

2. ADDITIONAL MODIFICATIONS.

The Deed of Trust and Note are further modified as follows:

The original amount of the Note, which is secured by the Deed of Trust referenced above, and the original principal amount of such Deed of Trust, in the amount of thirty eight thousand five hundred and 00/100 dollars (\$38,500.00) is hereby increased to forty two thousand five hundred and 00/100 dollars (\$42,500.00), an increase of four thousand and 00/100 dollars (\$4,000.00).

C. Additional Representations, Warranties and Agreements.

Grantor represents and warrants that Grantor owns the property free and clear of any liens or encumbrances other than the liens described on Schedule B below. Except as expressly modified herein, all terms and conditions of the Loan Documents shall remain in full force and effect. The parties hereby adopt, ratify and confirm these terms and conditions as modified. Borrower and Grantor agree to execute any additional documents which may be required by Lender to carry out the intention of this Agreement. As of the date of this Agreement, there are no claims, defenses, setoffs or counterclaims of any nature which may be asserted against Lender by any of the undersigned.

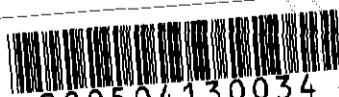
SCHEDULE A

The following described real property located in the County of SKAGIT, State of Washington

See Addendum A

SCHEDULE B

BORROWER AND LENDER REQUEST THE HOLDER OF ANY MORTGAGE, DEED OF TRUST OR OTHER ENCUMBRANCE WITH A LIEN WHICH HAS PRIORITY OVER THIS MORTGAGE TO GIVE NOTICE TO LENDER, AT LENDER'S ADDRESS SET FORTH ON PAGE ONE OF THIS MORTGAGE, OF ANY DEFAULT UNDER THE SUPERIOR ENCUMBRANCE AND OF ANY SALE OR OTHER FORECLOSURE ACTION.



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7 10:20AM

BORROWER: BILL W. BAILEY

Bill W. Bailey

BILL W. BAILEY

BORROWER: RUEY L. BAILEY

Ruey L. Bailey

RUEY L. BAILEY

BORROWER:

BORROWER:

BORROWER:

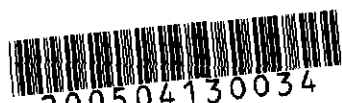
BORROWER:

BORROWER:

BORROWER:

LENDER:

KeyBank National Association



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GRANTOR: BILL W. BAILEY

Bill W. Bailey

BILL W. BAILEY

GRANTOR: RUEY L. BAILEY

Ruey L. Bailey

RUEY L. BAILEY

GRANTOR:

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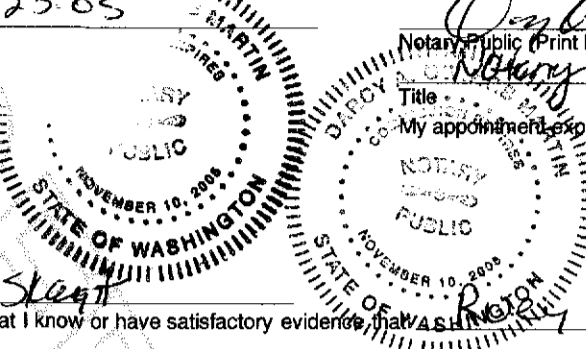
State of Washington
County of Skagit

I certify that I know or have satisfactory evidence that Bill W. Bailey

is the person who appeared before me, and said person acknowledged that he/she signed this instrument and acknowledged it to be his/her free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: 3-23-05

Notary Public (Print Name) Doreen A. Williams Martin
Title Notary
My appointment expires: 11-10-05



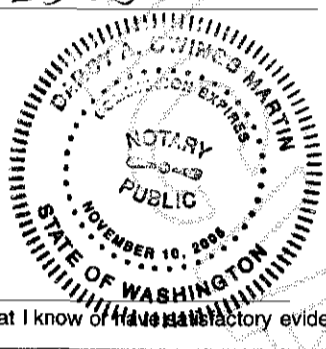
State of Washington
County of Skagit

I certify that I know or have satisfactory evidence that Bill L. Bailey

is the person who appeared before me, and said person acknowledged that he/she signed this instrument and acknowledged it to be his/her free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: 3-23-05

Notary Public (Print Name) Doreen A. Williams Martin
Title Notary
My appointment expires: 11-10-05



State of Washington
County of _____

I certify that I know or have satisfactory evidence that _____

is that person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute this instrument and acknowledged it as the _____ of _____ to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____

Notary Public (Print Name) _____
Title _____
My appointment expires: _____

(Seal or Stamp)

State of Washington
County of _____

I certify that I know or have satisfactory evidence that _____

is that person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute this instrument and acknowledged it as the _____ of _____ to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____

Notary Public (Print Name) _____
Title _____
My appointment expires: _____

(Seal or Stamp)



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EXHIBIT A

UNOFFICIAL DOCUMENT

THAT PORTION OF THE NORTH 1/2 OF THE SOUTH 1/2 OF THE NORTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 14, TOWNSHIP 34 NORTH, RANGE 4 EAST, WILLAMETTE MERIDIAN, LYING EAST OF THE COUNTY ROAD, AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTH 1/4 CORNER OF SAID SECTION 14, AS SHOWN ON THAT CERTAIN SURVEY RECORDED IN VOLUME 19 OF SURVEYS, PAGE 184, RECORDS OF SKAGIT COUNTY, WASHINGTON; THENCE NORTH 1 DEGREE 52 MINUTES 19 SECONDS WEST, ALONG THE NORTH-SOUTH CENTERLINE OF SAID SECTION, 1,310.63 FEET TO THE SOUTHEAST CORNER OF SAID NORTHEAST 1/4 OF THE SOUTHWEST 1/4; THENCE CONTINUING NORTH 1 DEGREE 52 MINUTES 19 SECONDS WEST ALONG SAID NORTH-SOUTH CENTERLINE, 327.66 FEET TO THE SOUTHEAST CORNER OF SAID NORTH 1/2 OF THE SOUTH 1/2, THENCE NORTH 89 DEGREES 44 MINUTES 57 SECONDS WEST ALONG THE SOUTH LINE OF SAID NORTH 1/2 OF THE SOUTH 1/2, 525.73 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING SOUTH 89 DEGREES 44 MINUTES 57 SECONDS WEST ALONG SAID SOUTH LINE, 265.08 FEET; THENCE NORTH 2 DEGREES 57 MINUTES 52 SECONDS EAST, 80.54 FEET; THENCE NORTH 86 DEGREES 25 MINUTES 07 SECONDS EAST, 254.32 FEET TO A POINT WHICH LIES NORTH 4 DEGREES 15 MINUTES 33 SECONDS WEST FROM THE TRUE POINT OF BEGINNING; THENCE SOUTH 4 DEGREES 15 MINUTES 33 SECONDS EAST, 95.43 FEET TO THE TRUE POINT OF BEGINNING.

SITUATED IN THE COUNTY OF SKAGIT AND STATE OF WASHINGTON:

ABBRV LEGAL

PTN SEC 14 T34N R4E WM

Permanent Parcel Number: 340414-3-014-0206
BILL W. BAILEY AND RUEY L. BAILEY,

7001421



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EXHIBIT A
(continued)

HUSBAND AND WIFE

14615 STATE ROUTE 9, MOUNT VERNON WA 98273
Loan Reference Number : 050641046460C/473102028356
First American Order No: 7001421
Identifier: ELS



200504130034

Skagit County Auditor