

AFTER RECORDING, RETURN TO:

Bruce P. Weiland
151 Finch Place SW, Suite A
Bainbridge Island, Washington 98110



PACIFIC NW TITLE

COVEN \$14.00

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EXCISE TAX EXEMPT DEC 19 2001

PLCT 32855978

DECLARATION OF COVENANT

Grantors: Daniel G. and Nancy W. Smith
Grantees: Daniel G. and Nancy W. Smith; Daniel R. Twardzik and Jane E. Ranchalis; and Port Blakely Tree Farms L.P.
Legal Descriptions: Lots J, K, L and M of West Blakely BLA Recording #3194250, Sec. 3, T.24N, R.2E, W.M.
Assessor's Tax Nos: 032402-4-021-2000, 032402-4-022-2009, 102402-1-007-2005

This Declaration of Covenant (the "Declaration") is executed by and between DANIEL G. SMITH, as to his separate property, and NANCY W. SMITH, as to her separate property (collectively, the "Declarants"), as the owners of land situated within the City of Bainbridge Island, Kitsap County, Washington, legally described in Exhibit A (the "Property"), to hereby impose the following covenants upon the Real Property.

RECITALS

A. Declarants are the present owners of the Real Property commonly described as Lot L of West Blakely BLA Recording #3194250, and legally described on Exhibit A attached hereto (the "Property").

B. Declarants desire to subject the Property to the terms, provisions, limitations, restrictions, and conditions set forth in this Declaration for the benefit of the present and future owners of the Benefitted Parcel (defined below), and their respective heirs, successors, assigns and grantees.

NOW, THEREFORE, Declarants hereby declare, acknowledge, covenant, and agree that the following covenants, restrictions and conditions shall bind the Property.

1. Declaration of Covenant. Declarants, for themselves and their heirs, successors, assigns, and grantees, and all persons and entities having or acquiring any interest in any portion of the Property, hereby declare, acknowledge, covenant and agree that the Property shall not be legally divided, subdivided or re-divided during the term of this Declaration. During the term of this Declaration, the Property shall be held, sold, and conveyed subject to the terms, provisions, limitations, restrictions, and conditions of this Declaration.

2. Exception to Covenant. Notwithstanding the foregoing, in the event that the Property, which is currently a separate legal parcel, is ever combined with any other legally separate parcel of real property (through boundary line adjustment or otherwise), Declarants are permitted thereafter to take any and all actions which re-create or re-establish the Property (as legally described in Exhibit A) as a separate legal parcel, whether through a short plat, boundary line adjustment, or any other lawful procedure.

3. Binding Effect. Subject to the terms of Section 3 below, this Declaration and all of its terms, provisions, limitations, restrictions and conditions shall run with the land, shall benefit the Benefitted Parcels (as defined below), and shall bind the owners of the Property, and their respective heirs, successors, and assigns

4. Termination of This Declaration. Notwithstanding any terms herein to the contrary, at such time as that certain road designated as "Road P" in that certain Amended Declaration of Road Easement, recorded under Kitsap Auditor's File No. 3249173 ("Road P") should be dedicated as a public road (if ever), or at such time as more than four (4) legally separate single-family residential lots (other than the Property) may be lawfully accessed via Road P, pursuant to any form of private easement or right-of-way (if ever), then this Declaration shall automatically expire, terminate and become void and without effect, without the need for further notice, agreement, consents, or recording of any documents.

5. Benefitted Parcels. For purposes of this Declaration, the "Benefitted Parcels" are those parcels legally described on Exhibit B attached hereto, and as shown on the map attached as Exhibit C hereto. Subject to Section 3 above, this Declaration and all of its terms, provisions, limitations, restrictions and conditions shall be for the sole benefit of, and shall be solely enforceable by, the owner or owners of one or more of the Benefitted Parcels, and their respective heirs, successors, and assigns. In no event shall this Declaration create or grant any rights in or for any member of the public, or any person, entity or real property other than the Benefitted Parcels and the owners thereof.

6. General Terms. This Declaration shall not be modified or amended except by a written agreement, executed and acknowledged by Grantor and all owners of the Benefitted Parcels, and recorded in Kitsap County, Washington. This Declaration contains the entire agreement between the parties relative to the subject matter hereof, and all prior agreements or recorded instruments inconsistent with this Declaration shall be deemed amended to the extent of such inconsistency. In the event of any dispute hereunder, the prevailing party in any proceedings shall be reimbursed by the non-prevailing party for all costs, expenses and attorneys' fees.

IN WITNESS WHEREOF, the Grantor has executed this Declaration, this 5th day of December, 2001.

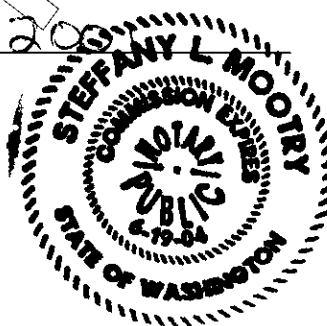
Nancy W. Smith
NANCY W. SMITH

Daniel G. Smith
DANIEL G. SMITH

STATE OF Washington)
COUNTY OF Kitsap) ss.

I certify that I know or have satisfactory evidence that Nancy W. Smith is the person who appeared before me, and said person acknowledged that he/she signed this instrument and acknowledged it as his/her free and voluntary act, for the uses and purposes mentioned in the instrument.

DATED: Dec. 5, 2001

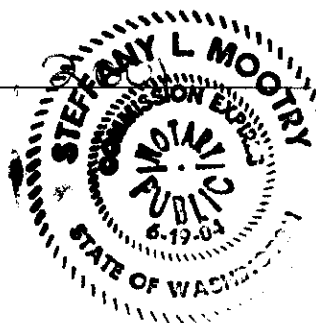


Name: Stefany L. Mooney
NOTARY PUBLIC for the State of Washington,
residing at Bremerton, WA
My appointment expires: 12-19-01

STATE OF Washington)
) ss.
COUNTY OF Kitsap)

I certify that I know or have satisfactory evidence that Daniel Cr. Smith is the person who appeared before me, and said person acknowledged that he/~~she~~ signed this instrument and acknowledged it as his/~~her~~ free and voluntary act, for the uses and purposes mentioned in the instrument.

DATED: Dec. 5



Name: Stefany L. Mootry
NOTARY PUBLIC for the State of Washington
residing at Everett, WA
My appointment expires: 6-19-04



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EXHIBIT A

Legal Description of Lot L

That portion of the Southeast quarter of the Southeast quarter of Section 3, Township 24 North, Range 2 East, W.M., City of Bainbridge Island, Kitsap County, Washington, described as follows;

Beginning at the South quarter corner of said Section 3;
Thence along the South line of said Section 3, South 89°05'04" East 1338.87 feet to the True Point of Beginning;
Thence continuing, South 89°05'04" East 634.16 feet;
Thence North 14°32'30" East 201.82 feet;
Thence North 27°22'26" East 122.00 feet;
Thence North 73°29'14" West 738.55 feet;
Thence Southerly on a 1000.00 foot radius curve to the left, the center of which bears South 77°48'07" East through a central angle of 10°18'29", an arc distance of 179.91 feet;
Thence South 01°53'24" West 325.34 feet to the South line of said Section 3 and the True Point of Beginning.

Subject to and Together with easements, restrictions and reservations of record.



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EXHIBIT B

Resultant Parcel J

That portion of the Southeast quarter of Section 3, Township 24 North, Range 2 East, W.M., City of Bainbridge Island, Kitsap County, Washington, described as follows:

Beginning at the South quarter corner of said Section 3;
Thence along the North-South centerline of said Section 3, North 00°49'27" East 36.72 feet to the True Point of Beginning;
Thence continuing North 00°49'27" East 613.27 feet;
Thence South 89°05'04" East 1401.13 feet;
Thence South 15°37'47" West 90.68 feet;
Thence on a 1000.00 foot radius curve to the left, through a central angle of 13°44'23", an arc distance of 239.80 feet;
Thence South 01°53'24" West 325.34 feet to the South line of said Section 3;
Thence along said South line, North 89°05'04" West 1324.31 feet;
Thence North 04°38'34" West 5.21 feet;
Thence North 23°11'34" West 34.55 feet to the True Point of Beginning.

Subject to and Together with easements, restrictions and reservations of record.

Resultant Parcel K

That portion of the Southeast quarter of the Southeast quarter of Section 3, Township 24 North, Range 2 East, W.M., City of Bainbridge Island, Kitsap County, Washington, described as follows;

Beginning at the South quarter corner of said Section 3;
Thence along the South line of said Section 3, South 89°05'04" E 1973.04 feet;
Thence North 14°32'30" East 201.82 feet;
Thence North 27°22'26" East 122.00 feet to the True Point of Beginning;
Thence continuing North 27°22'26" East 329.10 feet;
Thence North 05°33'56" East 207.65 feet;
Thence North 88°00'19" West 818.02 feet;
Thence Southerly on a 300.00 foot radius curve to the right, the center of which bears South 82°32'53" West through a central angle of 23°04'54", an arc distance of 120.86 feet;
thence South 15°37'47" West 144.97 feet;
Thence on a 1000.00 foot radius curve to the left, through a central angle of 03°25'54", an arc distance of 59.89 feet;
thence South 73°29'14" East 738.55 feet to the True Point of Beginning

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Resultant Parcel M

That portion of the Northeast quarter of the Northeast quarter of Section 10, Township 24 North, Range 2 East, W.M., City of Bainbridge Island, Kitsap County, Washington, described as follows:

Beginning at the North quarter corner of said Section 10;
Thence along the North line of said Section 10, South 89°05'04" East 1318.87 feet to the Northwest corner of said Northeast quarter of the Northeast quarter of Section 10, also being the Northeast corner of Block 11 of the plat of Pleasant Beach Tracts as recorded in Volume 4, Page 20 of plats, records of Kitsap County and the True Point of Beginning;
Thence along the East line of said Block 11 and Block 12 of said plat, South 01°53'24" West 425.40 feet;
Thence leaving said East line, South 88°06'36" East 200.00 feet;
Thence South 12°30'55" East 456.39 feet;
Thence South 02°15'26" West 450.00 feet to the South line of the Northeast quarter of the Northeast quarter of said Section 10;
Thence along said South line, South 89°33'25" East 308.91 feet;
Thence North 01°38'14" West 460.30 feet;
Thence South 89°33'25" East 50.03 feet;
Thence North 01°38'14" West 630.84 feet;
Thence North 14°32'30" East 236.15 feet to the North line of said Section 10;
Thence along said North line, North 89°05'04" West 654.17 feet to the True Point of Beginning.

Subject to and Together with easements, restrictions and reservations of record



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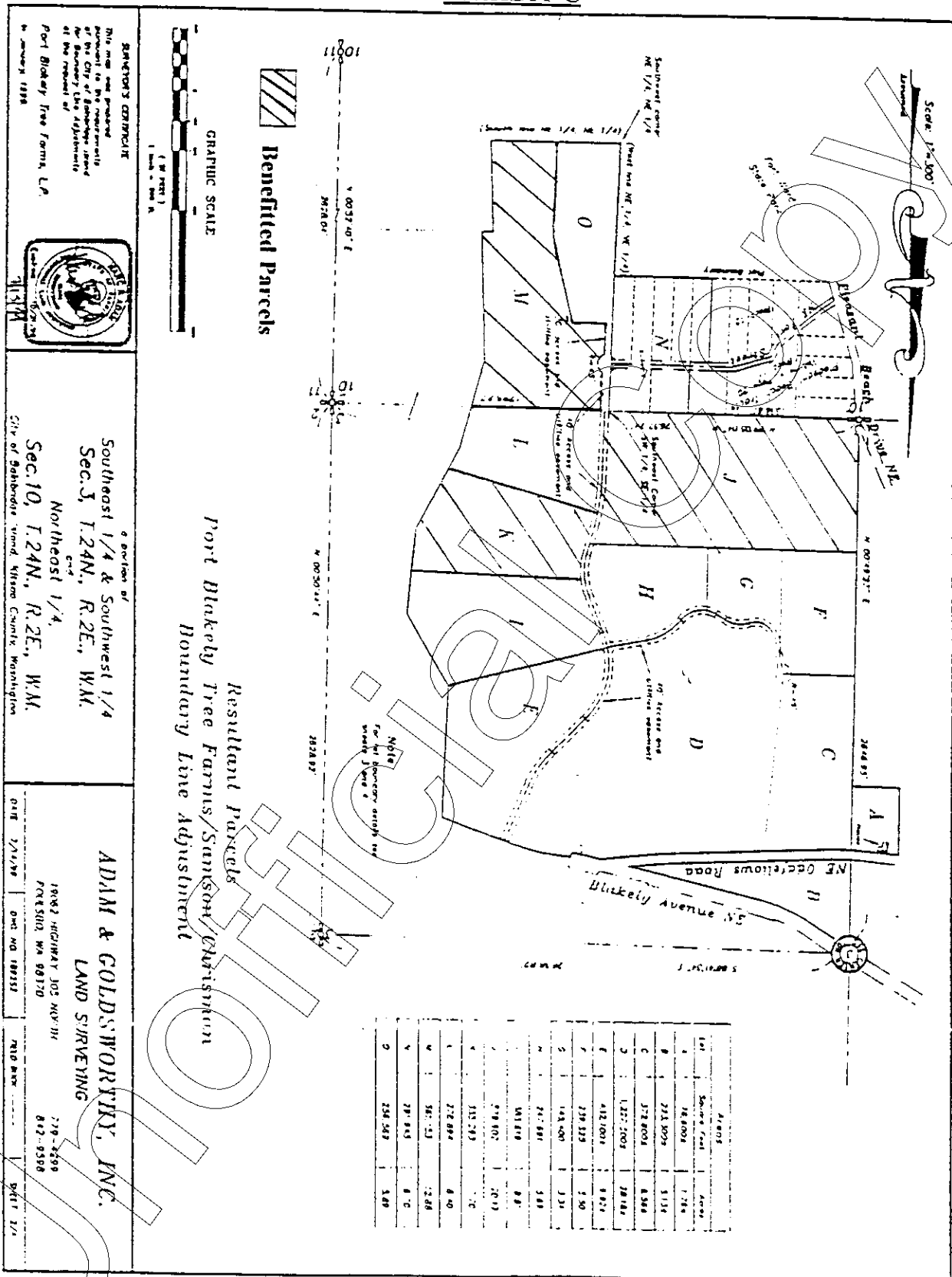
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EXHIBIT C



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