

**Return Address:**

P.O. Box 266  
Burlington WA 98233



Skagit County Auditor  
8/5/2015 Page 1 of \$77.00  
6 10:52AM

**Document Title:**

Forbearance + Credit Agreement

**Reference Number** (if applicable):

**Grantor(s):**

additional grantor names on page \_\_\_.

- 1) Skagit Farmers Supply
- 2)

**Grantee(s):**

additional grantor names on page \_\_\_.

- 1) Larry Jensen
- 2)

**Abbreviated Legal Description:**

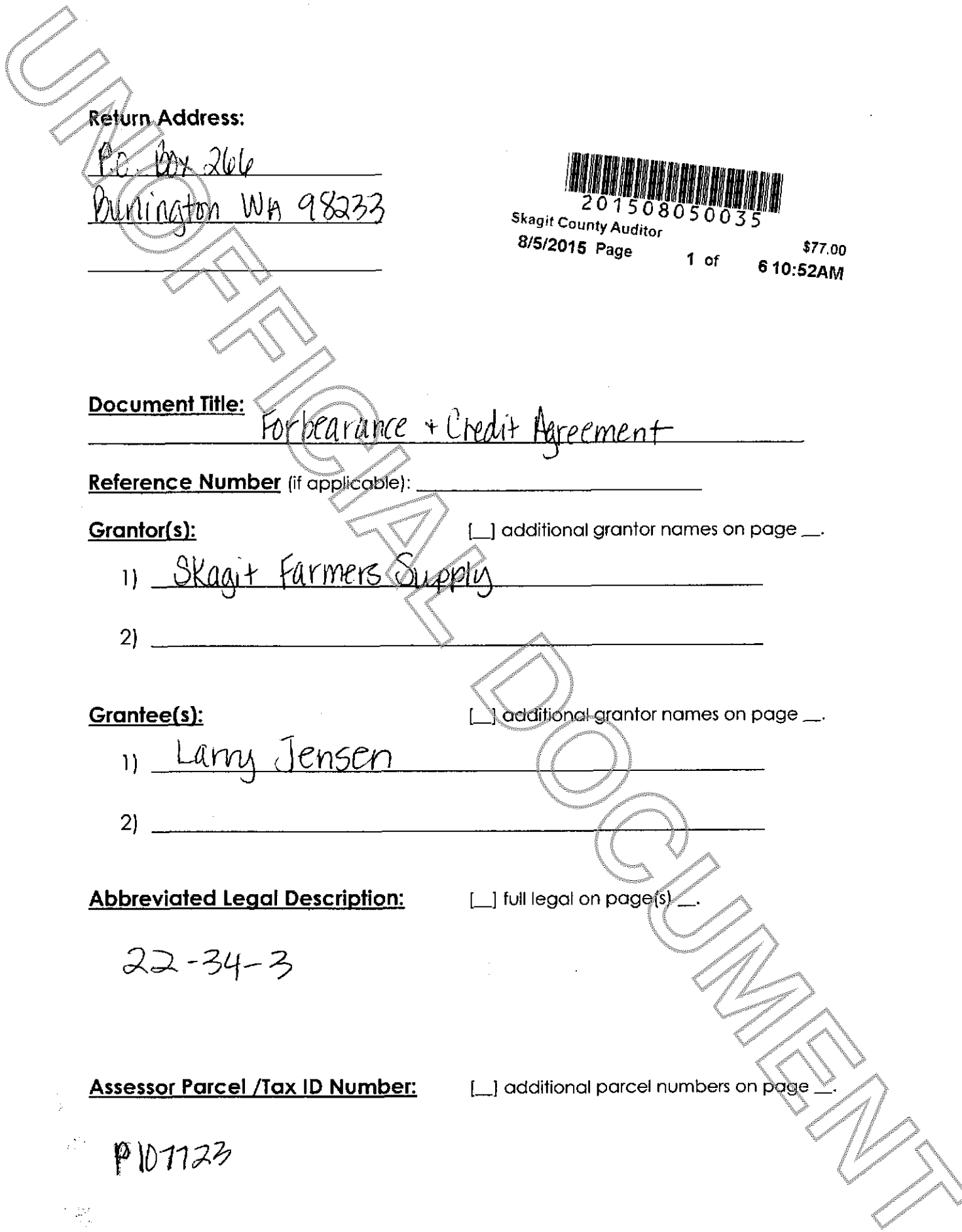
full legal on page(s) \_\_\_.

22-34-3

**Assessor Parcel /Tax ID Number:**

additional parcel numbers on page \_\_\_.

P107723



## FORBEARANCE AND CREDIT AGREEMENT

THIS AGREEMENT is between Skagit Farmers Supply, a Washington corporation ("Skagit Farmers") and Country Cousins, Inc., a Washington corporation, Valley Pride Sales Inc., a Washington corporation, and Larry R. Jensen, a single man who has personally guaranteed the debts of Country Cousins, Inc. and Valley Pride Sales Inc. (collectively "Customer").

### RECITALS

A. On December 1, 2014, Larry Jensen executed a Promissory Note in the original principal amount of \$1,200,000, acknowledging the amounts then owing Skagit Farmers ("Note"). The Note accrues interest at a non-default rate of 9% per annum. Since execution of the Note, the debt was reduced through liquidation of certain parcels previously granted as security, but Customer failed to pay the monthly installments due under the Note. On March 9, 2015, the parties executed a Forbearance Agreement under which Customer acknowledged that the outstanding debt, as of March 9, 2015, was \$1,078,937.99, which would continue to accrue interest at the rate of 9% *per annum* ("Existing Debt"). Customer also reaffirmed certain security interests previously granted and Skagit Farmers agreed to forbear collection until December 4, 2015, under certain terms and conditions as set forth therein. Customer now also desires credit to purchase additional agronomy products, custom services, farm supplies and fuel ("Products and Services") from Skagit Farmers going forward.

B. Skagit Farmers is willing to grant extended terms on the Existing Debt and credit for additional purchases ("New Debt") up to a maximum New Debt, of \$2,000,000, in exchange for confirmation of the current amount of the Existing Debt, an agreed limit on the amount of New Debt to be incurred, the reaffirmation of all existing security interests previously granted by Customer to Skagit Farmers, including the Personal Guaranty signed by Larry R. Jensen on May 20, 2005, and the granting by Customer of security on additional assets of Customer, as set forth below.

### TERMS OF AGREEMENT

IN CONSIDERATION of the promises set forth herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Acknowledgment of Existing Debt.** Customer hereby confirms that it owes Skagit Farmers, as of March 9, 2015, \$1,078,937.99, which accrues interest at the rate of 9% *per annum*.

2. **Additional Security Interests.** Customer agrees to provide additional security to Skagit Farmers, as follows: Mortgages in real property located in Snohomish County, Washington identified as tax parcels 28052200200100, 28052200200200, 28052200200400, 28052200201000, 28052200301500, 28052200301000, 28052200201100, 28052200200300, 28052200201200, 28052200201400, 28052200200800, 28052200200600, 28052200201300, and 28052200300900. Customer will execute Mortgage(s) in favor of Skagit Farmers upon request.

It is understood that the additional security interests referenced in this paragraph will be junior to liens granted to Heritage Bank.

3. **Assignment of Rights Under Insurance Policies.** Skagit Farmers reserves its right to assert statutory liens against Customer's crops and other farm proceeds. Customer has further agreed to obtain insurance under the Whole-Farm Revenue Protection program and agrees to name Skagit Farmers as the sole "loss payee" or otherwise assign all indemnity rights under those policies, including but not limited to assignment of rights under Policy Nos. MP-763716, MP-763749, and MP-763647, in addition to the rights granted under this Agreement. In the event any crop protection policy claims are triggered, Customer agrees to immediately inform Skagit Farmers that a claim has been made and provide all documentation related thereto. Skagit Farmers recognizes that in the event that Customer submits such a claim, repayment terms may need to be modified. Skagit Farmers agrees to consider a request for modification of payment terms, but any modification will be in Skagit Farmers' sole discretion and subject to appropriate terms. Customer agrees to work with Skagit Farmers and any insurance company to ensure that all policy requirements and deadlines are met to ensure prompt payment to Skagit Farmers of claims.

4. **Reaffirmation of Existing Security Interests.** Customer hereby reaffirms the security interests previously granted by Customer to Skagit Farmers, including but not limited to the Deed of Trust dated April 30, 2005 recorded under Skagit County recording number 20050523109, the Mortgage dated May 20, 2005 recorded under Skagit County recording number 200505230110, and the Deed of Trust dated December 4, 2014 recorded under Skagit County recording number 201412040082. Larry R. Jensen also reaffirms the Personal Guaranty he executed on May 20, 2005 in favor of Skagit Farmers, and acknowledges that all monies owing Skagit Farmers are secured by the security interests granted previously, as well as the personal guaranty previously executed.

5. **Extension of Credit and Credit Term.** Skagit Farmers agrees to grant credit to Customer for New Debt up to a total exposure including accrued finance charges of no more than \$2,000,000. Skagit Farmers reserves the right to refuse to extend additional credit to Customer if the outstanding balance owed by Customer for New Debt and Existing Debt exceeds \$3,000,000. Customer can repay the debt at any time, but will not be considered in default of the obligation unless Customer fails to pay the entire amount owing on or before February 28, 2016. Finance charges will not accrue on the New Debt until September 1, 2015, after which finance charges will accrue at the reduced rate of 9% *per annum*, assessed under Skagit Farmers' normal net 30 day terms. Skagit Farmers will issue monthly statements identifying the amount of New Debt outstanding.

6. **Payment Schedule.** Customer agrees to repay the New Debt commencing in September, 2015 through interim payments based upon anticipated cash flow from sales of crops. Interim payments will be as follows:

September 30, 2015	\$250,000
October 31, 2015	250,000

November 30, 2015	500,000
December 31, 2015	1,000,000
January 31, 2016	1,000,000
February 28, 2016	250,000

All Existing Debt and New Debt owing will be paid no later than February 28, 2016. It is understood that, based upon actual crop proceeds received, the parties may agree to revise the payment schedule listed above; however, absent an express written agreement revising the payment terms, Customer agrees to pay as promised herein.

7. **Reporting.** Customer will provide Skagit Farmers a weekly report of sales, by crop, identifying the prices charged and received, the names of third parties to whom crops are sold, the amount of funds received from third parties, any disbursements made, and will grant Skagit Farmers the right to inspect all the records of the Customer's businesses. Customer also agrees that it will file tax returns timely and will provide to Skagit Farmers quarterly financial statements, commencing June, 2015. Failure to comply with these requirements shall constitute a default under this Agreement.

8. **Default.** In the event Customer fails to pay the entire Existing Debt and New Debt, and accumulated finance charges and interest, by February 28, 2016 the obligations will be deemed, at the option of Skagit Farmers, in default and interest rate and finance charges will automatically increase to 18% *per annum*. Upon default, Skagit Farmers will be entitled to enforce its rights under the security interests granted by Customer.

9. **Requirements for Release of Security Interest.** The parties agree that, upon request and adequate consideration, and at the sole discretion of Skagit Farmers, one or more parcels of the real property granted to Skagit Farmers as security can be released, without jeopardizing the security interests granted in the other parcels. Except as noted, all security interests granted herein will remain in full force and effect until such time as the security interests are formally released in writing.

10. **Binding Effect.** Other than as modified by this Agreement, the terms and conditions set forth in invoices and statements, the credit application previously executed, any membership agreements, any personal guarantees, and all terms and conditions in the Note, Security Agreements and other security documents referenced herein, shall be binding on the parties.

11. **General Provisions.** In the event of a default under this Agreement, the prevailing party shall be entitled to recovery of its reasonable attorneys' fees and costs, and venue for any action regarding this Agreement shall be in Skagit County, Washington. Both parties represent that they have had the opportunity to review the terms of this Agreement with legal counsel and are authorized to execute this Agreement as set forth below.

**ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR FOREBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.**

Dated this 22 day of <sup>May</sup> ~~June~~, 2015.

SKAGIT FARMERS SUPPLY,  
a Washington corporation

By Tham E. Beland  
Its General manager

LARRY R. JENSEN

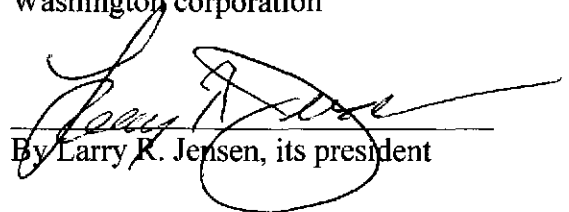
[Signature]  
Larry R. Jensen

witnessed by Shannon Perkes

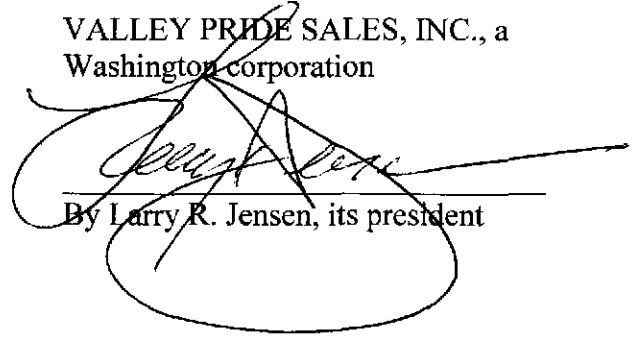
Shannon Perkes

5/22/2015

COUNTRY COUSINS, INC., a  
Washington corporation

  
By Larry R. Jensen, its president

VALLEY PRIDE SALES, INC., a  
Washington corporation

  
By Larry R. Jensen, its president

UNOFFICIAL DOCUMENT