



200201100010
Skagit County Auditor

1/10/2002 Page 1 of 6 9:56AM

WHEN RECORDED RETURN TO:
JAMES E. ANDERSON P.S.
P.O. BOX 727
ANACORTES, WA 98221

FIRST AMERICAN TITLE CO.
A67335

WATER AND SEWER COVENANT AND EASEMENT AGREEMENT

**GRANTORS: EARL R. HILLIS and DORIS HILLIS,
husband and wife**

**GRANTEES: DAVID S. WEHRLY and NANCY R. WEHRLY,
husband and wife**

LEGAL DESCRIPTION: That portion of the following described tract lying East of the West line (and said line extended) of a party wall lying approximately on the line between Lots 4 and 5;

West 20 feet of Lot 4 in Block 37, "MAP OF THE CITY OF ANACORTES:, as per plat recorded in Volume 2 of Plats, page 4, records of Skagit County, Washington;

TOGETHER WITH the right to use and maintain a party wall which forms the East wall of the one story building located on the above described premises.

TAX PARCEL NO.: P55089

RECITAL

A. EARL R. HILLIS and DORIS HILLIS, aka DORIS M. HILLIS, husband and wife (hereinafter referred to as "Hillis") are the owners of the real property described above which is known as 1007 8th Street, Anacortes, Washington (hereinafter referred to as "1007") as well as the property that adjoins it to the west which is known as 1009 8th Street, Anacortes, Washington (hereinafter referred to as "1009") and which is legally described as follows:

Lot 5, Block 37, "Map of the City of Anacortes" as per plats recorded in Volume 2, page 4, records of Skagit County, Washington.

TAX PARCEL NO.: P55088

B. Hillis has agreed to sell 1007 to David S. Wehrly and Nancy R. Wehrly, husband and wife (hereinafter referred to as "Wehrly"); and

C. The waterline which services the 1009 property enters said property from the north and provides water to the 1007 property and Hillis has agreed to grant an easement to Wehrly and the parties have agreed to enter into an agreement relating to said easement; and

D. The location of the sewer lines which service the 1007 and 1009 properties is unknown and the parties have agreed to grant reciprocal easements over the existing sewer lines; and

NOW THEREFORE in consideration of the mutual benefits inuring to the parties hereto they covenant and agree as follows:

1. Hillis grants unto Wehrly an easement in the overhead portion of the 1009 property over the existing waterlines for the purpose of facilitating the provision of water by the City of Anacortes to the 1007 property.

2. Hillis has installed at their expense a water meter (hereinafter referred to as the "Hillis secondary meter") on the 1009 property which will give readings of the water usage by Wehrly. Said meter has been installed at a location at which it will record only water usage by Wehrly and not by Hillis. Wehrly shall have the option of installing a water meter (hereinafter referred to as "Wehrly secondary meter") at their expense on the 1007 property. Hillis and Wehrly shall each be responsible for the costs connected with the maintenance, repair, and replacement of the meters that are located on their respective properties.

3. As the 1009 property is the point of entry for the City of Anacortes water service for both the 1007 and 1009 properties, Hillis is the customer of record and therefore receives the billings from the City of Anacortes. Upon receipt of the billing from the City of Anacortes, Hillis shall notify Wehrly (either in person or by the U.S. Mail) of the water charges assessed by the City of Anacortes related to their joint water usage (and sewer charges as referred to below). Hillis shall pay said charges and be reimbursed by Wehrly for their portion of said charges. The

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methodology used to determine the amount of said reimbursement and payment by Wehrly to Hillis of the same shall be as follows:

3.1 Hillis and Wehrly will be responsible for keeping a meter log of their respective secondary meter readings. In the event Wehrly elects not to install the "Wehrly secondary meter" only Hillis shall maintain a log. The parties shall exchange their readings monthly or on a schedule otherwise mutually agreed to in writing by them. Said readings shall be keyed to the City meter reading and billing schedule in order to reconcile usage and the charges. All water (and sewer charges) shall be apportioned, at the prevailing City rate as reflected in each billing, according to each parties usage of the amount as reported by the City of Anacortes and the reconciled secondary meter readings.

3.2 Wehrly agrees to reimburse Hillis within 15 days of the receipt of a copy of the billing from the City of Anacortes to Hillis and the amount Hillis is requesting from Wehrly for Wehrly's prorata portion of the total charges based upon Wehrly's water usage and the sewer charges. Said reimbursement amount shall be Wehrly's prorata portion of the charges assessed by the City of Anacortes, including taxes, assessments, or other charges and shall not reflect any additional charges assessed by Hillis. In the event that the reimbursements called for herein are not paid by their due date, they will commence to accrue interest at the rate of 12% per annum.

3.3 Alternatively, Wehrly, at Wehrly's option may make an up front lump sum payment to be applied to the water and sewer charges apportioned to them. Reconciliation of the debiting of this amount and its application to the apportioned charges will be done quarterly, or on such other schedule as mutually agreed to by the parties in writing, or as may be appropriate due to such events as a change of City rates, interruption of service, maintenance, change of ownership or similar events. In the event Wehrly has overpaid the amount apportioned to the 1007 property they will receive a credit towards the next payments to be assessed. In the event that there is a balance owing after said determination, Wehrly will pay the same to Hillis within 15 days as provided for in the preceding paragraph.

3.4 In the event there is an interruption of water service to the 1007 property due to events or problems



occurring within the 1009 property Hillis agrees to reimburse Wehrly for any of their actual damages resulting from said interruption. In the event of an interruption of the provision of water or sewer services for reasons beyond Hillis's control, Hillis shall not be responsible for Wehrly's damages.

4. The main shut off valve for the water system is located on the 1009 property. Hillis agrees to be responsible for the maintenance, repair, and replacement of said valve.

5. Hillis and Wehrly shall be responsible for any costs connected with the maintenance, repair, and replacement of the water lines on their respective property.

6. Hillis will take no action or make any modification to the plumbing system that negatively effects the quality of service delivered to Wehrly, as measured by flow (gallons per minute), head (water pressure), or water quality (deviation from the water delivered by the City of Anacortes), as measured and determined at the existing first point of draw at the 1007 property. If such action or modifications are made by Hillis, intentionally or inadvertently, Hillis will, at their expense restore the quality of service to at least the levels as measured and documented at the Wehrly's expense at the existing first point of draw at the 1007 property at, or within 10 days after, the date of closing.

7. Hillis grants unto Wehrly an easement right over any existing sewer line on the 1009 property. Wehrly grants unto Hillis an easement over any existing sewer line on the 1007 property. In the event the exact location of said sewer lines is determined, the parties agree to sign the necessary documents to provide more specificity as to the location of said sewer lines. Each party agrees to be individually responsible for the maintenance, repair, and replacement of the sewer lines that are determined to be on their respective properties.

8. In view of the fact that the sewer charges are determined based upon water usage, the parties shall pay their prorata portion of the sewer charges based upon their prorata portion of the total water usage of the 1007 and 1009 properties.

9. At the present time the City of Anacortes does not assess a storm water charge against the 1007 and 1009 pro-



perties. In the event said charges are assessed in the future, the parties agree that said charges will be assessed 60% to the 1009 property and 40% to the 1007 property. The foregoing is based upon the square footage of the 1009 property (approximately 3,000 square feet) and the 1007 property (approximately 2,000 square feet).

10. The terms and provisions of this agreement shall be binding upon the parties hereto, and their heirs, successors and assigns.

11. This easement and agreement shall become effective upon the recording with the Skagit County, Washington Auditor of a deed for the 1007 property to Wehrly.

12. In the event that it is necessary for either party to retain the services of an attorney to enforce the terms of this agreement, the prevailing party shall be entitled to their reasonable attorney's fees and costs, including those on appeal, if applicable.

DATE: 1/7/02 *Earl R. Hillis*
EARL R. HILLIS

DATE: 1/7/02 *Doris Hillis*
DORIS HILLIS

DATE: 1/8/02 *David S. Wehrly*
DAVID S. WEHRLY

DATE: 1/8/02 *Marcy R. Wehrly*
MARCY R. WEHRLY

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

Easement

JAN 10 2002

Amount Paid \$ 0
Skagit Co. Treasurer
By *[Signature]* Deputy

WATER AND SEWER COVENANT AND EASEMEN'

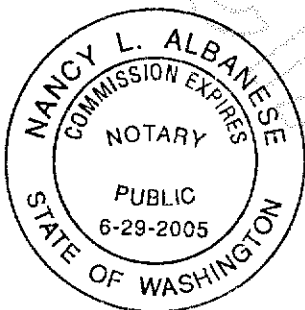


200201100010
Skagit County Auditor

STATE OF WASHINGTON)
) ss
COUNTY OF SKAGIT)

On this day personally appeared before me EARL R. HILLIS and DORIS HILLIS, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

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



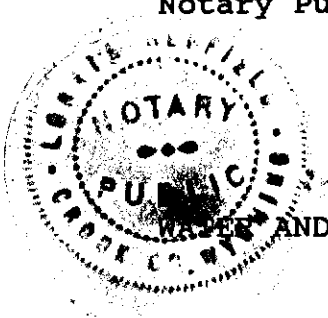
Nancy L Albanese
Notary Public in and for the State of Washington, residing at Anacortes

My appointment expires: 6-29-05
(Printed Name) NANCY L. ALBANESE

STATE OF WYOMING)
) ss
COUNTY OF Crack)

On this day personally appeared before me DAVID S. WEHRLY and NANCY R. WEHRLY, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

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



Lorrrie Redacls
Notary Public in and for the State of Wyoming, residing at Dundane

My appointment expires: 1-11-2003
(Printed Name) LORRIE REDACLS

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