UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

HILLCREST MINK RANCH,

Debtor.

Case No. 04-60594
Chapter 7

NOTICE OF HEARING AND MOTION
FOR RELIEF FROM THE AUTOMATIC STAY

TO: The Debtor and other entities specified in Fed. R. Bankr. P. 4001(a)(1) and Local Rule 9013-3(a).

1. American Legend Cooperative, a Washington state cooperative, successor by merger to Seattle Fur Exchange, Inc. ("ALC"), by and through its undersigned attorneys, under and pursuant to Section 362(d)(1) of Title 11 of the United States Code (the "Bankruptcy Code"), moves the Court for the relief requested below and gives notice of hearing herewith.

NOTICE OF HEARING

2. The Court will hold a hearing on this motion on Tuesday, September 28, 2004, at 1:00 p.m., in Courtroom 2, on the 2nd floor of the United States Courthouse, 118 South Mill Street, Fergus Falls, Minnesota.

3. Any response to this motion must be filed and delivered not later than September 23, 2004, which is three days before the time set for the hearing (excluding Saturdays, Sundays, and holidays), or filed and served by mail not later than September 17, 2004, which is seven days before the time set for the hearing (excluding Saturdays, Sundays, and holidays). UNLESS A RESPONSE OPPOSING THE MOTION IS TIMELY FILED,

THE COURT MAY GRANT THE MOTION WITHOUT A HEARING UNDER LOCAL RULE 9013-2(f).

MOTION

4. This Court has jurisdiction over this motion pursuant to 28 U.S.C. §§ 157 and 1334, Fed. R. Bankr. P. 5005 and Local Rule 1070-1. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(G). The petition commencing this Chapter 7 case was filed on May 12, 2004. This case is now pending in this Court.

5. This motion arises under 11 U.S.C. § 362(d), and Fed. R. Bankr. P. 4001. This motion is filed under Fed. R. Bankr. P. 9014 and Local Rules 5005-1, 9006-1, 9013-1 to 9013-3, and 9017-1. ALC requests an order modifying the automatic stay to allow ALC to exercise its rights and remedies as to certain personal property of the Debtor in which ALC is secured.

Statement of Facts

6. ALC is a Washington state cooperative with its principal place of business in Renton, Washington. Hillcrest Mink Ranch (the "Debtor") is a general partnership comprised of partners Glen Disse and Kent Disse.

7. On or about July 1, 2002, the Debtor executed and delivered to ALC a promissory revolving note in an original principal amount of $1,243,000.00 (the "Note"). A true and correct copy of the Note is attached to this Motion as Exhibit A. The Note is subject to a Ranch Loan Agreement by and among ALC, the Debtor, Glen Disse and Kent Disse, dated as of July 1, 2002 (the "Loan Agreement"). A true and correct copy of the Loan Agreement is attached to this Motion as Exhibit B. To secure the payment of the Revolving Note and any other obligations owed by the Debtor to ALC, the Debtor executed and

delivered to ALC a Security Agreement dated as of July 1, 2002 (the "Security Agreement"), granting a security interest in the property described therein, including but not limited to all equipment, inventory, machinery, tools, and supplies of every kind then owned or thereafter acquired. A true and correct copy of the Security Agreement is attached to this Motion as Exhibit C. A true and correct copy of the UCC-1 Financing Statement perfecting ALC's interest in the Collateral is attached to this Motion as Exhibit D. Currently, the Debtor owes ALC approximately $1,300,000.

8. ALC has a valid, perfected, first security interest in various pieces of equipment and inventory (the "Collateral"), including mink pens, mink boards, and various other tools, machines, and items, which Collateral is currently in the Debtor's possession.

9. Among the personal property assets delineated in its Schedule A, the Debtor lists "Equipment" (noting that such equipment is secured by ALC) in the amount of $200,850. The value of this equipment (the Collateral itself) is less than the outstanding balance of the Note.

10. During the Debtor's Section 341 meeting of creditors, a representative of the Debtor stated that the Collateral is currently housed on the Debtor's premises.

11. The Debtor is no longer operating its business.

12. ALC's interest in the Collateral is not adequately protected in that the value of the Collateral is declining due to abandonment, obsolescence, and wear and tear.

13. Would-be buyers of the Collateral and ALC have discussed the potential purchase of the Collateral from ALC.

Request for Relief

14. Pursuant to 11 U.S.C. § 362(d), ALC seeks relief from the automatic stay to exercise its rights and remedies with respect to the Collateral.

NOTICE OF WITNESSES

15. Pursuant to Local Rule 9013-2(c), ALC gives notice that it may, if necessary, call Steven L. Casotti, 200 SW 34th Street, Renton, Washington, to testify regarding the matters set forth herein.

WHEREFORE, ALC respectfully requests that the Court enter an order granting its Motion to modify the automatic stay provided by 11 U.S.C. § 362(a), allowing ALC to exercise all of its rights and remedies with respect to the Collateral, and granting ALC such other and further relief as is just and equitable.

Dated: September 14, 2004

Respectfully submitted,

/e/ Ted Cheesebrough

Ted R. Cheesebrough (#293489)
D. Charles Macdonald (#151385)
FAEGRE & BENSON LLP
2200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402-3901
Telephone: (612) 766-7000
Facsimile: (612) 766-1600

Attorneys for American Legend Cooperative

M1:1134434.01

REVOLVING NOTE

EXHIBIT A

$1,243,000.00

Seattle,Washington
July 1, 2002

FOR VALUE RECEIVED, the undersigned Maker(s) jointly severally hereby promise to pay to the order of SEATTLE FUR EXCHANGE, INC., a Washington corporation (Lender), at 200 SW 34th Street, Renton, Washington 98055 or at such place the then holder hereof may from time to time designate in writing, the principal sum of **One Million Two Hundred Forty Three Thousand Dollars and No/100 ($1,243,000.00)**, or such lesser sum advanced to Maker. The advanced outstanding principal shall bear interest from the date of advance at a rate of two percent (2%) above Base Rent; or (b) the maximum rate permitted by law. Interest shall be calculated on the basis of a 365-day year.

The "Base Rate" shall be the "Reference Rate" of interest quoted from time to time on commercial loans by Seafirst Bank Washington or its successor at Seattle, Washington ("the Bank"). If such rate is unavailable or is no longer quoted, the "Base Rate" shall be any prime rate or reference rate of interest then being quoted by any United States national bank which is selected from time to time by the holder of this Note. The interest rate of this Note shall be adjusted to concurrently reflect any change in the Base Rate.

Advances and payments shall be made in accordance with terms and conditions of the Ranch Loan Agreement dated as of **July 1, 2002**. All capitalized terms not otherwise defined in this Note shall have the meanings ascribed thereto in the Ranch Loan Agreement.

Unless earlier payment is required because of an Event of Default, the entire outstanding principal balance of this Note, together with accrued interest, cost and expenses, shall be due and payable in full on or before the close of business on the earlier of (a) the date of the final distribution from Lender's final auction for all Maker's furs in that same calendar year or, (b) June 15th of the calendar year of this Note, with payment to be made as Lender shall direct. The Maker may prepay the principal balance in whole or in part from time to time without penalty.

Each payment shall be first applied against the costs and expenses for which the Maker is then liable under this Note, the Ranch Loan Agreement or any other Loan Document, next against accrued and unpaid interest, and then to the reduction of principal. All sums referred to in this Note shall be payable in lawful money of the United States.

This Note is secured by certain personal property as described in the Security Agreement dated as of **July 1, 2002** between the undersigned Maker(s) and Lender.

In the Event of Default, the entire unpaid principal and accrued interest shall, at the sole option of the then holder of this Note, be immediately due and payable without notice. In the Event of Default, Lender may, without demand or notice, and in addition to any other remedy, set off any amount owed by Maker(s) to Lender against any amount due or to become due to Maker(s) from Lender. No failure to exercise any option stated herein shall be deemed a waiver on the part of the holder hereof of any right accruing thereafter.

So long as an Event of Default exists, the interest rate on this Note and on any judgment obtained for the collection of this Note shall be increased from the date of Default to a rate (the Default Rate") equal to the lesser of (i) five percent (5%) per annum higher than the Base Rate or (ii) the maximum rate permitted by law.

Makers and all endorsers and all persons liable or to become liable on this Note waive any exemption right against said debt, presentment, demand, protest, and notice of nonpayment or dishonor, and expressly consent to all renewals and extensions of time for payment, and to the acceptance of further security, including other types of security, without in any manner affecting its liability hereunder and agree that part or all of the security for this Note may be released at any time. Any such renewals, extensions or releases may be made without notice to any of said parties and without affecting their liability. Makers represent and covenant that the Loan evidenced by this Note is made and obtained exclusively for commercial purposes. Makers and every person or entity at any time liable for payment of all or any part of the debt evidenced by this Note agree to be jointly and severely bound and execute this Note as a principal and not a surety. This Note inures to and binds the heirs, legal representatives, successors, or assigns of Maker, provided, however, Makers shall not assign this Note or any Loan Funds without the prior written consent of Lender which consent may be withheld in its sole discretion.

This Note shall be governed and construed in accordance with the laws of the State of Washington. If any action is brought to enforce any provision of this Note or any related document, at the option of the Lender, the venue will be in King County, Washington. If suit is brought on this Note, or if it is placed in the hands of an attorney for collection, the Makers promise and agree to pay all costs of collection, including attorneys' fees, incurred thereby.

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

Check as appropriate:

____ Corporation ____ Sole Proprietorship

X Partnership ____ Husband & Wife

MAKER(s):

(Glenn Disse)

(Kent Disse)

(Hillcrest Mink Ranch)

LENDER:

SEATTLE FUR EXCHANGE, A DIVISION OF AMERICAN LEGEND COOP.

By: _____

Title: VICE PRES. & CFO

Rev. 12/96

EXHIBIT B

RANCH LOAN AGREEMENT

This RANCH LOAN AGREEMENT ("Agreement") made as of **July 1, 2002**, by and between **Glenn and Kent Disse and Hillcrest Mink Ranch** ("Borrower") and SEATTLE FUR EXCHANGE, INC. ("SFX").

Factual Background

A. Borrower and SFX have conducted certain negotiations for the extension of revolving credit (the "Loan) in the maximum amount of **One Million Two Hundred Forty Three Thousand Dollars and No/100 ($1,243,000.00)** to Borrower for the purpose of producing mink pelts to be grown on Borrower's real property located in **Detroit Lakes, MN** and described more fully in the attached Exhibit A incorporated by this reference (the "Ranch").

B. Borrower currently owns approximately **18,000** animals. Borrower represents there are no liens upon the animals grown or to be grown on the Ranch, or upon the Ranch fixtures, equipment and any replacements at the time of this Agreement, except as set forth in the attached Exhibit B incorporated herein by this reference.

C. Borrower is executing a revolving note (the "Note") payable to SFX evidencing the Loan. The Note is to be secured by a Security Agreement (the "Security Agreement") covering certain personal property, including without limitation the animals, as described therein (the "Collateral"). This Agreement, the Note, the Security Agreement, and all other documents which evidence, guaranty, secure or otherwise pertain to the Loan, collectively constitute the "Loan Documents."

NOW THEREFORE, in consideration of the mutual promises contained in this Agreement and the other Loan Documents, the parties agree as follows:

Agreement

I. THE ADVANCES

1.1 Loan Advances. Subject to the terms of this Agreement, SFX will make the Loan by advancing to Borrower from time to time upon Borrower's request, consistent with the Operating Budget as described in 1.2 below, until February 28, **2003**, sums not to exceed an aggregate principal amount at any one time outstanding of **One Million Two Hundred Forty Three Thousand Dollars and No/100 ($1,243,000.00)** for the purpose of paying animal production and administration overhead expenses hereafter incurred by Borrower in producing the mink pelts to be grown on the Ranch. Advances shall be made by SFX on a monthly basis upon oral or written request in accordance with the Operating Budget and the terms of this Agreement. SFX shall make notations in its books and records of all advances made and credit extended, accrued interest, cost and expenses, payments of principal, interests, costs and expenses and outstanding principal balance of advances, which shall be prima facie evidence thereof. The advanced outstanding principal of the Loan shall bear interest from the date of advance at the rate specified in the Note, the interest terms of which are incorporated herein by this reference.

1.2 Operating Budget. The funds advanced by SFX shall not exceed the amounts necessary to meet Borrower's cash needs to produce the animals to be grown on the Ranch as set forth in Borrower's annual Operating Budget broken down into monthly subtotals for the **2002/03** calendar year and approved by SFX in writing (the "Operating Budget"). SFX may require additional interim operating budgets from time to time.

1.3 Conditions to Advance. SFX's obligation to make any and all advances under this Agreement is subject to the following conditions being accomplished to SFX's satisfaction:

(a) SFX must be satisfied that the pelts to be produced will support the Loan;

(b) No Event of Default has occurred;

(c) Borrower has executed and delivered to SFX a Consignment Contract with SFX, and will have any pelts financed under this Agreement auctioned by SFX;

(d) SFX must be satisfied that its security interest is a valid and enforceable first lien on all collateral animals on the Ranch; and

(e) Borrower shall have delivered to SFX such Articles of Incorporation, corporate resolutions, partnership agreement or authorization, certificates of incumbency, spouse's consent or power of attorney and other documentation as SFX deems necessary to show that Borrower and any guarantors have the authority to execute, deliver and perform its obligations under the Loan Documents.

1.4 Loan Fees and Expenses. Borrower shall pay on demand all expenses that are associated with this Loan.

II. COLLECTION AND APPLICATION OF FUNDS

2.1 Repayment of Advances. Time is of the essence in this Agreement. Borrower agrees and promises to repay principal and interest as and when due under the Note, and in any event shall repay such principal and interest upon Termination under Article VI.

2.2 Form of Sales Proceeds From Auction. Borrower agrees buyers of Borrower's pelts at the auction shall pay in the form of checks made payable to the order of SFX.

2.3 Application of Auction Proceeds. All auction proceeds shall first be applied to fees and expenses payable by Borrower under this Agreement, next to accrued interest and then to the principal of the Loan. Any amount of said delivered sums remaining after payment and satisfaction of all Borrower's indebtedness to SFX under the Loan Documents shall be promptly remitted to Borrower.

2.4 Payment of Balance. Unless earlier payment is required because of a Termination (as defined in Section 6.3), the entire outstanding principal balance of the Loan together with accrued interest, costs and expenses shall be due and payable in full on or before the close of business on the earlier of (i) the date of the final distribution from SFX's final auction for all of Borrower's pelts auctioned during that same calendar year or (ii) June 15 of the calendar year of this Agreement, with payment to be made as SFX shall direct.

III. SECURITY

3.1 Animals, Pelts and Equipment. Borrower warrants and guarantees that it has legal title to all Collateral. Borrower grants to SFX, as security for payment of the Loan, and performance and observance of all obligations of the Borrower to SFX, now existing or hereafter arising, a security interest in and to the Collateral as more particularly set forth in the Security Agreement.

3.2 Additional Security. Should SFX reasonably deem itself insecure of Borrower's performance, under any of the Loan Documents for any reason, Borrower agrees to give such additional security for its performance under the Loan Documents as SFX may request.

3.3 Documents. To effectuate the security interest cited in paragraph 3.1, Borrower shall from time to time at its expense execute all other documents as requested by SFX. Any document so executed shall be a Loan Document.

IV. AFFIRMATIVE COVENANTS

Borrower represents, warrants, covenants and agrees that until all obligations under the Loan Documents are satisfied, it will:

4.1 Financial Information. Promptly furnish to SFX production estimates, physical counts, and any other information SFX requests, including without limitation, monthly kit counts.

4.2 Use of Funds. Use all advances made under this Agreement for the purpose stated in paragraph 1.1 above.

4.3 Insurance. Obtain and continuously maintain such insurance as is indicated on the Schedule of Coverage attached as Exhibit C and incorporated by this reference, other hazard, comprehensive public liability and worker's compensation insurance as is currently in effect and obtain and maintain such additional hazard, extended coverage or other insurance in form and amount as SFX shall request, provided said insurance is appropriate for the type of business in which Borrower is engaged, and make SFX the loss payee and/or additional named insured on such policies and shall obtain a provision whereby they cannot be canceled except after 20 days' written notice to SFX. Borrower will furnish to SFX such evidence of insurance and payment of premiums as SFX may require. SFX shall have no liability for any premium for insurance required under this Section 4.3, or any loss related to the omission or lack of coverage of any such insurance.

4.4 Compliance with Laws. At all times comply with all laws, statutes, rules, regulations, orders, directions of any governmental authority having jurisdiction over Borrower or its business.

4.5 Ranch Management. Care for and maintain the Ranch in a neat, orderly and sanitary condition and in good repair not allowing any waste of such premises; properly and timely inoculate the mink against enteritis, distemper and botulism, the fox against distemper and encephalitis; pelt during the current year 14,000 animals that reach pelting age; and in general, care for the Ranch and animals on said premises and grow, raise, produce, and pelt the animals to be grown on the Ranch, all in a first-class, husband-like manner and according to the best standards of husbandry prevailing in the county in which the Ranch is located and in accordance with all local, state and federal laws, rules and regulations.

4.6 Auction. Maintain an executed Consignment Contract with SFX, for the auction of Borrower's pelts. The Borrower also agrees that Borrower will pelt at least 14,000 of its animals during the latter part of 2002, and will send all of the pelts to SFX at 200 SW 34th Street, Renton, WA 98055 for sale in accordance with the SFX's Rules of Auction and Conditions of Sale and any other usual terms and conditions of sale in force at the time; that Borrower will send none of the pelts to any other person, firm or corporation, and that Borrower will pay to SFX its regular commission and charges for each sale. If the pelts delivered to SFX prior to the end of the current year are not, in the opinion of the SFX, sufficient in value to equal the indebtedness owing to SFX under the Loan Documents, Borrower agrees promptly on demand of SFX, to deliver to SFX sufficient additional pelts so that the total value of the pelts delivered to SFX equals or exceeds the indebtedness.

4.7 Additional Actions. Perform such acts as requested by SFX to assure Borrower's performance to protect or perfect any lien or security interest provided for under the Loan Documents, or otherwise to carry out the intent of this Agreement.

V. NEGATIVE COVENANTS

Borrower represents, warrants, covenants and agrees that until repayment of all advances under this Agreement are made, it will not, without the prior written consent of SFX:

5.1 Transactions Out of Ordinary Course. Engage in any transaction, which is not in the ordinary course of Borrower's business as previously conducted or which adversely affects the Collateral of SFX's security interest therein.

5.2 Operating Budget. Deviate from any Operating Budget in any material respect.

5.3 Other Liens. Create, assume, or suffer to exist any mortgage, deed of trust, lien or security interest, in favor of any person other than SFX, as to any Collateral other than those to which SFX has given its written consent.

5.4 Distribution from Borrower. Make any distribution, payment or loan of cash or other Collateral to any partner of the Borrower, except for payments in the ordinary course of business, until all obligations under the Loan Documents are paid in full.

VI. DEFAULT AND TERMINATION

6.1 Default. Each of the following shall constitute and Event of Default:

(a) Failure of Borrower or any endorser, surety or guarantor to make any payment when and as required under any of the Loan Documents;

(b) Breach by Borrower of any of the terms, conditions, warranties or covenants contained in any of the Loan Documents, or in any document delivered by Borrower.

(c) The making by Borrower of any material misrepresentation (including, without limitation, the monthly kit count) to SFX for the purpose of obtaining credit or an extension of credit under this Agreement or otherwise;

(d) The issuance of any judgment, injunction, attachment, garnishment or levy against Borrower;

(e) The death of any Borrower who is a natural person or of any partner of any Borrower, which is a partnership;

(f) Dissolution, consolidation or merger, or transfer of a substantial part of the collateral of any Borrower which is a corporation or a partnership;

(g) If Borrower becomes insolvent or unable to pay its debts as they become due or makes an assignment of any of its collateral for the benefit of creditors or the institution by or against Borrower of Bankruptcy reorganization, debt arrangement, or other proceeding under any Bankruptcy or insolvency law of dissolution, receivership or liquidation proceeding;

(h) Such a change in the condition or affairs (financial or otherwise) of Borrower or any co-borrower, endorser, surety or guarantor of any of the secured obligations as in the opinion of SFX impairs the Collateral under the Loan Documents or increases SFX's risk;

(i) Cancellation and lapse of any of Borrower's insurance coverage, if such default shall continue for ten (10) days after its occurrence;

(j) Borrower's failure to practice first-class husbandry in accordance with the best standards prevailing in the area; and

(k) SFX deems itself insecure for any reason whatsoever.

6.2 Payment on Default. Notwithstanding any occurrence of any Event of Default, Borrower shall continue to pay over to SFX all sales proceeds which come into its possession pursuant to Article II above.

6.3 Termination. Upon the occurrence of any Event of Default, SFX may, at any time at its option, without demand or prior notice, declare such default by written notice to Borrower, in the manner provided in paragraph 7.4. Upon Borrower's receipt of the written notice of default, as defined in paragraph 7.4, SFX's obligation to advance funds under this Agreement (but not Borrower's obligations hereunder) shall immediately terminate (a "Termination"), making the provisions of the following paragraph effective.

6.4 Acceleration and Remedies. Upon Termination, all obligations created by this Agreement and the other Loan Documents shall be immediately due and payable in full without notice and without further action of any kind, payment to be made to SFX shall direct, and any obligation to SFX to make advances under this Agreement under any Operating Budget, or under the Loan Documents (including any Operating Budget relating thereto) shall terminate. Upon Termination if and so long as any sum due hereunder is then unpaid, said sum shall bear interest at the Default Rate provided in the Note. Upon Termination, either party shall have, in addition to rights and remedies under this Agreement, or any other Loan Documents, all those allowed by all applicable laws, including, without limitation, the Uniform Commercial Code of any jurisdiction in which the animal pelts, equipment or the proceeds thereof may be located. Specifically, SFX shall have the right at any time to set off against any sums due under the Loan Documents any amount due or to become due to the Borrower. Borrower further agrees to make the Collateral available to SFX at the place designated by SFX provided that the place designated is reasonably convenient to both parties. SFX shall have the right to take possession of, remove, and render unusable any or all of the Collateral, wherever the Collateral may be found, with free right of entry and without notice or demand, and to receive the proceeds of the Collateral. SFX's remedies shall additionally include the right to sell, lease or otherwise dispose of any or all of the Collateral in its then condition or following any commercially reasonable preparation or processing which is hereby agreed to include without limitation the right to kill and pelt any or all animals at SFX's exclusive discretion. All remedies hereunder are cumulative and not alternative.

6.5 Continuation of Commission Merchant Relationship. If, upon Termination, as defined above, all obligations of Borrower to SFX are not satisfied and paid in full, then Borrower shall continue its auction relationship with SFX, for the following year's production and each succeeding year's production until said obligations are satisfied or paid in full. This remedy shall be in addition to all other remedies available to SFX. Borrower's agreement to continue such relationship does not create any obligation, express or implied, on the part of SFX to advance additional funds to the Borrower after Termination, for any reason.

VII. MISCELLANEOUS

7.1 Construction. Any ambiguities or inferences in the construction or interpretation of the Loan Documents shall be construed as complimentary to each other. This Agreement shall control any conflict of terms or conditions between this Agreement, the Note and the

Security Agreement. Nothing herein contained shall prevent SFX from enforcing any other notes or security instruments between the parties in accordance with their respective terms.

7.2 No Waiver. No delay or omission to exercise any right, power, or remedy accruing to SFX upon breach or default by Borrower, or otherwise under this Agreement shall impair the exercise at any time of any such right, power or remedy of SFX in strict accordance with the terms hereof, nor shall it be construed to be a waiver nor an acquiescence of that or any other breach or default. Any waiver, permit, consent, or approval under this Agreement must be in writing and shall be effective only to the extent of such writing. All remedies under this Agreement or by law or otherwise shall be cumulative and not alternative.

7.3 Successors and Assigns/Participation. Neither this Agreement nor any right or obligation hereunder is assignable in whole or in part, whether by operation of law or otherwise by Borrower, and such attempt at assignment shall be void and unenforceable. SFX may assign, transfer negotiate, and grant participation in any of its rights under this Agreement. Borrower and every person or entity at any time liable for payment of all or any part of the debt hereby evidenced agrees to be jointly and severely bound and further executes this agreement as a principal and not as a surety.

7.4 Notices. Any notices, demands, or communication permitted or required hereunder shall be in writing; which shall be personally delivered or sent by certified mail or registered mail, return receipt requested, postage prepaid addressed to the parties at the addresses listed below, or to such other addresses as the parties may from time to time designate in writing. All notices shall be deemed received on the date delivered, if personally delivered, or on the earlier of three (3) days after mailing or the date of delivery is officially recorded on the return receipt, if sent by certified or registered mail.

7.5 Counterparts. This Agreement may be executed in several counterparts with the same effect as if the parties executing the counterparts had all executed one document. The executed counterparts taken together shall be deemed the original Agreement. The absence of any of the parties' signatures shall not affect the validity or enforceability of the Agreement against those that do sign.

7.6 Governing Law; Venue. This Agreement shall be governed and interpreted in accordance with the laws of the State of Washington. The venue of any action involving this Agreement, at the option of SFX, shall be in King County, Washington.

7.7 Attorney's Fees. Borrower shall pay to SFX all costs and expenses of collecting any sums due under this Agreement, of protecting SFX's rights in the Collateral, realizing on the Collateral or otherwise enforcing SFX's rights or Borrower's obligations under this Agreement or any other Loan Document. These costs and expenses include but are not limited to reasonable attorney's fees (whether or not suit is instituted), collection agent fees and reasonable compensation for the efforts of SFX's employees or agents. Attorney's fees and costs as referenced above, shall include, without limitation, costs and attorney's fees incurred in any appeal, in collection of any judgment concerning this Agreement, and in proceedings under the Bankruptcy Code or state receivership.

7.8 Invalidity. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

7.9 Captions; Usage. Titles and captions are inserted for convenience only and in no way define, limit, extend or describe the scope or intent of this Agreement or any of its provisions. Unless some other meaning is apparent from the context, plural and singular words are used interchangeably, as are masculine, feminine or neuter words.

7.10 Entire Agreement; Amendments. The Loan Documents fully state the entire agreement of the parties relative to the Ranch financing required by Borrower. The Loan Documents supersede all previous communications, representations, or agreements, either verbal or written, between the parties concerning the subject matter of the Loan Documents. This Agreement may not be modified or amended except by a written agreement signed by the parties. This Agreement shall inure to the benefit of, and bind all of the parties, their successors, estates, heirs, personal representatives and assign.

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

In WITNESS WHEREOF, the parties hereto have executed this agreement as of the date and year first written.

Check as appropriate:

____ Corporation ____ Sole Proprietorship

X Partnership ____ Husband & Wife

(Glenn Disse)

(Kent Disse)

(Hillcrest Mink Ranch)

SEATTLE FUR EXCHANGE, A DIVISION OF AMERICAN LEGEND COOPERATIVE

By: _____

Title: VICE PRES.

Rev. 12/96

EXHIBIT C

SECURITY AGREEMENT

This Security Agreement (the "Agreement"), made **July 1, 2002**, by **Glenn and Kent Disse**,also known as, **Hillcrest Mink Ranch**, located at **28774 St. Hwy 34, Detroit Lakes, MN 56501-7526**, (individually and collectively, "Debtor") in favor of secured party Seattle Fur Exchange, Inc. whose address is PO Box 88159, 200 SW 34th St., Seattle, WA 98138-2159 ("SFX"),

In consideration of SFX's loaning money to Debtor in the original principal amount of **One Million Two Hundred Forty Three Thousand Dollars and No/100 ($1,243,000.00)** evidenced by a revolving note (the "Note") of even date herewith, Debtor agrees as follows:

1. Grant of Security Interest. Debtor hereby grants to SFX a security interest in the personal property described in the attached Exhibit A, and all of Debtor's rights interests and titles in and to such property, together with all increases, parts, fittings, accessories, equipment, renewals and replacements of all or any part thereof; together with the products, increase and proceeds thereof, including without limitation, all chattel paper, accounts receivable, contract rights, cash and non-cash proceeds, and any other property Debtor may receive on account of such collateral, whether such collateral is or will become a fixture on real-estate (including, without limitation, all monies and proceeds from any claims in tort and/or product liability; for breach of contract, warranty or representation; condemnation awards; and insurance proceeds). All of such property is collectively referred to as the "Collateral" and is located at **28774 St. Hwy 34, Detroit Lakes, MN 56501-7526** (the "Premises"). This grant is made to secure the prompt payment when due of the Note and any other obligations of Debtor to SFX now existing or hereafter arising, and any modifications, extensions or renewals thereof, and the performance by Debtor of all of the terms and conditions of this Security Agreement.

2. Covenants

(a) Debtor is the absolute and exclusive owner of the Collateral; the Collateral is free from all liens or encumbrances; Debtor will retain the Collateral in his possession or deliver to SFX and will not permit the Collateral to be encumbered, sold or removed from the Premises except by SFX, without the written consent of SFX.

(b) Debtor agrees to properly feed and care for the Collateral consisting of animals (the "Animals"), to deliver the Animals to SFX upon demand, to be held, pelted and/or disposed of by SFX as it may elect; to promptly pay all taxes and all other liens and charges accruing against the Animals during the life of this Agreement, and to keep the Animals fully insured against loss by fire and other insurable hazards for the benefit of the SFX. Debtor further agrees that in case he fails to perform any of the above services or agreements, SFX may enter upon the Premises and perform the same at the expense of Debtor, and that all payments made and/or expenses incurred shall be a charge against Debtor secured by this Agreement.

(c) Debtor agrees to execute such financing statements and other instruments and perform such acts as SFX may request to establish, perfect and maintain a valid security interest in the Collateral, all at Debtor's expense, including cost of record searches, filing and recording.

3. Default; Remedies. In the event of any default in the performance of any obligation owing by Debtor to SFX the entire amount of the indebtedness secured hereby shall, at the option of SFX, become immediately due and payable, without notice or demand, and SFX shall have the right to pursue any and all remedies provided by law. To facilitate the exercise of the remedies given SFX in the event of default, Debtor agrees as follows:

(a) To put SFX in possession of the Collateral on demand (unless SFX is already in possession); and

(b) SFX is authorized to enter the Premises and take possession of, remove and, to the extent applicable, render unusable the Collateral without notice or demand and without legal proceedings; and

(c) At the request of SFX, Debtor will assemble the Collateral and make it available to SFX at a place designated by SFX which is reasonably convenient for both parties; and

(d) SFX is authorized to sell, lease or otherwise dispose of any or all of the Collateral in its then condition or following any commercially reasonable preparation or processing, to including without limitation the right to kill and pelt any or all Animals at SFX's exclusive discretion; and

(e) Debtor agrees that a period of ten (10) days from time the notice is sent, by first class mail or otherwise, shall be reasonable period of notification of a sale of other disposition of the Collateral; Debtor agrees that any notice or other communication by SFX to Debtor shall be sent to the mailing address of the Debtor stated herein or other address know to SFX; and

(f) If SFX disposes of the Collateral, Debtor agrees to pay any deficiency remaining after application of the net proceeds to any indebtedness secured by this Agreement.

4. Attorney's Fees; Costs. Debtor agrees to reimburse SFX for all costs, expenses, and reasonable attorney's fees that SFX incurs in connection with the realization or enforcement of any obligation or remedy contained in the Note, this Agreement or other related documents, with or without litigation, including without limitation any costs, expenses, and fees incurred.

5. Governing law. The Agreement shall be construed and enforced in accordance with the laws of the State of Washington. If any provision of this Agreement shall be prohibited or invalid under applicable 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.

6. Venue. The venue of any dispute shall be in King County, Washington, or in such other venue and/or court of competent jurisdiction as determined by SFX, in its sole discretion.

7. Entire Agreement. This Agreement sets forth the entire agreement between the parties with respect to the terms of this Agreement, and supersedes all prior statements, discussions, negotiations, understandings or agreements between the parties concerning this Agreement.

IN WITNESS WHEREOF, the Debtor has caused this Agreement to be executed on the date first above written.

Debtor: **Glenn and Kent Disse**

Ranch: **Hillcrest Mink Ranch**

Address: **28774 St. Hwy, Detroit Lakes, MN 56501-7526**

Office Address: **28774 St. Hwy, Detroit Lakes, MN 56501-7526**

ALL COLLATERAL LOCATIONS: _____

_____ DATE 8-1-02
(Glenn Disse)

_____ DATE 8-1-02
(Kent Disse)

Rev. 12/96

EXHIBIT A

Personal Property

All animals, pelts and products of every kind now owned or hereafter acquired, together with all natural increases thereof, including after any such item has left the possession of Debtor for further manufacturing or processing; all equipment, machinery, and supplies of every kind now owned or hereafter acquired, including all accessories, parts, tools, and replacements therefore and additions thereto; all inventory now owned or hereafter acquired, including all substitutions and replacements thereof; all feed now owned or hereafter acquired by Debtor, whether on Debtor's property or elsewhere; and the proceeds of all such collateral, including without limitation all chattel paper, accounts receivable, contract rights, rights to payment, general intangible, cash and non-cash proceeds, and any other property Debtor may receive on account of such collateral;

All of Debtors accounts and rights to payment, now existing or hereafter at any time acquired in connection with or arising out of the sale of Debtor's animal and pelt product and the proceeds thereof, including without limitation accounts and right to payment arising under any "Consignment Contract" between the Debtor and SFX; and

All of Debtor's present and future stock, book credits, capital funds, or other allocated reserves in American Legend Cooperative, a cooperative corporation, and all dividends and distributions on or other right's in connection with such property (including the cash portion of any patronage dividend) together with the proceeds thereof.

EXHIBIT D

STATE OF MINNESOTA
UCC-1 FINANCING STATEMENT

For Filing Officer

2247930

00 AUG 21 AM 8:00
SEC. OF STATE
MINNESOTA

This statement is presented for filing pursuant to *Minnesota Uniform Commercial Code Minnesota Statutes Chapter 336.9-402* (Type in Black Ink)

1. Individual Debtor - Last Name DISSE	First Name GLEN	Middle I. A.
Social Security # 469-52-9285	Mailing Address 28774 ST. HWY 34	
City DETROIT LAKES	State MN	Zip Code 56501
2. Individual Debtor - Last Name DISSE	First Name KENT	Middle I. M.
Social Security # 468-58-0312	Mailing Address 28774 ST. HWY 34	
City DETROIT LAKES	State MN.	Zip Code 56501
3. Business Debtor - Name HILLCREST MINK RANCH		
Fed. ID # 41-0704068	Mailing Address 28774 ST. HWY 34	
City DETROIT LAKES	State MN	Zip Code 56501

4. Secured Party Name SEATTLE FUR EXCHANGE, A DIV. OF AMERICAN LEGEND			5. Assignee of Secured Party		
Mailing Address 200 SW 34TH STREET			Mailing Address		
City RENTON	State WA	Zip Code 98055	City	State	Zip Code

6. This financing statement covers the following types or items of property. (If crops are covered describe the real estate and list the name of record owner.)

SEE EXHIBIT "A"

SEE OVERSIZED FILE

825875 821402

____ Debtor is a transmitting utility as defined by Minnesota Statutes Chapter 336.9-105

RETURN ACKNOWLEDGEMENT COPY TO: (name and address)

SEATTLE FUR EXCHANGE, A DIV. OF AMERICAN
LEGEND COOPERATIVE
200 SW 34TH STREET
RENTON, WA 98055

261 1744

X _____
Debtor's Signature
(Required in Most Cases see instructions)

X _____
Debtor's Signature

_____
Secured Party's Signature

Please do not type outside the bracketed area.

(069200 19 Rev 5/93) Standard Form Approved by Secretary of State

2207930

HILLCREST MINK RANCH
June 20, 2000

Land

W 1/2 of NC 1/4 of hwy less 17.64 ac & hwy less S ac N of CH#141 MN 25-139-41 21.19 acres
and
Beg at inter of E line W 1/2 NE 1/4 & NW rt of W line hwy #34 th N 704 ft W 675 ft 120 ft SW 225 ft S 415 ft SE 364.5 ft & E along hwy 797 ft to beg MN 25-139-41 15.64 acres

EXHIBIT A
PERSONAL PROPERTY

	Qnty
1987 Ford Truck, 16' Dump	1
1978 GMC Truck	1
1974 Chevy Truck, 12' Dump	1
1979 Ford Pickup 4x4	1
1982 Chevy Pickup 4x4	1
1994 Chevy Pickup 4x4	1
1978 43' Great Dane Riefer	1
1982 48' Fruhauf Reefer	1
1963 40' Fruhauf Van	1
1965 8700 Gallon Tanker	1
1970 Timpte Trailer	1
1962 John Deere 1010 Tractor	1
1985 Bobcat 843	1
Butler Feed Tank	2
Weiler Grinder	1
Egg Cooker	1
Weiler Mixer	1
5HP Boiler	1
Power Washers	4
Freezer Racks	50
Meat Slicer	1
Weiler Grinder Parts	1
Combo Dumps	2
3000 Gallon Egg Tank	1
3000 Gallon Poly Egg Tank	4
1800 Gallon Acid Tank	1
A C Forklift	1
Clark Fork Lift	1
Pallet Jacks	2
Freisen Feed Carts	4
Freisen Bedding Cart	2
Freizen Water Cart	1
Manure Brush	1
Harvest Machines	3
Manure Belt	1
Skinning Machines	7
Fleshing Machines	1

2 pg

825875 821402

Dryers	12
Double	1
Triple	2
Shaker	1
Shaker 12'	1
Shaker 14'	1
Drummer 12'	1
Drummer 14'	1
10hp Vacuum Pump	2
Pelt Puller	2
Air Openers	4
Mink Boards	
Male	2500
Female	3000
Pens	
Breeder	8000
Pelter	24000
Large Snowblower	1
Toro Mower	1
Lab Equipment	1

VERIFICATION

I, Steven L. Casotti, an authorized officer of American Legend Cooperative, the movant named in the foregoing Motion, declare under penalty of perjury that the facts stated in the Statement of Facts section of the foregoing Motion are true and correct according to the best of my knowledge, information and belief.

Dated: August 27, 2004.

Steven L. Casotti

M1:1134434.01

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

HILLCREST MINK RANCH,

Debtor.

Case No. 04-60594
Chapter 7

MEMORANDUM OF LAW IN SUPPORT OF MOTION FOR RELIEF FROM THE AUTOMATIC STAY

Pursuant to Local Rule 9013-2(a), American Legend Cooperative ("ALC"), by and through its undersigned attorneys, files the following Memorandum of Law in support of the accompanying Notice of Hearing and Motion for Relief from the Automatic Stay (the "Motion").

STATEMENT OF FACTS

The facts are stated in the Motion. Capitalized terms used herein and not otherwise defined have the meanings given to them in the Motion.

LEGAL ARGUMENT

The Bankruptcy Code creates an automatic stay upon the filing of a petition in bankruptcy. 11 U.S.C. § 362(a). Section 362(d) of the Bankruptcy Code provides for the methods of relief from the automatic stay as follows:

> On request of a party in interest and after notice and a hearing, the court shall grant relief from the stay provided under subsection (a) of this section, such as terminating, annulling, modifying, or conditioning such stay -
>
> (1) for cause, including the lack of adequate protection of an interest in property of such party in interest . . . .

11 U.S.C. § 362(d).

With respect to the burden of proof on a motion for relief from the automatic

stay, Section 362(g) provides as follows:

> In any hearing under Section 362(d) or (e) of this section concerning relief from the stay of any act under subsection (a) of this section -
>
> (1) the party requesting such relief has the burden of proof on the issue of the debtor's equity in property; and
>
> (2) the party opposing such relief as the burden of proof on all other issues.

11 U.S.C. § 362(g).

Thus, in the present case, unless a challenging party can meet the burden of proof on the issue of cause for modifying the stay, ALC is entitled to relief from the automatic stay. See In re Anton, 145 B.R. 767, 769 (Bankr. E.D.N.Y. 1992) (holding that debtor has burden of proof in opposing motions for relief from stay).

Cause

The Bankruptcy Code does not define "cause"; but generally speaking, "cause" is said to exist when the harm that would result from a continuation of the stay would outweigh any harm that might be suffered by the debtor or the debtor's estate if the stay is lifted. See Peerless Ins. Co. v. Rivera, 208 B.R. 313, 315 (Bankr. D.R.I. 1997). Given that "cause" lacks a distinct, limited definition, it must be determined on a case-by-case basis. In re Tirey Dist. Co., 242 B.R. 717, 723 (E.D. Okla. 1999).

Bankruptcy courts have established a number of factors to consider when determining whether cause exists, including: the harm to the party seeking relief from the automatic stay if the stay is not lifted, the harm to the debtor if the stay is lifted, the interests of creditors, and the effect on the fair and efficient administration of justice. See Peerless, 208 B.R. at 315; In re Unanue-Casal, 159 B.R. 90, 95-96 (D.P.R. 1993); see also In re Tirey, 242

B.R. at 723 (considering following factors when determining whether cause to grant relief from automatic stay exists: (i) interference with bankruptcy, (ii) good or bad faith of debtor, (iii) injury to debtor and other creditors if stay is modified, (iv) injury to moving party if stay is not modified, (v) proportionality of harms from modifying or continuing stay). Application of these factors to this case indicates that modification of the automatic stay is appropriate.

Harm to ALC

According to the Debtor's schedules, ALC is the Debtor's largest secured creditor (in fact, ALC is the Debtor's largest creditor, secured or unsecured), holding a claim in excess of $1,200,000. If ALC is permitted to repossess, and then liquidate, the Collateral to those buyers who have indicated an interest in purchasing such, ALC would be able to maximize the value of its Collateral and, in turn, reduce its secured claim. If not given relief from the automatic stay to take such action, ALC will be harmed by virtue of losing the opportunity to maximize the value of its Collateral.

Harm to the Debtor's Estate

The collection and sale of the Collateral would not harm the Debtor's estate or the Trustee, but rather, be in the best interest of the Debtor's estate. A collection and subsequent sale by ALC of the Collateral could maximize its value and reduce the amount of ALC's secured claim as a result.

Interference with the Bankruptcy

ALC is seeking to mitigate further damages by collecting, and then selling, the property in which it holds a valid, first secured interest. Sale of the Collateral would not interfere with the Trustee's duties or the Debtor's bankruptcy case; rather, such a sale would maximize the value of these particular assets.

Therefore, given the interests and the circumstances in this case, taken against the backdrop of assorted factors used by bankruptcy courts in this and other circuits to determine "cause," cause undoubtedly exists for this Court to grant ALC relief from the automatic stay so that ALC may exercise its rights and remedies with respect to the Collateral.

CONCLUSION

ALC has demonstrated that cause exists to grant ALC relief from the automatic stay to repossess and liquidate the Collateral. Thus, under Section 362(d)(1), ALC is entitled to the relief requested in the Motion, namely that the Court modify the automatic stay to allow ALC to exercise all of its rights and remedies with respect to the Collateral, as well as grant ALC such other and further relief as is just and equitable.

Dated: September 14, 2004

Respectfully submitted,

/e/ Ted Cheesebrough

Ted R. Cheesebrough (#293489)
D. Charles Macdonald (#151385)
FAEGRE & BENSON LLP
2200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402-3901
Telephone: (612) 766-7000
Facsimile: (612) 766-1600

Attorneys for American Legend Cooperative

M1:1134434.01

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

HILLCREST MINK RANCH,

Debtor.

Case No. 04-60594
Chapter 7

ORDER

This matter came on for hearing on Tuesday, September 28, 2004, on the Motion for Relief from the Automatic Stay (the "Motion") of American Legend Cooperative ("ALC"). The Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334, Fed. R. Bankr. P. 5005 and Local Rule 1070-1. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(G). Appearances, if any, were as noted on the record. Based upon the Motion, responsive pleadings, if any, the arguments of counsel, and the record in this case, the Court's findings of facts and conclusions of law, if any, being stated on the record in open court:

IT IS HEREBY ORDERED THAT:

1. The Motion is granted.

2. The automatic stay provided by 11 U.S.C. § 362(a) is hereby modified to permit ALC to exercise its rights and remedies with respect to all equipment and other personal property in the Debtor's possession in which ALC holds a security interest.

3. Notwithstanding Fed. R. Bankr. P. 4001(a)(3), this order is effective immediately.

Dated: September ___, 2004.

BY THE COURT:

/e/ Dennis D. O'Brien
Hon. Dennis D. O'Brien
United States Bankruptcy Judge

M1:1139615.01

AFFIDAVIT OF SERVICE

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

Letha D. Huffman of the City of Blaine, County of Anoka in the State of Minnesota, being duly sworn, says that on the 14th day of September, 2004, she served the annexed **Notice of Hearing and Motion for Relief from the Automatic Stay, Memorandum of Law in Support of Motion for Relief from the Automatic Stay, Proposed Order** and this **Affidavit of Service** on the persons listed on the attached service list by placing a copy thereof in an envelope and arranging for the deposit of same, postage prepaid, in the United States Mails at Minneapolis, Minnesota.

Letha D. Huffman

Letha D. Huffman

Subscribed and sworn to before me
this 14th day of September, 20 04.

Penny L. Paszkiewicz

Notary Public

M1:1139483.01

PENNY L. PASZKIEWICZ
Notary Public
Minnesota
My Commission Expires Jan. 31, 2005

SERVICE LIST

United States Trustee
1015 US Courthouse
300 S. 4th Street
Minneapolis, MN 55415

US Bank
PO Box 790408
St. Louis, MO 63179-0408

George & Uda Disse
29182 State Hwy. 34
Detroit Lakes, MN 56501

Debbie L. Disse
290 Shorewood Drive
Detroit Lakes, MN 56501

Bremer Bank
115 East Holmes Street
Detroit Lakes, MN 56501

Hillcrest Mink Ranch
28774 State Hwy. 34
Detroit Lakes, MN 56501

Jay D. Carlson
15 Broadway, Ste. 500
Fargo, ND 58102

David G. Velde
1118 Broadway
Alexandria, MN 56308

Logan Moore
1118 Broadway
Alexandria, MN 56308

The Ramsey Law Firm, P.C.
Attn: Capital One Auto Finance Department
Account: 1067215
P.O. Box 201347
Arlington, TX 76006