

After Recording Return to:
Farm Credit Services – Spokane Cooperatives
PO Box 2515
Spokane, WA 99220-2515



201709290115

Skagit County Auditor

\$165.00

9/29/2017 Page

1 of

18 1:24PM

GUARDIAN NORTHWEST TITLE CO.

~~ACCOMMODATION RECORDING ONLY~~

Document 1 Title: Mortgage

Grantors:

Skagit Farmers Supply

Grantees:

Northwest Farm Credit Services, PCA

114779

Document 2 Title: Fixture Filing

Grantors:

Skagit Farmers Supply

Grantees:

Northwest Farm Credit Services, PCA

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

Ptn SW1/4SW1/4 Sec 17, Twn 34N, Rge 4EWM, Lot 1, SP SW-04-83, Skagit County

Additional legal is on pages 13 - 18

Assessor's Property Tax Parcel/Account Numbers:

P25591; P25534; P25590; P25588; P39444 and P115435

Mortgage and Fixture Filing
(SKAGIT FARMERS SUPPLY/Note No. 6236051)

Mortgage and Fixture Filing

NOTICE: THE SECURED OBLIGATIONS MAY PROVIDE FOR A VARIABLE INTEREST RATE. THE SECURED OBLIGATIONS MAY REVOLVE IF PROVIDED FOR IN THE LOAN DOCUMENTS. BORROWER MAY BORROW, REPAY AND RE-BORROW LOAN PROCEEDS PURSUANT TO THE NOTE(S), SUBJECT TO THE APPLICABLE TERMS OF THE LOAN DOCUMENTS.

This Mortgage dated as of September 27, 2017, is executed by **SKAGIT FARMERS SUPPLY**, a Washington corporation (collectively "Mortgagor"), whose address is 1833 Park Lane, Burlington, WA 98233, in favor of and for the benefit of **NORTHWEST FARM CREDIT SERVICES, PCA**, a corporation organized and existing under the laws of the United States ("Mortgagee"), whose address is 2001 South Flint Road, Spokane, WA 99224-9198, P. O. Box 2515, Spokane, WA 99220-2515.

This conveyance is intended to secure performance of the covenants and agreements contained herein, and in any note(s), Membership Agreement, loan agreement, security documents and any other documents or instruments signed in connection with the note(s) and security documents and any amendments (collectively, the "Loan Documents"). Pursuant to the terms and conditions of the Loan Documents, Mortgagor has agreed to grant this Mortgage in favor of Mortgagee to provide security for the Secured Obligations described herein, the related Loan Documents and any and all other documents entered into pursuant thereto.

1. GRANT OF SECURITY.

Mortgagor, in consideration of the indebtedness secured by this Mortgage, irrevocably bargains, sells, grants, mortgages, transfers, conveys, assigns and warrants to Mortgagee, for the benefit and security of Mortgagee, all Mortgagor's existing and future rights, titles, interests, estates, powers and privileges in or to the following (collectively the "Collateral"):

1.1 Property. That certain real property located in Skagit County(ies), State of Washington, more particularly described on Exhibit A attached hereto and incorporated herein (the "Land") and including the following:

- a. All buildings, wells and other improvements now or hereafter located on the Land, including, but not limited to, the Fixtures (as defined below), timber, if applicable, and all other equipment, machinery, appliances and other articles attached to such buildings and other improvements (collectively the "Improvements");
- b. 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 (collectively the "Fixtures") now or hereafter located on, attached to, installed in or used in connection with the Land;
- c. All personal property, appliances, equipment and goods now or hereafter owned or possessed by Mortgagor located upon, in, or about or used in connection with said Land or Improvements, including the maintenance thereof, together with all increases, substitutes, replacements, proceeds and products thereof and additions and accessions thereto;
- d. All rights, rights-of-way, easements, licenses, profits, claims, demands, privileges, grazing privileges, tenements, hereditaments and appurtenances now owned or hereafter acquired by Mortgagor 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 and all unaccrued trespass and

surface damage claims appurtenant thereto, and all written operations plans and all permits and approvals related to the Land and Improvements;

e. All of Mortgagor's right, title and interest in and to any land within any right-of-way of any open or proposed street adjoining the Land, and any and all sidewalks, alleys, strips and gores of land adjacent to or used in connection with the Land and Improvements;

f. All of Mortgagor's existing and future rights in (including without limitation, royalty and leasehold rights) oil, gas and other mineral rights in or relating to the Land;

g. All existing and future leases and subleases relating to the Land and Improvements or any interest in them, including without limitation, all deposits, advance rentals and other similar payments, but not including the Rents, as defined and separately assigned herein;

h. All options to purchase, exchange or lease the Land, Fixtures or Improvements or any interest in them (and any greater estate in the Land, Fixtures or Improvements and acquired by exercise of such options);

i. All contracts and policies of insurance and proceeds thereof which may insure all or any portion of the Collateral against casualties and theft;

j. All Mortgagor's other existing or future estates, homestead or other claims or demands, both in law and in equity in the Land and Improvements, including without limitation, (i) all awards made for the partial or complete taking by eminent domain, or by any proceeding or purchase in lieu of eminent domain, of the Land or Improvements, and (ii) all proceeds, including general intangibles and payment intangibles, of any insurance covering any of the Collateral; and

k. All cash or non-cash proceeds of the sale, lease, license, exchange or other disposition of the Collateral, including accounts and general intangibles arising therefrom. Proceeds include all subsidy payments, in cash or in kind, which may be made to Mortgagor by any person, entity or governmental agency, including but not limited to, payments and entitlements from state and federal farm programs, as well as any type of property insurance; and any rights arising out of Land or Improvements collections and distributions on Land or Improvements.

1.2 Water Assets. All right, title, and interest at any time of Mortgagor (or any of its bailees, agents, or instrumentalities), whether now existing or hereafter arising or acquired, whether direct or indirect, whether owned legally, of record, equitably or beneficially, whether constituting real or personal property (or subject to any other characterizations), whether created or authorized under existing or future laws or regulations, and however arising in, without limitation, the water, water rights and other assets and items more specifically described hereinafter (collectively the "Water Assets"). A description of some Water Assets may also be included with the description of the Land set forth above or in an exhibit hereto.

a. All water (including any water inventory in storage), 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, including but not limited to the following: (i) the groundwater on, under, pumped from or otherwise available to the Land, whether as the result of groundwater rights, contractual rights or otherwise, together with Mortgagor's right to remove and extract any such groundwater including any permits, rights or licenses granted by any governmental authority or agency or any rights granted or created by any use, easement, covenant, agreement, or contract with any person or entity; (ii) any rights to which the Land is entitled with respect to surface water, whether such right is appropriative, riparian, prescriptive, decreed or otherwise and whether or not pursuant to permit or other governmental authorization, or the right to store any such water; (iii) any water, water right, water allocation, distribution right, delivery right, water storage right, or other water-related entitlement appurtenant or otherwise applicable to the Land by virtue of the Land being situated within the boundaries of any governmental district or agency, or within the boundaries of any private water company, mutual water company, irrigation company, ditch

company or other non-governmental entity that owns, stores, diverts and/or delivers water including, any and all stock, interest or other rights Mortgagor has in such entity, including voting or decision rights, and any and all rights from any entity or other person to acquire, receive, exchange, sell, lease, or otherwise transfer any Water Assets, to store, deposit or otherwise create water credits in a water bank or similar or other arrangement for allocating water, to transport or deliver water, or otherwise to deal with any Water Asset; and (iv) all water and existing and future water rights, however evidenced, to the use of water for irrigation, livestock and domestic purposes. References to "water" and "water rights" are used herein in the broadest and most comprehensive sense of the terms. The term "water" includes water rights and rights to water or whatever rights to money, proceeds, property or other benefits are exchanged or received for or on account of any Water Assets or any conservation or other nonuse of water, including whatever rights are achieved by depositing one's share of any Water Assets in any water bank or with any water authority, or any other water reallocation rights.

b. All licenses, permits, approvals, contracts, decrees, rights and interests to acquire or appropriate any Water Assets, water bank or other credits evidencing any right to Water Assets, to store, carry, transport or deliver Water Assets, to sell, lease, exchange, or otherwise transfer any Water Asset, or to change the point for diversion of water, the location of any Water Asset, the place of use of any Water Asset, or the purpose of the use of any Water Asset.

c. All rights, claims, causes of action, judgments, awards, and other judicial, arbitral or administrative relief in any way relating to any Water Asset.

d. All storage and treatment rights for any Water Asset, whether on or off the Land or other property of Mortgagor, together with all storage tanks, and other equipment used or usable in connection with such storage and any water bank deposit credits, deposit accounts or other rights arising on account of the storage or nonuse of any Water Asset.

e. All irrigation and watering equipment, including all pumps, pumping plants, storage tanks, pump motors, electrical generators (all of which are declared to be fixtures), and all systems, ditches, laterals, conduits, and rights-of-way used to convey water or to drain the Land, all of which rights are or are hereby made appurtenant to the Land.

f. All guaranties, warranties, marketing, management or service contracts, indemnity agreements, and water right agreements, including joint use agreements, other water related contracts and water reallocation rights, all insurance policies regarding or relating to any Water Asset.

g. All rents, issues, profits, proceeds and other accounts, instruments, chattel paper, contract rights, general intangibles, deposit accounts and other rights to payment arising from or on account of any use, nonuse, sale, lease transfer or other disposition of any Water Asset.

2. REPRESENTATIONS AND WARRANTIES. Mortgagor represents and warrants to Mortgagee as follows:

a. Mortgagor has represented and warranted to Mortgagee the location of Mortgagor's chief executive office; the state of its formation; Mortgagor's state of residence; and Mortgagor's exact legal name is as set forth herein.

b. Mortgagor is the sole legal and equitable owner of the Collateral;

c. Except as otherwise previously disclosed to Mortgagee, Mortgagor has the exclusive right to harvest any timber, if any, from the Land and has the exclusive right to use the appurtenant rights and the operating permits;

d. Without thereby limiting the generality of the foregoing, and except as otherwise previously disclosed to Mortgagee, Mortgagor has not assigned or granted any harvest or access rights or interests, or sold or leased any part of the Land or the Improvements, if any, to any other person (individual, organization or governmental unit);

e. There are no claims, liens, encumbrances (including judgments, levies and the like), or security interests ("Liens") covering the Collateral or any part or item thereof except easements and reservations of record, that are listed on the title policy delivered by Mortgagor;

f. To the best of Mortgagor's knowledge, and other than have been disclosed to Mortgagee, there are no federal, state or local laws, regulations, rules or standards ("Laws"), or permits, orders, injunctions, citations, notices of civil penalty, restraining orders, judgments or the like issued by any governmental unit ("Orders") that are now in effect and that would restrict any material use of the Collateral;

g. Mortgagor has taken all actions necessary and has duly authorized this Mortgage and it is the legally valid and binding contract of Mortgagor, and is enforceable against Mortgagor in accordance with its terms; and

h. To the best of Mortgagor's knowledge, neither the execution of this Mortgage nor the payment and performance of the Secured Obligations will materially violate any Laws or Orders affecting Mortgagor or the Collateral or constitute a breach or Event of Default by Mortgagor under any agreement, contract, loan indenture, lease, instrument or like document to which Mortgagor is a party or the Collateral is bound.

The foregoing representations and warranties will survive and not be merged or otherwise eliminated by any conveyance, voluntarily or through foreclosure, of the Collateral to Mortgagee or its nominee. Mortgagor hereby agrees to indemnify, defend and hold harmless Mortgagee from and against any and all claims, loss, liability, damages, liens, penalties, costs and expenses of any nature or kind whatsoever arising from or related to any misstatement or omission of any material fact in the foregoing representations and warranties.

3. SECURED OBLIGATIONS.

3.1 Secured Obligations. This Mortgage, and the lien it creates, is made for the purpose of securing the following obligations (collectively the "Secured Obligations"):

a. The full and punctual payment of the indebtedness evidenced by that certain note(s) described below, in favor of Mortgagee (the "Note(s)") with interest thereon at the rates therein provided which interest rate and payment terms may be adjusted as provided in the Note(s) and Loan Documents, together with any and all renewals, modifications, consolidations and extensions of the indebtedness evidenced by the Note(s), as well as any prepayment fees provided for in the Note(s) or as it may be amended to provide for such prepayment fees;

Note No.	Date of Note	Principal Amount	Final Installment Date
6236051	September 27, 2017	\$9,000,000.00	October 1, 2026

b. Payment and performance of the obligations under the Note(s) and Loan Documents (including future advances) and under any and all other present and future agreements executed in relation to the Note(s);

c. Payment of such additional sums with interest thereon as may be due to Mortgagee under any provisions of this Mortgage;

d. Payment of all indebtedness and performance of all other obligations which the then record owner of the Collateral may agree to pay and perform for the benefit of Mortgagee, and which are contained in a document which recites that it is secured by this Mortgage;

Mortgage and Fixture Filing
(SKAGIT FARMERS SUPPLY/Note No. 6236051)

e. Payment of all amounts advanced by (or on behalf of) Mortgagee to improve, protect or preserve the Collateral or the security of this Mortgage, with interest on such amounts as provided in this Mortgage;

f. Payment and performance of all amendments, modifications, extensions, renewals and replacements of any of the foregoing; and

g. Payment of charges as allowed by law, when such charges are made for any Mortgagee statement or other statement regarding the Secured Obligations.

3.2 Separate Indemnities. Notwithstanding the foregoing, this Mortgage does not secure any separate hazardous materials indemnity or any similar indemnity or indemnities in any of the Loan Documents.

3.3 Indexing. Notice is hereby given that the interest rate, payment terms or balance due on the Notes(s) may be indexed, adjusted, renewed or renegotiated.

3.4 Continuing Validity. The continuing validity and priority of this Mortgage for future extensions of credit and advances shall not be impaired by the fact that at certain times no outstanding indebtedness to Mortgagee or commitments from Mortgagee to make future extensions of credit or advances exists.

4. COVENANTS.

4.1 Maintenance, Repair, Alterations. Mortgagor shall: keep the Collateral in good condition and repair; complete promptly and in a good and workmanlike manner, any Improvement that may be constructed on the Land, and promptly restore in like manner any Improvement that may be damaged or destroyed, and pay when due all claims for labor performed and materials furnished for such construction or restoration; comply with all Laws and Orders of any court or governmental or regulatory body having jurisdiction over Mortgagor, the Land or Improvements; comply with any condominium or other plan, declaration of covenants, conditions and restrictions, and reciprocal easement agreements to which the Land is subject ("CC&Rs"), any owners' association articles and bylaws affecting the Land, and such exceptions to title as evidenced by a preliminary title report on the date of closing, acceptable to Mortgagee ("Permitted Liens"); keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas in good, neat order and repair; comply with the provisions of any leases constituting part of the Collateral; obtain and maintain in full force and effect all permits necessary for the use, occupancy and operation of the Collateral; and do any and all other acts, except as otherwise prohibited or restricted by the Loan Documents, that may be reasonably necessary to protect or preserve the value of the Collateral and the rights of Mortgagee in it.

Mortgagor shall not, except upon the prior written consent of Mortgagee, which shall not be unreasonably withheld or delayed: remove, demolish or materially alter any of the Improvements, other than to make non-structural repairs in the ordinary course of business, that preserve or increase the value of the Land; commit or permit any waste or deterioration of the Collateral; abandon all or any part of the Collateral or leave the Collateral unprotected, unguarded, vacant or deserted; or initiate, join in or consent to any change in any zoning ordinance, general plan, specific plan, private restrictive covenant or other public or private restriction limiting the uses that may be made of the Land or Improvements by Mortgagor.

4.2 Insurance. Keep all material property useful and necessary in its business in reasonably good working order and condition (ordinary wear and tear excepted); maintain with financially sound and reputable insurance companies casualty, liability, and such other insurance (that may include plans of self-insurance) with such coverage and deductibles, and in such amounts as may be consistent with prudent business practice and in any event consistent with normal industry practice; and furnish to the Mortgagee, upon written request, full information as to the insurance carried.

4.3 Condemnation and Other Awards. Mortgagor shall take all actions reasonably required by Mortgagee in connection with condemnation or other taking to defend and protect the interests of Mortgagor, Mortgagee in the Land. Mortgagee shall be entitled to participate in, control and be represented by counsel of its choice in such proceeding. All condemnation proceeds shall first be applied to reimburse Mortgagee for all their reasonable costs and expenses, including reasonable attorneys' fees, incurred in connection with the collection of such award or settlement. The balance of such award or settlement shall be applied by Mortgagee against the Secured Obligations in such order as Mortgagee may determine.

4.4 Taxes, Assessments and Utilities. Mortgagor shall pay, prior to delinquency, all of the following: all general and special real property taxes and assessments imposed on the Land; all other taxes, assessments and charges assessed on the Land (or on the owner and/or operator of the Land) that create or may create a lien on the Land (or on any Improvement or Fixture used in connection with the Land); including, without limitation, non-governmental levies and assessments under applicable covenants, conditions and restrictions; and all business taxes.

Mortgagor shall promptly pay all gas, irrigation, electricity, water, sewer and other utility charges incurred for the benefit of the Collateral or that may become a lien against the Collateral; and all other similar public or private assessments and charges relating to the Collateral, regardless of whether or not any such charge is or may become a lien on the Collateral.

4.5 Liens. Mortgagor shall not cause, incur or permit to exist any Liens upon all or any part of the Collateral or any interest in the Collateral other than Permitted Liens. Mortgagor shall pay and promptly discharge, at Mortgagor's sole cost and expense, all such Liens.

4.6 Sale or Lease of Collateral: Due on Sale Clause. Mortgagor shall not sell, lease, sublease or otherwise transfer all or any part of the Collateral or any interest in it, without the prior written consent of Mortgagee, which consent may be granted or withheld in Mortgagee's sole and absolute discretion. No sale, lease or other transfer shall relieve Mortgagor from primary liability for its obligations under the Loan Documents or relieve any guarantor from any liability under any guaranty. Upon any such transfer to which Mortgagee does not consent, Mortgagee at its option may, without prior notice, declare all Secured Obligations immediately due and payable without presentment, demand, protest or further notice of any kind, and may exercise all rights and remedies provided in this Mortgage, in the other Loan Documents or under applicable law.

4.7 Inspections and Property Valuations. Mortgagor authorizes Mortgagee and its agents, representatives and employees, upon reasonable notice to Mortgagor, to enter at any time upon any part of the Collateral for the purpose of inspecting the Collateral. Mortgagor agrees to pay the costs and expenses of Mortgagee incurred in such inspections and examinations, including without limitation, Mortgagee's attorneys' fees, if such inspection was made necessary because of an Event of Default, whether the services are provided by Mortgagee's employees, agents or independent contractors. Any inspection or review by Mortgagee is solely for Mortgagee's benefit to protect Mortgagee's security and preserve Mortgagee's rights under this Mortgage. No inspection by Mortgagee shall constitute a waiver of any Event of Default. Mortgagor shall cooperate in allowing Mortgagee or its agents reasonable access to the Collateral for the purpose of performing any subsequent valuation, whether it is in the form of an appraisal or any other method of valuing the Collateral. Mortgagor shall pay promptly to Mortgagee, on demand, the costs of any such subsequent valuation, whether performed by employees, agents, or independent contractors of Mortgagee.

4.8 Defense of Actions. Mortgagor shall notify Mortgagee of any action or proceeding purporting to affect (a) the security of this Mortgage, (b) all or any part of the Collateral or any interest in it, (c) any additional or other security for the Secured Obligations, or (d) the interests, rights, powers or duties of Mortgagee under this Mortgage. Mortgagor, at no cost or expense to Mortgagee, shall appear in and defend the same. If Mortgagee elects to become or is made a party to such action or proceeding, Mortgagor shall indemnify, defend and hold Mortgagee harmless from all related liability, damage, cost and expense reasonably incurred by Mortgagee, whether or not such action or proceeding is prosecuted to judgment or decision.

4.9 Protection of Security. If Mortgagor fails to make any payment or to do any act required by this Mortgage or any of the other Loan Documents, Mortgagee may do so. Mortgagee may decide to do so, in its own discretion, without obligation to do so, without further notice or demand, and without releasing Mortgagor in such manner and to such extent as it may reasonably deem necessary to protect the security of this Mortgage.

4.10 Mortgagee's Powers. If Mortgagor fails to pay any sum, other than principal and interest on the Secured Obligations, or to perform or comply with any other obligation required by any Loan Document, Mortgagee at its election may pay such sum or comply with such obligation. Without affecting the liability of Mortgagor or any other person liable for the payment of any Secured Obligation, and without affecting the lien or charge of this Mortgage, Mortgagee may, from time to time, do any of the following: (a) release any person so liable, (b) release or reconvey all or any part of the Collateral, (c) take or release any other or additional security for any Secured Obligation, or (d) make arrangements with debtors in relation to the Secured Obligations. Waiver by Mortgagee of any right or remedy as to any transaction or occurrence shall not be deemed to be a waiver of any future transaction or occurrence. By accepting full or partial payment or performance of any Secured Obligation after due or after the filing of a notice of default and election to sell, Mortgagee shall not have thereby waived its right to (i) require prompt payment and performance in full, when due, of all other Secured Obligations, (ii) declare a default for failure to so pay or perform, or (iii) proceed with the sale under any notice of default and election to sell previously given by Mortgagee, or as to any unpaid balance of the indebtedness secured by this Mortgage.

4.11 Reimbursement of Costs, Fees and Expenses: Secured by Mortgage. Mortgagor shall pay, on demand, to the maximum allowable under applicable law, all reasonable costs, fees, expenses, advances, charges, losses and liabilities paid or incurred by Mortgagee in administering this Mortgage, the collection of the Secured Obligations, and Mortgagee's exercise of any right, power, privilege or remedy under this Mortgage. Fees, costs and expenses of attorneys shall include the reasonable fees and disbursements of Mortgagee's outside and staff counsel and of any experts and agents, and including such fees incurred in the exercise of any remedy (with or without litigation), in any proceeding for the collection of the Secured Obligations, in any foreclosure on any of the Collateral, in protecting the lien or priority of any Loan Document, or in any litigation or controversy connected with the Secured Obligations, including any bankruptcy, receivership, injunction or other proceeding, or any appeal from or petition for review of any such proceeding.

5. RENTS, ISSUES AND PROFITS.

5.1 Assignment of Rents, Issues and Profits. Mortgagor absolutely, unconditionally and irrevocably assigns and transfers to Mortgagee all of its right, title and interest in and to all rents, issues, profits, royalties, income and other proceeds and similar benefits derived from the Collateral (collectively the "Rents"), and gives to Mortgagee the right, power and authority to collect such Rents. Mortgagor irrevocably appoints Mortgagee its true and lawful attorney-in-fact, at the option of Mortgagee, at any time and from time to time, to demand, receive and enforce payment, to give receipts, releases and satisfactions, and or sue, in its name or in Mortgagor's name, for all Rents, and to apply them to the Secured Obligations. Mortgagee hereby grants to Mortgagor a license to collect and retain Rents (but not more than one month in advance unless the written approval of Mortgagee has first been obtained) so long as an Event of Default shall not have occurred and be continuing. The assignment of the Rents is intended to be an absolute assignment from Mortgagor to Mortgagee and not merely the passing of a security interest. This assignment of Rents is intended to be specific, perfected and choate upon recording.

5.2 Collection Upon Default. Upon the occurrence of an Event of Default, Mortgagor's license to collect the Rents shall automatically terminate. Upon such termination, Mortgagee may, at any time, either in person, by agent or by a receiver appointed by a court, and without regard to the adequacy of any security for the Secured Obligations, do any of the following: (a) enter upon and take possession of all or any part of the Collateral; (b) with or without taking possession of the Collateral in its own name, sue for or otherwise collect Rents (including those past due and unpaid, and all prepaid Rents and all other security or other deposits paid by tenants to Mortgagor); and (c) apply the Rents (less costs and expenses of operation and collection, including, without limitation, attorneys' fees, whether or not suit is brought or prosecuted to judgment) to any Secured Obligation, and in such order as Mortgagee may determine, even if payment or performance of said Secured Obligation may not then be due.

Mortgagor agrees that, upon the occurrence of any Event of Default, Mortgagor shall promptly deliver all Rents and security deposits to Mortgagee.

5.3 Further Assignments. Upon Mortgagee's demand from time to time, Mortgagor shall execute and deliver to Mortgagee recordable assignments of Mortgagor's interest in any and all leases, subleases, contracts, rights, licenses and permits now or hereafter affecting all or any part of the Land. Mortgagee may, at its option, exercise its rights under this Mortgage or any such specific assignment and such exercise shall not constitute a waiver of any right under this Mortgage or any such specific assignment.

6. DEFAULT AND REMEDIES

6.1 Events of Default. The occurrence of any of the following events or conditions shall constitute an event of default ("Event of Default") under this Mortgage: Mortgagor fails to pay any amount owing under this Mortgage when due; Mortgagor fails to pay any taxes, insurance premiums, assessments or rents required under this Mortgage; Mortgagor fails to observe or perform any other obligation contained in this Mortgage; the occurrence of an Event of Default under any other Loan Document; all or any portion of the Improvements or Fixtures are destroyed by fire or other casualty and Mortgagor fails to satisfy restoration conditions; or all or any material part of the Land or other Collateral is condemned, taken in eminent domain, seized or appropriated by any governmental or quasi-governmental agency or entity.

6.2 Acceleration Upon Default: Additional Remedies. Upon the occurrence of an Event of Default, Mortgagee may, at its option, exercise all of the applicable rights and remedies set forth herein and in the other Loan Documents and, in addition, declare all Secured Obligations to be immediately due and payable without any presentment, demand, protest or further notice of any kind; and whether or not Mortgagee exercises any said right or remedy. Mortgagee may: (a) either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its Collateral enter upon and take possession of all or part of the Collateral, in its own name. The entering and taking possession of the Collateral, the collection of Rents and their application to the Secured Obligations shall not cure or waive any Event of Default or notice of default or invalidate any act done in response to them. Regardless of whether possession of the Collateral or the collection, receipt and application of any of the Rents is by Mortgagee or a receiver, Mortgagee shall be entitled to exercise every right provided for in the Loan Agreement and other Loan Documents or by law upon occurrence of any Event of Default, including the right to exercise the power of sale; (b) commence an action to foreclose this Mortgage, appoint a receiver, or specifically enforce any of the covenants contained in this Mortgage; (c) exercise all of the rights and remedies available to a secured party under the applicable Uniform Commercial Code in such order and in such manner as Mortgagee, in its sole discretion, may determine, including without limitation, requiring Mortgagor to assemble the Collateral and make the Collateral available to Mortgagee at a reasonably convenient location. The expenses of retaking, holding, preparing for sale or the like shall include reasonable attorneys' fees and other expenses of Mortgagee and shall be secured by this Mortgage, and/or (d) exercise all other rights and remedies provided in this Mortgage, in any other Loan Document or other document or agreement now or hereafter securing all or any portion of the Secured Obligations, or as provided by law or in equity.

6.3 Appointment of Receiver. Upon the occurrence of an Event of Default under this Mortgage, Mortgagee, without notice to Mortgagor, and without regard to the then value of the Collateral or the interest of Mortgagor in it, shall have the right to enter the Land in person or to apply to any court having jurisdiction to appoint a receiver or receivers of the Land, Fixtures or Improvements. Mortgagor irrevocably consents to such appointment and waives notice of any such application. The actions that Mortgagee or such receiver may take in connection with such entry may include, but are not limited to (a) modifying, compromising obligations under, terminating and implementing remedies with respect to any assigned leases or subleases, and (b) entering into, modifying or terminating any contractual arrangements, subject to Mortgagee's right at any time to discontinue any of the same without liability. Mortgagee is further authorized by this provision to request the court to appoint a general receiver and to empower the receiver to (i) sell or lease all or any portion of the Land, Fixtures or Improvements, (ii) collect and apply to the outstanding balances of the Secured Obligations all sales or lease proceeds, or hold the proceeds pending a court order approving the receiver's final report and account, and (iii) hold the collections as cash collateral pending such

court order or foreclosure sale. Any such receiver(s) shall also have all the usual powers and duties of receivers in similar cases and all the powers and duties of Mortgagee in case of entry as provided in this Mortgage, and shall continue to exercise all such powers until the date of confirmation of sale of the Land, Fixtures or Improvements, unless such receivership is sooner terminated. If Mortgagee elects to enter or take possession of the Land, Fixtures or Improvements, it will not assume any liability to Mortgagor or any other person for operation or maintenance of the Land, Fixtures or Improvements, and Mortgagor expressly waives any such Mortgagee liability.

6.4 Application of Funds After Default. Except as otherwise provided in this Mortgage, upon the occurrence of an Event of Default, Mortgagee may at any time, with notice to Mortgagor if providing such notice will not adversely delay the exercise of Mortgagee's rights or remedies, apply to any Secured Obligation, in such manner and order as Mortgagee may elect, even if such Secured Obligation may not yet be due, any amounts received and held by Mortgagee to pay insurance premium or taxes or as Rents, or as insurance or condemnation proceeds, and all other amounts received by Mortgagee from or on account of Mortgagor or the Collateral, or otherwise. The receipt, use or application of any such amounts shall not affect the maturity of any Secured Obligation, any of the rights or powers of Mortgagee under the terms of any Loan Document, or any of the obligations of Mortgagor or any guarantor under any Loan Document, or waive any Event of Default or notice of default under the Loan Documents; or invalidate any act of Mortgagee.

6.5 Remedies Not Exclusive. Mortgagee shall be entitled to enforce payment and performance of any Secured Obligation and to exercise all rights and powers under this Mortgage or any other Loan Document or other agreement or any law, even if some or all of the Secured Obligations may be otherwise secured, whether by guaranty, deed of trust, mortgage, pledge, lien, assignment or otherwise. Mortgagee shall be entitled to enforce this Mortgage and any other security for the Secured Obligations held by Mortgagee in such order and manner as it may in its absolute discretion determine. No remedy conferred upon or reserved to Mortgagee is intended to be exclusive of any other remedy in this Mortgage, and other agreement, or at law, but each shall be cumulative and in addition to every other remedy available to Mortgagee. Every power or remedy given by any of the Loan Documents to Mortgagee or to which it may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Mortgagee, and it may pursue inconsistent remedies. Mortgagor may be joined in any action brought by Mortgagee to foreclose under or otherwise enforce this Mortgage.

7. MISCELLANEOUS

7.1 Amendments. This instrument cannot be waived, modified, discharged or terminated except in writing signed by the party against whom enforcement of such changes is sought.

7.2 Waivers. Mortgagor waives, to the extent permitted by law, (a) the benefit of all laws (whenever enacted) providing for any appraisal before sale of any portion of the Collateral, (b) all rights of valuation, appraisal, stay of execution, notice of election to mature or declare due the whole of the Secured Obligations and marshaling in the event of foreclosure of this Mortgage, and (c) all rights and remedies that Mortgagor may have under the laws of the State of Washington regarding the rights and remedies of sureties. Further, Mortgagor hereby waives, to the fullest extent permitted by law, the right to plead, use or assert any statute of limitations as a plea, defense or bar to any Secured Obligation, or to any complaint or other pleading or proceeding filed, instituted or maintained for the purpose of enforcing this Mortgage or any rights under it.

7.3 Further Assurances. Mortgagor agrees to do or cause to be done such further acts and things and to execute and deliver or to cause to be executed and delivered such additional assignments, agreements, powers and instruments as Mortgagee may reasonably require to: (a) further evidence, implement or perfect any of Mortgagee's rights, remedies and security interests, (b) correct any defect, error or omission in this Mortgage or the execution or acknowledgment of this Mortgage, (c) subject to the lien of this Mortgage any of Mortgagor's properties covered or intended to be covered by this Mortgage, (d) perfect, maintain and keep valid and effective such lien, (e) carry into effect the purposes of this Mortgage, or (f) better assure and confirm to Mortgagee its respective rights, powers and remedies under this Mortgage.

7.4 Notices. All notices, demands, approvals and other communications shall be made in writing to the appropriate party at the address set forth in this Mortgage. All such notices shall be made in accordance with the Loan Agreement.

7.5 Headings. Article and section headings are included in this Mortgage for convenience of reference only and shall not be used in construing this Mortgage.

7.6 Severability. Every provision of this Mortgage is intended to be severable. The illegality, invalidity or unenforceability of any provision of this Mortgage shall not in any way affect or impair the remaining provisions of this Mortgage, which provisions shall remain binding and enforceable.

7.7 Subrogation. To the extent that proceeds of the Secured Obligations are used, either directly or indirectly, to pay any outstanding lien, charge or prior encumbrance against the Collateral, Mortgagee shall be subrogated to any and all rights and liens held by any owner or holder of such outstanding liens, charges and prior encumbrances, regardless of whether such liens, charges or encumbrances are released.

7.8 Governing Law. This Mortgage shall be governed by, and construed in accordance with, the substantive laws of the State of Washington, except where the location of the Land may require the application of the laws of another state or where federal laws, including the Farm Credit Act of 1971, as amended, may be applicable.

7.9 Interpretation. In this Mortgage the singular shall include the plural and the masculine shall include the feminine and the neuter and vice versa, if the context so requires; and the word "person" shall include corporation, partnership or other form of association. Any reference in this Mortgage to any document, instrument or agreement creating or evidencing an obligation secured hereby shall include such document, instrument or agreement both as originally executed and as it may from time to time be modified.

7.10 Successors and Assigns. This Mortgage applies to, inures to the benefit of and binds all parties to this Mortgage, their heirs, legatees, devisees, administrators, executors, successors and assigns.

7.11 Security Agreement. This Mortgage constitutes a security agreement for all purposes under the Uniform Commercial Code in effect in the State(s) where the Mortgagor resides. Mortgagor hereby authorizes Mortgagee to file, at any time, one or more financing statements and any amendments and continuations thereof, describing any personal property or fixtures described herein, without further signature of Mortgagor. In addition to all other rights and remedies provided for in this Mortgage, Mortgagee shall have all of the rights and remedies of a secured party under the Uniform Commercial Code.

7.12 Counterparts. This Mortgage may be executed in any number of counterparts, each of which, when executed, shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument.

7.13 Fixture Filing and Financing Statement. This Mortgage is intended to serve as a Fixture filing covering Fixtures, and if applicable, as a financing statement covering timber as-extracted collateral and timber to be cut pursuant to the terms of the applicable Uniform Commercial Code. This Mortgage is to be recorded in the real estate records of each County in which the Land is located. In that regard, Mortgagor is Debtor and Mortgagee is Secured Party.

7.14 WAIVER OF JURY TRIAL. MORTGAGOR HEREBY IRREVOCABLY WAIVES ANY RIGHT IT 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. IT IS INTENDED THAT THIS JURY WAIVER WILL BE ENFORCED TO THE MAXIMUM EXTENT ALLOWED BY LAW.

**EXHIBIT A
PROPERTY DESCRIPTION**

LEGAL DESCRIPTION FOR MOUNT VERNON STORE:

PARCEL "A":

Those portions of the Southwest quarter of the Southwest quarter of Section 17, Township 34 North, Range 4 East, W.M., described as follows:

- 1) From the Section corner common to Sections 17, 18, 19 and 20, Township 34 North, Range 4 East, W.M., thence run North 0° 58' East along the Section line common to said Sections 17 and 18 a distance of 490.41 feet; thence North 65° 40' East for a distance of 117.70 feet to the true point of beginning of this description; thence North 65° 40' East for a distance of 329.4 feet to a point 10 feet Westerly of and at right angles to the center-line of the existing Great Northern Railway Spur to the Standard Oil Company of California Plant; thence Southwesterly parallel to and 10 feet distant from the center-line of said spur on an 11° 45' curve to the left a distance of 61.5 feet to a point of tangency; thence South 26° 25' West along said tangent and parallel to and 10 feet Northwesterly of the center-line of a proposed railroad spur for a distance of 81.0 feet to the point of curvature of 15° 52' curve to the right; thence along said 15° 52' curve to the right and parallel to and 10 feet Northwesterly of the center-line of said proposed spur for a distance of 174.79 feet, more or less, to a point that is South 44° 08' East and 172.24 feet distant from the true point of beginning; thence North 44° 08' West a distance of 172.24 feet to the true point of beginning.
- 2) From the Section corner common to Sections 17, 18, 19 and 20, Township 34 North, Range 4 East, W.M., thence run South 89° 23' 30" East along the section line common to Sections 17 and 20 for a distance of 200.0 feet; thence North 0° 58' East parallel to the West line of Section 17 a distance of 202.48 feet to an intersection with a diagonal line bisecting the Southwest quarter of said Section 17 from the Southwest to the Northeast corners thereof; thence North 45° 26' 10" East along said bisecting line a distance of 172.57 feet to a point which is the true point of beginning of this description; thence North 45° 26' 10" East along said bisecting line for a distance of 386.37 feet; thence North 43° 07' West for a distance of 123.01 feet; thence North 55° 34' West for a distance of 40.83 feet; thence South 65° 40' West for a distance of 34.04 feet to a point 10 feet Southeasterly of and at right angles to the centerline of the existing Great Northern Railway spur to the Standard Oil Company of California plant; thence Southwesterly parallel to the center-line of said railroad spur and 10 feet distant therefrom for a distance of 154.6 feet to the end of a 12° 15' curve to the left; thence South 19° 38' West along a tangent parallel to said spur center line and 10 feet Easterly therefrom a distance of 83.3 feet to the beginning of an 11° 45' curve to the right; thence continuing parallel to the center-line of said spur and 10 feet distant therefrom, on the 11° 45' curve to the right a distance of 134.4 feet, more or less, to a point that is North 44° 08' West and 51.23 feet distance from the true point of beginning; thence South 44° 08' East a distance of 51.23 feet to the true point of beginning.
- 3) Beginning at a point on the North line of Fir Street which extends along the South line of said Section, 200 feet East of the West line of said Section; thence East along the North line of said Road a distance of 210.3 feet; thence due North 120 feet; thence East 180 feet; thence due North to intersect with a line drawn diagonally from the Southwest corner to the Northeast corner of said Southwest quarter of the Southwest quarter; thence Southwesterly along said diagonal line to a point which is 200 feet due East of the West line of said Southwest quarter of the Southwest quarter; thence due South to the place of beginning.
- 4) Beginning at the most Southerly corner of Parcel "A" described in Deed recorded April 20, 1982 under Auditor's File No. 8204200028; thence Northeasterly along the Southeasterly boundary line of said Parcel "A" to the Northeasterly terminus of the course described in said boundary as having a bearing of South 26° 25' West and a distance of 81.0 feet; thence leaving said Southeasterly boundary line and run Southwesterly along a line that is 20 feet Northwesterly, measured radially and at right angles from the Northwesterly boundary of Parcel "B" above described to a point on a line that has a bearing of South 44° 08' East and is the Southeasterly prolongation of the Southwesterly line of said Parcel "A" and the Northwesterly prolongation of the Southwesterly line of said Parcel "B"; thence North 44° 08' West along said line to the point of beginning.

Mortgage and Fixture Filing
(SKAGIT FARMERS SUPPLY/Note No. 6236051)

EXCEPT from Tracts (2) and (3) described above, that portion thereof lying Easterly of the following described line:

Beginning at the Southwest corner of said Southwest quarter of the Southwest quarter; thence South $89^{\circ} 23' 30''$ East along the South line of said Subdivision a distance of 200.00 feet; thence North $0^{\circ} 58' 00''$ East parallel to the West line of said Subdivision, a distance of 30.00 feet to a point on the North line of that City Street known as Fir Street; thence South $89^{\circ} 23' 30''$ East along the North line of said Fir Street a distance of 176.13 feet to the true point of beginning of said line.

Thence North $0^{\circ} 38' 10''$ East along a line which is parallel to and 0.43 feet Easterly of the East edge of an existing concrete retaining wall, a distance of 400.41 feet to a point 10.00 feet Easterly of and at right angles to the centerline of the existing spur line to Western Farmer's Association; thence Northerly on a curve to the right, parallel to the centerline of said existing spur line to the Western Farmer's Association and 10.00 feet distant therefrom, said curve having a degree of curvature of $12^{\circ} 46' 46''$ and a radius of 449.28 feet, an arc distance of 300.92 feet to a point on the North line of that tract designated as Tract "B" and conveyed to the Washington Co-operative Farmers Association by that Instrument dated May 31, 1949 and recorded July 8, 1949, under Auditor's File No. 433464, said point being the terminus of said line.

PARCEL "B":

An easement for purposes of ingress and egress to and from Parcels "A" and "B" described in Deed recorded April 20, 1982 under Auditor's File No. 8204200028, over and across the following described Tracts (1) and (2):

TRACT 1:

From the Section corner common to Sections 17, 18, 19 and 20, Township 34 North, Range 4 East, W.M., thence run South $89^{\circ} 23' 30''$ East along the section line common to said Sections 17 and 20 for a distance of 200.00 feet; thence North $0^{\circ} 58'$ East parallel to the West line of said Section 17 for a distance of 202.48 feet to an intersection with a diagonal line bisecting the Southwest quarter of said Section 17 from the Southwest to the Northeast corners thereof; thence North $45^{\circ} 26' 10''$ East along said bisecting line for a distance of 172.57 feet; thence North $44^{\circ} 08'$ West a distance of 51.23 feet to the true point of beginning of this description; thence North $44^{\circ} 08'$ West a distance of 79.44 feet; thence Northeasterly on a $15^{\circ} 52'$ curve to the left, parallel to the center-line of a proposed spur and 10 feet Northwesterly thereof to a point 40 feet distant at right angles to the initial North $44^{\circ} 08'$ West course of this parcel; thence South $44^{\circ} 08'$ East to a point 10 feet Southeasterly measured at right angles to center-line of the existing Standard Oil Company of California spur, thence Southwesterly on an $11^{\circ} 45'$ curve to the right and parallel to said spur to the true point of beginning. EXCEPT that portion thereof lying within the boundaries of Parcel "E" described in Deed recorded April 20, 1982 under Auditor's File No. 8204200028.

TRACT 2:

From the Section corner common to Sections 17, 18, 19 and 20, Township 34 North, Range 4 East, W.M., thence North $0^{\circ} 58'$ East along the section line common to Section 17 and 18 a distance of 490.41 feet; thence North $65^{\circ} 40'$ East for a distance of 447.1 feet to the true point of beginning; thence North $65^{\circ} 40'$ East a distance of 40.9 feet; thence Southwesterly on a $12^{\circ} 15'$ curve to the left, parallel to and 10 feet Southeasterly of the center-line of the Great Northern Railway railroad spur into the Standard Oil Company of California plant, to a point which bears South $44^{\circ} 08'$ East from the point of beginning; thence North $44^{\circ} 08'$ West to the true point of beginning.

PARCEL "C"

An easement for ingress and egress over and across the spur track as it existed on September 5, 1974 over and across the following described tracts:

TRACT 1:

Beginning at the Southwest corner of said Southwest quarter of the Southwest quarter, thence South $89^{\circ} 23' 30''$ East along the South line of said Subdivision a distance of 200.00 feet; thence North $0^{\circ} 58' 00''$ East parallel to the West line of said Subdivision, a distance of 30.00 feet to a point on the North line of that City Street known as Fir Street; thence South $89^{\circ} 23' 30''$ East along the North line of said Fir Street a distance of 176.13 feet to the true point of beginning of this description; thence North $0^{\circ} 38' 10''$ East along a line which is parallel to and 0.43 feet Easterly of the East edge of an existing concrete retaining wall, a distance of 400.41 feet to a point 10.00 feet Easterly of and at right angles to the centerline of the existing spur line to Western Farmers Association; thence Northerly on a curve to the right, parallel to the centerline of said existing spur line to the Western Farmer's Association and 10.00 feet distant therefrom, said curve having a degree of curvature of $12^{\circ} 46' 46''$ and a radius of 449.28 feet, an arc distance of 300.92 feet to a point on the North line of that Tract designated as Tract "B" and conveyed to the Washington Co-operative Farmers Association by that Instrument dated May 31, 1949 and recorded July 8, 1949, under Auditor's File No. 433464; thence North $65^{\circ} 40'$ East a distance of 2.99 feet; thence South $55^{\circ} 34'$ East a distance of 40.83 feet to an intersection with a line bearing North $44^{\circ} 05' 20''$ West from a point which is South $89^{\circ} 56'$ East along the Section line a distance of 590.3 feet and North $0^{\circ} 25' 33''$ East, a distance of 597.64 feet from the Southwest corner of said Section 17; thence along said line North $44^{\circ} 05' 20''$ West to the Southeasterly right of way line of the Puget Sound and Cascade Railway; thence Southwesterly along said right of way line to a point that bears North $43^{\circ} 11''$ West from the true point of beginning; thence South $43^{\circ} 11''$ East to the true point of beginning.

PARCEL "D"

That portion of the Southwest $1/4$ of the Southwest $1/4$ of Section 17, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at the Southwest corner of the Southwest $1/4$ of the Southwest $1/4$ of Section 17, Township 34 North, Range 4 East, W.M.;

Thence North a distance of 519.5 feet;

Thence North $53^{\circ} 14'$ East 481.7 feet;

Thence South $43^{\circ} 11'$ East to an intersection with the line drawn diagonally from the Southwest corner of the Northeast corner of said Southwest $1/4$ of the Southwest $1/4$ of Section 17, aforesaid;

Thence in a Southwesterly direction along said diagonal line to a point 200 feet directly East of the West line of said Southwest $1/4$ of the Southwest $1/4$ of said Section 17;

Thence due South to the South line of the said Southwest $1/4$ of the Southwest $1/4$;

Thence West to the place of beginning;

EXCEPT State Highway running along the West side thereof (now known as Riverside Drive). AND EXCEPT Fir Street running along the South line thereof as the same exist and are built on the ground. AND EXCEPT the following described tracts:

(1) Beginning at a point on the Southwest $1/4$ of the Southwest $1/4$ of Section 17, Township 34 North, Range 4 East, W.M., which point is 541.8 feet North and 30 feet East of the corner, to Sections 17, 18, 19 and 20, in Township 34 North, Range 4 East, W.M.;

Thence North $53^{\circ} 14'$ East, a distance of 444.3 feet;

Thence South $43^{\circ} 11'$ East, a distance of 128 feet, be the same more or less to a point 50 feet distant from and at right angles to the center line of the Puget Sound and Cascade Railroad, as now laid out over and across said land embraced in this description;

Thence in a Southwesterly direction a distance of 490.0 feet be the same more or less to a point on the East margin of the Pacific Highway (Permanent Highway No. 4), Which point is 37.4 feet South of the place of beginning;

Thence Northerly along the East margin of the Pacific Highway (Permanent Highway No. 4), a distance of 37.4 feet to the place of beginning.

(2) Beginning at the section corner common to Sections 17, 18, 19 and 20, Township 34 North, Range 4 East, W.M.;
Thence North 0° 58' East along the section line common to said Sections 17 and 18, a distance of 490.41 feet;
Thence North 65° 40' East for a distance of 117.70 feet to the true point of beginning of this description;
Thence North 65° 40' East for a distance of 329.4 feet to a point 10 feet Westerly of and at right angles to the center line of the existing Great Northern Railway spur to the Standard Oil Company of California Plant;
Thence Southwesterly parallel to and 10 feet distant from the center line of said spur on an 11° 45' curve to the left a distance of 61.5 feet to a point of tangency;
Thence South 26° 25' West along said tangent and parallel to and 10 feet Northwesterly of the centerline of a proposed railroad spur for a distance of 81.0 feet to the point of curvature of 15° 52' curve to the right;
Thence along said 15° 52' curve to the right and parallel to and 10 feet Northwesterly of the centerline of said proposed spur for a distance of 174.79 feet, more or less, to a point South 44° 08' East and 172.24 feet distant from the true point of beginning;
Thence North 44° 08' West a distance of 172.24 feet to the true point of beginning.

(3) From the section corner common to Sections 17, 18, 19 and 20, Township 34 North, Range 4 East, W.M.;

Thence South 89° 23' 30" East along the Section line common to Section 17 and 20 for a distance of 200.00 feet;
Thence North 0° 58' East parallel to the West line of Section 17, a distance of 202.48 feet to an intersection with a diagonal line bisecting the Southwest 1/4 of said Section 17 from the Southwest to the Northeast corners thereof;
Thence North 45° 26' 10" East along said bisecting line a distance of 172.57 feet to a point which is the true point of beginning of this description;
Thence North 45° 26' 10" East along said bisecting line for a distance of 368.37 feet; Thence North 43° 07' West for a distance of 123.01 feet;
Thence North 55° 34' West for a distance of 40.83 feet;
Thence South 65° 40' West for a distance of 34.04 feet to a point 10 feet Southeasterly of and at right angles to the centerline of the existing Great Northern Railway spur to the Standard Oil Company of California plant;
Thence Southwesterly parallel to the centerline of said railroad spur and 10 feet distant therefrom for a distance of 154.6 feet to the end of a 12° 15' curve to the left;
Thence South 19° 38' West along a tangent parallel to said spur centerline and 10 feet Easterly therefrom a distance of 83.3 feet to the beginning of an 11° 45' curve to the right;
Thence continuing parallel to the center line of said spur and 10 feet distant therefrom, on the 11° 45' curve to the right a distance of 134.4 feet, more or less, to a point North 44° 08' West and 51.23 feet distant from the true point of beginning;
Thence South 44° 08' East a distance of 51.23 feet to the true point of beginning.

(4) Beginning at the most Southerly corner of Tract "A", as said Tract "A" is described in that certain grant from Standard Oil Company of California to Washington Cooperative Farmers Association, dated May 31, 1949 and recorded July 8, 1949, in Volume 234 of Deeds, Page 757, under Auditor's File No. 433464, Records of Skagit County, Washington (Exception No. 2 above);

Thence Northeasterly along the Southeasterly boundary line of said Tract "A" to the Northeasterly terminus of the course described in said boundary as having a bearing of South 26° 25' West and a length of 81.0 feet;

Thence leaving said Southeasterly boundary line, Southwesterly along a line that is 20 feet Northwesterly, measured radially and at right angles from the Northwesterly boundary line of Tract "B" (Exception No 3 above), as said Tract "B" is described in said grant dated May 31, 1949, to a point on a line that has bearing of South 44° 08' East and is the Southeasterly prolongation of the Southwesterly line of said Tract "A" and the Northwesterly prolongation of the Southwesterly line of said Tract "B";

Thence North 44° 08' West along said prolongation to the point of beginning.

EXCEPT from all of the above that portion thereof lying within the boundaries of that certain Survey recorded June 16, 1983 under Auditor's File No. 8306160001 in Volume 5 of Surveys, Page 22, Records of Skagit County, Washington.

(5) That portion of the Southwest 1/4 of the Southwest 1/4 of Section 17, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at the section corner common to Sections 17, 18, 19 and 20, Township 34 North, Range 4 East, W.M.; Thence South $89^{\circ} 23' 30''$ East along the Section line common to Sections 17 and 20 for a distance of 200.00 feet; Thence North $0^{\circ} 58'$ East parallel to the West line of Section 17, a distance of 202.48 feet to an intersection with a diagonal line bisecting the Southwest 1/4 of said Section 17 from the Southwest to the Northeast corners thereof; Thence North $45^{\circ} 26' 10''$ East along said bisecting line a distance of 540.94 feet; Thence North $43^{\circ} 07'$ West for a distance of 123.01 feet; Thence North $55^{\circ} 34'$ West for a distance of 40.83 feet; Thence South $65^{\circ} 40'$ West for a distance of 34.04 feet to a point 10 feet Southeasterly of and at right angles to the centerline of the existing Great Northern Railway spur to the Standard Oil Company of California Plant, and the true point of beginning;

Thence Southwesterly parallel to the centerline of said railroad spur and 10 feet distant therefrom for a distance of 154.6 feet to the end of a $12^{\circ} 15'$ curve to the left; Thence South $19^{\circ} 38'$ West along a tangent parallel to said spur centerline and 10 feet Easterly therefrom a distance of 83.3 feet to the beginning of an $11^{\circ} 45'$ curve to the right; Thence continuing parallel to the center line of said spur and 10 feet distant therefrom, on the $11^{\circ} 45'$ curve to the right a distance of 134.4 feet; Thence North $44^{\circ} 08'$ West a distance of 20.34 feet to the most Southerly corner of that certain tract conveyed from Standard Oil Company of California to Western Farmers Association dated January 20, 1961, recorded February 1, 1961 under Auditor's File No. 603702, said Tract being hereinafter referred to as Tract "B"; Thence Northeasterly, along the Southeasterly line of said Tract "B", and distant 10 feet Northwesterly, measured radially and at right angles from the centerline of said spur, to the most Easterly corner of said Tract "B", said point also being on the Southeasterly line of Tract "A" as described in the aforesaid conveyance dated May 31, 1949; Thence Northeasterly, along said Southeasterly line, to the most Easterly corner of said Tract "A"; Thence North $65^{\circ} 40'$ East a distance of 40.9 feet to the true point of beginning.

LEGAL DESCRIPTION FOR SEDRO-WOOLLEY STORE:

Lot 1, Short Plat No. SW-04-83, approved August 16, 1983 and recorded August 19, 1983 in Book 6 of Short Plats, Page 76 under Auditor's File No. 8308190031, being a portion of Government Lot 2, Section 19, Township 35 North, Range 5 East, W.M.;

TOGETHER WITH a strip of land 20.02 feet in width described as follows:

That portion of Lot 3, Short Plat No. SW-04-83, approved August 16, 1983 and recorded August 19, 1983 in Book 6 of Short Plats, Page 76 under Auditor's File No. 8308190031, lying Northerly of the Easterly extension of the South line of Lot 1, of said Short Plat No. SW-04-83; all being in a portion of Government Lot 2, Section 19, Township 35 North, Range 5 East, W.M.;

TOGETHER WITH a non-exclusive easement for ingress and egress over a strip of land 10 feet in width contiguous to the West line of said Lot 1.

ALSO TOGETHER WITH a non-exclusive easement for ingress, egress, access and utilities over a strip of land 20 feet in width over the North 20 feet of the West 182.00 feet of Lot 2 of said short plat.

AND TOGETHER WITH that part of the following described property lying Southerly of a line drawn parallel with and 75 feet Southerly, when measured at right angles and/or radially, from the SR 20 line survey of SR 20, Sedro Woolley Easterly;

That part of Government Lot 2, Section 19, Township 35 North, Range 5 East, W.M., Skagit County, Washington, described as follows:

Beginning at a point 1,387.7 feet North and 30 feet East of the West 1/4 corner of said Section 19;
Thence North 86° 11' East 624 feet;
Thence Southerly parallel with now existing State Highway 70 feet;
Thence South 86° 11' West 24 feet to the initial point;
Thence South 02° 53' West 332.4 feet to the intersection with the Northerly line of the Great Northern Railway Company right-of-way,
Thence South 53° 31' West along said right-of-way line 250 feet; Thence North 02° 53' East 455 feet;
Thence North 86° 11' East 200 feet to the initial point;

EXCEPT any portion of said described area previously conveyed to the State of Washington for highway purposes.

Tax Parcel Nos.: P25591; P25534; P25590; P25588; P39444 and P115435

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