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KATHY HILL
SKAGIT COUNTY

T-78068

'96 MAR -7 AIO :06

Customer/Note No: 26037 - 441

After Recording Return to:

Farm Credit Services - Mount Vernon
2120 Freeway Drive
PO Box 307
Mount Vernon, WA 98273

RECORDED & FILED
REQUEST OF _____

LAND TITLE COMPANY OF SKAGIT COUNTY

9603070023

Mortgage

On February 26, 1996, Dynes Farms, Inc., a corporation, who took title as Dynes Poultry Farms, Inc., a corporation, A. W. Dynes, a married person dealing in his/her separate property, Charles Dynes, same person as Charles G. Dynes and Elizabeth Dynes, husband and wife, James H. Dynes and Peggy H. Dynes, husband and wife, Riverview Farms, a partnership consisting of A. W. Dynes, Charles Dynes, hereinafter called Mortgagors, whose address is

Box 286
1146 S Anacortes Street
Burlington, WA 98233

grant, convey, warrant, transfer and assign to Northwest Farm Credit Services, ACA, a corporation organized under the Farm Credit Act of 1971, as amended, hereinafter called Mortgagee, whose address is West 601 First Avenue, P.O. Box TAF-C5, Spokane, Washington 99220-4005, a mortgage and security interest in property in Skagit County(ies), and Island County(ies), State of Washington, more particularly described as follows:

PARCEL "A":

The East 1/2 of Lot 6, Block 130, together with the North 1/2 of vacated Cedar Street adjacent which reverted thereto by operation of law; the East 1/2 of Lot 1, together with the South 1/2 of vacated Cedar Street adjacent which reverted thereto by operation of law and all of Lot 2 and the West 1/2 of Lot 3, Block 131, and Lots 2 and 3, Block 132, "FIRST ADDITION TO BURLINGTON, SKAGIT CO., WASH.", as per plat recorded in Volume 3 of Plats, page 11, records of Skagit County, Washington.

Situate in the city of Burlington, County of Skagit, State of Washington.

PARCEL "B":

That portion of Tracts 72 and 79, "PLAT OF THE BURLINGTON ACREAGE PROPERTY", as per plat recorded in Volume 1 of Plats, page 49, records of Skagit County, Washington, lying Easterly of the right of way of the Great Northern Railway Company, EXCEPT road and dike rights of way.

ALSO, the West 1/2 of Lots 4 and 5, Block 131, and Lot 4, Block 132, EXCEPT the Westerly 50 feet thereof conveyed to Great Northern Railway Company for right of way, as conveyed by deed dated April 15, 1909 and recorded April 27, 1909, under Auditor's File No. 73368 in Volume 76 of Deeds, page 561, "FIRST ADDITION TO BURLINGTON, SKAGIT CO., WASH.". as per plat recorded in Volume 3 of Plats, page 11, records of Skagit County, Washington.

Situate in the County of Skagit, State of Washington.

PARCEL "C":

The Southeast 1/4 of the Southwest 1/4 of Section 10, EXCEPT the North 20 feet thereof as conveyed to Skagit County for road purposes by deed dated May 15, 1913 and recorded February 3, 1914, under Auditor's File No. 100640, in Volume 96 of Deeds, page 92, records of Skagit County; that portion of the Northeast 1/4 of the Northwest 1/4 of Section 15, lying North of the North line of Old Highway 17A as conveyed to the State of Washington by deed dated July 5, 1938 and recorded September 6, 1938, under Auditor's File No. 305470, in Volume 175 of Deeds, page 303, records of Skagit County; the Northwest 1/4 of the Northeast 1/4 of Section 15, EXCEPT that portion lying within the boundaries of Old Highway 17A as conveyed to the State of Washington by deed dated July 5, 1938 and recorded September 6, 1938, under Auditor's File No. 305470, in Volume 175 of Deeds, page 303, records of Skagit County; the Northeast 1/4 of the Northeast 1/4 of Section 15, EXCEPT that portion, if any, lying within the as built and existing County road commonly known as Cabin Creek Road running along the East line thereof; all in Township 35 North, Range 6 East, W.M.

ALSO EXCEPT that portion, if any, lying within the boundaries of the County road commonly known as Cockreham Island Road, AND EXCEPT that portion of said premises condemned by the State of Washington for State Highway by decree entered July 11, 1960 in Skagit County Superior Court Cause No. 25060.

Situate in the County of Skagit, State of Washington.

PARCEL "D":

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BK 1526 PG 0425

That portion of the South 1/2 of the Northeast 1/4 of Section 15, Township 35 North, Range 6 East, W.M., lying Northerly of the Great Northern Railway Company right of way, EXCEPT that portion lying within the boundaries of the as built and existing Cockreham Island County Road, AND EXCEPT that portion lying within the boundaries of Old Highway 17A as conveyed to the State of Washington by deed dated July 5, 1938 and recorded September 6, 1938, under Auditor's File No. 305470, in Volume 175 of Deeds, page 303, records of Skagit County, AND EXCEPT that portion, if any, lying within the boundaries of the as built and existing County road commonly known as Cabin Creek Road, running along the East line of said subdivision.

Situate in the County of Skagit, State of Washington.

PARCEL "E":

That portion of Government Lot 4, Section 25, Township 35 North, Range 4 East, W.M., and of Government Lot 4, Section 36, Township 35 North, Range 4 East, W.M., lying South of the centerline of Hart's Slough (sometimes referred to as Batey's Slough), West of the West line of that portion thereof condemned by the State of Washington for Secondary State Highway 1-A by Skagit County Superior Court Cause No. 24376, and lying North of the following described line:

Beginning at a point on the West line of Government Lot 4, Section 36, Township 35 North, Range 4 East, W.M., that is South $0^{\circ}32'05''$ East a distance of 227.50 feet from the corner common to Sections 25, 26, 35 and 36, Township 35 North, Range 4 East, W.M.; thence North $72^{\circ}51'30''$ East a distance of 776.03 feet to the Westerly right of way line of Secondary State Highway No. 1-A and the terminus of this line description, EXCEPT mineral rights as reserved by the State of Washington in deed dated May 27, 1914 and recorded October 14, 1914, under Auditor's File No. 104621, in Volume 97 of Deeds, page 593, records of Skagit County.

ALSO that portion of the Southeast 1/4 of the Southeast 1/4 of Section 26, Township 35 North, Range 4 East, W.M., lying South of Hart's Slough (sometimes referred to as Batey's Slough).

ALSO that portion of Government Lot 1, Section 35, Township 35 North, Range 4 East, W.M., described as follows:

Beginning at a point on the North line of said Section 35, that is South $89^{\circ}47'31''$ West a distance of 1,323 feet from the Northeast corner thereof;
thence North $89^{\circ}47'31''$ East a distance of 1,323 feet to said Northeast corner;
thence South $0^{\circ}32'05''$ East along the East line of said Section a distance of 227.50 feet;
thence South $72^{\circ}51'30''$ West a distance of 15.96 feet;
thence South $83^{\circ}08'18''$ West a distance of 207.51 feet;
thence North $82^{\circ}56'36''$ West a distance of 273.54 feet;
thence South $83^{\circ}20'29''$ West a distance of 254.25 feet;
thence South $78^{\circ}33'39''$ West a distance of 251.08 feet;
thence South $83^{\circ}51'38''$ West a distance of 352 feet, more or less, to a point directly South of the point of beginning;
thence North a distance of 333 feet, more or less, to the point of beginning.

Situate in the County of Skagit, State of Washington.

PARCEL "F":

That portion of the West 1/2 of the West 1/2 of Tract 78, "PLAT OF THE BURLINGTON ACREAGE PROPERTY", as per plat recorded in Volume 1 of Plats, page 49, records of Skagit County, Washington, described as follows:

Beginning at a point on the West line of said Tract 78, which is 254 feet South of the centerline of the County road along the North line thereof, as said road existed on June 15, 1959;
thence East parallel to the centerline of the County road to the East line of the West 1/2 of the West 1/2 of said Tract 78;
thence South along said East line 135 feet;
thence West parallel to the centerline of said County road, 200 feet;
thence Southwesterly to a point on the West line of said Tract 78 which is 180 feet South of the point of beginning;
thence North along said West line to the point of beginning.

Situate in the County of Skagit, State of Washington.

Tax Account Nos.: 4077-130-006-0108, 4077-131-001-0101, 4077-131-002-0001, 4077-131-003-0000,
4077-132-003-0008, 3867-000-072-0207, 3867-000-072-0306, 3867-000-079-0002,
4077-131-005-0008, 4077-132-004-0106, 350610-3-009-0006, 350615-2-001-0001,
350615-1-002-0002, 350615-1-001-0003, 350425-0-021-0100, 350426-4-003-0004,
350436-0-005-0107, 350435-0-001-0102, 3867-000-078-0607

The Southwest 1/4 of the Northeast 1/4 of Section 15, Township 32, Range 1 E.W.M.,
EXCEPT right of way for County Road along the East line thereof known as Balda Road.

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BK 1526 PG 0426

Situate in the County of Island, State of Washington.

Tax Account No. R13215-330-3290;

All fixtures, equipment, machinery, appliances and tools which are a part of the egg production and processing plant, including but not limited to Diamond System 8200 Processing Line, feeders, fans, motors and other related items in the laying houses and any accession thereto and substitutions and replacements thereof.

and including all rents, issues, profits, buildings and improvements thereon and in all tenements, hereditaments, rights, privileges, easements, rights of way and appurtenances, (including without limitation private roads, grazing privileges, water rights, ditches and conduits and rights of way therefor, all plumbing, lighting, heating, cooling, ventilating, elevating, and irrigating apparatus and other equipment and fixtures, now or hereafter belonging to or used in connection therewith), all of which is hereinafter called the "Property."

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
February 26, 1996	\$1,550,000.00	July 1, 2011

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 described above, 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.
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.
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

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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.
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. This mortgage secures an obligation incurred in whole or in part for construction of an improvement on the Property.
19. That the following parties join in this instrument to perfect the lien offered as security for the loan, but assume no liability for payment of the indebtedness described in the Loan Documents except for that arising under paragraph seven (7) above: James H. Dynes and Peggy H. Dynes, husband and wife.

Dynes Farms, Inc.

By:

Charles H. Dynes
Charles Dynes, President

Attest:

A. W. Dynes
A. W. Dynes, Vice President

A. W. Dynes
A. W. Dynes

Charles H. Dynes
Charles Dynes

Elizabeth Dynes
Elizabeth Dynes

James H. Dynes
James H. Dynes

Peggy H. Dynes
Peggy H. Dynes

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Mortgage (26037-441)

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Riverview Farms

By:

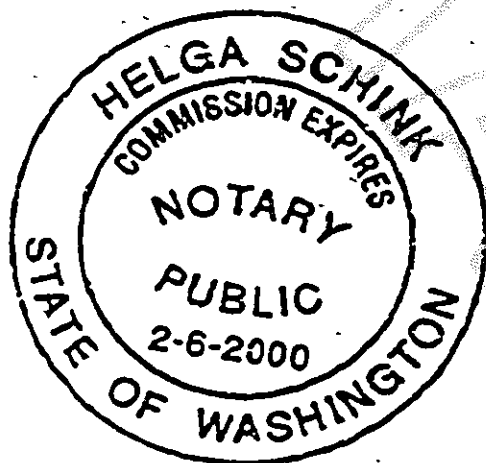
A. W. Dynes, a general partner

By:

Charles Dynes, a general partner

STATE OF Washington)
)ss.
County of Skagit)

On this 28th day of February, 1996, before me personally appeared A. W. Dynes and Charles Dynes, known to me to be the Vice President and President, respectively, of the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same as its free act and deed; and each on oath stated that he/she was authorized to execute said instrument.

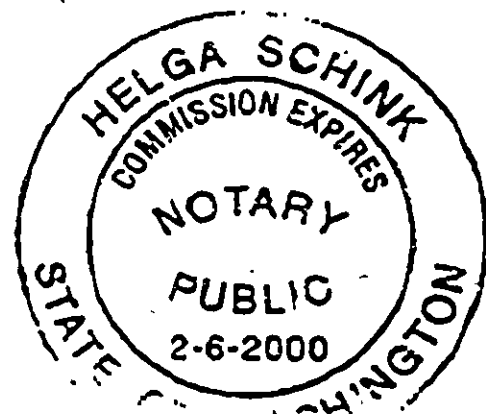


Helga Schink

Notary Public for the State of Washington
Residing at Mount Vernon
My commission expires 2/6/2000

STATE OF Washington)
)ss.
County of Skagit)

On this 28th day of February, 1996, before me personally appeared A. W. Dynes, to me known to be the person(s) described in and who executed the within instrument, and acknowledged that he/she executed the same as his/her free act and deed.



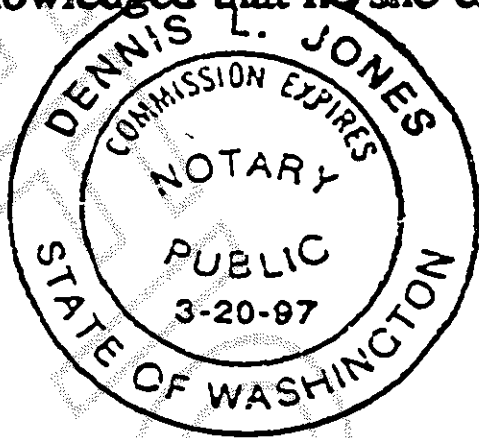
Helga Schink

Notary Public for the State of Washington
Residing at Mount Vernon
My commission expires 2/6/2000

9603070023

STATE OF Washington
County of Skaagit)ss.

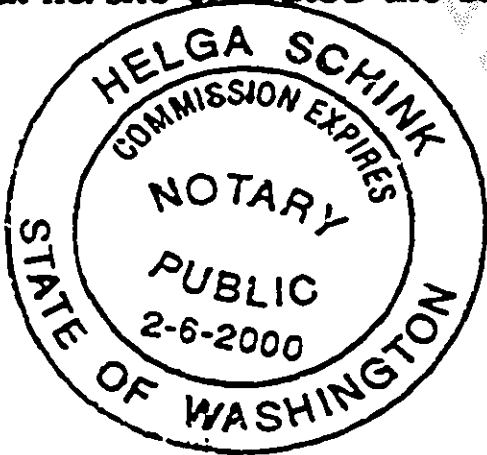
On this 29th day of February, 19 96, before me personally appeared Peggy H. Dynes, to me known to be the person(s) described in and who executed the within instrument, and acknowledged that he/she executed the same as his/her free act and deed.



Dennis L. Jones
Notary Public for the State of Washington
Residing at Mount Vernon
My commission expires 3-20-97

STATE OF Washington
County of Skaagit)ss.

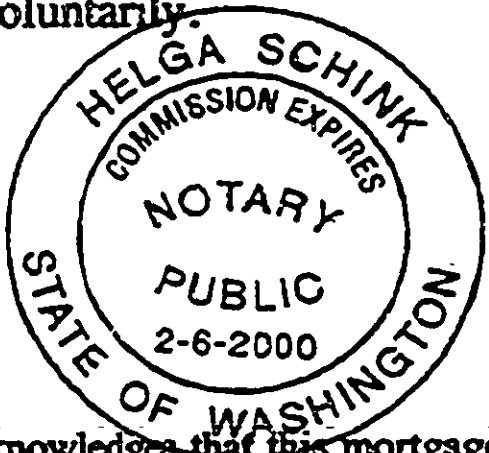
On this 28th day of February, 19 96, before me personally appeared A. W. Dynes, to me known to be a partner in the partnership which executed the within instrument, and acknowledged that he/she executed the same as one of the partners and in the partnership name freely and voluntarily.



Helga Schink
Notary Public for the State of Washington
Residing at Mount Vernon
My commission expires 2/6/2000

STATE OF Washington
County of Skaagit)ss.

On this 28th day of February, 19 96, before me personally appeared Charles Dynes, to me known to be a partner in the partnership which executed the within instrument, and acknowledged that he/she executed the same as one of the partners and in the partnership name freely and voluntarily.

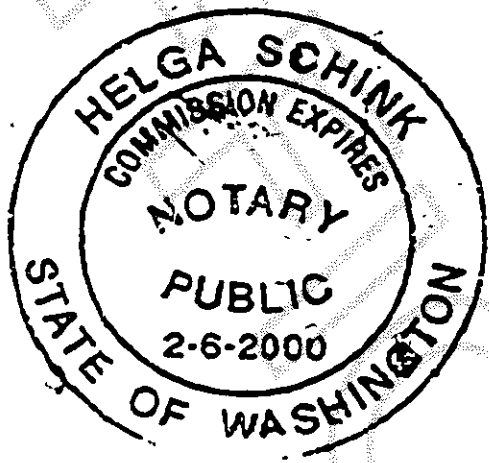


Helga Schink
Notary Public for the State of Washington
Residing at Mount Vernon
My commission expires 2/6/2000

Mortgagee acknowledges that this mortgage is subject to a security interest in favor of AgAmerica, FCB (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; provided, however, if Bank is the Mortgagee in this transaction, this paragraph is without effect.

STATE OF Washington)
)ss.
County of Skagit)

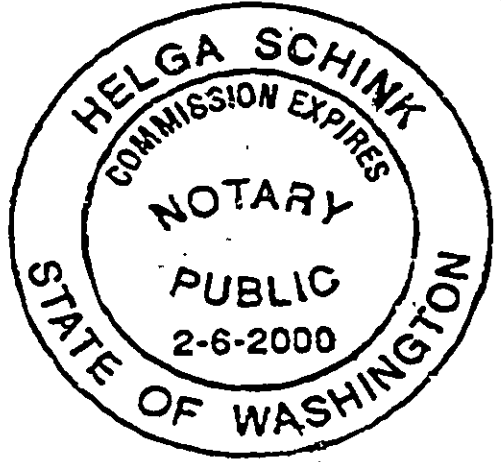
On this 28th day of February, 1996, before me personally appeared Charles Dynes, to me known to be the person(s) described in and who executed the within instrument, and acknowledged that he/she executed the same as his/her free act and deed.



Helga Schink
Notary Public for the State of Washington
Residing at Mount Vernon
My commission expires 2/6/2000

STATE OF Washington)
)ss.
County of Skagit)

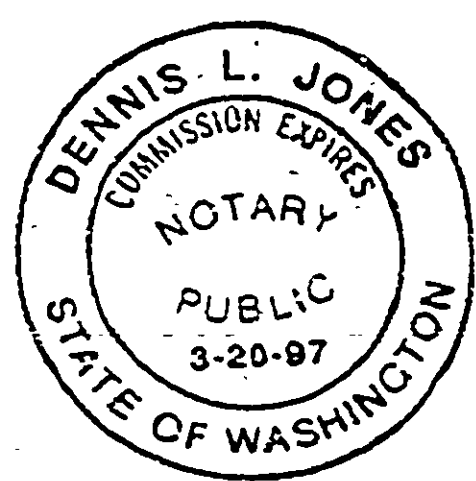
On this 28th day of February, 1996, before me personally appeared Elizabeth Dynes, to me known to be the person(s) described in and who executed the within instrument, and acknowledged that he/she executed the same as his/her free act and deed.



Helga Schink
Notary Public for the State of Washington
Residing at Mount Vernon
My commission expires 2/6/2000

STATE OF Washington)
)ss.
County of Skagit)

On this 29th day of February, 1996, before me personally appeared James H. Dynes, to me known to be the person(s) described in and who executed the within instrument, and acknowledged that he/she executed the same as his/her free act and deed.



Dennis L. Jones
Notary Public for the State of Washington
Residing at Mount Vernon
My commission expires 3-20-97

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