



200107230126

Skagit County Auditor

7/23/2001 Page 1 of 25 2:29:16PM

Document Title: UCC Financing Statement

Reference Number: None

Grantor: Etera Corporation

Grantee: Olympic Venture Partners V, L.P.

Abbrieviated Legal Description: **ADDITIONAL AND FULL LEGAL DESCRIPTIONS ON PAGES 12-17 AND PAGE 19.**

A portion of Section 13, Township 34 North, Range 3 East, W.M., and the West 1/2 of Section 18, Township 34 North, Range 4 East, W.M., Skagit County, Washington, described as follows:

Assessor Parcel/Tax ID Number(s):

230806-31003

230806-23001

P21741	340313-1-059-0002
P21767	340313-0-079-0107
P26046	340418-2-004-0100
P96270	340313-0-058-0102
P21743	340313-1-061-0008

SEE ADDITIONAL PAREL NUMBERS ON PAGE 10 OF SECURITY AGREEMENT

I, Aimee S. Willig, am hereby requesting an emergency non-standard recording for an additional fee provided in RCW 36.18.010. I understand that the recording processing requirements may cover up or otherwise obscure some part of the text of the original document. Recording Fee is \$8.00 for the first page, \$1.00 per page thereafter per document. In addition to the standard fee, an emergency recording fee of \$50.00 is assessed. This statement is to become part of the recorded document.

Aimee S. Willig
Aimee S. Willig

Dated: July 19, 2001

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. SEND ACKNOWLEDGMENT TO. (Name and Address)

ARMAND J. KORNFELD
 BUSH STROUT & KORNFELD
 601 UNION STREET, SUITE 5500
 SEATTLE, WA 98101-2373

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME
 ETERA CORPORATION

OR

1b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
 14113 RIVERBEND ROAD MOUNT VERNON WA 98273 USA

1d. TAX ID #: SSN OR EIN ADD'L INFO RE ORGANIZATION DEBTOR 1e. TYPE OF ORGANIZATION 1f. JURISDICTION OF ORGANIZATION 1g. ORGANIZATIONAL ID #, if any
 91-1989820 CORPORATION WASHINGTON NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

2d. TAX ID #: SSN OR EIN ADD'L INFO RE ORGANIZATION DEBTOR 2e. TYPE OF ORGANIZATION 2f. JURISDICTION OF ORGANIZATION 2g. ORGANIZATIONAL ID #, if any
 Corporation NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME
 Olympic Venture Partners including Olympic Venture Partners IV, L.P., OVP Entrepreneurs, L.P. and Olympic Venture Partners V, L.P.

OR

3b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
 2420 CARILLON POINT KIRKLAND WA 98033 USA

4. This FINANCING STATEMENT covers the following collateral:
 INVENTORY, ACCOUNTS RECEIVABLES, CROPS AND PROCEEDS THEREFROM
 SEE EXHIBIT A ATTACHED HERETO FOR ADDITIONAL COLLATERAL DESCRIPTION



200107230126
 Skagit County Auditor

7/23/2001 Page 2 of 25 2:29:16PM

5. ALTERNATIVE DESIGNATION (if applicable): LESSEE/LESSOR CONSIGNEE/CONSIGNOR BAILEE/BAILOR SELLER/BUYER AG. LIEN NON-UCC FILING

6. This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable) 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (ADDITIONAL FEE) (optional) All Debtors Debtor 1 Debtor 2

8. OPTIONAL FILER REFERENCE DATA

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT

9a. ORGANIZATION'S NAME ETERA CORPORATION		
OR	9b. INDIVIDUAL'S LAST NAME	FIRST NAME
		MIDDLE NAME, SUFFIX

10. MISCELLANEOUS:

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (11a or 11b) - do not abbreviate or combine names

11a. ORGANIZATION'S NAME					
OR	11b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
11c. MAILING ADDRESS			CITY	STATE	POSTAL CODE
					COUNTRY
11d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION	11g. ORGANIZATIONAL ID #, if any	
		Corporation			

12.	<input type="checkbox"/> ADDITIONAL SECURED PARTY'S or <input type="checkbox"/> ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)				
	12a. ORGANIZATION'S NAME				
OR	12b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
	GIGOT		GARY		
12c. MAILING ADDRESS			CITY	STATE	POSTAL CODE
2420 CARILLON POINT			KIRKLAND	WA	98033
					COUNTRY
					USA

13. This FINANCING STATEMENT covers timber to be cut or as-extracted collateral, or is filed as a fixture filing.

14. Description of real estate:

16. Additional collateral description:

SEE EXHIBIT A ATTACHED HERETO FOR DESCRIPTION OF REAL ESTATE WHERE CROP IS LOCATED.



200107230126
 Skagit County Auditor
 7/23/2001 Page 3 of 25 2:29:16PM

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

17. Check only if applicable and check only one box.
 Debtor is a Trust or Trustee acting with respect to property held in trust or Decedent's Estate

18. Check only if applicable and check only one box.
 Debtor is a TRANSMITTING UTILITY
 Filed in connection with a Manufactured-Home Transaction — effective 30 years
 Filed in connection with a Public-Finance Transaction — effective 30 years

SECURITY AGREEMENT

This SECURITY AGREEMENT ("Agreement") dated as of July 13th, 2001, by and between ETERA CORPORATION, a Washington Corporation ("Debtor" or "Etera") and Gary Gigot and Olympic Venture Partners on behalf of various funds which it manages and controls (including but not limited to Olympic Venture Partners IV, L.P., OVP V Entrepreneurs Fund, L.P., and Olympic Venture Partners V, L.P.) (collectively "Secured Party") is made to secure the prompt and complete payment of the Indebtedness of the Debtor to the Secured Party as evidenced and particularly set forth in the Demand Promissory Note dated July 13th, 2001 for the principal sum of Seven Hundred Thousand Dollars (U.S. \$700,000.00) plus the amounts of all future advances made by Secured Party to Debtor ("Note") executed by the Debtor to the order of the Secured Party.

1) Indebtedness.

"Indebtedness" means the amount owed by the Debtor to Secured Party as evidenced and particularly set forth in the Note together with all other amounts which Secured Party may thereafter advance to Debtor.

2) Grant of Security Interest.

Debtor hereby grants to Secured Party a security interest in the following property of the Debtor, whether the same is now owned or hereafter acquired (the "Collateral") until the Indebtedness is paid in full:

a) Inventory. All present and future inventory in which the Debtor has any interest, including but not limited to merchandise, raw materials, parts, supplies, packing and shipping materials, growing plants, seeds, fertilizer, work in progress and finished products intended for sale or lease or to be furnished under a contract of service, of every kind and description now or at any time hereafter owned by or in the custody or possession, actual or constructive, of Debtor, including such inventory as is temporarily out of its custody or possession or in transit and including any returns upon any accounts or other proceeds, including insurance proceeds, resulting from the sale or disposition of any of the foregoing and any documents of title representing any of the above, and Debtor's books relating to any of the foregoing.

b) Accounts and Other Rights to Payment. All of Debtor's right, title and interest, now owned or hereafter acquired, of whatever nature and however evidenced, in and to the following: (i) all accounts; (ii) all rights arising under contracts; (iii) all chattel paper; (iv) all documents of title, receipts, drafts, checks, acceptances, bonds, notes, or other negotiable and non-negotiable instruments documents, bills of exchange, stocks, securities, deposits, certificates of deposit, or other writings evidencing or comprising a monetary obligation to Debtor; (v) all federal, state, county or city tax refunds of whatever nature; and (vi) all rights to receive the payment of money or other consideration, including, but not limited to, all such right, title and interest that arises from the sale, lease, exchange or other disposition of inventory or the furnishing of services.



200107230126
Skagit County Auditor

c) Crops. All crops of every kind previously planted and now growing, or planted in the future, on the lands commonly known and referred to as Fir Island Farm, Riverbend Road Facility and the Mabton Facility including the Gannon Lease, consisting of 380 acres, more or less, situated in Yakima County and Skagit County, in the State of Washington, and legally described in Exhibit A attached hereto:

and all products and proceeds of any of the foregoing, including cash and accounts receivable.

d) Proceeds. All proceeds, including insurance proceeds of any of the foregoing.

3) Security for Obligations.

This Agreement secures and the Collateral is collateral security for the prompt payment or performance in full when due, whether at stated maturity, by acceleration or otherwise (including the payment of amounts which would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)), of all of the obligations now hereafter arising under the Note, whether for principal or interest, or payments of fees, expenses or otherwise, and all obligations of Debtor now or hereinafter arising under this Agreement.

4) Representations and Warranties.

Debtor represents and warrants as follows:

a) Status of Debtor. Debtor is a corporation duly organized, validly existing, and in good standing under the laws of the State of Washington and is duly qualified or licensed to conduct business in each jurisdiction in which the nature of the business or assets requires such qualification or licensing under applicable law. Debtor has the requisite power and authority to own its assets and transact the business in which it is presently engaged and in which it proposes to engage and to grant the Secured Party the security interests in the Collateral as herein provided;

b) Binding Agreement. This Agreement has been duly authorized and constitutes legal, valid, and binding obligation of Debtor enforceable against the Debtor in accordance with its terms;

c) Title to Collateral. Except for the security interests granted to Secured Party hereby, and the interests of Imperial Bank pursuant to that certain Loan and Security Agreement between Imperial Bank and Etera, dated March 28, 2001, Debtor has good and marketable title to all and every part of the Collateral, free and clear of any lien, pledge, security interest, encumbrance, conditional sale, lease or other title retention agreement, or any adverse claim of any nature whatsoever;

d) No Default or Required Consent. Neither the execution and delivery of this Agreement by Debtor nor the effectuation by the Secured Party of any of its rights and remedies hereunder, whether upon default or otherwise, will result in a



breach of or constitute a default under any charter provision, bylaw of Debtor or any other agreement or instrument in which the Debtor is a party or by which any of the Collateral is bound, except as provided for under the Loan and Security Agreement between Imperial Bank and Debtor;

e) Priority. Upon the execution and delivery of this Agreement by Debtor and the filing of appropriate financing statements with the appropriate governmental agencies, Secured Party will have a perfected security interest in and to the Collateral having priority for the full amount of the Indebtedness subject to the rights and interest of Imperial Bank over the Collateral;

f) No Litigation. There is no legal, administrative or other proceeding pending or threatened against the Debtor's title to the Collateral or against the Debtor's grant of a security interest hereunder, nor does Debtor know of any basis for the assertion of any such claim;

5) Affirmative Covenants.

Debtor covenants that until such times as all of the Indebtedness is paid or satisfied in full, and unless the Secured Party shall otherwise consent in writing:

a) Conduct of Business and Maintenance of Collateral. Debtor shall keep the Collateral and the proceeds of the same free from adverse liens, in good condition and in an un-manufactured state. Debtor shall not waste or destroy the Collateral or any part of the same, and shall plant, cultivate and harvest the crops mentioned above, in good and farmer-like manner in accordance with acceptable methods of farming in Yakima and Skagit counties in which the plants are located.

b) Payment of Taxes. Debtor shall make payment or deposit or otherwise provide for the payment, when due, of all taxes, assessments or contributions required by law which have been or may be levied or assessed against Debtor, whether with respect to any of the Collateral, to any wages or salaries paid by Debtor, or otherwise, and will deliver to Secured Party, on demand, certificates or other evidence satisfactory to Secured Party attesting thereto;

c) Insurance. Debtor, at its own expense, will insure the Collateral in the name of and with loss or damage payable to Secured Party, as its interest may appear, against loss or damage by fire and other hazards, and extended coverage, theft, burglary, bodily injury and such other risks, with such companies and in such amounts, as is required by Secured Party at any time (all such policies providing 10 days minimum written notice of cancellation to Secured Party) and Debtor will deliver to Secured Party the original or duplicate policies, or certificates or other evidence satisfactory to Secured Party of compliance with the foregoing insurance provisions and Debtor will promptly notify Secured Party of any loss or damage to any of the Collateral or arising from its use;

d) Inspection. Secured Party shall at all times have free access to and right of inspection of the Collateral and any records pertaining thereto (and the right to make extracts from and to receive from Debtor originals or true copies of such records and any papers and instruments relating to any or all of the Collateral upon request therefore) and Debtor hereby grants to Secured Party a security



interest in all such records, papers and instruments to secure the payment, performance and observance of the Indebtedness

e) Notification. Debtor shall notify Secured Party in writing within three (3) business days of the occurrence of (i) an Event of Default or the occurrence of an event which, with notice or lapse of time, or both, would constitute an Event of Default, or (ii) any event which adversely affect the value of the Collateral, the ability of the Debtor or Secured Party to dispose of the Collateral or the right and remedies of Secured Party in relation thereto; and

f) Further Assurances:

i) Debtor will, at its expense, perform all acts and execute all documents requested by Secured Party at any time to evidence, perfect, maintain and enforce Secured Party's primary security interest in the Collateral or otherwise in furtherance of the provisions of this Security Agreement;

ii) Debtor assumes all responsibility and liability arising from the use of the Collateral; and

iii) Upon request of Secured Party, at any time and from time to time, Debtor shall, at its sole cost and expense, execute and deliver to Secured Party one or more financing statements pursuant to the Uniform Commercial Code ("UCC") and one or more applications for certificate of title and any other papers, documents or instruments requested by Secured Party in connection with this Security Agreement, and Debtor hereby authorizes Secured Party to execute and file at any time or times, one or more financing statements with respect to all or any part of the Collateral, signed only by Secured Party.

6) Negative Covenants.

a) Sale or Hypothecation of Collateral. Debtor will not assign, sell mortgage, lease, transfer, pledge, grant a security interest in or lien upon, encumber, or otherwise dispose of or abandon, nor will Debtor suffer or permit any of the same to occur with respect to, any part or all of the Collateral, without prior written consent of Secured Party, except for the sale from time to time in the ordinary course of business of Debtor;

b) Location at Collateral; Changes of Name. Except for inventories goods sold in the ordinary course of business, Debtor shall not cause or allow, without giving notice to Secured Party at least thirty (30) days' prior written notice (i) any of the Collateral to be moved; (ii) move its principal place of business or the location of its books or records; or (iii) change its name, its trade or fictitious business names or its form of doing business;

c) Certain Agreements. Debtor shall not cause, suffer or permit to occur any compromise, adjustment, amendment, modification, settlement, waiver, substitution or termination of any receivable, other than in the ordinary course of business.



d) **Control Use and Sale of Collateral by Debtor.** So long as Debtor shall not be in default of this Agreement, Debtor may harvest, process, store and use the Collateral for all appropriate purposes not inconsistent with this Agreement, or with the terms and conditions of any policy of insurance covering the Collateral. Debtor may also sell the Collateral at seasonable times in the ordinary course of business of farming the real property mentioned above. In the event Debtor shall fail to use or employ the Collateral and dispose of the Collateral by sale, Secured Party, at its sole option, may assume the management, use and control of the Collateral and the conducting of farming operation in order to protect the Collateral and preserve the rights of the Secured Party in the Collateral and in the proceeds of the same.

7) **Events of Default.**

Any one of the following occurrences shall constitute an "Event of Default" under this Agreement:

- a) **Default Under Note, Etc.** If the Debtor defaults in the prompt and complete payment or performance of the Note; the default in the prompt and complete payment and performance of any term, condition, or covenant in favor Secured Party and such default was not cured within ten (10) business days after notice thereof from Secured Party;
- b) **Bankruptcy.** If there shall be filed by or against the Debtor any petition for any relief under the bankruptcy laws of the United States now or hereafter in effect or under any insolvency; readjustment of debt, dissolution or liquidation law or statute of any jurisdiction now or hereafter in effect (whether at law or equity);
- c) **Appointment of Receiver or Trustee.** If any petition or application to any court or tribunal, at law or in equity, be filed by or against the Debtor for the appointment of any receiver or trustee for the Debtor or any part of the Collateral;
- d) **Liens on Collateral.** The initiation of steps by any third party to obtain a lien, levy, or writ of attachment or garnishment upon any or all of the Collateral or substantially all of any of the property of the Debtor or to affect the Collateral or any such other property by other legal process, unless the same is dismissed within thirty (30) days after the initiation thereof;
- e) **Deterioration of Collateral.** The occurrence of any deterioration, depreciation, destruction or impairment of the condition or value of the Collateral, or any part thereof, which causes the Collateral to become unsatisfactory to Secured Party as to character or value;
- f) **Dissolution of Debtor, Etc.** The cessation of the Debtor as a going concern.

9. **Remedies upon Default.**

Upon the occurrence of any Default and at any time thereafter, Secured Party may, without notice to or demand upon Debtor, declare the Note immediately due and



payable and Secured Party shall have the following rights and remedies (to the extent permitted by applicable law) in addition to all rights and remedies of a secured party under the UCC, all such rights and remedies being cumulative, not exclusive and enforceable alternatively, successively or concurrently:

- g) Entry on Premises. Secured Party may at any time and from time to time, with or without judicial process or the aid and assistance of others, enter upon any premises in which any of the Collateral may be located and, without resistance or interference by Debtor, take possession of the Collateral; and/or
- h) Notification to Third Parties. Secured Party may notify any account debtor obligated on any of the receivables owed to the Debtor or any purchaser of the Collateral or any other person of Secured Party's interest in the Collateral and instruct such persons to make payments thereon directly to Secured Party.
- i) Disposition of Collateral. Secured Party may dispose of any part or all of the Collateral on any premises of Debtor. The Secured Party may sell, resell, lease, assign and deliver, grant options for or otherwise dispose of any or all of the Collateral in its then condition or following any commercially reasonable preparation or processing, at public or private sale or proceedings or otherwise, by one or more contracts, in one or more parcels, at the same or different times, with or without having the Collateral at the place of sale or other disposition, for cash and/or credit, and upon any terms, at such place(s) and time(s) and to such persons, firms or corporations as Secured Party deems best, all without demand for performance or any notice or advertisement whatsoever except that where an applicable statute requires reasonable notice of sale or other disposition Debtor hereby agrees that the sending of five days' notice by ordinary mail, postage prepaid, to any address of Debtor set forth in this Security Agreement of the place and time of any public sale or of the time after which any private sale or other intended disposition is to be made, shall be deemed reasonable notice thereof. If any of the Collateral is sold by Secured Party upon credit or for future delivery, Secured Party shall not be liable for the failure of the purchaser to pay for same and in such event Secured Party may resell such Collateral. Secured Party may buy any part or all of the Collateral at any public sale and if any part or all of the Collateral is of a type customarily sold in a recognized market or is of the type which is the subject of widely distributed standard price quotations Secured Party may buy at private sale and may make payment therefore by any means.
- j) Compromise of Claims. Secured Party may grant extensions, compromise claims, and settle Collateral for less than face value, without prior notice to Debtor.
- k) Use of Trade Names, Etc. Secured Party may use in connection with any assembly or disposition of the Collateral any trademark, trade name, trade style, copyright, patent, technical process or other proprietary right used or utilized by Debtor, all without cost (as against the Debtor).
- l) Application of Proceeds Secured Party may apply the cash proceeds actually received from any sale or other disposition to the reasonable expenses of retaking, holding, preparing for sale, selling, leasing and the like. to reasonable



UNCONFIDENTIAL

attorney's fees and all legal, travel and other expenses which may be incurred by Secured Party in attempting to collect on the Note or enforce this Security Agreement or in the prosecution or defense of any action or proceeding related to the subject matter of this Security Agreement; and then to the Note in such order and as to principal or interest as Secured Party may desire; and Debtor shall remain liable and will pay Secured Party on demand any deficiency remaining, together with interest thereon and the balance of any expenses unpaid, with any surplus to be paid to Debtor, subject to any duty of Secured Party imposed by law to the holder of any subordinate security interest in the Collateral known to Secured Party.

8) Liability and Indemnification.

Secured Party shall have no obligation or duty with respect to any part or all of the Collateral, of any nature or kind, or any matter or proceedings arising out of or relating thereto, including, without limitation, any obligation or duty to take any action to collect, preserve or protect its or Debtor's rights in the Collateral, but the same shall be at Debtor's sole risk at all times. Debtor hereby releases Secured Party from any claims, causes of action and demands at any time arising out of or with respect to this Security Agreement, the Indebtedness, the use of the Collateral and/or any actions taken or omitted to be taken by Secured Party with respect thereto, and Debtor hereby agrees to hold Secured Party harmless from and with respect to any and all such claims, causes of action and demands. Secured Party's prior recourse to any part or all of the Collateral shall not constitute a condition of any demand, suit or proceeding for payment or collection of the Indebtedness.

9) Secured Party as Attorney-In-Fact

To effectuate the terms and provisions hereof, Debtor hereby designates and appoints Secured Party and its designees or agents as attorney-in-fact of Debtor, irrevocably and with power of substitution, with authority to endorse the name of Debtor on any notes, acceptances, checks, drafts, money orders, instruments or other evidences of payment or proceeds of the Collateral that may come into Secured Party's possession; to sign the name of Debtor on any invoices, documents, drafts against and notices to account debtors or obligors of Debtor, assignments and requests for verification of accounts; to execute proofs of claim and loss; to execute any endorsements, assignments, or other instruments of conveyance or transfer; to adjust and compromise any claims under insurance policies; to execute releases; and to do all other acts and things necessary and advisable in the sole discretion of Secured Party to carry out and enforce this Security Agreement. All acts of said attorney or designee are hereby ratified and approved and said attorney or designee shall not be liable for any acts of commission or omission, nor for any error of judgment or mistake of fact or law. This power of attorney being coupled with an interest is irrevocable while any of the Indebtedness shall remain unpaid.

10) Expenses.



200107230126

, Skagit County Auditor

Debtor agrees to pay, on demand, all out-of-pocket expenses incurred by Secured Party in connection with the negotiation, execution, perfection, consummation and enforcement of this Security Agreement, the Indebtedness, and the transactions contemplated hereunder and thereunder, including but not limited to the fees and expenses of counsel to Secured Party.

11) Amendments, Waiver.

No amendment or waiver of any provision of this Agreement nor consent to any departure by Debtor herefrom shall in any event be effective unless the same shall be in writing and signed by Secured Party.

12) Return of Collateral.

Subject to any duty imposed by law or otherwise to the holder of any subordinate lien on the Collateral known to Secured Party, and subject to the direction of a court of competent jurisdiction, upon payment in full of the Indebtedness, Debtor shall be entitled to the return of all Collateral in the possession of Secured Party.

13) Governing Law; Terms.

The parties to this Agreement irrevocably agree that sole and exclusive jurisdiction for collection proceedings or litigation under this Agreement shall be in the State of Washington. This Note shall be construed and enforced according to the laws of the State of Washington. All terms herein shall have the meanings defined in the Uniform Commercial Code, unless the context otherwise requires otherwise.

14) Binding Effects

This Security Agreement shall be binding upon the successors and assigns of Debtor, and shall, together with the rights and remedies of Secured Party hereunder, inure to the benefit of Secured Party, its successors, endorsees and assigns.

15) Severability

If any term of this Security Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall in no way be affected thereby.



200107230126

Skagit County Auditor

7/23/2001 Page 11 of 25 2:29:16PM

DEBTOR:

ETERA CORPORATION

By: *[Signature]*

Title: *CFO*

SECURED PARTY:

By: _____

Title: _____

By: _____

Title: _____



200107230126

Skagit County Auditor

7/23/2001 Page 12 of 25 2:29:16PM

EXHIBIT A

Facility	Legal Description	Assessor's Tax Parcel ID No(s)	
Mabton Facility:	Parcel B: W1/2 NE1/4 SW1/4 Sec 6 Twn 8 N Rgn 23, situated in Yakima County in the State of Washington.	230806-31003	
	Parcel C: Ptn Govt Lot 5; ALL Fovt Lot 6; Ptn Govt Lot 7; ptn W1/2 NE1/4 SW1/4; and ptn W1/2 SE1/4 NW1/4; Sec 6 Twn 8 N Rgn 23, situated in Yakima County in the State of Washington.	230806-23001	
Riverbend Facility	The property is located in the North ½ and Southeast ¼ of Section 13, Township 34 North, Range 3 East, and the west ½ of the West ½ of Section 18, Township 34 North, Range 4 East of the Willamette Meridian. Complete legal descriptions of the various parcels are included as Attachment 1	P21741 P21767 P26046 P96270 P21743	340313-1-059-0002 340313-0-079-0107 340418-2-004-0100 340313-0-058-0102 340313-1-061-0008
		P21662 P21742 P21745 P21747 P21748 P26219 P21674 P21768 P21812 P21813 P26048 P26049 P26052	Kleins: 340313-0-001-0001 340313-0-060-0009 340313-0-062-0007 340313-0-064-0005 340313-0-065-0004 340418-0-130-0009 340313-0-011-0009 340313-0-080-0005 340313-1-001-0009 340313-1-002-0008 340418-0-006-0000 340418-0-007-0009 340418-0-010-004
Fir Island Farm	See Attachment 2	P15329 P15331	330302-4-004-0012 330302-4-005-0110
Gannon Lease	See Attachment 3		



200107230126

, Skagit County Auditor

UNOFFICIAL DOCUMENT

ATTACHMENT 1



200107230126

, Skagit County Auditor

7/23/2001 Page 14 of 25 2:29:16PM

The land referred to herein is situated in the County of Skagit,
State of Washington, and is described as follows:

A portion of Section 13, Township 34 North, Range 3 East, W.M.,
and the West 1/2 of Section 18, Township 34 North, Range 4
East, W.M., Skagit County, Washington, described as follows:

Beginning at the North quarter corner of said Section 13, said
point being on the North line of Lot 2, of Skagit County Short
Plat No. 22-90, recorded in Book 10 of Short Plats, Pages 111
and 112; thence along said North line, South 89 degrees 13'
02" East, a distance of 850.15 feet to the Northeast corner of
said Short Plat; thence along the East line thereof, South 01
degree 15' 37" West, a distance of 662.71 feet; thence South
89 degrees 10' 15" East, a distance of 1644.26 feet to the East
line of said Section 13; thence along said East line, North 00
degrees 57' 36" West, a distance of 610.69 feet to an existing
fence; thence along said fence, North 88 degrees 52' 08" East,
a distance of 127.45 feet; thence continuing along said fence
and a projection thereof, North 00 degrees 14' 01" West, a
distance of 326.10 feet to the South line of the North 40 feet
of said Section 18; thence along said South line South 89
degrees 29' 11" East, a distance of 360.26 feet to the West
line of the East 176 feet of the North 224 feet of the West 1/2
of Government Lot 1, of said Section 18; thence along said
West line South 00 degrees 44' 51" East, a distance of 184.04
feet to the South line of said North 224 feet; thence along
said South line, South 89 degrees 29' 11" East, a distance of
167.96 feet to a projection of a fence coming from the South;
thence along said fence and projection thereof, South 00
degrees 52' 09" East, a distance of 1266.41 feet; thence North
89 degrees 13' 02" West, a distance of 3162.30 feet to an
existing fence; thence along said fence and projection
thereof, the following six (6) courses and distances:

Thence North 00 degrees 42' 21" East, a distance of 463.34
feet; thence South 84 degrees 56' 28" West, a distance of
686.87 feet; thence South 10 degrees 59' 25" West, a distance
of 74.47 feet; thence South 84 degrees 24' 33" West, a
distance of 348.53 feet; thence North 05 degrees 05' 12" West,
a distance of 87.68 feet; thence North 85 degrees 00' 17"
West, a distance of 137.38 feet to the East right-of-way line
of the County Road; thence along said County Road to the most
Westerly corner of said Lot 2, of Short Plat No. 22-90;
thence along the Westerly and Northerly boundary of said Lot 2,
to the point of beginning, EXCEPT roads and dike right-of-way.

--cc



200107230126
Skagit County Auditor
7/23/2001 Page 15 of 25 2:29:16PM

UNRECORDED
ALSO EXCEPT therefrom any portion thereof lying within the three following described tracts:

1.) Those portions along the North line thereof lying within those certain premises conveyed to The Krangnes Family Limited Partnership dated November 19, 1996, by deed recorded January 29, 1997, as Auditor's File No. 9701290028.

2.) That portion along the South line thereof lying within those certain premises conveyed to Gerald Koeffel by Deed recorded February 15, 1963 as Auditor's File No. 632197.

3.) That portion in the Southwest corner thereof lying within those certain premises conveyed to Theodore C. Hutchinson by Deed recorded January 22, 1990 as Auditor's File No. 9001220043.

AND FURTHER EXCEPT therefrom those premises conveyed to Elsie Fortin et al by deed recorded July 13, 1998 as Auditor's File No. 9807130095.



200107230126
Skagit County Auditor
7/23/2001 Page 16 of 25 2:29:16PM

These portions of Government Lots 2 and 3 of Section 13, Township 14 North, Range 4 East W.M., and of the East 1/2 of Section 13, Township 14 North, Range 3 East W.M., described as follows:

Begin at the intersection of the South line of said Government Lot 2 and the fence line marking the East line of those certain premises sold to Summersun Greenhouse Company by Real Estate Contract recorded as Auditor's File No. 9709220099, continued South; thence North 00 degrees 44'51" West, 554.06 feet; thence North 88 degrees 19'23" West, 1096.69 feet, more or less, to a point on the East line of the West 100 feet of the Southwest 1/4 of said Section 13, said point being the true point of beginning; thence South 88 degrees 19'23" East, 1096.69, more or less, to the above referenced fence line; thence South 00 degrees 44'51" East, 554.06 feet, along said fence line to the South line of said Government Lot 2; thence along said South line North 89 degrees 38'59" West, a distance of 231.37 feet; thence South 00 degrees 35'18" East, a

distance of 1580.84 feet; thence North 73 degrees 16'10" West to the East line of the West 15 acres of said Government Lot 1; thence North 00 degrees 06'25" West, along said East line to the North line of those certain premises conveyed to Randy Adams by Deed recorded as Auditor's File No. 8504040048; thence North 73 degrees 14'33" West along said North line to the Northwest corner thereof; thence South 00 degrees 06'25" East, 130 feet to the North line of the County road right-of-way known as the Riverbend Road; thence Northwestwardly along said North line to the Southeast corner of that certain tract conveyed to Mathew M. Paul and Wilma Paul by Partial Fulfillment Deed recorded January 16, 1974 under Auditor's File No. 795687; thence North 1 degree 26'30" East along the East line of said Paul Tract, a distance of 415.0 feet to the Northeast corner thereof; thence North 60 degrees 03'21" West along the North line of said Paul Tract, a distance of 91.03 feet to the Northwest corner thereof and the East line of the West 100 feet of Government Lot 6 of said Section 13; thence North 1 degree 26'10" East along the East line of the West 100 feet to the point of beginning.

EXCEPT therefrom the following described:

Beginning at the Southeast corner of the West 100 feet of the Northeast 1/4 of said Section 13; thence North 1 degree 26'30" East along the East line of said West 100 feet, a distance of 486.43 feet; thence North 87 degrees 40'33" East parallel with the South line of the Northeast 1/4 of said Section 13, a distance of 1450.57 feet; thence South 11 degrees 37'55" West, a distance of 877.46 feet; thence South 20 degrees 09'08" East, a distance of 660.48 feet; thence South 19 degrees 09'54" West, a distance of 194.43 feet to the North line of the County Road; thence along the North line of the County Road through the following four courses; North 68 degrees 55'40" West, a distance of 97.55 feet to the point of curvature of a curve to the left having a radius of 5203.50 feet; thence Westerly along said curve through a central angle of 3 degrees 12'32", and an arc distance of 291.42 feet; thence North 72 degrees 08'12" West, a distance of 845.63 feet to the point of curvature of a curve to the right having a radius of 1333.50 feet; thence Westerly along said curve through a central angle of 11 degrees 18'11", and an arc distance of 263.07 feet to the Southeast corner of that certain tract conveyed to Mathew M. Paul and Wilma Paul by Partial Fulfillment Deed recorded January 16, 1974 under Auditor's File No. 795687; thence North 1 degree 26'30" East along the East line of said Paul Tract, a distance of 415.00 feet to the Northeast corner thereof; thence North 60 degrees 03'21" West along the North line of said Paul Tract, a distance of 91.03 feet to the Northwest corner thereof and the East line of the West 100 feet of Government Lot 6 of said Section 13; thence North 1 degree 26'30" East along the East line of the West 100 feet, a distance of 76.36 feet to the point of beginning.



200107230126

Skagit County Auditor

9810300151

BK | 69 | PGU255

The land referred to herein is situated in the County of Skagit,
State of Washington, and is described as follows:

PARCEL "B":

Those portions of Government Lot 2 of Section 18, Township 34
North, Range 4 East W.M., and of the Northeast 1/4 of Section
13, Township 34 North, Range 3 East W.M., described as follows:

Begin at the intersection of the South line of said Government
Lot 2 and the fence line marking the East line of those certain
premises sold to Summersun Greenhouse Company by Real Estate
Contract recorded as Auditor's File No. 9709220099, continued
South, thence North 00 degrees 44'51" West 554.06 feet to the
true point of beginning; thence North 84 degrees 19'23" West,
3096.69 feet, more or less, to a point on the East line of the
West 100 feet of the Southwest 1/4 of the Northeast 1/4 of said
Section 13; thence North 01 degree 15'37" East along said East
line to a point on the North line of said subdivision; thence
South 85 degrees 31'33" West along said North line, 100.50 feet
to an existing fence line; thence North 00 degrees 42'21" East
along said fence line to the Southerlymost Southeast corner of
said Summersun premises; thence South 89 degrees 13'02" East
along the South line of said Summersun premises, 3162.30 feet
to the Southeast corner thereof; thence South 00 degrees 44'51"
East along the fence line, marking the East line of said
Summersun premises, continued South, a distance of 564.21 feet,
more or less, to the true point of beginning.

9810300152

BK1891PG0268



200107230126
Skagit County Auditor

Those portions of Government Lot 6 and of the Southwest 1/4 of the Northeast 1/4 of Section 13, Township 34 North, Range 3 East, W.M., described as follows:

Beginning at a point on the West line of said subdivision which is 415 feet North of the North line of the County road commonly known as the Riverbend Road as said road existed on January 16, 1974; thence North along the West line of said subdivision to the Northwest corner of said Southwest 1/4 of the Northeast 1/4; thence East along the North line of said subdivision 100 feet; thence South on a line parallel with the West line of said subdivision to a point which is 415 feet North of the North line of said County road; thence Westerly to the point of beginning.



200107230126

, Skagit County Auditor

7/23/2001 Page 19 of 25 2:29:16PM

Parcel "A":

That portion of Government Lot 1, Section 18, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at a point 40 feet South of the Northwest corner of said Lot 1; thence South, 330 feet along the West line of said Lot 1; thence East, 132 feet; thence North, 330 feet to a point 40 feet South of the North line of said Lot 1; thence West, 132 feet to the point of beginning.

Parcel "B":

The North 1/2 of the North 1/2 of the Northeast 1/4 of Section 13, Township 34 North, Range 3 East, W.M., EXCEPT dike and ditch rights-of-ways, if any, AND EXCEPT the following described tracts:

Beginning at the Northwest corner of the Northeast 1/4 of Section 13, Township 34 North, Range 3 East, W.M.; thence East along the North line of said Northeast 1/4, a distance of 52 rods (858 feet); thence South parallel with the West line of said Northeast 1/4 of the South line of the North 1/2 of the Northeast 1/4; thence West parallel with the North line of said Northeast 1/4, 52 rods (858 feet), more or less, to the West line of said Northeast 1/4; thence North along the said West line to the point of beginning; (said tract being that certain tract of land conveyed by E.H. Thompson, et ux, to Alfred Johnson by Deed recorded under Auditor's File No. 103415, in Volume 97 of Deeds, Page 240, records of Skagit County, Washington, said Deed containing an erroneous legal description.)

Beginning at the Northeast corner of Section 13, Township 34 North, Range 3 East, W.M.; thence South 83 degrees 31' West along the North section line, a distance of 1273.6 feet, more or less, to the Northwest corner of the Northeast 1/4 of the Northeast 1/4 of said Section; thence South along the West line of said Northeast 1/4 of the Northeast 1/4, a distance of 160.6 feet; thence South 89 degrees 33' East, 1275 feet, more or less, to the East Section line of said Section 13; thence North along the East Section line to the point of beginning, EXCEPT the East 40 feet thereof.

That portion of the Northwest 1/4 of the Northeast 1/4 of Section 13, Township 34 North, Range 3 East, W.M., described as follows:

Beginning at the Northwest corner of said Northwest 1/4 of the Northeast 1/4; thence North 83 degrees 40' 02" East 1193.75 feet along the North line of said Section 13, to a point that is South 83 degrees 40' 02" West, 1285.18 feet from the Northeast corner of said Section 13; thence South 0 degrees 19' 30" East, 153.92 feet to a point that is South 88 degrees 55' 36" East from the point of beginning; thence North 88 degrees 55' 36" West, 1187.55 feet to the true point of beginning.

Parcel "C":

All of that portion of the South 1/2 of the North 1/2 of the Northeast 1/4 of Section 13, Township 34 North, Range 3 East, W.M., lying North of the following described line:

Beginning at a point 386 feet, South 0 degrees 40' East of the Northeast corner of the South 60 rods (990 feet) of Lot 1, said Section 13, on the East line of said Lot 1; thence running Eastward North 89 degrees 45' East, 2488 feet, more or less, to the East line of the Northeast 1/4 of said Section 13, EXCEPT that portion thereof lying West of the following described line:

Commencing on the North line of said Section 13, 52 rods (858 feet) East of the centerline thereof and extending Southerly and parallel with the centerline of said Section 13, to a point of intersection with the first line above described.

Parcel "D":

The East 40 feet of the North 1/2 of the Northeast 1/4 of Section 13, Township 34 North, Range 3 East, W.M., records of Skagit County, Washington; EXCEPT that portion thereof conveyed to Skagit County by Deed recorded as Auditor's File No. 9505880057.



200107230126
Skagit County Auditor

7/23/2001 Page 20 of 25 2:29:16PM



200003280093
Kathy Hill, Skagit County Auditor
1/28/2000 Page 4 of 4 11:34:16AM

UNOFFICIAL DOCUMENT

ATTACHMENT 2



200107230126
, Skagit County Auditor

7/23/2001 Page 21 of 25 2:29:16PM

PARCEL "C":

Tract 2 of Skagit County Short Plat No. 6-88 approved March 7, 1988 and recorded March 8, 1988 under Auditor's File No. 8803080006 in Volume 8 of Short Plats, page 26, records of Skagit County, Washington, being a portion of the Southeast 1/4 of Section 2, Township 33 North, Range 3 East, W.M.

Situate in the County of Skagit, State of Washington.

PARCEL "D":

That portion of the Southeast 1/4 of the Southeast 1/4 of Section 2, Township 33 North, Range 3 East, W.M., lying and being between the East right-of-way line of Diking District No. 2 of Skagit County, in said Section and subdivision thereof; and a line 25 feet East of and parallel to the following described line:

Beginning at a point on the section line between Sections 2 and 11 of Township 33 North, Range 3 East, W.M., 330.1 feet West of the Section corner common to Sections 1, 2, 11 and 12 above, said Township and Range;
thence North 39°31' East 6.15 feet;
thence North 40°30' East 248.4 feet;
thence North 18°15' East 133.2 feet;
thence North 2°11' West 50.5 feet;
thence North 15°38' East 97.8 feet;
thence North 37°27' West 90.5 feet;

thence North 58°24' West 388.6 feet excepting therefrom the right of way of the Charles J. Johnson County Road No. 97.

Situate in the County of Skagit, State of Washington.

PARCEL "E":

That portion of the South 1/2 of the North 1/2 of the Southeast 1/4 of Section 2, Township 33 North, Range 3 East, W.M., lying Easterly of the Old Dike along Dry Slough, and West of the following described line:

Beginning at a point on the North line of said South 1/2 of the North 1/2 of the Southeast 1/4, which is North 87°36'20" West 1880.5 feet from the Northeast corner of said subdivision; thence South 8°22'10" West 458 feet.



200107230126

, Skagit County Auditor

7/23/2001 Page 22 of 25 2:29:16PM

LEGAL DESCRIPTION

UNOFFICIAL DOCUMENT

ATTACHMENT 3



200107230126

, Skagit County Auditor

7/23/2001 Page 23 of 25 2:29:16PM

LEASE OF FARM LAND AND IMPROVEMENTS

DATE:

LESSOR: SPECIALTY GROWERS NORTHWEST, L.L.C.
a Washington limited liability company

LESSEE: ETERA, INC.
a Washington corporation

WITNESSETH: For and in consideration of the mutual promises, covenants and conditions set forth herein, the parties agree as follows:

1. **PREMISES:** Lessor hereby leases to Lessee and Lessee hereby leases from Lessor, certain land and improvements (also referred to as "Premises"). All of the land and improvements covered by this lease agreement are located in Yakima County, Washington, more fully described as follows:

PARCEL A:

The 40.11 acres of land located in the Southwest quarter of Section 1, Township 8 North, Range 22 E.W.M., within the parcels numbered 32002 and 32003, commonly referred to as Fields 701, 702 and 703. This parcel is serviced by Sunnyside Valley Irrigation District (hereinafter referred to as "SVID").

PARCEL B:

The 104 acres of land located in Section 2, Township 8 North, Range 22 E.W.M., within the parcels numbered 1640 and 2900, commonly referred to as Fields 715 and 716. This parcel is serviced by Wapato Irrigation Project (hereinafter referred to as "WIP").

PARCEL C:

The 5.68 acres of land located in Section 36, Township 9 North, Range 22 E.W.M., with the parcel number 33402, commonly referred to as Field 731. This parcel is serviced by SVID.

PARCEL D:

The 9 acres of land located in Section 2, Township 8 North, Range 22 E.W.M., with the parcel number 11402, commonly referred to as Fields 708, 728 and 730. This parcel is serviced by SVID.



200107230126
Skagit County Auditor

7/23/2001 Page 24 of 25 2:29:16PM

PARCEL E:

The 48.15 acres of land located in Section 1, Township 8 North, Range 22 E.W.M., with the parcel number 43005, commonly referred to as Fields 732 and 733. This parcel is serviced by SVID.

PARCEL F:

The 13 acres of land located in Section 12, Township 8 North, Range 22 E.W.M., with the parcel number 11005, commonly referred to as Field 704. This parcel is serviced by SVID.

PARCEL G:

The 9.7 acres of land located in Section 7, Township 8 North, Range 22 E.W.M., with the parcel number 22403, commonly referred to as Field 738. This parcel is serviced by SVID.

PARCEL H:

The 38.5 acres of land located in Section 6, Township 8 North, Range 22 E.W.M., with the parcel number 33005, commonly referred to as Fields 734 and 735. This parcel is serviced by SVID.

PARCEL I:

The 30 acres of land located in Section 35, Township 9 North, Range 22 E.W.M., with the parcel number 43001, commonly referred to as Field 750. This parcel is serviced by WIP.

PARCEL J:

The 14 acres of land located in Section 2, Township 8 North, Range 22 E.W.M., with the parcel number 21002, commonly referred to as Field 752. This parcel is serviced by SVID.

PARCEL K:

The 8 acres of land located in Section 2, Township 8 North, Range 22 E.W.M., with the parcel number 24001, commonly referred to as Field 753. This parcel is serviced by SVID.

2. **RENT:** Rental is agreed at *Five Hundred Seventy Five and no/100 Dollars (\$575.00)* per acre. In 2001, this rental amount is due no later than date of execution of this lease agreement. In the following years of the lease, this portion of the annual rental shall be paid on or before April 1st of each year, regardless of whether the entire Premises is used or used for only part of the year. Additional rental as described in paragraphs 4, 5 and 7 shall be paid within *one (1)* week of notice to Lessee.

3. **TERM:**

3.1 SVID parcels, as described in paragraph 1.0, with the exception of Parcel K, shall have a lease term of *five (5)* years; beginning in 2001 and ending March 1 of 2006.

3.2 All parcels serviced by WIP, and Parcel K as described in paragraph 1.0 shall have a lease term of *one (1)* year.

