



200006080075

Kathy Hill, Skagit County Auditor
6/8/2000 Page 1 of 7 11:59:13AM

Return Address:

LAND TITLE COMPANY OF SKAGIT COUNTY P-93497

Document Title(s) (or transactions contained therein):

1. Memorandum of Equipment Lease Agreement.
2. _____
4. _____

Reference Number(s) of Documents assigned or released:

on page of _____ of document

SKAGIT COUNTY WASHINGTON
Real Estate Excise Tax
PAID

Grantor(s) (Last name, First, Middle Initial)

1. Northwest Farm Credit Services
2. _____
3. _____
4. _____ Additional names on page _____ of document.

JUN 08 2000

Amount Paid \$ _____
Skagit County Treasurer
By: _____ Deputy

Grantee(s) (Last name, First, Middle Initial)

1. Smith and Morrison Farms LLC
2. _____
3. _____
4. _____ Additional names on page _____ of document.

Legal description: (Lot, block, plat name, section-township-range)

SW SW 5-33-4

_____ Additional legal is on page _____ of document.

Assessor's Property Tax Parcel Account Number(s):

330405-3-005-0001

After Recording Return to:

FCS-Mount Vernon
2120 Freeway Drive
P.O. Box 307
Mount Vernon, WA 98273

Smith and Morrison Farms, L.L.C.

CIF/Number: 42759-601

**MEMORANDUM OF EQUIPMENT LEASE AGREEMENT
MEMORANDUM OF GROUND LEASE
MEMORANDUM OF GROUND LEASEBACK**

A. MEMORANDUM OF EQUIPMENT LEASE AGREEMENT

This Memorandum of Equipment Lease Agreement is made effective as of June 9, 2000, by and between **NORTHWEST FARM CREDIT SERVICES, PCA**, a corporation organized and existing under the laws of the United States, having its principal place of business at 1700 South Assembly Street, Spokane, WA 99224-2121, P. O. Box 2515, Spokane, WA 99220-2515 ("Lessor") and **SMITH and MORRISON FARMS, L.L.C.**, having its principal place of business at 18839 Cederdale Road, Mount Vernon, WA 98273, ("Lessee"), who agree as follows:

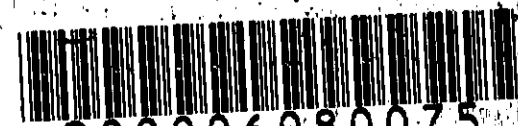
Lease Term and Premises. Lessor will lease to Lessee, and Lessee will lease from Lessor, pursuant to a Equipment Lease Agreement dated the date hereof (the "Lease"), the potato storage system (the "Equipment") to be constructed and situated on the real property located in Skagit County, Washington, described on Exhibit A hereto, for a term commencing the date hereof (the "Lease"), and ending on or about January 1, 2010, as more fully described in the Lease. The provisions of the Lease are incorporated herein.

B. MEMORANDUM OF GROUND LEASE

This Memorandum of Ground Lease is made as of June 9, 2000, by and between Smith and Morrison Farms, L.L.C. ("Ground Lessor") and **NORTHWEST FARM CREDIT SERVICES, ACA** ("Ground Lessee"), who agree as follows:

Lease Term and Premises. Ground Lessor has leased to Ground Lessee, and Ground Lessee has leased from Ground Lessor, pursuant to a Ground Lease, the real property located in Skagit County, Washington, described on Exhibit A and attached hereto and made a part hereof (the "Leased Premises"). The Ground Lease is for a term commencing on the date hereof and ending on or around January 1, 2017 as more fully described in the Ground Lease. At the expiration of or earlier expiration of the Ground Lease, title to the Equipment and any other improvements located on the Leased Premises shall revert to Ground Lessor. The provisions of the Lease are incorporated herein.

**MEMORANDUM: EQUIPMENT LEASE AGREEMENT,
GROUND LEASE, GROUND LEASEBACK - 1
CIF/NUMBER: 42759-601**



200006080075
Kathy Hill, Skagit County Auditor
6/8/2000 Page 2 of 7 11:59:13AM

C. MEMORANDUM OF GROUND LEASEBACK

This Memorandum of Lease is made as of June 9, 2000, by and between **NORTHWEST FARM CREDIT SERVICES, PCA** ("Lessor") and **Smith and Morrison Farms L.L.C.** ("Lessee"), who agree as follows:

Lease Term, and Premises. Ground Lessor has leased to Ground Lessee, and Ground Lessee has leased from Ground Lessor, pursuant to a Ground Leaseback dated as of the date hereof (the "Ground Leaseback"), the real property located in Skagit County, Washington, described in Exhibit A attached hereto, commencing on the date hereof and ending on the expiration or earlier termination of the Lease as more fully described in the Ground Leaseback. The provisions of the Ground Leaseback are incorporated herein.

D. BINDING PROVISIONS

All of the covenants under the Leases, both affirmative and negative, are intended to and shall bind the parties thereto, and their successors, and shall inure to the benefit of the parties to whom they apply, respectively, and their successors, subject to the prohibitions against assignment as described in the Lease, the Ground Lease and the Ground Leaseback.

E. PURPOSE OF MEMORANDUM

This Memorandum is prepared for the purpose of recordation to give notice of the Lease, the Ground Lease, and the Ground Leaseback described herein. It shall not constitute an amendment or modification of these documents.



EXECUTED as of the date first above written.

LESSOR:
NORTHWEST FARM CREDIT SERVICES, PCA

By: Scott Deerp
Authorized Agent

LESSEE:
SMITH AND MORRISON FARMS, L.L.C.

By: Richard H. Smith
Richard H. Smith, Manager

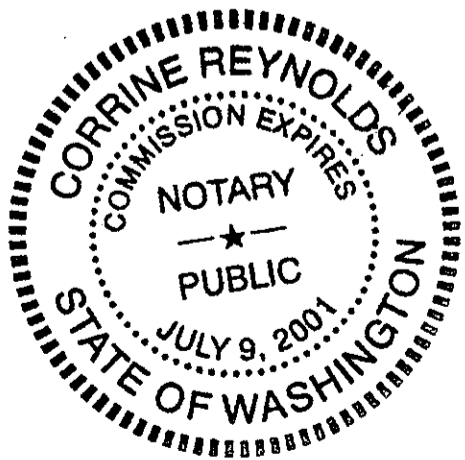
By: Darrin L. Morrison
Darrin L. Morrison, Manager

By: Bradley S. Smith
Bradley S. Smith, Manager

By: Keith E. Morrison
Keith E. Morrison, Manager

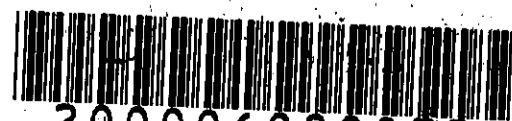
STATE OF Washington
) ss.
County of Skagit)

On this 7th day of June, 2000, before me personally appeared Scott De Graw known to me to be the authorized agent of Northwest Farm Credit Services, PCA, the corporation that executed the within instrument, and acknowledge to me that such corporation executed the same as its free act and deed; and on oath stated that he/she was authorized to execute said instrument.



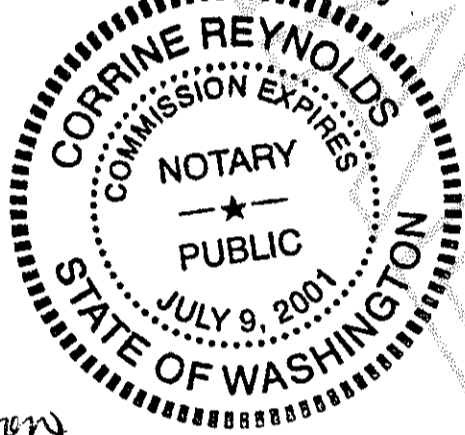
Corrine Reynolds
Notary Public for the State of Washington
Residing at La Conner
Expires 7-9-01

**MEMORANDUM: EQUIPMENT LEASE AGREEMENT,
GROUND LEASE, GROUND LEASEBACK - 3
CIF/NUMBER: 42759-601**



STATE OF Washington
) ss.
County of Skagit)

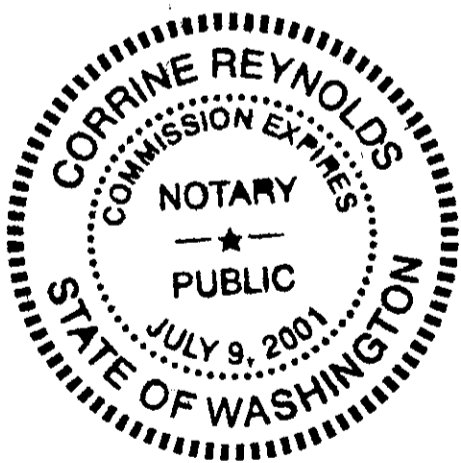
On this 7th day of June, 2000, before me personally appeared Richard H. Smith, to me known to be a manager in the limited liability company which executed the within instrument, and acknowledged that he executed the same as one of the managers and in the limited liability company name freely and voluntarily.



Corrine Reynolds
Notary Public for the State of Washington
Residing at La Conner
My commission expires 7-9-01

STATE OF Washington
) ss.
County of Skagit)

On this 7th day of June, 2000, before me personally appeared Darrin L. Morrison, to me known to be a manager in the limited liability company which executed the within instrument, and acknowledged that he executed the same as one of the managers and in the limited liability company name freely and voluntarily.



Corrine Reynolds
Notary Public for the State of Washington
Residing at La Conner
My commission expires 7-9-01

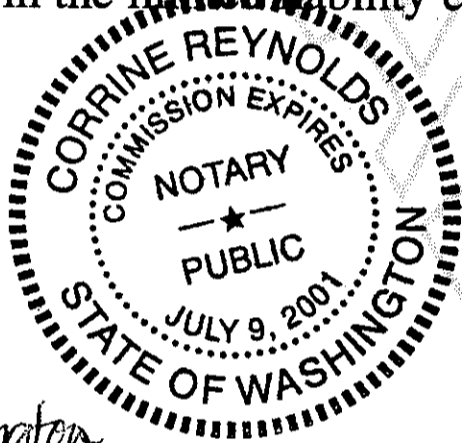
MEMORANDUM: EQUIPMENT LEASE AGREEMENT,
GROUND LEASE, GROUND LEASEBACK - 4
CIF/NUMBER: 42759-601



200006080075

STATE OF Washington
) ss.
County of Skagit)

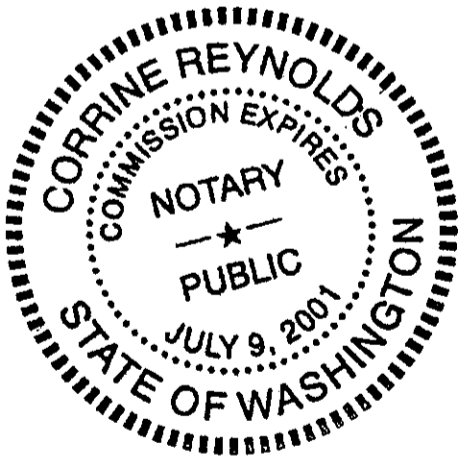
On this 7th day of June, 2000, before me personally appeared Bradley S. Smith, to me known to be a manager in the limited liability company which executed the within instrument, and acknowledged that he executed the same as one of the managers and in the limited liability company name freely and voluntarily.



Corrine Reynolds
Notary Public for the State of Washington
Residing at LaConner
My commission expires 7-9-01

STATE OF Washington
) ss.
County of Skagit)

On this 7th day of June, 2000 before me personally appeared Keith E. Morrison, to me known to be a manager in the limited liability company which executed the within instrument, and acknowledged that he executed the same as one of the managers and in the limited liability company name freely and voluntarily.



Corrine Reynolds
Notary Public for the State of Washington
Residing at LaConner
My commission expires 7-9-01

MEMORANDUM: EQUIPMENT LEASE AGREEMENT,
GROUND LEASE, GROUND LEASEBACK - 5
CIF/NUMBER: 42759-601



200006080075
Kathy Hill, Skagit County Auditor
6/8/2000 Page 6 of 7 11:59:13AM

EXHIBIT A

The Southwest 1/4 of the Southwest 1/4 of Section 5, Township 33 North, Range 4 East, W.M., EXCEPT that portion of said property described as follows:

Beginning at a point on the West line of said Section 5 which bears North 1°30'00" East 1,120.77 feet from the Southwest corner of said Section 5;
thence South 88°30'00" East a distance of 30 feet to the East right of way line of PSH No. 99, said point being the true point of beginning;
thence South 88°30'00" East a distance of 208.71 feet;
thence North 1°30'00" East parallel with the West line of said Section, a distance of 417.42 feet;
thence North 88°30'00" West a distance of 208.71 feet to the East right of way line of PSH No. 99;
thence South 1°30'00" West along said East right of way line 417.42 feet to the true point of beginning,

EXCEPT that portion conveyed to the State of Washington by deed recorded December 15, 1971, under Auditor's File No. 761886.

Situate in the County of Skagit, State of Washington.

Account No. 330405-3-005-0001.

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**MEMORANDUM: EQUIPMENT LEASE AGREEMENT,
GROUND LEASE, GROUND LEASEBACK - 6
CIF/NUMBER: 42759-601**



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