

AFTER RECORDING MAIL TO:
SDS CO LLC
PO BOX 266
BINGEN, WA 98605

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Date: 2/25/2008 02:26P
Filed by: SDS CO LLC
Filed & Recorded in Official Records
of SKAMANIA COUNTY
SKAMANIA COUNTY AUDITOR
J MICHAEL GARVISON
Fee: \$49.00

SETTLEMENT AGREEMENT

This SETTLEMENT AGREEMENT is executed by and between FRIENDS OF THE COLUMBIA GORGE, INC. ("Friends") and S.D.S. CO., LLC ("SDS").

A. RECITALS

1. SDS owns the property located in Section 22, Township 3 North, Range 10 East of the Willamette Meridian, Skamania County, Washington, and identified as Skamania County Assessor's Tax Lot No. 03-10-22-0-0-0901-00 ("the property"). The property is approximately 69.91 acres and is located in the General Management Area of the Columbia River Gorge National Scenic Area.
** Complete legal description located on page 8.
2. On March 3, 2005, SDS submitted application No. NSA-05-13 to the Skamania County Planning Director ("Planning Director") for a land division of the property into three new lots of 20.73 acres, 20.53 acres, and 28.65 acres. SDS amended the application on May 16, 2005.
3. On June 16, 2006, the Planning Director approved the application with conditions of approval ("Planning Director's Decision").
4. On July 3, 2006, SDS filed a timely appeal of the Planning Director's Decision.
5. On November 21, 2006, SDS requested a Letter Amendment to the Planning Director's Decision.
6. On November 27, 2006, the Planning Director issued Letter Amendment No. NSA-05-13-L1 to the Planning Director's Decision.
7. On December 18, 2006, Friends filed a timely appeal of Letter Amendment No. NSA-05-13-L1.
8. The parties desire to settle Friends' appeal.

B. AGREEMENT

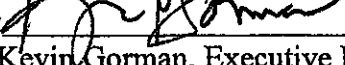
NOW, THEREFORE, in consideration of the mutual promises contained herein, it is hereby agreed as follows:

1. SDS and Friends shall notify the Planning Director that a settlement has been reached in this matter.


2. SDS shall file an application with the Planning Director for a Second Letter Amendment to the Planning Director's Decision. The application shall request the changes identified in the attached "Second Letter Amendment Request to National Scenic Area Land Use Application & Administrative Decision" and the attached "Exhibit B." The application shall also include a copy of this Settlement Agreement.
3. Upon completion of the requirements outlined in sections B.1 and B.2 of this Settlement Agreement, and upon issuance and the finality of an amended Planning Director's Decision, including the exhaustion of all appeal periods, which incorporates the changes and information described in this Settlement Agreement and its Attachments, the parties shall take the following actions:
 - a. Friends shall withdraw its appeal of Letter Amendment No. NSA-05-13-L1; and
 - b. SDS shall record this Settlement Agreement, the Amended Planning Director's Decision, and Exhibit B in the deed records for the property in the office of the Skamania County Auditor.
4. SDS and its successors in interest shall not file requests for any additional amendments to the Planning Director's Decision without first obtaining the consent of Friends.
5. It is understood and agreed to by all parties that all rights, benefits, and advantages, as well as any duties and obligations, that apply to the parties as a result of this Settlement Agreement are also fully applicable to and enforceable by any successors in interest.
6. In the event that legal action becomes necessary to enforce the terms of this Settlement Agreement, the prevailing party shall be entitled to reasonable attorneys fees at trial and on appeal.
7. This Settlement Agreement represents the entire integrated agreement between the parties hereto with respect to Skamania County File Nos. NSA-05-13, NSA-05-13-L1 and NSA-05-13-L2 and supersedes all prior negotiations, representations, or agreements. This Agreement may be amended only by written instrument signed by the parties and, where applicable, their successors in interest. The parties have voluntarily executed this Settlement Agreement based upon their independent investigations. The provisions of this Settlement Agreement shall be applied and interpreted in a manner consistent with each other so as to carry out the purposes and intent of the parties. All parties shall be deemed to have cooperated in the drafting and preparation of the Settlement Agreement. Hence, any construction to be made of the Settlement Agreement shall not be construed against any party.

8. The undersigned and each of them hereby declare that the terms of this Settlement Agreement have been completely read by each of them and are fully understood and voluntarily accepted by each of them for the purposes of making a full and final compromise and settlement.

FRIENDS OF THE COLUMBIA GORGE, INC.

By: 
Kevin Gorman, Executive Director
Dated: June 19, 2007

S.D.S. CO., LLC

By: 
Jason S. Spadaro, President
Dated: June 4, 2007

**SECOND LETTER AMENDMENT REQUEST TO
NATIONAL SCENIC AREA LAND USE APPLICATION & ADMINISTRATIVE
DECISION**

Skamania County File No. NSA-05-13

This Letter Amendment Request requests amendment of the application and Administrative Decision on Skamania County Land Use File NSA-05-13.

BACKGROUND

- On March 3, 2005 SDS Company, LLC submitted an application to divide approximately 70 acres zoned Small Woodland into 3 lots of 20.73 acres, 20.53 acres and 28.65 acres.
- The application was amended by SDS on May 16, 2005 and further processing of the application was delayed following Skamania County's request of SDS to deliver a land survey of the GMA Open Space boundary and a wildlife management plan.
- On February 24, 2006 SDS submitted the land survey and wildlife management plan along with clarification of its request for variances from setback requirements.
- On June 16, 2006, Skamania County issued a staff report and Administrative Decision NSA-05-13.
- On July 3, 2006 SDS notified Skamania County of its intent to appeal the Administrative Decision.
- On August 16, 2006, SDS and Skamania County conducted a site visit regarding the issues of appeal and on November 21, 2006, SDS submitted a Letter Amendment Request.
- On November 27, 2006, Skamania County issued Letter Amendment to Administrative Decision NSA-05-13-L1.
- On December 18, 2006, Friends of the Columbia Gorge notified Skamania County of its intent to appeal the Letter Amendment decision.

Second Letter Amendment Request

Based on SDS reconsideration of issues raised in the appeal by Friends of the Columbia Gorge, and in return for Friends of the Columbia Gorge withdrawal of its appeal, SDS hereby requests a Second Letter Amendment to Administrative Decision NSA-05-13 in order to modify Condition #3 and Exhibit B to further protect Scenic Area resources. The attached Exhibit B shall replace the Exhibit B dated November 21, 2006 and Condition #3 shall be amended to read:

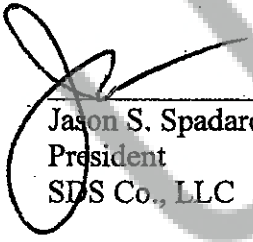
3) Exhibit B, dated May 10, 2007, is the approved lot configuration. Future residential buildings on the approved lots shall comply with the following setbacks:

- Lot 1, east property line starting from surveyed bluff line continuing north 500 feet : 100 feet
- Lot 3, west property line starting from the southern property line continuing north 500 feet : 100 feet
- Lots 1, 2 and 3: 75 feet from the surveyed bluff line
- All other property lines: 200 feet except interior property lines between lot 1 and lot 2 and between lot 2 and lot 3 shall have 15 feet setbacks

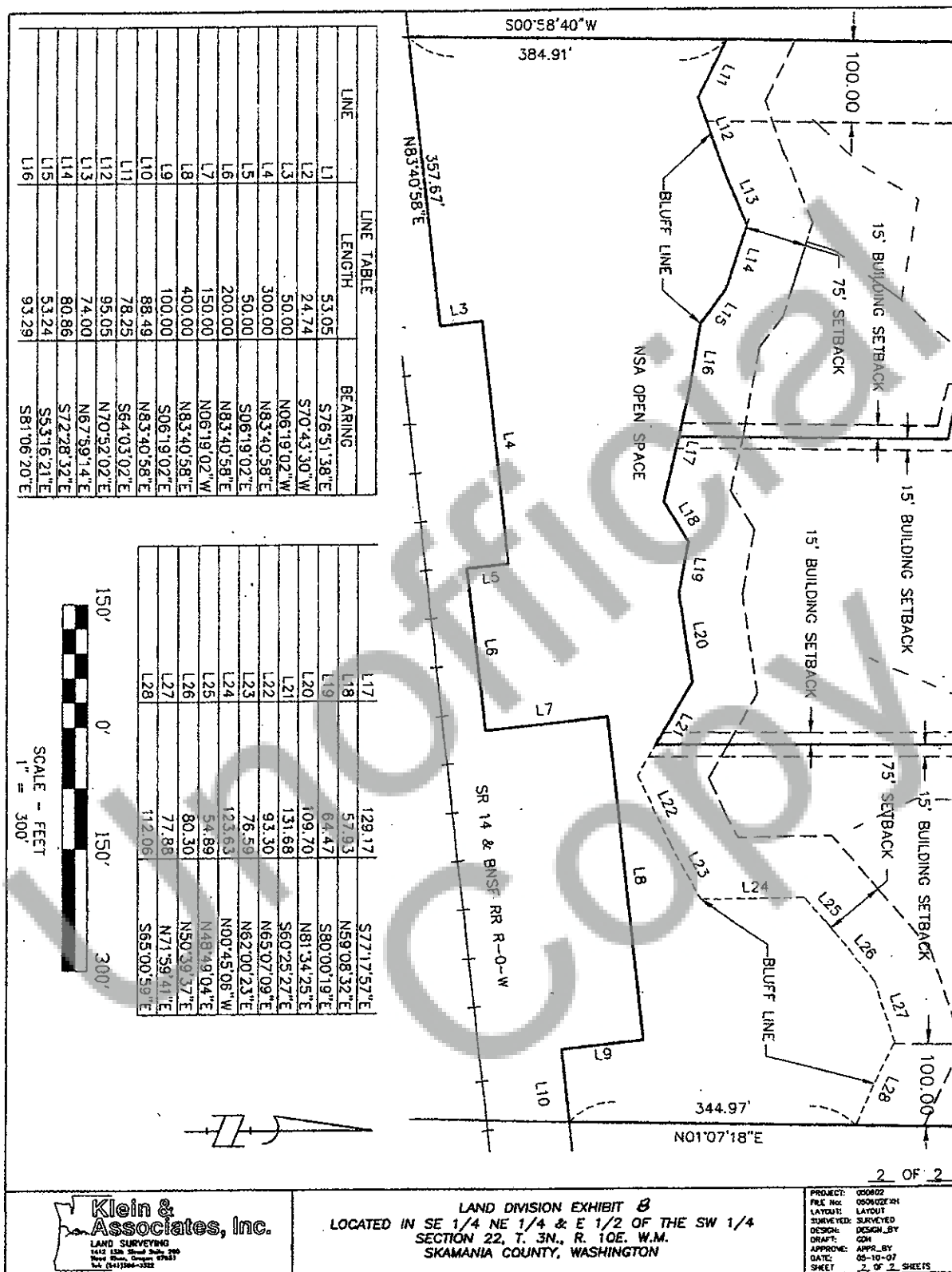
Future development on the approved lots shall be sited and designed to comply with the scenic standard of "not visually evident" (formerly "retention") as viewed from key viewing areas. The setback requirements from the surveyed bluff line shall not apply to outdoors structures such as decks, patios, fences, viewpoints, picnic shelters that comply with the scenic standard. Existing tree cover within the General Management Area Open Space zone shall be retained. Existing tree cover within 300' north of the surveyed bluff line shall be retained to the maximum extent practicable, except for the minimum removal necessary to accommodate the footprint of future residential development and utilities, for human safety and protection of buildings, and to meet approval criteria for fire protection. Tree cover in this area is generally identified and depicted in corresponding photos incorporated as a part of Exhibit B.

SDS, requests that Skamania County Planning Department adopt this Letter Amendment in order to allow completion of this large lot segregation.

Dated June 4, 2007.



Jason S. Spadaro
President
SDS Co., LLC



Legal Description of Tax Lot# 03-10-22-0-0-0901-00

The Southeast Quarter of the Northwest Quarter of Section 22, Township 3 North, Range 10 East of Willamette Meridian:
ALSO that portion of Lot 2 of said Section 22 lying Northerly of the right of way of the Spokane, Portland and Seattle Railway Company right of way, except from said Government Lot 2 that portion thereof conveyed to the State of Washington for State Highway No. 8 (now State Highway No. 14), by instrument dated February 26, 1934, recorded May 15, 1934, in Book "X" of Deeds at Page 516, under Auditor's File No. 19446, records of Skamania County, Washington.
Reserving unto the Seller, their heirs and assigns an easement for ingress, egress and utilities over, along access and under the West Sixty (60) feet of the SE1/4 NW1/4 of said Section 22 and the North Sixty (60) Feet of the West Sixty (60) Feet of Lot 2 of said Section 22, Township # North, Range 10 East of the Willamette Meridian.