



200404300207

Skagit County Auditor

4/30/2004 Page

1 of

6 2:07PM

Return Address:

Northwest Farm Credit Services, FLCA
2120 Freeway Drive
Mount Vernon, WA 98273

Please print neatly or type information

LAND TITLE OF SKAGIT COUNTY

111447-P

Document 1 Title: Supplemental MortgageReference #s: 9204290066

Additional Reference #s on page _____

Grantors:

Miller, Daniel H.
Miller, Carol J.

Additional grantors on page _____

Grantees:

Northwest Farm Credit Services, FLCA

Additional grantees on page _____

Document 2 Title:

Reference #s: _____

Additional Reference #s on page _____

Grantors:**Grantees:**

Additional grantors on page _____

Additional grantees on page _____

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

A ptn. of W1/2 of SE1/4, 20-35-4 E.W.M.

Additional legal is on page 2**Assessor's Property Tax Parcel/Account Numbers:**

350420-4-003-0000

The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

After Recording Return To:
Northwest Farm Credit Services, FLCA
2120 Freeway Drive
P.O. Box 307
Mount Vernon, WA 98273

Customer/Note No. 26332-441

Supplemental Mortgage

On April 29, 2004, Daniel H. Miller, same person as Dan H. Miller and Danny Miller and Carol J. Miller, same person as Carol Miller, husband and wife, hereinafter called Mortgagor, whether one or more, whose address is 9960 Gardner Rd., Burlington, WA 98233, grant, convey, warrant, transfer and assign to Northwest Farm Credit Services, FLCA, a corporation organized under the Farm Credit Act of 1971, as amended, hereinafter called Mortgagee, whose address is 1700 South Assembly Street, P.O. Box 2515, Spokane, Washington 99220-2515, a mortgage and security interest in property in Skagit County, State of Washington, more particularly described as follows:

The East 855 feet of the West $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ of Section 20, Township 35 North, Range 4 East, W.M., EXCEPT the four following described tracts:

- 1.) The East 24.75 feet thereof;
- 2.) The North 20 feet thereof as conveyed to Skagit County for road purposes by deed dated November 16, 1893 and recorded April 25, 1894, under Auditor's File No. 19199;
- 3.) Beginning at the Northeast corner of the Northwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of said Section 20, said point being 1,319.42 feet from the East $\frac{1}{4}$ corner of said Section 20;
Thence North $89^{\circ}35'45''$ West, along the North line of said subdivision, 492.14 feet;
Thence South $1^{\circ}24'45''$ East, along an existing fence line, 396.15 feet;
Thence South $89^{\circ}35'45''$ East parallel with said North line of said subdivision, 486.12 feet to the East line of said Northwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 20;
Thence North $0^{\circ}32'30''$ West, along said East line, 396.00 feet to the true point of beginning.
- 4.) The North 31 feet of the remainder as conveyed to Skagit County by Deed recorded November 19, 1999, as Auditor's File No. 199911190065.

Situate in the County of Skagit, State of Washington.

Tax Account No.: 350420-4-003-0000; Property ID No.: P36984;

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 "Property."

The following described Note, Membership Agreement, security documents and any other documents or instruments signed in connection with the Notes 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 of the Loan Documents, and payment of indebtedness under the terms of the Note made by Mortgagor 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	FACE AMOUNT OF NOTE	FINAL INSTALLMENT DATE
April 23, 1992	\$1,200,000.00	July 1, 2017

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



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Mortgagor (and each of them if more than one) REPRESENTS, WARRANTS, COVENANTS and AGREES:

1. That they have title to the Property free from encumbrances, except as described in Exhibit "A"; 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 and 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; 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 wastewater treatment facilities to the Property without prior written notice to Mortgagee; to remedy any environmental contamination or violation of environmental laws that may occur or be discovered in the future; to allow Mortgagee access to the Property to inspect its condition and to test and monitor for compliance with applicable laws (any inspections or tests made by Mortgagee shall be for Mortgagee's purposes only and shall not be construed to create any responsibility or liability on the part of Mortgagee to Mortgagor 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 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 Mortgagor nor, to the best of 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.



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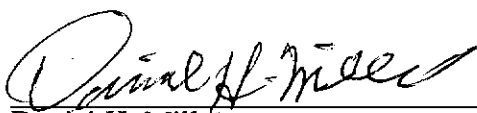
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foreclose or enforce a lien on any portion of the Property, then, Mortgagor shall be in default hereunder.

15. If the indebtedness is subject to a guarantee from Farm Service Agency, that Mortgagor shall be in default under this mortgage, the above Notes and Loan Documents should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce or to make possible the production of an agricultural commodity, as further explained in 7 CFR Part 1940, Subpart G, Exhibit M.
16. 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.
17. 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.
18. If this mortgage is a residential real estate mortgage, subject to Truth in Lending Disclosures, that during the existence of the indebtedness hereby secured, Mortgagee, at its option, may collect additional amounts and pay real Property taxes and special assessments levied against the Property; Mortgagee may elect at any time to pay or not to pay taxes and assessments; notice to any person liable for or making the payments upon the indebtedness hereby secured, or actual payment of any taxes or assessments by Mortgagee shall constitute an election by Mortgagee to pay taxes and assessments either prior to or after collecting additional amounts necessary to make each payment; if Mortgagee elects to pay such taxes and assessments prior to collecting such additional amounts, Mortgagee may add the amounts expended by it for taxes and assessments to the Note balance at the time the payment is made and such amounts shall bear interest as provided in the Note and shall be secured by the Loan Documents; after any payment of taxes or assessments by Mortgagee, or after notice of Mortgagee's election to pay taxes and assessments, if given in advance of paying the taxes and assessments, Mortgagor shall pay to Mortgagee on the first day of each month, commencing with the next installment, in addition to the scheduled installments of principal and interest due under the Notes, an amount equal to 1/12 of the annual real Property taxes and special assessments as estimated by Mortgagee; such additional payments shall continue until any subsequent election by Mortgagee not to pay taxes and assessments.
19. That Mortgagor joins in this instrument for the purpose of subjecting Mortgagor's 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.
20. This mortgage is supplemental to mortgage dated April 23, 1992, recorded April 29, 1992, as Instrument No. 9204290066, records of Skagit County, Washington, ("Prior Encumbrance") and is given as additional security for payment of the above-described Note and Loan Documents. This mortgage and Prior Encumbrance shall be considered for all intents and purposes as one mortgage. Except as specifically amended or altered by the terms and provisions of this mortgage, all other terms and provisions of the Prior Encumbrance shall remain in full force and effect.


Daniel H. Miller

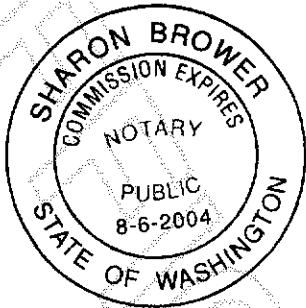

Carol J. Miller


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STATE OF Washington
)ss.

County of Skagit

On this 29th day of April, 2004, before me personally appeared Daniel H. Miller, to me known to be the person described in and who executed the within instrument, and acknowledged that he executed the same as his free act and deed.

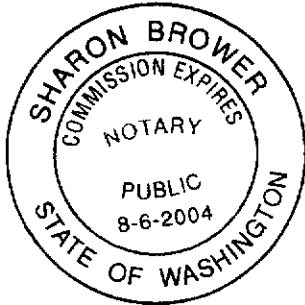


Sharon Brower
Printed Name Sharon Brower
Notary Public for the State of Washington
Residing at Burlington
My commission expires 8/6/04

STATE OF Washington
)ss.

County of Skagit

On this 29th day of April, 2004, before me personally appeared Carol J. Miller, to me known to be the person described in and who executed the within instrument, and acknowledged that she executed the same as her free act and deed.



Sharon Brower
Printed Name Sharon Brower
Notary Public for the State of Washington
Residing at Burlington
My commission expires 8/6/04

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



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