

Recording Requested By;  
After Recording Return to:

Washington Federal Savings  
Attn: Thomas Pozarycki  
425 Pike Street  
Seattle, WA 98101



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Skagit County Auditor

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CHICAGO TITLE CO.

1C34106-B

**AMENDMENT TO DEED OF TRUST**

(Skagit County)

<b>Grantor:</b>	<u>CHAFFEY HOMES INCORPORATED</u>
<input type="checkbox"/> Additional on page _____	
<b>Grantee(s):</b>	Trustee: <u>WASHINGTON SERVICES, INC.</u>
	Beneficiary: <u>WASHINGTON FEDERAL SAVINGS</u>
<input type="checkbox"/> Additional on page _____	
<b>Legal Description</b> (abbreviated):	LOTS 1, 2, 4-13, 15-25, THE WOODS AT SUNSET COVE, APN. 200710170081; LOT 4, BLK 9, LOTS 2-5, BLK 10, WOOD'S ADD. TO ANACORTES, VOL. 4 OF PLATS, PG. 35
<input checked="" type="checkbox"/> Complete legal on <u>EXHIBIT A</u>	
<b>Assessor's Tax Parcel Identification No(s):</b>	38390090040008, 38390100050005; 49410000010000; 49410000020000; 49410000040000; 49410000050000; 49410000060000; 49410000070000; 49410000080000; 49410000090000; 49410000100000; 49410000110000; 49410000120000; 49410000130000; 49410000150000; 49410000160000; 49410000170000; 49410000180000; 49410000190000; 49410000200000; 49410000210000; 49410000220000; 49410000230000; 49410000240000; 49410000250000
<b>Reference Nos. of Documents Affected:</b>	200612110176

THIS AMENDMENT TO DEED OF TRUST (this "*Amendment*"), dated for reference purposes as of September 1, 2009, and is made by and among:

Grantor/Trustor: CHAFFEY HOMES INCORPORATED  
PO Box 560  
Kirkland, WA 98033

Grantee/Trustee: WASHINGTON SERVICES, INC.  
6125 South Morgan Road  
Freeland, WA 98249

Grantee/Beneficiary: WASHINGTON FEDERAL SAVINGS  
Attn: Thomas Pozarycki  
425 Pike Street  
Seattle, WA 98101

**NOTICE TO RECORDER:** THIS DOCUMENT CONTAINS A FIXTURE FILING AND SHOULD BE FILED AND INDEXED IN THE REAL ESTATE RECORDS NOT ONLY AS A DEED OF TRUST/TRUST DEED, BUT ALSO AS A FIXTURE FILING.

The Deed of Trust modified by this Amendment is a Security Agreement and Financing Statement under Article 9 of the Uniform Commercial Code, with Grantor/Trustor as Debtor and Grantee/Beneficiary as Secured Party. Grantor/Trustor is also referred to herein as "**Borrower**" and Grantee/Beneficiary as "**Lender**".

**Notice to Borrower:** The Note secured by the Deed of Trust amended hereby contains provisions for a variable interest rate.

#### RECITALS

A. Borrower obtained a land acquisition and development loan from Lender (the "**Loan**") pursuant to the terms of a Land Loan Agreement & Assignment of Account dated December 7, 2006 (the "**Loan Agreement**"). The Loan is also evidenced by an Adjustable Rate Straight Note dated December 7, 2006, in the maximum principal amount of \$3,400,000.00, as amended (as subsequently amended, the "**Note**").

B. Borrower's obligations under the Loan Agreement and the Note are secured by a Short Form Deed of Trust recorded in the Official Records of Skagit County, Washington, under Instrument No. 200612110176 against the real property legally described therein (as subsequently amended, and together with the terms of the Master Form Deed of Trust incorporated therein by reference, the "**Deed of Trust**"). Subsequent to the recording of the Deed of Trust, a portion of the property subject thereto may have been released from the lien of the Deed of Trust. That portion of the property described in the Deed of Trust that has not been released is referred to herein as the "**Property**," and, together with any improvements constructed thereon, the "**Project**".

C. The Loan Agreement, Note, Deed of Trust, and all other documents evidencing, securing, or otherwise governing the Loan, as previously modified, are referred to herein collectively as the "**Loan Documents**".

D. Borrower has requested that Lender modify the terms of the Loan and certain other loans to Borrower and its affiliates, all as set forth in the Omnibus Amendment to Loan Documents (the "**Modification Agreement**") executed concurrently herewith. Borrower is entering into this Amendment pursuant to the terms of the Modification Agreement to modify the Deed of Trust to secure all of Borrower's obligations under the Loan Documents, as modified contemporaneously herewith by the Modification Agreement.



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## AGREEMENTS

In consideration of the mutual promises, covenants, and conditions set forth herein, the parties hereto hereby agree as follows:

**1. TERMINOLOGY.** All capitalized terms used herein shall have the meaning given to them in the Loan Documents, unless a different meaning is assigned herein or required from the context in which such term is used.

**2. AMENDMENT TO DEED OF TRUST.** The Deed of Trust is hereby amended and modified as follows:

2.1 The Deed of Trust shall secure, without limitation, the making of all payments and the performance of all obligations under the terms of the Loan Documents as modified and amended by the Modification Agreement, including, without limitation, provisions allowing for the re-advance loan proceeds under the Loan, which is otherwise non-revolving

2.2 The Deed of Trust shall secure such additional obligations of Borrower as are otherwise set forth herein, and the definition of the term "*Loan Documents*" as used in the Deed of Trust is hereby modified to include this Amendment and the Modification Agreement.

**3. CROSS-DEFAULT. Cross-Default with Related Loans.** The occurrence of any default or event of default under any Existing Loan (as defined under in the Modification Agreement) or the New Loan, as well as any future loans from Lender to Borrowers (as defined under in the Modification Agreement), shall constitute an immediate event of default under the Loan.

**4. LIEN PRIORITY.** All of the Property shall remain and continue in all respects subject to the Deed of Trust, and nothing in this Amendment, or done pursuant to this Amendment, shall affect or be construed to affect the lien of the Deed of Trust or the priority thereof as to such property. Borrower shall provide, at Borrower's sole cost and expense, such endorsements to Lender's existing title insurance coverage as Lender may request insuring the continued first-lien position of the Deed of Trust, as amended, as to all of the Property, with priority over all encumbrances not agreed to by Lender in writing. Borrower shall obtain such priority agreements, lien waivers, or other instruments from any and all parties who have performed work on or supplied materials to the Property, and shall execute such indemnity agreements, as may be required by the title company in connection with the issuance of such endorsements or policy.

**5. BINDING EFFECT.** This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

**6. APPLICABLE LAW.** This Amendment is to be construed in all respects and enforced according to the laws of the State of Washington, without regard to that state's choice of law rules.

**7. COUNTERPARTS.** The parties may execute this Amendment in any number of counterparts and/or duplicate originals (for recording, where necessary, in different counties), each of which shall be deemed an original instrument but all of which together shall constitute one and the same instrument.

**8. NOTICE RE ORAL AGREEMENTS.**

**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.**



EXECUTED as of the day and year first above written.

**Borrower/Grantor:**

CHAFFEY HOMES INCORPORATED,  
a Washington corporation

By: [Signature]  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Lender/Beneficiary:**

WASHINGTON FEDERAL SAVINGS,  
a United States corporation

By: [Signature]  
Name: Tom Pozarycki  
Title: V.P.



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STATE OF WASHINGTON }  
COUNTY OF King } ss.

On this day personally appeared before me Robert Chaffey, to me known to be the Co-President of CHAFFEY HOMES INCORPORATED, the Washington corporation that executed the foregoing instrument, and acknowledged such instrument to be the free and voluntary act and deed of such corporation, for the uses and purposes therein mentioned, and on oath stated that he/she was duly authorized to execute such instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 28th day of Sept., 2009.



Christy Cairns  
Printed Name ~~Christy Cairns~~  
NOTARY PUBLIC in and for the State of Washington,  
residing at Everett  
My Commission Expires 7/20/12

STATE OF WASHINGTON }  
COUNTY OF KING } ss.

On this day personally appeared before me Tom Pozarcki, to me known to be the V.P. of WASHINGTON FEDERAL SAVINGS, the United States corporation that executed the foregoing instrument, and acknowledged such instrument to be the free and voluntary act and deed of such corporation, for the uses and purposes therein mentioned, and on oath stated that he/she was duly authorized to execute such instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 29th day of September, 2009.



Gina C. Pan  
Printed Name GINA C PAN  
NOTARY PUBLIC in and for the State of Washington,  
residing at Renton  
My Commission Expires 11-19-10



**EXHIBIT A**

**LEGAL DESCRIPTION OF THE PROPERTY**

**PARCEL A:**

LOTS 1 AND 2; 4 TO 13, INCLUSIVE AND 15-25 INCLUSIVE; THE WOODS AT SUNSET COVE, ACCORDING TO THE PLAT THEREOF, RECORDED OCTOBER 17, 2007, UNDER AUDITOR'S FILE NO. 200710170081, RECORDS OF SKAGIT COUNTY, WASHINGTON;

SITUATED IN SKAGIT COUNTY, WASHINGTON.

**PARCEL B**

LOT 4, BLOCK 9, LOTS 2 THROUGH 5, INCLUSIVE, BLOCK 10; ALL IN PLAT OF WOOD'S ADDITION TO ANACORTES, ACCORDING TO THE PLAT THEREOF, RECORDED IN VOLUME 4 OF PLATS, PAGE 35, RECORDS OF SKAGIT, COUNTY, WASHINGTON;

SITUATED IN SKAGIT COUNTY, WASHINGTON.



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