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 Co., Inc. d/b/a UAP Northwest

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UNITED STATES BANKRUPTCY COURT
 FOR THE DISTRICT OF IDAHO

★ ★ ★ ★ ★

In Re:)
)
 RIRIE PRODUCERS CO-OPERATIVE,)
 INC., an Idaho corporation,)
)
 Debtor.)
 _____)

Case No. 99-40804-P-7

**UAP'S RESPONSE TO
 TRUSTEE'S OBJECTION**

COMES NOW Tri-River Chemical Co., Inc. d/b/a UAP Northwest, a Creditor in the above-captioned matter, and responds to the Trustee's Objection to Claim No. 22, as follows:

1. The total claim as of the date the bankruptcy Petition was filed is the sum of \$308,395.77, as evidenced by Promissory Note dated October 2, 1996, and Line of Credit Agreement dated October 2, 1996. True and correct copies of said Promissory Note and Line of Credit Agreement are attached hereto as Exhibits "A" and "B", respectively, and incorporated herein by reference as if set forth fully.

60

2. Said claim is secured by certain machinery, equipment and inventory as described in the Security Agreement dated October 2, 1996, and UCC-1 Financing Statement filed with the Idaho Secretary of State's Office on October 10, 1996. True and correct copies of said Security Agreement and UCC-1 Financing Statement are attached hereto as Exhibits "C" and "D", respectively, and incorporated herein by reference as if set forth fully.

3. On July 16, 1999, the Court entered an Order Terminating Automatic Stay in favor of UAP.

4. The personal property collateral sold on October 10, 1999, for total net sum after sales commission in the sum of \$37,970.86. A true and correct copy of the report of said auction is attached hereto as Exhibit "E", and incorporated herein by reference as if set forth fully.

5. U.S. Bank claimed a lien in the proceeds from the sale of equipment. U.S. Bank also claimed a lien in certain real property owned by Debtor.

6. The real property subject to U.S. Bank's lien was sold by Court supervised auction on April 19, 2000, for the sum of \$25,000.00. A true and correct copy of an accounting of the proceeds from said sale is attached hereto as Exhibit "F", and incorporated herein by reference as if set forth fully.

7. After fees and costs were deducted, the sum of \$18,678.73 was paid to U.S. Bank from the proceeds of the sale of real property.

8. After application of the proceeds from the sale of real property, U.S. Bank's remaining indebtedness, in the sum of \$28,466.41, was paid from the proceeds of the

equipment sale. A true and correct copy of the check to U.S. Bank is attached hereto as Exhibit "G", and incorporated herein by reference as if set forth fully.

9. The remaining equipment proceeds in the sum of \$10,679.37 was paid to UAP. A true and correct copy of the check to UAP is attached hereto as Exhibit "H", and incorporated herein by reference as if set forth fully.

10. The remaining balance of UAP's claim in the sum of \$297,716.40 is unsecured.

DATED this 27 day of September, 2000.

RACINE, OLSON, NYE, BUDGE
& BAILEY, CHARTERED

By 
DANIEL C. GREEN
Attorney for UAP Northwest

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I caused a true, correct and complete copy of the foregoing document to be served by U.S. first-class mail, postage prepaid, upon the following unless a different method of service is indicated:

Ririe Producers Co-op, Inc.
c/o Jerry Brown
175 Main
P. O. Box 218
Ririe, ID 83443

William H. Mulberry, Esq.
346 West Highway 48
P. O. Box 186
Ririe, Idaho 83443-0186

L. D. Fitzgerald, Trustee
P. O. Box 6199
Pocatello, Idaho 83205-6199

Office of the U.S. Trustee
P. O. Box 110
Boise, Idaho 83701-0110

on this 27 day of September, 2000.


DANIEL C. GREEN

PROMISSORY NOTE

\$ 110,297.49
Amount

X 10/2/96
Date

FOR VALUE RECEIVED, the undersigned, Ririe Producers Cooperative, Inc., a Idaho corporation, whose address is: Box 218, Ririe, ID 83443 (hereafter referred to as "Promissor"), promises and agrees to pay in lawful money of the United States of America to the order of CROPMATE COMPANY dba PACIFEX, whose address is: P.O. Box 2040, Pasco, WA 99302 (hereafter referred to as "Pacifex"), or at such other place as the holder hereof may designate in writing, the principal sum of ONE HUNDRED TEN THOUSAND TWO HUNDRED NINETY SEVEN AND 49/100 DOLLARS (\$110,297.49), together with accrued interest from the due dates of the invoices at the rate of TWELVE percent (12%) per annum as follows:

As accounts receivable are collected but in no event later than February 20, 1997.

Payment(s) provided by this Promissory Note shall be applied first to interest accrued to date of payment, and thereafter to principal.

Promissor has the unlimited right to prepay any sum. Any prepayment shall be applied first to interest and then to installments last to become due hereunder and shall not affect the obligation to pay the monthly payments and any remaining balance when due.

Late Payment: On any payment not paid on the due date, Promissor agrees to pay a late charge of 1.5% per month of the unpaid amount due.

If default be made in the payment of any installment required by this Note, or in the performance of any covenant or promise of Promissor contained in the Security Agreement, Personal Guaranty, or any other instrument securing the obligations evidence hereby, or collateral hereto, and Promissor fails to cure such default within thirty (30) days from the date written notice of default is given, the entire principal sum and accrued interest shall, at the option of the holder hereof, be accelerated and become immediately due, payable and collectible without notice to the Promissor or Promissor's successors-in-interest. The acceptance of any installment or payment after the occurrence of a default or event giving rise to the right of acceleration provided for herein shall not constitute a waiver to exercise the same in the event of a subsequent default of defaults.

EXHIBIT "A"

LINE OF CREDIT AGREEMENT

THIS LINE OF CREDIT AGREEMENT made and entered into this 2nd day of OCT, 1989, by and between Ririe Producers Cooperative, Inc. of Box 218, Ririe, ID 83443, (hereafter referred to as "BORROWER") and Cropmate Company dba Pacifex, a Delaware Corporation and Tri-River Chemical Co., Inc. dba UAP Northwest, a Washington Corporation, authorized to do business in the State of Idaho (hereafter collectively referred to as "UAP").

WITNESSETH:

WHEREAS, BORROWER desires to finance and UAP agrees to provide such financing, subject to the terms and conditions herein set forth, up to a maximum extension of credit of .

NOW THEREFORE in consideration of the promises and mutual covenants hereinafter contained, it is hereby agreed as follows:

1. Amount Financed: UAP shall extend to BORROWER a line of credit not to exceed THREE HUNDRED SIXTY FIVE THOUSAND AND NO/100 DOLLARS (\$365,000) for the purchase of dry and liquid fertilizer and other crop inputs.

2. Terms:

(a) An open line of credit in the amount of TWO HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$250,000) for the purchase of dry and liquid fertilizer. This line of credit will have terms of Net 30 days from the date of the invoice;

(b) A Promissory Note in the amount of ONE HUNDRED TEN THOUSAND TWO HUNDRED NINETY SEVEN AND 49/100 DOLLARS (\$110,297) with interest at 12% from the due date of each invoice. The Promissory Note shall be due, owing and payable as accounts receivable are collected but in no event not later than February 20, 1997.

3. Late Payment: On any payment not paid on the due date, BORROWER agrees to pay a late charge of one and one-half percent (1.5%) per month (18% annually) of the unpaid amount due.

4. Collateral and Documents: BORROWER, shall, concomitant with the execution of this Agreement, execute the following:

(a) A Security Agreement and accompanying Financing Statement granting UAP a security interest in the following described property and Debtor's rights, title and interest in such property whether now or hereafter existing or now owned or hereafter acquired by Debtor and wheresoever located:

EXHIBIT "B"

All inventory, which without limitation includes all dry, bulk, and/or liquid fertilizer, chemicals, accounts receivable, farm products, goods, furniture, machinery, equipment, fixtures, general intangibles, tax refunds, chattel paper, contract rights, instruments, documents, notes, returned and repossessed goods; together with all accessions to substitutes for, and all replacements, products and proceeds of the foregoing (including, without limitations, proceeds of insurance policies insuring any of the foregoing), all books and records (including, without limitations, customer lists, credit files, computer programs, printouts, and other computer materials and records) pertaining to any of the foregoing, and all insurance policies insuring any of the foregoing.

(b) Any other documents required by UAP to secure and perfect its lien.

5. Negative Covenants: BORROWER Covenants that they will not, without the prior written consent of UAP:

(a) Create, incur, assume or suffer to exist any mortgage, pledge, security interest, encumbrance, lien, charge of any kind upon or defect on title to or restriction upon the use of any crops or other collateral covered by this Agreement unless the same is in existence at the time of the signing of this Agreement and disclosure of same has been made to UAP;

(b) Assume, guarantee, endorse, contingently agree to purchase or otherwise become liable for the obligation of any person, firm or corporation, except by endorsement of negotiable instruments for a deposit or collection;

(c) Enter into any transaction or merger or consolidation, or transfer, sell, assign, or otherwise dispose of all or a substantial part of BORROWER'S property or assets, or any of their notes or accounts receivable or any asset or property necessary or desirable for the proper conduct of business, or alter the nature of their business by forming a new partnership, corporation, joint venture or other commercial relationship or agree to do any of the foregoing; and

(d) Establish an alternative line of credit for the financing of its farming operation with any other entity during the term of this Agreement, except to the extent the same are subordinate and junior to the amounts extended by UAP pursuant to this Agreement.

6. Default: The occurrence of any one or more of the following events will constitute a default by BORROWER under this Agreement whereupon the open account, promissory notes and indebtedness of any form of BORROWER to UAP will, at the option of UAP, immediately become due and payable in full without presentation, demand, protest or notice of any kind, all of which are hereby expressly waived:

(a) Failure by BORROWER to make payment when due of the principal of or interest on any indebtedness or any breach of any material term, condition or covenant contained in the terms of this Agreement the open account, promissory note, security agreement, mortgage or other document executed in connection with this Agreement, which is not remedied within ten (10) days after UAP sends notice of same to BORROWER;

(b) A failure of performance by BORROWER of any provision of this Agreement or any loan document which is not remedied within ten (10) days after notice is sent by UAP to BORROWER regarding such failure;

(c) A submission of any false or erroneous warranty or representation, whether written or oral, to UAP;

(d) Any of the following occurrences:

1. The filing of a petition in bankruptcy or the approval of a plan of reorganization under the Bankruptcy Code;
2. The making of an assignment for the benefit of Creditors;
3. The inability or written admission of inability to pay debts as they become due;
4. The appointment of a receiver;
5. The adjudication of bankruptcy;
6. The suspension of business operations;
7. The permission of a judgment to be obtained against them which is not promptly paid or promptly appealed with adequate appeal bond posted if required; and,
8. Insolvency.

(e) The attachment or levy upon or against any asset pledged as collateral pursuant to this Agreement or any Security Agreements contemplated hereby which inhibits UAP'S free access to such assets unless such Security Agreement is in existence at the time of the signing of this Agreement and disclosure of the same has been made to UAP or UAP otherwise agrees in writing; and

(f) The reasonable determination by UAP that BORROWER'S financial or commercial status is such that UAP in good faith determines itself to be insecure or

any part of any collateral pledged pursuant to this Agreement to be inadequate coupled with BORROWER'S inability, upon written demand, to furnish alternative collateral satisfactory to UAP.

7. **Remedies:** In the event of an act of default as defined hereunder, UAP may declare all or any part of the full remaining indebtedness, together with all accrued interest thereon, to be immediately due and payable without notice, protest or demand, all of which are expressly waived hereby, any terms of such open account, promissory note or evidence of other indebtedness to the contrary notwithstanding. Upon acceleration of the due date of such indebtedness, BORROWER shall immediately pay in full, or make provisions satisfactory to UAP for payment in full of such indebtedness and UAP shall be entitled to exercise all rights and avail itself of all remedies provided by law in order to effect such payment in full including but not limited to foreclosure of secured positions and obtaining a deficiency judgment.

8. **Waiver:** No failure or delay by UAP to exercise any right, power or privilege hereunder shall operate as a waiver of any such right, power or privilege. Nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law.

9. **Notices:** All notices, requests, demands and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given if delivered or mailed, first class mail, postage prepaid, to the parties at their addresses as identified below:

Borrower: Ririe Producers Cooperative

Address: Box 218, Ririe, ID 83443

UAP

Address: P.O. Box 2040, Pasco, WA 99302

Should any action be instituted to collect this obligation or any portion thereof, the Borrowers promise to pay such additional sum as the Court may adjudge reasonable as attorney's fees in said suit or action.

10. **Binding Effect:** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, personal representatives, successors and/or assigns.

11. **Severability provision:** In the event any portion of this Agreement shall be determined by any court of competent jurisdiction to be invalid, void or otherwise unenforceable, the remaining provisions hereunder, or parts hereof, shall remain in full force and effect; and shall in no way be affected, impaired, or invalidated thereby, it being understood that such remaining provisions shall be construed in a manner most closely approximating the intention of the parties with respect to the invalid, void or unenforceable provision or part thereof.

12. Liability of Borrower: The liability of each Borrower signing the Agreement shall be that of a co-maker, not merely a guarantor, endorser, or accommodation party, and shall be joint and several liability.

13. Time of the Essence: Time is of the essence of each and every provision of this Agreement and each other loan document.

14. Fees, Costs and Expenses: In the event UAP utilizes the services of attorneys, accountants, appraisers, or other professional assistance, the reasonable amount of expenses incurred by UAP to utilize such persons in connection with the preparation, or enforcement of this Agreement (including assistance in the event of bankruptcy), shall be payable on demand and UAP may, at its option, add the amount of such expenses to any portion of the indebtedness, and charge interest on such amount at the interest rate applicable to such portion of the indebtedness.

15. Integration Clause: Amendments Must be in Writing: This Agreement and the loan documents executed by Borrower in connection herewith, or as required by the Agreement, constitute the entire agreement between Borrower and UAP with respect to any extension of credit by communications, discussions, oral agreements, promises and correspondence concerning the subject matter hereof. UAP and Borrower further declare and represent that no promise, inducement or agreement not expressed in the Agreement has been made to them and that this Agreement contains the ENTIRE AGREEMENT among them, and that the terms of this Agreement are contractual and the loan documents may be amended or modified only by a written instrument executed by each party hereto.

IN WITNESS WHEREOF the parties have hereunto executed this Agreement this 22nd day of Oct., 1996.

Ririe Producers Cooperative, Inc.

By: [Signature]
_____ Title

Cropmate Company dba Pacifex and
Tri-River Chemical Co., Inc. dba UAP
Northwest

By: [Signature]
_____ Steven S. Fancy, Credit Manager

SECURITY AGREEMENT

This Agreement, entered into this 22nd of Oct, 1996, between Ririe Producers Cooperative, Inc., whose address is Box 218, Ririe, ID 83441 (herein called "DEBTOR") and Cranmate Company dba Pacific and Tri-River Chemical Co., dba CAP Northwest whose address is P.O. Box 2040, 1135 E Hillsboro, Suite C, Pasco, WA 99303 (herein collectively called "SECURED PARTY").

A. CREATION OF SECURITY INTEREST

DEBTOR, for valuable consideration, receipt of which is hereby acknowledged, hereby grants to SECURED PARTY to secure payment of:

1. A continuing open line of credit in the amount of TWO HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$250,000) to be extended by SECURED PARTY to DEBTOR to be evidenced by invoices and the books of account of SECURED PARTY;
2. An indebtedness in the sum of ONE HUNDRED TEN THOUSAND TWO HUNDRED NINETY SEVEN AND 49/100 (\$110,297.49), payable as accounts receivable are collected, as evidenced by Promissory Note dated 8/10/94, together with interest as appropriate, of 12% per annum from the due date of each invoice.
3. Any and all other liabilities of DEBTOR to SECURED PARTY of whatsoever kind or nature, direct or indirect, absolute or contingent, due or to become due, now existing or hereinafter created under an above described obligation or otherwise.

a Secured interest in the following Collateral.

B. COLLATERAL

The Collateral shall consist of all of the following described property and DEBTOR'S rights, title, and interest in such property, whether now or hereafter existing, or now owned, or hereafter acquired by DEBTOR, and wheresoever located:

All inventory, which without limitation includes all dry, bulk, and/or liquid fertilizer, chemicals, accounts receivable, farm products, goods, furniture, machinery, equipment, fixtures, general intangibles, tax refunds, chattel paper, contract rights, instruments, documents, notes, returned and repossessed goods; together with all accessions to substitutes for, and all replacements, products and proceeds of the foregoing (including, without limitations, proceeds of insurance policies insuring any of the foregoing), all books and records (including, without limitations, customer lists, credit files, computer programs, printouts, and other computer materials and records) pertaining to any of the foregoing, and all insurance policies insuring any of the foregoing.

C. DEBTOR WARRANTIES AND COVENANTS

1. The Collateral is bought or used primarily for: () personal, family or household purposes, () Farming operations use, or (X) Business use, and if checked here (), is being acquired with the proceeds of an advance evidenced by this Agreement, which SECURED PARTY may disburse directly to the seller of the Collateral;
2. That except for the security interest granted hereby DEBTOR is and, to the extent Collateral covered by the Agreement is acquired after the date hereof, will be, the owner of the Collateral free from any adverse lien, security interest or encumbrance; and that DEBTOR will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein;
3. DEBTOR will execute and deliver to SECURED PARTY one or more financing statements in form satisfactory to SECURED PARTY and will pay the cost of filing such financing statements, this security Agreement and any continuation or termination statements, in all public offices deemed by SECURED PARTY to be necessary or desirable;
4. DEBTOR will not remove the Collateral from the location specified herein, except in the normal course of business. DEBTOR will promptly notify SECURED PARTY of any change in the location of the Collateral within said State; and DEBTOR will not remove the Collateral from said state without the written consent of SECURED PARTY;
5. If the Collateral is or will be attached to real estate prior to the perfection of the security interest granted hereby, DEBTOR will furnish SECURED PARTY with a disclaimer or disclaimers, signed by all persons having an interest in the real estate, of any interest in the Collateral which is prior to SECURED PARTY'S interest. DEBTOR shall inform SECURED PARTY in writing of the legal description of any land upon which fixtures are or will be located and/or crops are to be grown prior to the planting thereof;
6. If certificates of title are issued or outstanding with respect to any of the Collateral, DEBTOR will cause the interest of SECURED PARTY to be properly noted thereon and will give possession of said certificates to SECURED PARTY;

EXHIBIT "C"

7. DEBTOR shall not sell, transfer, or dispose of the Collateral, without the prior written consent of the SECURED PARTY. In the event written consent is given by SECURED PARTY, DEBTOR shall account to SECURED PARTY for all proceeds in such a manner as might be required by SECURED PARTY;
8. DEBTOR shall pay all taxes and assessments which may be levied or assessed against the Collateral;
9. DEBTOR shall not permit or allow any adverse lien, security interest or encumbrance upon the Collateral, and shall not permit the same to be attached or replevined without the prior written approval of SECURED PARTY.
10. DEBTOR shall care for and maintain the Collateral in a reasonable manner and in good order and repair and will not waste or destroy the Collateral or any part thereof. DEBTOR will not use the Collateral in violation of any statute or ordinance, and SECURED PARTY may examine and inspect the Collateral at any time, wherever located;
11. DEBTOR will at his own expense, maintain insurance at all times with respect to all Collateral against risks of fire (including so-called extended coverage), theft and such other risks as SECURED PARTY may require, and in the case of motor vehicles, collision, containing such terms, in such form, for such periods and written by such companies as may be satisfactory to SECURED PARTY, such insurance to be payable to SECURED PARTY and DEBTOR as their interest may appear; all policies of insurance shall provide for ten days' written minimum cancellation notice to SECURED PARTY; DEBTOR shall furnish SECURED PARTY with certificates or other evidence satisfactory to SECURED PARTY of compliance with the foregoing insurance provisions; and SECURED PARTY may act as attorney for DEBTOR in obtaining, adjusting, settling, and canceling such insurance and endorsing any drafts;
12. At its option SECURED PARTY may procure such insurance, discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral and may pay for the repair of any damage or injury to or for the preservation and maintenance of the Collateral. DEBTOR agrees to reimburse SECURED PARTY on demand for any payment or expense incurred by SECURED PARTY pursuant to the foregoing authorization;
13. DEBTOR will pay SECURED PARTY any and all costs and expenses incurred in recovering possession of Collateral and incurred in enforcing this Security Agreement, and the same shall be secured by this Security Agreement.

D. DEFAULT

1. DEBTOR shall be in default under this agreement upon the happening of any of the following events or conditions:
 - a. Default in the payment or performance of any obligation, covenant or liability contained or referred to herein or secured hereby or in any Agreement evidencing the same, the provisions of which are incorporated herein by reference;
 - b. Any warranty, representation or statement made or furnished to SECURED PARTY by or on behalf of DEBTOR proved to have been false in any material respect when made or furnished;
 - c. Any event which results in the acceleration of the maturity of the indebtedness of DEBTOR to others under any indenture, Agreement or undertaking;
 - d. Loss, theft, damage, destruction sale or encumbrance to or of any of the Collateral, or the making of any levy, seizure or attachment thereof or thereon;
 - e. Death, dissolution, termination of existence, insolvency, business failure, appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against DEBTOR or any guarantor or surety for DEBTOR.
 - f. SECURED PARTY'S reasonably deeming any of said Obligations insecure.
2. Upon such default and at any time thereafter SECURED PARTY may declare all Obligations secured hereby immediately due and payable, and shall have the remedies of a SECURED PARTY under the Uniform Commercial Code and any applicable law. In the event of default hereunder, the DEBTOR hereby EXPRESSLY WAIVES ALL RIGHTS TO ANY PRIOR NOTICE, JUDICIAL HEARING OR PROCESS, and hereby expressly authorizes and grants to SECURED PARTY the right to enter upon DEBTOR'S premises or upon any premises where Collateral might be located for the purpose of taking possession of the Collateral described herein should SECURED PARTY elect to take possession of the Collateral. SECURED PARTY may require DEBTOR to assemble the Collateral and make it available to SECURED PARTY at a place to be designated by SECURED PARTY which is reasonably convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, SECURED PARTY will give DEBTOR reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of reasonable notice shall be met if such notice is deposited in the United States mail, postage prepaid, to the address of DEBTOR shown at the beginning of the Agreement at least five days before the time of the sale or disposition, though a lesser period may be deemed reasonable under certain circumstances.

EXHIBIT 66 C 57

DEBTOR agrees that expenses of taking possession, holding, preparing for sale, selling or the like shall be chargeable to DEBTOR and shall include SECURED PARTY'S reasonable attorney's fee and legal expenses. In addition to all the rights and remedies of a SECURED PARTY under the Uniform Commercial Code and applicable law, SECURED PARTY shall also have all rights and remedies under this agreement, which rights and remedies shall be cumulative.

E. DELAYS AND WAIVERS

No delay or omission by SECURED PARTY in exercising any right or remedy shall operate as a waiver of such right or remedy or any other right or remedy. A waiver on any one occasion shall not be construed as a bar to or a waiver of any right or remedy on any future occasion. No waiver or consent by SECURED PARTY, and no purported amendment of this Agreement, shall be binding upon SECURED PARTY unless it is in writing and signed by SECURED PARTY.

F. BINDING EFFECT; TERMINATION

This is an agreement and shall remain in effect commencing on the date first above written and continuing so long a DEBTOR has any indebtedness to SECURED PARTY which remains unpaid or unperformed. This Agreement shall inure to the benefit of SECURED PARTY and any successor holder of any note or Obligations, and shall be binding upon DEBTOR and upon DEBTOR'S successors and assigns. DEBTOR'S obligations hereunder shall continue in full force notwithstanding the transfer (with or without the consent of SECURED PARTY) of any interest in DEBTOR, until all of the Obligations have been paid and performed in full; provided, that this Agreement shall continue to be effective, or shall be reinstated, as the case may be, if any payment received by SECURED PARTY in full or partial satisfaction of such Obligations must be returned by SECURED PARTY in connection with insolvency, bankruptcy or reorganization proceedings affecting DEBTOR, with the same effect as though such payment had never been made.

G. APPLICABLE LAW

This Agreement shall be construed and enforced in accordance with the law of the State of Idaho, notwithstanding that state's rules regarding conflicts of laws. Whenever possible, each provision of this Agreement shall be interpreted so as to be effective and valid under applicable law, but if any provision hereof shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

CONSENT TO JURISDICTION

For purposes of any action relating to this Agreement, DEBTOR hereby consents to the personal jurisdiction of the state and federal courts of the State of Idaho.

H. HOMESTEAD EXEMPTION

The DEBTOR waives all homesteads or exemption rights he, his heirs, successors or assigns may have under the Constitution and Statutes of the State in which DEBTOR resides, or any other State, in and to the Collateral, and all right of redemption or appraisal of said Collateral, in the event of default hereunder.

I. SERVICE OF PROCESS

DEBTOR covenants that, for so long as the Obligations and this Agreement remain in effect, it will be subject to and will accept service of process for the purpose of any suit, action or proceeding brought in the State of Idaho or in any other state or province where DEBTOR is subject to the jurisdiction of the courts of such state or province to enforce DEBTOR'S obligations under this Agreement. Service shall be deemed to be complete five days after copies of the process to be served have been placed in the United States mail for transmittal by registered or certified mail to DEBTOR at the above address. Proof of such service shall be made by the affidavit of the person placing such process in the mail.

J. ENTIRE AGREEMENT

This is the entire agreement between the undersigned and SECURED PARTY, bearing on this Agreement.

M. MISCELLANEOUS

Any goods, payments for which are hereby secured, are not warranted with respect to results from the use thereof; nor are said Obligations dependent on the success of any enterprise or transaction involving the Collateral or on its continued preservation, health, growth or gain; DEBTOR will promptly notify SECURED PARTY in writing however, of any failure therein, and also of any defect in the amount, kind, quality, fitness or delivery of the goods sold, and let SECURED PARTY examine the Collateral or goods affected, or DEBTOR will be deemed to have waived claim on such account.

DEBTOR'S hereby agrees to indemnify and hold harmless SECURED PARTY from any and all loss, damage, injury or other casualty to persons or property caused or occasioned by the purchase, installation, maintenance, operation and use of the Collateral by DEBTOR, his agents or employees.

All the terms herein and the rights, duties and remedies of the parties shall be governed by the Uniform Commercial Code as enacted in the State of Idaho. Time is of the essence in the Agreement.

EXHIBIT "C"

STATE OF IDAHO FINANCING STATEMENT - UCC-1

Filing Office Use Only

Debtor #1 (Last name, first, middle, title & mailing address): Ririe Producers Cooperative, Inc. Box 218 Ririe, ID 83443	Debtor #2:
Debtor #3:	Debtor #4:

Secured Party Name and Address: Cropmate Company dba Pacifex and Tri-River Chemical Co., Inc. dba UAP Northwest P.O. Box 2040 Pasco, WA 99302	Assignee and Address: Check if Covered <input type="checkbox"/> Products of collateral are also covered
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Mailing Address for acknowledgment, if not Secured Party:	If one of the following boxes is checked, the secured party may sign the financing statement. The collateral described herein is: <input type="checkbox"/> Brought into this state already subject to a security interest in another jurisdiction <input type="checkbox"/> Subject to a security interest in another jurisdiction, and the debtor's location has changed to this state <input type="checkbox"/> Proceeds of the original collateral described below in which a security interest was perfected. <input type="checkbox"/> The subject of a financing statement which has lapsed. <input type="checkbox"/> Subject to a security interest perfected under a prior name or identity of the debtor.
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This financing statement covers the following types or items of property:
(If this is a fixture, timber or mineral filing to be recorded with the county Recorder, include legal description and name of record owner, if required.)

All inventory, which without limitation includes all dry, bulk, and/or liquid fertilizer, chemicals, accounts receivable, farm products, goods, furniture, machinery, equipment, fixtures, general intangibles, tax refunds, chattel paper, contract rights, instruments, documents, notes, returned and repossessed goods; together with all accessions to substitutes for, and all replacements, products and proceeds of the foregoing (including, without limitations, proceeds of insurance policies insuring any of the foregoing), all books and records (including, without limitations, customer lists, credit files, computer programs, printouts, and other computer materials and records) pertaining to any of the foregoing, and all insurance policies insuring any of the foregoing

Signature(s) of Debtor(s):

Ririe Producers Cooperative, Inc.

By: *Kevin John*

By: _____

By: _____

By: _____

Secured Party Signature:

Cropmate Company dba Pacifex and Tri-River Chemical Co., Inc.
dba UAP Northwest

By: *Steven Pando*

TERMINATION STATEMENT: The Secured Party no longer claims a security interest under the financing statement.

Secured Party of Assigned of Record _____ Date _____

Filing Office Use Only

IDAHO SECRETARY OF STATE
DATE 10/10/1996 0900 31449
2
CX #: 11506 CUST# 5213
UCC1 FILE
10 6.00= 6.00

EXHIBIT "D"

* 1 B 725387

RIRIE PRODUCTION COOPERATIVE
October 16, 1999
SETTLEMENT SHEET
Prepared by Gibson Auctions

TOTAL PROCEEDS OF SALE	\$41,918.75
PROPERTY TAXES COLLECTED AT 2.1%	\$ 535.80
	\$42,454.55

LESS COMMISSION, EXPENSES	
10% Commission	\$ 4,177.07
Expenses Incurred	\$ 306.62
	\$ 4,483.69

TOTAL PAID	\$37,970.86
------------	-------------

EXHIBIT

66
E
82

25000

From: "Jim Spinner" <jas@sgklaw.net>
 To: <rap@elamburke.com>
 Date: 6/21/00 4:00PM
 Subject: Ririe Producers Co-op. bankruptcy. Your client, US Bank

Randy, I received your letter of June 16, 2000 in regard to the above named case. We had sent all the title documents up to the title company on May 16, 2000, to record and issue title policies and had not heard back from them. I called them today and they said they would issue the policies today and send out the information. I asked them their costs on each separate policy and obtained that information. As such, we should be able to send a check out this week. For your review, the following are my calculations on the payment to be made to the Bank:

Gross sale proceeds:	\$25,000.00
Less agreed amount to the estate:	4,000.00
Less delinquent taxes paid on the Bank's parcel:	1,414.96
Less fee for title report Bank's parcel only)	240.00 (title policy for
and policy on Bank's parcel report on both parcels)	75.00 (1/2 of cost of title
Less soil tests done on Bank's parcel and approved by DEQ	591.31
Net total due US Bank:	\$18,678.73

If you have any questions on these figures, give me a call. Thanks.

EXHIBIT

“ F ”

usbancorp
Piper Jaffray

U.S. Bank, N.A.
U.S. Bank of East Grand Forks
75-1392
912

E 2403874

Pay

Account No.

880-601412-1-120

Branch

POCATELLO

Date

07/17/00

*****\$28,466.41*****

Void if not
cashed within
six months

To the order of
US BANK
RANDALL A PETERMAN

R. Bull
Authorized Signature

MP

209,000

⑈ 2403874⑈ ⑆091215927⑆152118005601⑈

Form 233cont. (6/99)

U.S. Bancorp Piper Jaffray Inc.

Detach voucher before depositing

E 2403874

In payment for

2403874

880-601412-1-120 FAT-Y
MONEY MARKET FUNDS
PICKUP

EXHIBIT

G

M L

usbancorp
Piper Jaffray

U.S. Bank, N.A.
U.S. Bank of East Grand Forks
751592
912

E: 2403875

Pay

Account No.

880-601412-1-120

Branch:

POCATELLO

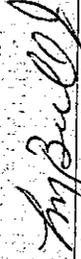
Date

07/17/00

*****\$10,679.37*****

Void if not
cashed within
six months

To the
order of
UAF NORTHWEST
DANIEL C GREEN



Authorized Signature

MP

209500

⑈ 2403875⑈ ⑆091215927⑆15211800560⑈

Form 233cont. (6/99)

U.S. Bancorp Piper Jaffray Inc.

Detach voucher before depositing

E 2403875

In payment for

880-601412-1-120 PAT-Y
MONEY MARKET FUNDS
PICKUP

2403875

EXHIBIT

4

M L
07/17/00
*****\$10,679.37*****

Form 233cont. (6/99)