

Declaration of Protective Restrictions for USELESS BAY BEACH
AND COUNTRY CLUB DIVISION NO. 2, imposed by instrument recorded
July 15, 1963, under Auditor's File No. 154347.

1. General Provisions. All of the real property situated within Division No. 2 is and shall be held, transferred, sold, conveyed and occupied subject to the conditions, covenants, restrictions, reservations and easements hereinafter set forth in this Declaration of Protective Restrictions, all of which shall run with the land and be binding upon all of the present and future owners of said real property and all persons claiming under them as hereinafter provided.

2. Building Restrictions and Limitations. All lots in Division No. 2, except that portion of Lot 18, designated as well and pump house, shall be used for residential purposes only (which lots are hereinafter sometimes designated as "residential lots").

No building shall be erected, placed, altered or maintained in Division No. 2 until the building plans, specifications, and plot plan, showing the location of such building has been approved by Useless Bay Beach & Country Club, Inc., a Washington non-profit corporation, or its nominee, with respect to these restrictions. Such approval will be presumed unless within thirty (30) days after the submission of the plans and specifications, said Useless Bay Beach & Country Club, Inc., or its nominee, gives notice in writing of its disapproval thereof.

After July 1, 1963, no building, trailer, tent or structure of any kind shall be erected on any residential lot within Division No. 2 prior to the erection of the main dwelling house thereon, except that a garage or other small building of permanent construction may be erected for purposes of storing of tools and other articles prior to the erection of the permanent dwelling house, but such structure shall not be used as a domicile without written permission of Useless Bay Beach & Country Club, Inc. After July 1, 1963, any building, trailer, tent or structure, other than a permanent dwelling and appurtenances, which conform to these covenants, shall be removed upon written notice and request of Useless Bay Beach & Country Club, Inc.

Except as otherwise set forth on the face of the plat of Division No. 2, the following setback provisions shall be applicable:

No building or structure on Lots 1 through 8, and Lots 10 through 18 shall be built within twenty-five (25) feet southerly of the front lot building line as designated or shown on the plat of Division No. 2.

No building or structure shall be build closer than six (6) feet to any sideproperty line of any residential lot, except that in the event a side property line abuts a side road, the setback shall be not less than ten (10) feet therefrom.

No building or structure shall be built closer than twenty-five (25) feet to the rear property line of any residential lot.

In the event that a contiguous area covering more than one residential lot, as platted in Division No. 2, is held in common ownership, the lot lines for the purposes of this paragraph 2 shall be the outside boundary lines of that entire area.

All setback lines shown on the face of the plat of Division No. 2 shall be strictly observed.

No structure shall be erected, altered, placed or permitted to remain on any residential lot other than one detached, single family dwelling for single family occupancy only, the habitable main floor

area of which, exclusive of garage, open entry, porches and patios, shall be not less than one thousand (1000) square feet, except a private garage and other outbuildings appurtenant to any dwelling house, such as garden house, boat house, pergola, conservatory, or other similar structure, architecturally in harmony therewith and of permanent construction and incidental and necessary to residential use of said residential lot. All structures shall be of new construction, and no dwelling shall be more than one and one-half ($1\frac{1}{2}$) story in height. No structure shall be occupied as a residence until the installation of adequate plumbing, including connection to septic tanks or sewer.

Construction on any lot shall require a building permit and sewerage disposal permit from Island County, prior to commencement of work.

The work of construction or erection of all buildings and structures shall be prosecuted diligently from commencement of such construction or erection, and the exterior of such buildings and structures shall be completed within twelve (12) months after construction begins.

3. Noxious Use of Property. No noxious, illegal or offensive activity shall be carried on upon any lot nor shall anything be done which may be or become an annoyance or nuisance to the neighborhood.

No fence, hedge, or shrubbery shall be erected or permitted to remain southerly of the front lot building lines as shown on the plat of Useless Bay Beach & Country Club, Division No. 2.

No goods, equipment, trucks, vehicles or paraphernalia used or designated for use in connection with any business, service or trade shall be kept or stored in the open on any residential lot or street.

4. Trees. Care and maintenance of trees on all residential lots shall be the responsibility of the respective owners of the respective lots, provided, however, that for the purposes of this paragraph, and as to residential lots which are the subject of contracts of purchase and sale, the term "owners" means contract vendees and their assigns only, to the exclusion of the contract vendors thereof.

5. Animals. No fowl, rodents, hogs, cattle, horses, sheep, goats or similar livestock shall be maintained on the residential lots at any time. Household pets shall be permitted. Not more than one accessory building on any one residential lot shall be permitted for use in the housing of such household pets. Any such building shall be located not less than fifty (50) feet from any place of human habitation other than the owner's.

6. Electrical & Telephone Service Entrance. After July 1, 1963, telephone or other service wires shall be located underground from the street utilities to the entrance of private buildings. No overhead lines will be permitted on any residential lots or building thereon.

7. Useless Bay Beach & Country Club, Inc. Each fee owner or contract purchaser of a residential lot or lots situated within Division No. 2, shall become a member of Useless Bay Beach & Country Club, Inc., a non-profit Washington corporation, (hereinafter, in this paragraph 7 called the "corporation") on the following terms and conditions:

(a) Each membership in the corporation shall be governed by the Articles of Incorporation, By-Laws and Rules and Regulations of the corporation, including any amendments or revisions thereof, which may hereafter be effected from time to time.

(b) Each fee owner or contract purchaser shall maintain his membership in the corporation in good standing, subject to the aforesaid Articles, By-Laws and Rules and Regulations, as long as he shall continue to have a fee owner's or contract purchaser's interest in said residential lot or lots. The membership shall cease and terminate upon the bona fide transfer of ownership of said residential lot or lots by the member (it being understood that the sale of the realty under a real estate contract or assignment of a vendee's interest in a real estate contract shall constitute a transfer of ownership for the purpose of termination of membership).

(c) Each member shall pay when due all fees, dues, charges or assessments which may from time to time become payable to the corporation; and any default or defaults on such obligations or otherwise with regard to the member's duties and obligations as a member of the corporation, shall subject said defaulting member and/or the residential lot or lots owned or being purchased by said defaulting member to such claims, damages, liens, mortgages, penalties and/or other liabilities as may not or hereafter be provided for by law or in the aforesaid Articles, By-Laws and Rules and Regulations of the corporations.

8. Term. The conditions, covenants, restrictions, reservations and easements set forth in this Declaration of Protective Restrictions shall become effective July 1, 1963, and shall remain effective until Jan. 1, 1975, unless terminated sooner or extended in accordance with paragraph 9 hereof.

9. Amendments. This Declaration of Protective Restrictions may be amended, revised, or terminated, in whole or in part, by the approval of 65% of the combined total of all of the owners of all residential lots situated within Useless Bay Beach & Country Club, Division No. 1 and Division No. 2, and all residential lots situated within such additional real property as may hereafter be platted on Whidbey Island, Island County, Washington, by said H & H Properties, Inc., by plats designating such additional real property as a division of "Useless Bay Beach & Country Club, Inc." The term "owners" as used in this paragraph 9, shall be deemed to include persons purchasing residential lots under real estate contracts, but shall exclude sellers under real estate contracts (and assignors of vendee's interests, etc.). When voting on any proposed amendment, revision or termination, each owner shall be entitled to one vote for each residential lot owned or being purchased by him.

10. Violations. In the event of the violation of any of the conditions, covenants, restrictions, reservations or easements set forth in this Declaration of Protective Restrictions, it shall be lawful for any

owner (including contract sellers and purchasers) of any real property situated within Useless Bay Beach & Country Club, Division No. 1 and Division No. 2, or of any additional real property hereafter platted on Whidbey Island, Island County, Washington, by said H & H Properties, Inc., by plats designating such additional real property as a division of "Useless Bay Beach & Country Club, Inc.," to prosecute any proceedings at law or in equity against such person or persons causing or attempting to cause any such violations, and to prevent him or them from so doing or to recover damages arising from any such violation, or both.

II. Invalidation. Invalidation of any of the conditions, covenants, restrictions, reservations or easements set forth in this Declaration of Protective Restrictions by a judgment of any court of competent jurisdiction shall in no wise affect any of the other provisions, all of which shall remain in full force and effect.

Amendment to paragraph 2 of Item 3 (Noxious use of Property), imposed by instrument recorded October 7, 1963, under Auditor's File No. 156516, as follows:

Fences and hedges may be erected along lot lines, however, from the front building line to the front stake line, and across the width of the lot, as shown on the face of the Plat of Useless Bay Beach & Country Club, Division No. Two, the fence must be of a cyclone type, not to exceed 4 feet in height, and the hedge must not exceed 3 feet in height.

After recording please return to:
John E. Iverson
3201 Bank of California Center
Seattle, WA 98164

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RESOLUTION IMPOSING LIEN AGAINST ANY LOT SOLD
WITHIN ANY PLAT OF USELESS BAY BEACH AND COUNTRY
CLUB FOR CHARGE OF TRANSFER OF OWNERSHIP MEMBERSHIP

KNOW ALL MEN BY THESE PRESENTS:

Whereas, the Board of Trustees of Useless Bay Beach and Country Club, Inc., in a formal resolution dated January 6, 1978, recorded January 6, 1978, under Island County Auditor's File 325514, did resolve, according to the Articles of Incorporation and By-Laws, to impose a charge of \$100.00 when a sale is made thereafter of one or more lots within any plat, amended or revised, of Useless Bay Beach and Country Club, which charge was to be a lien against such lot or lots sold. Now, it is therefor

Resolved, that the Board of Trustees of Useless Bay Colony, formerly Useless Bay Beach and Country Club, Inc., acting according to the Articles of Incorporation and By-Laws thereof, does hereby increase the amount of said charge and lien as of November 1, 1981, from \$100.00 to \$150.00, and such charge and lien shall affect all lots contained within all divisions of the Plat of Useless Bay Beach and Country Club; and further

Resolved, that such charge shall be the responsibility of and payable by both buyer and seller, and a "sale" shall include any transfer of a "membership" (not by gift or inheritance) which, consistent with the Corporation's Articles of Incorporation and its By-Laws, is deemed inseparably appurtenant to the respective lot or lots sold by transfer of ownership or contract of sale.

DATED this 20th day of APRIL, 1982.

USELESS BAY COLONY

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VOL _____
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H.M. FERRIS, AUDITOR
ISLAND COUNTY, WASH.
_____, DEPUTY

By Norman V. Woodard
Norman V. Woodard President

By Suzanne Gallagher
Suzanne Gallagher Secretary

STATE OF WASHINGTON)
) ss.
COUNTY OF ISLAND)

On this 20th day of APRIL, 1982, before me personally appeared NORMAN V. WOODARD and SUZANNE GALLAGHER, to me known to be the President and Secretary of Useless Bay Colony, the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and
affixed my official seal the day and year last above written.



John E. Iverson
Notary Public in and for the State of
Washington, residing at Seattle

CERTIFICATION:

This is to certify that at a regular meeting of the
Board of Trustees of Useless Bay Colony, held at 10:00 a.m.,
August 28, 1982, at the Club House and office of
the corporation, at Langley, Washington, on motion duly made
and seconded, the above and foregoing resolution was unani-
mously passed and adopted by the Board members present,
constituting a majority of the Board and quorum thereof.

DATED: March 20, 1982, 1982.

Lynne Hallgren
Secretary

157876

ARTICLES OF INCORPORATION
OF
USELESS BAY BEACH AND COUNTRY CLUB, INC.

KNOW ALL MEN BY THESE PRESENTS: That we, FLOYD E. HOWARD, BARBARA L. HOWARD, CHRISTIAN H. SIEVERS, SHIRLEY J. SIEVERS and HOWARD F. SIEVERS, residing in the State of Washington, and being citizens of the United States, each being over the age of twenty-one years, and being desirous of forming a corporation under Title 24 Revised Code of Washington, relating to non-profit corporations, do hereby associate ourselves together for the purpose of forming a non-profit corporation and make, subscribe, execute and adopt, in triplicate, the following Articles of Incorporation, and certify as follows:

ARTICLE I.

The name of the corporation shall be

USELESS BAY BEACH AND COUNTRY CLUB, INC.

ARTICLE II.

The purpose for which this corporation is formed are:

1. To purchase or otherwise acquire, construct, improve, develop, repair, maintain, operate, care for and/or

dispose of streets, roadways, easements, parkways, playgrounds, open spaces and recreational areas, tennis courts, beaches, boat landings, mooring basins, floats, piers, clubhouses, swimming pools and/or swimming areas, bath houses, places of amusement, community buildings, community clubhouses and in general community facilities appropriate for the use and benefit of its members and of any and all realty hereafter platted on Whidbey Island, Washington, by H & H Properties, Inc., a Washington corporation.

2. To build, improve and maintain roadways, culverts, bridges and drainage areas and to provide for the improving, cleaning and sprinkling of streets, and for collection and disposal of the street sweepings, garbage, ashes, rubbish and the like; to prevent and suppress fires, to provide police protection, and to make and collect charges to cover the costs and expenses therefor.

3. To improve, light and/or maintain streets, roads, alleys, courts, walks, gateways, fences and ornamental features now existing or hereafter to be erected or created, and shelters, comfort stations and/or buildings and improvements ordinarily appurtenant to any of the foregoing; to improve, plant and maintain grass plots and other areas, trees and plantings within the lines of the street immediately adjoining the properties of its members and of said H & H Properties, Inc.

4. So far as it can legally do so, to grant franchises, rights-of-way and easements for public utilities or other purposes.

5. To acquire by gift, purchase, lease or otherwise , and to own, hold, enjoy, operate, maintain, and to convey, sell, lease, transfer, mortgage and otherwise encumber, dedicate for public use and/or otherwise dispose of real and/or personal property and interests therein wherever situate.

6. To exercise such powers of control, interpretation, construction, consent, decision, determination, modification, amendment, cancellation, annulment, and/or enforcement of covenants, reservations, restrictions, liens and charges imposed upon the realty referred to in Article II, Section I, hereof, and as may be vested in, delegated to, or assigned to this corporation and such duties with respect thereto as may be assigned to and assumed by this corporation.

7. To appropriate, purchase, divert, acquire and store water from streams, water courses, wells or other source, and to distribute the water so appropriated and acquired to its members for use upon the lands of said members and for domestic purposes; to acquire, own, construct, hold, possess, use and maintain such pumping plants, tanks, pipe lines, reservoirs, ditches, buildings, roads, trails, and appliances, and such

other property, including water rights and shares of stock in other corporations as this corporation may from time to time desire to acquire or purchase for furnishing and supplying water to its members; provided that this corporation shall not use or dispose of such water as a public utility, but solely for the use and benefit of its members and for the irrigation of lands and domestic and other useful and beneficial purposes.

8. To fix, establish, levy and collect such fees, dues, charges and/or assessments as may be necessary, in the judgment of the Board of Trustees, to carry out any or all of the purposes for which this corporation is formed, but not in excess of the maximum from time to time fixed by the By-Laws.

9. To expend the moneys collected by this corporation from assessments, fees, dues and charges and other sums received for the payment and discharge of costs, expenses, and obligations incurred by this corporation in carrying out any of all of the purposes for which this corporation is formed.

10. Generally, to do any and all lawful things which may be advisable, proper, authorized and/or permitted to be done by this corporation under or by virtue of any restrictions, conditions, and/or covenants or laws affecting the realty referred to in Article II, Section 1, hereof, or any portion thereof (including areas now or hereafter dedicated to public use); and to do and perform any and all acts which may be

either necessary for, or incidental to, the exercise of any of the foregoing powers or for the peace, health, comfort, safety, and/or general welfare of the members of this corporation.

11. To borrow money and mortgage, pledge or hypothecate any or all of the real or personal property of this corporation as security for money borrowed or debts incurred; and to do any and all things that a corporation organized under said laws of the State of Washington may lawfully do when operating for the benefit of its members or the property of its members, but without profit to this corporation.

12. Generally, to do and perform any and all acts which may be either necessary or proper for, or incidental to, the exercise of any of the foregoing powers and such powers granted by the provisions of Title 24, Revised Code of Washington, and other laws of the States of Washington relating to non-profit corporations.

13. Nothing contained in these Articles of Incorporation shall be construed as authorizing or permitting this corporation to own, manage or operate any real or personal property for profit. It is the intention and purpose that the business of this corporation shall not be carried on for profit either to itself or for the benefit of its members, and wherever it is authorized to collect fee, dues, charges or assessments it shall

have no power or authority to use said fees, dues, charges or assessments except as necessary.

ARTICLE III.

This corporation shall at all times hereafter be a joint and mutual association of the above named incorporators and such other persons as may hereafter be admitted to membership in accordance with the By-Laws of the corporation. Membership in this corporation and certificates evidencing the same shall be inseparably appurtenant to the respective lots shown on all plats of realty on Whidbey Island, Washington, hereafter filed by said H & H Properties, Inc., and upon transfer of ownership or contract for sale of any such tract, the membership and certificate of membership shall ipso facto be deemed to be transferred to the grantee or contract purchaser. No membership or certificate of membership may be transferred, assigned, or conveyed in any manner other than in the manner herein set forth. In the event of the death of a member, the membership and certificate of membership of such deceased member shall be and become the property of the personal representative of such deceased member upon appointment and qualification as such in a judicial proceeding and such personal representative shall have all of the rights, privileges and liabilities of such member until title shall be transferred or contracted to be transferred.

ARTICLE IV.

The number of trustees of this corporation shall not be less than five (5) nor more than eleven (11). The names of the initial trustees, who shall manage the affairs of the corporation for not less than two (2) months and not more than six (6) months and until their successors are elected by the members are:

| <u>NAME</u> | <u>ADDRESS</u> |
|----------------------|---------------------|
| Floyd E. Howard | Langley, Washington |
| Christian H. Sievers | Langley, Washington |
| Howard F. Sievers | Langley, Washington |
| William H. Sievers | Langley, Washington |
| Robert B. Olson | Langley, Washington |

ARTICLE V.

The time of the existence of this corporation shall be perpetual.

ARTICLE VI.

The principal place of business of this corporation shall be Langley, Washington.

ARTICLE VII.

The qualifications of the members of this corporation, and the property, voting and other rights and privileges, and the liabilities to charges and assessments, of the members, shall be set forth in the By-Laws of the corporation.

IN WITNESS WHEREOF, we, the undersigned, the

incorporators of this corporation have on this 15th day of
May, 1963, hereunto set our hands.

Signed

(Floyd E. Howard)

Signed

(Barbara L. Howard)

Signed

(Christian H. Sievers)

Signed

(Shirley J. Sievers)

Signed

(Howard F. Sievers)

162936

APPROVED
AS TO FORM AND FILED

ARTICLES OF AMENDMENT TO ARTICLES OF INCORPORATION 5 1964

OF
USELESS BAY BEACH AND COUNTRY CLUB, INC.

VICTOR A. MEYERS
SECRETARY OF STATE
BY *[Signature]*
(MRS.) JEAN C. DUNKER
ASSISTANT SECRETARY OF STATE

THIS IS TO CERTIFY: That at a meeting of the members and trustees of USELESS BAY BEACH AND COUNTRY CLUB, INC., a Washington non-profit corporation, duly called and regularly held on the 20th day of July, 1963, at which meeting all of the members and trustees were present, a resolution was unanimously adopted upon the vote of all of said members and trustees of the corporation to amend Paragraph 1 of Article II as follows:

"1. To purchase or otherwise acquire, construct, improve, develop, repair, maintain, operate, care for and/or dispose of streets, roadways, easements, parkways, playgrounds, open spaces and recreational areas, tennis courts, beaches, boat landings, mooring basins, floats, piers, clubhouses, swimming pools and/or swimming areas, bath houses, places of amusement, community buildings, community clubhouses and in general community facilities appropriate for the use and benefit of its members and of any and all realty hereafter platted on Whidbey Island, Washington, by H & H Properties, Inc., a Washington corporation, by plats designating such realty as a division of 'Useless Bay Beach and County Club';

and to amend Article III of the Articles of Incorporation to read as follows:

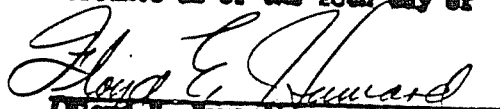
III.

"This corporation shall at all times hereafter be a joint and mutual association of the above named incorporators and such other persons as may hereafter be admitted to membership in accordance with the By-Laws of the corporation. Membership in this corporation and certificates evidencing the same shall be

USELESS BAY BEACH AND COUNTRY CLUB, INC. -3- AND THE DISTRICT OF COLUMBIA

inseparably appurtenant to the respective lots shown in all plats of realty on Whidbey Island, Washington hereafter filed by said H & H Properties, Inc. by plate designating such realty as a division of 'Useless Bay Beach and Country Club', and upon transfer of ownership or contract for sale of any such tract, the membership and certificate of membership shall ipso facto be deemed to be transferred to the grantee or contract purchaser. No membership or certificate of membership may be transferred, assigned, or conveyed in any manner other than in the manner herein set forth. In the event of the death of a member, the membership and certificate of membership of such deceased member shall be and become the property of the personal representative of such deceased member upon appointment and qualification as such in a judicial proceeding and such personal representative shall have all of the rights, privileges and liabilities of such member until title shall be transferred or contracted to be transferred.

IN WITNESS WHEREOF, the President and Secretary of the corporation have executed these Articles of Amendment in triplicate and affixed the corporate seal thereunto as of the 20th day of July, 1963.


(FLOYD E. HOWARD) President

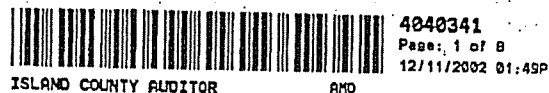

(HOWARD F. SIEVERS) Secretary

(CORPORATE SEAL)

STATE OF WASHINGTON)
COUNTY OF KING)

I, the undersigned, a Notary Public, do hereby certify that on the 6 day of June, 1963, personally appeared before me FLOYD E. HOWARD and HOWARD F. SIEVERS, to me known to be the President and Secretary, respectively, of USELESS BAY BEACH AND COUNTRY CLUB, INC., and the individuals who executed

12/11/02



AFTER RECORDING MAIL TO:

Useless Bay Colony, Inc.
Post Office Box 956
Freeland, WA 98249

Amendment No. 1

L48233-W

§26

November 24, 1990 Agreement

recorded under AFN 90022601

THIS AMENDMENT NO. 1 to the November 24, 1990 Agreement by and between USELESS BAY GOLF AND COUNTRY CLUB ("Club"), a Washington nonprofit corporation, and USELESS BAY COLONY ("Colony"), a Washington nonprofit corporation, incorporates:

- I. The changes to that Agreement approved by the membership of the Colony at its July 20, 2002 regular Annual Meeting.
- II. The December 16, 1999 Agreement between the parties.
- III. The March 25, 1998 Action by the Board of Directors of the Club.

I. Changes to November 1990 Agreement

As used in this section, the following definitions shall apply:

Additional Access – Use of clubhouse dining facilities

Additional Dues – Amounts paid by Colony members for such Additional Access

Section 4 of the Agreement is hereby amended to read as follows:

"4. The Colony members shall have access to and use of the facilities of the Club under the same terms and conditions as have heretofore existed with respect to use of said facilities by said members, EXCEPT THAT only those Colony members who have agreed to pay Additional Dues (as hereinafter described) shall have Additional Access to and use of the main floor activities and facilities.

The Colony members memberships, hereinafter referred to as "Colony memberships", shall be available to those who are owners of a lot or a condominium unit in one of the properties described in Exhibit A, as modified by the March 30, 1995 Addendum to this Agreement and the March 25, 1998 Action. The Colony memberships shall inure to the benefit of any subsequent owner of any lot or condominium unit as described herein, and as more particularly described and set forth in Exhibit A, as modified.

Colony members will have at least one participating member on the House Committee, or its successors, of the Club. Said member(s) shall not also be (a) Club member(s)."

Section 5 is hereby amended to read as follows:

"5. Colony members shall be charged dues of \$38.50 each per year to compensate the Club for administrative and other support services provided by it to the Colony.

Colony members who wish to have Additional Access to the Club may do so upon election to pay Additional Dues of \$60 annually, effective the year beginning July 1, 2002. Colony members may elect such Additional Access at any time subsequent to July 1, 2002 and will be charged Additional Dues effective on the date of such election.

All dues shall be subject to change on the same percentage as dues may increase for "social members" of the Club: provided, however, that Colony member dues shall not be increased so as effectively to exclude Colony members from the use of Club facilities.

12/11/02



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ISLAND COUNTY AUDITOR

AMD

Proceeds from such Additional Dues shall be utilized solely to fund capital improvements to the Clubhouse."

All other terms of the Agreement shall remain in force as stated in the Agreement. These changes shall be effective July 1, 2002.

II. December 16, 1999 Agreement

This Agreement, executed on the indicated date, contains terms for Colony participation in use, operation and maintenance and sharing of costs for the tennis courts located proximate to the Club. It is incorporated in this Amendment No. 1 by reference. A copy is attached as Exhibit C.

III. March 25, 1998 Action

On this date, a Special Meeting of the Board of Directors of the Club was called. At which a motion was passed by said Board to grant owners of lots in Division 15 and 17 and along Fairway 12 the same privileges as present Club members. The minutes documenting this action are incorporated in this Amendment No. 1 by reference. A copy is attached as Exhibit D.

Agreed to and accepted on the 20th day of July, 2002

USELESS BAY GOLF & COUNTRY CLUB, INC.

By: Byron J. Vadset, President

USELESS BAY COLONY, INC.

By: David P. Haworth, President

STATE OF WASHINGTON)

COUNTY OF ISLAND)

I certify that I know or have satisfactory evidence that Byron J. Vadset is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that was authorized to execute the instrument and acknowledged it as President of Useless Bay Golf & Country Club, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: Nov 13, 2002



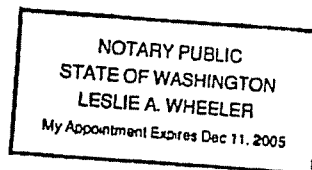
David P. Haworth
Notary Public in and for the State of Washington
Residing at WS E Salmon St. Greentank
My appointment expires: 9-5-05

STATE OF WASHINGTON)

COUNTY OF ISLAND)

I certify that I know or have satisfactory evidence that David P. Haworth is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that was authorized to execute the instrument and acknowledged it as President of Useless Bay Colony, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: Nov. 13, 2002



Leslie A. Wheeler
Notary Public in and for the State of Washington
Residing at LANGLEY
My appointment expires: 12-11-2005

12/11/02



Exhibit A

Useless Bay Beach and Country Club Division No. 1, according to the plat recorded in Volume 7 of Plats, page 54, records of Island County, Washington.

Useless Bay Beach and Country Club Division No. 2, according to the plat recorded in Volume 7 of Plats, page 60, records of Island County, Washington.

Useless Bay Beach and Country Club Division No. 3, according to the plat recorded in Volume 7 of Plats, page 70, records of Island County, Washington.

Useless Bay Beach and Country Club Division No. 4, according to the plat recorded in Volume 8 of Plats, page 8, records of Island County, Washington.

Useless Bay Beach and Country Club Division No. 5, according to the plat recorded in Volume 8 of Plats, page 9, records of Island County, Washington.

Useless Bay Beach and Country Club Division No. 6, according to the plat recorded in Volume 8 of Plats, pages 41-45, records of Island County, Washington.

Useless Bay Beach and Country Club Division No. 7, according to the plat recorded in Volume 8 of Plats, pages 68-71, records of Island County, Washington.

Useless Bay Beach and Country Club Division No. 8, according to the plat recorded in Volume 8 of Plats, page 8, records of Island County, Washington.

Useless Bay Beach and Country Club Division No. 9, according to the plat recorded in Volume 10 of Plats, page 53, records of Island County, Washington.

Useless Bay Beach and Country Club Division No. 10, according to the plat recorded in Volume 10 of Plats, pages 72-75, records of Island County, Washington.

Useless Bay Beach and Country Club Division No. 11, according to the plat recorded in Volume 12 of Plats, page 64, records of Island County, Washington.

Useless Bay Beach and Country Club Division No. 12, according to the plat recorded in Volume 10 of Plats, page 59, records of Island County, Washington.

Useless Bay Beach and Country Club Division No. 14, according to the plat recorded in Volume 11 of Plats, pages 49-52, records of Island County, Washington.

12/11/02



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ISLAND COUNTY AUDITOR

AND

Exhibit B

622-2216
7/19/74
and for
#2746
w/20
ix

1. Beginning at the West quarter corner of Section 18, Township 29 North, Range 3 E.W.M.; thence North 01°30'30" East along the West line of said section a distance of 1394.80 feet; thence South 85°00'00" East a distance of 146.60 feet; thence along the arc of a curve to the right having a radius of 246.92 feet and subtending an angle of 57°20'00" for 247.08 feet; thence South 27°40'00" East for 186.26 feet; thence due South for 50.00 feet to the true point of beginning; thence continue due South for an additional 100.00 feet; thence East for 200.00 feet; thence North for 100.00 feet; thence West for 200.00 feet to the true point of beginning; being a portion of the Southwest quarter of the Northwest quarter of said Section 18 and containing 0.46 acres.

Situate in the County of Island, State of Washington.

2. A portion of the Northwest quarter of Section 18, Township 29 North, Range 3 E.W.M., described as follows:

TRACT B
(QUIT CLAIM DEED)
Commencing at the most southerly corner of Lot 60 in the Plat of Useless Bay Beach and County Club Division No. 10, as recorded in Island County Auditor's Office; thence continue on the Southeasterly line of said lot produced bearing South 40°48'54" West for 16.37 feet; thence North 86°15'11" West for 204.07 feet to the true point of beginning, hereinafter called Point "A"; thence South 179.55 feet; thence North 89°25'19" West for 178.00 feet to the Easterly right of way line of County Club Drive; thence North 27°40'31" West along said right of way for 106.48 feet; thence North 76°36'02" East for 178.86 feet; thence North 51°50'32" East for 67.98 feet to the true point of beginning and containing 0.60 acres.

Situate in the County of Island, State of Washington

3. A portion of the Northwest quarter of Section 18, Township 29 North, Range 3 E.W.M., described as follows:

TRACT C
Commencing at the most Southerly corner of Lot 60 in the Plat of Useless Bay Beach and Country Club Division No. 10, as recorded in Island County Auditor's Office; thence continue on the Southeasterly line of said lot produced bearing South 40°48'54" West for 16.37 feet; thence North 86°15'11" West for 204.07 feet to the true point of beginning, hereinafter called Point "A"; thence South 51°50'32" West for 67.98 feet; thence North 13°54'48" West for 144.00 feet; thence North 76°05'12" East for 85.00 feet; thence South 120.00 feet to the true point of beginning and containing approximately 0.24 acres.

Also an easement for road and utilities purposes described as follows: a strip of land being 20 feet in width measured at right angles and lying northerly of the following described line: commencing at above mentioned Point "A", the true point of beginning; thence South

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51°50'32" West for 67.98 feet; thence South 76°37'02" West for 178.86 feet to an intersection with the easterly right of way line of Country Club Drive.

The grantor reserves an easement for road and utilities purposes described as follows: a strip of land being 20 feet in width measured at right angles and lying southerly of the following described line: commencing at above mentioned Point "A", the true point of beginning, thence South 51°50'32" West for 67.98 feet; thence South 76°36'02" West for 178.86 feet to an intersection with the easterly right of way line of Country Club Drive.

Situate in the County of Island, State of Washington



ISLAND COUNTY AUDITOR

AND

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ISLAND COUNTY AUDITOR

AMD

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EXHIBIT C

AGREEMENT BETWEEN USELESS BAY GOLF & COUNTRY CLUB, INC.,
AND USELESS BAY COLONY, INC.

Useless Bay Colony may have the use of the tennis courts on a first-come, first-served basis. Colony shall reimburse the Golf Club 50% of the reasonable costs incurred by the Golf Club in the course of such maintenance and improvements.

Golf Club shall provide the Colony by January 15 of each year with a written estimate of maintenance expenses that the Golf Club reasonably expects to incur during that calendar year. Before commencing any improvements, Golf Club shall provide Colony with a written estimate of the cost of such improvements. Total annual expenditures shall not exceed \$4,000 without prior approval by both Boards of Directors. If the Golf Club has a Committee to review the repair and maintenance of the tennis courts, Useless Bay Colony, Inc., shall be represented.

If lights are installed to permit use of the tennis courts in darkness, Golf Club shall ensure that such lights are directed downward toward the tennis courts and are turned off not later than 10:00 p.m. each day. The obligations of the preceding sentence are made for the benefit of and may be enforced by any Colony Member who owns one or more lots or condominium units in any of Division 14, Division 16 or Division 17, Useless Bay Colony, according to the plats thereof recorded in Island County, Washington.

In this Agreement, reference to being an owner of a lot or a condominium unit includes being a purchaser thereof under a real estate contract.

USELESS BAY GOLF & COUNTRY CLUB, INC.

By: [Signature] President Date: 12-15-99
Gene Parmelee

By: [Signature] Secretary Date: 12-15-99
Jack Leengran

ACCEPTED AND AGREED BY
USELESS BAY COLONY, INC.

By: [Signature] President Date: 12/16/99
Norm Woodard

By: [Signature] Secretary Date: 12/16/99
Bill Cochran

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ISLAND COUNTY AUDITOR

RMD

EXHIBIT D
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USELESS BAY GOLF & COUNTRY CLUB

MINUTES

BOARD OF DIRECTORS MEETING March 25, 1998

.....
The meeting was called to order at 7:02 P.M. by President John Cooper.

MEMBERS PRESENT: John Cooper, Gene Parmelee, Hugh Barr, Tommie Byers, Roberta Pollard, Les Ross, Jack Leengran, Jim Sparling, Tom Anderson, and Lou Ekorenrud.

MEMBER EXCUSED: Mike Holmberg

MANAGERS PRESENT: Jack Petosa, Bill Davis, Fred Van Benschoten

MINUTES: The minutes of the January 28, 1998, meeting were approved on motion of Anderson and Sparling.

GUEST PRESENT:

Mel Wilson attended the Board meeting concerning an operating agreement with the Colony Club and H & H Properties. He recommended that we approve an agreement with H & H Properties concerning Divisions 15 and 17 to allow landowners to have the same privileges as the present Colony Club members (see attached letters and maps).

Motion by Parmelee and Sparling to grant owners the same privileges as present Colony Club members concerning Divisions 15 and 17 and along Fairway 12, total lots not to exceed 55 lots to be developed (see letter dated March 25, 1998). Motion passed - 6 yes 2 no.

CORRESPONDENCE: (See attached letters)

1. Bill Sievers & Robert B. Olson: Letter dated February 25, 1998.
2. Washington Junior Golf Association: Jerry Fehr letter dated March 10, 1998.
3. Letter dated January 30, 1998, from President John Cooper to Bill Smith.
4. Jan Stallbaum: Letter to Gene Parmelee dated January 27, 1998.

*Louis J. Wike
a document*

12/11/02

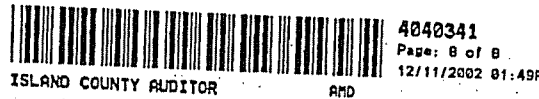


EXHIBIT D
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H & H Properties

INCORPORATED

Responsible development for people & nature since 1959

March 25, 1998

Mr. John Q. Cooper
President
Useless Bay Golf & Country Club
5725 S. Country Club Drive
Langley, Wa 98260

Dear John:

As requested by you at our meeting last Saturday, March 21, 1998, here is a map outlining the boundaries of Useless Bay Colony, Inc., as presently developed and as we contemplate developing.

Presently, two divisions of Useless Bay Colony, Inc., Divisions 15 and 17, have been developed and recorded by Island County and are on the market. Division 15 contains 4 lots and Division 17 contains 8 lots. Additionally, we have the potential for developing approximately 40 lots between Fairways 15 and 17 and along Fairway 12. Total lots to be developed will not exceed 55, including Divisions 15 and 17, assuming future land use laws do not encourage condominium development on any part of the remaining land.

Our Island County approved commercial development, "The Village Square", adjacent to our Office will contain eight buildings and have condominiums or apartments on the top floors. We are not requesting that these residents have Clubhouse or Colony privileges.

In summary, we request that the joint agreement be modified to allow use of the Clubhouse by owners of platted lots or condominium units created on the land available for development within the boundaries shown on this map, including Division 15 and 17. It may be a number of years, say 3-5, before the bulk of the remaining unplatted land will be developed. Thank you!

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill", is written above the name William H. Sievers.

William H. Sievers

A handwritten signature in cursive script, appearing to read "Bob", is written above the name Robert B. Olson.

Robert B. Olson