

RETURN ADDRESS:

Horizon Bank
CML % Kris Zuanich
2211 Rimland Dr, Ste 230
Bellingham, WA 98226



200706150042

Skagit County Auditor

6/15/2007 Page 1 of 3 9:52AM

MODIFICATION OF DEED OF TRUST

Reference # (if applicable): 200511070141

Additional on page ____

Grantor(s):

1. Industrial Resources, Inc.

Grantee(s)

1. Horizon Bank

Legal Description: Lots 16-19, Blk. 5, Clear Lake

Additional on page 2

Assessor's Tax Parcel ID#: 4138-005-019-0005 (P74786)

THIS MODIFICATION OF DEED OF TRUST dated June 8, 2007, is made and executed between between Industrial Resources, Inc.; a Washington Corporation ("Grantor") and Horizon Bank, whose address is Skagit Commercial Center, 2211 Rimland Drive, Suite 230, Bellingham, WA 98226 ("Lender").

MODIFICATION OF DEED OF TRUST
(Continued)

Loan No: 1067000012

Page 2

DEED OF TRUST. Lender and Grantor have entered into a Deed of Trust dated November 3, 2005 (the "Deed of Trust") which has been recorded in Skagit County, State of Washington, as follows:

Recorded November 7, 2005 under recording #200511070141, Skagit County, Washington.

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

Lots 16 To 19, Block 5, "PLAT OF CLEAR LAKE, SKAGIT COUNTY, WASHINGTON," as per plat recorded in Volume 4 of Plats, pages 22 and 23, records of Skagit County, Washington.

Situate in the County of Skagit, State of Washington

The Real Property or its address is commonly known as Parcel Number 4138-005-019-0005 (P74786), WA. The Real Property tax identification number is 4138-005-019-0005 (P74786).

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

The Revolving Line of Credit evidenced by the Note dated September 2, 2005 is increased to \$1,400,000.00 until August 4, 2007 at which time the line of credit will decrease to the original amount of \$800,000.00. The line of credit will shall be and remain secured by the Deed of Trust.

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 endorsers 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, 2007.

GRANTOR:

INDUSTRIAL RESOURCES, INC.

By: Harry Jay Follman
Harry Jay Follman, President of Industrial Resources, Inc.

LENDER:

HORIZON BANK

X [Signature]
Authorized Officer

CORPORATE ACKNOWLEDGMENT

STATE OF Skagit Washington)
COUNTY OF Skagit) SS

On this 13th day of June, 2007, before me, the undersigned Notary Public, personally appeared Harry Jay Follman, President of Industrial Resources, Inc.; and personally known to me or proved to me on the basis of satisfactory evidence to be an authorized agent of the corporation that executed the Modification of Deed of Trust and acknowledged the Modification to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, 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 corporation.

By Trudi Sather
Notary Public in and for the State of WA

Residing at 1410 Mallard View Dr.
My commission expires August 8, 2009



200706150042
Skagit County Auditor

MODIFICATION OF DEED OF TRUST
(Continued)

Loan No: 1067000012

Page 3

LENDER ACKNOWLEDGMENT

STATE OF Washington)
) SS
COUNTY OF Skagit)



On this 13th day of June, 20 07, before me, the undersigned Notary Public, personally appeared _____ and personally known to me or proved to me on the basis of satisfactory evidence to be the _____, 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 Isudi Suthern
Notary Public in and for the State of WA

Residing at 1410 Mallard View Dr
My commission expires August 8, 2009

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QUALIFIED DOCUMENT



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Skagit County Auditor