

FILED FOR RECORD AT THE
REQUEST OF/RETURN TO:

P & H Holdings, Inc.
Attn: Kevin Klippenstein
1400-201 Portage Avenue
Winnipeg, Manitoba, R3B 3K6
Canada



200902260155
Skagit County Auditor

2/26/2009 Page 1 of 7 4:07PM

THIS DEED OF TRUST IS SECOND AND SUBORDINATE TO DEED OF TRUST RECORDED
UNDER AUDITOR FILE NO. 200902260\53

LAND TITLE OF SKAGIT COUNTY

DEED OF TRUST

131284-PE

Grantor:	<u>CFI PROPERTIES, LLC</u>
<input type="checkbox"/> Additional on page	
Grantees:	<u>LAND TITLE COMPANY OF SKAGIT COUNTY</u>
Trustee:	
Beneficiary:	<u>P & H HOLDINGS, INC.</u>
<input type="checkbox"/> Additional on page	
Legal Description (abbreviated):	<u>Ptn NW 1/4 of NE 1/4, 19-33-4 E W.M.</u>
<input checked="" type="checkbox"/> Additional on:	<u>EXHIBIT A</u>
Assessor's Tax Parcel	<u>P16923; P16852; P117953</u>
ID #:	
Reference Nos. of Documents Modified:	<u>N/A</u>

THIS DEED OF TRUST, made February 26th, 2009, between CFI PROPERTIES, LLC, a Washington limited liability company, as "Grantor", whose address is 18700 Main Street, Conway, WA, 98238, and LAND TITLE COMPANY OF SKAGIT COUNTY, as "Trustee", whose address is 111 East George Hopper Road, P.O. Box 445, Burlington, WA 98233; and P & H HOLDINGS, INC., a Delaware corporation, as "Beneficiary", whose address is 1400-201 Portage Avenue, Winnipeg, Manitoba, Canada.

WITNESSETH: Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, the following described real property in Skagit County, Washington: See Exhibit "A" attached hereto and incorporated herein by this reference, which real property is not used principally for agricultural or farming purposes, together with all the tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any wise appertaining, and the

rents, issues and profits thereof (collectively, the "Property").

This Deed of Trust is for the purpose of securing performance of each agreement of Grantor herein contained, and payment of the sum of \$650,000.00 with interest, in accordance with the terms of a promissory note of even date herewith (the "Note"), payable to Beneficiary or order, and made by Conway Feed, Inc., a Washington corporation ("CFI"), and all renewals, modifications and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to CFI, or any of their successors or assigns, together with interest thereon at such rate as shall be agreed upon.

To protect the security of this Deed of Trust, Grantor covenants and agrees:

- 1) To, at Grantor's sole cost and expense, 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 Deed of Trust.
- 3) To keep all buildings now or hereafter erected on the Property described herein continuously insured against loss by fire hazards in an amount not less than the replacement value or \$650,000.00, whichever is less. All policies shall be held by the Beneficiary and be in such companies as the Beneficiary may approve and have loss payable first to the Beneficiary, as its interest may appear, and then to the Grantor. The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as the Beneficiary shall determine. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor 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 Beneficiary or Trustee, 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 Deed of Trust.
- 5) To pay all costs, fees and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligation secured hereby and trustee's and attorney's fees actually incurred, as provided by statute.
- 6) Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the Property hereinabove described, Beneficiary may pay the same, and the amount so 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 Deed of Trust. If Grantor is a corporation, limited liability company or other business entity, Grantor's failure to maintain good standing with the state in which Grantor was formed shall constitute an event of default.

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 portions as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.
- 2) By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.
- 3) The Trustee shall reconvey all or any part of the Property covered by this Deed of Trust to the person entitled thereto, on written request of the Grantor and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.
- 4) If all or any part of the Property or any interest in it is sold or transferred, or if a beneficial interest in CFI or Grantor is sold or transferred without Beneficiary's prior written consent, which consent may be granted or withheld in Beneficiary's sole discretion, Beneficiary may, at its option, require immediate payment in full of all sums secured by this Deed of Trust. If Beneficiary exercises this option, Beneficiary shall give CFI and Grantor notice of acceleration. The notice shall provide a period of not less than fifteen (15) days from the date the notice is delivered or mailed within which CFI must pay all sums secured by this Deed of Trust. If CFI fails to pay these sums prior to the expiration of this period, Beneficiary may invoke any remedies permitted by this Deed of Trust without further notice or demand on Grantor. Beneficiary hereby irrevocably consents to the transfers of beneficial interests in Grantor to the children of Scott McKnight and Kelly McKnight by bequest, as long as either Scott McKnight or Kelly McKnight remains as a member of the Grantor.
- 5) Upon default by CFI 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 Beneficiary. In such event and upon written request of Beneficiary, Trustee shall sell the trust Property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of the sale, including a reasonable trustee's fee and attorney's fees; (2) to the obligation secured by this Deed of Trust; and, (3) the surplus, if any, shall be distributed to the persons entitled thereto.
- 6) Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall



convey to the purchaser the interest in the Property which Grantor had or had the power to convey at the time of its execution of this Deed of Trust, and such as it may have acquired thereafter. Trustee's deeds shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchaser and encumbrances for value.

- 7) The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the state of Washington is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.
- 8) In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary may appoint, in writing, a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.
- 9) This Deed of Trust 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 Beneficiary shall mean the holder and owner of the Note secured hereby, whether or not named as Beneficiary herein.

CFI PROPERTIES, LLC

By: _____

SCOTT C. MCKNIGHT

Its: Member



State of Washington)
) ss
County of Skagit)

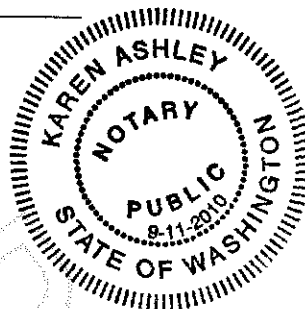
On this day, I certify that I know or have satisfactory evidence that SCOTT C. MCKNIGHT is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as a MEMBER of CFI PROPERTIES, LLC, a limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 26TH day of FEBRUARY, 2009

Karen Ashley
Printed Name KAREN ASHLEY

NOTARY PUBLIC in and for the State of Washington, residing
at SEDRO-WOOLLEY

My Commission Expires 9/11/2010



Deed of Trust - (Stock Redemption Agreement)
ND: 19484.002 4837-7844-9155v1



200902260155
Skagit County Auditor

EXHIBIT "A" – LEGAL DESCRIPTION OF REAL PROPERTY

PARCEL "A":

That portion of the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 19, Township 33 North, Range 4 East, W.M., described as follows:

Beginning at a point on the South line of the Fir Island County Road which is 266 feet West of the East line of the said subdivision;
thence South $2^{\circ}59'20''$ West along the East line of a road and parallel to the Great Northern Railway right of way 124.96 feet to the true point of beginning of the tract herein described;
thence continue South $2^{\circ}59'20''$ West parallel with the Great Northern Railway right of way 311.65 feet, more or less, to a point which intersects the West margin of the Pacific Highway;
thence Northeasterly along said West margin 316.54 feet, more or less, to a point which is South $86^{\circ}18'$ East, from the true point of beginning;
thence North $86^{\circ}18'$ West, 72.48 feet, more or less, to the true point of beginning.

Situate in the County of Skagit, State of Washington.

PARCEL "B":

That portion of the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 19, Township 33 North, Range 4 East, W.M., described as follows:

Beginning at the intersection of the South line of the Fir Island County as it existed on May 25, 1948 and the East line of a road running parallel to the East line of the Great Northern Railway right of way, which point is approximately 266 feet West of the East line of said subdivision;
thence South $02^{\circ}59'20''$ West along the East line of said road, 124.96 feet, more or less, to the Northwest corner of that certain tract of land conveyed to Hugh F. Kennedy and Mabel D. Kennedy, husband and wife, by Deed recorded July 16, 1954, under Auditor's File No. 504055, in Volume 263 of Deeds, page 758, records of Skagit County, Washington;
thence South $86^{\circ}18'$ East along the North line of said Kennedy Tract, 72.48 feet, more or less, to the Westerly line of that certain strip of land conveyed to the State of Washington for the Pacific Highway by Deed recorded April 9, 1920, under Auditor's File No. 141067, in Volume 116 of Deeds, page 621;
thence Northeasterly along said Westerly line, 143.40 feet, more or less, to the South line of the Fir Island County Road;
thence Westerly along said South line, 127.33 feet, more or less, to the point of beginning.

Situate in the County of Skagit, State of Washington.



PARCEL "C":

That portion of the North $\frac{1}{2}$ of the Northeast $\frac{1}{4}$ of Section 19, Township 33 North, Range 4 East, W.M., that portion of right of way conveyed to Skagit County by deed recorded under Skagit County Auditor's File No. 782095 and being a portion of the Old State Highway No. 1 turnback as indicated on Sheet 7 of 20, Right of Way Plans for SR-5, Conway Hill to Johnson Road, dated June 20, 1968, said area to be vacated being a triangular piece of property Northeasterly of and contiguous to the property owned by Charles and Anita Faber and Conway Feed Inc. as described in deeds recorded under Skagit County Auditor's File Nos. 8604170054 and 9107030044.

Situate in the County of Skagit, State of Washington.

PARCEL "D":

That portion of The Burlington Northern and Santa Fe Railway Company's (formerly Great Northern Railway Company) Station Ground property at Fir, Washington, situated in the East $\frac{1}{2}$ of the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 19, Township 33 North, Range 4 East, W.M., Skagit County, Washington, described as follows, to-wit:

Beginning at a point on the South line of said East $\frac{1}{2}$ of the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ a distance of 51.70 feet Easterly, as measured at right angles from said Railway Company's Main Track centerline, as now located and constructed;
thence due East (assumed bearing) along the South line of said East $\frac{1}{2}$ of the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ a distance of 53.89 feet to a point in the Westerly right of way line of public road as established in 1921, said point being 30.0 feet Westerly, as measured at right angles from the centerline of said public road;
thence North $11^{\circ}31'$ East, parallel with said public road centerline, 215.0 feet;
thence North $78^{\circ}29'$ West, at right angles to said public road centerline, 20.0 feet;
thence North $11^{\circ}31'$ East 160.0 feet;
thence North $15^{\circ}51'25''$ East 264.27 feet to a point of curve;
thence Northeasterly along a curve concave to the Southeast with a radius of 1,462.69 feet bearing South $78^{\circ}29'$ East an arc distance of 53.76 feet to a point being 200.0 feet Easterly, as measured at right angles from said Main Track centerline;
thence North $03^{\circ}45'$ East parallel with said Main Track centerline and along said Railway Company's Easterly property line 621.75 feet to a point on the South line of Broadway Street, said point being 50.0 feet Southerly, as measured at right angles from the centerline of said Broadway Street;
thence North $88^{\circ}08'$ West along the South line of Broadway Street 148.38 feet to a point being 51.70 feet Easterly, as measured at right angles from said Main Track centerline;
thence South $03^{\circ}45'$ West parallel with said Main Track centerline 1,306.18 feet to the point of beginning.

Situate in the County of Skagit, State of Washington.

