

RETURN ADDRESS:

Horizon Bank
Commercial Banking Ctr
2211 Rimland Dr., Ste 230
Bellingham, WA 98226



200506130122
Skagit County Auditor

6/13/2005 Page 1 of 3 11:11AM

FIRST AMERICAN TITLE CO.

869809

MODIFICATION OF DEED OF TRUST

Reference # (if applicable): 200202210008

Additional on page ____

Grantor(s):

- 1. Hansell/Mitzel, LLC

Grantee(s)

- 1. Horizon Bank

Legal Description: Section 9, Township 34, Range 4; Ptn North 1/2 of Southwest 1/4 NOW
KNOWN AS Lots 1 through 28, Tract A, Tract B and Tract C, "PLAT OF NORTH HILL PUD"

Additional on page 2

Assessor's Tax Parcel ID#: 340409-0-024-0009 P24308 & 340409-3-003-0008 P24362
(individual lots not yet assigned)

THIS MODIFICATION OF DEED OF TRUST dated June 8, 2005, is made and executed between between Hansell/Mitzel, LLC; A Washington Limited Liability Company ("Grantor") and Horizon Bank, whose address is Skagit Commercial Center, 2211 Rimland Drive, Suite 230, Bellingham, WA 98226 ("Lender").

DOCUMENT

**MODIFICATION OF DEED OF TRUST
(Continued)**

Loan No: 6000001109

Page 2

DEED OF TRUST. Lender and Grantor have entered into a Deed of Trust dated February 15, 2002 (the "Deed of Trust") which has been recorded in Skagit County, State of Washington, as follows:

Recorded February 21, 2002, under Skagit County Auditor's File No. 200202210008.

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

PARCEL "A":

That portion of the West 1/2 of the Northeast 1/4 of the Southwest 1/4 of Section 9, Township 34 North, Range 4 East, W.M., lying Northerly of the County Road known as the Francis Road; EXCEPT that portion thereof described as follows:

Beginning at the intersection of the West line of said Northeast 1/4 of the Southwest 1/4 with the Northerly line of said Francis Road, said intersection being denoted by an iron rod; thence North along the West line of said subdivision a distance of 59 feet to the true point of beginning; thence North 43 degrees 31'30" East, a distance of 29.8 feet; thence Northwesterly a distance of 28.3 feet, more or less, to a point on the West line of said Northeast 1/4 of the Southwest 1/4 that is 41.1 feet North of the true point of beginning; thence South along said West line, a distance of 41.1 feet to the true point of beginning;

ALSO EXCEPT that Southeasterly portion thereof conveyed to the City of Mount Vernon by deed recorded as Skagit County Auditor's File No. 200112190135.

PARCEL "B":

That portion of the East 1/2 of the Northwest 1/4 of the Southwest 1/4 of Section 9, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at a point on the East line of said subdivision, which point bears North 0 degrees, 02'45" East, a distance of 503.88 feet from the Southeast corner of said subdivision, said point also being on the tangent of the centerline of the Mount Vernon-Clear Lake County Road No. 276, if projected Northeasterly; thence South 41 degrees 46'30" West along said projected centerline of said County Road, a distance of 62.45 feet to the P.T. of the curve; thence continuing South 41 degrees 46'30" West along the centerline of said County Road, a distance of 39.55 feet; thence North 48 degrees 13'30" West at right angles to the centerline of said County Road, a distance of 222.40 feet to the Northeasterly corner of that tract conveyed by the Seattle First National Bank of Seattle, Washington, as Executor, and Dorothea Anderson, a single person, to James A. Duffy and Sharon R. Duffy, husband and wife, by deed dated May 15, 1966, and recorded June 8, 1966, under Auditor's File no. 683863, records of Skagit County, and which point is the true point of beginning of this description; thence North 48 degrees 13'30" West, a distance of 320 feet, more or less, to a point on the Southeasterly right-of-way line of that certain ditch right-of-way deeded by A. M. Borgen and Alma Borgen, husband and wife, to Diking District No. 20 by deed dated December 15, 1919, and recorded April 5, 1920, under Auditor's File No. 140938 on page 592, Volume 116 of Deeds, records of Skagit County; thence Northeasterly along the Southeasterly right-of-way line of said ditch right-of-way, to a point on the North line of said subdivision; thence South 89 degrees 35'20" East along the North line of said subdivision, a distance of 115 feet, more or less, to the Northeast corner of said subdivision; thence South 0 degrees 02'45" West along the East line of said subdivision, a distance of 671.85 feet to a point which bears North 0 degrees 02'45" East, a distance of 630.63 feet from the Southeast corner of said subdivision, and which point is the P.C. of a curve to the North and West, said point being on the Northeasterly line of those premises conveyed to Judy A. Pederson by Deed recorded as Auditor's File no. 9812110113; thence along the curve of said Northeasterly line, the tangent to which curve at its point of commencement bears North 0 degrees 02'45" East, having a radius of 65.00 feet, a distance along the arc of 146.95 feet; thence South 50 degrees 31'00" West, a distance of 164.97 feet to the true point of beginning.

Situate in the County of Skagit, State of Washington.

NOW KNOWN AS Lots 1 through 28, Tract A, Tract B and Tract C, "PLAT OF NORTH HILL PUD", recorded May 5, 2005, under Skagit County Auditor's File No. 200505050094.

Situate in the County of Skagit, State of Washington.

The Real Property or its address is commonly known as Lots 1 through 28, Tract A, Tract B & Tract C, "PLAT OF NORTH HILL PUD", WA. The Real Property tax identification number is 340409-0-024-0009 P24308 & 340409-3-003-0008 P24362 (individual lots not yet assigned)

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

The maturity date of February 15, 2003 referenced in above described Deed of Trust is hereby deleted in its entirety without substitution. The period of this Deed of Trust shall continue uninterrupted until re-conveyed by Lender to Grantor.

REVOLVING LINE OF CREDIT/VARIABLE RATE. This Deed of Trust secures the indebtedness including, without limitation, a revolving line of credit, with a variable rate of interest, which obligates Lender to make advances to Borrower so long as Borrower complies with all the terms of the Note and the line of credit has not been terminated, suspended or cancelled; the Note allows negative amortization. Funds may be advanced by Lender, repaid, and subsequently readvanced. The unpaid balance of the revolving line of credit may at certain times be lower than the amount showing or zero. A zero balance does not terminate the line of credit or terminate Lender's obligation to advance funds to Borrower. Therefore, the lien of this Deed of Trust will remain in full force and effect notwithstanding any zero balance.

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 to the Note, 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 ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS MODIFICATION OF DEED OF TRUST AND GRANTOR AGREES TO ITS TERMS. THIS MODIFICATION OF DEED OF TRUST IS DATED JUNE 8, 2005.



200506130122
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MODIFICATION OF DEED OF TRUST
(Continued)

Loan No: 6000001109

Page 3

GRANTOR:

HANSELL/MITZEL, LLC

By: [Signature]
Daniel R. Mitzel, Manager of Hansell/Mitzel, LLC

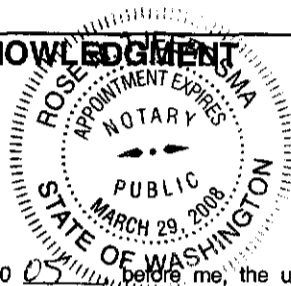
LENDER:

HORIZON BANK

X [Signature]
Authorized Officer

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF WA)
) SS
COUNTY OF Skagit)

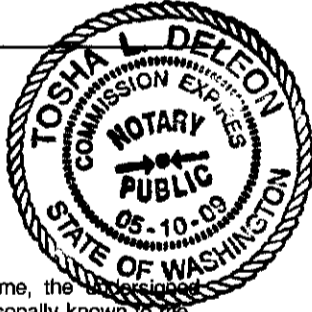


On this 10th day of June, 20 05, before me, the undersigned Notary Public, personally appeared Daniel R. Mitzel, Manager of Hansell/Mitzel, LLC, and personally known to me or proved to me on the basis of satisfactory evidence to be a member of the limited liability company that executed the Modification 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.

By [Signature] Residing at Burlington
Notary Public in and for the State of WA My commission expires 3/29/08

LENDER ACKNOWLEDGMENT

STATE OF Washington)
) SS
COUNTY OF Skagit)



On this 10th day of June, 20 05, before me, the undersigned Notary Public, personally appeared John Stewart and personally known to me or proved to me on the basis of satisfactory evidence to be the officer - SUP, 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 [Signature] Residing at Sedro Woolley
Notary Public in and for the State of WA My commission expires 5-10-09



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