

RETURN ADDRESS:

Horizon Bank
CML % Brandi Reid
2211 Rimland Dr, Ste 230
Bellingham, WA 98226



200603310289
Skagit County Auditor

3/31/2006 Page 1 of 3 3:27PM

LAND TITLE OF SKAGIT COUNTY

115238

MODIFICATION OF DEED OF TRUST

Reference # (if applicable): 200504180049

Additional on page ____

Grantor(s):

1. Irving Construction Corporation

Grantee(s)

1. Horizon Bank

Legal Description: Lots 1-10; 20-31; 33-42; 47-60, The Orchards PUD

Additional on page 2

Assessor's Tax Parcel ID#:

(Lot 1) 4882-000-001-0000 P123983, (Lot 2) 4882-000-002-0000 P123985, (Lot 3)
4882-000-003-0000 P123986, (Lot 4) 4882-000-004-0000 P123987, (Lot 5) 4882-000-005-0000
P123988, (Lot 6) 4882-000-006-0000 P123989, (Lot 7) 4882-000-007-0000 P123990, (Lot 8)
4882-000-008-0000 P123991, (Lot 9) 4882-000-009-0000 P123992, (Lot 10)
4882-000-010-0000 P123993, (Lot 20) 4882-000-020-0000 P124003, (Lot 21)
4882-000-021-0000 P124004, (Lot 22) 4882-000-022-0000 P124005, (Lot 23)
4882-000-023-0000 P124006, (Lot 24) 4882-000-024-0000 P124007, (Lot 25)
4882-000-025-0000 P124008, (Lot 26) 4882-000-026-0000 P124009, (Lot 27)
4882-000-027-0000 P124010, (Lot 28) 4882-000-028-0000 P124011, (Lot 29)
4882-000-029-0000 P124012, (Lot 30) 4882-000-030-0000 P124013, (Lot 31)
4882-000-031-0000 P124014, (Lot 33) 4882-000-033-0000 P124016, (Lot 34)
4882-000-034-0000 P124017, (Lot 35) 4882-000-035-0000 P124018, (Lot 36)
4882-000-036-0000 P124019, (Lot 37) 4882-000-037-0000 P124020, (Lot 38)
4882-000-038-0000 P124021, (Lot 39) 4882-000-039-0000 P124022, (Lot 40)
4882-000-040-0000 P124023, (Lot 41) 4882-000-041-0000 P124024 (Lot 42)
4882-000-042-0000 P124025, (Lot 47) 4882-000-047-0000 P124030, (Lot 48)
4882-000-048-0000 P124031, (Lot 49) 4882-000-049-0000 P124032, (Lot 50)
4882-000-050-0000 P124033, (Lot 51) 4882-000-051-0000 P124034, (Lot 52)
4882-000-052-0000 P124035, (Lot 53) 4882-000-053-0000 P124036, (Lot 54)
4882-000-054-0000 P124037, (Lot 55) 4882-000-055-0000 P124038, (Lot 56)
4882-000-056-0000 P124039, (Lot 57) 4882-000-057-0000 P124040, (Lot 58)
4882-000-058-0000 P124041, (Lot 59) 4882-000-059-0000 P124042, (Lot 60)
4882-000-060-0000 P124043

THIS MODIFICATION OF DEED OF TRUST dated March 29, 2006, is made and executed between between Irving Construction Corporation; 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: 0760000001

Page 2

DEED OF TRUST. Lender and Grantor have entered into a Deed of Trust dated April 6, 2005 (the "Deed of Trust") which has been recorded in Whatcom County, State of Washington, as follows:

Recorded April 18, 2005 under recording #200504180049.

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

Lots 1 through 10, inclusive, Lots 20 through 31, inclusive, Lots 33 through 42, inclusive, Lots 47 through 60, inclusive, of THE ORCHARDS P.U.D., as per plat recorded January 19, 2006, under Auditors File No. 200601190126, records of Skagit County, Washington.

Situate in the City of Anacortes, County of Skagit, State of Washington

The Real Property or its address is commonly known as (Lot 1) 4102 Orchard Avenue, (Lot 2) 4108 Orchard Avenue, (Lot 3) 4116 Orchard Avenue, (Lot 4) 4206 Orchard Avenue, (Lot 5) 4210 Orchard Avenue, (Lot 6) 4218 Orchard Avenue, (Lot 7) 4304 Orchard Avenue, (Lot 8) 4308 Orchard Avenue, (Lot 9) 4316 Orchard Avenue, (Lot 10) 4402 Orchard Avenue, (Lot 20) 4413 Orchard Avenue, (Lot 21) 4415 Orchard Avenue, (Lot 22) 4417 Orchard Avenue, (Lot 23) 4419 Orchard Avenue, (Lot 24) 4426 Orchard Avenue, (Lot 25) 4424 Orchard Avenue, (Lot 26) 4422 Orchard Avenue, (Lot 27) 4420 Orchard Avenue, (Lot 28) 4418 Orchard Avenue, (Lot 29) 4416 Orchard Avenue, (Lot 30) 4414 Orchard Avenue, (Lot 31) 4412 Orchard Avenue, (Lot 33) 4403 Orchard Avenue, (Lot 34) 4315 Orchard Avenue, (Lot 35) 4309 Orchard Avenue, (Lot 36) 4305 Orchard Avenue, (Lot 37) 4301 Orchard Avenue, (Lot 38) 4217 Orchard Avenue, (Lot 39) 4211 Orchard Avenue, (Lot 40) 4117 Orchard Avenue, (Lot 41) 4109 Orchard Avenue, (Lot 42) 4103 Orchard Avenue, (Lot 47) 4104 Cherry Lane, (Lot 48) 4108 Cherry Lane, (Lot 49) 4112 Cherry Lane, (Lot 50) 4118 Cherry Lane, (Lot 51) 4204 Cherry Lane, (Lot 52) 4208 Cherry Lane, (Lot 53) 4216 Cherry Lane, (Lot 54) 4302 Cherry Lane, (Lot 55) 4301 Cherry Lane, (Lot 56) 4215 Cherry Lane, (Lot 57) 4207 Cherry Lane, (Lot 58) 4203 Cherry Lane, (Lot 59) 4111 Cherry Lane, (Lot 60) 4107 Cherry Lane, Anacortes, WA 98221. The Real Property tax identification number is

(Lot 1) 4882-000-001-0000 P123983, (Lot 2) 4882-000-002-0000 P123985, (Lot 3) 4882-000-003-0000 P123986, (Lot 4) 4882-000-004-0000 P123987, (Lot 5) 4882-000-005-0000 P123988, (Lot 6) 4882-000-006-0000 P123989, (Lot 7) 4882-000-007-0000 P123990, (Lot 8) 4882-000-008-0000 P123991, (Lot 9) 4882-000-009-0000 P123992, (Lot 10) 4882-000-010-0000 P123993, (Lot 20) 4882-000-020-0000 P124003, (Lot 21) 4882-000-021-0000 P124004, (Lot 22) 4882-000-022-0000 P124005, (Lot 23) 4882-000-023-0000 P124006, (Lot 24) 4882-000-024-0000 P124007, (Lot 25) 4882-000-025-0000 P124008, (Lot 26) 4882-000-026-0000 P124009, (Lot 27) 4882-000-027-0000 P124010, (Lot 28) 4882-000-028-0000 P124011, (Lot 29) 4882-000-029-0000 P124012, (Lot 30) 4882-000-030-0000 P124013, (Lot 31) 4882-000-031-0000 P124014, (Lot 33) 4882-000-033-0000 P124016, (Lot 34) 4882-000-034-0000 P124017, (Lot 35) 4882-000-035-0000 P124018, (Lot 36) 4882-000-036-0000 P124019, (Lot 37) 4882-000-037-0000 P124020, (Lot 38) 4882-000-038-0000 P124021, (Lot 39) 4882-000-039-0000 P124022, (Lot 40) 4882-000-040-0000 P124023, (Lot 41) 4882-000-041-0000 P124024, (Lot 42) 4882-000-042-0000 P124025, (Lot 47) 4882-000-047-0000 P124030, (Lot 48) 4882-000-048-0000 P124031, (Lot 49) 4882-000-049-0000 P124032, (Lot 50) 4882-000-050-0000 P124033, (Lot 51) 4882-000-051-0000 P124034, (Lot 52) 4882-000-052-0000 P124035, (Lot 53) 4882-000-053-0000 P124036, (Lot 54) 4882-000-054-0000 P124037, (Lot 55) 4882-000-055-0000 P124038, (Lot 56) 4882-000-056-0000 P124039, (Lot 57) 4882-000-057-0000 P124040, (Lot 58) 4882-000-058-0000 P124041, (Lot 59) 4882-000-059-0000 P124042, (Lot 60) 4882-000-060-0000 P124043.

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

The Revolving Line of Credit evidenced by Note dated November 10, 2005 has increased to \$6,300,000.00, which shall be and remain secured by the Deed of Trust. Addresses, Legal Descriptions and Tax Parcel numbers have been amended as reflected in this modification.

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 MARCH 29, 2006.

GRANTOR:

IRVING CONSTRUCTION CORPORATION

By: W. Scott Irving
W. Scott Irving, President of Irving Construction Corporation

LENDER:

HORIZON BANK

X [Signature]
Authorized Officer



200603310289
Skagit County Auditor

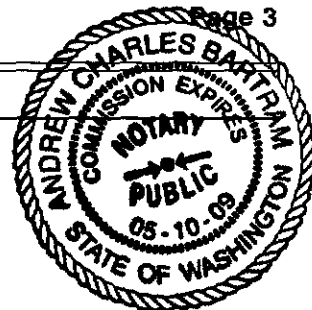
MODIFICATION OF DEED OF TRUST
(Continued)

Loan No: 0760000001

Page 3

CORPORATE ACKNOWLEDGMENT

STATE OF WA)
) SS
COUNTY OF Skagit)



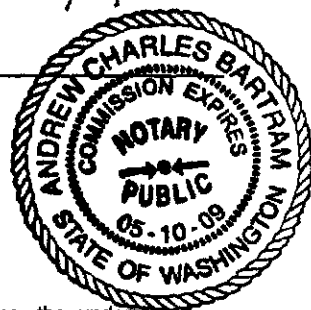
On this 30th day of March, 20 06, before me, the undersigned Notary Public, personally appeared W. Scott Irving, President of Irving Construction Corporation, and personally known to me or proved to me on the basis of satisfactory evidence to be an authorized agent of the corporation that executed the 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 Andrew Charles Bartram
Notary Public in and for the State of WA

Residing at Sedro-Woolley
My commission expires 5/10/09

LENDER ACKNOWLEDGMENT

STATE OF WA)
) SS
COUNTY OF Skagit)



On this 30th day of March, 20 06, 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 Senior 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 Andrew Charles Bartram
Notary Public in and for the State of WA

Residing at Sedro-Woolley
My commission expires 5/10/09



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Skagit County Auditor