

Return Address:

Northwest FCS-Pasco Agribusiness
P.O. Box 2585
Pasco, WA 99301-2585



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CHICAGO TITLE CO.

1C43411-ER

Document 1 Title: Lessee's Assignment of Leasehold Interest
Reference #s: 200709130057

Grantors:

Draper Valley Holdings LLC

Grantees:

Northwest Farm Credit Services, PCA

Abbreviated Legal Description:

The South $\frac{1}{4}$ of the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 16, Township 35 North, Range 5 East, W. M., Skagit County, WA.

Additional legal is on page 6

Assessor's Property Tax Parcel/Account Numbers:

350516-4-003-0005

ACCOMMODATION RECORDING

Chicago Title Company has placed
this document for recording as a
customer courtesy and accepts no
liability for its accuracy or validity

LESSEE'S ASSIGNMENT OF LEASEHOLD INTEREST - 1
(Draper Valley Farms, Inc./DVF 230)
Draper Valley Holdings LLC; Customer No. 54998

LESSEE'S ASSIGNMENT OF LEASEHOLD INTEREST

THIS LESSEE'S ASSIGNMENT OF LEASEHOLD INTEREST (this "Assignment"), dated September 6, 2007, is from **DRAPER VALLEY HOLDINGS LLC**, a Delaware limited liability company, whose mailing address is c/o Booth Creek Management Corporation, 950 Red Sandstone Road #43, Vail, Colorado 81657, the assignor (hereinafter called "Borrower"), to **NORTHWEST FARM CREDIT SERVICES, PCA**, a corporation, whose mailing address is P.O. Box 2585, Pasco, WA 99301-2585, the assignee (hereinafter called "Lender").

BORROWER HEREBY GRANTS, CONVEYS, WARRANTS AND ASSIGNS to Lender, its successors and assigns, all present and future right, title and interest of Borrower in and to that certain Lease Agreement dated as of September 6, 2007, between Draper Valley Farms, Inc., a Washington corporation, as "Landlord", and Landlord's successors and assigns, and Borrower, as "Tenant", for the lease of property described as DVF 230, 8971 Harrison Road, Sedro Woolley, WA 98284, situated in the County of Skagit, State of Washington, as described in Exhibit A hereto attached and by this reference made a part hereof.

THIS ASSIGNMENT is given to secure:

a. Payment of the following described note(s) or other instruments of debt executed by Borrower and held by Lender:

<u>Amount of Loan</u>	<u>Date of Note</u>	<u>Maturity Date of Note</u>
\$6,500,000.00	September 5, 2007	October 1, 2009
\$6,500,000.00	September 5, 2007	January 1, 2014

The note(s), the security documents and any other document or instrument signed in connection with the note(s) and security documents and any amendments thereto are referred to collectively as the "Loan Documents."

b. Payment of all future loans and advances from Lender to Borrower to be evidenced by like instruments of debt; provided, however, that the outstanding amount of the indebtedness to be secured hereby at any one time shall not exceed in the aggregate the sum of \$19,500,000.00, exclusive of interest, charges, fees and any expense to preserve or market collateral;

c. Payment and performance of all amendments, modifications, extensions, renewals and replacements of any of the foregoing, including without limitation, (i) amendments or

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(Draper Valley Farms, Inc./DVF 230)

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modifications of the required principal or interest payment dates accelerating or deferring any such payment dates, or (ii) amendments, modifications, extensions or renewals at a different rate of interest, whether or not evidenced by a new or additional notes or other document;

d. Payment of all extensions, fees, advances and interest on all indebtedness secured hereby at the interest rate(s) described in the Loan Documents. The interest rate, payments terms or balance due under the Loan Documents may be indexed, adjusted, renewed or renegotiated; and

e. Performance by Borrower of the terms, covenants and conditions of this Assignment and the Loan Documents.

BORROWER FURTHER WARRANTS, COVENANTS AND AGREES AS FOLLOWS:

1. Borrower is the lawful holder of the Tenant's interest under the lease described above. Borrower authorizes Lender to file a financing statement and any continuations thereof, describing this assignment, without further signature by Borrower.

2. Borrower shall faithfully perform all the obligations of the subject lease to be performed by the Borrower, as "Tenant". In the event Borrower fails to perform any of the obligations under the subject lease, following the expiration of any applicable grace or cure periods, Lender, without being or becoming obligated therefor, may make such payments or perform such obligations and add any reasonable expenditures incurred therein to Borrower's indebtedness to Lender, said expenditures to accrue interest at the interest rate(s) described in the Loan Documents.

3. In the event of Borrower's default under the Loan Documents and the continuation of same beyond any applicable grace or cure period, Lender, at its discretion, may declare all indebtedness secured hereby immediately due and payable. To enforce payment thereof, subject to applicable law, Lender may treat this Assignment as a real estate mortgage or security agreement in which event Lender shall have all the rights and remedies of a mortgagee or secured party under applicable laws and may be a purchaser at any foreclosure sale. Lender shall be entitled to recover reasonable attorney's fees, costs and other legal expenses incurred in the enforcement of this Assignment and in the collection of said indebtedness. In the event of judgment for Lender, if sale of the security results in only a partial satisfaction of judgment, any deficiency shall be a continuing obligation of Borrower.

4. The validity of this Assignment as security for future loans and advances, or renewals, extensions or modifications on all indebtedness secured hereby, shall not be affected or impaired by the fact that at certain times hereafter there may exist no indebtedness secured hereby and no commitments to make loans and advances, PROVIDED, HOWEVER, upon written request Borrower shall be entitled to receive from Lender a re-assignment and release at any time hereafter when there is no indebtedness of any kind owing from Borrower to Lender.

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5. Borrower warrants that Borrower's state of formation is the State of Delaware; and Borrower's exact legal name is as set forth in the first paragraph of this Assignment.

6. Notwithstanding anything to the contrary contained in this Assignment or the Loan Documents, Borrower shall have the right to possession of the property at all times prior to a default under the Loan Documents and the continuation of such default during any applicable grace or cure periods.

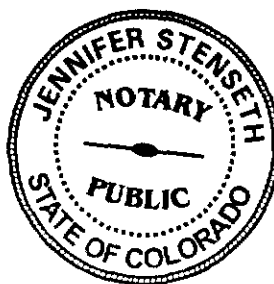
This Assignment shall bind and inure to the benefit of the parties hereto, their heirs, legal representatives, successors and assigns. Borrower agrees to take any reasonable action requested to perfect or continue the lien and priority of the Loan Documents. This document or a memorandum hereof may be recorded in the land records of the county in which the subject property is located.

DRAPER VALLEY HOLDINGS LLC

By: *James G. Skidmore*
James G. Skidmore, Vice President

STATE OF Colorado)
County of Eagle)ss.

On this 4 day of Sept, 2007, before me personally appeared James G. Skidmore, known to me to be the Vice President of Draper Valley Holdings LLC, the limited liability company which executed the same as its free act and deed, and on oath stated that he was authorized to execute said instrument.



Jennifer Stenseth
Notary Public for the State of CO
Residing at Vail
My commission expires 10.13.10
Printed Name Jennifer Stenseth

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CONSENT OF LANDLORD

THE UNDERSIGNED, being the "Landlord" under the subject lease, hereby consents to the aforesaid Assignment and the recordation of same or a memorandum hereof in the land records of the county in which the subject property is located.

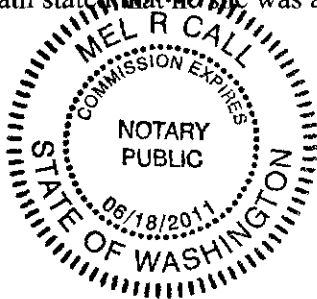
IN WITNESS WHEREOF, the undersigned has caused this Consent of Landlord to be signed by its duly authorized officer on its behalf on September 4, 2007.

DRAPER VALLEY FARMS, INC.

By: Richard Karawitz
Its: CEO

STATE OF WA)
) ss.
County of SKAGIT)

On this 4th day of SEP, 2007, before me personally appeared RICHARD KARAWITZ known to me to be the CEO, of Draper Valley Farms, Inc., the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same as its free act and deed; and on oath stated that he was authorized to execute said instrument.



Mel R. Call
Notary Public for the State of WA
Residing at Mt. Vernon
My commission expires 6/18/2011
Printed Name MEL R. CALL

Lender acknowledges that this assignment 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 Lender and Bank, does assign, transfer, and set over the same unto Bank, its successors and assigns, to secure all obligations of Lender to Bank, provided that pursuant to such agreements and assignments Lender 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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**EXHIBIT "A" TO LESSEE'S ASSIGNMENT OF LEASHOLD INTEREST
(Draper Valley Farms, Inc./DVF 230)**

The South $\frac{1}{4}$ of the Southwest Quarter of the Southeast Quarter of Section 16, Township 35 North,
Range 5 East of the Willamette Meridian;

EXCEPT the West 20 feet and the South 20 feet thereof for county road rights of ways and as
conveyed by documents recorded under Auditor's File Nos. 84197 and 99638, records of Skagit
County, Washington.

Situated in Skagit County, Washington.

Tax Account No. 350516-4-003-0005

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