

FILED FOR RECORD AT REQUEST OF
AND RETURN ORIGINAL TO:

Keith A. Bode
Attorney at Law
P.O. Box 688
Lynden, WA 98264-0688
Tel. (360) 354-5021



200411090026
Skagit County Auditor

11/9/2004 Page 1 of 8 9:44AM

GRANTORS:

1. DYNES, CHARLES G.
2. DYNES, ELIZABETH
3. DYNES, ARTHUR W.
a/k/a DYNES, ARTHUR WILLIAM
a/k/a DYNES, A. W.
4. DYNES, SHARON
5. DYNES FARMS, INC.
a/k/a & f/k/a DYNES POULTRY FARMS, INC.
6. RIVERVIEW FARMS
a/k/a RIVERVIEW FARMS PARTNERSHIP

GRANTEE:

1. CARGILL ANIMAL NUTRITION

P72169 E 1/2 46 81 130
First Add to Burlington et al

Real Estate Mortgage

This Real Estate Mortgage, is dated and entered effective the 5th day of November, 2004, by, between and among CHARLES G. "Chuck" DYNES, a married man whose wife is ELIZABETH DYNES, ARTHUR WILLIAM "Bill" DYNES, a/k/a ARTHUR W. DYNES, a/k/a A. W. DYNES, a married man whose wife is SHARON DYNES, all collectively comprising and doing business as RIVERVIEW FARMS, a Washington partnership which is also known of record as RIVERVIEW FARMS PARTNERSHIP, and DYNES FARMS, INC., a Washington Corporation also and formerly known of record as DYNES POULTRY FARMS, INC., herein referred to as "DYNES," and CARGILL ANIMAL NUTRITION, a division of CARGILL, INCORPORATED, a Delaware corporation, doing business as FERNDALE GRAIN, herein referred to as "FERNDALE GRAIN," as follows:

Witnesseth: That DYNES hereby mortgages to FERNDALE GRAIN, its successors and assigns, all of DYNES' interest in and to the real property legally described in the attached Exhibit "A-1" (describing Skagit County property and removed for recording in Island County) and Exhibit "A-2" (describing Island County property and removed for recording in Skagit County) together with all rights and interests thereunto pertaining, and all rents, issues and profits thereof, all fixtures and equipment now or hereafter attached thereto, and all of the interest therein which may hereafter be acquired by DYNES, all of which shall be construed as a part of the real property above described and which is herein sometimes called collateral, TO HAVE AND TO HOLD the said premises and property with the appurtenances thereunto belonging unto FERNDALE GRAIN, its successors and assigns forever.

1.1 This Real Estate Mortgage is granted for the purpose of securing performance of each agreement of the collective and individual DYNES herein contained, and payment of not more than the sum of Three Hundred Fifty Thousand (\$350,000.00) Dollars, with interest, outstanding from time to time on DYNES' revolving account for the purchase of feeds and feed grain formulations and feed supplements from FERNDALÉ GRAIN, and all renewals, modifications and extensions thereof, and also such further sums and additional credit as may be advanced or granted by FERNDALÉ GRAIN to DYNES or any of their successors or assigns, together with interest thereon at such rate as shall be agreed upon. The obligation secured by this instrument has no firm maturity date.

1.2 This Real Estate Mortgage shall be construed in accordance with and under the laws of the State of Washington and shall inure to the benefit of FERNDALÉ GRAIN, its successors and assigns of DYNES.

1.3 Masculine, feminine and neuter words have been used interchangeably herein and plural words have been used to include the singular and vice versa, except where the context clearly requires another construction.

1.4 DYNES is lawfully seized of the collateral in fee simple and DYNES will warrant and defend the same and has good right to mortgage and convey the same in accordance with the terms hereof.

1.5 The property is free of liens and encumbrances except as set forth herein and that DYNES will keep the property free from and promptly pay any encumbrances other than the lien hereby created, and the obligations secured by this Real Estate Mortgage will be promptly paid or performed when due according to their terms. The lien of this Real Estate Mortgage on each identified parcel of DYNES is specifically subordinate to any prior recorded mortgage or deed of trust granted by DYNES in favor of NORTHWEST FARM CREDIT SERVICES, FLCA, or NORTHWEST FARM CREDIT SERVICES, ACA, and encumbering such identified parcel.

1.6 DYNES will promptly pay all taxes and assessments levied or imposed on the subject property, this Real Estate Mortgage or the debt hereby secured at least ten (10) days prior to the time the same is or shall become delinquent and on request shall deliver receipts evidencing such payment to FERNDALÉ GRAIN immediately after such payment.

1.7 DYNES will keep such collateral as constitutes improvements insured at all times against loss by fire and other hazards and will pay the premiums thereof; proof of such policy or policies of insurance will be delivered to secured showing endorsement in favor of FERNDALÉ GRAIN as its interest may appear as an additional named insured.

If DYNES shall fail to secure such insurance as is hereby required, DYNES hereby constitutes and appoints FERNDALÉ GRAIN as DYNES's attorney to secure such insurance at DYNES's sole cost and expense.

1.8 DYNES will keep the collateral in good condition and repair, reasonable wear and tear excepted, and will permit FERNDALÉ GRAIN to enter upon the property for the purpose of examining the collateral.



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1.9 DYNES will pay as a part of the debt hereby secured all amounts, including reasonable fees for attorneys or other agents of FERNDALE GRAIN, with interest thereon, expended or paid by FERNDALE GRAIN for: taxes, levies, repairs to or maintenance of the collateral, protection of the collateral or FERNDALE GRAIN's security interest in the collateral and in taking possession of, disposing of or preserving the collateral after any default herein or as hereinafter described.

1.10 Without the prior written consent of FERNDALE GRAIN, DYNES will not permit any further liens or security interests (other than this interest) to attach to any of the collateral nor permit any of the collateral to become subject to any legal process; nor sell nor offer to sell the collateral; nor remove nor permit the removal of the collateral from the location or locations set forth above; nor do nor permit anything to be done which might impair the collateral or its value.

SHOULD THE MORTGAGOR DEFAULT IN ANY OF THE FOREGOING COVENANTS, WARRANTIES OR AGREEMENTS:

2.1 All or any of such defaults may, at the option of FERNDALE GRAIN, be cured by FERNDALE GRAIN, in which event DYNES agrees, upon demand, to reimburse FERNDALE GRAIN for any sums expended by FERNDALE GRAIN in effecting such cure, including reasonable attorney's fees, together with interest thereon at the maximum lawful rate, and such sums shall be secured by the lien hereby created without waiver of any right or remedy otherwise arising from such default or the cure thereof.

2.2 No delay or failure by FERNDALE GRAIN to exercise any right or remedy shall be a waiver of such right or remedy and no single or partial exercise by FERNDALE GRAIN of any right or remedy or failure of the exercise of any other right or remedy at any other time for the same or a similar default of DYNES.

2.3 FERNDALE GRAIN shall at any time authorized under the terms of the revolving credit agreement with DYNES have the option to declare the obligations hereby secured fully due or matured without advance notice to DYNES of FERNDALE GRAIN's intent so to do, and this Real Estate Mortgage may be foreclosed at any time thereafter.

2.4 FERNDALE GRAIN shall have the right to foreclose this Real Estate Mortgage for principal of and interest on all sums paid by FERNDALE GRAIN hereunder at any time DYNES shall be in default of any covenant, warranty or agreement herein and for default of DYNES at any time upon the minimum notice which may be required by law.

2.5 This Real Estate Mortgage may be foreclosed by action or by advertisement or by any other statutory proceeding generally available to mortgagees for default in the State of Washington and in any such foreclosure, FERNDALE GRAIN shall have the maximum rights and privileges available to it under law and DYNES shall be deemed to have waived, and hereby does waive, to the maximum extent permitted under law, all rights and notices to which DYNES would otherwise be entitled in the event of such default and foreclosure, specifically including but not limited to any right of redemption after foreclosure, pro'



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the right of redemption by DYNES imposes no restriction or forfeiture of any right of FERNDALE GRAIN hereunder.

2.6 DYNES agrees to pay all costs and expenses of FERNDALE GRAIN in any foreclosure of this Real Estate Mortgage, regardless of the method of foreclosure, to the maximum extent permitted by law, specifically including but not limited to reasonable attorney's fees, title reports and title search, all statutory costs and disbursements and filing fees, and if an appeal be taken from such foreclosure, all such sums expended by FERNDALE GRAIN in such appeal, all of which, to the maximum extent permitted by law, shall be included in the decree or instrument of foreclosure.

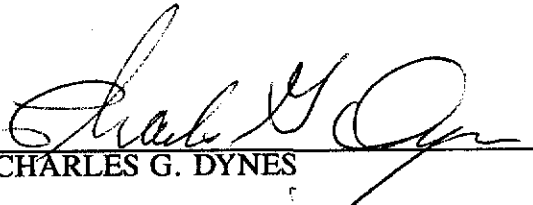
2.7 DYNES authorizes FERNDALE GRAIN to apply to any court having jurisdiction of the matter for the appointment of a receiver to collect the rents and profits arising out of the collateral during the pendency of any foreclosure and apply the same, after first deducting all of said receiver's proper charges and expenses, to the payment of any amount due or the performance of any obligation secured by this mortgage.


PROVIDED, NEVERTHELESS, THAT IF DYNES SHALL FAITHFULLY KEEP AND PERFORM THE COVENANTS HEREIN CONTAINED, and shall pay or perform all obligations hereby secured as thereby required, this mortgage shall be null and void, but otherwise shall remain in full force as a mortgage to secure the performance of all covenants and obligations of DYNES; it being agreed that time of performance by DYNES is of the essence of this Real Estate Mortgage.

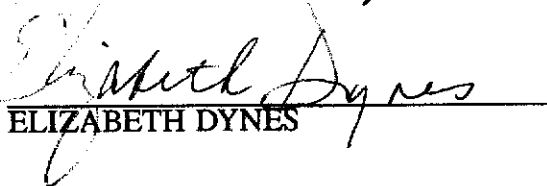
In Witness Whereof, the undersigned have signed this Real Estate Mortgage in duplicate originals effective the day and year first above written.

RIVERVIEW FARMS
a/k/a RIVERVIEW FARMS PARTNERSHIP

DYNES FARMS, INC.,
a/k/a f/k/a DYNES POULTRY FARMS,
INC.


CHARLES G. DYNES

By: 
CHARLES G. DYNES, President


ELIZABETH DYNES

By: 
ARTHUR W. DYNES, Secretary


ARTHUR W. DYNES


SHARON DYNES



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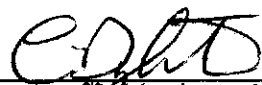
Real Estate Mortgage, Page No. 5

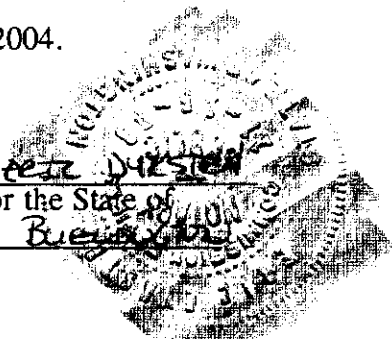
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State of Washington }
County of Skagit } ss.

On this day personally appeared before me ARTHUR W. DYNES and SHARON DYNES, to me known to be the individuals described in and who executed the within and foregoing instrument and acknowledged to me that they signed the same as their free and voluntary act and deed for the uses and purposes therein mentioned.

Given under my hand and official seal this 5TH day of November, 2004.

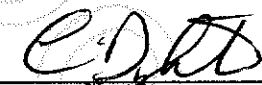

Notary Public in and for the State of
Washington, residing at Buena Vista

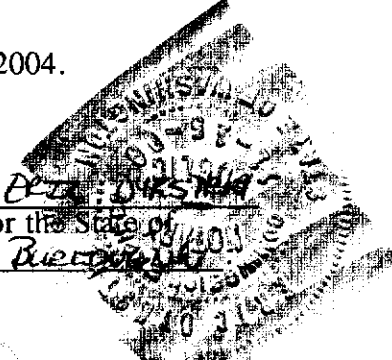


State of Washington }
County of Skagit } ss.

On this day personally appeared before me CHARLES G. DYNES and ELIZABETH DYNES, husband and wife, to me known to be the individuals described in and who executed the within and foregoing instrument and acknowledged to me that they signed the same as their free and voluntary act and deed for the uses and purposes therein mentioned.

Given under my hand and official seal this 5TH day of November, 2004.



Notary Public in and for the State of
Washington, residing at Buena Vista

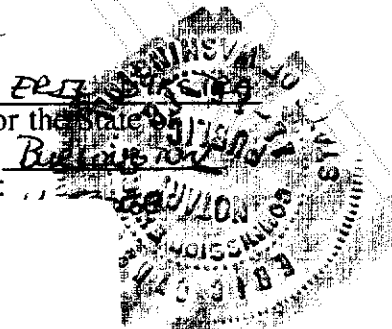


State of Washington }
County of Skagit } ss.

I certify that I know or have satisfactory proof that CHARLES G. DYNES and ARTHUR W. DYNES are the persons who appeared before me, that they are the President and Secretary, respectively, of DYNES FARMS, INC., the Washington corporation formerly known as DYNES POULTRY FARMS, INC., that executed the within and foregoing instrument, and that he acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument.

Given under my hand and official seal this 5TH day of November, 2004.


Notary Public in and for the State of
Washington, residing at Buena Vista
My commission expires: 11/09/06




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Real Estate Mortgage, Legal Description

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Exhibit A-1

Skagit County Legal Description

(This Exhibit (3 pp) Removed for Recording in Island County)

Owners/Grantors/Mortgagors:

RIVERVIEW FARMS, a/k/a RIVERVIEW FARMS PARTNERSHIP, a Washington partnership comprised of ARTHUR W. DYNES, a/k/a ARTHUR WILLIAM DYNES, a/k/a A.W. DYNES, and CHARLES G. DYNES.

DYNES FARMS, INC., f/k/a DYNES POULTRY FARMS, INC., a Washington corporation.

PARCEL "A" (corporation):

Skagit County Parcel Nos. P72169, P72171, P72172, P72173 and P72179
The East half of Lot 6, Block 130, AND the North half of vacated Cedar Street adjacent which reverted thereto by operation of law;
TOGETHER WITH the East half of Lot 1, Block 131, AND the South half of vacated Cedar Street adjacent which reverted thereto by operation of law;
TOGETHER WITH all of Lot 2 and the West half of Lot 3, Block 131,
TOGETHER WITH Lots 2 and 3, Block 132;
all in *First Addition to Burlington, Skagit Co., Wash.*, as per the plat thereof 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" (corporation):

Skagit County Parcel Nos. P62821, P62771, P62772, P72181 and P72175.
That portion of Tracts 72 and 79, *Plat of the Burlington Acreage Property*, Skagit County, Washington, as per the plat thereof 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;
TOGETHER WITH, the West half of Lots 4 and 5, Block 131, AND ALSO Lot 4, Block 132, all in *First Addition to Burlington, Skagit Co., Wash.*, as per the plat recorded in Volume 1 of Plats, page 49, records of Skagit County, Washington, 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.

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

PARCEL "C" (partnership)

Skagit County Parcel Nos. P40972, P41219, P41220 and P41227.
The Southeast quarter of the Southwest quarter of Section 10, Township 35 North, Range 6 East of W.M., Skagit County, Washington, 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



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Deeds, page 92, records of Skagit County, Washington;
TOGETHER WITH that portion of the Northeast quarter of the Northwest quarter of Section 15, Township 35 North, Range 6 East of W.M., Skagit County, Washington, 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, Washington;
TOGETHER WITH the Northwest quarter of the Northeast quarter of Section 15, Township 35 North, Range 6 East of W.M., Skagit County, Washington, EXCEPT that portion thereof 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, Washington;
TOGETHER WITH the Northeast quarter of the Northeast quarter of Section 15, Township 35 North, Range 6 East of W.M., Skagit County, Washington, EXCEPT that portion, if any, lying within the as-built and existing County road commonly known as Cabin Creek Road running along the East thereof, 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" (partnership):

Skagit County Parcel No. P41225.

That portion of the South half of the Northeast quarter of Section 15, Township 35 North, Range 6 East of W.M., Skagit County, Washington, 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, Washington;
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" (partnership):

Skagit County Parcel Nos. P37615, P38402, P37709 and P38371.

That portion of Government Lot 4, Section 25, Township 35 North, Range 4 East, W.M., Skagit County, Washington, AND OF Government Lot 4, Section 36, said Township and Range, 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 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., Skagit County, Washington;



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Real Estate Mortgage, Legal Description

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South 0°32'05" East a distance of 227.50 feet from the corner common to Sections 25, 26, 35 and 36, said Township and Range; thence North 72°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;

TOGETHER WITH that portion of the Southeast quarter of the Southeast quarter of Section 26, Township 35 North, Range 4 East, W.M., Skagit County, Washington, lying South of Hart's Slough (sometimes referred to as Batey's Slough).

TOGETHER WITH that portion of Government Lot 1, Section 35, Township 35 North, Range 4 East, W.M., Skagit County, Washington, described as follows:

BEGINNING at a point on the North line of said Section 35, that is South 89°47'31" West a distance of 1,323 feet from the Northeast corner thereof; thence North 89°47'31" East a distance of 1,323 feet to said Northeast corner; thence South 0°32'05" East along the East line of said Section a distance of 227.50 feet;

thence South 72°51'30" West, a distance of 15.96 feet;

thence South 83°08'18" West, a distance of 207.51 feet;

thence North 82°56'36" West, a distance of 273.54 feet;

thence South 83°20'29" West, a distance of 254.25 feet;

thence South 78°33'39" West, a distance of 251.08 feet;

thence South 83°51'38" West, a distance of 332 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" (corporation):

Skagit County Parcel Nos. P62812.

That portion of the West half of the West half of Tract 78, *Plat of the Burlington Acreage Property*, Skagit County, Washington, as per the plat thereof 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 half of the West half 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.



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Skagit County Auditor