

After Recording Return to:  
Farm Credit Services - Burlington  
265 East George Hopper Road  
PO Box 966  
Burlington, WA 98233



201204250063

Skagit County Auditor

4/25/2012 Page

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**LAND TITLE OF SKAGIT COUNTY**

141045-0

Please print neatly or type information

**Document 1 Title:** Mortgage

Reference #s:

Additional Reference #s on page

**Grantors:**

LaConner Flats Properties, LLC, a Limited Liability Company  
Hulbert Farms, Inc., a Corporation  
Skagit Seed Services, Inc., a Corporation

**Grantees:**

Northwest Farm Credit Services, FLCA

Additional grantors on page 2

Additional grantees on page \_\_\_\_\_

**Document 2 Title:** Fixture Filing

Reference #s: \_\_\_\_\_

Additional Reference #s on page

**Grantors:**

LaConner Flats Properties, LLC, a Limited Liability Company  
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**Grantees:**

Northwest Farm Credit Services, FLCA

Additional grantors on page 2

Additional grantees on page \_\_\_\_\_

**Legal description** (abbreviated form: i.e. lot, blk, plat or S,T,R quarter/quarter):

19-34-3 E WM, ptn SW 1/4;  
30-34-3 E WM, ptn NE 1/4 of NW 1/4, ptn Gov. Lot 13;  
31-34-3 E WM, ptn NE 1/4 of NE 1/4, ptn Gov. Lot 8, ptn SE 1/4 of NE 1/4;  
32-34-3 E WM, ptn SW 1/4 of NW 1/4.

Additional legal is on page 2-5

**Assessor's Property Tax Parcel/Account Numbers:**

340319-0-012-0002 P22156; 340330-2-002-0005 P22956; 340330-0-013-0006 P22918; 340330-0-018-0001  
P22927; 340330-0-039-0006 P22953; 340330-0-038-0007 P22952; 340331-0-005-0005 P22967;  
340331-1-001-0007 P22992; 340331-0-018-0000 P22987; 340332-2-004-0100 P23047  
340331-1-004-0004 P22994

Mortgage (026192-442-999-99)

After Recording Return to:  
Farm Credit Services - Burlington  
265 East George Hopper Road  
PO Box 966  
Burlington, WA 98233

Customer/Note No: 026192-442-999-99  
026192-441-999-99

### **Mortgage**

THIS MORTGAGE IS ALSO INTENDED TO BE A FIXTURE FILING.

On April 24, 2012, LaConner Flats Properties, LLC, a Limited Liability Company, James H. Hulbert, Jr. Testamentary Trust, under Will Agreement dated January 30, 1998, Hulbert Farms, Inc., a Corporation, Skagit Seed Services, Inc., a Corporation, and Barbara B. Hulbert, a single person, hereinafter called Mortgagors, whose address is

17297 Hulbert Road  
Mount Vernon, WA 98273

grant, convey, warrant, transfer and assign to Northwest Farm Credit Services, FLCA, a corporation organized under the Farm Credit Act of 1971, as amended, hereinafter called Mortgagee, whose address is 1700 South Assembly Street, P.O. Box 2515, Spokane, Washington 99220-2515, a mortgage and security interest in property in Skagit County(ies), State of Washington, more particularly described as follows (the "Land"):

PARCEL "D":

That portion of the Southwest  $\frac{1}{4}$  of the Southeast  $\frac{1}{4}$  and the South  $\frac{1}{2}$  of the Southwest  $\frac{1}{4}$  of Section 19, Township 34 North, Range 3 East W.M., described as follows:

Beginning at a point on the West right of way line of the county road, 817.00 feet South of the Northeast corner of said Southwest  $\frac{1}{4}$  of the Southeast  $\frac{1}{4}$ ;  
thence South  $89^{\circ}44'21''$  West parallel to the North line of said subdivision, a distance of 2631.11 feet;  
thence South  $0^{\circ}44'26''$  East a distance of 60.00 feet to the true point of beginning;  
thence continuing South  $0^{\circ}44'26''$  East, a distance of 439.74 feet to a point on the South line of Section 19, which point bears South  $89^{\circ}57'18''$  East a distance of 62.26 feet from the Southwest corner of said Southeast  $\frac{1}{4}$  of the Southwest  $\frac{1}{4}$  of said Section 19;  
thence South  $89^{\circ}57'18''$  East along the South line of Section 19, a distance of 873.08 feet to a point on said South line of Section 19 which bears North  $89^{\circ}57'18''$  West a distance of 399.51 feet from the Southeast corner of the Southwest  $\frac{1}{4}$  of said Section 19;  
thence North  $0^{\circ}44'26''$  West, a distance of 444.39 feet;  
thence South  $89^{\circ}44'21''$  West, a distance of 873.03 feet to the point of beginning.

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ALSO, the West 935.26 feet of the Northeast  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$  measured at right angles to the West line of said Northeast  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$ , EXCEPTING the West 62.26 feet thereof; AND ALSO the West 935.26 feet of Government Lot 7 (measured at right angles to the West line of said Government Lot 7), EXCEPTING the South 185 feet thereof; all being in Section 30, Township 34 North, Range 3 East W.M., and being more specifically described as follows:

Beginning at the Northwest corner of said Section 30;

thence South  $0^{\circ}18'54''$  East along the West line of said Section 30, a distance of 1328.64 feet to the Southwest corner of Government Lot 1;

thence South  $89^{\circ}59'25''$  East along the South line of said Government Lot 1 to the Southeast corner thereof, a distance of 1351.39 feet to the true point of beginning;

thence South  $0^{\circ}44'26''$  East along the West line of said Government Lot 7, a distance of 1142.89 feet to a point which bears North  $0^{\circ}44'26''$  West a distance of 185.01 feet from the Southwest corner of said Government Lot 7;

thence North  $89^{\circ}58'30''$  East along a line which is parallel to and 185.00 feet North of (measured at right angles to) the South line of said Government Lot 7, a distance of 935.33 feet;

thence North  $0^{\circ}44'26''$  West along a line which is parallel to and 935.26 feet East of (measured at right angles to) the West line of Government Lot 7, a distance of 2469.67 feet to a point on the North line of Section 30, which point bears North  $89^{\circ}57'18''$  West a distance of 399.51 feet from the Northeast corner of said Northeast  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$  of Section 30;

thence North  $89^{\circ}57'18''$  West along the North line of said Section 30, a distance of 873.08 feet to a point on said North line of Section 30 which bears South  $89^{\circ}57'18''$  East a distance of 62.26 feet from the Northwest corner of said Northeast  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$  of Section 30;

thence South  $0^{\circ}44'26''$  East along a line which is parallel to and 62.26 feet East of (measured at right angles to) the West line of said Northeast  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$  of Section 30, a distance of 1327.87 feet to a point on the North line of Government Lot 7;

thence North  $89^{\circ}59'25''$  West along said North line of Government Lot 7 of said Section 30, a distance of 62.26 feet to the point of beginning.

TOGETHER WITH a non-exclusive easement for ingress, egress and utility purposes across the following described tract of land:

That portion of the Southwest  $\frac{1}{4}$  of the Southeast  $\frac{1}{4}$  and the South  $\frac{1}{2}$  of the Southwest  $\frac{1}{4}$  of Section 19, Township 34 North, Range 3 East W.M., described as follows:

Beginning at a point on the West right of way line of the county road, 817.00 feet South of the Northeast corner of said Southwest  $\frac{1}{4}$  of the Southeast  $\frac{1}{4}$ ;

thence South  $89^{\circ}44'21''$  West parallel to the North line of said subdivision, a distance of 2631.11 feet;

thence South  $0^{\circ}44'26''$  East a distance of 60.00 feet;

thence North  $89^{\circ}44'21''$  East parallel to the North line of said subdivision, a distance of 2630.71 feet to a point on the West right of way line of said county road;

thence North along the West right of way line of said county road, a distance of 60.00 feet to the point of beginning.

Situate in the County of Skagit, State of Washington.

PARCEL "F":

Government Lot 13, Section 30, Township 34 North, Range 3 East W.M., TOGETHER WITH tidelands of the second class situate in front of adjacent to or upon that portion of the government meander line as conveyed by the State of Washington, described as follows:

Beginning at a point on the meander line in front of Lot 13, Section 30, Township 34 North, Range 3 East W.M., from which the meander corner to Sections 30 and 31 bears South  $27^{\circ}$  West five chains (330 feet) distant;

thence North  $27^{\circ}$  East four chains (264 feet);

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North 14 chains (924 feet);  
North 30° East four chains (264 feet);  
North 67° East three chains (198 feet);  
North 80° East four chains (264 feet);  
South 60° East three chains (198 feet);  
South 41° East nine chains (594 feet) to terminal point of this description, being a total of forty-one chains (2,706) feet in front of said Lot 13, EXCEPT dike and ditch rights of way.

Situate in the County of Skagit, State of Washington.

PARCEL "G":

The tide lands of the second class, as conveyed by the State of Washington, situate in front of, adjacent to or abutting upon the South 294.36 feet and the East 464.64 feet of Lot 13, Section 30; Lot 8, Section 31 and that part of Lot 7, Section 31, all in Township 34 North, Range 3 East W.M., described as follows:

Beginning at a point on the North line of said Lot 7 which is 510 feet West of the Northeast corner thereof, thence South 334 feet;  
thence West 215 feet, more or less, to the county road;  
thence Northwesterly along said county road to the West line of said Lot 7;  
thence Northerly along the West line of Lot 7, to the North line thereof;  
thence East to the point of beginning, with a total frontage of 36.65 lineal chains (2418.90 feet), more or less.

Situate in the County of Skagit, State of Washington.

PARCEL "I":

Government Lot 8 and the Northeast ¼ of the Northeast ¼ of Section 31, Township 34 North, Range 3 East W.M., EXCEPT county road, EXCEPT dike right of way and EXCEPT from said Government Lot 8, that portion described as follows:

Beginning at the Southeast corner of said Government Lot 8;  
thence running along the South line of said subdivision a distance of 410 feet;  
thence North 358 feet;  
thence West to the Easterly boundary of Sullivan's Slough;  
thence Southwesterly along the Easterly boundary of said Sullivan's Slough to the South line of said Government Lot 8;  
thence Easterly along the Southerly boundary of said Government Lot 8 to the true point of beginning, EXCEPTING therefrom any portion of said property lying West of the Easterly base of the existing dike upon said premises.

Situate in the County of Skagit, State of Washington.

PARCEL "J":

That portion of Government Lot 8, in Section 31, Township 34 North, Range 3 East W.M., more particularly described as follows:

Beginning at the Southeast corner of said Government Lot 8;  
thence running along the South line of said subdivision a distance of 410 feet;  
thence North 358 feet;  
thence West to the Easterly boundary of Sullivan's Slough;  
thence Southwesterly along the Easterly boundary of said Sullivan's Slough to the South line of said Government Lot 8;

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thence Easterly along the Southerly boundary of said Government Lot 8 to the true point of beginning, EXCEPTING therefrom any portion of said property lying West of the Easterly base of the existing dike upon said premises, EXCEPT county road and EXCEPT dike right of way.

Situate in the County of Skagit, State of Washington.

PARCEL "K":

The East ½ of the Southeast ¼ of the Northeast ¼ of Section 31, Township 34 North, Range 3 East W.M., and the West ½ of the Southwest ¼ of the Northwest ¼ of Section 32, Township 34 North, Range 3 East W.M., EXCEPT from the above that portion lying within the following described tract:

Beginning at the West ¼ corner of said Section 32;  
thence East along the South line of said Northwest ¼ of Section 32 a distance of 148.00 feet;  
thence North a distance of 190.00 feet;  
thence West parallel to the South line of said Northwest ¼ of Section 32 a distance of 160.00 feet;  
thence South at right angles to the South line of said Northwest ¼ of Section 32, a distance of 190 feet, more or less, to the South line of the Northeast ¼ of said Section 31;  
thence East along the South line of said Northeast ¼ of Section 31 a distance of 12 feet to the point of beginning.

Situate in the County of Skagit, State of Washington.

<u>Account No.</u>	<u>Property I.D. No.</u>
340319-0-012-0002	P22156
340330-2-002-0005	P22956
340330-0-013-0006	P22918
340330-0-018-0001	P22927
340330-0-039-0006	P22953
340330-0-038-0007	P22952
340331-0-005-0005	P22967
340331-1-001-0007	P22992
340331-0-018-0000	P22987
340332-2-004-0100	P23047
340331-1-004-0004	P22994

All equipment, machinery, appliances, and tools which are related to or a part of the greenhouse and cold storage facilities, including but not limited to all property described herein, all similar goods which may be acquired at any time, any additions, replacements, substitutions and accessions;

and including all buildings, structures, wells and other improvements now or hereafter located on the Land, including, but not limited to the fixtures (as described below), and all other equipment, machinery, appliances, goods and other articles attached to such buildings and other improvements; all fixtures (including without limitation, goods that are or become so related to the Land that an interest in them arises under the real estate law) and any additions or replacements now or hereafter located on, attached to, installed in or used in connection with the Land; all personal property, appliances, equipment and goods now or hereafter owned or possessed by Mortgagors located upon, in, or about or used in connection with the Land or improvements; all rights, rights-of-way, easements, licenses, profits, claims, demands, privileges, grazing privileges, leases, rents, issues, tenements, hereditaments, and appurtenances now owned or hereafter acquired by Mortgagors and used in connection with the Land and the improvements or as a means of access to either or both, (including without limitation all rights over the property of third persons which are related thereto, private roads, grazing privileges, water rights and entitlements, other rights to water and other rights to receive water or water rights of every kind or nature whatsoever and howsoever evidenced, ditches and conduits and rights of way therefor, all plumbing, lighting, heating, cooling, ventilating, elevating, and irrigating apparatus, now or hereafter belonging to or used in connection therewith), all of which is hereinafter called the "Property."

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The following described Note(s), Membership Agreements, security documents and any other documents or instruments signed in connection with the Note(s) and security documents and any amendments thereto are collectively called the "Loan Documents." "Advances" shall include any amounts provided to Mortgagor under the terms of the Loan Documents and any amounts expended by Mortgagee to protect the Property or enforce its rights under the Loan Documents. This conveyance is intended to secure performance of the covenants and agreements contained herein, and in any Loan Documents, and payment of the indebtedness under the terms of the Note(s) made by Mortgagors to the order of Mortgagee, with interest and charges as provided therein and in the Loan Documents, and any extensions, modifications or renewals thereof:

DATE OF NOTE	PRINCIPAL AMOUNT	FINAL INSTALLMENT DATE
April 24, 2012	\$450,000.00	June 1, 2032
November 9, 2006	\$858,000.00	May 1, 2027

The terms of the Note(s) and Loan Documents, described above, provide that the interest rate, payment terms or amounts due may be indexed, adjusted, renewed or renegotiated.

Mortgagors and each of them REPRESENT, WARRANT, COVENANT and AGREE:

1. That they have title to the Property free from encumbrances, except as otherwise previously disclosed, they have good right and lawful authority to convey and encumber the same; they will warrant and defend the same forever against the lawful claims and demands of all persons whomsoever; and they agree this covenant shall not be extinguished by foreclosure or other transfers. Mortgagor authorizes Mortgagee to file a financing statement and any continuations thereof, describing any personal property or fixtures described herein, without further signature by Mortgagor.
2. To keep all buildings and other improvements, now or hereafter existing, in good repair, not to remove or demolish or permit the removal or demolition of any building or other improvement; to restore promptly in a good and workmanlike manner, any building or improvement, which may be damaged or destroyed; to maintain and cultivate the Property in a good and husbandlike manner, using approved methods for preserving the fertility and productivity thereof; not to change or permit change in the use of the Property; and not to do anything which would reduce the value of the Property.
3. To maintain casualty insurance, naming Mortgagee as loss payee, on all buildings and improvements, against loss or damage by fire or other risks; to maintain liability insurance; to obtain flood insurance at any time it is determined that any building or improvement is located in whole or in part within a special flood hazard area; to pay all premiums and charges on all such insurance when due; and to provide Mortgagee satisfactory evidence of such insurance upon request. All such insurance shall be in such form(s), with such company(ies) and in such amount(s) as shall be satisfactory to Mortgagee.
4. Not to apply or enter into any federal, state, or local program which limits or restricts the use of the Property, in any way, without prior written consent of Mortgagee.
5. To pay all debts and money, secured hereby, when due; to pay, when due, all taxes, assessments, rents and other charges upon the Property and to suffer no other encumbrance, charge or lien on the Property, which would be superior to this mortgage, except as stated above.
6. To specifically assign and deliver to Mortgagee all rents, royalties, damages and payments of every kind, including without limitation insurance reimbursements and condemnation awards, at any time accruing, for any transfer, loss or seizure of the Property, any portion thereof or any rights therein; and Mortgagee may, at its option, apply such amounts in any proportion to any of the indebtedness hereby secured; and Mortgagee shall have the right to enter upon the Property to make full inspection of the Property.

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7. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Property and its use, including without limitation all environmental laws; not to use or permit the use of the Property for any unlawful or objectionable purpose or for any purpose that poses an unreasonable risk of harm, or that impairs or may impair the value of the Property, or any part thereof; not to apply residue from waste water treatment facilities to the Property without prior written notice to Mortgagee; to remedy any environmental contamination or violation of environmental laws that may occur or be discovered in the future; to allow Mortgagee access to the Property to inspect its condition and to test and monitor for compliance with applicable laws (any inspections or tests made by Mortgagee shall be for Mortgagee's purposes only and shall not be construed to create any responsibility or liability on the part of Mortgagee to Mortgagors or to any other person), to forward copies of any notices received from any environmental agencies to Mortgagee; to provide Mortgagee copies of any independent test or inspection reports on the environmental status of the Property; and to indemnify and hold Mortgagee, its directors, employees, agents and its successors and assigns, harmless from and against any environmental claims of any kind, and all costs and expenses incurred in connection therewith, including, without limitation, attorney's fees.
8. That neither Mortgagors nor, to the best of the Mortgagor's knowledge, any prior owner has created or permitted conditions on the Property, which may give rise to environmental liability; no enforcement actions are pending or threatened; no underground tanks are located on the Property except as already disclosed; any such underground tanks currently or previously located on the Property do not now and never have leaked and no contaminated soil is located on the Property; and Mortgagor's representations, warranties, covenants and indemnities herein and in the Loan Documents shall survive satisfaction of the Note(s) and Loan Documents, foreclosure of this mortgage, acceptance of a deed in lieu of foreclosure or any transfer or abandonment of the Property.
9. To perform all terms and conditions of each water or other contract, described above, if any, and to promptly pay all sums due or to become due under each contract so that no delinquency or default will occur under such contract(s); to perform all acts necessary to perfect and maintain any water permit, certificate, license or other water interest, however designated, described in or used in conjunction with the real property described above; any assignment of any such interest during the term of this mortgage, naming Mortgagee as an assignee shall be for security purposes and shall not alter Mortgagors' obligations hereunder; and any failure of Mortgagors to perform any such obligation shall constitute an event of default.
10. That the term "Grazing Rights," as hereinafter used refers to that portion of the Property, if any, consisting of grazing leases, permits, licenses, privileges, and preferences, or any of them, which have or will be assigned, mortgaged or waived to Mortgagee, together with any additions, renewals, replacements or substitutions thereof; if any portion of the Grazing Rights is a leasehold interest in state lands, such leasehold shall be considered to be real property; such leasehold and all other real property portions of the Property constitute a single operating unit; and in the event of foreclosure, Mortgagee shall have the right to have such leasehold and the other real property sold as a unit and not in parcels; any statements and representations in any applications for Grazing Rights are true and correct; Mortgagors have received no notice that the Grazing Rights have or are to be terminated, cancelled or modified; and any termination or cancellation of any of the Grazing Rights shall constitute an event of default under this mortgage.
11. To execute any instrument deemed necessary by the Mortgagee to assign, mortgage or waive such Grazing Rights to the Mortgagee; to pay all fees and charges, and to perform all acts and things necessary to preserve and keep in good standing the Grazing Rights; to take no action which would adversely affect the Grazing Rights; to procure renewals of the Grazing Rights upon or prior to their expiration date; to operate the lands covered by the Grazing Rights in conjunction with the other real estate portion of the Property and not to convey or attempt to convey either separately; to forward to Mortgagee copies of any notices received by Mortgagors regarding the Grazing Rights; and in the event of foreclosure of this mortgage, to waive all claims for preference in the Grazing Rights upon demand from the purchaser of the Property at foreclosure sale, or from any successor to such purchaser.

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12. That if the Property is within an irrigation block and/or subject to water service contract(s) governed by the provisions of "Federal reclamation law," and the regulations issued thereunder, Mortgagors shall comply with the terms and provisions of said laws, regulations and contracts; Mortgagors, and each of them, for themselves, their heirs, successors and assigns, hereby appoint Mortgagee their attorney-in-fact to select and designate the portion of the Property to be subject to a recordable contract, in the event Mortgagors become subject to the excess land limitation; if Mortgagors fail to comply with the terms of said law, regulations or contracts, or if the delivery of water for the irrigation of the Property is discontinued in whole or in part, Mortgagors shall be in default; in the event the Bureau of Reclamation determines that continued drainage maintenance on the Property is no longer feasible, and Mortgagors purchase other lands offered as a preference purchase right (as an adjustment for wetlands), Mortgagors shall execute a supplemental mortgage on such lands in favor of the Mortgagee; and failure to execute such mortgage on demand, shall constitute an event of default.
13. That in the event of default in any of the covenants or agreements herein, or in any of the Loan Documents, Mortgagee may, at its option perform the same, in whole or in part; any advances, including, without limitation, attorney fees or costs, paid or incurred by Mortgagee to protect or enforce its rights under the Loan Documents, in bankruptcy, appellate proceedings or otherwise, shall be payable on demand and shall become a part of the indebtedness secured by this mortgage.
14. That the indebtedness and obligations secured by this mortgage are personal to the Mortgagors and are not assignable by Mortgagors; Mortgagee relied upon the credit of Mortgagors, the interest of Mortgagors in the Property and the financial market conditions then existing when making this loan; if Mortgagors sell, transfer or convey or contract to sell, transfer or convey the Property, or any portion thereof, or if the ownership of any corporation or partnership, owning all or any portion of the Property shall be changed either by voluntary or involuntary sale or transfer or by operation of law, without prior written consent of Mortgagee, or if Mortgagors default in the payment of the indebtedness, or with respect to any warranty, covenant or agreement in the Loan Documents or if a receiver or trustee for any part of the Property is appointed, or if any proceedings under the bankruptcy or insolvency laws is commenced by or against Mortgagors, or if Mortgagors become insolvent, or if any action is commenced to foreclose or enforce a lien on any portion of the Property, then, Mortgagors shall be in default hereunder.
15. That time is of the essence and in the event of default, at Mortgagee's option, the entire indebtedness secured hereby shall forthwith become due and payable and bear interest at the rate set forth in the Loan Documents for delinquent payments; Mortgagee shall have the right to foreclose the lien of this mortgage, to have a receiver appointed in any court proceeding; to collect any rents, issues and profits from the Property and apply them against the indebtedness hereby secured and to exercise any rights and remedies available under the Uniform Commercial Code for the state in which the property is located; and reasonable notice if required by such Code shall be five (5) days.
16. That the failure of Mortgagee to exercise any right or option provided herein, at any time shall not preclude Mortgagee from exercising any of such rights at any other time; the covenants and agreements contained herein shall be binding on and inure to the benefit of the parties and their respective heirs, successors and assigns; all rights conferred on Mortgagee are cumulative and additional to any rights conferred by law; and if any provision is found to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof and the mortgage shall be construed as though such provision had been omitted.
17. That Mortgagors and each of them join in this instrument for the purpose of subjecting each of their right, title and interest, if any, in the Property, whether of record or otherwise and including any right to possession, to the lien of this mortgage.
18. That Mortgagor warrants that Mortgagor's state of formation is the State of Washington; Mortgagor's state of residence is the State of Washington, and Mortgagor's exact legal name is as set forth herein.

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19. That the following parties join in this instrument to perfect the lien offered as security for the Note(s), but assume no liability for payment of the Note(s) in excess of the value of the Property: **James H. Hulbert, Jr. Testamentary Trust, under Will dated January 30, 1998 and Barbara B. Hulbert, a single person.** Without affecting the lien of this Mortgage, the undersigned hereby waives any defense for any action affecting the Property, the secured obligation or the Loan Documents, including but not limited to, the following and or notice thereof: (a) any alteration of any terms of the Loan Documents, including increase of indebtedness; (b) the order of application of payments made; (c) acceleration; (d) release or sale of all or a part of the Property; (e) the taking or release of additional security; (f) default or any action or nonaction taken by any party to the Loan Documents; (g) any statute of limitation, anti-deficiency laws, one action rules, election of remedies, jurisdiction, venue, redemption, rights of valuation, stay of execution or marshaling; (h) the order of Mortgagee's proceeding against any party and or the Property or portion thereof; (i) any act by Mortgagee or any party which results in discharge of a liable party or release of the Property; and (j) all rights and remedies under applicable law or equity regarding rights and remedies of borrowers, mortgagors, mortgagees, grantors, beneficiaries, sureties, guarantors and or nonrecourse guarantors.

20. This mortgage is supplemental to the following described mortgage(s):

Mortgage dated November 9, 2006, recorded November 9, 2006, as Auditor's No. 200611090066, records of Skagit County, Washington;

The above-described instruments (Prior Encumbrances) are given to secure the Notes and Loan Documents. Default in payment under any of the above described Notes or Loan Documents or default in performance of any of the terms or covenants of any Loan Document related thereto shall constitute a default under this and under all Prior Encumbrances. Mortgagee may, at its option, declare any and all of such Notes and Loan Documents immediately due and payable. Payoff of any of such Note(s) shall not entitle Mortgagors to a release of this or any Prior Encumbrances, until the entire indebtedness secured by this mortgage is paid in full.

21. Mortgagors further subject any right, title and interest they may have under oral farm lease, between LaConner Flats Properties, LLC, a Limited Liability Company, James H. Hulbert, Jr. Testamentary Trust, under Will Agreement dated January 30, 1998, and Barbara B. Hulbert, a single person, as Lessor and Hulbert Farms, Inc., a Corporation and Skagit Seed Services, Inc., a Corporation, as Lessee, to the lien of this mortgage.

22. **WAIVER OF JURY TRIAL. MORTGAGOR AND LENDER HEREBY IRREVOCABLY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS LOAN DOCUMENT OR ANY OTHER LOAN DOCUMENTS AND ANY FUTURE MODIFICATIONS, AMENDMENTS, EXTENSIONS, RESTATEMENTS AND SERVICING ACTIONS RELATING TO THIS LOAN DOCUMENT AND ANY OTHER LOAN DOCUMENTS. THE PARTIES INTEND THAT THIS JURY WAIVER WILL BE ENFORCED TO THE MAXIMUM EXTENT ALLOWED BY LAW.**

**ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.**

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LaConner Flats Properties, LLC, a Limited Liability Company

By: [Signature]

Jack D. Hulbert, Manager

By: [Signature]

Thomas B. Hulbert, Manager

James H. Hulbert, Jr. Testamentary Trust, under Will dated January 30, 1998

By: [Signature]

Barbara B. Hulbert, Trustee

Hulbert Farms, Inc., a Corporation

By: [Signature]

Jack D. Hulbert, Co-CEO

By: [Signature]

Thomas B. Hulbert, Co-CEO

Skagit Seed Services, Inc., a Corporation

By: [Signature]

Jack D. Hulbert, Co-CEO

By: [Signature]

Thomas B. Hulbert, Co-CEO

By: [Signature]

Barbara B. Hulbert

Mortgage (026192-442-999-99)

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Skagit County Auditor

4/25/2012 Page

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13 11:58AM

STATE OF Washington )  
County of Skagit )ss.

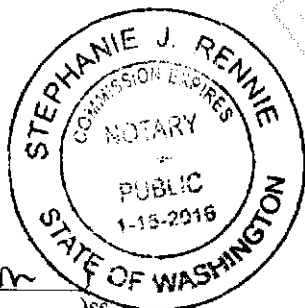
On this 24th day of April, 2012, before me personally appeared Jack D. Hulbert, known to me to be the Manager of the Limited Liability Company which executed the within instrument, and acknowledged that he/she executed the same as one of the members of LaConner Flats Properties, LLC and in the limited liability company name freely and voluntarily.



Stephanie Rennie  
Printed name Stephanie Rennie  
Notary Public for the State of Washington  
Residing at Lynden, WA  
My commission expires 1-15-16

STATE OF Washington )  
County of Skagit )ss.

On this 24th day of April, 2012, before me personally appeared Thomas B. Hulbert, known to me to be the Manager of the Limited Liability Company which executed the within instrument, and acknowledged that he/she executed the same as one of the members of LaConner Flats Properties, LLC and in the limited liability company name freely and voluntarily.



Stephanie Rennie  
Printed name Stephanie Rennie  
Notary Public for the State of Washington  
Residing at Lynden, WA  
My commission expires 1-15-16

STATE OF Washington )  
County of Skagit )ss.

On this 24th day of April, 2012, before me personally appeared Barbara B. Hulbert, known to me to be the person who executed the foregoing instrument as Trustee of the James H. Hulbert, Jr. Testamentary Trust under Will dated January 30, 1998 for the uses and purposes therein mentioned, and on oath stated he/she was authorized to execute this instrument.



Sharon Brower  
Printed name Sharon Brower  
Notary Public for the State of Washington  
Residing at Burlington  
My commission expires 8-6-2012

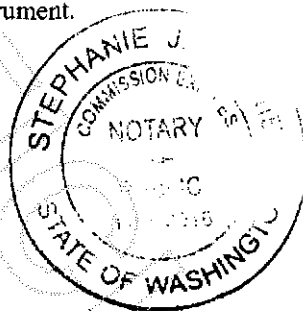
Mortgage (026192-442-999-99)



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Skagit County Auditor

STATE OF Washington )  
County of Skagit )ss.

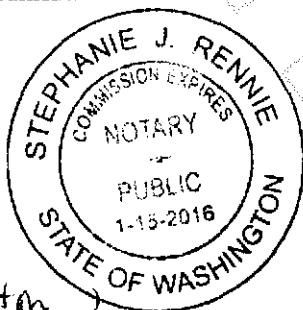
On this 24th day of April, 2012, before me personally appeared Jack D. Hulbert, known to me to be a Co-CEO of the Corporation that executed the within instrument, and acknowledged to me that such corporation, Hulbert Farms, Inc., executed the same as its free act and deed; and on oath stated that he/she was authorized to execute said instrument.



Stephanie Rennie  
Printed name Stephanie Rennie  
Notary Public for the State of Washington  
Residing at Lynden, WA  
My commission expires 1-15-16

STATE OF Washington )  
County of Skagit )ss.

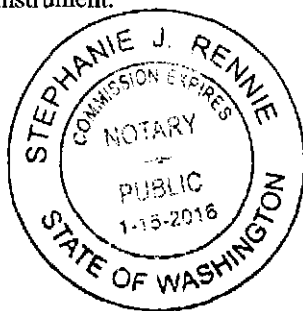
On this 24th day of April, 2012, before me personally appeared Thomas B. Hulbert, known to me to be a Co-CEO of the Corporation that executed the within instrument, and acknowledged to me that such corporation, Hulbert Farms, Inc., executed the same as its free act and deed; and on oath stated that he/she was authorized to execute said instrument.



Stephanie Rennie  
Printed name Stephanie Rennie  
Notary Public for the State of Washington  
Residing at Lynden, WA  
My commission expires 1-15-16

STATE OF Washington )  
County of Skagit )ss.

On this 24th day of April, 2012, before me personally appeared Jack D. Hulbert, known to me to be a Co-CEO of the Corporation that executed the within instrument, and acknowledged to me that such corporation, Skagit Seed Services, Inc., executed the same as its free act and deed; and on oath stated that he/she was authorized to execute said instrument.



Stephanie Rennie  
Printed name Stephanie Rennie  
Notary Public for the State of Washington  
Residing at Lynden, WA  
My commission expires 1-15-16

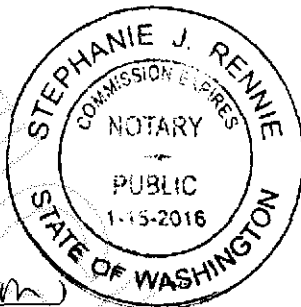
Mortgage (026192-442-999-99)



201204250063  
Skagit County Auditor

STATE OF Washington )  
County of Skagit )ss.

On this 24th day of April, 2012, before me personally appeared Thomas B. Hulbert, known to me to be a Co-CEO of the Corporation that executed the within instrument, and acknowledged to me that such corporation, Skagit Seed Services, Inc., executed the same as its free act and deed; and on oath stated that he/she was authorized to execute said instrument.



Stephanie Rennie  
Printed name Stephanie Rennie  
Notary Public for the State of Washington  
Residing at Lynden, WA  
My commission expires 1-15-16

STATE OF Washington )  
County of Skagit )ss.

On this 24th day of April, 2012, before me personally appeared Barbara B. Hulbert, known to me to be the Individual described in and who executed the within instrument, and acknowledged that he/she executed the same as his/her free act and deed.



Sharon Brower  
Printed name Sharon Brower  
Notary Public for the State of Washington  
Residing at Burlington  
My commission expires 8-6-2012

Mortgagee acknowledges that this mortgage is subject to a security interest in favor of CoBank, ACB (Bank) and by its acceptance hereof and pursuant to and in confirmation of certain agreements and assignments by and between Mortgagee and Bank, does assign, transfer and set over the same unto Bank, its successors and assigns, to secure all obligations of Mortgagee to Bank, provided that pursuant to such agreements and assignments Mortgagee has authority to perform all loan servicing and collection actions and activities hereunder, including, without limitation thereto, releasing in whole or in part and foreclosing judicially or otherwise this mortgage until the Bank, by instrument recorded in the office in which this mortgage is recorded, revokes such authority.

Mortgage (026192-442-999-99)

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