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Skagit County Auditor

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5 3:35PM

LAND TITLE OF SKAGIT COUNTY

139252-0E

P16028 + P16023 PTM NW1/4 of NE1/4

This form is available electronically PTM NW1/2 of NW1/4 23-33-3 ELM Form Approved - OMB No. 0560-0204

CCC-193 WA

(05-05-10)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

REAL ESTATE MORTGAGE FOR FARM STORAGE FACILITY LOAN PROGRAM

NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is 7 CFR Part 1436, Title 7, Code of Federal Regulations and the Commodity Credit Corporation Charter Act; 15 U.S.C. 714 et seq. The information will be used to determine eligibility for CCC financing for farm storage and drying equipment. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in disapproval of CCC financing. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0204. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.

1. THIS MORTGAGE is made and entered into by the undersigned
(a) Robert L. Hayton, Susan Hughes-Hayton, and Richard Wayne Hayton

residing in (b) Skagit County, whose post office address is (c) PO Box 399, Burlington WA 98233, State, (d)

Washington, herein called "Borrower," and the Commodity Credit Corporation, a corporate agency of the United States of America within the United States Department of Agriculture, herein called the "Government," and:

2. WHEREAS Borrower is indebted to the Government as evidenced by one or more promissory note(s) or assumption agreement(s), herein called "note," which has been executed by Borrower, is payable to the order of the Government, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is described as follows:

A. Date of Instrument (MM-DD-YYYY)	B. Principal Amount	C. Annual Rate of Interest	D. Due Date of Final Installment (MM-DD-YYYY)
09/03/2010	\$ 250,000.00	4 %	09/03/2022
04/26/2011	\$ 250,000.00	4 %	04/26/2023
	\$	%	
	\$	%	
	\$	%	

And the note evidences a loan to Borrower pursuant to the Commodity Credit Corporation Charter Act, 15 U.S.C. Part 714, seq., and the Farm et seq., and the Farm Storage Facility Loan Program under 7 CFR Part 1436.

And this instrument also secures such future advances necessary for the Government to protect its security which shall include, but not be limited to, advances for payment of real property taxes, special assessments, prior liens, hazard insurance premiums, and costs of repair, maintenance, or improvements.

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3. NOW, THEREFORE, to secure payment of the loan(s), Borrower does hereby grant, bargain, sell, transfer, convey, mortgage, and assign with general warranty unto the Government property situated in the State(s) of (a) Washington County(ies) of (b) Skagit, and described as (c) Tax Parcels: P16028; and P16023 - abbreviated legal descriptions attached see Schedule A.

together with all rights (including the rights to mining products, gravel, oil, gas, coal or other minerals), interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues and profits thereof and revenues and income therefrom, all improvements and personal property now or later attached thereto or reasonably necessary to the use thereof, and all water, water rights, and water stock pertaining thereto, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance or condemnation or any part thereof or interest therein - all of which are herein called "the property";

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

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

- (a) To pay promptly when due any indebtedness to the Government hereby secured.
- (b) To pay to the Government such fees and other charges as may now or hereafter be required by regulations of the Government.
- (c) If required by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges upon the mortgaged premises.
- (d) The Government may at any time pay any other amounts required herein to be paid by Borrower and not paid by Borrower when due, as well as any cost and expenses for the preservation, protection, or enforcement of this lien, as advances for the account of Borrower. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.
- (e) All advances by the Government as described in this instrument, with interest, shall be immediately due and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured hereby. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Any payment made by Borrower may be applied on the note or any indebtedness to the Government secured thereby, in any order the Government determines.
- (f) To use the loan evidenced by the note solely for purposes authorized by the Government.
- (g) To pay when due all taxes, liens, judgments, encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights, and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.
- (h) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.
- (i) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as CCC from time to time may prescribe; and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or, without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.
- (j) To comply with all laws, ordinances, and regulations affecting the property.

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- (k) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments, attorney's fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property.
- (l) Except as provided by the Government regulations, neither the property nor any portion thereof or interest therein shall be leased, assigned, sold, transferred, or encumbered, voluntarily or otherwise, without the written consent of the Government.
- (m) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.
- (n) If (1) the interest rate, payment, terms or balance due on the loan is adjusted, (2) the mortgage is increased by an amount equal to deferred interest on the outstanding principal, (3) the maturity of the debt evidenced by the note or any indebtedness to the Government secured by this instrument is extended or deferred or the payments on such debt are renewed and rescheduled, (4) any party who is liable under the note or for the debt is released from liability to the Government, (5) the lien on a portion of the property is released, (6) the lien on the property or any part thereof is subordinated, and/or (7) the Government waives any other of its rights under this instrument, the lien or the priority of this instrument of Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument shall be unaffected unless the Government says otherwise in writing. **HOWEVER**, any forbearance by the Government-whether once or often-in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.
- (o) Default hereunder shall constitute default under any other real estate, or under any personal property or other security instrument held or insured by the Government and executed or assumed by Borrower, and default under any such security instrument shall constitute default hereunder.
- (p) **SHOULD DEFAULT** occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should the parties named as Borrower die or be declared incompetent, or should any one of the parties named as Borrower be discharged in bankruptcy or declared are insolvent or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (1) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (2) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (3) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, and the Government may foreclose this instrument by court action and sell the property as prescribed by law.
- (q) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (1) costs and expenses incident to enforcing or complying with the provisions hereof, (2) any prior liens required by law or a competent court to be so paid, (3) the debt evidenced by the note and all indebtedness to the Government secured hereby, (4) inferior liens of record required by law or a competent court to be so paid, (5) at the Government's option, any other indebtedness of Borrower owing to or insured by the Government, and (6) any balance to Borrower. In case the Government is the successful bidder at foreclosure or other sale of all or any part of the property, the Government may pay its share of the purchase price by crediting such amount on any debts of Borrower owing to or insured by the Government, in the order prescribed above.
- (r) All powers and agencies granted in this instrument are coupled with an interest and are irrevocable by death or otherwise; and the rights and remedies provided in this instrument are cumulative to remedies provided by law.
- (s) Borrower agrees that the Government will not be bound by any present or future State laws, (1) providing for valuation, appraisal, homestead or exemption of the property, (2) prohibiting maintenance of any action for a deficiency judgment or limiting the amount thereof or the time within which such action must be brought, (3) prescribing any other statute of limitations, (4) allowing any right of redemption or possession following any foreclosure sale, or (5) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State laws.
- (t) This instrument shall be subject to the present regulations of the Government, and to its future regulations not inconsistent with the express provisions hereof.

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(u) The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to the Government pursuant to applicable regulations of the Government.

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

6. Witness the hand(s) and seal(s) of Borrower this (a) 26th day of (b) April, (c) 2011

Robert Hayton
Borrower's Signature

(d) Richard Hayton
(Borrower's Signature)

Susan Hughes-Hayton
(Borrower's Signature)

(e) STATE OF Washington)

(f) COUNTY OF Skagit)

ACKNOWLEDGMENT

For Individuals: Richard Wayne Hayton, Susan Hughes-Hayton,
On this day personally appeared before me Robert L. Hayton to me known to be the individual(s)
described in and who executed the within and foregoing instrument, and acknowledged that he/she/they signed the same as his/her/their free and
voluntary act and deed, for the uses and purposes therein mentioned. Given under my hand and official seal this 26th day of
April, 2011.

For Corporations:
On this 26 day of April, 2011 before me personally appeared Richard Hayton, Robert Hayton, Susan Hayton to me known to be the
owner of the corporation that executed the within and foregoing instrument, and acknowledged said
instrument to be the free and voluntary act and on oath stated that he/she was authorized to execute said instrument and that the seal affixed is the
corporate seal of said corporation.

(SEAL) Richard Hayton, Robert Hayton, Susan Hayton
(Name of Notary Public)
Notary Public in and for the State of Washington
Residing at Skagit
My commission expires 4/30/2013



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Schedule "A-1"

136092-SE

DESCRIPTION:

PARCEL "A":

The North $\frac{1}{2}$ of the Northwest $\frac{1}{4}$, South and East of Dry Slough, Section 23, Township 33 North, Range 3 East, W.M.

Situate in the County of Skagit, State of Washington.

PARCEL "B":

That portion of the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$, Section 23, Township 33 North, Range 3 East, W.M. West of McDonald's Slough.

EXCEPT from the above described premises, all dike and road rights of way.

Situate in the County of Skagit, State of Washington.



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