

RETURN TO:  
FARM SERVICE AGENCY  
6975 HANNEGAN RD  
LYNDEN, WA 98264



200104190123  
Skagit County Auditor

4/19/2001 Page 1 of 11 3:33:10PM

USDA-CCC ptn NW 15-35-5  
WSO-22 P39134; P39135; P39136; P 39137; P39138; P39148; P39149  
(12-11-00)

LAND TITLE COMPANY OF SKAGIT COUNTY  
S-96459-L

**REAL ESTATE MORTGAGE FOR WASHINGTON**

THIS MORTGAGE is made and entered into by

Perkins Variety Apples Inc.

residing in Skagit County, Washington, whose post office address is

8243 Sims Rd. Sedro Woolley, Washington, herein called "Borrower" and the United States of America, acting through Commodity Credit Corporation, United States Department of Agriculture, whose mailing address is 6975 Hannegan Rd. Lynden, WA 98264, Washington, herein called the "Government," and:

WHEREAS Borrower is indebted to the Government as evidenced by a promissory note and security agreement, herein called "note," which has been executed by Borrower, is payable to the order of the Government, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is described as follows:

<u>Date of Instrument</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Due Date of Final Installment</u>
4/19/01	\$9,600.00	4.875%	4-19-04

NOW, THEREFORE, in consideration of the loan and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described, and the performance of every covenant and agreement of Borrower contained herein or in any supplementary agreement, Borrower does hereby grant, bargain, sell, convey, mortgage, and assign unto the Government the following property situated in the State of Washington, County(ies) of Skagit :

## REAL ESTATE MORTGAGE FOR WASHINGTON

together with all rights (including the right to mining products, gravel, oil, gas, coal or other minerals), interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues and profits thereof and revenues and income therefrom, all improvements and personal property now or later attached thereto or reasonably necessary to the use thereof, including, but not limited to farm storage facilities and related drying and handling equipment, irrigation systems, including pumps, motors, electrical panels, pipe, sprinklers, and other accessories pertaining thereto; milk, milk handling, and milk storage systems, and other accessories pertaining thereto; manure handling systems; livestock feeding systems; all water, water rights, water certificates, water permits, water allotments, and water stock pertaining thereto no matter how evidenced, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance, or condemnation of any part thereof or interest therein--all of which are herein called the "the property":

TO HAVE AND TO HOLD the property unto the Government and its assigns forever in fee simple.

BORROWER for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns WARRANTS THE TITLE to the property to the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, and COVENANTS AND AGREES as follows:

- (1) To pay promptly when due any indebtedness to the Government hereby secured.
- (2) To pay to the Government such fees and other charges as may now or hereafter be required by regulations of the Commodity Credit Corporation.
- (3) If required by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges upon the mortgaged premises.
- (4) Whether or not the note is insured by the Government, the Government may at any time pay any other amounts including advances for payment of prior and/or junior liens, required herein to be paid by Borrower and not paid by Borrower when due, as well as any costs and expenses for the preservation, protection, or enforcement of this lien, as advances for the account of Borrower. All such advances shall bear interest as provided by the note.
- (5) All advances by the Government, including advances for payment of prior and/or junior liens, in addition to any advances required by the terms of the note, as described by this instrument, with interest, shall be immediately due and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured hereby. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Any payment made by Borrower may be applied on the note or any indebtedness to the Government secured hereby, in any order the Government determines.
- (6) To use the loan evidenced by the note solely for the purposes authorized by the Government.
- (7) To pay when due all taxes, liens, judgments, encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights, and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.
- (8) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.
- (9) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as the Government from time to time may prescribe; and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or, without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.
- (10) To comply with all laws, ordinances, and regulations affecting the property.
- (11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default) including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments, attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property.



200104190123  
, Skagit County Auditor

## REAL ESTATE MORTGAGE FOR WASHINGTON

(12) Except as otherwise provided in Commodity Credit Corporation regulations, neither the property nor any portion thereof or interest therein shall be leased, assigned, sold, transferred, or encumbered voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as mortgagee hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction and no insured holder shall have any right, title or interest in or to the lien or any benefits hereof.

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

(14) The Government may (a) adjust the interest rate, payment, terms or balance due on the loan, (b) increase the mortgage by an amount equal to deferred interest on the outstanding principal balance, (c) extend or defer the maturity of, and renew and reschedule the payments on, the debt evidenced by the note or any indebtedness to the Government secured by this instrument, (d) release any party who is liable under the note or for the debt from liability to the Government, (e) release portions of the property and subordinate its lien, and (f) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument unless the Government says otherwise in writing. HOWEVER, any forbearance by the Government--whether once or often--in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

(15) SHOULD DEFAULT occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should the parties named as Borrower die or be declared incompetent, or should any one of the parties named as Borrower be discharged in bankruptcy or declared an insolvent or make an assignment for the benefit of creditors, the Government at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, (d) foreclose this instrument as provided herein or by law, and (e) enforce any and all other rights and remedies provided herein or by present or future laws.

(16) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) any prior liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all indebtedness to the Government secured hereby, (d) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness of Borrower owing to or insured by the Government, and (f) any balance to Borrower. At foreclosure or other sale of all or any part of the property, the Government and its agents may bid and purchase as a stranger and may pay the Government's share of the purchase price by crediting such amount on any debts of Borrower owing to or insured by the Government, in the order prescribed above.

(17) Borrower agrees that the Government will not be bound by any present or future State laws, (a) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action may be brought, (b) prescribing any other statute of limitations, or (c) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State laws.

(18) This instrument shall be subject to the present regulations of the Commodity Credit Corporation, and to its future regulations not inconsistent with the express provisions hereof.

(19) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, and addressed, unless and until some other address is designated in a notice so given, in the case of the Government to Farm Service Agency at the mailing address shown above, and in the case of Borrower at the address shown in the Farm Service Agency Office records (which normally will be the same as the post office address shown above).

(20) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.



Page 3 of 5  
200104190123  
Skagit County Auditor  
4/19/2001 Page 3 of 11 3:33:10PM

REAL ESTATE MORTGAGE FOR WASHINGTON

EXECUTED this 19th day of April 2001, 2000.

(If Partnership or Corporation)

(If Individual(s))

Perkins Variety Apples Inc.

(Name of Borrower)

By: Thomas F. Perkins - President

By: Sue H. Perkins - Secretary

By: Thomas F. Perkins - Individually

Attest: Sue H. Perkins - Individually [Corporate Seal]

James W. Perkins - Individually

Lisa Perkins - Individually

Thomas F. Perkins - Trustee of Thomas F. Perkins and Sue H. Perkins Revokable Living Trust

Sue H. Perkins - Trustee of Thomas F. Perkins and Sue H. Perkins Revokable Living Trust

CERTIFICATE OF ACKNOWLEDGMENT FOR INDIVIDUALS

STATE OF WASHINGTON )
) ss:
County of )

On this day of in the year of before me personally appeared known or identified to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that executed the same.

[Notary Seal]

Notary Public of and for the State of Washington
Residing at
My Commission expires:

CERTIFICATE OF ACKNOWLEDGMENT FOR PARTNERSHIP

STATE OF WASHINGTON )
) ss:
County of )

On this day of in the year of before me personally appeared known or identified to me to be one of the partnership in the partnership of and a partner or one of the partners who subscribed said partnership name to the foregoing instrument, and acknowledged to me that he executed the same in said partnership name.

[Notary Seal]

Notary Public of and for the State of Washington
Residing at
My Comm



200104190123
Skagit County Auditor

REAL ESTATE MORTGAGE FOR WASHINGTON

Residing at \_\_\_\_\_  
My Commission expires:

CERTIFICATE OF ACKNOWLEDGMENT FOR A CORPORATION

STATE OF WASHINGTON )  
County of \_\_\_\_\_ ) ss:  
\_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, in the year of \_\_\_\_\_, before me personally appeared \_\_\_\_\_ known or identified to me to be president, or vice-president, or secretary or assistant secretary, of the corporation that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

[Notary Seal]

\_\_\_\_\_  
*Notary Public of and for the State of Washington*  
Residing at \_\_\_\_\_

My Commission expires:

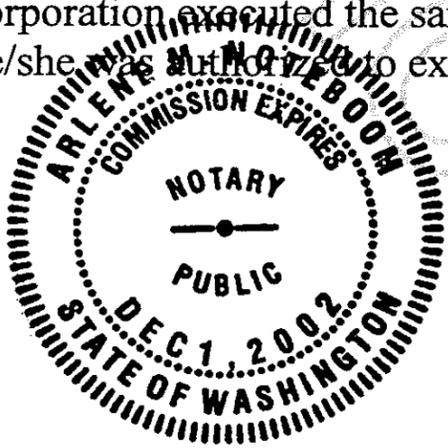
\* See attached pages for acknowledgements.



200104190123  
Skagit County Auditor

State Of Washington )  
 )ss.  
County of Whatcom

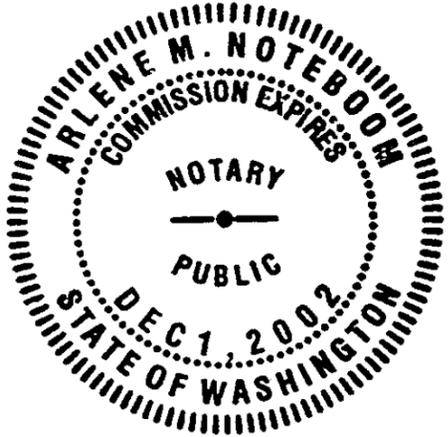
On this 19<sup>th</sup> day of April, 2001, before me personally appeared Thomas F. Perkins and Sue H. Perkins, known to me to be the President and Secretary, respectively, of the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same as its free act and deed; and each on oath stated that he/she was authorized to execute said instrument.



Arlene M. Noteboom  
Notary Public for State of Washington  
Residing at Lynden.  
My commission expires 12/01/02

State Of Washington )  
 )ss.  
County of Whatcom

On this 19<sup>th</sup> day of April, 2001, before me personally appeared Thomas F. Perkins to me known to be the person described in and who executed the same as its free act and deed; and each on oath stated that he/she was authorized to execute said instrument.



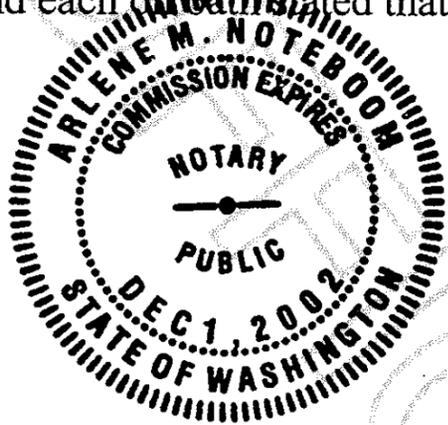
Arlene M. Noteboom  
Notary Public for State of Washington  
Residing at Lynden.  
My commission expires 12/01/02



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State Of Washington )  
 )ss.  
County of Whatcom

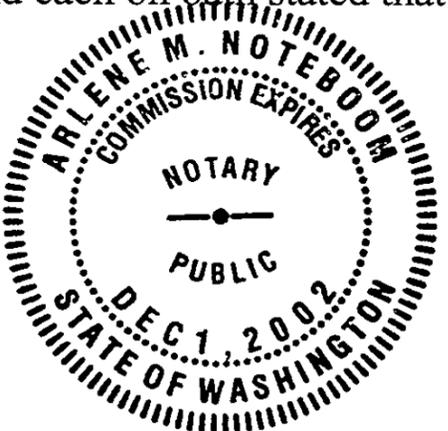
On this 19<sup>th</sup> day of April, 2001, before me personally appeared Sue H Perkins to me known to be the person described in and who executed the same as its free act and deed; and each on oath stated that he/she was authorized to execute said instrument.



Arlene M. Noteboom  
Notary Public for State of Washington  
Residing at Lynden.  
My commission expires 12/1/02

State Of Washington )  
 )ss.  
County of Whatcom

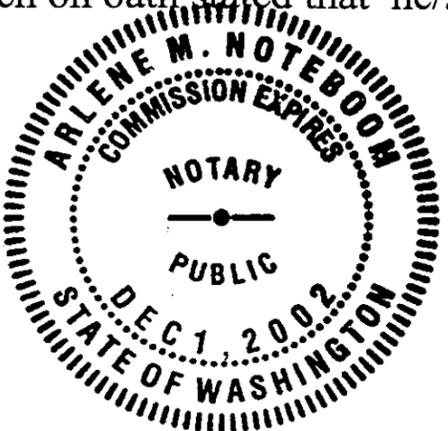
On this 19<sup>th</sup> day of April, 2001, before me personally appeared James W. Perkins to me known to be the person described in and who executed the same as its free act and deed; and each on oath stated that he/she was authorized to execute said instrument.



Arlene M. Noteboom  
Notary Public for State of Washington  
Residing at Lynden.  
My commission expires 12/1/02

State Of Washington )  
 )ss.  
County of Whatcom

On this 19<sup>th</sup> day of April, 2001, before me personally appeared Lisa Perkins to me known to be the person described in and who executed the same as its free act and deed; and each on oath stated that he/she was authorized to execute said instrument.



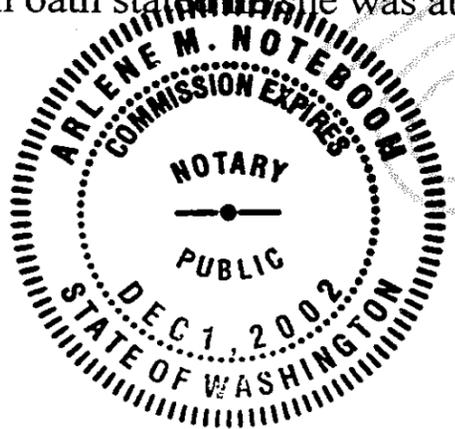
Arlene M. Noteboom  
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My commission expires:



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State Of Washington )  
 )ss.  
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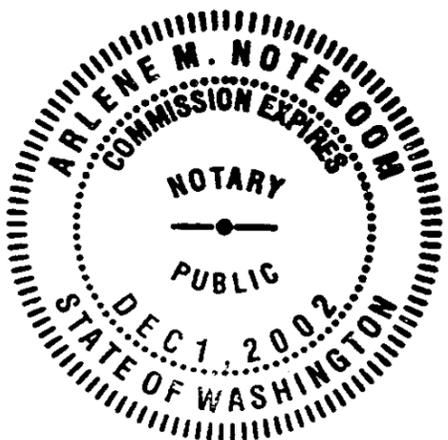
On this 19<sup>th</sup> day of April, 2001, before me personally appeared Thomas F. Perkins to me known to be the individual who executed the foregoing instrument as Trustee of the Trust under Trust Agreement dated 7/10/95 for the uses and purposes therein mentioned, and on oath stated he/she was authorized to execute this instrument.



Arlene M. Noteboom  
Notary Public for State of Washington  
Residing at Lynden.  
My commission expires 12/1/02

State Of Washington )  
 )ss.  
County of Whatcom

On this 19<sup>th</sup> day of April, 2001, before me personally appeared Sue H. Perkins to me known to be the individual who executed the foregoing instrument as Trustee of the Trust under Trust Agreement dated 7/10/95 for the uses and purposes therein mentioned, and on oath stated he/she was authorized to execute this instrument.



Arlene M. Noteboom  
Notary Public for State of Washington  
Residing at Lynden.  
My commission expires 12/1/02



200104190123

, Skagit County Auditor

DESCRIPTION:

PARCEL "A":

That portion of the East ½ of the East ½ of the Northwest ¼ of Section 15, Township 35 North, Range 5 East, W.M., lying Northerly of State Highway No. 17-A, as said highway existed on November 1, 1966, EXCEPT Puget Sound and Baker River Railroad right of way, AND EXCEPT the following tracts:

1. Beginning at the intersection of the North line of said State Highway No. 17-A, and the North and South centerline of said Section;

thence North along said centerline 620 feet;

thence West 20 feet;

thence South 30° West 216 feet;

thence South 52° West 330 feet;

thence South 8° West to North line of said highway;

thence Easterly along the North line of said highway to point of beginning.

2. Beginning at a point on the North and South centerline of said section, 620 feet North of the North line of said State Highway No. 17-A;

thence West 20 feet;

thence South 30° West to a point 490 feet North of the North line of said highway, and the true point of beginning of this description;

thence West parallel to the North line of said highway right of way 490 feet;

thence South parallel to the North and South centerline of said section 490 feet, more or less, to the North line of said highway right of way;

thence Easterly along said highway right of way to the Southwest corner of a tract conveyed to Norman Eugene Mitchell and Linda E. Mitchell, husband and wife, by deed dated April 15, 1960, recorded April 19, 1960, under Auditor's File No. 593387;

thence Northerly and Easterly along the West line of said Mitchell tract to the true point of beginning.

Situate in the County of Skagit, State of Washington.

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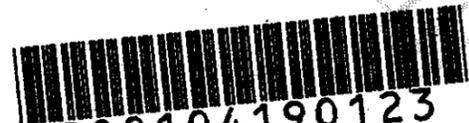
, Skagit County Auditor

DESCRIPTION CONTINUED:

PARCEL "C" continued:

thence South  $86^{\circ}15'$  West along the North line of said Hardin Tract a distance of 490.0 feet to the Northwest corner of said Hardin Tract;  
thence South along the West boundary of said Hardin Tract a distance of 13.6 feet to the true point of beginning;  
thence North  $83^{\circ}19'37''$  West a distance of 85.0 feet;  
thence South  $0^{\circ}41'52''$  West a distance of 442.4 feet to a point 50 feet (at right angles to the centerline of said State Highway) North of the North boundary of said State Highway No. 17-A;  
thence North  $86^{\circ}15'$  East a distance of 90.1 feet to the West line of said Hardin Tract;  
thence North along the West boundary of said Hardin Tract a distance of 427.3 feet to the true point of beginning.

Situate in the County of Skagit, State of Washington.



200104190123

Skagit County Auditor

DESCRIPTION CONTINUED:

PARCEL "B":

That portion of the West ½ of the East ½ of the Northwest ¼ of Section 15, Township 35 North, Range 5 East, W.M., lying North of the County road, AND EXCEPT railway rights of way, AND EXCEPT the West 20 feet thereof for road purposes.

Situate in the County of Skagit, State of Washington.

PARCEL "C":

That portion of the Northwest ¼ of Section 15, Township 35 North, Range 5 East, W.M., described as follows:

Beginning at a point on the North and South centerline of said section, 620 feet North of the North line of State Highway No. 17-A;

thence West 20 feet;

thence South 30° West to a point 490 feet North of the North line of said highway, said point being the Northeast corner of that certain tract of land deeded to Carol Hardin by Quit Claim Deed recorded under Auditor's File No. 777684, records of Skagit County, Washington, being also the true point of beginning;

thence South 86°15' West along the North line of said Hardin Tract a distance of 490 feet to the Northwest corner of said Hardin Tract;

thence South along the West boundary of said Hardin Tract, a distance of 13.6 feet;

thence South 83°49'37" East a distance of 412.5 feet to the East line of said Hardin Tract;

thence North 52° East a distance of 62.2 feet;

thence North 30° East a distance of 59.7 feet to the true point of beginning,

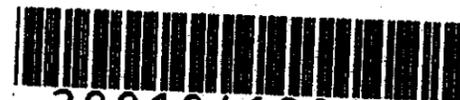
EXCEPT from Parcels "B" and "C" above described, the following:

Beginning at a point on the North and South centerline of said section, 620 feet North of the North line of State Highway No. 17-A;

thence West 20 feet;

thence South 30° West to a point 490 feet North of the North line of said State Highway, said point being the Northeast corner of that certain tract of land deeded to Carol Hardin by Quit Claim Deed recorded under Auditor's File No. 777684, records of Skagit County, Washington;

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200104190123

, Skagit County Auditor

4/19/2001 Page 10 of 11 3:33:10PM