

THREE LAKES WATER ASSOCIATION
Snohomish County, Washington

DEVELOPER EXTENSION AGREEMENT

DEA No.: _____

Date of Agreement: _____

The undersigned, as the Developer, hereby makes application to Three Lakes Water Association (the "Association") for permission to construct and connect an extension to the Association's existing water system as herein provided. If this application is accepted, the undersigned, in consideration of the mutual promises and covenants herein contained, agrees to the terms and conditions of this Developer Extension Agreement, the Association's conditions of approval for service, and as follows:

1. LOCATION OF WATER SYSTEM EXTENSION

The proposed water system extension (the "extension") will be installed in streets and other approved rights-of-way and/or easements and shall be for the use and benefit of the real property hereinafter described, which real property is owned by the Developer and/or other owners for whom the Developer is acting as agent. Any such owners have joined in this application and are designated on the signature page hereof as "Property Owner." A legal description of the real property including the Tax Lot Number; a common address, if applicable; and a Parcel Number is attached hereto.

2. DESCRIPTION OF EXTENSION

The proposed extension will consist of approximately _____ lineal feet of _____ inch water pipe and appurtenances and shall be installed in accordance with this Agreement and with the Plans and Specifications provided by the Association at the cost of the Developer as hereinafter provided, or in accordance with such Plans as Developer's engineer may prepare in conformity with Association specifications and approved by the Association.

3. FEES TO BE PAID BY THE DEVELOPER

All costs incurred by the Association in association with this Developer Extension shall be borne by the Developer.

The Developer/Owner shall deposit a fee (the "Developer Extension Fee") which shall be determined by the Association after review of application. The Developer Extension Fee shall include:

- An Administration Fee for general services provided by the Association for administration of the developer extension agreement, in the amount established by the current Association Fee Schedule as adopted by the Board of Trustees; and
- A construction observation fee of \$10.00 per lineal foot of the extension (length as indicated above), or such other rate as established by the Board of Trustees in the current Fee Schedule. The Board of Trustees reserves the right to modify this rate at any time by formal Board action, with the rate in effect at the time of Agreement execution governing this project.

The Developer Extension Fee shall be the minimum payment towards all costs to be incurred by the Association including but not limited to, application review, engineering, legal, financial, inspection or other services performed by or for the Association relating to this project. The

Developer shall be responsible for the payment of all actual costs incurred by the Association prior to Final Acceptance by the Association. The meaning of "Final Acceptance" as used in this Agreement is set forth in Section 6 herein.

Should actual expenses exceed the minimum initial payment, the difference shall be paid by the Developer to the Association. If the Association determines after the project is completed and accepted that expenses were less than the minimum initial payment, then the balance of the fee shall be refunded to the Developer.

The minimum initial payment does not include allowance for any unusual costs incurred by the Association for property surveys, hydraulic modeling, changes in design, necessary construction inspection, project coordination, errors or omissions by the Developer, its Contractor or Agents, unusual negotiations, legal expenses or any other project related costs. The Association will bill the Developer for any unusual costs which shall be paid promptly by the Developer. The Association may stop work until payment is made.

The Developer Extension Fee as described above shall be paid by the Developer to the Association as follows:

- The Developer shall pay one half of the Developer Extension Fee prior to preparation of the Agreement.
- The Developer shall pay the remaining one half of the Developer Extension Fee prior to construction of the water system extension.
- General Facilities Charges, Special Facility Charges, and Membership Shares shall be paid in full prior to construction of the water system extension, in amounts established by the current Association Fee Schedule.
- Final costs not covered by the initial Developer Extension Fee shall be paid before the water system extension is accepted and service is activated by the Association.

4. PREPARATION OF PLANS BY DEVELOPER'S ENGINEER

The Developer may have his/her own Washington-registered professional engineer prepare plans and specifications for water mains and related appurtenances, or the Developer may have the Association's engineer prepare said plans.

When prepared by the Developer's engineer, the Developer shall furnish two (2) copies of the proposed plans in a legible scale with a minimum horizontal scale of 1" = 50' or larger scale as appropriate for the specific project. Plans shall have contour intervals of 5 feet or less, and shall include proposed road profile sheets. Plans shall be submitted to the Association prior to the Association's ordering of engineering plan review from its engineer. Final plat map shall be furnished as soon as possible. The Developer shall also provide the description, location and elevation of all bench mark data available on the project site and this information, wherever possible, shall be indicated on the maps furnished by the Developer. The datum used shall be the Association's datum and not an assumed datum.

The Association's engineer will provide review comments for the plans and the Developer's engineer shall amend the plans as requested. Two (2) copies of the amended plans shall then be submitted to the Association engineer for review. When the plans have been determined to meet Association standards, a final set of reproducible plans shall be submitted to the Association for signature. These reproducible plans shall have an appropriate "Association Approval" title block as shown in the Sample Plan. The Association shall approve the plans by signature and will return the plans to the Developer with a request for additional plan sets, the amount of which will

be determined by the extent of the project. Upon receipt of the requested copies the Association shall submit the plans to the appropriate regulatory agencies for approval.

All construction plans and specifications must bear the seal, date, and signature of a professional engineer licensed in the State of Washington, in accordance with WAC 246-290-120.

Should the Developer's development proposal change from the proposal as presented in the Application for service, the Developer shall notify the Association of such changes. Following review of such changes and their potential impact on the existing water system, the Association reserves the right to impose additional or modified conditions for service and the extension improvements.

5. PERFORMANCE GUARANTEE

Developer shall furnish to the Association prior to the pre-construction conference a performance guarantee of a type and in a form as determined by the Association, in its sole discretion, in an amount equal to the Association engineer's estimated cost of the extension or contractor bid price. The performance guarantee shall require completion of all work within a period of eighteen (18) months from the date of the Agreement with the Association in accordance with the Agreement, the Plans and Specifications and other requirements of the Association.

The Association in its sole discretion may also require a payment bond of a type and in a form as determined by the Association requiring the payment by the Developer of all persons furnishing labor and materials in connection with the work performed under the Agreement, and shall hold the Association harmless from any claims therefrom. Any payment bond required by the Association shall be provided to the Association prior to the pre-construction conference. No third person or party shall have any rights under any performance or payment guarantee the Association may require from the Developer and such are provided entirely for the benefit of the Association and the Developer and their successors in interest. The Developer may choose to provide an Assignment of Savings as an alternative to the performance and/or payment bond.

6. FINAL ACCEPTANCE — CONDITIONS PRECEDENT

Compliance with all terms and conditions of this Agreement, the Plans and Specifications prepared hereunder and other Association requirements shall be a condition precedent to the Association's obligation to accept the Bill of Sale to the extension improvements and to the Association's agreement to maintain and operate the extension improvements and to provide water service to the real property described in this Agreement.

The Association shall not be required to allow any connection to the Association's water system of any portion of the real property described in this Agreement if there are any fees or costs unpaid to the Association under this Agreement or there are other fees or charges owing the Association by the Developer pursuant to other Association requirements.

The Association shall not be obligated to provide water service to the real property described in this Agreement if construction by third parties of facilities to be conveyed to the Association has not been completed and title accepted by the Association.

All work and restoration, including testing, within the Snohomish County right-of-way must be completed to the satisfaction, as evidenced by written approval, of the County, prior to acceptance of the extension improvements by the Association. Any outstanding fees or charges

levied by the County against the Association relative to the subject work shall be paid in full prior to acceptance of the extension improvements by the Association.

The Association will accept title to the extension improvements at such time as all work on the extension improvements has been completed, and the Association has made final inspection and given its approval to the extension improvements as having been completed in accordance with this Agreement, the Plans and Specifications and other requirements of the Association.

Such acceptance by the Association shall not relieve the Developer of the obligation to correct defects in labor and/or materials as herein provided and/or the obligations set forth in applicable paragraphs hereof. After acceptance of the extension improvements by the Association and the transferring of title to such extension improvements as set forth herein, the Developer shall furnish to the Association a maintenance bond (or use an Assignment of Savings as an alternative) which shall continue in force from the date of acceptance of said extension for a period of two years. The bond (or Assignment of Savings) shall be in a form as contained herein and shall require the Developer and/or the bonding company to correct the defects in labor and materials which arise in said system for a period of two years from the date of acceptance of the system and transfer of title to the Association. The maintenance bond (or Assignment of Savings) shall be in an amount equal to the following schedule:

Cost of Extension	Bond Amount
\$0.00 – \$10,000.00	\$3,000.00
\$10,001.00 – \$25,000.00	\$5,000.00
\$25,001.00 and above	\$10,000.00 minimum, or 10% of extension cost, whichever is greater

Prior to the release of such maintenance bond the Association shall be notified and shall inspect the extension improvements at the Developer's sole cost and expense to confirm that such improvements are free from defects in labor and materials.

7. PROCEDURE FOR ACCEPTANCE

An executed Bill of Sale of the extension improvements in a form approved by the Association and containing the warranties required by this Agreement shall be executed by the Developer and any additional owners and delivered to the Association. Prior to Final Acceptance, the Developer shall also deliver to the Association: (a) final as-built record drawings in AutoCAD (.dwg) format and PDF; (b) a construction completion report for submission to the Washington State Department of Health in accordance with WAC 246-290-120(5); (c) executed and recorded easements; (d) lien releases; and (e) the maintenance bond or Assignment of Savings.

8. WARRANTIES OF DEVELOPER

The Bill of Sale to be provided by the Developer to the Association shall contain the following warranties with the Association as beneficiary:

- (a) Developer is the owner of the extension improvements, the same are free and clear of all encumbrances and Developer has good right and authority to transfer title thereto to the Association and will defend the title of the Association against the claims of all third parties claiming to own the same or claiming any interest therein or encumbrance thereon; and
- (b) The extension improvements are in proper working condition, order and repair, and are adequate and fit for the intended purpose of use as a water system and as an integral part of the water system of the Association; and
- (c) For a period of two years from the date of Final Acceptance of the extension improvements by the Association, the extension improvements and all parts thereof shall remain in proper working condition, order and repair; and Developer shall repair or replace, at its expense, any work or material which may prove to be defective during the period of the warranty.

In addition, Developer shall obtain warranties and guaranties from its contractor and/or suppliers where such warranties or guaranties are specifically required in this Agreement. When corrections of defects occurring within the warranty period are made, Developer shall further warrant corrected work for one year after acceptance of the corrected work by the Association.

9. REIMBURSEMENT AGREEMENT EXECUTION AND RECORDING

Following completion of Project construction, execution and receipt of a bill of sale, maintenance bond, necessary easements and all other required documents, and payment in full of all fees and charges, and Final Acceptance of the Project extension by the Association, the parties will, if applicable, enter into a Reimbursement Agreement. The Association will record the Reimbursement Agreement with the county auditor at the Developer's expense.

10. EFFECT OF ACCEPTANCE

Acceptance by the Association shall cause the extension improvements to be subject to the control, use and operation of the Association and all regulations and conditions of service and service charges as the Association determines to be reasonable and proper.

11. PHASED CONSTRUCTION

The extension improvements may be constructed in phases with prior Association approval as conditioned and as specifically designated in the Plans and Specifications. Acceptance may also be on a phased basis when all requirements have been met. There will be no conditional acceptance or acceptance for use and operation.

12. CORRECTION OF DEFECTS OCCURRING WITHIN WARRANTY PERIOD

The Association shall perform all emergency repairs. If damage was caused because of faulty workmanship, materials, or design, then the Association shall be reimbursed for its efforts. The Developer shall be responsible for any expenses incurred by the Association resulting from defects in the Developer's work, including actual damages, costs of materials and labor expended by the Association in making repairs and the cost of engineering, inspection and supervision by the Association or the Association's engineer. If the emergency did not relate to the workmanship, materials, or design, then the Association shall bear the costs of repair.

If the repair or maintenance is not of an emergency nature but still is the result of faulty workmanship, materials, or design, then the Association shall give the Developer a seven (7) day written notice to repair the damage which will be repaired by the Developer at their expense. If,

after seven (7) days, the repairs are not done or efforts to rectify the situation are not agreed to, the Association shall then do the work at the expense of the Developer.

If it is routine maintenance or repair not related to the workmanship, materials, or design of the water systems, then the Association shall perform the work at its own expense.

13. LIMITATION OF PERIOD OF ACCEPTANCE

The extension improvements shall be completed and accepted within eighteen (18) months of the date of this Agreement. In the event completion is not achieved within the eighteen (18) month period, this Agreement and all of the Developer's rights herein shall terminate, unless the Board of Trustees grants a written extension of time upon good cause shown by the Developer. Any request for extension of time must be submitted in writing to the Association at least thirty (30) days prior to the expiration of the Agreement period.

In the event the Agreement terminates without extension, the Developer shall be required to make a new application for a developer extension agreement to the Association. Any such new agreement entered into between the Association and the Developer pursuant to a new application shall be subject to any new or amended resolutions, fee schedules, or policies which have taken effect since the execution of the terminated agreement.

14. WARRANTY OF AUTHORITY

The Developer and any additional owners warrant that they are the owners of the real property described in this Agreement. Developer shall also, upon request, provide a title report to the Association establishing that the parties executing this Agreement are the owners of all the real property to be served by the extension improvements described herein.

15. RATES AND CHARGES

The real property described in this Agreement shall be subject to all rates and charges established by the Association's current Fee Schedule, as adopted and amended from time to time by the Board of Trustees. All fees and charges, including General Facility Charges (GFC), Special Facility Charges (SFC), and Membership Shares, shall be assessed at the rates in effect at the time payment is due.

16. SUBLETTING AND SUBCONTRACTING

Developer is fully responsible for the acts and omissions of its contractors and persons employed, directly or indirectly by its contractors, as well as the acts and omissions of persons directly or indirectly employed or retained by the Developer.

17. NO ASSIGNMENT WITHOUT ASSOCIATION APPROVAL

The Developer's rights and responsibilities arising out of this Agreement are not assignable unless Association written consent is obtained, as conditioned by the Association, prior to any proposed assignment. Written documents as required by the Association of any Association-approved assignment shall be filed with the Association by the Developer at the time of any assignment.

18. WATER RIGHTS ACKNOWLEDGMENT (WAC 246-290-120(7))

The Developer acknowledges that if the proposed extension results in an increase in the Association's physical system capacity, the Association is required to submit a water right self-assessment to the Washington State Department of Health. The Developer agrees to cooperate with and provide any documentation necessary for the Association to complete this assessment. Any follow-up action required by the Department of Health shall be completed prior to Final Acceptance of the extension improvements.

19. TECHNICAL DETAILS AND SPECIFICATIONS

Refer to Section B and Section C of the Developer Extension Manual, which are attached hereto and made a part of this Agreement for design, plan preparation and construction standards, and standard details and technical specifications. The Developer acknowledges receipt of the current Developer Extension Manual and agrees to be bound by all requirements contained therein.

20. GOVERNING LAW / FORUM

This Agreement shall be construed and enforced in accordance with, and the validity and performance hereof shall be governed by, the laws of the State of Washington, including WAC 246-290 and applicable provisions of Title 70A RCW. Any suit to enforce the provisions of this Agreement shall be brought in the Snohomish County Superior Court.

21. NO THIRD PERSON SHALL HAVE ANY RIGHTS HEREUNDER

This Agreement is made entirely for the benefit of the Association and the Developer and their successors in interest and no third person or party shall have any rights hereunder whether by agency or as a third-party beneficiary or otherwise.

ACCEPTANCE OF THIS APPLICATION BY THE ASSOCIATION CONSTITUTES A CONTRACT WITH THE APPLICANT, THE TERMS OF WHICH ARE EACH PARAGRAPH OF THIS AGREEMENT, THE ASSOCIATION'S DESIGN, PLAN PREPARATION AND CONSTRUCTION STANDARDS AND STANDARD DETAILS AND TECHNICAL SPECIFICATIONS, THE EXTENSION IMPROVEMENT PLANS AND DESIGN APPROVED BY THE ASSOCIATION BOARD OF TRUSTEES, AND ALL OTHER APPLICABLE ASSOCIATION REGULATIONS AND WASHINGTON LAW.

DEVELOPER SIGNATURE PAGE

DEVELOPER: _____, a ____ corporation ____ partnership
____ joint venture ____ limited liability company ____ sole proprietorship

NOTE:

- If the Developer is a corporation, this Agreement must be executed by its duly authorized representative.
- If the Developer is a partnership, at least one of the general partners must sign this Agreement and indicate his/her capacity as such.
- If the Developer is a limited liability company, this Agreement must be executed by its duly authorized manager.

Signature

Date

Printed Name

Title / Capacity

Company / Entity Name:

Address:

City / State / Zip:

Telephone:

Email:

STATE OF WASHINGTON)

) ss:

COUNTY OF _____)

I certify that I know or have satisfactory evidence that
_____ is the person who appeared before me, and said person
acknowledged that s/he signed this instrument, on oath stated that s/he was authorized to execute the
instrument, and acknowledged it as the _____ of
_____ to be the free and voluntary act of such entity for the uses and
purposes mentioned in the instrument.

DATED: _____

Signature of Notary Public

Commission Expires

Print Name: _____

Notary Public in and for the State of Washington.

PROPERTY OWNER SIGNATURE PAGE

(Complete if Property Owner is different from Developer)

PROPERTY OWNER: _____, a _____ corporation _____
partnership _____ joint venture _____ limited liability company _____ sole proprietorship _____ individual

Signature

Date

Printed Name

Title / Capacity

**Company / Entity Name (if
applicable):**

Address:

City / State / Zip:

STATE OF WASHINGTON)

) ss:

COUNTY OF _____)

I certify that I know or have satisfactory evidence that
_____ is the person who appeared before me, and said person
acknowledged that s/he signed this instrument, on oath stated that s/he was authorized to execute the
instrument, and acknowledged it as the _____ of
_____ to be the free and voluntary act of such entity for the uses and
purposes mentioned in the instrument.

DATED: _____

Signature of Notary Public

Commission Expires

Print Name: _____

Notary Public in and for the State of Washington.

ASSOCIATION ACCEPTANCE

THE FOREGOING APPLICATION OF _____ accepted this
_____ day of _____, 20____.

THREE LAKES WATER ASSOCIATION

Authorized Signature	Date
_____	_____

Printed Name	Title
_____	_____

CONDITIONS OF APPROVAL FOR SERVICE:

The following conditions of service have been determined by the Association and are incorporated into this Agreement:
