

RETURN ADDRESS:

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



200506070124

Skagit County Auditor

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MODIFICATION OF DEED OF TRUST

Reference # (if applicable): 200504280131

Additional on page ____

Grantor(s):

1. D. Alexander King Construction, Inc.

FIRST AMERICAN TITLE CO.

84616

Grantee(s)

1. Horizon Bank

Legal Description: Lots 15 & 16, Block 11, "FIRST PLAT OF SHIP HARBOR

Additional on page 2

Assessor's Tax Parcel ID#: 3816-011-016-0007 (P58981)

THIS MODIFICATION OF DEED OF TRUST dated May 16, 2005, is made and executed between between D. Alexander King Construction, 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: 6000001119

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DEED OF TRUST. Lender and Grantor have entered into a Deed of Trust dated April 27, 2005 (the "Deed of Trust") which has been recorded in Skagit County, State of Washington, as follows:

Recorded April 28, 2005 under Skagit County Auditor recording no. 200504280131.

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

Lots 15 and 16, Block 11, "FIRST PLAT OF SHIP HARBOR, according to the plat thereof recorded in Volume 1 of Plats, page 13, records of Skagit County, Washington.

TOGETHER WITH those portions of alley as vacated by City of Anacortes Ordinance No. 2216, approved January 6, 1992 and recorded January 13, 1992 under Skagit County Auditor's File No. 9201130064.

Situate in Skagit County, Washington

The Real Property or its address is commonly known as Lot 15 & 16 Shannon Point Road, Anacortes, WA 98221. The Real Property tax identification number is 3816-011-016-0007 (P58981)

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

The straight line of credit evidenced by the Note is increased to \$275,000.00 which 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 MAY 16, 2005.

GRANTOR:

D. ALEXANDER KING CONSTRUCTION, INC.

By: [Signature]
Donald A. King, President of D. Alexander King Construction, Inc.

By: [Signature]
Melissa A. King, VP/Sec/Treas of D. Alexander King Construction, Inc.

LENDER:

HORIZON BANK

x [Signature]
Authorized Officer

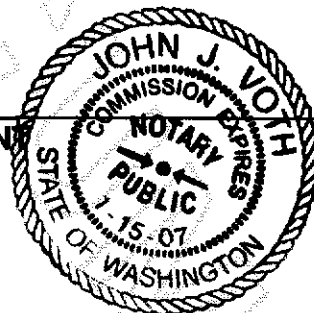
CORPORATE ACKNOWLEDGMENT

STATE OF Washington)
) SS
COUNTY OF Skagit)

On this 01st day of June, 2005, before me, the undersigned Notary Public, personally appeared Donald A. King, President of D. Alexander King Construction, Inc.; Melissa A. King, VP/Sec/Treas of D. Alexander King Construction, Inc., and personally known to me or proved to me on the basis of satisfactory evidence to be authorized agents 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 they are authorized to execute this Modification and in fact executed the Modification on behalf of the corporation.

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

Residing at Mount Vernon, WA
My commission expires 1-15-2007



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MODIFICATION OF DEED OF TRUST
(Continued)

Loan No: 6000001119

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LENDER ACKNOWLEDGMENT

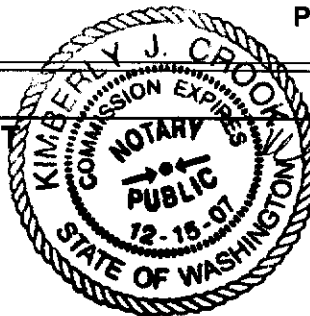
STATE OF Washington

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) SS

COUNTY OF Skagit

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On this 10th day of June, 20 05, before me, the undersigned Notary Public, personally appeared John Voth and personally known to me or proved to me on the basis of satisfactory evidence to be the 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 Kimberly J. Crook
Notary Public in and for the State of WA

Residing at Mt. Vernon
My commission expires 12/15/07

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