

**RETURN ADDRESS:**

U.S. Bank Trust National Association,  
as Custodian/Trustee  
c/o Lend Lease Agri-Business, Inc.  
P.O. Box 410650  
St. Louis, MO 63141-0650



200201240233  
Skagit County Auditor

1/24/2002 Page 1 of 14 1:23PM

FIRST AMERICAN TITLE CO.



66852

**MORTGAGE**

Reference # (if applicable): \_\_\_\_\_ Additional on page \_\_\_\_\_

Grantor(s):  
1. WASHINGTON BULB COMPANY, INC.

Grantee(s)/Assignee/Beneficiary:  
U.S. Bank National Association, Beneficiary  
U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, Trustee

Legal Description: GOVERNMENT LOT 2 OF SECTION 6,  
TOWNSHIP 34, RANGE 4; SOUTH 1/2 OF SECTION 33,  
TOWNSHIP 34, RANGE 3; NORTHWEST 1/4 OF SECTION 28,  
TOWNSHIP 34, RANGE 3; SOUTHWEST 1/4 OF SECTION 21,  
TOWNSHIP 34, RANGE 3; NORTHEAST 1/4 OF SECTION 20,  
TOWNSHIP 34, RANGE 3; SOUTHEAST 1/4 OF SECTION 11,  
TOWNSHIP 34, RANGE 3; NORTHWEST 1/4 OF SECTION 26,  
TOWNSHIP 34, RANGE 3; SOUTHEAST 1/4 OF SECTION 22,  
TOWNSHIP 34, RANGE 3; NORTHEAST 1/4 OF SECTION 22,  
TOWNSHIP 34, RANGE 3; SOUTHWEST 1/4 OF SECTION 20,  
TOWNSHIP 34, RANGE 3; SOUTHWEST 1/4 OF SECTION 15,  
TOWNSHIP 34, RANGE 3; GOVERNMENT LOTS 1, 2 AND 3 OF  
SECTION 4, TOWNSHIP 33, RANGE 3  
Additional on page 2

Assessor's Tax Parcel ID#: 340333-4-010-0008, 34033-4-009-0001, 340333-4-008-0002,  
340333-3-006-0006, 340333-3-003-0009, 340333-3-004-0008, 340333-0-002-0006,  
340328-2-002-0009, 340328-2-001-0018, 340326-2-005-0107, 340326-2-004-0009,  
340326-2-003-0000, 340322-4-010-0001, 340322-1-014-0200, 340322-1-014-0003,  
340322-1-014-0100, 340320-3-005-0002, 340320-3-001-0006, 340320-1-004-0007,  
340311-0-026-0004, 330304-0-004-0018, 330304-0-002-0002, 330304-0-001-0003,  
340321-3-004-0002, 340321-3-003-0003, 340315-3-006-0008 AND 340315-3-004-0000

**THIS MORTGAGE IS DATED DECEMBER 1, 2001, between WASHINGTON BULB COMPANY, INC., A WASHINGTON CORPORATION, whose mailing address is 16031 BEAVER MARSH ROAD, MOUNT VERNON, WA 98273 (referred to below as "Grantor"); and U.S. Bank National Association, whose address is PL-2 555 S.W. Oak, Portland, OR 97204 (referred to below as "Lender").**

**GRANT OF MORTGAGE.** For valuable consideration, Grantor mortgages and conveys to Lender all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights, watercourses and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, located in SKAGIT County, State of Washington (the "Real Property"):

**SEE EXHIBIT "L" ATTACHED HERETO AND BY THIS REFERENCE INCORPORATED HEREIN.**

The Real Property or its address is commonly known as 16031 BEAVER MARSH ROAD, MOUNT VERNON, WA 98273. The Real Property tax identification number is 340333-4-010-0008, 34033-4-009-0001, 340333-4-008-0002, 340333-3-006-0006, 340333-3-003-0009, 340333-3-004-0008, 340333-0-002-0006, 340328-2-002-0009, 340328-2-001-0018, 340326-2-005-0107, 340326-2-004-0009, 340326-2-003-0000, 340322-4-010-0001, 340322-1-014-0200, 340322-1-014-0003, 340322-1-014-0100, 340320-3-005-0002, 340320-3-001-0006, 340320-1-004-0007, 340311-0-026-0004, 330304-0-004-0018, 330304-0-002-0002, 330304-0-001-0003, 340321-3-004-0002, 340321-3-003-0003, 340315-3-006-0008 AND 340315-3-004-0000.

Grantor hereby assigns as security to Lender, all of Grantor's right, title, and interest in and to all leases, Rents, and profits of the Property. This assignment is recorded in accordance with RCW 65.08.070; the lien created by this assignment is intended to be specific, perfected and choate upon the recording of this Mortgage. Lender grants to Grantor a license to collect the Rents and profits, which license may be revoked at Lender's option and shall be automatically revoked upon acceleration of all or part of the Indebtedness.

**DEFINITIONS.** The following words shall have the following meanings when used in this Mortgage. Terms not otherwise defined in this Mortgage shall have the meanings attributed to such terms in the Uniform Commercial Code. All references to dollar amounts shall mean amounts in lawful money of the United States of America.

**Grantor.** The word "Grantor" means WASHINGTON BULB COMPANY, INC.. The Grantor is the mortgagor under this Mortgage.

**Guarantor.** The word "Guarantor" means and includes without limitation each and all of the guarantors, sureties, and accommodation parties in connection with the Indebtedness.

**Improvements.** The word "Improvements" means and includes without limitation all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

**Indebtedness.** The word "Indebtedness" means all principal and interest payable under the Note and any amounts expended or advanced by Lender to discharge obligations of Grantor or expenses incurred by Lender to enforce obligations of Grantor under this Mortgage, together with interest on such amounts as provided in this Mortgage.

**Lender.** The word "Lender" means U.S. Bank National Association, its successors and assigns. The Lender is the mortgagee under this Mortgage.

**Mortgage.** The word "Mortgage" means this Mortgage between Grantor and Lender, and includes without limitation all assignments and security interest provisions relating to the Personal Property and Rents.

**Note.** The word "Note" means the promissory note or credit agreement dated December 1, 2001, in the original principal amount of \$7,000,000.00 from Grantor to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement. **NOTICE TO GRANTOR: THE NOTE CONTAINS A VARIABLE INTEREST RATE.**

**Personal Property.** The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all issues and profits thereon and proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

**Property.** The word "Property" means collectively the Real Property and the Personal Property.

**Real Property.** The words "Real Property" mean the property, interests and rights described above in the "Grant of Mortgage" section.

**Related Documents.** The words "Related Documents" mean and include without limitation all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

**Rents.** The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

**THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (1) PAYMENT OF THE INDEBTEDNESS AND (2) PERFORMANCE OF ALL OBLIGATIONS OF GRANTOR UNDER THIS MORTGAGE AND THE RELATED DOCUMENTS. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:**

**PAYMENT AND PERFORMANCE.** Except as otherwise provided in this Mortgage, Grantor shall pay to Lender all amounts secured by this Mortgage as they become due, and shall strictly perform all of Grantor's obligations under this Mortgage.

**POSSESSION AND MAINTENANCE OF THE PROPERTY.** Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:

**Possession and Use.** Until in default, Grantor may remain in possession and control of and operate and manage the Property and collect the Rents from the Property (this privilege is a license from Lender to Grantor automatically revoked upon default).

**Duty to Maintain.** Grantor shall maintain the Property in tenable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

**Hazardous Substances.** The terms "hazardous waste," "hazardous substance," "disposal," "release," and "threatened release," as used in this Mortgage, shall have the same meanings as set forth in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or Federal laws, rules, or regulations adopted pursuant



200201240233  
Skagit County Auditor

to any of the foregoing. The terms "hazardous waste" and "hazardous substance" shall also include, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos. Grantor represents and warrants to Lender that: (a) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any hazardous waste or substance by any person on, under, about or from the Property; (b) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (i) any use, generation, manufacture, storage, treatment, disposal, release, or threatened release of any hazardous waste or substance on, under, about or from the Property by any prior owners or occupants of the Property or (ii) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (c) Except as previously disclosed to and acknowledged by Lender in writing, (i) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of, or release any hazardous waste or substance on, under, about or from the Property and (ii) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation those laws, regulations, and ordinances described above. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Mortgage. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for hazardous waste and hazardous substances. Grantor hereby (a) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (b) agrees to indemnify and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Mortgage or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the properties. The provisions of this section of the Mortgage, including the obligation to indemnify, shall survive the payment of the Indebtedness and the satisfaction and reconveyance of the lien of this Mortgage and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

**Nuisance, Waste.** Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), soil, gravel or rock products without the prior written consent of Lender.

**Removal of Improvements.** Grantor shall not demolish or remove any Improvements from the Real Property without the prior written consent of Lender. As a condition to the removal of any Improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

**Lender's Right to Enter.** Lender and its agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Property for purposes of Grantor's compliance with the terms and conditions of this Mortgage.

**Compliance with Governmental Requirements.** Grantor shall promptly comply, and shall promptly cause compliance by all agents, tenants or other persons or entities of every nature whatsoever who rent, lease or otherwise use or occupy the Property in any manner, with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

**Duty to Protect.** Grantor agrees neither to abandon nor leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

**DUE ON SALE - CONSENT BY LENDER.** Lender may, at its option, (a) declare immediately due and payable all sums secured by this Mortgage or (b) increase the interest rate provided for in the Note or other document evidencing the Indebtedness and impose such other conditions as Lender deems appropriate, upon the sale or transfer, without the Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest therein; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of Real Property interest. If any Grantor is a corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of Grantor. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Washington law.

**TAXES AND LIENS.** The following provisions relating to the taxes and liens on the Property are a part of this Mortgage.

**Payment.** Grantor shall pay when due (and in all events prior to delinquency) all taxes, payroll taxes, special taxes, assessments, water charges and sewer service charges levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of all liens having priority over or equal to the interest of Lender under this Mortgage, except for the lien of taxes and assessments not due, and except as otherwise provided in the following paragraph.

**Right To Contest.** Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorneys' fees or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

**Evidence of Payment.** Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

~~**Notice of Construction.** Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property. If a lien is filed, the contractor's lien, or other lien could be asserted on account of the work, services, or materials, Grantor shall immediately furnish to Lender advance assurances satisfactory to Lender.~~



200201240233  
Skagit County Auditor



Improvements

**PROPERTY DAMAGE INSURANCE.** The following provisions relating to insuring the Property are a part of this Mortgage.

**Maintenance of Insurance.** Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption and boiler insurance as Lender may require. Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Lender. Grantor shall deliver to Lender certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of ten (10) days' prior written notice to Lender and not containing any disclaimer of the insurer's liability for failure to give such notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. The Real Property is located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area. Grantor agrees to obtain and maintain Federal Flood Insurance for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

**Application of Proceeds.** Grantor shall promptly notify Lender of any loss or damage to the Property if the estimated cost of repair or replacement exceeds \$500.00. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at its election, apply the proceeds to the reduction of the Indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Mortgage. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Mortgage, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the Indebtedness. If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid without interest to Grantor.

**Unexpired insurance at Sale.** Any unexpired insurance shall inure to the benefit of, and pass to, the purchaser of the Property covered by this Mortgage at any trustee's sale or other sale held under the provisions of this Mortgage, or at any foreclosure sale of such Property.

**Grantor's Report on Insurance.** Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (a) the name of the insurer; (b) the risks insured; (c) the amount of the policy; (d) the property insured, the then current replacement value of such property, and the manner of determining that value; and (e) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

**EXPENDITURES BY LENDER.** If Grantor fails to comply with any provision of this Mortgage, or if any action or proceeding is commenced that would materially affect Lender's interests in the Property, Lender on Grantor's behalf may, but shall not be required to, take any action that Lender deems appropriate. Any amount that Lender expends in so doing will bear interest at the rate provided for in the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses, at Lender's option, will (a) be payable on demand, (b) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (i) the term of any applicable insurance policy or (ii) the remaining term of the Note, or (c) be treated as a balloon payment which will be due and payable at the Note's maturity. This Mortgage also will secure payment of these amounts. The rights provided for in this paragraph shall be in addition to any other rights or any remedies to which Lender may be entitled on account of the default. Any such action by Lender shall not be construed as curing the default so as to bar Lender from any remedy that it otherwise would have had.

**WARRANTY; DEFENSE OF TITLE.** The following provisions relating to ownership of the Property are a part of this Mortgage.

**Title.** Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Mortgage, and (b) Grantor has the full right, power, and authority to execute and deliver this Mortgage to Lender.

**Defense of Title.** Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Lender under this Mortgage, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

**Compliance With Laws.** Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

**CONDEMNATION.** The following provisions relating to condemnation of the Property are a part of this Mortgage.

**Application of Net Proceeds.** If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the Indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Lender in connection with the condemnation.

**Proceedings.** If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice all at Grantor's expense, and Grantor will deliver or cause to be delivered to Lender such instruments as may be requested by it from time to time to permit such participation.

**IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES.** The following provisions relating to governmental taxes, fees and charges are a part of this Mortgage:

**Current Taxes, Fees and Charges.** Upon request by Lender, Grantor shall execute such documents in addition to this Mortgage and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Mortgage, including without limitation all taxes, fees, documents, stamps



200201240233  
Skagit County Auditor

and other charges for recording or registering this Mortgage.

**Taxes.** The following shall constitute taxes to which this section applies: (a) a specific tax upon this type of Mortgage or upon all or any part of the Indebtedness secured by this Mortgage; (b) a specific tax on Grantor which Grantor is authorized or required to deduct from payments on the Indebtedness secured by this type of Mortgage; (c) a tax on this type of Mortgage chargeable against the Lender or the holder of the Note; and (d) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor.

**Subsequent Taxes.** If any tax to which this section applies is enacted subsequent to the date of this Mortgage, this event shall have the same effect as an Event of Default (as defined below), and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (a) pays the tax before it becomes delinquent, or (b) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

**SECURITY AGREEMENT; FINANCING STATEMENTS.** The following provisions relating to this Mortgage as a security agreement are a part of this Mortgage.

**Security Agreement.** This instrument shall constitute a security agreement to the extent any of the Property constitutes fixtures or other personal property, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

**Security Interest.** Upon request by Lender, Grantor shall execute financing statements and take whatever other action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Mortgage in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Mortgage as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall assemble the Personal Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender.

**Addresses.** The mailing addresses of Grantor (debtor) and Lender (secured party), from which information concerning the security interest granted by this Mortgage may be obtained (each as required by the Uniform Commercial Code), are as stated on the first page of this Mortgage.

**FURTHER ASSURANCES; ATTORNEY-IN-FACT.** The following provisions relating to further assurances and attorney-in-fact are a part of this Mortgage.

**Further Assurances.** At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refilled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (a) the obligations of Grantor under the Note, this Mortgage, and the Related Documents, and (b) the liens and security interests created by this Mortgage as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or agreed to the contrary by Lender in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

**Attorney-in-Fact.** If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

**FULL PERFORMANCE.** If Grantor pays all the Indebtedness when due, and otherwise performs all the obligations imposed upon Grantor under this Mortgage, Lender shall execute and deliver to Grantor a suitable satisfaction of this Mortgage and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Grantor will pay, if permitted by applicable law, any reasonable termination fee as determined by Lender from time to time.

**DEFAULT.** Each of the following, at the option of Lender, shall constitute an event of default ("Event of Default") under this Mortgage:

**Default on Indebtedness.** Failure of Grantor to make any payment when due on the Indebtedness.

**Default on Other Payments.** Failure of Grantor within the time required by this Mortgage to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

**Compliance Default.** Failure of Grantor to comply with any other term, obligation, covenant or condition contained in this Mortgage, the Note or in any of the Related Documents.

**Default in Favor of Third Parties.** Should Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Grantor's property or Grantor's ability to repay the Note or Grantor's ability to perform Grantor's obligations under this Mortgage or any of the Related Documents.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by or on behalf of Grantor under this Mortgage, the Note or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished.

**Defective Collateralization.** This Mortgage or any of the Related Documents ceases to be in full force and effect (including failure of any collateral documents to create a valid and perfected security interest or lien) at any time and for any reason.

**Insolvency.** The dissolution or termination of Grantor's existence as a going business, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

**Foreclosure, Forfeiture, etc.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any of the Property. However, this subsection shall not apply in the event of a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the foreclosure or forfeiture proceeding, provided that Grantor gives Lender written notice of such claim and furnishes reserves or a surety bond for the claim satisfactory to Lender.

**Breach of Other Agreement.** Any breach by Grantor under the terms of any agreement between Grantor and Lender that is not remedied within any grace period provided therein concerning any indebtedness or other obligation of Grantor to Lender, or



200201240233  
Skagit County Auditor

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

**Adverse Change.** A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

**Insecurity.** Lender in good faith deems itself insecure.

**RIGHTS AND REMEDIES ON DEFAULT.** Upon the occurrence of any Event of Default and at any time thereafter, Lender, at its option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

**Accelerate Indebtedness.** Lender shall have the right at its option without notice to Grantor to declare the entire Indebtedness immediately due and payable, including any prepayment penalty which Grantor would be required to pay.

**UCC Remedies.** With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

**Collect Rents.** Lender shall have the right, without notice to Grantor, to take possession of the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

**Appoint Receiver.** Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

**Deficiency Judgment.** If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this section.

**Tenancy at Sufferance.** If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (a) pay a reasonable rental for the use of the Property, or (b) vacate the Property immediately upon the demand of Lender.

**Other Remedies.** Lender shall have all other rights and remedies provided in this Mortgage or the Note or available at law or in equity.

**Sale of the Property.** To the extent permitted by applicable law, Grantor hereby waives any and all right to have the property marshalled. In exercising its rights and remedies, Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

**Notice of Sale.** Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition.

**Waiver; Election of Remedies.** A waiver by any party of a breach of a provision of this Mortgage shall not constitute a waiver of or prejudice the party's rights otherwise to demand strict compliance with that provision or any other provision. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or take action to perform an obligation of Grantor under this Mortgage after failure of Grantor to perform shall not affect Lender's right to declare a default and exercise its remedies under this Mortgage.

**Attorneys' Fees; Expenses.** If Lender institutes any suit or action to enforce any of the terms of this Mortgage, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and on any appeal. Whether or not any court action is involved, all reasonable expenses incurred by Lender that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest from the date of expenditure until repaid at the rate provided for in the Note. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including attorneys' fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees, and title insurance, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

**NOTICES TO GRANTOR AND OTHER PARTIES.** Subject to applicable law, and except for notice required or allowed by law to be given in another manner, any notice under this Mortgage, including without limitation any notice of default and any notice of sale to Grantor, shall be in writing, may be sent by telefacsimile (unless otherwise required by law), and shall be effective when actually delivered, or when deposited with a nationally recognized overnight courier, or, if mailed, shall be deemed effective when deposited in the United States mail first class, certified or registered mail, postage prepaid, directed to the addresses shown near the beginning of this Mortgage. Any party may change its address for notices under this Mortgage by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. All copies of notices of foreclosure from the holder of any lien which has priority over this Mortgage shall be sent to Lender's address, as shown near the beginning of this Mortgage. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address.

**ACCESS LAWS.** (a) Grantor agrees that Grantor and the Property shall at all times strictly comply with the requirements of the Americans with Disabilities Act of 1990; the Fair Housing Amendments Act of 1988; and other federal, state, or local laws or ordinances related to disabled access; or any statute, rule, regulation, ordinance, order of governmental bodies and regulatory agencies, or order or decree of any court adopted or enacted with respect thereto, as now existing or hereafter amended or adopted (collectively, the "Access Laws"). At any time, Lender may require a certificate of compliance with the Access Laws and indemnification agreement in a form reasonably acceptable to Lender. Lender may also require a certificate of compliance with the Access Laws from an architect, engineer, or other third party acceptable to Lender.



200201240233  
Skagit County Auditor

(b) Notwithstanding any provisions set forth herein or in any other document, Grantor shall not alter or permit any tenant or other person to alter the Property in any manner which would increase Grantor's responsibilities for compliance with the Access Laws without the prior written approval of Lender. In connection with such approval, Lender may require a certificate of compliance with the Access Laws from an architect, engineer, or other person acceptable to Lender.

(c) Grantor agrees to give prompt written notice to Lender of the receipt by Grantor of any claims of violation of any of the Access Laws and of the commencement of any proceedings or investigations which relate to compliance with any of the Access Laws.

(d) Grantor shall indemnify, defend, and hold harmless Lender from and against any and all claims, demands, damages, costs, expenses, losses, liabilities, penalties, fines, and other proceedings including without limitation reasonable attorneys fees and expenses arising directly or indirectly from or out of or in any way connected with any failure of the Property to comply with any of the Access Laws. The obligations and liabilities of Grantor under this section shall survive any termination, satisfaction, assignment, judicial or nonjudicial foreclosure proceeding, or delivery of a deed in lieu of foreclosure.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Mortgage:

**Amendments.** This Mortgage, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Mortgage. No alteration of or amendment to this Mortgage shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Annual Reports.** If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

**Applicable Law.** This Mortgage has been delivered to Lender and accepted by Lender in the State of Oregon. Except as set forth hereinafter, this Mortgage shall be governed by, construed and enforced in accordance with the laws of the State of Oregon, except and only to the extent of procedural matters related to the perfection and enforcement by Lender of its rights and remedies against the Property, which matters shall be governed by the laws of the State of Washington. However, in the event that the enforceability or validity of any provision of this Mortgage is challenged or questioned, such provision shall be governed by whichever applicable state or federal law would uphold or would enforce such challenged or questioned provision. The loan transaction which is evidenced by the Note and this Mortgage (which secures the Note) has been applied for, considered, approved and made in the State of Oregon.

**Caption Headings.** Caption headings in this Mortgage are for convenience purposes only and are not to be used to interpret or define the provisions of this Mortgage.

**Merger.** There shall be no merger of the interest or estate created by this Mortgage with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

**Multiple Parties; Corporate Authority.** All obligations of Grantor under this Mortgage shall be joint and several, and all references to Grantor shall mean each and every Grantor. This means that each of the persons signing below is responsible for all obligations in this Mortgage.

**Severability.** If a court of competent jurisdiction finds any provision of this Mortgage to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Mortgage in all other respects shall remain valid and enforceable.

**Successors and Assigns.** Subject to the limitations stated in this Mortgage on transfer of Grantor's interest, this Mortgage shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Mortgage and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Mortgage or liability under the Indebtedness.

**Time Is of the Essence.** Time is of the essence in the performance of this Mortgage.

**Waiver of Homestead Exemption.** Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Washington as to all Indebtedness secured by this Mortgage.

**Waivers and Consents.** Lender shall not be deemed to have waived any rights under this Mortgage (or under the Related Documents) unless such waiver is in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by any party of a provision of this Mortgage shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or any of Grantor's obligations as to any future transactions. Whenever consent by Lender is required in this Mortgage, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required.

**NOTICE OF CONSTRUCTION.** Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or material and such lien could, as to any portion of the Property (including future improvements located on the Real Property), be superior to the lien of this Mortgage. Grantor will upon request of Lender furnish to Lender in advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

**FINANCIAL STATEMENTS.** Borrower agrees to provide current financial statements as requested by the holder of this Note, but, during any time when this Note is not subject to a default, Borrower shall not be required to provide such financial statements more frequently than annually. If Borrower obtains financial statements which were audited or reviewed by an independent, certified public accountant for the relevant period, such financial statements provided hereunder shall be such reviewed or audited statements.

**DISSEMINATION AND INFORMATION.** If the Lender determines at any time to sell, transfer or assign the Note, this Security Instrument and any other security instruments, and any or all servicing rights with respect thereto, or to grant participations therein ("Participations") or issue, in a public offering or private placement, mortgage pass-through certificates or other securities evidencing a beneficial interest in the loan ("Securities"), Lender may forward to each purchaser, transferee, assignee, servicer, participant, investor, or their respective successors in such Participations and/or Securities ("collectively, the "Investor"), any rating agency rating such Securities and each prospective Investor, all documents and information which Lender now has or may hereafter acquire relating to the Indebtedness and to the Borrower, any Guarantor, any Indemnitors and the Mortgaged Property, which shall have been furnished by Borrower, any Guarantor or any Indemnitors, as Lender determines necessary or desirable.



200201240233  
Skagit County Auditor



## EXHIBIT "L"

**Borrower:** WASHINGTON BULB  
COMPANY, INC.  
16031 BEAVER MARSH  
ROAD  
MOUNT VERNON, WA 98273

**Lender:** U.S. Bank National Association  
FARMER MAC  
PL-2 555 S.W. Oak  
Portland, OR 97204

This EXHIBIT "L" is attached to and by this reference is made a part of each Deed of Trust or Mortgage, Security Agreement, Assignment of Deed of Trust or Mortgage and \_\_\_\_\_, dated December 1, 2001, and executed in connection with a loan or other financial accommodations between U.S. Bank National Association and WASHINGTON BULB COMPANY, INC..

The land referred to in this report/policy is situated in the State of Washington, County of Skagit, and is described as follows:

**Parcel "B":**

The South 1/2 of the South 1/2 of Section 33, Township 34 North, Range 3 East, W.M., EXCEPT the as-built and existing Bradshaw County Road running along the East line of said subdivision, EXCEPT the Chilberg County Road, both as-built and as conveyed to Skagit County by Deed recorded February 23, 1933, under Auditor's File No. 254851, and by Deed recorded January 20, 1966, under Auditor's File No. 677633, EXCEPT that portion thereof lying within the boundaries of Skagit County Short Plat No. 65-80, approved June 6, 1980, and recorded June 10, 1980, in Volume 4 of Short Plats, Page 109, under Auditor's File No. 8006100023, records of Skagit County, Washington, AND EXCEPT drainage ditch right-of-way of Drainage District No. 15, as condemned in Skagit County Superior Court Cause No. 3604.

**Parcel "C":**

The North 1/2 of the Northwest 1/4 of Section 28, Township 34 North, Range 3 East, W.M., EXCEPT that portion of the South 30 feet thereof conveyed to Skagit County for road purposes by Deed recorded as Auditor's File No. 277151, in Volume 169 of Deeds, Page 133, ALSO EXCEPT the West 30 feet thereof conveyed to Skagit County by Deed recorded as Auditor's File No. 631086, in Volume 328 of Deeds, Page 110, AND ALSO EXCEPT Drainage District and Diking District rights-of-way, if any.

**Parcel "D":**

The South 1/2 of the Southwest 1/4 of Section 21, Township 34 North, Range 3 East, W.M., EXCEPT the West 30 feet thereof conveyed to Skagit County for Best Road by Deed recorded as Auditor's File No. 631087, in Volume 328 of Deeds, Page 111, ALSO EXCEPT that portion thereof condemned by Drainage District No. 15 in Skagit County Cause No. 14859.

**Parcel "E":**

The West 1/2 of the Northwest 1/4 of Section 26, Township 34 North, Range 3 East, W.M., EXCEPT the four following described tracts:

- 1.) Rights-of-way condemned for Drainage District No. 15;



200201240233  
Skagit County Auditor

2.) Rights-of-way conveyed to Drainage District No. 15 by Deeds recorded in Volume 74 of Deeds, Page 219, and Volume 101 of Deeds, at Pages 572 and 576, as Auditor's File Nos. 67753, 110902 and 110905, respectively;

3.) Right-of-way along the West side thereof for County Road commonly known as the Beaver Marsh Road, TOGETHER WITH a portion conveyed to Skagit County by Auditor's File No. 8808160026; and

4.) Right-of-way along the South side thereof for County Road commonly known as Jungquist Road.

Parcel "F":

The Southeast 1/4 of the Southeast 1/4 of Section 22, Township 34 North, Range 3 East, W.M., EXCEPT the South 20 rods thereof, AND ALSO EXCEPT the Beaver Marsh County Road running along the East line thereof; AND ALSO EXCEPT the ditch right-of-way of Drainage District No. 15.

Parcel "G":

Lots 1, 2 and 3, of Skagit County Short Plat No. 98-009, approved September 15, 1999, and recorded September 17, 1999, as Auditor's File No. 199909170004.

Parcel "H-1":

The Northeast 1/4 of the Southwest 1/4 of Section 20, Township 34 North, Range 3 East, W.M.

EXCEPT McLean Road along the North line.

ALSO EXCEPT that portion lying Westerly of Calhoun Slough.

ALSO EXCEPT that portion lying Northwesterly of the ditch located in the Northwest corner thereof.

ALSO EXCEPT rights-of-way of Drainage District No. 15.

Parcel "H-2":

The South 1/2 of the Southwest 1/4 of Section 20, Township 34 North, Range 3 East, W.M., lying Easterly of Calhoun Slough.

EXCEPT the South 300 feet thereof.

ALSO EXCEPT rights-of-way of Drainage District No. 15.

Parcel "I":

Lot 2, of Skagit County Short Plat No. 99-0008, approved September 15, 1999, and recorded September 17, 1999, under Auditor's File No. 199909170005, being a portion of Section 20, Township 34 North, Range 3 East, W.M.

Parcel "J":

The Southwest 1/4 of the Southwest 1/4 of Section 15, Township 34 North, Range 3 East, W.M., EXCEPT the North 20 feet thereof, ALSO EXCEPT the South 330 feet thereof, ALSO EXCEPT the County Road right-of-way commonly known as the Bradshaw Road, AND ALSO EXCEPT ditch rights-of-way, if any.



200201240233  
Skagit County Auditor

Parcel "K":

That portion of Section 11, Township 34 North, Range 3 East, W.M., described as follows:

Beginning at a point 20 rods South of the quarter corner between Sections 11 and 12; thence West, 40 rods; thence South, 20 rods; thence East, 40 rods; thence North, 20 rods to the point of beginning, all in Section 11, Township 34 North, Range 3 East, W.M., EXCEPT the County Road right-of-way commonly known as the Avon-Allen Road along the East line thereof.

Parcel "L":

Government Lots 1, 2 and 3, of Section 4, Township 33 North, Range 3 East, W.M., EXCEPT the five following described tracts:

- 1.) Rights-of-way of Drainage District No. 15;
- 2.) That portion of Government Lot 3, lying Westerly of the Drainage District No. 15, ditch referenced as a boundary in Deed recorded as Auditor's File No. 9210010067;
- 3.) The South 300 feet of Government Lot 3;
- 4.) The South 300 feet of the West 935 feet of Government Lot 2; and
- 5.) The right-of-way for the County Road commonly known as the Bradshaw Road along the East line of Government Lot 1.

THIS EXHIBIT "L" IS EXECUTED ON DECEMBER 1, 2001.

BORROWER:

WASHINGTON BULB COMPANY, INC.

By: Leo Roozen

LEO M. ROOZEN, PRESIDENT

By: Helena Mary Roozen

HELEN MARY ROOZEN, SECRETARY



200201240233  
Skagit County Auditor

1/24/2002 Page 11 of 14

1:23PM

**EXHIBIT "C"**  
**ADJUSTABLE RATE RIDER**  
**(5 Year Treasury Index - No Rate Cap - Convertible)**

**Borrower: Washington Bulb Company, Inc.**  
**16031 Beaver Marsh Road**  
**Mount Vernon, WA 98273**

**Lender: U.S. Bank National Association**  
**PL-2 555 SW Oak**  
**Portland, OR 97204**

This ADJUSTABLE RATE RIDER is made this first day of December, 2001, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Adjustable Rate Note (the "Note") to U.S. Bank National Association (the "Lender") of the same date and covering the property described in the Security Instrument and located at:

16031 Beaver Marsh Road, Mount Vernon, WA 98273

**THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE AND THE MONTHLY PAYMENT. THE NOTE ALSO CONTAINS THE OPTION TO CONVERT THE ADJUSTABLE RATE TO ANOTHER RATE.**

**ADDITIONAL COVENANTS.** In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

**A. ADJUSTABLE RATE AND MONTHLY PAYMENT CHANGES**

The Note provides for an initial interest rate of 7.280%. The Note provides for changes in the adjustable interest rate and the monthly payments as follows:

**1. Payment of Principal and Interest.**

(a) Interest shall accrue on the unpaid balance of this Note at a rate equal to the sum of (i) the Current Index (defined below) and (ii) the Margin (defined below) ("the Adjustable Rate"). The Adjustable Rate shall change on the first day of each fifth February commencing February 1, 2007 (each, a "Rate Change Date") until the loan is repaid in full or until the Borrower exercises the option to convert the interest rate to another rate as provided in paragraph (f) below.

(b) The Adjustable Rate shall be 7.280% per annum until February 1, 2007.

(c) 181 monthly payments of interest only calculated at the Adjustable Rate from the date of closing shall be due beginning the first day of February, 2002 and each consecutive month thereafter at the Adjustable Rate over the 15 year period. In addition, the Borrower agrees to pay quarterly principal payments of \$116,667.67 each beginning with April 1, 2002 and shall be payable on the first day of each April, July, October and January, until the entire indebtedness evidenced by this Note is fully paid. Any remaining indebtedness, if not sooner paid, shall be due and payable on the Maturity Date (as defined below). Thereafter, to the extent that the Adjustable Rate has changed, the amount of the interest payment shall change in accordance with the first sentence of this paragraph. For purposes of determining the "principal balance" under the first sentence of this paragraph, calculations shall be based on the binding presumption of timely future payments, without any prepayments made after the date of the calculation, through the next scheduled Rate Change Date.

(d) At least 30 days before each Rate Change Date, Lender shall re-calculate the Adjustable Rate and shall notify Borrower (in the manner specified in the Security Instrument for giving notices) of any change in the Adjustable Rate and the interest payment due on each



200201240233

Skagit County Auditor

1/24/2002 Page 12 of 14 1:23PM

(e) If Lender at any time determines, in its sole but reasonable discretion, that it has miscalculated the amount of any interest payment (whether because of a miscalculation of the Adjustable Rate or otherwise), then Lender shall give notice to Borrower of the corrected amount of the interest payment (and the corrected Adjustable Rate, if applicable) and (i) if the corrected amount of the interest payment represents an increase, then Borrower shall, within 30 calendar days thereafter, pay to Lender any sums that Borrower would have otherwise been obligated under this Note to pay to Lender had the amount of the interest payment not been miscalculated, or (ii) if the corrected amount of the interest payment represents a decrease thereof and Borrower is not otherwise in breach or default under any of the terms and provisions of this Note, the Security Instrument or any other loan document evidencing or securing this Note, then Borrower shall thereafter be paid the sums that Borrower would not have otherwise been obligated to pay to Lender had the amount of the interest payment not been miscalculated.

(f) If Borrower timely exercises Borrower's option to convert the interest rate on this Note to another rate pursuant to paragraph 3. ("Interest Rate Conversion Option") of this Note, the applicable interest rate under this Note, beginning on the date the conversion becomes effective and continuing until the Maturity Date, shall not be the rate determined in accordance with subsection (c) above, but shall be the rate established in accordance with Section 3 "Interest Rate Conversion Option" hereof. Such rate shall be reflected in an "Agreement to Convert" substantially in the form attached hereto as Exhibit B.

(g) For purposes of this Section, the following definitions shall apply:

**Current Index:** The published Index that is in effect on the 45th day before the applicable Rate Change Date.

**Index:** The weekly average yield on United States Treasury securities adjusted to a constant maturity of five years published by the Federal Reserve Board. In the event the Federal Reserve Board ceases making the Index available, Lender shall select a comparable publication to determine the Index and provide notice thereof to Borrower. In the event no comparable organization publishes the Index, Lender shall select a method of calculating interest at the Adjustable Rate that Lender deems comparable in its sole discretion and provide notice thereof to Borrower.

**Margin:** 2.600%

**Maturity Date:** January 1, 2017

## 2. Prepayment.

Prior to the Conversion Date (as defined below), Borrower may prepay all or part of the unpaid principal balance of this Note on the date any payment under this Note is due (without taking into account any grace period) under this Note by paying, in addition to the principal prepayment amount and any scheduled principal payment amount, accrued interest and all other sums due Lender at the time of prepayment. Prior to the Conversion Date, Borrower may also prepay all or part of the unpaid principal balance of this Note at any other time, by paying, in addition to the principal prepayment amount, interest on the principal prepayment amount to the date the next payment under this Note is due and all other sums due Lender at the time of prepayment.

## B. INTEREST RATE OPTION

The Note provides for the Borrower's option to convert from an adjustable interest rate to another interest rate, as follows:

### 3. Interest Rate Conversion Option.



200201240233

Skagit County Auditor

1/24/2002 Page 13 of 14

1:23PM

**(a) Option to Convert to Other Rate.** Borrower may exercise the Conversion Option unless Borrower is in default under this Note or the Security Instrument if the conditions of this Paragraph 3(a) are met. The "Conversion Option" is the Borrower's option to convert the interest rate specified in this Note from an adjustable rate with no interest rate limits to the converted rate calculated under Section 3(b) below.

The conversion can only take place on a date a payment is due under this Note. The date on which the Borrower converts the adjustable interest rate to the converted rate is called the "Conversion Date."

The Borrower's ability to exercise the Conversion Option is conditioned upon: (i) the Borrower giving the Lender written notice at least 21 days prior to the Conversion Date that the Borrower wants to exercise the Conversion Option; (ii) at the Conversion Date, the Borrower must not be in default under the terms of this Note or the Security Instrument; (iii) payment to the Lender prior to the Conversion Date of a conversion fee of \$500; and (iv) the Borrower's completion and execution of any documents the Lender requires to effect the conversion.

**(b) Calculation of Converted Rate.** The converted interest rate in effect as of the Conversion Date will be equal to the Federal Agricultural Mortgage Corporation's required net yield as of noon, Eastern Time, 7 days prior to the Conversion Date for (i) if Borrower elects to have the option to prepay the loan on any date a payment is due without paying a yield maintenance amount, the open prepay comparable (as determined in the Lender's sole discretion) term mortgages (with amortization terms equal to the amortization term of this Note) covered by applicable 1-week mandatory delivery commitments, plus 0.100%, or (ii) if Borrower agrees that any prepayment of the loan will be subject to Borrower's paying a yield maintenance amount, comparable (as determined in the Lender's sole discretion) term mortgages (with amortization terms equal to the amortization term of this Note) with yield maintenance covered by applicable 1-week mandatory delivery commitments, plus 0.100%. If this required net yield cannot be determined because the applicable commitments are not available, the Lender will determine the interest rate by using comparable information.

**(c) New Payment and Effective Date.** Upon the Borrower's exercise of the Conversion Option, the Lender will determine the amount of the monthly interest payment.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Adjustable Rate Rider.

**Borrower: Washington Bulb Company, Inc.**

By: *Leo M. Roozen*  
Leo M. Roozen, President

By: *Helen Mary Roozen*  
Helen Mary Roozen, Secretary

**Grantor: Washington Bulb Company, Inc.**

By: *Leo M. Roozen*  
Leo M. Roozen, President

By: *Helen Mary Roozen*  
Helen Mary Roozen, Secretary



200201240233

Skagit County Auditor

1/24/2002 Page 14 of 14 1:23PM