



200707050126

Skagit County Auditor

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After Recording Return to:

Mr. Dennis Jones
Skagit Farmers Supply
P.O. Box 266
Burlington, WA 98233

Grantors: Michael Hulbert and Lori Ann Hulbert, husband and wife

Grantee: Skagit Farmers Supply

Abbreviated Legal Description: SECTION 5, TOWNSHIP 33, RANGE 3, PTN. NW SE
& ptn S1/2 of SE1/4 5-33-3 E W.M.

Tax Parcel Number(s): 330305-4-016-0007 (P15473); 330305-4-012-0001 (P15469);
330305-4-013-0000 (P15470); 330305-4-009-0006 (P15464)

LAND TITLE OF SKAGIT COUNTY

MORTGAGE

126453.05

The undersigned Mortgagor, MICHAEL HULBERT AND LORI ANN HULBERT ("Mortgagor"), hereby mortgages to SKAGIT FARMERS SUPPLY, a Washington corporation, whose address is P.O. Box 266, Burlington, WA 98233, ("Mortgagee") to secure the obligations set forth in the Promissory Note and Forbearance Agreement executed in favor of Mortgagee, in the amount of Two hundred thirty-three thousand three hundred six hundred fifty-four dollars and thirty-five cents (\$233,654.35), plus interest at Nine per cent (9%), the following described real property in Skagit County Washington, the legal description of which is

THAT PORTION OF THE SOUTHEAST 1/4 OF SECTION 5, TOWNSHIP 33 NORTH, RANGE 3 EAST, W.M., LYING SOUTHERLY AND SOUTHWESTERLY OF THE COUNTY ROAD WHICH FOLLOWS THE BASE OF THE HIGHLAND (DODGE VALLEY ROAD); EXCEPT DRAINAGE DITCH RIGHT-OF-WAY, IF ANY, AND EXCEPT ROAD ALONG THE WEST LINE OF SAID SUBDIVISION; ALSO EXCEPT

THAT CERTAIN RIGHT-OF-WAY CONVEYED TO SKAGIT COUNTY FOR ROAD PURPOSES BY DEED RECORDED NOVEMBER 8, 1994 AS AUDITOR'S FILE NO. 9411080074. SITUATE IN SKAGIT COUNTY, STATE OF WASHINGTON

The Real Property or its address is commonly known as VACANT LAND DODGE VALLEY ROAD, MOUNT VERNON, WA 98273. The Real Property tax identification number is 330305-4-016-0007 (P15473); 330305-4-012-0001 (P15469); 330305-4-013-0000 (P15470); 330305-4-009-0006 (P15464)

In case the Mortgagor shall fail to pay any installment of principal or interest secured hereby when due or to keep or perform any covenant or agreement aforesaid, then the whole indebtedness hereby secured shall forthwith become due and payable, at the election of the Mortgagee.

To protect the security of this Mortgage, Mortgagor covenants and agrees:

1. To keep the property in good condition and repair; to permit no waste thereof; to complete any building, structure or improvement being built or about to be built thereon; to restore promptly any building, structure or improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property.
2. To pay before delinquent all lawful taxes and assessments upon the property; to keep the property free and clear of all other charges, liens or encumbrances impairing the security of this Mortgage.
3. To keep all buildings now or hereafter erected on the property described herein continuously insured against loss by fire or other hazards in an amount not less than the total debt secured by this Mortgage. All policies shall be held by the Mortgagee, and be in such companies as the Mortgagor may approve and have loss payable first to the Mortgagee, as its interest may appear, and then to the Mortgagor. The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as the Mortgagee shall determine. Such application by the Mortgagee shall not cause discontinuance of any proceedings to foreclose this Mortgage. In the event of foreclosure, all rights of the Mortgagor in insurance policies then in force shall pass to the purchaser at the foreclosure sale.
4. To defend any action or proceeding purporting to affect the security hereof or the rights or powers of Mortgagee, and to pay all costs and expenses, including cost of title search and attorney's fees in a reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Mortgage.
5. To pay all costs, fees and expenses in connection with this Mortgage, including the expenses of the Mortgagee incurred in enforcing the obligation secured hereby and Mortgagee's and attorney's fees actually incurred, as provided by statute.



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6. Should Mortgagor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property hereinabove described, Mortgagee may pay the same, and the amount to paid, with interest at the rate set forth in the note secured hereby shall be added to and become a part of the debt secured in this Mortgage.

IT IS MUTUALLY AGREED THAT:

1. In the event any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Mortgagee to be applied to said obligation.
2. By accepting payment of any sum secured hereby after its due date, Mortgagee does not waive its right to require prompt payment when due of all other sums so secured or to declare for failure to so pay.
3. Mortgagor agrees not to convey, transfer or any way encumber its interest herein without the written permission of Mortgagee.
4. Upon default by Mortgagor in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable at the option of the Mortgagee. In such event and upon written request of Mortgagee, Mortgagee shall sell the trust property, in accordance with the laws of the State of Washington.
5. This Mortgage applies to, inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors and assigns. The term Mortgagee shall mean the holder and owner of the note secured hereby, whether or not named as Mortgagee herein.
6. Mortgagee agrees to consider a request by Mortgagor to subordinate this Mortgage to a junior lender in the event the proceeds from the junior lender would be sufficient to reduce the debt to Mortgagee in an amount acceptable to Mortgagee, or if substitute collateral is provided to the Mortgagee that is acceptable to Mortgagee, in the sole discretion of Mortgagee.

DATED this 2nd day of July, 2007.



Michael Hulbert, individually and on behalf of the marital community



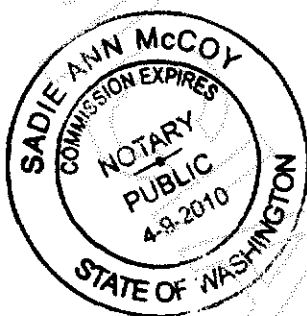
Lori Ann Hulbert, individually and on behalf of the marital community



STATE OF WASHINGTON)
) ss.
County of SKAGIT)

I certify that I know or have satisfactory evidence that Michael Hulbert is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

Dated this 2nd day of July, 2007.

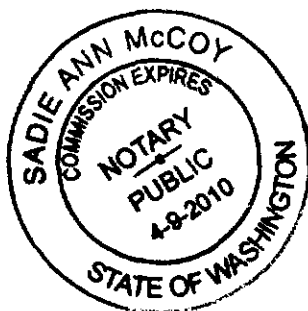


Sadie A. McCoy
NOTARY PUBLIC in and for the State
of Washington, residing at
Sedro Woolley WA
(Printed or Stamped Name of Notary)
My appointment expires 4/9/10

STATE OF WASHINGTON)
) ss.
County of SKAGIT)

I certify that I know or have satisfactory evidence that Lori Ann Hulberis the person who appeared before me, and said person acknowledged that she signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

Dated this 2nd day of July, 2007.



Sadie A. McCoy
NOTARY PUBLIC in and for the State
of Washington, residing at
Sedro Woolley WA
(Printed or stamped name of Notary)
My appointment expires 4/9/10



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