

RETURN ADDRESS:
PEOPLES BANK
MOUNT VERNON OFFICE
1801 RIVERSIDE DRIVE
MOUNT VERNON, WA
98273



200501180099
Skagit County Auditor

1/18/2005 Page 1 of 3 10:25AM

FIRST AMERICAN TITLE CO.
MODIFICATION OF DEED OF TRUST

Reference # (if applicable): 200409300106

Additional on page _____

Grantor(s):

1. HANSELL / MITZEL, LLC

B 83462
ACCOMMODATION RECORDING ONLY

Grantee(s)

1. PEOPLES BANK

Legal Description: LOT 2, "NOOKACHAMP HILLS PLANNED UNIT DEVELOPMENT, PHASE I"

Additional on page 2

Assessor's Tax Parcel ID#: 4722-000-002-0000 (P113842)

THIS MODIFICATION OF DEED OF TRUST dated December 30, 2004, is made and executed between between HANSELL / MITZEL, LLC, A WASHINGTON LIMITED LIABILITY COMPANY, whose address is 1369 PACIFIC PLACE, BURLINGTON, WA 98233 ("Grantor") and PEOPLES BANK, whose address is MOUNT VERNON OFFICE, 1801 RIVERSIDE DRIVE, MOUNT VERNON, WA 98273 ("Lender").

MODIFICATION OF DEED OF TRUST

Loan No: 5016207-212

(Continued)

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DEED OF TRUST. Lender and Grantor have entered into a Deed of Trust dated September 28, 2004 (the "Deed of Trust") which has been recorded in SKAGIT County, State of Washington, as follows:

RECORDED SEPTEMBER 30, 2004 UNDER RECORDING NUMBER 200409300106 IN RECORDS OF SKAGIT COUNTY, WASHINGTON.

REAL PROPERTY DESCRIPTION. The Deed of Trust covers the following described real property located in SKAGIT County, State of Washington:

LOT 2, NOOKACHAMP HILLS PLANNED UNIT DEVELOPMENT, PHASE I, AS FILED IN VOLUME 17 OF PLATS, PAGES 26-31, RECORDS OF SKAGIT COUNTY, WASHINGTON.

SITUATE IN SKAGIT COUNTY, WASHINGTON

The Real Property or its address is commonly known as 17044 BLACKBERRY COURT, MOUNT VERNON, WA 98274. The Real Property tax identification number is 4722-000-002-0000 (P113842)

MODIFICATION. Lender and Grantor hereby modify the Deed of Trust as follows:

THIS MODIFICATION OF DEED OF TRUST AMENDS THE DEED OF TRUST DATED SEPTEMBER 28, 2004 WITH THE FOLLOWING AMENDMENTS:

THE WORD "NOTE" MEANS THE PROMISSORY NOTE DATED DECEMBER 30, 2004 FROM GRANTOR TO LENDER, TOGETHER WITH ALL RENEWALS OF, MODIFICATIONS OF, REFINANCINGS OF, CONSOLIDATIONS OF, AND SUBSTITUTIONS FOR THE PROMISSORY NOTE OR AGREEMENT.

THE PRINCIPAL AMOUNT IS \$1,250,000.00, WHICH INCLUDES A NEW ADVANCE OF \$250,000.00.

CONTINUING VALIDITY. Except as expressly modified above, the terms of the original Deed of Trust shall remain unchanged and in full force and effect. Consent by Lender to this Modification does not waive Lender's right to require strict performance of the Deed of Trust as changed above nor obligate Lender to make any future modifications. Nothing in this Modification shall constitute a satisfaction of the promissory note or other credit agreement secured by the Deed of Trust (the "Note"). It is the intention of Lender to retain as liable all parties to the Deed of Trust and all parties, makers and endorser, including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, shall not be released by virtue of this Modification. If any person who signed the original Deed of Trust does not sign this Modification, then all persons signing below acknowledge that this Modification is given conditionally, based on the representation to Lender that the non-signing person consents to the changes and provisions of this Modification or otherwise will not be released by it. This waiver applies not only to any initial extension or modification, but also to all such subsequent actions.

GRANTOR AGREES TO ITS TERMS. THIS MODIFICATION OF DEED OF TRUST IS DATED DECEMBER 30, 2004.

GRANTOR:

HANSELL / MITZEL, LLC

By:

JEFFREY D. HANSELL, CO-MANAGER OF HANSELL / MITZEL, LLC

LENDER:

PEOPLES BANK

Authorized Officer

[Signature]

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF

Washington

COUNTY OF

Snohomish

On this

day of January, 2005

before me, the undersigned Notary Public, personally appeared JEFFREY D. HANSELL, CO-MANAGER OF HANSELL / MITZEL, LLC, and personally known to me on the basis of satisfactory evidence to be a of the limited liability company that executed the Modification of Deed of Trust and acknowledged the Modification to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Modification and in fact executed the Modification on behalf of the limited liability company.

Residing at *Mt Vernon*
My commission expires *1-7-07*

Notary Public in and for the State of WA
[Signature]



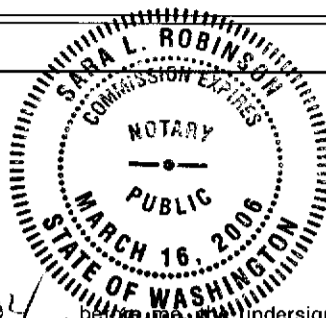
MODIFICATION OF DEED OF TRUST
(Continued)

Loan No: 5016207-212

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LENDER ACKNOWLEDGMENT

STATE OF Washington)
) SS
COUNTY OF Skagit)



On this 31 day of December, 2004, before me, undersigned Notary Public, personally appeared James M. VanDermey and personally known to me or proved to me on the basis of satisfactory evidence to be the Senior Vice President, authorized agent for the Lender that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of the said Lender, duly authorized by the Lender through its board of directors or otherwise, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this said instrument and that the seal affixed is the corporate seal of said Lender.

By Sara L. Robinson
Notary Public in and for the State of WA

Residing at _____

My commission expires _____

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Skagit County Auditor