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Skagit County Auditor

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AFTER RECORDING RETURN TO  
HORIZON BANK  
PO BOX 580  
BELLINGHAM WA 98227

**PROMISSORY NOTE MODIFICATION AGREEMENT**

Loan No. 1050000473

THIS MODIFICATION AGREEMENT dated the 19 day of December, 2000,  
Is by and between DARLENE M. NEWELL and PATRICIA A. HAWES, hereinafter referred to  
collectively as "Borrowers", and HORIZON BANK, hereinafter referred to as "Lender".

1. RECITALS. Borrowers and Lender previously entered into a residential loan  
whereby Lender loaned to Borrower and Borrower borrowed from Lender the sum of One  
Hundred Twenty Thousand Dollars (\$120,000.00) as evidenced by a Promissory Note dated May  
23, 2000, which Note was secured by a Deed to Trust dated May 23, 2000 and recorded under  
Skagit County Auditor File No. 200005260078.

Borrowers and Lender have mutually agreed to modify the afore-described Note on the  
following terms and conditions:

2. NOTE MODIFICATION. The principal balance of the Note before receipt of  
the payment due December 1, 2000 will be \$119,581.59. Effective December 1, 2000  
Patricia A. Hawes shall be eliminated as a Borrower and Horizon Bank shall release her from all  
liability and obligations form the Promissory Note. The sole remaining obligor under the Note  
as modified shall be Darlene M. Newell.

3. CONSIDERATION. For and in consideration of the modification Borrowers  
agree to pay the Lender a fee of One Thousand Two Hundred Dollars (\$1,200.00) which shall be  
due and payable on or before the execution of this Modification Agreement.

4. REAFFIRMATION. In all its remaining particulars the terms and conditions of  
the Promissory Note dated May 23, 2000 and the Deed of Trust securing the Borrower's  
indebtedness shall remain in full force and effect except as modified herein.

Dated the day and year first above written.

LENDER:

HORIZON BANK:

By

Its:

BORROWERS:

*Darlene M Newell*

Darlene M Newell

*Patricia A Hawes*

Patricia A Hawes