estates No 2, Rosario Estates No 3, Rosario Palisades, Rosario Shores, and Palisades South, all of which are hereafter referred to the "Rosario residential community."

3 The Plat of Rosano Estates included language in its dedication that made

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1 reference to free access to and use of a recreation area but failed to define that area
2 The face of the plat includes the language "recreation area" within an area adjacent to
3 the platted lots. The "recreation area" is not within the legal description contained on
4 the face of the plat and the parties disagree as to whether it is otherwise legally
5 defined.

6 4. The Plaintiffs own three lots within the Plat of Rosario Estates and have
7 sought to obtain a judicial declaration of their rights

8 5. The parties have disputed the effect of the language on the face of the
9 plat referring to the "recreation area," the location of the "recreation area," and
10 whether an easement, a license or some other use privilege was created by the plat
11 and by subsequent conveyances.

12 6. While only the Plat of Rosario Estates contains any reference to a
13 "recreation area", various real estate contracts and deeds of record providing for the
14 sale and conveyance of lots within the Rosario Plats identified in paragraph 2 above, as
15 well as certain unplatted tracts, conveyed by Gilbert H Geiser or Geiser Land Company,
16 include language obligating the purchasers to pay unto seller the sum of \$4.00 per
17 month, or some other periodic payment, for maintenance of "recreation area." Those
18 lots and unplatted tracts are herein collectively referred to as the "Rosario residential
19 community "

20 7. The parties, by this stipulation in compromise and settlement of their
21 disputes, desire to define the "recreation area" and provide that an easement be placed
22 of record formally establishing the recreation area and defining the rights and
23 obligations of the "Resort owner" and the owners of lots within the "Rosario residential
24 community "

1
2 8. To resolve their dispute and to remove uncertainty created by the
3 language contained in the Plat of Rosario Estates, and based upon the foregoing
4 stipulated facts, the parties hereto agree

5 A. Oly Rose, LLC shall declare and establish an easement for a "recreation
6 area" over that portion of the lands described in attached Exhibit "A" as
7 are more particularly set forth on attached Exhibit "B." The easement
8 shall run to the benefit of and be appurtenant to the "Rosario plats" as
9 identified in paragraph 2 herein as well as other lots or tracts,
10 contractually granted access to the "recreation area" upon payment of a
11 monthly maintenance fee.

12 B. The seasonal, outdoor, heated swimming pool and changing area shall be
13 maintained by the "Resort owner" or its successor in interest.

14 C. The "Resort owner" may elect to replace or relocate the existing outdoor
15 swimming pool with a pool of equal or greater size. The replacement pool
16 may be placed within the "recreation easement" as described on attached
17 Exhibit "B" or within that portion of the lands described in attached Exhibit
18 "A" lying west of the "recreation easement", south of the concrete
19 driveway bordering Lots 1 through 10 as shown on the face of the Plat of
20 Rosario Estates, and east of that concrete driveway shown on the face of
21 the Plat of Rosario Estates extending from a point at the intersection of
22 Lots 21E and 22E to the shoreline and hereinafter referred to as "the
23 Resort Expansion Area." So long as the pool remains where it is currently
24 or otherwise relocated within the Resort facility expansion area lot owners
25 shall have a right of access to it. In the event the pool is relocated,
construction shall be scheduled so as to ensure that a pool remains in

1 operation during those portions of the summer and fall season that a pool
2 has historically been open for use

- 3 D. The owner of each lot within the "Rosario residential community" as
4 described herein, shall have the right to use the recreation easement and
5 the outdoor pool upon payment to the "Resort owner" the sum of \$4 00
6 per month, or such other sum as shall have been contractually agreed
7 upon, for maintenance of the recreation area and outdoor swimming
8 pool. The "Resort owner" shall be responsible for billing lot owners for
9 the maintenance fee by regular mail addressed to the last known
10 permanent address of each lot owner or such other address as the lot
11 owner may provide for this purpose. In the event that the lot owner fails
12 to pay the amount due within thirty (30) days of the date of billing, then
13 the right to use the recreation area and outdoor swimming pool shall be
14 suspended until the owner has paid all past due maintenance fees. An
15 owner of more than one lot improved with only one (1) single-family
16 residence shall pay only a single monthly assessment for maintenance.
- 17 E. All rights of lot owners within the "Rosario residential community" to use
18 the recreation area easement and outdoor swimming pool, as provided
19 herein, shall be appurtenant to and deemed to run with the land and may
20 not be sold, transferred or assigned except together with a conveyance of
21 the fee interest in the lot or tract.
- 22 F. The right of a lot or tract owner within the "Rosario residential
23 community" as described herein to use the recreation area and the
24 outdoor swimming pool is limited to lot owners and their lineal
25 descendants, and guests when accompanied by the owner or family
member. Pool access shall not be extended to renters or other non-family

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member / non-owner occupants of lots or tracts within the "Rosario residential community."

- G. The Resort owners shall be responsible for maintenance of the recreation easement area and outdoor pool.
- H. The "Resort owner" shall have the right to develop and construct new buildings within the "Resort expansion area" described as lying west of the "recreation easement" described in Exhibit "B." Should construction occur during the traditional summer season, the "Resort Owner" shall continue to provide access to the existing outdoor pool.
- I. Upon entry of the agreed upon stipulation, Oly Rose, LLC shall record a non-exclusive easement for recreational purposes over and across that parcel of land described on attached Exhibit "B". In addition, Oly Rose, LLC shall pay unto Henke the Plaintiffs' agreed expenses. Thereafter Plaintiffs shall cause to be entered an Order of Dismissal acknowledging that the parties have settled and agreed upon a compromise and that Plaintiffs' claims and causes of actions are to be dismissed with prejudice and without costs to either party.

Dated: August 21, 2004

HENKE & RICHTER



Eric Richter, WSBA #6978
Attorney for Plaintiffs

Dated: August 2, 2004

LAW OFFICES OF JOHN O. LINDE



John O. Linde, WSBA #4845
Attorney for Defendants

2008 1117018 PAGE 65 OF 68
SAN JUAN COUNTY, WASHINGTON

Exhibit "A"

PARCEL 1A: (160621001) (Mansion)

That portion of Government Lot 3, Section 6, Township 36 North, Range 1 West, W.M., and that portion of Government Lots 4 and 5 Section 31, Township 37 North, Range 1 West, W.M., described as follow

Beginning at the southeast corner of Lot 18 as shown in the Plat of Rosario Estates recorded at Volume 2 of Plats at page 3, records of said county, thence along the easterly boundary of said Lot 18 and continuing along the easterly boundaries of Lots 19, 20E and 21E to the southeast corner of Lot 22E, thence along the easterly boundary of Lot 22E North 6°10' West 38.7 feet; thence northwesterly 45 feet, more or less, to the most southerly corner of Lot 1G of said plat; thence continuing northeasterly along the southeasterly boundaries of Lots 1 through 10 to the southeast corner of said Lot 1; thence along the northeasterly boundary of said Lot 1, 75.1 feet, more or less to a point on a line parallel with and 75.0 feet northerly of the north margin of a 40-foot wide easement road as shown on the face of "Suela" as described at Volume 1 of Condominiums at page 1, said records, thence leaving said boundary and along said parallel line North 82°30' East 130.38 feet; thence North 87°57'40" East 90.38 feet; thence perpendicular to said north margin South 2°02'20" East 115.0 feet to the southerly margin of said 40-foot wide easement; thence along said southerly margin North 87°57'40" East 258.78 feet to the northwest corner of that parcel of land described at Auditor's File No. 51101; thence along the westerly boundary of said parcel described at Auditor's File No. 51101 southeasterly to a point on the line of ordinary high tide; thence southwestwardly along said line of ordinary high tide to a point on the northerly boundary of Lot 18B of said Plat of Rosario Estates, that bears South 66°09' East from said true point of beginning; thence leaving said line of ordinary high tide and along said northerly lot boundary North 66°09' West to said point of beginning

EXCEPTING THEREFROM that portion described as follows:

A part of Government Lot 6, Section 31, Township 37 North, Range 1 West, W.M., described as follows:

Beginning at a stake at the west corner of the tract, which is 171.6 feet north and 25 feet east of the meander corner common to fractional Sections 6 and 31 on the west side of Cascade Bay (said M.C. being on a fir stump 7.3 feet east of a concrete monument); thence north 65°28' east 72.8 feet to a stake, thence South 38°00' East 58.5 feet to a stake and on in the same direction 30 feet, more or less, to the line of ordinary high water; thence with same southwestwardly to a point South 30°34' East of the beginning stake; thence North 30°34' West 30 feet, more or less, to a stake on top of the bank and on in the same direction 58.2 feet more to beginning stake at west corner known as "Revd House".

TOGETHER WITH the Tidelands of the Second Class situate in front of, adjacent to, abutting upon that portion of the U.S. Government Meander Line of Government Lot 5 as conveyed by the State of Washington by Tideland Deed, recorded January 20, 1906, in Volume 10 of Deeds, at page 130 records of San Juan County, Washington

TOGETHER WITH the Tidelands of the Second Class situate in front of, adjacent to, abutting upon Government Lot 3 lying between the line of mean low tide and the line of extreme low tide as conveyed by the State of Washington by Deed, recorded February 3, 1912, in Volume 12 of Deeds, at page 615, under Auditor's File No. 12709, records of San Juan County, Washington.

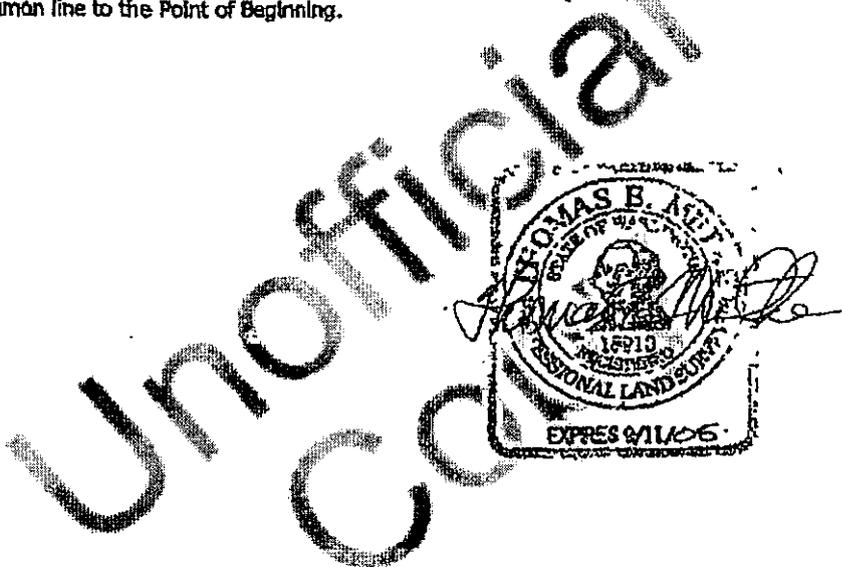
Situate in San Juan County, Washington.

Exhibit "B"

LAND DESCRIPTION
FOR
RECREATION AREA AT ROSARIO RESORT

That portion of Government Lot 5 and Tidelands of the Second Class Abutting Section 31, Township 37 North, Range 1 West, W.M., in San Juan County, Washington, described as follows:

Beginning at a point where the Southeastery extension of the boundary common to Lot 6 and lot 6A of the Plat of Rosario Estates, as recorded at Volume 2 of Plats, Pages 3 and 3A, records of San Juan County, Washington, intersects the Southerly face of a concrete curb wall forming the Southerly margin of the concrete driveway abutting said Lots 6 and 6A, as shown on said plat; thence Easterly along said Southerly face 600 feet, more or less, to the intersection of said Southerly face with a line which is parallel with and 10 feet Westerly of the Westerly wall of that building shown as "shop" on said Plat of Rosario Estates; thence leaving said Southerly face and along said parallel line Southerly to the line of mean low tide; thence Westerly along said line of mean low tide to a point on the extension of said line common to Lots 6 and 6A; thence leaving said line of mean low tide Northwesterly along said extension of said common line to the Point of Beginning.



MPD, Incorporated, PS

February 17, 2004

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COUNTY CLERKS OFFICE
FILED

AUG 30 2004

MARY JEAN CAHILL
SAN JUAN COUNTY, WASHINGTON

IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON

IN AND FOR THE COUNTY OF SAN JUAN

BRADLEY F HENKE and JUDITH M.)
HENKE,)

Plaintiffs,)

VS)

OLY ROSE, LLC and ROCKRESORTS)
INTERNATIONAL, LLC)

Respondents.)

NO. 02 - 2 - 05188 - 1

ORDER OF DISMISSAL

The parties have stipulated and agreed upon terms of settlement, and based upon the parties' stipulation that all matters in the above-captioned cause have been settled, agreed upon and compromised, NOW, THEREFORE,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Plaintiffs' claims and causes of action are dismissed with prejudice and without costs to any party, including all claims by all parties that were made or could have been made in this litigation between the parties.

DONE IN OPEN COURT this 30th day of August, 2004.

Alan R. Hancock
Honorable Vickie I. Churchill
Superior Court Judge Alan R. Hancock

Order of Dismissal - Page 1 of 2

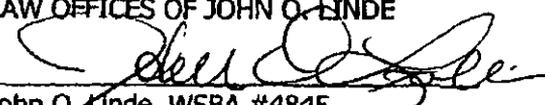
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LAW OFFICES OF JOHN O LINDE
PO BOX 668
FRIDAY HARBOR WA 98250
TEL (360) 378 2191
FAX (360) 378 3891

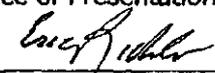
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1 Presented by.
2 LAW OFFICES OF JOHN O. LINDE

3 
4 John O. Linde, WSBA #4845
Attorney for Defendants

5 Copy Received, Approved for Entry,
6 Notice of Presentation Waived:

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8 Eric Richter, WSBA #6978
Attorney for Plaintiffs

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Order of Dismissal - Page 2 of 2

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San Juan County, WA
F. Milene Henley, Auditor
AQEASE
Pgs=35 KIRAS

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12/29/2008 04:59 PM

Total: \$76.00

After recording return to:

Washington Water Service Company
PO Box 336
Gig Harbor, WA 98335



Recorded at the request of:
**WASHINGTON WATER SERVICE
COMPANY**

Cover Page for Aquatic Lands Outfall Easement

Grantor:	State of Washington Department of Natural Resources
Grantee:	Washington Water Service Company
Legal Description:	Easement Boundaries as shown on Exhibit "A" recorded in Book 21 at Page 87
Term of Lease:	Commencement Date August 1, 2008 Termination Date July 31, 2023
Reference Number	Outfall Easement No 51 -081345
Parcel No.:	160621001

UNRECORDED

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES
DOUG SUTHERLAND, Commissioner of Public Lands

AQUATIC LANDS OUTFALL EASEMENT
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**STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES
DOUG SUTHERLAND, Commissioner of Public Lands**

AQUATIC LANDS OUTFALL EASEMENT

AQUATIC LANDS EASEMENT NO. 51-081345

THIS AGREEMENT is made by and between the STATE OF WASHINGTON, acting through the Department of Natural Resources ("State"), and WASHINGTON WATER SERVICE COMPANY, a Washington Corporation ("Grantee").

BACKGROUND

Grantee desires to use state-owned aquatic lands located in San Juan County, Washington for the purpose of discharging effluent from an outfall pipeline. Grantee has obtained regulatory authorizations for this purpose including, but not limited to, a National Pollutant Discharge Elimination System ("NPDES") Permit.

State is willing to grant an easement for a term to Grantee in reliance upon Grantee's promises to operate the outfall in compliance with all laws and permits and in the manner as described in all regulatory authorizations.

Nonetheless, State's goals are to promote water re-use and reduce reliance on in-water disposal of waste effluent, storm water and other discharges that affect the use and environmental conditions of state-owned aquatic lands and associated biological communities. Therefore, future grants of easement rights will depend on Grantee's satisfactory progress toward implementation of reasonably practical disposal alternatives.

THEREFORE, the Parties agree as follows:

SECTION 1 GRANT OF EASEMENT

1.1 Easement Defined.

- (a) State grants and conveys to Grantee a nonexclusive easement, subject to the terms and conditions of this agreement, over, upon, and under the real property

described in Exhibit A. In this agreement, the term "Easement" means this agreement and the rights granted; the term "Easement Property" means the real property subject to the easement.

- (b) This Easement is subject to all valid interests of third parties noted in the records of San Juan County, or on file in the office of the Commissioner of Public Lands, Olympia, Washington; rights of the public under the Public Trust Doctrine or federal navigation servitude; and treaty rights of Indian Tribes.
- (c) This Easement does not include any right to harvest, collect or damage any natural resource, including aquatic life or living plants, any water rights, or any mineral rights, including any right to excavate or withdraw sand, gravel, or other valuable materials.

1.2 Survey and Easement Property Descriptions.

- (a) Grantee prepared Exhibit A, which describes the Easement Property. Grantee warrants that Exhibit A is a true and accurate description of the Easement boundaries and the improvements to be constructed or already existing in the Easement area.
- (b) Grantee shall not rely on any written legal descriptions, surveys, plats, or diagrams ("property description") provided by State. Grantee shall not rely on State's approval or acceptance of Exhibit A or any other Grantee-provided property description as affirmation or agreement that Exhibit A or other property description is true and accurate. Grantee's obligation to provide a true and accurate description of the Easement Property boundaries is a material term of this Easement.

1.3 Condition of Easement Property. State makes no representation regarding the condition of the Easement Property, improvements located on the Easement Property, the suitability of the Easement Property for Grantee's Permitted Use, compliance with governmental laws and regulations, availability of utility rights, access to the Easement Property, or the existence of hazardous substances on the Easement Property.

SECTION 2 USE

2.1 Permitted Use. Grantee shall use the Easement Property for a sewer outfall (the "Permitted Use"), and for no other purpose. The Permitted Use is described or shown in detail in Exhibit B.

2.2 Restrictions on Use.

- (a) Grantee shall not cause or permit any damage to natural resources on the Easement Property or adjacent state-owned aquatic lands regardless of whether the damages are a direct or indirect result of the Permitted Use.

2008-1229033

Page 6 of 35

SAN JUAN COUNTY, WASHINGTON

- (b) Unless approved by State in writing, Grantee shall not cause or permit any filling activity to occur on the Easement Property or adjacent state-owned aquatic land. This prohibition includes any deposit of rock, earth, ballast, wood waste, refuse, garbage, waste matter (including chemical, biological, or toxic wastes), hydrocarbons, any other pollutants, or other matter. Outfall discharges in full compliance with a valid NPDES Permit are not subject to this prohibition.
- (c) Grantee shall neither commit nor allow waste to be committed to or on the Easement Property or adjacent state-owned aquatic land.
- (d) Failure to Comply with Restrictions on Use.
- (1) Grantee's failure to comply with the restrictions on use under this Subsection 2.2 is a breach subject to Subsection 14.1. Grantee shall cure the breach by taking all steps necessary to remedy the failure and restore the Easement Property and adjacent state-owned aquatic lands to the condition before the failure occurred within the time for cure provided in Subsection 14.1. Additionally, Grantee shall mitigate environmental damages in accordance with Paragraph 2.2(d)(3).
- (2) If Grantee fails to cure the default in the manner described in this Paragraph 2.2(d), State may terminate in accordance with Subsection 14.1. In addition, the State may (1) restore the Easement Property and adjacent state-owned aquatic lands and charge Grantee remedial costs and/or (2) charge Grantee environmental damages. Upon demand by State, Grantee shall pay all remedial costs and environmental damages.
- (3) Mitigation of Environmental Damages
- (i) Grantee shall prepare a written plan, subject to State's approval, incorporating measures to (1) eliminate or minimize future impacts to natural resources, (2) replace unavoidable lost or damaged natural resource values, and (3) monitor and report on plan implementation. Grantee shall implement the plan upon State's approval.
- (ii) Grantee shall compensate State in accordance with Subsection 5.4 for lost or damaged resource values that are not replaceable.
- (iii) If a regulatory authority requires Grantee to provide mitigation on state-owned aquatic lands, Grantee shall coordinate the proposed mitigation activities with state and obtain an appropriate use authorization prior to commencement of activities.
- (e) State's failure to notify Grantee of Grantee's failure to comply with all or any of the restrictions set out in this Subsection 2.2 does not constitute a waiver of any remedies available to State.
- (f) This Section 2.2 does not limit Grantee's liability under Section 8, below.

2.3 Conformance with Laws. Grantee shall keep current and comply with all conditions and terms of any permits, licenses, certificates, regulations, ordinances, statutes, and other government rules and regulations regarding its use of the Easement Property.

2.4 Liens and Encumbrances. Grantee shall keep the Easement Property free and clear of any liens and encumbrances arising out of or relating to its use of the Easement Property, unless expressly authorized by State in writing.

2.5 Interference with Other Uses.

- (a) Grantee shall exercise Grantee's rights under this Easement in a manner that minimizes or avoids interference with the rights of State, the public or others with valid right to use or occupy the Easement Property or surrounding lands and water.
- (b) To the fullest extent reasonably possible, Grantee shall place and construct Improvements in a manner that allows unobstructed movement in and on the waters above and around the Easement Property.
- (c) Except in an emergency, Grantee shall provide State with written notice of construction or other significant activity on Easement Property at least thirty (30) days in advance. "Significant Activity" means any activity that may affect use or enjoyment by the State, public, or others with valid rights to use or occupy the Easement Property or surrounding lands and water.
- (d) Grantee shall mark the location of any hazards associated with the Permitted Use and any Improvements in a manner that ensures reasonable notice to the public.

2.6 Amendment Upon Change of Permit Status. State reserves the right to amend the terms and conditions of this Easement whenever any regulatory authority (1) modifies a permit in a manner affecting the provisions of this Easement or (2) allows for a change in the manner of outfall operation including, but not limited to, a change in the type, quality, or quantity of discharge.

SECTION 3 TERM

3.1 Term Defined. The term of this Easement is Fifteen (15) years (the "Term"), beginning on the 1st day of August, 2008 (the "Commencement Date"), and ending on the 31st day of July, 2023 (the "Termination Date"), unless terminated sooner under the terms of this Easement.

3.2 Renewal of the Easement.

- (a) This Easement does not provide a right of renewal. Grantee may apply for a new Easement, which State has discretion to grant. Grantee must apply for a new Easement at least one (1) year prior to Termination Date. State shall notify Grantee within ninety (90) days of its intent to approve or deny a new Easement.

- (b) Reduction of Discharge on State-Owned Aquatic Lands
- (1) Grantee warrants that Grantee considered alternatives to minimize impact of discharge as summarized in Exhibit B.
 - (2) At the time of application to renew the NPDES Permit, or every five (5) years, whichever is first, Grantee shall submit to State a report addressing progress to reduce discharges on state-owned aquatic land and associated biological communities. "Progress" means Grantee is analyzing or developing alternative disposal methods including, but not limited to, (1) reduction of inflow and infiltration; (2) groundwater recharge; (3) stream augmentation, industrial process supply, and/or agricultural application; (4) water conservation programs; (5) other water re-use projects.
 - (3) State will consider reports submitted under Subparagraph 3.2(b)(1) in evaluation of Grantee's application to enter into a new Easement. If reports demonstrate insufficient progress toward disposal alternatives that abate impacts to state-owned aquatic land and associated biological communities, State may either:
 - (i) Require Grantee to undertake investigation and analysis of reasonably practical disposal alternatives to the Permitted Use, or
 - (ii) Rely on State's alternatives analysis developed in accordance with WAC 332-30-122(2)(d) and other regulations.
 - (4) Grantee's failure to anticipate and conduct disposal alternatives investigation and analysis may delay or prevent issuance of a new Easement.
 - (5) State is under no obligation to issue a new Easement if Grantee fails to comply with this Paragraph 3.2(b).

3.3 End of Term

- (a) Upon the expiration or termination of this Easement, Grantee shall remove Improvements in accordance with Section 7, Improvements, and surrender the Easement Property to State restored to a condition substantially like its natural state before construction and operation of the outfall.
- (b) If Easement Property does not meet the condition described in Paragraph 3.3(a), the following provisions apply.
 - (1) State shall provide Grantee a reasonable time to take all steps necessary to remedy the condition of the Easement Property. State may require Grantee to enter into a right-of-entry or other use authorization prior to the Grantee entering the Easement Property to remedy any breach of this Subsection 3.3.
 - (2) If Grantee fails to remedy the condition of the Easement Property in a timely manner, State may take any steps reasonably necessary to remedy

Grantee's failure. Upon demand by State, Grantee shall pay all costs of such remedial action, including but not limited to the costs of removing and disposing of any material deposited improperly on the Easement Property, lost revenue resulting from the condition of the Easement Property prior to and during remedial action, and any administrative costs associated with the remedial action.

SECTION 4 FEES

4.1 Fee. Until adjusted as set forth, Grantee shall pay an annual fee of Eight Hundred Seventy Eight and 71/100 Dollars (\$878.71), which is due and payable on or before the Commencement Date and on or before the same date of each year thereafter.

Any payment not paid by State's close of business on the date due is past due.

4.2 Payment Place. Grantee shall make payment to Financial Management Division, 1111 Washington St SE, PO Box 47041, Olympia, WA 98504-7041.

SECTION 5 OTHER EXPENSES

5.1 Utilities. Grantee shall pay all fees charged for utilities in connection with the use of the Easement Property.

5.2 Taxes and Assessments. Grantee shall pay all taxes, assessments, and other governmental charges, of any kind whatsoever, applicable or attributable to the Easement and the Permitted Use.

5.3 Failure to Pay. If Grantee fails to pay any of the amounts due under this Easement, State may pay the amount due, and recover its cost in accordance with Section 6.

5.4 Environmental Damages.

- (a) If required to mitigate for environmental damage under Paragraph 2.2(d)(3)(ii), Grantee shall compensate State for lost or damaged resource values upon State's demand. The value of damages shall be determined in accordance with Paragraph 5.4(b).
- (b) Unless the Parties otherwise agree on the value, a three-member panel of appraisers will determine the measure of lost or damaged resource values. The appraisers shall be qualified to assess economic value of natural resources. State and Grantee each shall appoint and compensate one member of the panel. By consensus, the two appointed members shall select the third member, who will be compensated by State and Grantee equally. The panel shall base the calculation of damages on generally accepted valuation principles. The written decision of the majority of the panel shall bind the Parties.

SECTION 6 LATE PAYMENTS AND OTHER CHARGES

6.1 Late Charge. If State does not receive any payment within ten (10) days of the date due, Grantee shall pay to State a late charge equal to four percent (4%) of the amount of the payment or Fifty Dollars (\$50), whichever is greater, to defray the overhead expenses of State incident to the delay.

6.2 Interest Penalty for Past Due Fees and Other Sums Owed.

- (a) Grantee shall pay interest on the past due fees at the rate of one percent (1%) per month until paid, in addition to paying the late charges determined under Subsection 6.1, above.
- (b) If State pays or advances any amounts for or on behalf of Grantee, Grantee shall reimburse State for the amount paid or advanced and shall pay interest on that amount at the rate of one percent (1%) per month from the date State notifies Grantee of the payment or advance. This includes, but is not limited to taxes, assessments, insurance premiums, costs of removal and disposal of unauthorized materials pursuant to Subsection 2.2 above, costs of removal and disposal of improvements pursuant to Section 7 below, or other amounts not paid when due.

6.3 Referral to Collection Agency and Collection Agency Fees. If State does not receive payment within thirty (30) days of the due date, State may refer the unpaid amount to a collection agency as provided by RCW 19.16.500 or other applicable law. Upon referral, Grantee shall pay collection agency fees in addition to the unpaid amount.

6.4 No Accord and Satisfaction. If Grantee pays, or State otherwise receives, an amount less than the full amount then due, State may apply such payment as it elects. No endorsement or statement on any check, any payment, or any letter accompanying any check or payment constitutes accord and satisfaction.

SECTION 7 IMPROVEMENTS

7.1 Improvements Defined.

- (a) "Improvements," consistent with RCW 79.105 through 79.145, are additions within, upon, or attached to the land. This includes, but is not limited to, structures and fixtures.
- (b) "Personal Property" means items that can be removed from the Easement Property without (1) injury to the Easement Property, adjacent state-owned lands or Improvements or (2) diminishing the value or utility of the Easement Property, adjacent state-owned lands or Improvements.
- (c) "State-Owned Improvements" are Improvements made or owned by State. State-Owned Improvements includes any construction, alteration, or addition to State-Owned Improvements made by Grantee.

- (d) "Grantee-Owned Improvements" are Improvements made by Grantee with State's consent.
- (e) "Unauthorized Improvements" are Improvements made on the Easement Property without State's prior consent or Improvements made by Grantee that do not conform with plans submitted to and approved by the State.
- (f) "Improvements Owned by Others" are Improvements made by Others with a right to occupy or use the Easement Property or adjacent state-owned lands.

7.2 Existing Improvements. On the Commencement Date, the following Improvements are located on the Easement Property: 4 inch steel outfall pipe. The Improvements are Grantee-Owned Improvements.

7.3 Construction, Major Repair, Modification, and Demolition.

- (a) This Subsection 7.3 governs construction, alteration, replacement, major repair, modification alteration, demolition and deconstruction of Improvements ("Work"). Section 11 governs routine maintenance and minor repair of Improvements and Easement Property.
- (b) Except in an emergency, Grantee shall not conduct any Work without State's prior written consent, as follows:
 - (1) State may deny consent if State determines that denial is in the best interests of the State. State may impose additional conditions reasonably intended to protect and preserve the Easement Property. If Work is for removal of Improvements at End of Term, State may waive removal of any or all Improvements.
 - (2) Except in an emergency, Grantee shall submit to State plans and specifications describing the proposed Work at least sixty (60) days before submitting permit applications to regulatory authorities unless Grantee and State otherwise agree to coordinate permit applications. At a minimum or if no permits are necessary, Grantee shall submit plans and specifications at least ninety (90) days before commencement of Work.
 - (3) State waives the requirement for consent if State does not notify Grantee of its grant or denial of consent within sixty (60) days of submittal.
- (c) Grantee shall notify State of emergency Work within five (5) business days of the start of such Work. Upon State's request, Grantee shall provide State with plans and specifications or as-builts of emergency Work.
- (d) Grantee shall not commence or authorize Work until Grantee has:
 - (1) Obtained a performance and payment bond in an amount equal to one hundred twenty-five percent (125%) of the estimated cost of construction. Grantee shall maintain the performance and payment bond until Grantee

pays in full the costs of the Work, including all laborers and material persons.

- (2) Obtained all required permits.
- (3) Provided notice of Significant Activity in accordance with Paragraph 2.5(c).
- (e) Grantee shall preserve and protect Improvements Owned by Others, if any.
- (f) Grantee shall preserve all legal land subdivision survey markers and witness objects ("Markers.") If disturbance of a Marker will be a necessary consequence of Grantee's construction, Grantee shall reference and/or replace the Marker in accordance with all applicable laws and regulations current at the time, including, but not limited to Chapter 58.24 RCW. At Grantee's expense, Grantee shall retain a registered professional engineer or licensed land surveyor to reestablish destroyed or disturbed Markers in accordance with U.S. General Land Office standards.
- (g) Before completing Work, Grantee shall remove all debris and restore the Easement Property, as nearly as possible, to its natural condition before the Work began. If Work is intended for removal of Improvements at End of Term, Grantee shall restore the Easement Property in accordance with Subsection 3.3, End of Term.
- (h) Upon completing work, Grantee shall promptly provide State with as-built plans and specifications.
- (i) State shall not charge rent for authorized Improvements installed by Grantee during this Term of this Easement, but State may charge rent for such Improvements when and if the Grantee or successor obtains a subsequent use authorization for the Easement Property and State has waived the requirement for Improvements to be removed as provided in Subsection 7.4.

7.4 Grantee-Owned Improvements at End of Easement.

- (a) Disposition
 - (1) Grantee shall remove Grantee-Owned Improvements in accordance with Subsection 7.3 upon the expiration, termination, or cancellation of the Easement unless State waives the requirement for removal or State determines that abandonment of Improvements is in the best interests of State.
 - (2) Grantee-Owned Improvements remaining on the Easement Property on the expiration, termination or cancellation date become State-Owned Improvements without payment by State, unless State elects otherwise. State may refuse or waive ownership.

- (3) If Grantee-Owned Improvements remain on the Easement Property after the expiration, termination, or cancellation date without State's consent, State may remove all Improvements and Grantee shall pay the costs of removal and disposal.
- (b) **Determination of Removal or Abandonment.**
- (1) State may waive removal of any or all Grantee-Owned Improvements whenever State determines that it is in the best interests of the State. State will consider it in the best interests of the State to waive removal where abandonment is less detrimental than removal to the long term use and management of state-owned lands and resources.
- (2) If Grantee renews the Easement or enters into a new Easement, State may waive requirement to remove Grantee-Owned Improvements. State also may consent to Grantee's continued ownership of Grantee-Owned Improvements.
- (3) If Grantee does not renew the Easement or enter into a new Easement, State and Grantee shall coordinate removal or abandonment as follows:
- (i) Grantee must notify State at least one (1) year before the Termination Date of its proposal to either leave or remove Grantee-Owned Improvements.
- (ii) State, within ninety (90) days, will notify Grantee whether State (1) does not waive removal or (2) consents to abandonment.
- (c) **Grantee's Obligations if State Consents to Abandonment.**
- (1) Grantee shall conduct Work necessary for abandonment in accordance with Subsection 7.3.
- (2) The submittal of plans and specifications shall identify means for plugging pipelines and notifying public of abandoned Improvements.
- (d) **Grantee's Obligations if State Waives Removal.**
- (1) Grantee shall not remove Improvements if State waives the requirement for removal of any or all Grantee-Owned Improvements.
- (2) Grantee shall maintain such Improvements in accordance with this Easement until the expiration, termination, or cancellation date. Grantee is liable to State for cost of repair if Grantee causes or allows damage to Improvements State has designated to remain.

7.5 Disposition of Unauthorized Improvements.

- (a) Unauthorized Improvements belong to State, unless State elects otherwise.
- (b) State may either:
- (1) Consent to Grantee ownership of the Improvements, or

- (2) Charge use and occupancy fee in accordance with RCW 79.105.200 of the Improvements from the time of installation or construction and
 - (i) Require Grantee to remove the Improvements in accordance with Subsection 7.3, in which case Grantee shall pay use and occupancy fee for the Improvements until removal,
 - (ii) Consent to Improvements remaining and Grantee shall pay use and occupancy fee for the use of the Improvements, or
 - (iii) Remove Improvements and Grantee shall pay for the cost of removal and disposal, in which case Grantee shall pay use and occupancy fee for use of the Improvements until removal and disposal.

7.6 Disposition of Personal Property.

- (a) Grantee retains ownership of Personal Property unless Grantee and State agree otherwise in writing.
- (b) Grantee shall remove Personal Property from the Easement Property by the Termination Date. Grantee is liable for any damage to the Easement Property and to any Improvements that may result from removal of Personal Property.
- (c) State may sell or dispose of all Personal Property left on the Easement Property after the Termination Date.
 - (1) If State conducts a sale of Personal Property, State shall apply proceeds first to the State's administrative costs in conducting the sale, second to payment of amount that then may be due from the Grantee to the State, and State shall pay the remainder, if any, to the Grantee.
 - (2) If State disposes of Personal Property, Grantee shall pay for the cost of removal and disposal.

SECTION 8 ENVIRONMENTAL LIABILITY/RISK ALLOCATION

8.1 Definitions.

- (a) "Hazardous Substance" means any substance that now or in the future becomes regulated or defined under any federal, state, or local statute, ordinance, rule, regulation, or other law relating to human health, environmental protection, contamination, pollution, or cleanup, including, but not limited to, the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. 6901 *et seq.*, as amended; Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. 9601 *et seq.*, as amended; Washington's Model Toxics Control Act ("MTCA"), Chapter 70.105 RCW, as amended; and Washington's Sediment Management Standards, WAC Chapter 173-204.
- (b) "Release or threatened release of Hazardous Substance" means a release or threatened release as defined under any law described in Paragraph 8.1(a) or any similar event defined under any such law.

- (c) "Utmost care" means such a degree of care as would be exercised by a very careful, prudent, and competent person under the same or similar circumstances; the standard of care established under MTCA, RCW 70.105D.040.

8.2 General Conditions.

- (a) Grantee's obligations under this Section 8 extend to the area in, on, under, or above:
- (1) The Easement Property and
 - (2) Adjacent state-owned aquatic lands where a release or the presence of Hazardous Substances may arise from Grantee's use of the Easement Property.
- (b) Standard of Care.
- (1) Grantee shall exercise the utmost care with respect to Hazardous Substances.
 - (2) In relation to the Permitted Use, Grantee shall exercise utmost care for the foreseeable acts or omissions of third parties with respect to Hazardous Substances, and the foreseeable consequences of those acts or omissions, to the extent required to establish a viable, third-party defense under the law, including – but not limited to – RCW 70.105D.040.

8.3 Current Conditions and Duty to Investigate.

- (a) State makes no representation about the condition of the Easement Property. Hazardous Substances may exist in, on, under, or above the Easement Property or adjacent state-owned lands.
- (b) This Easement does not impose a duty on State to conduct investigations or supply information to Grantee about Hazardous Substances.
- (c) Grantee is responsible for conducting all appropriate inquiry and gathering sufficient information concerning the Easement Property and the existence, scope, and location of any Hazardous Substances on the Easement Property or on adjacent lands that allows Grantee to meet Grantee's obligations under this Easement.

8.4 Use of Hazardous Substances.

- (a) Grantee, its, contractors, agents, employees, guests, invitees, or affiliates shall not use, store, generate, process, transport, handle, release, or dispose of Hazardous Substances, except in accordance with all applicable laws.
- (b) Grantee shall not undertake, or allow others to undertake by Grantee's permission, acquiescence, or failure to act, activities that:
- (1) Result in a release or threatened release of Hazardous Substances, or

- (2) Cause, contribute to, or exacerbate any contamination exceeding regulatory cleanup standards whether the regulatory authority requires cleanup before, during, or after Grantee's use of the Easement Property.
- (c) If use of Hazardous Substance related to the Permitted Use results in a violation of an applicable law:
 - (1) Grantee shall submit to State any plans for remedying the violation, and
 - (2) State may require remedial measures in addition to remedial measures required by regulatory authorities.

8.5 Management of Contamination.

- (a) Grantee shall not undertake activities that:
 - (1) Damage or interfere with the operation of remedial or restoration activities;
 - (2) Result in human or environmental exposure to contaminated sediments;
 - (3) Result in the mechanical or chemical disturbance of on-site habitat mitigation.
- (b) Grantee shall not interfere with access by:
 - (1) Employees and authorized agents of the Environmental Protection Agency, the Washington State Department of Ecology, health department, or other similar environmental agencies; and
 - (2) Potentially liable or responsible parties who are the subject of an order or consent decree that requires access to the Easement Property. Grantee may negotiate an access agreement with such parties, but Grantee may not unreasonably withhold such agreement.

8.6 Notification and Reporting.

- (a) Grantee shall immediately notify State if Grantee becomes aware of any of the following:
 - (1) A release or threatened release of Hazardous Substances;
 - (2) Any new discovery of or new information about a problem or liability related to, or derived from, the presence of any Hazardous Substance;
 - (3) Any lien or action arising from the foregoing;
 - (4) Any actual or alleged violation of any federal, state, or local statute, ordinance, rule, regulation, or other law pertaining to Hazardous Substances;

- (5) Any notification from the US Environmental Protection Agency (EPA) or the Washington State Department of Ecology (DOE) that remediation or removal of Hazardous Substances is or may be required at the Easement Property.
- (b) Grantee's duty to report under Paragraph 8.6(a) extends to the Easement Property, adjacent state-owned aquatic lands where a release or the presence of Hazardous Substances could arise from the Grantee's use of the Easement Property, and any other property used by Grantee in conjunction with Grantee's use of the Easement Property where a release or the presence of Hazardous Substances on the other property would affect the Easement Property.
- (c) Grantee shall provide State with copies of all documents concerning environmental issues associated with the Easement Property, and submitted by Grantee to any federal, state or local authorities. Documents subject to this requirement include, but are not limited to, applications, reports, studies, or audits for National Pollution Discharge and Elimination System Permits (NPDES); Army Corps of Engineers permits; State Hydraulic Project Approvals (HPA); State Water Quality certification; Substantial Development permit; and any reporting necessary for the existence, location, and storage of Hazardous Substances on the Easement Property.

8.7 Indemnification.

- (a) "Liabilities" as used in this Subsection 8.7 means any claims, demands, proceedings, lawsuits, damages, costs, expenses, fees (including attorneys' fees and disbursements), penalties, or judgments.
- (b) Grantee shall fully indemnify, defend, and hold State harmless from and against any Liabilities that arise out of, or relate to:
- (1) The use, storage, generation, processing, transportation, handling, or disposal of any Hazardous Substance by Grantee, its contractors, agents, invitees, guests, employees, affiliates, licensees, or permittees occurring anytime Grantee uses or has used the Easement Property;
 - (2) The release or threatened release of any Hazardous Substance, or the exacerbation of any Hazardous Substance contamination resulting from any act or omission of Grantee, its contractors, agents, employees, guests, invitees, or affiliates regardless of whether the release, threatened release, or exacerbation occurring anytime Grantee uses or has used the Easement Property.
- (c) Grantee shall fully indemnify, defend, and hold State harmless for any Liabilities that arise out of or relate to Grantee's breach of obligations under Subsection 8.5.

- (d) **Third Parties.**
- (1) Grantee has no duty to indemnify State for acts or omissions of third parties unless Grantee fails to exercise the standard of care required by Paragraph 8.2(b)(2). Grantee's third-party indemnification duty arises under the conditions described in Subparagraph 8.7(d)(2).
 - (2) If an administrative or legal proceeding arising from a release or threatened release of Hazardous Substances finds or holds that Grantee failed to exercise care as described in Subparagraph 8.7(d)(1), Grantee shall fully indemnify, defend, and hold State harmless from and against any liabilities arising from the acts or omissions of third parties in relation to the release or threatened release of Hazardous Substances. This includes any liabilities arising before the finding or holding in the proceeding.
- (e) Grantee is obligated to indemnify under the Subsection 8.7 regardless of whether a NPDES or other permit or license authorizes the discharge or release of Hazardous Substances.

8.8 Reservation of Rights.

- (a) For any environmental liabilities not covered by the indemnification provisions of Subsection 8.7, the Parties expressly reserve and do not waive or relinquish any rights, claims, immunities, causes of action, or defenses relating to the presence, release, or threatened release of Hazardous Substances that either Party may have against the other under law.
- (b) This Easement affects no right, claim, immunity, or defense either Party may have against third parties, and the Parties expressly reserve all such rights, claims, immunities, and defenses.
- (c) The provisions under this Section 8 do not benefit, or create rights for, third parties.
- (d) The allocations of risks, liabilities, and responsibilities set forth above do not release either Party from, or affect the liability of either Party for, claims or actions by federal, state, or local regulatory agencies concerning Hazardous Substances.

8.9 Cleanup.

- (a) If Grantee's act, omission, or breach of obligation under Subsection 8.4 results in a release of Hazardous Substances, Grantee shall, at Grantee's sole expense, promptly take all actions necessary or advisable to clean up the Hazardous Substances in accordance with applicable law. Cleanup actions include, without limitation, removal, containment, and remedial actions.

- (b) Grantee's obligation to undertake a cleanup under Section 8 is limited to those instances where the Hazardous Substances exist in amounts that exceed the threshold limits of any applicable regulatory cleanup standards.
- (c) At the State's discretion, Grantee may undertake a cleanup of the Easement Property pursuant to the Washington State Department of Ecology's Voluntary Cleanup Program, provided that Grantee cooperates with the Department of Natural Resources in development of cleanup plans. Grantee shall not proceed with Voluntary Cleanup without Department of Natural Resources approval of final plans. Nothing in the operation of this provision is an agreement by Department of Natural Resources that the Voluntary Cleanup complies with any laws or with the provisions of this Easement. Grantee's completion of a Voluntary Cleanup is not a release from or waiver of any obligation for Hazardous Substances under this Easement.

8.10 Sampling by State, Reimbursement, and Split Samples.

- (a) Grantee shall conduct sediment sampling, if required, in accordance with Exhibit B.
- (b) State may conduct sampling, tests, audits, surveys, or investigations ("Tests") of the Easement Property at any time to determine the existence, scope, or effects of Hazardous Substances.
- (c) If such Tests, along with any other information, demonstrate the existence, release, or threatened release of Hazardous Substances arising out of any action, inaction, or event described or referred to in Subsection 8.4, above, Grantee shall promptly reimburse State for all costs associated with such Tests.
- (d) State shall not seek reimbursement for any Tests under this Subsection 8.10 unless State provides Grantee written notice of its intent to conduct any Tests at least thirty (30) calendar days prior to undertaking such Tests, except when such Tests are in response to an emergency. Grantee shall reimburse State for Tests performed in response to an emergency if State has provided such notice as is reasonably practical.
- (e) Grantee is entitled to obtain split samples of any Test samples obtained by State, but only if Grantee provides State with written notice requesting such samples within twenty (20) calendar days of the date of Grantee's receipt of notice of State's intent to conduct any non-emergency Tests. Grantee solely shall bear the additional cost, if any, of split samples. Grantee shall reimburse State for any additional costs caused by split sampling within thirty (30) calendar days after State sends Grantee a bill with documentation for such costs.
- (f) Within sixty (60) calendar days of a written request (unless otherwise required pursuant to Paragraph 8.6(c), above), either Party to this Easement shall provide the other Party with validated final data, quality assurance/quality control

information, and chain of custody information, associated with any Tests of the Easement Property performed by or on behalf of State or Grantee. There is no obligation to provide any analytical summaries or the work product of experts.

8.11 Closeout Assessment.

- (a) State has discretion to require Grantee to conduct a Closeout Environmental Assessment ("Closeout Assessment") prior to Termination of the Easement.
- (b) The purpose of the Closeout Assessment is to determine the existence, scope, or effects of any Hazardous Substances on the Easement Property and any associated natural resources. The Closeout Assessment may include sediment sampling.
- (c) State shall provide Grantee with written notice that a Closeout Assessment is required no later than one hundred eighty (180) calendar days prior to the Termination Date, or within ninety (90) days of any valid notice to terminate the Easement earlier than originally agreed.
- (d) Within sixty (60) days of State's notice that Closeout Assessment is required and before commencing assessment activities, Grantee shall submit a proposed plan for conducting the Closeout Assessment in writing for State's approval.
- (e) If State fails to approve or disapprove of the plan in writing within sixty (60) days of its receipt, State waives requirement for approval.
- (f) Grantee shall be responsible for all costs required to complete planning, sampling, analyzing, and reporting associated with the Closeout Assessment.
- (g) If the initial results of the Closeout Assessment disclose that Hazardous Substances may have migrated to other property, State may require additional Closeout Assessment work to determine the existence, scope, and effect of any Hazardous Substances on adjacent property, any other property subject to use by Grantee in conjunction with its use of the Easement Property, or on any associated natural resources.
- (h) Grantee shall submit Closeout Assessment to State upon completion.
- (i) As required by law, Grantee shall report to the appropriate regulatory authorities if the Closeout Assessment discloses a release or threatened release of Hazardous Substances.

SECTION 9 ASSIGNMENT

Grantee shall not assign any part of Grantee's interest in this Easement or the Easement Property or grant any rights or franchises to third parties without State's prior written consent, which State shall not unreasonably condition or withhold. State reserves the right to reasonably change the terms and conditions of this Easement upon State's consent to assignment.

SECTION 10 INDEMNITY, FINANCIAL SECURITY, INSURANCE**10.1 Indemnity.**

- (a) Grantee shall indemnify, defend, and hold State, its employees, officers, and agents harmless from any Claims arising out of the Permitted Use or activities related to the Permitted Use by Grantee, its contractors, agents, invitees, guests, employees, affiliates, licensees, or permittees.
- (b) "Claim" as used in this Subsection 10.1 means any financial loss, claim, suit, action, damages, expenses, fees (including attorneys' fees), penalties, or judgments attributable to bodily injury; sickness; disease; death; damages to tangible property, including, but not limited to, land, aquatic life, and other natural resources; and loss of natural resource values. "Damages to tangible property" includes, but is not limited to, physical injury to the Easement Property and damages resulting from loss of use of the Easement Property.
- (c) Grantee is obligated to indemnify under this Subsection 10.1 regardless of whether any other provision of this Agreement or NPDES or other permit or license authorizes the discharge or release of a deleterious substance resulting in a claim.
- (d) No damages or fees paid by Grantee to State under other provisions of this Easement are a setoff against Grantee's obligation to indemnify under this Subsection 10.1
- (e) State shall not require Grantee to indemnify, defend, and hold State harmless for claims that arise solely out of the willful or negligent act of State or State's elected officials, employees, or agents.
- (f) Grantee waives its immunity under Title 51 RCW to the extent it is required to indemnify, defend, and hold State and its agencies, officials, agents, or employees harmless.
- (g) Section 8, Environmental Liability/Risk Allocation, exclusively governs Grantee's liability to State for Hazardous Substances and its obligation to indemnify, defend, and hold State harmless for Hazardous Substances.

10.2 Insurance Terms.

- (a) Insurance Required.
 - (1) At its own expense, Grantee shall procure and maintain during the Term of this Easement, the insurance coverages and limits described in this Subsection 10.2 and in Subsection 10.3, Insurance Types and Limits. State may terminate this Easement if Grantee fails to maintain required insurance.

- (2) Unless State agrees to an exception, Grantee shall provide insurance issued by an insurance company or companies admitted to do business in the State of Washington and have a rating of A- or better by the most recently published edition of Best's Reports. Grantee may submit a request to the risk manager for the Department of Natural Resources for an exception to this requirement. If an insurer is not admitted, the insurance policies and procedures for issuing the insurance policies must comply with Chapter 48.15 RCW and 284-15 WAC.
- (3) The State of Washington, the Department of Natural Resources, its elected and appointed officials, agents, and employees must be named as an additional insured on all general liability, excess, umbrella, property, builder's risk, and pollution legal liability insurance policies.
- (4) All insurance provided in compliance with this Easement must be primary as to any other insurance or self-insurance programs afforded to or maintained by State.
- (b) Waiver.
- (1) Grantee waives all rights against State for recovery of damages to the extent insurance maintained pursuant to this Easement covers these damages.
- (2) Except as prohibited by law, Grantee waives all rights of subrogation against State for recovery of damages to the extent that they are covered by insurance maintained pursuant to this Easement.
- (c) Proof of Insurance.
- (1) Grantee shall provide State with a certificate(s) of insurance executed by a duly authorized representative of each insurer, showing compliance with insurance requirements specified in this Easement and, if requested, copies of policies to State.
- (2) The certificate(s) of insurance must reference additional insureds and the Easement number.
- (3) Receipt of such certificates or policies by State does not constitute approval by State of the terms of such policies.
- (d) State must receive written notice before cancellation or non-renewal of any insurance required by this Easement, in accordance with the following:
- (1) Insurers subject to RCW 48.18 (admitted and regulated by the Insurance Commissioner): If cancellation is due to non-payment of premium, provide State ten (10) days' advance notice of cancellation; otherwise, provide State forty-five (45) days' advance notice of cancellation or non-renewal.

- (2) Insurers subject to RCW 48.15 (surplus lines): If cancellation is due to non-payment of premium, provide State ten (10) days' advance notice of cancellation; otherwise, provide State thirty (30) days' advance notice of cancellation or non-renewal.
- (e) **Adjustments in Insurance Coverage.**
- (1) State may impose changes in the limits of liability for all types of insurance as State deems necessary.
- (2) Grantee shall secure new or modified insurance coverage within thirty (30) days after State requires changes in the limits of liability.
- (f) If Grantee fails to procure and maintain the insurance described above within fifteen (15) days after Grantee receives a notice to comply from State, State may either:
- (1) Deem the failure an Event of Default under Section 14, or
- (2) Procure and maintain comparable substitute insurance and pay the premiums. Upon demand, Grantee shall pay to State the full amount paid by State, together with interest at the rate provided in Subsection 6.2 from the date of State's notice of the expenditure until Grantee's repayment.
- (g) **General Terms.**
- (1) State does not represent that coverage and limits required under this Easement will be adequate to protect Grantee.
- (2) Coverage and limits do not limit Grantee's liability for indemnification and reimbursements granted to State under this Easement.
- (3) The Parties shall use any insurance proceeds payable by reason of damage or destruction to Easement Property first to restore the Easement Property, then to pay the cost of the reconstruction, then to pay the State any sums in arrears, and then to Grantee.

10.3 Insurance Types and Limits.

- (a) **General Liability Insurance.**
- (1) Grantee shall maintain commercial general liability insurance (CGL) or marine general liability (MGL) covering claims for bodily injury, personal injury, or property damage arising on the Easement Property and/or arising out of the Permitted Use and, if necessary, commercial umbrella insurance with a limit of not less than One Million Dollars (\$1,000,000) per each occurrence. If such CGL or MGL insurance contains aggregate limits, the general aggregate limit must be at least twice the "each occurrence" limit. CGL or MGL insurance must have products-completed operations aggregate limit of at least two times the "each occurrence" limit.

- (2) CGL insurance must be written on Insurance Services Office (ISO) Occurrence Form CG 00 01 (or a substitute form providing equivalent coverage). All insurance must cover liability arising out of premises, operations, independent contractors, products completed operations, personal injury and advertising injury, and liability assumed under an insured contract (including the tort liability of another party assumed in a business contract) and contain separation of insured (cross-liability) condition.
- (3) MGL insurance must have no exclusions for non-owned watercraft.
- (b) Workers' Compensation.
- (1) State of Washington Workers' Compensation.
- (i) Grantee shall comply with all State of Washington workers' compensation statutes and regulations. Grantee shall provide workers' compensation coverage for all employees of Grantee. Coverage must include bodily injury (including death) by accident or disease, which arises out of or in connection with the Permitted Use or related activities.
- (ii) If Grantee fails to comply with all State of Washington workers' compensation statutes and regulations and State incurs fines or is required by law to provide benefits to or obtain coverage for such employees, Grantee shall indemnify State. Indemnity includes all fines; payment of benefits to Grantee, employees, or their heirs or legal representatives; and the cost of effecting coverage on behalf of such employees.
- (2) Longshore and Harbor Worker's Act. The Longshore and Harbor Worker's Compensation Act (33 U.S.C. Section 901 *et. seq.*) may require Grantee to provide insurance coverage for longshore and harbor workers other than seaman. Failure to obtain coverage in the amount required by law may result in civil and criminal liabilities. Grantee is fully responsible for ascertaining if such insurance is required and shall maintain insurance in compliance with this Act. Grantee is responsible for all civil and criminal liability arising from failure to maintain such coverage.
- (3) Jones Act. The Jones Act (46 U.S.C. Section 688) may require may require Grantee to provide insurance coverage for seamen injured during employment resulting from negligence of the owner, master, or fellow crew members. Failure to obtain coverage in the amount required by law may result in civil and criminal liabilities. Grantee is fully responsible for ascertaining if such insurance is required and shall maintain insurance in compliance with this Act. Grantee is responsible for all civil and criminal liability arising from failure to maintain such coverage.

- (c) **Employer's Liability Insurance.** Grantee shall procure employer's liability insurance, and, if necessary, commercial umbrella liability insurance with limits not less than One Million Dollars (\$1,000,000) each accident for bodily injury by accident or One Million Dollars (\$1,000,000) each employee for bodily injury by disease.
- (d) **Pollution Legal Liability Insurance.**
- (1) Grantee shall procure and maintain for the duration of this Easement pollution legal liability insurance, including investigation and defense costs, for bodily injury and property damage, including loss of use of damaged property or of property that has been physically damaged or destroyed. Such coverage must provide for both on-site and off-site cleanup costs and cover gradual and sudden pollution, and include in its scope of coverage natural resource damage claims. Grantee shall maintain coverage in an amount of at least:
 - (i) One Million Dollars (\$1,000,000) each occurrence for Tenant's operations at the site(s) identified above, and
 - (ii) One Million Dollars (\$1,000,000) general aggregate or policy limit, if any.
 - (2) Such insurance may be provided on an occurrence or claims-made basis. If such coverage is obtained as an endorsement to the CGL and is provided on a claims-made basis, the following additional conditions must be met:
 - (i) The Insurance Certificate must state that the insurer is covering Hazardous Substance removal.
 - (ii) The policy must contain no retroactive date, or the retroactive date must precede abatement services.
 - (iii) Coverage must be continuously maintained with the same insurance carrier through the official completion of any work on the Easement Property.
 - (iv) The extended reporting period (tail) must be purchased to cover a minimum of thirty-six (36) months beyond completion of work.

10.4 Financial Security.

- (a) At its own expense, Grantee shall procure and maintain during the Term of this Easement a corporate security bond or provide other financial security that State may approve ("Security"). Grantee shall provide Security in an amount equal to Two Thousand Dollars (\$2,000), which is consistent with RCW 79.105.330, and secures Grantee's performance of its obligations under this Easement, with the exception of the obligations under Section 8, Environmental Liability/Risk Allocation. Grantee's failure to maintain the Security in the required amount during the Term constitutes a breach of this Easement.

- (b) All Security must be in a form acceptable to the State.
- (1) Bonds must be issued by companies admitted to do business within the State of Washington and have a rating of A-, Class VII or better, in the most recently published edition of Best's Reports, unless State approves an exception.. Grantee may submit a request to risk manager for the Department of Natural Resources for an exception to this requirement.
 - (2) Letters of credit, if approved by State, must be irrevocable, allow State to draw funds at will, provide for automatic renewal, and comply with RCW 62A.5-101, *et. seq.*
 - (3) Savings account assignments, if approved by State, must allow State to draw funds at will.
- (c) Adjustment in Amount of Security.
- (1) State may require an adjustment in the Security amount:
 - (i) At the same time as revaluation, if any,
 - (ii) As a condition of approval of assignment of this Easement,
 - (iii) Upon a material change in the condition or disposition of any Improvements, or
 - (iv) Upon a change in the Permitted Use.
 - (2) Grantee shall deliver a new or modified form of Security to State within thirty (30) days after State has required adjustment of the amount of the Security.
- (d) Upon any default by Grantee in its obligations under this Easement, State may collect on the Security to offset the liability of Grantee to State. Collection on the Security does not (1) relieve Grantee of liability, (2) limit any of State's other remedies, (3) reinstate or cure the default or (4) prevent termination of the Easement because of the default.

SECTION 11 ROUTINE MAINTENANCE AND REPAIR

11.1 State's Repairs. This Easement does not obligate State to make any alterations, maintenance, replacements, or repairs in, on, or about the Easement Property, during the Term.

11.2 Grantee's Repairs and Maintenance.

- (a) Routine maintenance and repair are acts intended to prevent a decline, lapse or, cessation of the Permitted Use and associated Improvements. Routine maintenance or repair is the type of work that does not require regulatory permits.
- (b) At Grantee's sole expense, Grantee shall keep and maintain all Grantee-Owned Improvements and the Easement Property as it relates to the Permitted Use in good order and repair and in a safe condition. State's consent is not required for routine maintenance or repair.

- (c) At Grantee's own expense, Grantee shall make any additions, repairs, alterations, maintenance, replacements, or changes to the Easement Property or to any Improvements on the Easement Property that any public authority requires because of the Permitted Use.
- (d) Grantee shall follow procedures for the inspection, routine maintenance, and emergency plans in Exhibit B. Upon State's request, Grantee shall provide State with a copy of complete Operation and Maintenance Manual and/or Facilities Plan.
- (e) Upon completion of maintenance activities, Grantee shall remove all debris and restore the Easement Property, as nearly as possible, to the condition prior to the commencement of work.

SECTION 12 DAMAGE OR DESTRUCTION

12.1 Notice and Repair.

- (a) In the event of any known damage to or destruction of the Easement Property or any Improvements, Grantee shall promptly give written notice to State. State does not have actual knowledge of the damage or destruction of the Easement Property or any Improvements without Grantee's written notice.
- (b) Unless otherwise agreed in writing, Grantee shall promptly reconstruct, repair, or replace any Improvements in accordance with Subsection 7.3, Construction, Major Repair, Modification, and Demolition, as nearly as possible to its condition immediately prior to the damage or destruction. Where damage to state-owned aquatic land or natural resources is attributable to the Permitted Use or related activities, Grantee shall promptly restore the lands or resources to the condition preceding the damage in accordance with Subsection 7.3 unless otherwise agreed in writing.

12.2 State's Waiver of Claim. State does not waive any claims for damage or destruction of the Easement Property unless State provides written notice to Grantee of each specific claim waived.

12.3 Insurance Proceeds. Grantee's duty to reconstruct, repair, or replace any damage or destruction of the Easement Property or any Improvements on the Easement Property is not conditioned upon the availability of any insurance proceeds to Grantee from which the cost of repairs may be paid. The Parties shall use insurance proceeds in accordance with Subparagraph 10.2(g)(3).

SECTION 13 CONDEMNATION

In the event of condemnation, the Parties shall allocate the award between State and Grantee based upon the ratio of the fair market value of (1) Grantee's rights in the Easement Property and Grantee-Owned Improvements and (2) State's interest in the Easement Property; the reversionary interest in Grantee-Owned Improvements, if any; and State-Owned Improvements. In the event of a partial taking, the Parties shall compute the ratio based on the portion of Easement Property or Improvements taken. If Grantee and State are unable to agree on the allocation, the Parties shall submit the dispute to binding arbitration in accordance with the rules of the American Arbitration Association.

SECTION 14 TERMINATION

14.1 Termination by Breach. State may terminate this Easement upon Grantee's failure to cure a breach of the terms and conditions of this Easement. State shall provide Grantee written notice of breach. Grantee shall have sixty (60) days after receiving notice to cure. State may extend the cure period if breach is not reasonably capable of cure within sixty (60) days.

14.2 Termination by Nonuse. If Grantee does not use the Easement Property for a period of three (3) successive years, this Easement terminates without further action by State. Grantee's rights revert to State upon Termination by Nonuse.

14.3 Termination by Grantee. Grantee may terminate this Easement upon providing State with sixty (60) days written notice of intent to terminate.

SECTION 15 NOTICE AND SUBMITTALS

15.1 Notice. Following are the locations for delivery of notice and submittals required or permitted under this Easement. Any Party may change the place of delivery upon ten (10) days written notice to the other.

State: DEPARTMENT OF NATURAL RESOURCES
 Northwest Region
 919 North Township Street
 Sedro-Woolley, WA 98284

Grantee: WASHINGTON WATER SERVICE COMPANY
 PO Box 336
 Gig Harbor, WA 98335

The Parties may deliver any notice in person, by facsimile machine, or by certified mail. Depending on the method of delivery, notice is effective upon personal delivery, upon receipt of a confirmation report if delivered by facsimile machine, or three (3) days after mailing. All notices must identify the Easement number. On notices transmitted by facsimile machine, the Parties shall state the number of pages contained in the notice, including the transmittal page, if any.

15.2 Contact Persons. On the Commencement Date, the following persons are designated day-to-day contact persons. Any Party may change the Contact Person upon reasonable notice to the other.

State: DEPARTMENT OF NATURAL RESOURCES
 Northwest Region
 San Juan County Aquatics Land Manager
 360-856-3500
 360-856-2150 (fax)
 information@dnr.wa.gov

Grantee: MIKE IRELAND
 253-851-3422 ext. 1107
 mireland@wawater.com

SECTION 16 MISCELLANEOUS

16.1 Authority. Grantee and the person or persons executing this Easement on behalf of Grantee represent that Grantee is qualified to do business in the State of Washington, that Grantee has full right and authority to enter into this Easement, and that each and every person signing on behalf of Grantee is authorized to do so. Upon State's request, Grantee shall provide evidence satisfactory to State confirming these representations. This Easement is entered into by State pursuant to the authority granted it in Chapter 43.12 RCW, Chapter 43.30 RCW, and Title 79 RCW and the Constitution of the State of Washington.

16.2 Successors and Assigns. This Easement binds and inures to the benefit of the Parties, their successors, and assigns.

16.3 Headings. The headings used in this Easement are for convenience only and in no way define, limit, or extend the scope of this Easement or the intent of any provision.

16.4 Entire Agreement. This Easement, including the exhibits and addenda, if any, contains the entire agreement of the Parties. This Easement merges all prior and contemporaneous agreements, promises, representations, and statements relating to this transaction or to the Easement Property.

16.5 Waiver.

- (a) The waiver of any breach or default of any term, covenant, or condition of this Easement is not a waiver of such term, covenant, or condition; of any subsequent breach or default of the same; or of any other term, covenant, or condition of this Easement. State's acceptance of payment is not a waiver of any preceding or existing breach other than the failure to pay the particular payment that was accepted.

16.6 Cumulative Remedies. The rights and remedies under this Easement are cumulative and in addition to all other rights and remedies afforded by law or equity or otherwise.

16.7 Time is of the Essence. TIME IS OF THE ESSENCE as to each and every provision of this Easement.

16.8 Language. The word "Grantee" as used in this Easement applies to one or more persons, as the case may be. The singular includes the plural, and the neuter includes the masculine and feminine. If there is more than one Grantee, their obligations are joint and several. The word "persons," whenever used, includes individuals, firms, associations, and corporations. The word "Parties" means State and Grantee in the collective. The word "Party" means either or both State and Grantee, depending on context.

16.9 Invalidity. The invalidity, voidness, or illegality of any provision of this Easement does not affect, impair, or invalidate any other provision of this Easement.

16.10 Applicable Law and Venue. This Easement is to be interpreted and construed in accordance with the laws of the State of Washington. Any reference to a statute means that statute as presently enacted or hereafter amended or superseded. Venue for any action arising out of or in connection with this Easement is in the Superior Court for Thurston County, Washington.

16.11 Recordation. Grantee shall record this Easement or a memorandum documenting the existence of this Easement in the county in which the Easement Property is located, at Grantee's sole expense. If used, the memorandum must contain the Easement Property description, the names of the Parties to the Easement, the State's Easement number, and the duration of the Easement. Grantee shall provide State with recording information, including the date of recordation and file number. Grantee has thirty (30) days from the date of delivery of the final executed agreement to comply with the requirements of this Subsection 16.11. If Grantee fails to record this Easement, State may record it and Grantee shall pay the costs of recording upon State's demand.

16.12 Modification. No modification of this Easement is effective unless in writing and signed by the Parties. Oral representations or statements do not bind either Party.

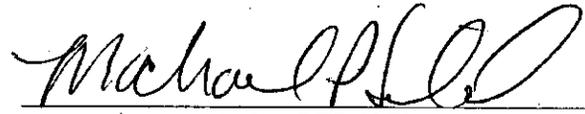
16.13 Survival. Any obligations of Grantee not fully performed upon termination of this Easement do not cease, but continue as obligations of the Grantee until fully performed.

16.14 Exhibits. All referenced exhibits are incorporated in this Easement unless expressly identified as unincorporated.

THIS AGREEMENT requires the signature of all Parties and is effective on the date of the last signature below.

WASHINGTON WATER SERVICE COMPANY,
a Washington Corporation

Dated: 10/31, 2008


MIKE IRELAND

Title: President
Address: PO Box 336
Gig Harbor, WA 98335

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES

Dated: 11/26/08, 20


DAVID ROBERTS

Title: Aquatic Lands Assistant Region Manager
Address: 919 North Township Street
Sedro Woolley, WA 98284



Standard Aquatic Lands Outfall Easement
Approved as to Form on
By: Janis Snoey
Assistant Attorney General
State of Washington

STATE OF WASHINGTON)

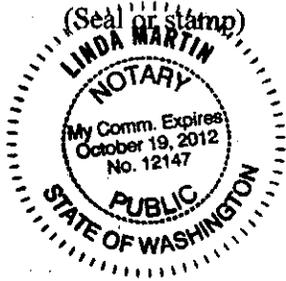
County of Pierce) ss

I certify that I know or have satisfactory evidence that MIKE IRELAND is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of Washington Water Service Company to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 10-31-08

Linda Martin
(Signature)

Linda Martin
(Print Name)



Notary Public in and for the State of
Washington, residing at
3565 Foxwood Dr SE - Pt. Viewfield WA
My appointment expires 10-19-2012 98366

STATE OF WASHINGTON)

County of Skaigt) ss

I certify that I know or have satisfactory evidence that DAVID ROBERTS is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Aquatic Lands Assistant Region Manager of the Department of Natural Resources, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 11/26/08

Tammy R Olson
(Signature)

Tammy R Olson
(Print Name)



Notary Public in and for the State of
Washington, residing at
Sedro-Woolley
My appointment expires 2/16/12

AQUATIC LANDS OUTFALL EASEMENT

EXHIBIT B #51-081345

2008-1229033

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SAN JUAN COUNTY, WASHINGTON

PLAN OF OPERATIONS

1. Site Description and Present Use

- a) Geographic location of outfall:
 The tidelands of the second class and bed of Eastsound, Owned by the State of Washington, Situate in front of, adjacent to or abutting upon a portion of Gov. Lt. 3 Sec. 6, Twsp 36N, R1W, included in a strip of land 30 feet in width having 15 feet of such width on either side of the following describe center line.
 Beginning at a point on the line of mean high water which is South 43°, 14' West 130 feet from the east meander corner of the north line of said Gov. lot 3 and running thence south 30°, 30' East 200 feet to the terminal point of this centerline description.
- b) Land ownership (upland):
 Oly Rose, LLC
 5080 Spectrum Dr. Suite 1050E
 Addison, Texas 75001
- c) Existing uses at the site:
 Operation of a sewer outfall line
- d) Past uses and prior use authorizations on the site:
 Operation and maintenance of a sewer outfall line.

2. Future Use and Conditions

No future changes proposed

3. Reduction Of Discharge On State-Owned Aquatic Lands

The outfall is operated under a 2005 DOE Approved General Sewer Plan and Engineering Report. The Washington Water Service Company Wastewater Treatment Plant has been selected to receive the "Outstanding Wastewater Treatment Plant" award for full compliance with its discharge permit in 2007.

4. Construction Schedule, Maintenance and Mitigation

- a) Construction Schedule:
 No construction is scheduled
- b) Construction Plan/Profile/Methods/Sequence:
 Beginning at a point on the line of mean high water which is South 43°, 14' West 130 feet from the east meander corner of the north line of said Gov. lot 3 and running thence south 30° 30' East 200 feet to the terminal point of this centerline description.
 - 200 feet from shoreline
 - 4" diameter steel pipe
 - Length of outfall 200 feet
 - Diffuser details: Unknown
- c) Construction Mitigation Methods per Regulatory Requirements
 - Pipe joining procedure (joined prior to placement?):
 NONE, already installed
 - Drilling used instead of trenching?:
 N/A

Washington Water Service Company

AQUATIC LANDS OUTFALL EASEMENT

EXHIBIT B #51-081345

2008-1229033 Page 35 of 35
SAN JUAN COUNTY, WASHINGTON

PLAN OF OPERATIONS

- Construction swath to be disturbed (how has it been minimized?):
EXISTING
- Sheeted trenching used?:
N/A
- Mitigation for lost habitat:
NONE

5. Sediment Sampling

- Ecology does not require sediment sampling under NPDES permit #WA-002989-1. The NPDES Fact Sheet states "The Department has determined through a review of the discharger characteristics and effluent characteristics that this discharge has no reasonable potential to violate the Sediment Management Standards".

The State will allow for Grantee to adhere to a sediment sampling schedule determined by Ecology through the National Pollution Discharge Elimination System (NPDES) permit. In the event that Ecology does not require sediment sampling or sampling that is satisfactory to the State, Grantee may be notified by State to conduct the below mentioned sediment sampling:

Existing discharges:

- Initial: Conducted before the easement is approved
- Close-out sampling within 5 years of termination of the easement

Grantee should conduct sediment sampling that is representative of the discharge depositional zone and in compliance with all of the Department of Ecology requirements and/or the Sediment Sampling and Analysis Plan Appendix 2008, Sediment Management Standards, and Sediment Source Control Standards User Manual.

Following each sampling event, Grantee shall submit to State a written report of the Sampling & Analysis Plan and a written and electronic Data Report in the format of Environmental Information Management (EIM) System.

6. **Grantee's Procedures For Inspection, Routine Maintenance, and Emergencies**
The 4 inch outfall line and anchors were inspected in July 2008 (report to be submitted to DNR). This inspection was completed to assure the integrity of the outfall line. Any irregularities reported are immediately repaired. See NPDES permit for outfall evaluation schedule.

SAN JUAN COUNTY WASH.
REAL ESTATE EXCISE TAX

AMOUNT PAID \$ 069736 2142.91

N/R
pgs=4 SANDYR

Total: \$65.00

OCT 22 2009

RECORDED AT THE REQUEST OF, AND
AFTER RECORDING RETURN TO:

JAN SEARS
COUNTY TREASURER



00007499200910220150040045

Recorded at the request of:
SAN JUAN TITLE

Thomas M. Pors
Law Office of Thomas M. Pors
1700 Seventh Avenue, Suite 2100
Seattle, WA 98101
San Juan Title
Accommodation Recording Only

CONVEYANCE OF WATER RIGHTS AND SUBORDINATION AGREEMENT

Grantor: Orcas Water Holdings, LLC, a Delaware limited liability company
Grantee: Washington State Department of Ecology, as trustee of the
Washington Trust Water Rights Program

Legal Description: A Portion of the water right described below that is appurtenant to real property located in: Government Lots 1,2,3,4 and 5 of Section 6, T36N, R1W, W.M.; all of Section 31 except NW1/4, NW1/4 and that portion lying within Moran State Park, T37N, R1W, W.M.; SE1/4 SE1/4 of SW1/4, N1/2 of SW1/4, S1/2 of NW1/4 and that portion of Government Lot 4 lying north of the county road, Section 30, T37N, R1W, W.M.; NW1/4 of SW1/4, SW1/4 of SW1/4, SE1/4 of SW1/4, Section 5, T36N, R1W, W.M., Government Lots 1 and 2, Section 36, T37N, R2W, W.M., and those portions of Government Lots 2 and 3, Section 25, lying east of county road, T37N, R2W, W.M., as more particularly described on Exhibit A.

Assessor's Tax Parcel ID# 173043001000, 173142003000, 173142002000, 173142001000, 173152037000, 173152038000, 173134005000, 173134003000, and 160621001000

KNOW ALL MEN BY THESE PRESENTS:

That Orcas Water Holdings, LLC, for valuable consideration, the receipt of which is hereby acknowledged, hereby quit claims and conveys to Washington State Department of Ecology, as trustee of the Washington Trust Water Rights Program, a portion of the following water right:

A PORTION OF Certificate of Adjudicated Water Right recorded in the office of the Department of Ecology, Olympia, Washington, in Volume XI of Adjudicated Water Right Certificates, at page 85, which certificate was also recorded in the records of San Juan County, Washington on December 29, 1972 under Auditors File No. 80565; as changed by Certificate of Change to Change the Point of Diversion, Purpose of Use and Place of Use of Surface Waters, recorded in the office of the Department of Ecology, Olympia, Washington, in Volume I of Certificates of Change at page 81, which certificate of change was also recorded in the records of San Juan County, Washington on February 3, 1989 under Auditors File No. 89155695; NAMELY,

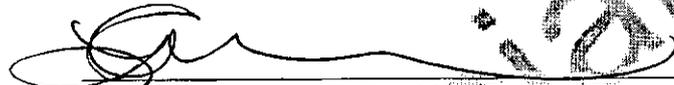
0.25 cubic feet per second (continuously), from June 1 through August 31 of each year; and
0.50 cubic feet per second (continuously), from September 1 through October 31 of each year, equaling 105.9 acre-feet/year.

PROVIDED, that no portion of said waters shall be diverted from Cascade Creek;

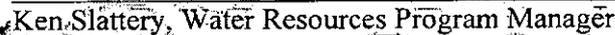
AND PROVIDED FURTHER, that the priority of the above-described portion of this water right shall be subordinated to the priority of all remaining portions of this water right that are presently or will in the future be changed to municipal or domestic purposes of use for property on Orcas Island pursuant to statutes and rules of the State of Washington that permit the change in use of perfected water rights;

DATED this 8th day of October, 2009.

GRANTOR: ORCAS WATER HOLDINGS, LLC


Laurie Cameron, Vice-President

GRANTEE: WASHINGTON STATE DEPARTMENT OF ECOLOGY, as trustee of the Washington Trust Water Rights Program

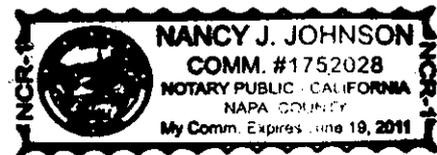

Ken Slattery, Water Resources Program Manager

STATE OF CALIFORNIA

COUNTY OF NAPA

On the 8th day of October in the year 2009 before me personally came Laurie Cameron to me known, who, being by me duly sworn, did depose and say that she is the Vice-President of Orcas Water Holdings, LLC, a Delaware limited liability company, the company described in and which executed the above instrument; and that she signed her name thereto by authority of the managing members of said company.


Notary Public



Printed Name: NANCY J. JOHNSON

My Commission Expires: JUN 19, 2011

0.25 cubic feet per second (continuously), from June 1 through August 31 of each year; and
0.50 cubic feet per second (continuously), from September 1 through October 31 of each year, equaling 105.9 acre-feet/year.

PROVIDED, that no portion of said waters shall be diverted from Cascade Creek;

AND PROVIDED FURTHER, that the priority of the above-described portion of this water right shall be subordinated to the priority of all remaining portions of this water right that are presently or will in the future be changed to municipal or domestic purposes of use for property on Orcas Island pursuant to statutes and rules of the State of Washington that permit the change in use of perfected water rights;

DATED this 23 day of April, 2009.

GRANTOR: ORCAS WATER HOLDINGS, LLC

Laurie Cameron, Vice-President

GRANTEE: WASHINGTON STATE DEPARTMENT OF ECOLOGY, as trustee of the Washington Trust Water Rights Program

Ken Slattery, Water Resources Program Manager

STATE OF CALIFORNIA

COUNTY OF NAPA

On the _____ day of _____ in the year 2009 before me personally came Laurie Cameron to me known, who, being by me duly sworn, did depose and say that she is the Vice-President of Orcas Water Holdings, LLC, a Delaware limited liability company, the company described in and which executed the above instrument; and that she signed her name thereto by authority of the managing members of said company.

Notary Public

Printed Name: _____

My Commission Expires: _____

STATE OF WASHINGTON

COUNTY OF THURSTON

On the 23 day of April in the year 2009 before me personally came Ken Slattery, to me known, who, being by me duly sworn, did depose and say that he is the Water Resources Program Manager of Washington State Department of Ecology, the government agency described in and which executed the above instrument as trustee of the Washington Trust Water Rights Program; and that he signed his name thereto by authority of the director of said agency.

Ann M. Howe

Notary Public

Printed Name: Ann M. Howe

My Commission Expires: 8-15-2011



DUPLICATE

SAN JUAN COUNTY WASH

REAL ESTATE EXCISE TAX

AMOUNT PAID \$

070781

SEP 30 2010

San Juan County, WA
F. Milene Henley, Auditor

2010-1102030

11/02/2010 04:33 PM

W/R
Pgs=2 KIRAS

Total: \$63.00

AFTER RECORDING MAIL TO:

**JAN SEARS
COUNTY TREASURER**



00015254201011020300020028

Recorded at the request of:

LAW OFFICE OF THOMAS M PORS

Thomas M. Pors
Law Offices of Thomas M. Pors
1700 Seventh Avenue, Suite 2100
Seattle, WA 98101

DOCUMENT TITLE: WATER RIGHTS CONVEYANCE

GRANTOR: Orcas Water Holdings, LLC, a Delaware limited liability company

GRANTEE: State of Washington, acting by and through the Washington State Parks and Recreation Commission

ABBREVIATED LEGAL DESCRIPTION: One acre-foot of the water rights owned by Grantor as described below that are appurtenant to real property located in: Government Lots 1,2,3,4 and 5 of Section 6, T36N, R1W, W.M.; all of Section 31 except NW1/4, NW1/4 and that portion lying within Moran State Park, T37N, R1W, W.M.; SE1/4 SE1/4 of SW1/4, N1/2 of SW1/4, S1/2 of NW1/4 and that portion of Government Lot 4 lying north of the county road, Section 30, T37N, R1W, W.M.; NW1/4 of SW1/4, SW1/4 of SW1/4, SE1/4 of SW1/4, Section 5, T36N, R1W, W.M., Government Lots 1 and 2, Section 36, T37N, R2W, W.M., and those portions of Government Lots 2 and 3, Section 25, lying east of county road, T37N, R2W, W.M.

ASSESSOR'S TAX PARCEL NUMBERS: 173043001000, 173142003000, 173142002000, 173142001000, 173152037000, 173152038000, 173134005000, 173134003000, and 160621001000

KNOW ALL MEN BY THESE PRESENTS:

That Orcas Water Holdings, LLC, as and for a gift to benefit the citizens of the State of Washington, hereby quit claims and conveys to the State of Washington, acting by and through the Washington State Parks and Recreation Commission, the following water rights:

One acre-foot of storage rights in Cascade Lake from the Certificate of Adjudicated Water Right recorded in the office of the Department of Ecology, Olympia, Washington, in Volume XIII of Adjudicated Water Right Certificates, at page 1, which certificate was also recorded in the records of San Juan County, Washington on October 26, 1978 under Auditors File No. 104098; as changed by Certificate of Change to Change the Point of Diversion, Purpose of Use and Place of Use of Surface Waters, recorded in the office of the Department of Ecology, Olympia, Washington, in Volume I of Certificates of Change at page 81, which certificate of change was also recorded in

PBLM00-12-0002
ROSARIO SIGNAL

San Juan County, WA
 F. Milene Henley, Auditor
 BOUND
 Pgs=9 KIRAS

2012-0319011
 03/19/2012 02:57 PM
 Total: \$116.00



00025454201203190110090092

Return to: GW White, Inc.
 P.O. Box 375
 Eastsound, WA 98245

Recorded at the request of:
CHICAGO TITLE

BOUNDARY LINE MODIFICATION

A. Grantor(s) name: Rosario Signal LLC / Jerry Barto (*Jerry C. Barto*)
 and address: PO Box 927
 (please print) Anacortes, WA 98221
 A. Grantor(s) signature: *[Signature]*
 B. Grantor(s) name: Unit Owners of Hillside Condos ASSOCIATION
 and address: Rosario
 PO Box 418
 (please print) Eastsound, WA 98245
 B. Grantor(s) signature: _____

Grantor(s) and Grantee(s) statement: I certify that all of the information submitted herewith is true and correct. I understand that this application is for boundary alterations between adjacent parcels and that approval does not constitute approval for creation of additional parcels or lots.

Parcel Number	Abbreviated Legal Description	Auditor's File Number of Latest Deed	Existing Area	New Area	Island
A. 173134005	Ptn SE/Sw Sec 31 T37N, R1W, W.M.	2008 1117019	4.63 acres	5.40 acres	Orcas
B. 173149115 *	Ptn SE/SW 1st SW/SE Sec 31, T37N, R2W, W.M.	20101130019	2.48 acres	1.72 acres	Orcas

NOTE: Areas based on County GIS data

ALL UNITS OF MATTIA, HILLSIDE CONDOS OF ROSARIO

* 173149005, 173149006, 173149007, 173149008

Has either parcel in the proposed change been involved in any way in a Simple Land Division in the last five years?

Yes ___ No X

Is any of the property classified as "Open Space" or "Designated Forest Land" for taxation purposes?

Yes ___ No X

*U.I.C. COMMUNITY
 JAN 30 2012
 DEVELOPMENT & PLANNING*

ISLAND: Orcas
 COMPREHENSIVE PLAN DESIGNATION RMP

SUBMITTAL DATE _____
 SHORELINE DESIGNATION _____

PD 545.00

Rept # 00003875

FROM : 01/31/2012 13:19 360-376-9637

2012-0319011 Page 2 of 9
SAN JUAN COUNTY, WASHINGTON

JAN. 31 2012 01:17PM P1
PAGE 01/01

Recorded by:

Recording Data (For Recorder's Use Only)

Return to: GW White, Inc.
P.O. Box 376
Eastsound, WA 98245

BOUNDARY LINE MODIFICATION

A. Grantor(s) name
and address.
(please print)

Rosario Signal LLC / Jerry Banks *Jerry C. Banks*
PO Box 927
Anacortes, WA 98221

A. Grantor(s) signature:

Jerry C. Banks

B. Grantor(s) name
and address.
(please print)

Unit Owners of Hillside Condos of
Rosario / Sarah H. Geiser
PO Box 418
Eastsound, WA 98245

B. Grantor(s) signature:

Sarah H. Geiser

Grantor(s) and Grantee(s) statement: I certify that all of the information submitted herewith is true and correct. I understand that this application is for boundary alterations between adjacent parcels and that approval does not constitute approval for creation of additional parcels or lots.

Parcel Number	Abbreviated Legal Description	Auditor's File Number of Latest Deed	Existing Area	New Area	Island
A. 173134006	Ptn SE/Sw Sec 31 T37N, R1W, W.M.	2008 1117019	4.63 acres	5.40 acres	Orcas
B. 173149115	Ptn SE/SW 1st SW/SE Sec 31, T37N, R2W, W.M.	20101130018	2.49 acres	1.72 acres	Orcas

NOTE: Areas based on County GIS data

Has either parcel in the proposed change been involved in any way in a Simple Land Division in the last five years?
Yes ___ No

Is any of the property classified as "Open Space" or "Designated Forest Land" for taxation purposes?
Yes ___ No

ISLAND Orcas
COMPREHENSIVE PLAN DESIGNATION RMP

SUBMITTAL DATE _____
SHORELINE DESIGNATION _____

2012-0319011 Page 3 of 9
SAN JUAN COUNTY, WASHINGTON

Approval does not change ownership of land. If ownership is to be conveyed, the applicant shall effect an appropriate legal instrument for conveyance.

Approvals of boundary line modifications shall expire if the authorized deeds transferring property ownership, together with a copy of the approved boundary line modification and map, are not recorded within six months of the approval, unless the application identified the modification as subject to a pending development permit application as a documented contingency agreement between the prospective land seller and purchaser. In that event, the recordings required above shall be filed within 30 days of the effective date of the approved development permit or shall become void upon the denial of a development permit.

Documentation authorizing the transfer of property ownership may be placed on the original boundary line map along with the legal descriptions of those portions of land being transferred. (SJCC 18.70.030G)

LAND DIVISION ADMINISTRATOR'S CERTIFICATE: Pursuant to SJCC 18.70.030 the Community Development & Planning has reviewed this application and found it in compliance with the codes applicable at the time of the application. All boundary line modifications are subject to SJCC 18.70.030(A)5. Pursuant to RCW 58.17.060 the property subject to this authorization may not be divided in any manner within a period of five (5) years without the filing of an application for a long subdivision unless eligible for redivision by short plat in accordance with state law.

Approved X

Denied

Julie Thompson
Administrator

7-29-12
Date

TREASURER'S CERTIFICATE: All taxes and assessments of the current year, 2012, including advance taxes per RCW 58.08.040, for current year tax not yet levied or certified and any delinquent taxes or assessments which have become a lien upon the lands herein described have been fully paid and discharged according to the records of my office. If any penalty fees are due under the provisions of the Open Space or DFL Law (84.33 and 84.34RCW) this does not guarantee that they have been paid.

Kim Burns
San Juan County Treasurer
deputy

3/19/12
Date

NOTE: This modification is not valid unless it is recorded with the San Juan County Auditor within 6 months of the approval date, together with a map (8 1/2" x 11") containing an original approval stamp signed by the Director of Community Development & Planning or designee.

Date received: Receipt Number: Permit Number:

Existing Description – Parcel A

That portion of Government Lot 5 and Government Lot 6, Section 31, Township 37 North, Range 1 West, W.M., described as follows.

Beginning at the Southeast corner of "Sucia" as described at Volume 1 of Condominiums, page 1, records of San Juan County, Washington, and which point is marked by a 1" iron pipe; thence along the South and West boundaries of "Sucia" to the most Southerly corner of that parcel of land designated as "Matia" in said Volume 1 of Condominiums; thence along the Westerly margin of "Matia" to a 1" iron pipe marking the Southeast corner of Lot 29 of Rosario No.3 as recorded in Volume 3 of Plats, Page 15, said records; thence along the Southerly boundaries of Lots 25 through 29, all of said Plat of Rosario No. 3, to the Northeast corner of Lot 24, said plat; thence along the Easterly of said Lot 24 and along the Easterly boundary of Lot 1 of Rosario Estates as recorded in Volume 2 of Plats, Page 3, said records, to a point 75.0 feet Northerly of the Southeast corner of said Lot; thence parallel with and 75.0 feet North of the North margin of a 40-foot wide easement road as shown on the face of said condominium designated "Sucia" North 82°30' East, 130.38 feet; thence North 87°57'40" East, 90.38 feet; thence perpendicular to said North margin South 2°02'20" East, 115.0 feet to the Southerly margin of said 40-foot wide easement; thence along said Southerly margin, North 87°57'40" East, 258.78 feet to the Northeast corner of that parcel of land described at Auditor's file No.51101, said records; thence along the Northeasterly boundary of said parcel described at Auditor's file No.51101 Southeasterly to a point on the line of ordinary high tide; thence Southeasterly along said point of ordinary high tide to a point which bears South of the point of beginning; thence leaving said line of ordinary high tide North to the point of beginning.

TOGETHER WITH that portion of the tidelands of the second class situate in front of, adjacent to, or abutting upon as conveyed by the State of Washington, by Tideland Deed recorded August 3, 1914, in Volume 13 of Deeds, at page 363, under Auditor's file No. 14170, records of San Juan County, Washington.

TOGETHER WITH AND SUBJECT TO a non-exclusive ingress, egress and the conveyance of public utilities as granted, conveyed and described within Mutual Easement Agreement, recorded April 5, 1989, Volume 236 of Official Records, at page 48, Auditor's file No. 89156743, records of San Juan County, Washington.

Situate in San Juan County, Washington.

Existing Description – Parcel B (Patos)

The following described parcel is located in the NE quarter of the SW quarter and the NW quarter of the SE quarter being Government Lots 5 and 6, Section 31, Township 37 North, Range 1 West, W.M., San Juan County, Washington:

Parcel "C", Plat of Satellite Condos of Rosario, Patos , Common Elements, as shown in Volume 1 of Condominiums, Pages 5 and 5A, records of San Juan County, Washington.

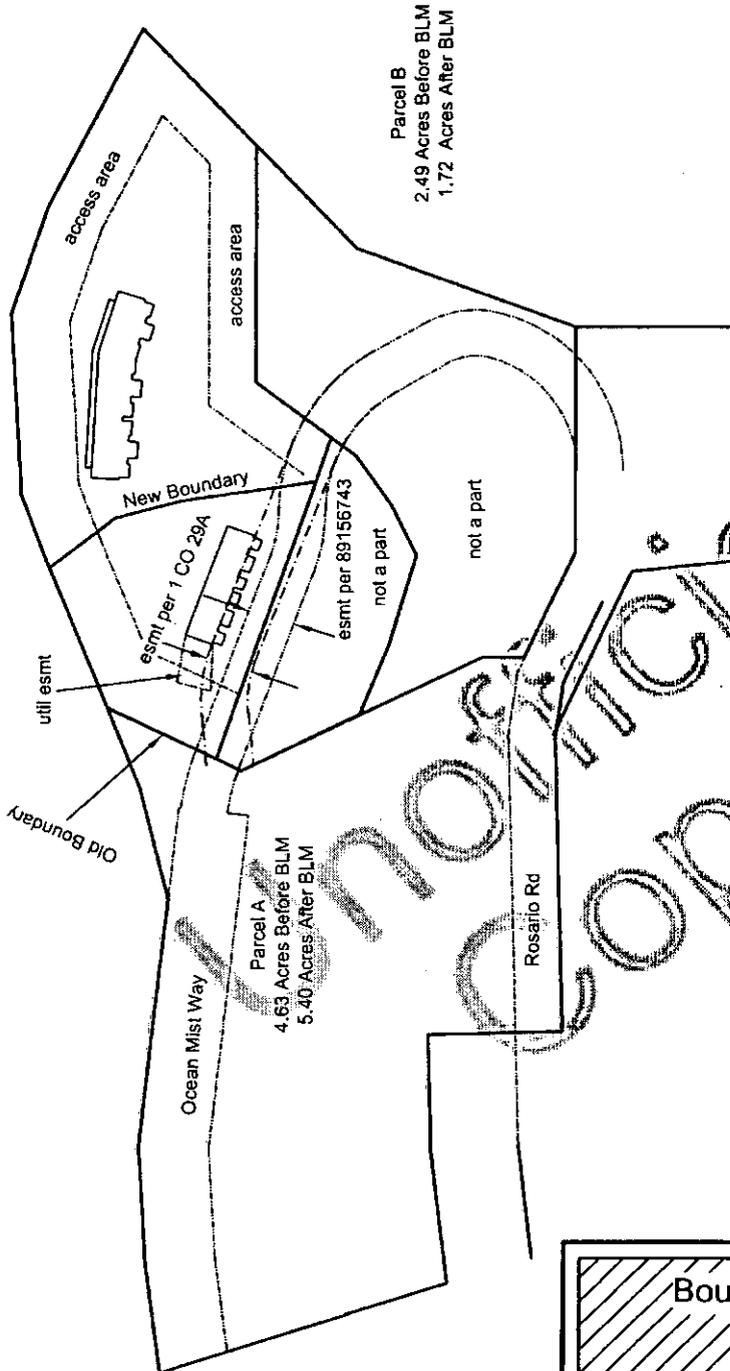
TOGETHER WITH that portion of Parcel "B", Plat of Satellite Condos of Rosario, Matia, Common Elements, Volume 1 of Condominiums, Pages 29, 29A, and 29B, records of San Juan County, Washington, lying Northeasterly of the following described line:

Beginning at the Southeasterly corner of Parcel "C", Plat of Satellite Condos of Rosario, Patos , Common Elements, Volume 1 of Condominiums, Pages 5 and 5A, at a rebar with cap marked ISI PLS 26369; thence along the Southerly boundary line of said Parcel "C" North 89°58'50" West, 207.23 feet to a 1-inch-iron pipe with cap marked K&S 15038; thence along the Easterly boundary line of said Parcel "B", South 36°25'12" West, 80.51 feet to a rebar with a cap marked LS 19612 and the TRUE POINT OF BEGINNING; thence North 71°10'10" West, 301.06 feet to a rebar with a cap marked LS 19612 on the Westerly boundary line of said Parcel "B" and the terminus of said line.

SUBJECT TO AND TOGETHER WITH Restrictions and Easements of Record.

Situate in San Juan County, Washington.

Unofficial Copy



Not Official Copy

SAN JUAN COUNTY
COMMUNITY DEVELOPMENT & PLANNING
APPROVED SITE PLAN

Subject to terms and conditions of

Permit No. PB1000-11-0092

Approved by: [Signature] Date: 2-29-12

S.J.C. COMMUNITY

FEB 14 2012

DEVELOPMENT & PLANNING

Boundary Line Modification
Exhibit Map

GW WHITE Inc.
Land Surveying
PO Box 375
429 Madrona Street
Eastsound, WA 98245
360 376 3036

February 2012
1" = 150'
file 371311201

2012-0319011 Page 7 of 9
 SAN JUAN COUNTY, WASHINGTON

Revised Description – Parcel A

That portion of Government Lot 5 and Government Lot 6, Section 31, Township 37 North, Range 1 West, W.M., described as follows.

Beginning at the Southeast corner of all units of Sucia, HILLSIDE CONDOMINIUMS OF ROSARIO (a condominium), along with Common Elements, according to Declaration thereof recorded May 1, 2007, under Auditor's File No. 2007 0501003, and any amendments thereto, and Survey Map and Plans thereof recorded in Volume 1 of Condominiums, page 1, records of San Juan County, Washington, and any amendments thereto, and which point is marked by a 1" iron pipe; thence along the South and West boundaries of said "Sucia" to the most Southerly corner of that parcel of land designated as All units of Matia, Parcel 'B', HILLSIDE CONDOMINIUMS OF ROSARIO (a condominium), along with Common Elements, according to Declaration thereof recorded May 1, 2007, under Auditor's File No. 2007 0501003, and any amendments thereto, and Survey Map and Plans thereof recorded in Volume 1 of Condominiums, pages 29, 29A, and 29B, records of San Juan County, Washington, and any amendments thereto; thence along the Westerly margin of said Parcel "B" to a 1" iron pipe marking the Southeast corner of Lot 29 of Rosario No.3 as recorded in Volume 3 of Plats, Page 15, said records; thence along the Southerly boundaries of Lots 25 through 29, all of said Plat of Rosario No. 3, to the Northeast corner of Lot 24, said plat; thence along the Easterly of said Lot 24 and along the Easterly boundary of Lot 1 of Rosario Estates as recorded in Volume 2 of Plats, Page 3, said records, to a point 75.0 feet Northerly of the Southeast corner of said Lot; thence parallel with and 75.0 feet North of the North margin of a 40-foot wide easement road as shown on the face of said condominium designated "Sucia" North 82°30' East, 130.38 feet; thence North 87°57'40" East, 90.38 feet; thence perpendicular to said North margin South 2°02'20" East, 115.0 feet to the Southerly margin of said 40-foot wide easement; thence along said Southerly margin North 87°57'40" East, 258.78 feet to the Northeast corner of that parcel of land described at Auditor's file No. 51101, said records; thence along the Northeasterly boundary of said parcel described at Auditor's file No. 51101 Southeasterly to a point on the line of ordinary high tide; thence Southeasterly along said point of ordinary high tide to a point which bears South of the point of beginning; thence leaving said line of ordinary high tide North to the point of beginning.

TOGETHER WITH that portion of the tidelands of the second class situate in front of, adjacent to, or abutting upon as conveyed by the State of Washington, by Tideland Deed recorded August 3, 1914, in Volume 13 of Deeds, at page 363, under Auditor's file No. 14170, records of San Juan County, Washington.

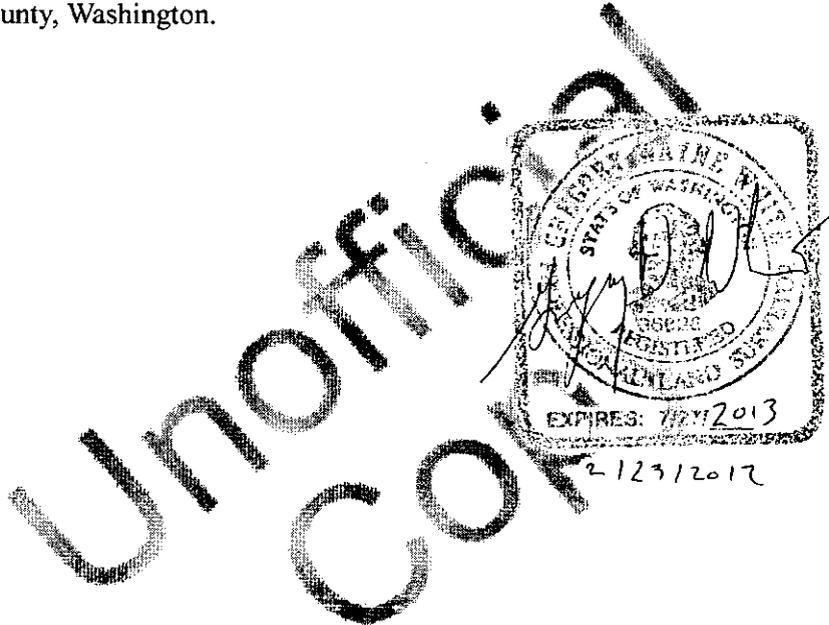
TOGETHER WITH AND SUBJECT TO a non-exclusive ingress, egress and the conveyance of public utilities as granted, conveyed and described within Mutual Easement Agreement, recorded April 5, 1989, Volume 236 of Official Records, at page 48, Auditor's file No. 89156743, records of San Juan County, Washington.

TOGETHER WITH that portion of said Parcel "B", lying Westerly of the following described line: BEGINNING at a 5/8" rebar with yellow plastic cap marked Greg White PLS 36826 on the Northerly line of said Parcel "B" from which a Rehm and Condon iron pipe marking the Southeast corner of Lot 30 Plat of Rosario No. 3, Volume 3 of Plats at pages 15 and 15A, records of said County, bears North 68°01'40" East 10.07 feet; thence South 38°24'36" East 72.30 feet to a 5/8" rebar with yellow plastic cap marked Greg White PLS 36826; thence South 14°46'24" East 59.10 feet to a 5/8" rebar with yellow

plastic cap marked Greg White PLS 36826; thence South 08°14'02" East 115.34 feet to a 5/8" rebar with yellow plastic cap marked Greg White PLS 36826 on the line described directly below.

EXCEPTING any portion of said Parcel "B" lying Southwesterly of the following described line: Beginning at the Southeasterly corner of All units of Patos, Parcel 'C', HILLSIDE CONDOMINIUMS OF ROSARIO (a condominium), along with Common Elements, according to Declaration thereof recorded May 1, 2007, under Auditor's File No. 2007 0501003, and any amendments thereto, and Survey Map and Plans thereof recorded in Volume 1 of Condominiums, pages 5 and 5A, records of San Juan County, Washington, and any amendments thereto, at a rebar with cap marked ISI PLS 26369; thence along the Southerly boundary line of said Parcel "C" North 89°58'50" West, 207.23 feet to a 1-inch-iron pipe with cap marked K&S 15038; thence along the Easterly boundary line of said Parcel "B", South 36°25'12" West, 80.51 feet to a rebar with a cap marked LS 19612 and the TRUE POINT OF BEGINNING; thence North 71°10'10" West, 301.06 feet to a rebar with a cap marked LS 19612 on the Westerly boundary line of said Parcel "B" and the terminus of said line.

Situate in San Juan County, Washington.



2012-0319011 Page 9 of 9
SAN JUAN COUNTY, WASHINGTON

Revised Description – Parcel B

The following described parcel is located in the NE quarter of the SW quarter and the NW quarter of the SE quarter being Government Lots 5 and 6, Section 31, Township 37 North, Range 1 West, W.M., San Juan County, Washington:

All units of Patos, Parcel 'C', HILLSIDE CONDOMINIUMS OF ROSARIO (a condominium), along with Common Elements, according to Declaration thereof recorded May 1, 2007, under Auditor's File No. 2007 0501003, and any amendments thereto, and Survey Map and Plans thereof recorded in Volume 1 of Condominiums, pages 5 and 5A, records of San Juan County, Washington, and any amendments thereto.

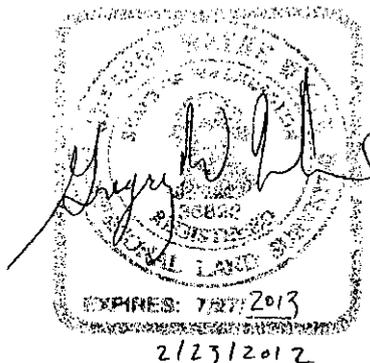
TOGETHER WITH that portion of All units of Matia, Parcel 'B', HILLSIDE CONDOMINIUMS OF ROSARIO (a condominium), along with Common Elements, according to Declaration thereof recorded May 1, 2007, under Auditor's File No. 2007 0501003, and any amendments thereto, and Survey Map and Plans thereof recorded in Volume 1 of Condominiums, pages 29, 29A, and 29B, records of San Juan County, Washington, and any amendments thereto, lying Easterly of the following described line:

BEGINNING at a 5/8" rebar with yellow plastic cap marked Greg White PLS 36826 on the Northerly line of said Parcel "B" from which a Rehm and Condon iron pipe marking the Southeast corner of Lot 30 of Rosario No.3 as recorded in Volume 3 of Plats, Page 15, said records, bears North 68°01'40" East 10.07 feet; thence South 38°24'36" East 72.30 feet to a 5/8" rebar with yellow plastic cap marked Greg White PLS 36826; thence South 14°46'24" East 59.10 feet to a 5/8" rebar with yellow plastic cap marked Greg White PLS 36826; thence South 08°14'02" East 115.34 feet to a 5/8" rebar with yellow plastic cap marked Greg White PLS 36826 on the line described directly below.

EXCEPTING any portion of said Parcel "B", lying Southwesterly of the following described line: Beginning at the Southeasterly corner of said Parcel "C", at a rebar with cap marked ISI PLS 26369; thence along the Southerly boundary line of said Parcel "C" North 89°58'50" West, 207.23 feet to a 1-inch-iron pipe with cap marked K&S 15038; thence along the Easterly boundary line of said Parcel "B", South 36°25'12" West, 80.51 feet to a rebar with a cap marked LS 19612 and the TRUE POINT OF BEGINNING; thence North 71°10'10" West, 301.06 feet to a rebar with a cap marked LS 19612 on the Westerly boundary line of said Parcel "B" and the terminus of said line.

SUBJECT TO AND TOGETHER WITH Restrictions and Easements of Record.

Situate in San Juan County, Washington.



San Juan County, WA
F. Milene Henley, Auditor

2012-0831003

08/31/2012 10:27 AM

A/AGR
Pgs=13 KIRAS

Total:\$74.00



Recorded at the request of:
FIRST AMERICAN TITLE

AFTER RECORDING MAIL TO:

Rosario Hillside Condominium Association
P O Box 418
Eastsound, WA 98245

**RESTATEMENT OF THE MUTUAL EASEMENT AGREEMENT
RECORDED APRIL 25, 1989, SAN JUAN COUNTY, WASHINGTON
UNDER
AUDITOR'S FILE NUMBER 89156743**

Grantor: ROSARIO, SIGNAL, LLC, ROSARIO HILLSIDE
CONDOMINIUM ASSOCIATION, FOUR ISLANDS
HOLDING, LLC and THE RESIDENCES AT ROSARIO,
A RESIDENTIAL CONDOMINIUM ASSOCIATION,
~~Garrett H. Gasser~~

Grantee: ROSARIO SIGNAL, LLC, ROSARIO HILLSIDE
CONDOMINIUM ASSOCIATION, FOUR ISLANDS
HOLDING, LLC and THE RESIDENCES AT ROSARIO,
A RESIDENTIAL CONDOMINIUM ASSOCIATION,
~~Garrett H. Gasser~~

Short Legal: A PORTION OF GOVERNMENT LOTS 5 & 6,
SECTION 31, TOWNSHIP 37 NORTH, RANGE 1
WEST W.M.

TPN'S 160621001000, 173134002000, 173134005000,
173142001000, 173149010000, 173149011000,
173149012000, 173149013000, 173149014000,
173149015000, 173149016000, 173149017000,
173149018000, 173149019000, 173149020000,
173149021000, 173149022000, 173149023000,
173149024000, 173149025000, 173149026000,
173149027000, 173149028000, 173149029000,
173149030000, 173149031,000, 173149101000,
173149102000, 173149103000, 173149104000,
17314910000, 173149106000, 173149107000,
173149108000, 173149109000, 173149110000,
173149111000, 173149112000, 173149114000,
173149001, 173149002, 173149003, 1749004,
173149005000, 173149006000, 173149007000,
173149008000, 17314949115000

2012-0831003 Page 2 of 13
SAN JUAN COUNTY, WASHINGTON

**RESTATEMENT OF THE MUTUAL EASEMENT AGREEMENT
RECORDED APRIL 25, 1989, SAN JUAN COUNTY, WASHINGTON
UNDER
AUDITORS FILE NUMBER 89156743**

The purpose of this restatement is to clarify present ownership of tax parcels and condominium units benefiting from this Mutual Easement Agreement, which sets forth the proportionate percentages borne by each owner for the costs of repair and maintenance of roadways within and upon said easements.

On February 23rd and 26th, 2007 the Satellite Condominiums of Rosario and the Skipjack Condominiums of Rosario were merged and formed the Hillside Condominiums of Rosario. The Declaration for the Hillside Condominiums of Rosario was recorded on May 1, 2007 in San Juan County, Washington under Auditor's File Number 20070501003. On April 28, 2007 Rosario Hillside Condominium Association was formed as the governing body for the Hillside Condominiums of Rosario.

On December 7, 2010 Amendment to the Declaration of the Hillside Condominiums of Rosario was recorded in San Juan County, Washington under Auditor's File Number 2010-1207012. This removed Matia I from the Hillside Condominiums of Rosario.

On March 19, 2012 Second Amendment to Declaration of the Hillside Condominiums of Rosario was recorded in San Juan County, Washington under Auditor's File Number 2012-0319014, along with Ratification Agreement recorded in San Juan County, Washington under Auditor's File Number 2012-0319015. This removed Matia II from the Hillside Condominiums of Rosario.

As of the 19th day of March, 2012, the ownership and percentages are shown as follows:

The fee owners of Tax Parcel 160621001000 Rosario Signal, LLC Jerrel C. Barto C/o Christopher Peacock 1400 Rosario Road Eastsound, WA 98245	56.5%
The fee owners of Tax Parcel 173134002000 Gilbert H. Geiser C/o Sarah H. Geiser P O Box 418 Eastsound, WA 98245	1.0%
The fee owners of Tax Parcel 173134005000 Rosario Signal, LLC Jerrel C. Barto C/o Christopher Peacock 1400 Rosario Road Eastsound, WA 98245	1.0%
The fee owners of Tax Parcel 173142001000 Rosario Signal, LLC Jerrel C. Barto C/o Christopher Peacock 1400 Rosario Road Eastsound, WA 98245	1.0%
The fee owners of all condominium apartments in the Hillside Condominiums at Rosario, each room .3% Rosario Hillside Condominium Association P. O. Box 418 Eastsound, WA 98245	18.9%
The fee owners of all condominium apartments In the Rosario Harbor Condominiums, each room .3% Four Islands Holding, LLC Jerrel C. Barto, Member C/o Christopher Peacock 1400 Rosario Road Eastsound, WA 98245	14.4

The fee owners of all condominium apartments In The Residences at Rosario, each room .3% C/o Linda Hume, Manager P O Box 4425 Roche Harbor, WA 98250	3.6%
--	------

The fee owners of all apartments in the building Commonly known as 1900 building Rosario Signal, LLC Jerrel C. Barto C/o Christopher Peacock 1400 Rosario Road Eastsound, WA 98245	3.6%
--	------

Total	100.0%
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The property description of each parcel remains the same as recorded in San Juan County Auditor's File Number 89156743, with the exception of the parcel Hillside Condominiums of Rosario. Attached herewith are land descriptions of three parcels Sucia 1 and 2, Patos and Skipjack owned by Members of Rosario Hillside Condominium Association. Also attached herewith are land descriptions of two new parcels Residences of Rosario, the 1700 building and 1900 building created by the withdrawal of these buildings from the Hillside Condominiums of Rosario.

All other provisions of the Mutual Easement Agreement recorded under San Juan County Auditor's File Number 89156743 remain in full force and effect.

This document may be executed in any number of counterparts, each of which shall be deemed an original instrument and all of which shall constitute one and the same instrument.

ROSARIO SIGNAL LLC

[Handwritten Signature]

Jerrel C. Barto, Member

STATE OF WASHINGTON)
) ss
COUNTY OF SKAGIT)

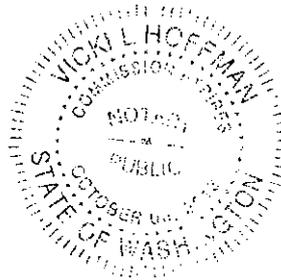
On this 28TH day of JUNE, 2012 before me, the undersigned Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Jerrel C. Barto to me known to be a Member of the Limited Liability Company that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said Company for the use and purposes therein mentioned and on oath stated he was authorized to execute the said instrument.

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

[Handwritten Signature: Vicki L Hoffman]

Notary Public in and for the State of Washington
Residing at ANACORTES

My appointment expires 10-8-13



ROSARIO HILLSIDE CONDOMINIUM ASSOCIATION

Sarah H. Geiser
Sarah H. Geiser, Secretary

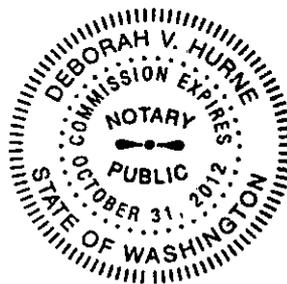
STATE OF WASHINGTON)
) ss
COUNTY OF SAN JUAN)

On this 25 day of May, 2012 before me, the undersigned Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Sarah H. Geiser to me known to be the Secretary of the Association that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said Association for the use and purposes therein mentioned and on oath stated she was authorized to execute the said instrument.

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

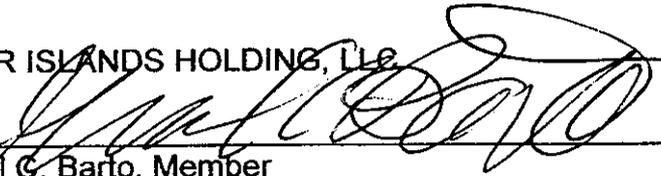
Deborah V. Hurne
Notary Public in and for the State of Washington
Residing at Eastsound, Wa.

My appointment expires 10-31-12



2012-0831003 Page 7 of 13
SAN JUAN COUNTY, WASHINGTON

FOUR ISLANDS HOLDING, LLC

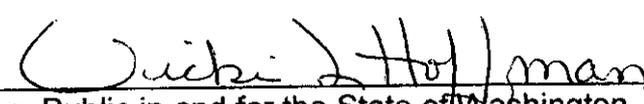


Jerrel C. Barto, Member

STATE OF WASHINGTON)
) ss
COUNTY OF SKAGIT)

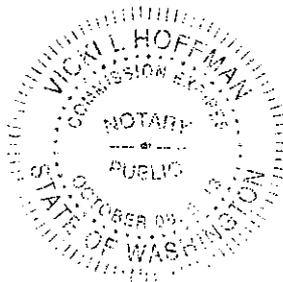
On this 28TH day of JUNE, 2012 before me, the undersigned Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Jerrel C. Barto to me known to be a Member of the Limited Liability Company that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said Company for the use and purposes therein mentioned and on oath stated he was authorized to execute the said instrument.

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



Notary Public in and for the State of Washington
Residing at ANACORTES

My appointment expires 10-8-13



2012-0831003 Page 8 of 13
SAN JUAN COUNTY, WASHINGTON

THE RESIDENCES AT ROSARIO, A RESIDENTIAL
CONDOMINIUM ASSOCIATION

Linda Hume

Linda Hume, Manager

STATE OF WASHINGTON)

COUNTY OF SAN JUAN) ss
)

On this 12TH day of JUNE, 2012 before me, the undersigned Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Linda Hume to me known to be a Member and Manager of the Association that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said Association for the use and purposes therein mentioned and on oath stated she was authorized to execute the said instrument.

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

Mariah L. Wheeler

Notary Public in and for the State of Washington
Residing at SAN JUAN COUNTY

My appointment expires JUNE 07, 2015

MARIAH L WHEELER
Notary Public
State of Washington
My Commission Expires
June 07, 2015

2012-0831003 Page 9 of 13
SAN JUAN COUNTY, WASHINGTON

HILLSIDE CONDOMINIUMS OF ROSARIO
ROSARIO HILLSIDE CONDOMINIUM ASSOCIATION
SUCIA 1, AND 2

Land Description

The following described parcel is located in Government Lots 5 and 6, Section 31, Township 37 North, Range 1 West, W.M., San Juan County, Washington:

Satellite Condos of Rosario, Sucia 1 and 2, Common Elements, as shown in Volume 1 of Condominiums, Page 1, records of San Juan County, Washington.

TOGETHER WITH a portion of Parcel "B", Plat of Satellite Condos of Rosario, Patos, Common Elements, Volume 1 of Condominiums, Page 6, records of San Juan County, Washington, lying northwesterly of the following described line:

Beginning at the northeasterly corner of said Parcel "A", said Plat at a rebar with cap ISI PLS 26368; thence North 89°55'37" West along the Northerly line of Parcel "A" a distance of 180.48 feet to a rebar with cap ISI PLS 26369, and the the True Point of Beginning; thence South 54°55'29" West, 52.58 feet; thence South 64°02'13" West, 49.85 feet; thence North 73°50'21" West, 84.50 feet; thence North 68°06'44" West, 65.86 feet; thence South 25°55'46" East, 115.83 feet; more or less to a 1 inch iron pipe, K&S 15038, to the terminus of said line.

SUBJECT TO and TOGETHER WITH Restrictions and Easements of Record.

2012-0831003 Page 10 of 13
 SAN JUAN COUNTY, WASHINGTON

HILLSIDE CONDOMINIUMS OF ROSARIO
 ROSARIO HILLSIDE CONDOMINIUM ASSOCIATION
 PATOS

LAND DESCRIPTION

The following described parcel is located in the NE quarter of the SW quarter and the NW quarter of the SE quarter being Government Lots 5 and 6, Section 31, Township 37 North, Range 1 West, W.M., San Juan County, Washington:

All units of Patos, Parcel 'C', HILLSIDE CONDOMINIUMS OF ROSARIO (a condominium), along with Common Elements, according to Declaration thereof recorded May 1, 2007, under Auditor's File No. 2007 0501003, and any amendments thereto, and Survey Map and Plans thereof recorded in Volume 1 of Condominiums, pages 5 and 5A, records of San Juan County, Washington, and any amendments thereto.

TOGETHER WITH that portion of All units of Matia, Parcel 'B', HILLSIDE CONDOMINIUMS OF ROSARIO (a condominium), along with Common Elements, according to Declaration thereof recorded May 1, 2007, under Auditor's File No. 2007 0501003, and any amendments thereto, and Survey Map and Plans thereof recorded in Volume 1 of Condominiums, pages 29, 29A, and 29B, records of San Juan County, Washington, and any amendments thereto, lying Easterly of the following described line:

BEGINNING at a 5/8" rebar with yellow plastic cap marked Greg White PLS 36826 on the Northerly line of said Parcel "B" from which a Rehm and Condon iron pipe marking the Southeast corner of Lot 30 of Rosario No.3 as recorded in Volume 3 of Plats, Page 15, said records, bears North 68°01'40" East 10.07 feet; thence South 38°24'36" East 72.30 feet to a 5/8" rebar with yellow plastic cap marked Greg White PLS 36826; thence South 14°46'24" East 59.10 feet to a 5/8" rebar with yellow plastic cap marked Greg White PLS 36826; thence South 08°14'02" East 115.34 feet to a 5/8" rebar with yellow plastic cap marked Greg White PLS 36826 on the line described directly below.

EXCEPTING any portion of said Parcel "B" lying Southwesterly of the following described line: Beginning at the Southeasterly corner of said Parcel "C", at a rebar with cap marked ISI PLS 26369; thence along the Southerly boundary line of said Parcel "C" North 89°58'50" West, 207.23 feet to a 1-inch-iron pipe with cap marked K&S 15038; thence along the Easterly boundary line of said Parcel "B", South 36°25'12" West, 80.51 feet to a rebar with a cap marked LS 19612 and the TRUE POINT OF BEGINNING; thence North 71°10'10" West, 301.06 feet to a rebar with a cap marked LS 19612 on the Westerly boundary line of said Parcel "B" and the terminus of said line.

SUBJECT TO AND TOGETHER WITH Restrictions and Easements of Record.

Situate in San Juan County, Washington.

2012-0831003 Page 11 of 13
SAN JUAN COUNTY, WASHINGTON

HILLSIDE CONDOMINIUMS OFF ROSARIO
ROSARIO HILLSIDE CONDOMINIUM ASSOCIATION
SKIPJACK

LAND DESCRIPTION

That portion of the northwest quarter of the southeast quarter and that portion of Government lot 6, all in Section 31, Township 37 North, Range 1 West, W.M. in San Juan County, Washington, described as follows:

Beginning at a 1 inch iron pipe marking a point which is the East corner of Parcel "C" of the plat recorded in Volume 1 of Condominiums, pages 5, 5A, and which point is North 368.07 feet and East 1155.52 feet from the Southwest corner of Lot 1, Plat of Rosario Estates, according to plat recorded in Volume 2 of Plats, page 3, records of said County, thence from said beginning point North 39°47'59" East 73.47 feet; thence North 1°59'22" West 146.71 feet; thence South 44°41'37" East 342.78 feet; thence South 39°41' West 481.11 feet; thence North 36°24'27" West 283.50 feet to a 1 inch iron pipe marking the southeast corner of that parcel designated Satellite Hall in Volume 1 of Condominiums; thence along the east boundary of said Satellite Hall and said Parcel "C" North 46°29'20" East 265.37 feet to said true point of beginning.

2012-0831003 Page 12 of 13
 SAN JUAN COUNTY, WASHINGTON

THE RESIDENCES AT ROSARIO
 1700 BUILDING, FORMERLY MATIA 1

LAND DESCRIPTION

The following described parcel is located in Government Lots 5 and 6, Section 31, Township 37 North, Range 1 West, W.M., San Juan County, Washington:

Parcel "B", Plat of Satellite Condos of Rosario, Matia 1 and 2, Common Elements, as shown in Volume 1 of Condominiums, Pages 29, 29A, and 29B, records of San Juan County, Washington.

EXCEPT that portion of Parcel "B", Plat of Satellite Condos of Rosario, Matia 1 and 2, Common Elements, Volume 1 of Condominiums, Pages 29, 29A, and 29B, records of San Juan County, Washington, lying southerly of the following described line:

Beginning at the northeasterly corner of Parcel "A", Plat of Satellite Condos of Rosario, Sucia 1 and 2, Common Elements, Volume 1 of Condominiums Pages 1 and 2, records of San Juan County, Washington, at a rebar with cap marked ISI PLS 26369; thence North 89°55'37" West along the northerly line of said Parcel "A" a distance of 180.46 feet to a rebar with cap marked ISI PLS 26369, and the TRUE POINT OF BEGINNING; thence South 54°55'29" West, 52.59 feet to a 5/8-inch-rebar with cap marked LS 19612; thence South 64°02'13" West, 49.85 feet to a 5/8-inch-rebar with cap marked LS 19612; thence North 73°50'21" West, 84.50 feet a 5/8-inch-rebar with cap marked LS 19612; thence North 68°06'44" West, 65.86 feet to a 5/8-inch-rebar with cap marked LS 19612 on the westerly boundary line of said Parcel "B" and the terminus of said line.

ALSO EXCEPT that portion of Parcel "B", Plat of Satellite Condos of Rosario, Matia 1 and 2, Common Elements, Volume 1 of Condominiums, Pages 29, 29A, and 29B, records of San Juan County, Washington, lying northeasterly of the following described line:

Beginning at the southeasterly corner of Parcel "C", Plat of Satellite Condos of Rosario, Patos, Common Elements, Volume 1 of Condominiums, Pages 5 and 5A, at a rebar with cap marked ISI PLS 26369; thence along the southerly boundary line of said Parcel "C" North 89°58'50" West, 207.23 feet to a 1-inch-iron pipe with cap marked K&S 15038; thence along the easterly boundary line of said Parcel "B", South 36°25'12" West, 80.51 feet to a rebar with cap marked LS 19612 and the TRUE POINT OF BEGINNING; thence North 71°10'10" West, 301.06 feet to a rebar with cap marked LS 19612 on the westerly boundary line of said Parcel "B" and the terminus of said line.

SUBJECT TO and TOGETHER WITH Restrictions and Easements of Record.

Parcel "B" contains 0.58 acre, more or less.

Prepared by Star Surveying, Inc.
 Robert M. Anderson P.L.S
 October 5, 2010

Auditor File #: 2008 1117019

BSDEED

Recorded at the request of:

CHICAGO TITLE COMPANY

on 11/17/2008 at 15:44

Total of 38 page(s) Fee: \$ 79.00

SAN JUAN COUNTY, WASHINGTON
F. MILENE HENLEY, AUDITOR

Recorded at the request of and
after recording return to:

Foster Pepper PLLC
1111 Third Avenue, Suite 3400
Seattle WA 98101
Attn: Roger A. Pearce

SAN JUAN COUNTY WASH.

REAL ESTATE EXCISE TAX

AMOUNT PAID \$

NOV 17 2008

068,792 143,564.25

JAN SEARS
COUNTY TREASURER

DMT

Q-52203

BARGAIN AND SALE DEED

Grantor:

Oly Rose, LLC, a Delaware limited liability
company

Grantee:

Rosario Signal L.L.C., a Delaware limited
liability company

Abbreviated Legal Description:

Ptn Gov Lot 3, §6, T36N, R1W, W.M.; Ptns
Govt Lots 4 & 5, §31, T37N, R1W, W.M.;
Ptn Gov Lot 6, §31, T37N, R1W, W.M.;
Ptn SE SE ¼, §30 & NW ¼ §31 T37N, R1W,
W.M.;
Tract A and Ptn Lot 24, Rosario No. 3, Plats V.3
pp. 15-15A;
Ptn Gov Lots 6 & 7 and ptn of NW ¼ of SE ¼ of
SE ¼ of S/E ¼, all in §31 T37N, R1W W.M.;
Ptn Gov Lots 5 & 6; §31, T37N, R1W, W.M.;
Ptn NW ¼ of SE ¼, §31, T37N, R1W, W.M.
All situate in San Juan County, Washington.

Complete Legal at Exhibit A.

Assessor's Tax Parcel ID No.:

160621001000; 173143009000, 173043001000,
173152037000, 173152038000, 173142001000,
173134005000, 173133002000

2008 1117019 PAGE 2 OF 38
SAN JUAN COUNTY, WASHINGTON

BARGAIN AND SALE DEED

WITNESSETH, that OLY ROSE, LLC, a Delaware limited liability company, Grantor, for and in consideration of the sum of ten dollars (\$10.00) and other valuable consideration, receipt whereof is hereby acknowledged, does BARGAIN, SELL AND CONVEY to ROSARIO SIGNAL L.L.C., a Delaware limited liability company ("Grantee") the following described Real Estate situated in the County of San Juan and State of Washington, together with all buildings, improvements and fixtures located thereon and the Seller's interest in all transferable rights and appurtenances pertaining to such property, including, without limitation, (i) easements and rights of way; (ii) licenses and other privileges; (iii) rights in and to land underlying adjacent highways, streets and other public rights of way and rights of access thereto; (iv) rights in and to strips and gores of land within or adjoining any such tract or parcel; (v) air rights, excess floor area rights and other transferable development rights belonging to or useable with respect to any such parcel; (vi) rights to utility connections and hook ups; (vii) water rights consisting solely of certain water rights from Volume XIII Adjudicated Water Right Certificates, Page 2 (Cascade Lake Adjudication, County Court Cause No. 3236) for diversion from natural waters of Cascade Lake for the purposes of irrigation (5 acre feet per year; 1.0 cfs) and of fire protection, as needed; (viii) riparian rights; and (ix) any other transferable rights which Seller may have in or with respect to land adjoining any such tract or parcel (including adjacent streets, alleys and rights of way and any land which is separated from any such tract or parcel only by public alley, street, or other right of way), to wit:

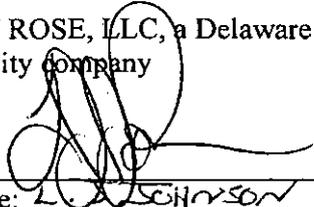
See Exhibit A attached hereto and incorporated herein.

TO HAVE AND TO HOLD the Real Property, together with all improvements located thereon, all and singular the rights and appurtenances thereto in anywise belonging, subject to the Permitted Exceptions, unto Grantee, its legal representatives, successors and assigns.

SUBJECT TO (i) the covenants, conditions and restrictions of record as described in Exhibit B attached hereto and incorporated herein by this reference (provided however, such reference shall not serve to re-impose any matters set forth on Exhibit B), (ii) taxes and assessments, both general and special, and (iii) laws, ordinances, regulations, restrictions, prohibitions, and other requirements imposed by governmental authorities, including, but not limited to, applicable building, zoning, land use, and environmental ordinances and regulations.

In Witness Whereof, said Grantor has caused its name to be signed to these presents this 12th day of November, 2008.

OLY ROSE, LLC, a Delaware limited liability company

By: 
Name: L. J. JOHNSON
Its: VICE PRESIDENT

Unofficial
Copy

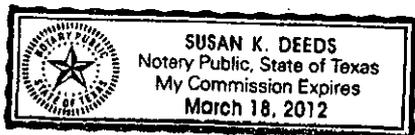
2008 1117019 PAGE 4 OF 38
SAN JUAN COUNTY, WASHINGTON

STATE OF TEXAS
COUNTY OF DALLAS

ss.

I certify that I know or have satisfactory evidence that A. J. Johnson is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Vice President of OLY ROSE, LLC, a Delaware limited liability company, to be the free and voluntary act of such company for the uses and purposes mentioned in the instrument.

Dated this 12TH day of NOV., 2008.



Susan K. Deeds
(Signature of Notary)

Susan K. Deeds
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Texas,
residing at 15635 M. Blvd. Apt #4511
Addicks, TX 75001
My appointment expires 3-18-2012

UNCORRECTED

**EXHIBIT A
 LEGAL DESCRIPTION**

PARCEL 160621001000 (Mansion)

That portion of Government Lot 3, Section 6, Township 36 North, Range 1 West, W.M., and that portion of Government Lots 4 and 5 Section 31, Township 37 North, Range 1 West, W.M., described as follow:

Beginning at the Southeast corner of Lot 18 as shown in the Plat of Rosario Estates recorded at Volume 2 of Plats at page 3, records of said county; Thence along the Easterly boundary of said Lot 18 and continuing along the Easterly boundaries of Lots 19, 20E and 21E to the Southeast corner of Lot 22E; Thence along the Easterly boundary of Lot 22E North 6°10' West 38.7 feet; Thence Northwesterly 45 feet, more or less, to the most Southerly corner of Lot 10 of said plat; Thence continuing Northeasterly along the Southeasterly boundaries of Lots 1 through 10 to the Southeast corner of said Lot 1; Thence along the Northeasterly boundary of said Lot 1, 75.1 feet, more or less to a point on a line parallel with and 75.0 feet Northerly of the North margin of a 40-foot wide easement road as shown on the face of "Sucia" as described at Volume 1 of Condominiums at page 1, said records; Thence leaving said boundary and along said parallel line North 82°30' East 130.38 feet; Thence North 87°57'40" East 90.38 feet; Thence perpendicular to said North margin South 2°02'20" East 115.0 feet to the Southerly margin of said 40-foot wide easement; Thence along said Southerly margin North 87°57'40" East 258.78 feet to the Northwest corner of that parcel of land described at Auditor's File No. 51101; Thence along the Westerly boundary of said parcel described at Auditor's File No. 51101 Southeasterly to a point on the line of ordinary high tide; Thence southwesterly along said line of ordinary high tide to a point on the Northerly boundary of Lot 18B of said Plat of Rosario Estates, that bears South 66°09' East from said TRUE POINT OF BEGINNING; Thence leaving said line of ordinary high tide and along said Northerly lot boundary North 66°09' West to said point of beginning.

TOGETHER WITH the Tidelands of the Second Class situate in front of, adjacent to, abutting upon that portion of the U.S. Government Meander Line of Government Lot 5 as conveyed by the State of Washington by Tideland Deed, recorded January 20, 1906, in Volume 10 of Deeds, at page 130 records of San Juan County, Washington.

TOGETHER WITH the Tidelands of the Second Class situate in front of, adjacent to, abutting upon Government Lot 5 lying between the line of mean low tide and the line of extreme low tide as conveyed by the State of Washington by Deed, recorded February 3,

1912, in Volume 12 of Deeds, at page 615, under Auditor's File No. 12709, records of San Juan County, Washington.

Situate in San Juan County, Washington.

PARCEL 160621001000 (Mansion)

Vacated Lots 18A, 18B, 18C, 18D, 18E, 20E and 21E as Vacated pursuant to San Juan County Board of Commissioners Resolution No. 90-1986, May 20, 1986 of ROSARIO ESTATES, according to the Plat thereof, recorded in Volume 2 of Plats, at page 3, in the office of Auditor of San Juan County, Washington.

EXCEPTING THEREFROM those portions of vacated Lots 20E and 21E as Vacated pursuant to San Juan County Board of Commissioners Resolution No. 90-1986, May 20, 1986 of ROSARIO ESTATES, according to the Plat thereof, recorded in Volume 2 of Plats, at page 3, in the office of Auditor of San Juan County, Washington, lying Westerly of the following described line:

Beginning at the Southeast corner of said Lot 20E as marked by an iron pipe set by Rehm & Condon, Inc. from which the Southwest corner of said Lot as marked by an iron pipe set by Rehm & Condon, Inc., bears South 74° 21' 58" West, a distance of 109.00; thence North 39° 38' 03" West a distance of 35.92 feet; thence North 6° 43' 40" East a distance of 170.04 feet; thence North 11° 11' 36" West a distance of 15.94 feet to a point on the North line of said Lot 21E and the terminus of this line description from which the Northwest corner of said Lot 21E as marked by an iron pipe set by Rehm & Condon, Inc. bears South 74° 39' 36" West a distance of 121.67 feet..

Situate in San Juan County, Washington.

PARCEL 173143009000 (SATELLITE HALL)

Portion of Government Lot 6, Section 31, Township 37 North, Range 1 West of W.M., more particularly described as follows:

Commencing at the most Easterly corner of Lot 30 of the Plat of Rosario No. 3, recorded in Volume 4 of Plats at page 15, records of San Juan County, Washington. Thence North 69°16'20" East, 59.30 feet; Thence South 3°15'44" West 119.52 feet; Thence South 51°59'15" East 133.17 feet to an iron pipe and the TRUE POINT OF BEGINNING; Thence from said True Point of Beginning East 207.56 feet to a point marked by an iron pipe; Thence South 46°29'29" West 125.00 feet to a point marked by an iron pipe;

Thence West 180.13 feet to a point marked by an iron pipe; Thence North 36°18' East 106.79 feet to the TRUE POINT OF BEGINNING.

SUBJECT TO AND TOGETHER WITH a non-exclusive easement for roadway and utility purposes as described within and conveyed by Mutual Easement, recorded April 5, 1989, Volume 236 of Official Records, at page 48, Auditor's File No. 89156743, records of San Juan County, Washington.

Situate in San Juan County, Washington.

PARCEL 173043001000

A portion of the Southeast Quarter of Section 30 and the Northeast Quarter of Section 31, Township 37 North, Range 1 West, Willamette Meridian, San Juan County, Washington, more particularly described as follows:

Beginning at the South Quarter Corner of Section 30; Thence S.01°09'58"W., a distance of 89.58 feet to the intersection of the centerline of the Orcas-Olga Road (County Road No. 4) and the centerline of the 60 foot access easement of "Vusario Lane", being also the POINT OF BEGINNING; Thence along said easement North 32° 18' 30" East, a distance of 175.00 feet to a point of curve to the right having a radius of 297.85 feet and a central angle of 15° 17' 52"; Thence Northeasterly along the arc a distance of 79.52 feet; Thence North 47° 36' 22" East, a distance of 100.89 feet to a point of curve to the right having a radius of 137.09 feet and a central angle of 47°16'33"; Thence Easterly along the arc a distance of 113.11 feet; Thence South 85° 07' 05" East, a distance of 49.94 feet to a point of curve to the left having a radius of 257.37 feet and a central angle of 21° 59' 17"; Thence Easterly along the arc a distance of 98.77 feet; Thence North 72° 53' 38" East, a distance of 91.32 feet to a point of curve to the left having a radius of 281.18 feet and a central angle of 26° 01' 59"; Thence Northeasterly along the arc a distance of 127.76 feet; Thence North 46° 51' 39" East, a distance of 128.70 feet to a point of curve to the right having a radius of 82.01 feet and a central angle of 52° 00' 00"; Thence Easterly along the arc a distance of 74.43 feet; Thence South 81° 08' 21" East, a distance of 93.28 feet to a point of curve to the right having a radius of 284.64 feet and a central angle of 26° 18' 00"; Thence Easterly along the arc a distance of 130.66 feet to a point of reverse curve to the left having a radius of 402.48 feet and a central angle of 18° 45' 50"; Thence Southeasterly along the arc, a distance of 131.81 feet; Thence South 73° 36' 11" East, a distance of 33.46 feet to a point of curve to the right having a radius of 409.89 feet and a central angle of 18° 01' 19"; Thence Southeasterly along the arc a distance of 128.93 feet to a point of reverse curve to the left having a radius of 39.00 feet and a central angle of 22° 55' 42"., Thence Southeasterly along the arc a distance of 15.61 feet; Thence leaving said easement, South 78° 30' 34" East, a distance of 305.57 feet; Thence North 46° 57'

Beginning at a concrete monument marking the Northwest corner of said Lot 24; Thence North $76^{\circ}57'30''$ East, 154.43 feet to a point on the East boundary of said Lot 24; Thence along said East boundary North $18^{\circ}00'$ West, 40.15 feet to the Northeast corner of said Lot; Thence along the North boundary of said Lot, South $76^{\circ}48'20''$ West, 105.41 feet to a point on the boundary common to said Lot 24 and Tract A of said plat and which point is on the curve to the right having a radius of 40 feet; Thence Southwesterly along said curve thru a central angle of $98^{\circ}07'40''$ for a distance of 68.5 feet to the Point of Beginning.

TOGETHER WITH a non-exclusive right to use the roads and streets as platted as a means of ingress and egress for private roadway purposes as created, declared and granted in the Dedication of the Plat of Rosario No. 3.

SUBJECT TO AND TOGETHER WITH a non-exclusive easement for roadway and utility purposes as described within and conveyed by Mutual Easement Agreement recorded April 5, 1989 in Volume 236 of Official Records, at page 48, under Auditor's File No. 89156743, records of San Juan County, Washington.

Situate in San Juan County, Washington.

PARCEL 173142001000

That portion of Government Lot 6 and Government Lot 7, and portions of the Northwest quarter of the Southeast Quarter and the Southeast Quarter of the Southeast Quarter all in Section 31, Township 37 North, Range 1 West, W.M., described as follows:

Beginning at the most Easterly corner of that portion of Satellite Condominiums designated as "Patos" and recorded at Volume 1 of Condominiums, Page 5, records of said County, said corner is marked by a 1" iron pipe; Thence along the boundary of that portion of Satellite Condominiums designated "Skipjack" and recorded at Volume 1 of Condominiums, Page 13, said records, North $39^{\circ}47'59''$ East, 73.47 feet; Thence continuing along said boundary North $1^{\circ}59'22''$ West, 146.71 feet; Thence South $44^{\circ}41'37''$ East, 342.78 feet; South $26^{\circ}52'11''$ East, 233.97 feet to the most Easterly corner of said "Skipjack", Phase 2; Thence leaving said boundary South $51^{\circ}02'22''$ East, 248.28 feet to a point on the Westerly boundary of the plat of Rosario Palisades as recorded at Volume 3 of Plats, Page 37, said records; Thence along said Westerly boundary North $24^{\circ}57'50''$ East, 310.56 feet; Thence continuing along said Westerly boundary North $37^{\circ}25'40''$ East, 107.21 feet; Thence North $56^{\circ}45'$ East, 77.4 feet; Thence North $37^{\circ}26'10''$ East, 116.06 feet to the Southwesterly margin of Palisades Drive as shown on said Plat of Rosario Palisades; Thence along said Southwesterly margin of Palisades Drive to the most Northerly corner of Lot 36 as shown in the Plat of Rosario

No. 3, recorded at Volume 3 of Plats, Page 15, said records; Thence along the Southeasterly boundary of said Plat of Rosario No. 3 to the most Southerly corner of Lot 31 of said Plat of Rosario No. 3; Thence leaving said Southeasterly boundary and along the Northerly boundary of the "Access Area" as shown on said "Patos" condominium North $69^{\circ}16'20''$ East, 59.3 feet; Thence continuing along said Northerly boundary North $86^{\circ}08'$ East, 158.25 feet; Thence South $71^{\circ}28'$ East, 100.5 feet; Thence South $61^{\circ}36'20''$ East, 175.42 feet to the Point of Beginning.

TOGETHER WITH that parcel of land designated as "Skipjack", Phase 2, as shown at said Volume 1 of Condominiums, at page 13, AND ASLO

TOGETHER WITH a non-exclusive easement for private roadway purposes as a means of ingress, egress and utilities as described and conveyed by Easement Agreement, recorded September 7, 1984, Volume 121 of Official Records, at page 332, Auditor's File No. 132081, records of San Juan County, Washington.

TOGETHER WITH AND SUBJECT TO a non-exclusive ingress, egress and the conveyance of public utilities as granted, conveyed and described within Mutual Easement Agreement, recorded April 5, 1989, of Official Records, Volume 236, at page 48, Auditor's File No. 89156743, records of San Juan County, Washington.

Situate in San Juan County, Washington.

PARCEL 173134005000

That portion of Government Lot 5 and Government Lot 6, Section 31, Township 37 North, Range 1 West, W.M., described as follows:

Beginning at the Southeast corner of "Sucia" as described at Volume 1 of Condominiums, page 1, records of said County, and which point is marked by a 1" iron pipe; thence along the South and West boundaries of "Sucia" to the most Southerly corner of that parcel of land designated as "Matia" in said Volume 1 of Condominiums; Thence along the Westerly margin of "Matia" to a 1" iron pipe marking the Southeast corner of Lot 29 of Rosario No. 3 as recorded at Volume 3 of Plats, Page 15, said records; Thence along the Southerly boundaries of Lots 25 through 29, all of said plat of Rosario No. 3, to the Northeast corner of Lot 24, said plat; Thence along the Easterly boundaries of said Lot 24 and along the Easterly boundary of Lot 1 of Rosario Estates as recorded in Volume 1 of Plats, Page 3, said records, to a point 75.0 feet Northerly of the Southeast corner of said Lot 1; Thence parallel with and 75.0 feet North of the North margin of a 40-foot wide easement road as shown on the face of said condominium designated "Sucia" North $82^{\circ}30'$ East, 130.38 feet; Thence North $87^{\circ}57'40''$ East, 90.38

feet; Thence perpendicular to said North margin South 2°02'20" East, 115.0 feet to the Southerly margin of said 40-foot wide easement; Thence along said Southerly margin North 87°57'40" East, 258.78 feet to the Northeast corner of that parcel of land described at Auditor's File No. 51101 said records; Thence along the Northeasterly boundary of said parcel described at Auditor's File No. 51101 Southeasterly to a point on the line of ordinary high tide; Thence Southeasterly along said line of ordinary high tide to a point which bears South of the Point of Beginning; Thence leaving said line of ordinary high tide North to the Point of Beginning.

TOGETHER WITH that portion of the Tidelands of the Second Class situate in front of, adjacent to, or abutting upon as conveyed by the State of Washington, by Tideland Deed recorded August 3, 1914, in Volume 13, of Deeds, at page 363, under Auditor's File No. 14170, records of San Juan County, Washington.

TOGETHER WITH AND SUBJECT TO a non-exclusive ingress, egress and the conveyance of public utilities as granted, conveyed and described within Mutual Easement Agreement, recorded April 5, 1989, Volume 236, of Official Records, at page 48, Auditor's File No. 89156743, records of San Juan County, Washington.

Situate in San Juan County, Washington.

PARCEL 173133002000

Those portions of vacated Lots 20E and 21E as Vacated pursuant to San Juan County Board of Commissioners Resolution No. 90-1986, May 20, 1986 of ROSARIO ESTATES, according to the Plat thereof, recorded in Volume 2 of Plats, at page 3, in the office of Auditor of San Juan County, Washington, lying Westerly of the following described line:

Beginning at the Southeast corner of said Lot 20E as marked by an iron pipe set by Rehm & Condon, Inc. from which the Southwest corner of said Lot as marked by an iron pipe set by Rehm & Condon, Inc., bears South 74° 21' 58" West, a distance of 109.00; thence North 39° 38' 03" West a distance of 35.92 feet; thence North 6° 43' 40" East a distance of 170.04 feet; thence North 11° 11' 36" West a distance of 15.94 feet to a point on the North line of said Lot 21E and the terminus of this line description from which the Northwest corner of said Lot 21E as marked by an iron pipe set by Rehm & Condon, Inc. bears South 74° 39' 36" West a distance of 121.67 feet..

Situate in San Juan County, Washington.

**EXHIBIT B
 PERMITTED EXCEPTIONS**

The liens, encumbrances, restrictions, exceptions and other matters that appear in the Title Commitment, as set forth below, the Closing Restrictions and Declaration, Restrictions And Agreement recorded of even date herewith, the Henke Settlement Agreement, the Condo Settlement Agreement, the Orcas Island Sailing Agreement, the Option Agreement, the License Agreement, and the Easement Agreement as disclosed to Purchaser pursuant to the Agreement For Sale And Purchase Of Hotel (Asset Sale) by and between Oly Rose, LLC, a Delaware limited liability company, ("Seller") and Jerrel C. Barto or permitted assign ("Purchaser").

1. Exceptions and reservations contained in deed from the State of Washington, whereby the grantor excepts and reserves all oils, gases, coal, ores, minerals, fossils, etc., and the right of entry for opening, developing and working mines, etc., providing that no rights shall be exercised until provisions have been made for full payment of all damages sustained by reason of such entry.

As disclosed by : Tideland Deed
 Recorded : February 3, 1912
 Auditor's File No. : 12709
 Volume/Page : 12 of Deeds, at page 615

(Affects the Tidelands of the Second Class only abutting 160621001000)

2. Exceptions and reservations contained in deed from the State of Washington, whereby the grantor excepts and reserves all oils, gases, coal, ores, minerals, fossils, etc., and the right of entry for opening, developing and working mines, etc., providing that no rights shall be exercised until provisions have been made for full payment of all damages sustained by reason of such entry.

As disclosed by : Tideland Deed
 Recorded : August 3, 1914
 Volume/Page : 13 of Deeds, at page 363

(Affects the Tidelands of the Second Class abutting 173134005000)

3. Rights of the United States and/or the State of Washington, and/or the appropriate agencies of each, under its constitution, statutes and regulation, to regulate the use or occupancy of that portion of property herein described lying below the line of mean high tide.
4. The Question as to the location of the lateral boundaries of said Second Class Tidelands.
5. The right, title, ownership and interest of the dock and/or wharf, ramps, launching

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facilities, and/or floats situated in front of, adjacent to and abutting upon said property lying seaward beyond the lateral boundaries of the tidelands is specifically excepted from the coverage of the forthcoming Title Insurance Policy.

(Affects 160621001000)

6. The effect of the conditions and restrictions contained in Real Estate Contract, dated June 20, 1958, executed by Falcon Corporation, a Texas Corporation to Wayne Bonner and Mildred Bonner, his wife, recorded July 28, 1959, in Volume 31 of Deeds, at page 115, under Auditor's File No. 50918, records of San Juan County, Washington, as follows:

"Purchaser hereby agrees to pay the sum of \$8.00 per month for water and dock privileges. All direct current (DC) now connected to house may be used by purchaser but seller does not guarantee that such current will remain in service for any definite period of time and seller reserves the right to discontinue such service whenever deemed necessary. Seller hereby grants to purchaser a perpetual easement for ingress and egress to the herein described property and further purchaser shall be permitted to park his car in designated circle next to Cascade residence."

(Said Real Estate Contract contained a legal description for Tax Parcel No. 160612001)"

7. Notice of rights, obligations and easements as contained in Real Estate Contract, dated April 21, 1958 executed by Falcon Corporation, a Texas Corporation, to Roy F. Flaherty and Mary E. Flaherty, his wife, recorded July 28, 1959, in Volume 31, of Deeds, at page 137, under Auditor's File No. 50928, records of San Juan County, Washington, as follows:

"Purchaser hereby agrees to pay the sum of \$8.00 per month for water and dock privileges. Such other privileges as seller may from time to time provide are also included in this agreement. All direct current to house may be used by purchaser, but seller does not guarantee that such current will remain in service for any definite period of time and seller reserves the right to discontinue such service however deemed necessary.

Seller hereby reserves an easement across the attached described property for access to property known as "the honeymoon cottage" or purchaser may construct in lieu of this easement a trail around the rear of the attached described property sufficient for access by walking to the "honeymoon cottage". Seller further reserves a perpetual easement and right for use and construction of docks and moorage in front of property. The road as is providing access to the attached described property shall remain in place or another suitable access will be provided for the use of the purchaser."

(Said Real Estate Contract contained a legal description for Tax Parcel No. 173143002.)"

8. The effect of the Covenants, Conditions and Restrictions contained in Declaration of Protective Restrictions recorded August 10, 1964, in Volume 13 of Miscellaneous Records, at pages 223 and 224, under Auditor's File No. 59572, records of San Juan

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County, Washington.

(Affects 173152037000 and 173152038000)

9. Covenants, Conditions, Obligations, Easements and Restrictions contained in the Dedication of the Plat of Rosario No. 3. A copy of which is attached and made a part hereto.
(Affects 173152037000 and 173152038000)
10. This exception is intentionally omitted.
11. Notice of a Portion of Pipeline Easement as disclosed by Record of Survey for the Plat of Rosario No. 3 prepared by Robert Condon, Registered Land Surveyor for Gilbert H. Geiser, recorded February 16, 1967, in Book 3 of Long Plats, at pages 15 and 15A, under Auditor's File No. 63449, records of San Juan County, Washington.
12. Notice of County Road Location as disclosed by Record of Survey for the Plat of Rosario Palisades prepared by Robert W. Condon, Registered Land Surveyor for Gilbert H. Geiser, recorded December 4, 1968, in Book 3 of Long Plats, at page 37, 37A and 37B, under Auditor's File No. 70358, records of San Juan County, Washington.
13. This exception is intentionally omitted.
14. Easement dated June 11, 1970, executed by Rosario Inc. to Orcas Power and Light Company, recorded December 30, 1970, in Volume 17, of Miscellaneous Records, at page 206, under Auditor's File No. 75017, records of San Juan County, Washington, as follows:

"do hereby grant and convey to the grantee its successors and assigns, an easement for the installation and continued operation, maintenance, repair and replacement of underground electric transmission or distribution line, with all necessary wires and fixtures thereon, together with the right to cut, trim, control and remove trees, brush and other obstructions which may interfere with the Grantee's proper use of this easement and the right to permit the joint use of the line or system by others for electrical, telephone, or TV cable purposes, over and across the following described property in San Juan County, Washington, to wit:

1. An Easement 10 feet in width, laying 5 feet on either side of the following centerline; beginning at the Grantee's existing pole #B47; thence N21°E 50 feet to the True Point Beginning; thence N57°E 140 feet; thence N13°W 275 feet; thence N7°E 160 feet; thence N 79° E 20 feet; thence S 33° E 145 feet to the point of ending;
2. An easement 10 feet in width, laying 5 feet on either side of the following centerline; beginning at the Grantee's existing pole #B47; thence N21°E 50 feet; thence N57°E 140 feet; thence N13°W 275 feet; thence N7°E 160 feet; thence N79°E 20 feet to the true point of beginning; thence continuing N79°E 45 feet to the point of ending.

All facilities installed by Grantee on said lands shall remain its property and may be removed by it at any time.

The alignment of the above mentioned easement is not shown or described in the instrument creating the easement.

15. Easement dated February 22, 1971, executed by Gilbert H. & Gleda B. Geiser to Orcas Power and Light Company, recorded March 12, 1971, in Volume 17, of Miscellaneous Records, at page 327, under Auditor's File No. 75468, records of San Juan County, Washington, as follows:

"do hereby grant and convey to the grantee its successors and assigns, an easement for the installation and continued operation, maintenance, repair and replacement of underground electric transmission or distribution line, with all necessary wires and fixtures thereon, together with the right to cut, trim, control and remove trees, brush and other obstructions which may interfere with the Grantee's proper use of this easement and the right to permit the joint use of the line or system by others for electrical, telephone, or TV cable purposes, over and across the following described property in San Juan County, Washington, to wit:

The roads and streets on the Plat of Rosario No. 3, filed in Volume 3 of Plats, Pages 15 and 15A, records of San Juan County, State of Washington.

All facilities installed by Grantee on said lands shall remain its property and may be removed by it at any time.

(Affects 173152037000 and 173152038000)

16. Easement dated August 9, 1972, executed by Geiser Land Company to Orcas Power and Light Company, recorded August 17, 1972, in Volume 18, of Miscellaneous Records, at page 545, under Auditor's File No. 79456, records of San Juan County, Washington, as follows:

"do hereby grant and convey to the grantee its successors and assigns, an easement for the installation and continued operation, maintenance, repair and replacement of underground electric transmission or distribution line, with all necessary wires and fixtures thereon, together with the right to cut, trim, control and remove trees, brush and other obstructions which may interfere with the Grantee's proper use of this easement and the right to permit the joint use of the line or system by others for electrical, telephone, or TV cable purposes, over and across the following described property in San Juan County, Washington, to wit:

NW ¼ of the NE ¼ of Section 31, Township 37 North, Range 1 West, W.M.

1. An easement 10' in width laying 5' on either side of the following centerline; beginning at the Grantee's existing pole #B79; thence N 21° 50' to the true point of beginning, thence N 57° E 140', thence N 13° W 275', thence N 7° E 160', thence N 79° E 20', thence S 33° E 145' to the point of ending.
2. An easement 10' in width laying 5' on either side of the following centerline; beginning at the Grantee's existing pole B79, thence N 21° E 50', thence N 57° E 140', thence N 13° W 275', thence N 7° E 160', thence N 79° E 20' to the true point

of beginning, thence continuing N 79° E 45' to the point of ending.

This easement is written to correct easement filed under #75017 of records of San Juan County.

All facilities installed by Grantee on said lands shall remain its property and may be removed by it at any time.

17. Notice of Water Rights as contained in Certificate of Adjudicated Water Right, recorded December 29, 1972, in Volume 19, of Miscellaneous Records, at page 152, under Auditor's File No. 80565, records of San Juan County, Washington, as follows:

"This is to certify that by virtue of a decree of the Superior Court of the State of Washington in and for San Juan County, made and entered on the 8th Day of December 1970 in the case of State of Washington vs Arthur J. Boyd, etal, County Cause No. 2448, which decree determined the rights of all known claimants to the use of waters of Mountain Lake-Cascade Creek Drainage Basin, Gilbert Geiser and Gleda Geiser of Eastsound, Washington are entitled to use, subject to provisions set forth in said decree and the laws of the State of Washington, the waters of Cascade Creek, Tributary of East Sound, for the purpose of hydro-electric power and domestic use. The water right is confirmed in the amount of water that is reasonable and actually necessary for the purpose aforesaid and shall not exceed amount of water that is reasonably and actually necessary for the purpose aforesaid and shall not exceed 3.0 cubic feet per second;

November, December and January, 2.0 cubic feet per second; October, February and March; 1.0 cubic feet per second; April, May, June and September, and .5 cubic foot per second; July and August.

That the decree aforesaid establishes said right in Class I, with a priority date of 1884. That the approximate points of diversion are the NE ¼ of Government Lot 1, Section 5, Township 36 North, Range 1 West, W.M.. That said water right was adjudged by said decree to be and is appurtenant to the SW ¼, W ½ SE ¼ of Section 31, Township 37 North, Range 1 West, W.M."

18. Notice of Water Right, as contained in Certificate of Adjudicated Water Right, recorded January 8, 1973, in Volume 10 of Miscellaneous Records, at page 169, under Auditor's File No. 80607, records of San Juan County Washington, as follows:

"This is to certify that by virtue of a decree of the Superior Court of the State of Washington in and for the San Juan County, made and entered on the 8th Day of December 1970 in the case of State of Washington vs Arthur J. Boyd, etal, County Cause No. 2448, which decree determined the rights of all known claimants to the use of waters of Mountain Lake-Cascade Creek Drainage Basin, Gilbert Geiser and Gleda Geiser of Eastsound, Washington are entitled to use, subject to provisions set forth in said decree and the laws of the State of Washington, the waters of Cascade Creek, Tributary of East Sound, for the purpose of hydro-electric power and domestic use. The water right is confirmed in the amount of water that is reasonable and actually necessary for the purpose aforesaid and shall not exceed amount of water that is reasonably and actually necessary for the purpose aforesaid and shall not exceed 3.0 cubic feet per second;

November, December and January, 2.0 cubic feet per second; October, February and March; 1.0 cubic feet per second; April, May, June and September; and .5 cubic foot per second; July and August.

That the decree aforesaid establishes said right in Class I, with a priority date of 1884. That the approximate points of diversion are the NE ¼ of Government Lot 1, Section 5, Township 36 North, Range 1 West, W.M.. That said water right was adjudged by said decree to be and is appurtenant to the SW ¼, W ½ SE ¼ of Section 31, Township 37 North, Range 1 West W.M.; that part of Rosario Point lying with the NW ¼ of Section 6, Township 36 North, Range 1 West, W.M.."

19. This exception is intentionally omitted.
20. Agreement to Provide Water and Easement Agreement, dated September 27, 1973, by and between Gilbert H. Geiser and Gleda B. Geiser, his wife and Vusario Limited Partnership, a Washington limited partnership, recorded December 4, 1973, in Volume 20 of Miscellaneous Records, at page 188, under Auditor's File No. 83555 and recorded March 1, 1976 in Volume 16 of Miscellaneous Records, at page 422, under Auditor's File No. 91230 records of San Juan County, Washington.
21. Easement dated April 22, 1974, executed by Gilbert H. Geiser and Gleda B. Geiser to Orcas Power & Light Company, recorded May 1, 1974, in Volume 2 of Official Records, at page 737, under Auditor's File No. 84707, records of San Juan County, Washington, as follows:

"do hereby grant and convey to the Grantee, its successors and assigns, an easement for the installation and continued operation, maintenance, repair and replacement of an overhead or underground electric transmission or distribution line, with all necessary wires and fixtures thereon, together with the right to cut, trim, control and remove trees, brush and other obstructions which may interfere with the Grantee's proper use of this easement and the right to permit the joint use of the line or system by others for electrical, telephone or TV cable purposes, over, under and across the following described property in San Juan County, Washington, to-wit:

An easement for an underground distribution line 10 feet in width within the following described property:

All within the Southwest ¼ of the Southeast ¼ of Section 30 and the Northwest ¼ of the Northeast ¼ of Section 31, Township 37 North, Range 1 West, W.M., County of San Juan, State of Washington.

All facilities installed by Grantee on said lands shall remain its property and may be removed by it at any time."

(Affects a portion of 173043001000 and other property)

22. Notice of the Location of Vusario Lane and Notice of Conflict of the Westerly Boundary Location of 12S as it relates to the Plat of Rosario Highlands No. 3 as disclosed by Record of Survey prepared by John Thalacker, Registered Land Surveyor for Vusario

Company, recorded May 24, 1974, in Book 1 of Surveys, at page 78, under Auditor's File No. 84965, records of San Juan County, Washington.

23. Easement Agreement, dated July 8, 1974, executed by Gilbert Geiser and Gleda Geiser, his wife to the Vusario Limited Partnership, a Washington limited partnership, recorded July 17, 1974, in Volume 5 of Official Records, at page 422, under Auditor's File No. 85958, records of San Juan County, Washington, as follows:

- I. Grant of Easement. Grantor hereby grants, assigns and sets over unto the Grantee, their heirs and assigns, easements appurtenant as hereinafter described for ingress, egress and utility purposes over the property described in Recital A of document to have and to hold forever.
- II. Description of Easement. The exact metes and bounds description of the easements granted herein are provided on Exhibit A, which is attached hereto and incorporated herein by the reference.
- III. Grantor's Use and Enjoyment. The Grantor shall fully use and enjoy the premises described in Recital A, except as to the rights granted Grantee herein.
- IV. Hold Harmless. Grantee hereby agrees to hold and save Grantor harmless from any and all damages arising from his use of the easement herein granted.
- V. Heirs and Successors. The provisions hereof shall be binding upon the heirs, legal representatives, successors and assigns of any or all of the parties hereto.

Affects: A strip of land 60 feet in width over, under and across a portion of Parcels 12R and 12S and includes other property.

24. The effect of the conditions and restrictions contained in Easement Agreement, dated March 31, 1975, executed by Vusario Limited Partnership, a Washington limited partnership to Gilbert H. Geiser and Gleda B. Geiser, his wife, recorded September 2, 1975, in Volume 13 of Official Records, at page 2, under Auditor's File No. 89551, records of San Juan County, Washington, as follows:

- "IV. Hold Harmless. Grantee hereby agrees to hold and save Grantor harmless from any and all damages arising from his use of the easement herein granted.
- V. Heirs and Successors. The provisions hereof shall be binding upon the heirs, legal representatives, successors and assigns of any or all of the parties hereto."

(Said Easement Agreement granted to the Grantee, their heirs and assigns and easement for ingress, egress and utility purposes appurtenant to Parcels 12R and 12S over a portion of what is now known as Vusario, a private subdivision)

25. The effect of Agreement entered into June 27, 1975 between Orcas Power & Light Company and Gilbert H. Geiser and Gleda B. Geiser, husband and wife, recorded July 2, 1975, in Volume 11 of Official Records, at page 494, under Auditor's File No. 88992,

records of San Juan County, Washington, as follows:

"The underground cables are three single phase 1/0 ACSR cables, which serve facilities within the Rosario area. This distribution line branches off from the Rosario No. 3 Subdivision and extends to the Discovery House and the Marina area. Considerable fill has been deposited over the normal depth of the cables, and the foundation of the Patos Condominium building is close to the said underground cables and at one point is within one foot thereof. Geiser plans to construct sidewalks, paved areas and place landscaping of trees and shrubs over the ground where said cables are buried.

"NOW THEREFORE IN CONSIDERATION OF OPALCO making electric energy available for use in the newly constructed Patos Condominium and continuing the distribution of electrical energy to other accounts within the area, Geiser does hereby agree that in the event it becomes necessary for OPALCO to replace or repair any portion of said underground cables within 100 feet of said buildings in any area where sidewalks or paved or improved areas, or landscaping by lawns, plants, trees, deep fill or shrubs, cover the area where said cables are buried, they consent to the removal by OPALCO of any such covering which may be necessary to replace or repair said cable, and Geiser does further agree that they will pay to OPALCO all extra costs and expenses which are incurred by OPALCO by reason thereof.

In any such work OPALCO will not interfere with, damage or destroy any of the facilities of Geiser placed over said cables and within said 100 feet are any more than is necessary to perform and complete the work involved.

26. Notice of Condominium Common Area Boundaries, Satellite Hall, Easement Road Locations as disclosed by Record of Survey for Satellite Condominiums at Rosario - Sucia I, Sucia II, Patos, Matia and Satellite Hall prepared by Frederick L. Krabbe, Registered Land Surveyor for Gilbert H. Geiser, recorded September 5, 1975, in Book 1 of Condominiums, at pages 5 and 5A, under Auditor's File No. 89611, records of San Juan County, Washington.
27. Notice of 60 foot Easement 'Vusario Lane', Easement 'Q' and Easement 'R' as disclosed by the Plat of Vusario, a private subdivision prepared by John L. Thalacker, a Registered Land Surveyor for Vusario Company, a Washington Limited Partnership, recorded March 22, 1976, in Book 4 of Plats, at pages 22, 22A & 22B under Auditor's File No. 91402, records of San Juan County, Washington.
28. Agreement for Sewer Services at Moran State Park and Notice of Sewer Distribution Line, dated October 10, 1977, executed by and between Rosario Resort Hotel and State Parks and Recreation Commission operator of Moran State Park on Orcas Island, recorded December 8, 1977, in Volume 33 of Official Records, at page 488, under Auditor's File No. 99292, records of San Juan County, Washington.
29. Agreement to Furnish Water, dated January 13, 1978, between Gilbert H. Geiser and Gleda B. Geiser, his wife, to James G. Dahl, recorded January 24, 1978, in Volume 35 of Official Records, at page 188, under Auditor's File No. 99961, records of San Juan County, Washington, as follows:

"Gilbert H. Geiser and Gleda B. Geiser, his wife, owners of the Rosario Water System, agree to furnish water to as many as sixteen households on the property developed by James G. Dahl on Government Lot 2, Section 31, Township 37N, Range 1 West of Willamette Meridian, Auditor's File No. 78569 and 68128.

A hook-up fee of TWO HUNDRED FIFTY AND NO/100 (\$250.00) per household at commencement of construction and a monthly charge of at least SIX AND NO/100 (\$6.00) and not to exceed normal charges, will be made thereafter.

This water will be furnished from the existing Rosario Water System and any additional extensions will be the responsibility of James G. Dahl

30. Terms, provisions and agreements contained in various Contracts for Purchase and Deeds for the sale of Lots within the PLAT OF ROSARIO, A PRIVATE SUBDIVISION, as follows:

Grantee shall pay Grantors, so long as Grantee shall have an interest in said property, the sum of \$4.00 per month for the maintenance of recreation area, said payments to become due on the 1st day of each and every month immediately upon execution of this contract. Grantee shall pay the sum of \$100.00 to Grantor for water tap-on fee, said sum to be due when Grantee shall commence construction. Thereafter, Grantee so long as Grantee shall have an interest in said property, shall pay to Grantor the sum of \$4.00 per month for water supplied, said payments to be due on the 1st day of each and every month immediately after the water hook-up charge is due.

AFFECTS: Lots 12, 26E, 27E, 26W, 28W, 28E, 29E, 31, 32, 37, 39, 41, 42, 43, 44, 45 and 47.

NOTE: Lots 19, 20W, 22E, 22W, 27W and 29W contained a sum of \$6.00 per month for water supplied.

NOTE: Lots 14, 23W, 24EE, 24EW, 25W, 50 and 61 contained the following provision from the developer:

"purchaser agrees to pay the sum of \$8.00 per month for the water and dock privileges."

NOTE: Lot 18A contained an additional provision to the water fee, tap on fee and recreational fees as follows:

"And thereafter pay the sum of \$6.00 per month for dock."

NOTE: The remaining lots not mentioned above contained no provisions from the original developer or developers.

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31. The effect of the Terms, Covenants, Conditions and Agreements contained in various Real Estate Contracts and Deeds of public record providing for the sale and conveyance of Lots situate within the Plat of Rosario Estates No. 2, as follows:

"Purchasers shall pay to sellers, so long as purchaser shall have an interest in said property, the sum of \$4.00 per month for the maintenance of recreation area, said payments to become due on the 1st day of each and every month immediately upon execution of this contract. Purchaser shall pay the sum of \$100.00 to sellers for water tap-on fee, said sum to be due when purchaser shall commence construction. Thereafter, purchaser, so long as purchaser shall have an interest in said property, shall pay to sellers the sum of \$4.00 per month for water supplied, said payments to be due on the 1st day of each and every month immediately after the water hook-up charge is due."

AFFECTS : Lots 1, 2, 3, 4, 5, 7, 8, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 22, 23, 24, 25, 26, 27, 28, 29, 30, 37, 38, 45, 47 and 48.

NOTE: Lots 9, 19, 35, 36, 39, 41, 49 and 50 contained a provision for a \$250.00 water tap-on fee and a \$6.00 per month fee for water supplied.

NOTE: Lots 6, 11, 21, 31, 32, 33, 34, 40, 42, 43, 44 and 46 contained no provisions or agreements for water, water tap-on or recreational fees upon sale from the developer.

32. The effect of the Terms, Covenants, Conditions and Agreements contained in various Real Estate Contracts and Deeds of public record providing for the sale and conveyance of Lots situate within the Plat of Rosario Estates No. 3, as follows:

"Purchasers shall pay to sellers, so long as purchaser shall have an interest in said property, the sum of \$4.00 per month for the maintenance of recreation area, said payments to become due on the 1st day of each and every month immediately upon execution of this contract. Purchaser shall pay the sum of \$100.00 to sellers for water tap-on fee, said sum to be due when purchaser shall commence construction. Thereafter, purchaser, so long as purchaser shall have an interest in said property, shall pay to sellers the sum of \$4.00 per month for water supplied, said payments to be due on the 1st day of each and every month immediately after the water hook-up charge is due."

AFFECTS: Lots 1, 3, 6, 8, 9, 10, 11, 13, 14, 15, 16, 18, 20, 21, 23, 24, 25, 26, 28, 29, 30, 32, 33, 34, 35 and 36.

NOTE: Lots 2, 4, 7, 12, 17, 27 and 31 contained a provision for a \$250.00 water tap-on fee and a \$6.00 per month fee for water supplied.

NOTE: Lot 5 contained no provision or agreement for water, water tap-on or recreational fees upon sale from the developer.

33. The effect of the Terms, Covenants, Conditions and Agreements contained in various Real Estate Contracts and Deeds of public record providing for the sale and conveyance of Lots situate in the Plat of Rosario Palisades, as follows:

"Purchasers shall pay to sellers, so long as purchaser shall have an interest in said property, the sum of \$4.00 per month for the maintenance of recreation area, said payments to become due on the 1st day of each and every month immediately upon execution of this contract. Purchaser shall pay the sum of \$100.00 to sellers for water tap-on fee, said sum to be due when purchaser shall commence construction. Thereafter, purchaser, so long as purchaser shall have an interest in said property, shall pay to sellers the sum of \$4.00 per month for water supplied, said payments to be due on the 1st day of each and every month immediately after the water hook-up charge is due."

AFFECTS: Lots 4, 5, 13, 14, 15, 17, 18, 21, 26, 29, 31, 34, 36, 38, 40, 41, 43, 44, 47 and 49.

NOTE: Lots 7, 8, 16, 19, 20 and 51 contained a provision for a \$250.00 water tap-on fee and a \$6.00 per month fee for water supplied.

NOTE: Lots 6, 9, 10, 11, 12, 22, 23, 24, 25, 26, 27, 28, 30, 32, 33, 35, 37, 39, 42, 45, 46 and 48 contained no provision concerning water, water hook-up fee or recreation fees upon sale from the developer.

34. The effect of the Terms, Covenants, Conditions and Agreements contained in various Real Estate Contracts and Deeds of public record providing for the sale and conveyance of Lots situate within the Plat of Rosario Shores as follows: "Purchasers shall pay to sellers, so long as purchaser shall have an interest in said property, the sum of \$4.00 per month for the maintenance of recreation area, said payments to become due on the 1st day of each and every month immediately upon execution of this contract. Purchaser shall pay the sum of \$100.00 to sellers for water tap-on fee, said sum to be due when purchaser shall commence construction. Thereafter, purchaser, so long as purchaser shall have an interest in said property, shall pay to sellers the sum of \$4.00 per month for water supplied, said payments to be due on the 1st day of each and every month immediately after the water hook-up charge is due."

AFFECTS: Lots 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15 and 16

NOTE: Lots 7, 20 and 21 contained a provision for a \$250.00 water tap-on fee and a \$6.00 per month fee for water supplied.

NOTE: Lots 1, 2, 17 and 18 contained a provision for a \$100.00 water tap-on fee and a \$6.00 per month for water supplied fee.

NOTE: Lot 19 contained no agreement of record for water, water tap-on or recreational fees upon sale from the developer.

35. The effect of the Terms, Covenants, Conditions and Agreements contained in various Real Estate Contracts and Deeds of public record providing for the sale and conveyance of Lots situate within the Plat of Palisades South as follows:

"Purchasers shall pay to sellers, so long as purchaser shall have an interest in said property, the sum of \$4.00 per month for the maintenance of recreation area, said payments to become due on the 1st day of each and every month immediately upon execution of this contract. Purchaser shall pay the sum of \$250.00 to sellers for water tap-on fee, said sum to be due when purchaser shall commence construction. Thereafter, purchaser, so long as purchaser shall have an interest in said property, shall pay to sellers the sum of \$6.00 per month for water supplied, said payments to be due on the 1st day of each and every month immediately after the water hook-up charge is due."

AFFECTS : Lots 1, 2, 5, 6, 7, 8, 9, 10, 11, 12 and 15

NOTE: Lots 3, 4, 13 and 14 contained no agreements of record for water, water tap-on or recreational fees upon sale from the developer.

36. Notice of right or rights contained in various Real Estate Contracts and/or Statutory Deeds conveying properties to person or persons for unplatted portions of the Rosario Resort Residential Community, carrying an agreement or obligation as follows:

"Grantee, his heirs and assigns shall pay to Grantor, his heirs and assigns the minimum of \$4.00 per month for the maintenance of recreation area, said payments to become due on the 1st day of each and every month immediately upon execution of the real estate contract. Grantee shall pay the sum of \$250.00 to Grantor for water tap-on fee, said sum to be due when Grantee shall commence construction. Thereafter, Grantee, his heirs and assigns, shall pay to Grantors the minimum sum of \$6.00 per month for water supplied, said payments to be due on the 1st day of each and every month immediately after the water hook-up charge is due."

AFFECTS : Tax Parcel No's.: 160714001, 161614002, 161614003, 161614004 and 273614002.

NOTE: The following carried a charge of \$100.00 for water tap-on fee. Tax Parcel No's.: 173132002, 173132002, 173132004, 273611001, 273611003, 273611004, 273611005, 273611007, 273614001, 160541001.

NOTE: The following carried a recital as follows:

"Together with domestic water and recreational rights, subject, of course, to the regular charges, therefore."

Tax Parcel No's.: 173132006 and 173132007

37. This exception is intentionally omitted.
38. This exception is intentionally omitted.
39. This exception is intentionally omitted.
40. An Easement, dated April 20, 1978, executed by Rosario Incorporated to Orcas Power & Light Company, recorded May 4, 1978, in Volume 38 of Official Records, at page 311, under Auditor's File No. 101415, records of San Juan County, Washington, as follows:

"do hereby grant and convey to the Grantee, its successors and assigns and easement for the installation and continued operation, maintenance, repair and replacement of an overhead or underground electric transmission of distribution line, with all necessary wires and fixtures thereon, together with the right to cut, trim, control and remove trees, brush and other obstructions which may interfere with the Grantee's proper use of this easement and the right to permit the joint use of the line or system by others for electrical, telephone or TV cable purposes, over under and across the following described property:

Affects: 10 feet in width over, under and across a portion of the common areas or elements only."

41. Notice of Water Right, as contained in Certificate of Adjudicated Water Right, recorded October 16, 1978 in Volume 44 of Official Records, at page 325, under Auditor's File No. 103914, records of San Juan County, Washington, as follows:

This is to certify that by virtue of a decree of the Superior Court of the State of Washington in and for San Juan County, made and entered on the 31 day of August, 1978 in the case of State of Washington vs James N. Anspach, etal County Cause No. 3236, which decree determined the rights of all known claimants to the use of the waters of Cascade Lake Drainage Basin, that Gilbert

H. Geiser and Gleda B. Geiser of Eastsound, Washington are entitled to use, subject to provisions set forth in said decree and the laws of the State of Washington, the waters of the natural and stored waters of Cascade Lake and its tributary streams for the purpose of power generation, this instantaneous diversion rate is the maximum combined rate authorized for power generation, including existing rights from Mountain Lake through Cascade Creek; irrigation of five (5) acres of lawn and garden and fire protection as needed.

The water is confirmed in the amount of water that is reasonably and actually necessary for the purposes aforesaid and shall not exceed 2.31 cfs as needed, not to exceed 499 acre-feet each year; 1.0 cfs, from April 15 to October 1, not to exceed 5 acre-feet each year; fire protection as needed, that the decree aforesaid establishes said right in Class I, with a priority date of _____, 1910.

That the approximate points of diversion are at the outlet structure on Cascade Lake located approximately 725 east and 750 feet south of the center said Section 31, being within NW ¼ SE ¼, Section 31, Township 37 North, Range 1 West, W.M.. That said water right was adjudged by said decree to be and is appurtenant to Gov. Lots 4, 5 and 6, Section

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31, Township 37 North, Range 1 West, W.M., and Gov. Lots 3, Section 6, Township 36 North, Range 1 West, W.M.

42. Notice of Water Rights as contained in Certificate of Adjudicated Water Rights, recorded October 26, 1978, in Volume 45 of Official Records, at page 14, under Auditor's File No. 104098, records of San Juan County, Washington, as follows:

"This is to certify that by virtue of a decree of the Superior Court of the State of Washington in and for San Juan County, made and entered on the 31 day of August, 1978, in the case of State of Washington vs James N. Anspach, et al, County Cause No. 3236, which decree determined the rights of all known claimants to the use of the waters of Cascade Lake Drainage Basin, that Gilbert H. Geiser and Gleda B. Geiser of Eastsound, Washington are entitled to use, subject to provisions set forth in said decree and the laws of the State of Washington, the waters of precipitation, inlet streams to Cascade Lake and appropriated water from Cascade Creek for the purposes of storage rights (the 1879 acre-feet is the amount of storage right, including some "dead" storage to the lip of spillway at an elevation of 351 feet above mean sea level. Filling may take place at any time during year when waters are available. Release and use of stored waters shall be conditioned to maintain a level in Cascade Lake of no less than 347 feet above MSL 4 feet below spillway in years of average or greater than average precipitation and no less than 345 feet above MSL 6 feet below spillway during low run-off years); domestic supply (the authorization to utilize these stored waters for the described beneficial uses are governed by Claimant's appropriation rights set forth in Adjudicated Water Rights, Volume XI, page 85 and Volume XIII, page 2); power generation, irrigation of five (5) acres and fire protection as needed. The water right is confirmed in the amount of water that is reasonably and actually necessary for the purpose aforesaid and shall not exceed 1,879 acre-feet. That the decree aforesaid establishes said right in Class I, with a priority date of 1910. That the approximate point of impoundment structure; approximately 725 feet east and 750 feet south of the center of Section 31, being within the NW ¼ SW ¼.

43. Notice of right or rights of Condominium owner or owners of Satellite Condominiums at Rosario in and to road or roads abutting or upon property herein described contained in various Easements of record by owners of the various condominiums to Rosario, Inc. and as shown as access areas on plat plan for Satellite Condominiums at Rosario, recorded October 15, 1970, in Volume 1 of Condominiums at pages 1 and 2, and Skipjack Condominiums I and II, recorded November 13, 1978, in Volume 1 of Condominiums, at pages 13 and 13A, under Auditor's File No. 104401, records of San Juan County, Washington.

44. This exception is intentionally omitted.

45. An Easement, dated April 9, 1979, executed by Rosario Incorporated to Orcas Power & Light Company, recorded April 13, 1979, in Volume 52 of Official Records, at page 178, under Auditor's File No. 106642, records of San Juan County, Washington, as follows:

"do hereby grant and convey to the Grantee, its successors and assigns an easement for the installation and continued operation, maintenance, repair and replacement of an overhead or underground electric transmission or distribution line, with all necessary

wires and fixtures thereon, together with the right to cut, trim, control and remove trees, brush and other obstructions which may interfere with the Grantee's proper use of this easement and the right to permit the joint use of the line or system by others for electrical, telephone or TV cable purposes, over, under and across the following described property:

Affects: an underground distribution line 10 feet in width over, under and across a portion of the common areas or elements only."

46. Sewer Option Agreement, dated June 30, 1979, executed between Rosario, Inc. and the owners of record of Lot 9, Plat of Rosario Estates, as recorded in Volume 2 of Plats, pages 3 and 3A, recorded July 5, 1979, in Volume 55 of Official Records, at page 549, under Auditor's File No. 108032, records of San Juan County, Washington, as follows:

"The owners of record of Lot 9, Plat of Rosario Estates, as recorded in Volume 2 of Plats, pages 3 and 3A, records of San Juan County, Washington are hereby granted the option of connecting into the Rosario Sewer System at a One thousand and No/100 Dollars (\$1,000.00) hook-up fee per lot, payable at the commencement of construction of the sewer line and Six and No/100 (\$6.00) per month, or the going rate, monthly maintenance fee commencing at the date of sewer hook-up and payable quarterly thereafter, both payments to be made to Rosario, Inc., Eastsound, Washington 98245.

The expense of the installation of the sewer line from the Recreation Area of Rosario Resort Hotel, across the Boatel Road to the common boundary line of Lot No. 7 and Lot No. 8 of Rosario Estates, as recorded in Volume 2 of Plats, pages 3 and 3A, records of San Juan County, Washington and then west on the North side of the Boatel Road to the property line of said Lot No. 9 will be the responsibility of the owner of record of said Lot No. 9, and it will be the responsibility of the owner of record of said Lot No. 9 to enter into financial arrangements with the owners of said Lot No. 7 and said Lot No. 8 for the joint installation of the sewer line from said Recreation Area to the common boundary line of the said Lot No. 7 and the said Lot No. 8.

Prior permission for the installation of this sewer line must be obtained from Rosario, Inc. so that disruption of the Boatel Road is not detrimental to resort activities."

47. This exception is intentionally omitted.
48. This exception is intentionally omitted.
49. This exception is intentionally omitted.
50. Easement Agreement, dated October 4, 1980, executed by Gilbert H. Geiser and Gleda B. Geiser, his wife and Rosario Resort Development Company a partnership to all present and future owners of Tax Parcel No. 173134001 and Lots 21, 23 and 24 Rosario Estates #3, recorded October 7, 1980, in Volume 71, of Official Records, at page 81, under Auditor's File No. 114035, records of San Juan County, Washington, as follows:

For: non-exclusive easement for roadway and utility purposes over, under and across a 20-foot strip of land

Affects : Tract "A" Rosario No. 3 173152037000

51. Easement, dated December 29, 1980, executed by Rosario Resort Development Company to Orcas Power & Light Company, recorded in Volume 75 of Official Records, at page 66, under Auditor's File No. 115552, records of San Juan County, Washington, as follows:

"do hereby grant and convey to the Grantee, its successors and assigns, an easement for the installation and continued operation, maintenance, repair and replacement of an overhead or underground electric transmission or distribution line, with all necessary wires and fixtures thereon, together with the right to cut, trim, control and remove trees, brush and other obstructions which may interfere with the Grantor's proper use of this easement and the right to permit the joint use of the line or system by others for electrical, telephone or TV cable purposes, over, under, and across the following described property in San Juan County, Washington, to-wit:

An Easement for an underground distribution line 10 feet in width being 5 feet on either side of the following described line:

Beginning at the Southeast corner of Lot 1, Rosario Estates, as described in Volume 2, pages 3 and 3A, Book of Plats of San Juan County, State of Washington, also located in Section 31, Township 37 North, Range 1 West, W.M.; thence East along an existing Road Easement 174 feet, more or less; thence South 63 feet, more or less, the true point of beginning; thence a meandering line Southerly 155 feet, more or less, to the point of ending.

All facilities installed by Grantee on said lands remain its property and may be removed by it at any time."

52. Easement dated September 14, 1981, executed by Rosario Resort Development Company, a Washington Partnership to Orcas Power and Light Company, recorded December 16, 1981, in Volume 85, of Official Records, at page 622, under Auditor's File No. 119476, records of San Juan County, Washington, as follows:

"do hereby grant and convey to the grantee its successors and assigns, an easement for the installation and continued operation, maintenance, repair and replacement of underground electric transmission or distribution line, with all necessary wires and fixtures thereon, together with the right to cut, trim, control and remove trees, brush and other obstructions which may interfere with the Grantee's proper use of this easement and the right to permit the joint use of the line or system by others for electrical, telephone, or TV cable purposes, over and across the following described property in San Juan County, Washington, to wit:

An easement 10 feet in width, being 5 feet on either side of the following described line:

Beginning at the Northern-most point of Lot 4 of Rosario Palisades, as recorded in Volume 3, Page 37 of the Book of Plats of San Juan County, State of Washington. Thence westerly along the southerly boundary of Palisades Drive 468 feet, more or less, to the True Point of Beginning; thence a meandering line southerly 265 feet, more or less,

to the point of ending.

The Grantor releases and holds harmless Orcas Power and Light Company for any damages resulting from the installation or maintenance on the property herein described, resulting from an act of any third party.

All facilities installed by Grantee on said lands shall remain its property and may be removed by it at any time.

53. Easement dated May 7, 1982, executed by Rosario Resort Development Company, a Partnership to Orcas Power & Light Company, recorded June 29, 1982, at page 67, under Auditor's File No. 122125, said records, follows: "do hereby grant and convey to the Grantee its successors and assigns an easement for the installation and continued operation, maintenance, repair and replacement of an overhead or underground electric transmission or distribution line, with all necessary wires and fixtures thereon together with the right to cut, trim, control and remove tree, brush and other obstructions which may interfere with the Grantee's proper use of this easement and the right to permit the joint use of the line or system by others for electrical, telephone or TV cable purposes, over, under and across the following described property in San Juan County, Washington, to-wit:

An easement 10 feet in width being 5 feet on either side of the following described lien:

Beginning at the Northwest corner of Government Lot 8, as described under Auditor's File Number 119035; thence South $1^{\circ}20'14''$ West 250 feet; thence South 40° East 200 feet; thence South $1^{\circ}20'14''$ West 145.31 feet; thence South $89^{\circ}45'27''$ East 41.33 feet; thence South $61^{\circ}26'31''$ East 120.65 feet to the True Point of Beginning of this easement; thence approximately South 72° West 73 feet; thence approximately South 5° East 190 feet; thence approximately South 27° West 100 feet; thence approximately South 31° West 130 feet; thence approximately South 40° West 104 feet; thence approximately South 65° West 247 feet; thence approximately South 53° West 110 feet; thence approximately South 07° East 94 feet; thence a meandering line westerly 155 feet, more or less, to the point of ending, which point is approximately 270 feet West of and 90 feet South of the center of Section 31, Township 37 North, Range 1 W.W.M.

The Grantor releases and holds harmless Orcas Power and Light Company for any damages resulting from the installation or maintenance on the property herein described, resulting from an act of any third party.

All facilities installed by Grantee on said lands shall remain its property and may be removed by it at any time."

54. Notice of Easements, Sewer Line, Drainage Line, Stream, Overhead Power Line, Roadway and Utilities as disclosed by Record of Survey for Rosario Resort Development Co., prepared by Krabbe & Starr, Inc., Surveying, recorded February 14, 1983, in Book 5 of Surveys, at page 35, under Auditor's File No. 124721, records of San Juan County, Washington.

55. Affidavit of public notice, executed by Wallace Gudgell, Jr., Preliminary print for reference purposes of the Rosario Water System Plan and preliminary print for reference purposes of the Rosario Present and Future Sewer Plan, giving notice to the public that an Agreement was signed and filed August 22, 1984 under Auditor's File No. 131967 in the office of the Auditor of San Juan County, Washington that was signed by Gilbert H. Geiser, Rosario Resort Development Co., Wallace F. Gudgell, Jr., Rainier National Bank, SLP Energy, Inc. and Home Savings Bank which in general provided for the future enhancement and the orderly development of Rosario Resort Area in regards to water, sewer, access, all necessary easements, covenants, conditions, restrictions and obligations of the parties executing or signing the said Agreement, recorded August 22, 1984, in Volume 120 of Official Records, at page___, under Auditor's File No. 131968, in the office of the Auditor of San Juan County, Washington. Reference should be made to said filed Agreement, Affidavit and the attached maps for full particulars.
56. Easement Agreement, dated September 5, 1984, executed by Gilbert Geiser and Rosario Resort Development Company, a Washington Partnership to Fee Owners of the Utility Tract, recorded September 7, 1984, in Volume 121 of Official Records, at page 345, under Auditor's File No. 132083, records of San Juan County, Washington.
- For: a non-exclusive easement for purposes of pumping, treating, storing and discharging sewage and/or effluent, including maintenance and enhancement of the existing system.
- Affects: a portion of the property herein described and includes other property.
57. Easements and Appurtenant Rights to Resort Facilities, dated September 7, 1984, executed by Rosario Resort Development Company, a Washington partnership to Rosario Resort Development Company, a Washington Partnership, its successors and assigns, recorded September 7, 1984, in Volume 121 of Official Records, at page 354, under Auditor's File No. 132085, records of San Juan County, Washington.
- For: Recreation Privileges and Resort Rights
- Affects: 160621001000 and 173142002000 and includes other property
- SAID RIGHTS ARE BENEFICIAL TO ROSARIO HARBOR CONDOMINIUMS)
58. Notice of roads as disclosed by Record of Survey for Rosario Harbor Condominiums at Rosario by Broge Minor, a professional land surveyor for Rosario Resort Development Co., a partnership, recorded September 7, 1984, in Book 1 of Condominiums, at pages 28, 28A, 28B and 28C, under Auditor's File No. 132093, records of San Juan County, Washington.
59. Notice of Matia Condominiums location as disclosed by Record of Survey for Satellite Condominiums Matia at Rosario prepared by Thomas C. Starr, a professional land surveyor for Rosario Resort Development Co., a partnership, recorded September 7, 1984, in Book 1 of Condominiums, at page 29, 29A and 29B, under Auditor's File No. 132096, records of San Juan County, Washington.
60. This exception is intentionally omitted.

61. This exception is intentionally omitted.
62. This exception is intentionally omitted.
63. This exception is intentionally omitted.
64. This exception is intentionally omitted.
65. This exception is intentionally omitted.
66. The effect of the Covenants, Conditions and Restrictions contained in San Juan County Board of Adjustment Findings and Decision regarding Rosario Resort Employee Housing, recorded February 24, 1988, in Volume 202 of Official Records, at page 337, under Auditor's File No. 88150060, records of San Juan County, Washington.

(Affects 173043001000)

67. Agreement entered into by Rosario Hotel, Inc., a Washington Corporation and/or Gilbert Geiser and the Meade Rosario Trust, recorded May 13, 1988, in Volume 208 of Official Records, at page 21, under Auditor's File No. 88151134, records of San Juan County, Washington, which provides as follows:

"Agree to set aside thirty-eight (38) contiguous acres of San Juan County Tax Parcel No. 173043001 and 173044001 as shown on Exhibit A attached hereto and incorporated herein.

Said restriction shall apply to that portion of the Northwest Quarter of the Northeast Quarter of Section 31, Township 37 North, Range 1 West, W.M., lying North of the Eastsound-Olga County Road and Southerly 790 feet of the Southwest Quarter of the Southeast Quarter, Section 30, Township 37 North, Range 1 West, W.M., San Juan County, Washington.

The undersigned agrees the referenced thirty-eight (38) acres are not available for further residential development during the duration of the use of said acres for installation and occupancy of a modular employee housing building consisting of a maximum of twelve (12) units and seven (7) trailers, as designated in Rosario Employee Housing #23-CU-87."

(Affects 173043001000)

68. Certificate of Change to change the point of diversion, purpose of use and place of use of surface waters, dated January 4, 1989 executed by Herman H. Huggins, Water Resource Section Head, Northwest Regional Office Department of Ecology, recorded February 3, 1989 in Volume 230 of Official Records at page 317, under Auditor's File No. 89155695, records of San Juan County, Washington, as follows:

The previous point of diversion for domestic supply was recorded at a point on Cascade Lake located approximately 725 feet East and 750 feet South of the center of Section 31, Township 37 North, Range 1 West, W.M., and is changed and located on Cascade Lake

750 feet North and 1336 feet East from the center of Section 31, Township 37 North, Range 1 West, W.M.

A portion of the water previously diverted from Cascade Lake for power generation is changed and will now be diverted for community domestic supply. The quantity of water changed from power generation to domestic supply is 0.133 cfs (60 gpm) and 30.8 acre-feet per year, leaving a remainder of 468.2 acre-feet per year from Cascade Lake for power Generation.

The total quantity of water diverted from Cascade Lake will not be changed or increased. The purpose of use, quantities and point of diversion under this water right will henceforth be as follows:

- a) Community domestic supply - continuously, 0.266 cfs (119.7 gpm), 73 acre-feet per year, from Cascade Lake, 750 feet North and 1336 feet East of the center of Section 31, Township 37 North Range 1 West, W.M.
- b) Irrigation - April 15 to October 1 (5 acres), 0.10 cfs (45 gpm), 5 acre-feet per year,
- c) from the dam on Cascade Lake, 750 feet South and 725 feet East of the center of Section 31, Township 37 North, Range 1 West, W.M.
- d) Power generation - continuously, 2.177 cfs (979.65 gpm), 460 acre-feet per year - from the dam on Cascade Lake, 750 feet South and 725 feet East of the center of Section 31, Township 37 North, Range 1 West, W.M.
- e) Storage rights, 1879 acre-feet per year in Cascade Lake between a lake level of 347 and 351 feet above mean sea level during years of average or greater precipitation, and 345 - 351 feet above mean sea level during low run off years.
- f) Fire Protection - as needed

Data regularly collected by Rosario Development Co. (Geiser Land Co.) from the ware on the Cascade Creek, the lake level staff gauge and the flow meters on the domestic supply diversion and irrigation pipe shall be made available to the Ecology Department when requested (see provisions of RCW 90.03 and WAC 508.64).

69. Easement, dated February 9, 1989, executed by Sarah H. Geiser, Personal Representative of the Estate of Gilbert H. Geiser; Geiser Land Company, a Washington General Partnership; Skipjack Associates, a Washington general partnership; Security Pacific Bank Washington N.A., a National Banking Association formerly known as Rainier National Bank; Satellite Condominiums of Rosario Association, a Washington non-profit corporation; and Skipjack Condominiums I and II Association, a Washington non-profit corporation to themselves, their successor's and assigns for the mutual benefit to be derived therefrom, recorded April 5, 1989, in Volume 236, of Official Records, at page 048, under Auditor's File No. 89156743, records of San Juan County, Washington, as

follows:

For: pedestrian walkways, roadways and utility purposes

Affects :a portion of the property herein described and includes other property

Provisions: all parties acquiring the right of use of the above described easements, their respective grantees, heirs, successors and assigns, shall be responsible for and agree to participate in the repair and maintenance of roadways with and upon said easements. The cost of such maintenance and/or construction shall be borne proportionately by each property owner having said right of use, and by their acknowledgment herein they have agreed to assessments and the filing of liens against property and the collections of same. Each property's proportionate share will be based on the percentages listed within said document.

70. The effect of the Covenants, Conditions and Restrictions contained in Moran State Park Pumphouse Easement recorded August 31, 1990, in Volume 301 of Official Records, at page 270, under Auditor's File No. 90168489, records of San Juan County, Washington.

(Affects a portion of Rosario Water System)

71. The effect of the Covenants, Conditions and Restrictions contained in Shoreline Management Act of 1971 Permit For Shoreline Management Substantial Development, Conditional Use, or Variance, (Kenmore Air Harbor Scheduled Floatplane Service to Three County Locations) recorded September 24, 1990, in Volume 304 of Official Records, at page 309, under Auditor's File No. 90169044, records of San Juan County, Washington.

(Affects 160621001000)

72. The effect of the Covenants, Conditions and Restrictions contained in Shoreline Management Act of 1971 Permit For Shoreline Management Substantial Development, Conditional Use, or Variance, (Kenmore Air Harbor Scheduled Floatplane Service to Three County Locations) recorded September 24, 1990, in Volume 304 of Official Records, at page 321, under Auditor's File No. 90169045, records of San Juan County, Washington.

(Affects 160621001000)

73. Easement, dated January 15, 1991, executed by Wallace Gudgell and Gretchen Gudgell, recorded January 22, 1991, in Volume 316, of Official Records, at page 427, under Auditor's File No. 91171275, records of San Juan County, Washington, as follows:

For: installation and maintenance of a septic tank, tightline and drainfield

Affects: a portion of the property herein described and includes other property

Provisions: The purpose of this easement is to prevent practices in the use of the parties land which might be injurious to the public health, safety and welfare.

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This easement shall run with the land and be binding on all parties assuming any right, title or interest in either Parcel I of II. Unity of title in the two parcels shall not affect his easement. When a sanitary sewer system approved by the San Juan County Health Department is available to serve Parcel II described above this easement will terminate with the recording of a release of the easement signed by the San Juan County Health Department Officer.

(Affects 173142001000 and 173134005000)

74. Aquatic Lands Lease No. 20-A09919 Lease affecting the premises herein stated, executed by and between the parties herein named for the term of 12, years and upon the terms, covenants and conditions therein provided.

Dated : November 17, 1995

Lessor : State of Washington Department of Natural Resources

Lessee : Red Rock Resorts, Inc., DBA Rosario Resort, an Arizona Corporation

Recorded : March 26, 1996, in Volume 544 of Official Records, at page 92, under

Auditor's File No. 96032607, records of San Juan County, Washington.

Affects : A portion of Cascade Bay

An Assignment of the Lessee's interest in said Lease was:

Executed By : Red Rock Resorts, By: Daniel J. Donahoe, President

To : Rosario Resort Limited Partnership, By: Turquoise Land Corporation, General Partner, Robert Cunningham, Vice President

Dated: September 5, 1997

Recorded: September 19, 1997, under Auditor's File No. 97091935, records of San Juan County, Washington.

Affects: Tidelands of the Second Class and Bed of Eastsound (Lease No. 20-A09919)

An Assignment of the Lessee's interest in said Lease was:

Executed by: Rosario Resort Limited partnership

To : Oly Rose LLC, a Delaware Limited Liability Company

Dated : October 29, 1998

Recorded: October 29, 1998 under Auditor's File No. 19981029021, records of San Juan County, Washington.

75. The effect of the conditions and restrictions contained in Staff Report, dated July 21, 1996, executed by Brookdale Ltd. Partnership to San Juan County, recorded August 5, 1996, in Volume 561 of Official Records, at page 383, under Auditor's File No. 96080542, records of San Juan County, Washington.

Affects: 173134005000

76. Declaration of Easement, dated October 8, 1996, executed by Rosario Resort Limited Partnership to Tom W. Horowitz and G. Loretta Horowitz, husband and wife, recorded October 9, 1996, in Volume 570, of Official Records, at page 52, under Auditor's File No. 96100902, records of San Juan County, Washington.

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For: an exclusive easement for access, as well as the right to maintain any and all existing improvements on said real property, including but not limited to fence, rock retaining wall and driveway

Affects :Portion of 173152038000

77. Utility Easement dated October 11, 1996, executed by Brookdale Limited Partnership to Rosario Utilities L.L.C., recorded October 17, 1996, in Volume 571, of Official Records, at page 101, under Auditor's File No. 96101723, records of San Juan County, Washington.
78. Utility Easement dated October 11, 1996, executed by Brookdale Ltd. Partnership to Orcas Power and Light Company, recorded November 15, 1996, in Volume 575, of Official Records, at page 47, under Auditor's File No. 96111515, records of San Juan County, Washington, as follows:

"do hereby grant and convey to the grantee its successors and assigns, an easement for the installation and continued operation, maintenance, repair and replacement of underground electric distribution line, with all the necessary below ground wires and fixtures said easement being 10 feet wide, 5 feet on each side of said Orcas Power and Light Company buried distribution cable and appurtenant facilities as installed, together with the right to access to said facilities and the right to cut, trim, control and remove trees, brush and other obstructions which may interfere with the Grantee's proper use of this easement and the right to permit the joint use of the easement by others for underground electrical, telephone, or TV cable purposes, over and across the following described property in San Juan County, Washington, to wit:

All facilities installed by Grantee on said lands shall remain its property and may be removed by it at any time.

79. Notice of Easement Location for Existing Concrete Walk as disclosed by Record of Survey prepared by Curtis A. Johnson, Professional Licensed Surveyor for Clarice M. Carney, recorded July 3, 1997, in Book 14 of Surveys, at page 97, under Auditor's File No. 97070350, records of San Juan County, Washington.
80. This exception is intentionally omitted.
81. An unrecorded Lease affecting the premises herein stated, to the Lessee herein named for the term of (undisclosed of record) years, and upon the terms, covenants and conditions therein provided.

Dated: August 1, 1977

Lessee: Rosario Resort

Disclosed: Assignment of Department of Natural Resources Aquatic Lease No. 20-10962

Executed By: Rosario Resort Limited Partnership,

By: Daybreak Investments, Inc., former General Partner, Daniel J. Donahoe, President

To: Rosario Resort Limited Partnership, By: Turquoise Land Corporation, General Partner, Robert Cunningham, Vice President

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SAN JUAN COUNTY, WASHINGTON

Dated: July 24, 1997

Recorded : August 6, 1997, under Auditor's File No. 97080619, records of San Juan County, Washington.

Affects: Tidelands of the Second Class and Bed of Eastsound

Assignment of Department of Natural Resources Aquatic Lease, dated October 29, 1998, recorded October 29, 1998, under Auditor's File No. 19981029022, records of San Juan County, Washington wherein all Lessee's rights were assigned to Oly Rose, LLC, a Delaware Limited Liability Company.

82. The effect of the conditions and restrictions contained in Shoreline Development/Conditional Use Permit - 95SJ022/95CU020, Rosario Resort Ltd. Partnership Condos, Orcas Island, dated November 15, 1996, executed by San Juan County Board of Adjustment to Rosario Resort Limited Partnership, recorded December 4, 1997, under Auditor's File No. 19970120426, records of San Juan County, Washington.
- Affects: Tax Parcels Numbered 160621001, 173134002, 173134005, 173142001 & 173143009
83. This exception is intentionally omitted.
84. Notice of County Road Locations as disclosed by Record of Survey prepared by Jeffrey Iverson, Professional Licensed Surveyor for The Trust for Public Lands, recorded May 19, 1998, in Book 15 of Surveys, at page 13 and 13A, under Auditor's File No. 19980519029, records of San Juan County, Washington.
85. Notice of Moran State Trail Markers, Park Walking Trail, Maintenance Road and Utility Poles as disclosed by Record of Survey prepared by Thomas E. Metke, Professional Licensed Surveyor for Oly Rose, recorded November 17, 1998, in Book 15 of Surveys, at page 72, 72A, 72B and 72C, under Auditor's File No. 19981117003, records of San Juan County, Washington.
86. Notice of paved driveway and easement locations as disclosed by Record of Survey prepared by Jeffrey A. Iverson, Professional Licensed Surveyor for Olympus Real Estate Corporation, recorded December 15, 1998, in Book 15 of Surveys, at page 93, under Auditor's File No. 19981215003, records of San Juan County, Washington.
87. Notice of Gravel Drive, Concrete Wall, Rockery Wall, Paved Access and Propane tank locations as disclosed by Record of Survey prepared by Patrick S. Kirby, Professional Licensed Surveyor for Olympus Real Estate, recorded December 18, 1998, in Book 15 of Surveys, at page 101, 101A, 101B and 101C, under Auditor's File No. 19981218009, records of San Juan County, Washington.
88. Notice of Building, Easements, Driveways, Paved Roads, Utilities and Gravel Parking Locations as disclosed by Record of Survey prepared by Patrick A. Kirby, Professional Licensed Surveyor for Olympus Real Estate, recorded December 18, 1998, in Book 15 of

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SAN JUAN COUNTY, WASHINGTON

Surveys, at page 102, 102A and 102B, under Auditor's File No. 19981218010, records of San Juan County, Washington.

89. Utilities and Sewer Line Easement over Lot No. 15, Rosario Estates No. 2, dated January 1, 1978, executed by Edwin L. Sutton, as his separate estate, Grantors and Rosario Inc., Grantees, recorded March 9, 1978, in Volume 36 of Official Records, at page 342, under Auditor's File No. 100524, records of San Juan County, Washington, as follows:

"An agreement stating the Grantors have the option of connecting into the Rosario Sewer System at a ONE THOUSAND AND NO/100 (\$1,000.00) hook-up fee payable at the commencement of construction and SIX AND NO/100 (\$6.00) monthly maintenance fee commencing at the date of sewer hook-up and payable quarterly thereafter, does hereby give, grant and convey unto Grantee, ROSARIO, INC., a Washington Corporation, a permanent and non-exclusive right, privilege and easement for the installation and maintenance of utilities and sewer line over, under and across a 15.00 strip of land, being 7.50 feet on each side of the following described centerline:

Commencing at the southeast corner of Lot 41, Rosario Estates No. 2, according to the plat recorded at Volume 2 of Plats, page 29, records of San Juan County, Washington; thence North 86°26'27" West along the south line thereof 47.00 feet to the true point of beginning; thence North 11°15' East 33.00 feet; thence North 14°13' East 74.00 feet; thence North 11°58' East 97.40 feet; thence North 06°22' West 91.80 feet to a point on the north line of said Lot 41 and the end of this description.

This is a conveyance running with the title to the above described tract of land and shall be for the use and benefit of the Grantee, his heirs, successors, administrators and assigns."

(Affects 173113004000)

90. This exception is intentionally omitted.
91. Easement, as disclosed by instrument dated August 13, 2004, and recorded August 20, 2004, under Auditor's File No. 20040820033, records of San Juan County, Washington, as follows:

For: Owners within Plats of Rosario Estates, Rosario Estates No. 2, Rosario Estates No. 3, Rosario Palisades, Rosario Shores, Palisades South.

Affects: Recreation Area at Rosario Resort

92. Terms, covenants, conditions and restrictions as disclosed by Application for Boundary Modification and Statement of Disclosure, executed by Oly Rose LLC, recorded November 27, 2002, under Auditor's File No. 20021127016, records of San Juan County, Washington.
93. Matters disclosed by Record of Survey recorded March 25, 2003 in Book 18 of Surveys, at page 40, under Auditor's File No. 2003 0325021, records of San Juan County, Washington.

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94. Easement, dated November 2, 1978, executed by William R. Garvin and Rachel A. Garvin, to Rosario Inc., recorded November 7, 1978, in Volume 45 of Official Records, at page 385, under Auditor's File No. 104298, records of San Juan County, Washington, as follows:

"The undersigned owner of a condominium in Sucia does hereby convey, bargain and grant unto Rosario, Inc., a non-exclusive easement for ingress, egress and utilities, over the property described on the attached Exhibit "A".

Affects :The common area only.

95. Notice of Easement, contained in Partial Warranty Fulfillment Deed, dated November 17, 1981, executed by Gilbert H. Geiser and Gleda B. Geiser, individually; The Meade Rosario Trust, individually; and Rosario, Inc. by its successors-in-interest, Gilbert H. Geiser, Gleda B. Geiser and The Meade Rosario Trust to Rosario Resort Development Company, a general partnership, recorded June 25, 1982, in Volume 92 of Official Records at pages 89 through 93, under Auditor's File No. 122142, records of San Juan County, Washington, as follows:

"SUBJECT TO AND TOGETHER WITH a non-exclusive easement for waterline and utility purposes being 20' in width and following the existing waterline from the dam at the west end of Cascade Lake Lagoon Southwesterly across the above described parcel to the existing power plant."

Affects :a portion of common area only.

96. This exception is intentionally omitted.
97. This exception is intentionally omitted.
98. This exception is intentionally omitted.
99. This exception is intentionally omitted.
100. This exception is intentionally omitted.
101. This exception is intentionally omitted.
102. This exception is intentionally omitted.
103. This exception is intentionally omitted.
104. Notice of Rights as contained in Water Rights Conveyance, executed by Oly Rose, LLC, a Delaware limited liability company, to Orcas Water Holdings, LLC, a Delaware limited liability company, recorded November 14, 2006, under Auditor's File No. 20061114003, records of San Juan County, Washington.
105. Notice of Rights as contained in Water Rights Conveyance, executed by Orcas Water Holdings, LLC, a Delaware limited liability company, to Rosario Utilities, LLC, a Delaware limited liability company, recorded April 2, 2007, under Auditor's File No. 2007 0402001,

records of San Juan County, Washington.

106. The effect of the Covenants, Conditions and Restrictions contained in Water Rights Conveyance recorded November 1, 2007, under Auditor's File No. 2007 1101020, records of San Juan County, Washington.
107. The effect of the Covenants, Conditions and Restrictions contained in Easement for Water Supply and Sewer Utilities recorded November 1, 2007, under Auditor's File No. 2007 1101021, records of San Juan County, Washington.
108. The effect of the Covenants, Conditions and Restrictions contained in Sewer Capacity Reservation and Connection Covenant recorded November 1, 2007, under Auditor's File No. 2007 1101022, records of San Juan County, Washington.
109. The effect of the Terms, Provisions, Covenants, Conditions, Restrictions, Reservations and Easements contained in instrument recorded November 1, 2007, under Auditor's File No. 2007 1101024, records of San Juan County, Washington.
110. Memorandum of Sewer Service Agreement entered into by Rosario Utilities, LLC, a Washington Limited Liability Company and Oly Rose, LLC, a Delaware limited liability company, dated October 31, 2007, recorded November 1, 2007, under Auditor's File No. 2007 1101025, records of San Juan County, Washington.
111. The effect of the Covenants, Conditions and Restrictions contained in Water Rights Coveyance recorded November 1, 2007, under Auditor's File No. 2007 1101026, records of San Juan County, Washington.

Re-recorded : Said Water Rights Conveyance was re-recorded November 6, 2007, under Auditor's File No. 2007 1106008, records of San Juan County, Washington.
112. Terms, covenants, conditions and restrictions as disclosed by Application for Boundary Line Modification and Statement of Disclosure, executed by Oly Rose LLC, recorded November 2, 2007, under Auditor's File No. 2007 1102015, records of San Juan County, Washington.
113. This exception is intentionally omitted.
114. Matters disclosed by Record of Survey recorded February 8, 2008 in Book 21 of Surveys, at page 87, under Auditor's File No. 2008 0208011, records of San Juan County, Washington.
115. The effect of the Covenants, Conditions and Restrictions contained in Grant of Rights and Payment Obligations recorded January 9, 2008, under Auditor's File No. 2008 0109010, records of San Juan County, Washington.
116. This exception is intentionally omitted.

San Juan County, WA
F. Milene Henley, Auditor
SWD
Pgs=5 KIRAS

2012-0319012
03/19/2012 03:00 PM
Total: \$66.00

When recorded return to:
Rosario Signal LLC, a Delaware limited liability
company
4425 Anaco Beach Rd.
Anacortes, WA 98221



Recorded at the request of:
CHICAGO TITLE

Filed for record at the request of SAN JUAN COUNTY WASH.



**CHICAGO TITLE
COMPANY**

315 Court Street, PO Box 790
Friday Harbor, WA 98250

Escrow No.: 245341739

REAL ESTATE EXCISE TAX
AMOUNT PAID \$

14150²⁰

MAR 19 2012 KB

072333

JAN SEARS
COUNTY TREASURER

STATUTORY WARRANTY DEED

THE GRANTOR(S) JM Land LLC, a Washington limited Liability company

for and in consideration of Ten And No/100 Dollars (\$10.00) and other good and valuable consideration

in hand paid, conveys, and warrants to Rosario Signal L.L.C., a Delaware limited liability company

the following described real estate, situated in the County of San Juan, State of Washington:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

Abbreviated Legal: (Required if full legal not inserted above.)

Units of Matia, Hillside Condominiums of Rosario including portion of common area

Tax Parcel Number(s): 173149005000, 173149006000, 173149007000, 173149008000,
173149115000

Subject to:

- 1. Subject to easements and restrictions of record.

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SAN JUAN COUNTY, WASHINGTON

STATUTORY WARRANTY DEED
(continued)

Dated: March 9, 2012

JM Land LLC

BY: _____
Charles D. Grass, Manager

BY: Joseph Cooper
Joseph Cooper, Member

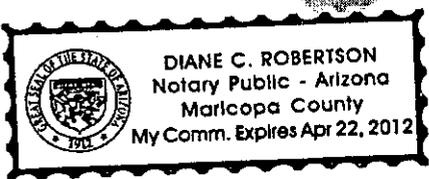
BY: Martha Cooper
Martha Cooper, Member

State of Arizona
County of Maricopa

I certify that I know or have satisfactory evidence that Joseph Cooper and Martha Cooper are the person(s) who appeared before me, and said person acknowledged that (he/she/they) signed this instrument, on oath stated that (he/she/they) was authorized to execute the instrument and acknowledged it as the (Member(s) / Manager) of JM Land LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 3-14-12

Diane C. Robertson
Name: DIANE C. ROBERTSON
Notary Public in and for the State of Arizona
Residing at: Chandler, AZ
My appointment expires: 4-22-2012



STATUTORY WARRANTY DEED
(continued)

Dated: March 9, 2012

JM Land LLC

BY: [Signature] 3/15/2012
Charles D. Grass, Manager

BY: _____
Joseph Cooper, Member

BY: _____
Martha Cooper, Member

State of WA

County of KING

I certify that I know or have satisfactory evidence that Charles D. Grass

~~is/are~~ the person(s) who appeared before me, and said person acknowledged that (he/~~she/they~~) signed this instrument, on oath stated that (he/~~she/they~~) was authorized to execute the instrument and acknowledged it as the ~~Member(s)~~ / Manager of JM Land LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: March 15, 2012

[Signature]
Name: Teresa Adams
Notary Public in and for the State of WA
Residing at: Issaquah, WA
My appointment expires: 2/14/2015

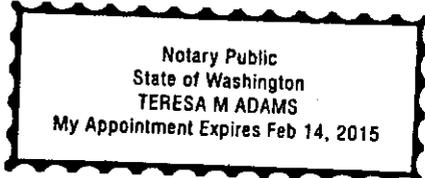


EXHIBIT "A"
Legal Description

For APN/Parcel ID(s): 173149005000, 173149006000, 173149007000, 173149008000 and 173149115000

That portion of Government Lot 5 and Government Lot 6, Section 31, Township 37 North, Range 1 West, W.M., described as follows:

That portion of All units of Matia, Parcel 'B', HILLSIDE CONDOMINIUMS OF ROSARIO (a condominium), along with Common Elements, according to Declaration thereof recorded May 1, 2007, under Auditor's File No. 2007 0501003, and any amendments thereto, and Survey Map and Plans thereof recorded in Volume 1 of Condominiums, pages 29, 29A, and 29B, records of San Juan County, Washington, and any amendments thereto, lying Westerly of the following described line:

BEGINNING at a 5/8 inch rebar with yellow plastic cap marked Greg White PLS 36826 on the Northerly line of said Parcel "B" from which a Rehm and Condon iron pipe marking the Southeast corner of Lot 30 Plat of Rosario No. 3, Volume 3 of Plats at pages 15 and 15A, records of said County, bears North 68°01'40" East 10.07 feet; thence South 38°24'36" East 72.30 feet to a 5/8 inch rebar with yellow plastic cap marked Greg White PLS 36826; thence South 14°46'24" East 59.10 feet to a 5/8 inch rebar with yellow plastic cap marked Greg White PLS 36826; thence South 08°14'02" East 115.34 feet to a 5/8 inch rebar with yellow plastic cap marked Greg White PLS 36826 on the line described directly below.

EXCEPTING any portion of said Parcel "B" lying Southwesterly of the following described line:

Beginning at the Southeasterly corner of All units of Patos, Parcel 'C', HILLSIDE CONDOMINIUMS OF ROSARIO (a condominium), along with Common Elements, according to Declaration thereof recorded May 1, 2007, under Auditor's File No. 2007 0501003, and any amendments thereto, and Survey Map and Plans thereof recorded in Volume 1 of Condominiums, pages 5 and 5A, records of San Juan County, Washington, and any amendments thereto, at a rebar with cap marked ISI PLS 26369; thence along the Southerly boundary line of said Parcel "C" North 89°58'50" West, 207.23 feet to a 1-inch iron pipe with cap marked K&S 15038; thence along the Easterly boundary line of said Parcel "B", South 36°25'12" West, 80.51 feet to a rebar with a cap marked LS 19612 and the TRUE POINT OF BEGINNING; thence North 71°10'10" West, 301.06 feet to a rebar with a cap marked LS 19612 on the Westerly boundary line of said Parcel "B" and the terminus of said line.

Situate in San Juan County, Washington.

