

RETURN ADDRESS:
North County Bank
16419 Smokey Point Blvd.
PO Box 3427
Arlington, WA 98223



200605220151
Skagit County Auditor

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2003/0030047

LAND TITLE OF SKAGIT COUNTY
106264-P

MODIFICATION OF DEED OF TRUST

Reference # (if applicable): 27000587

Additional on page _____

Grantor(s):

1. LaConner Associates LLC

Grantee(s)

1. North County Bank

Legal Description: Ptn. Blks 5, Q & R < LaConner; ptn Blks 19 & 20, Syndicate Add; ptn Trs. 14-16, Plate 18, LaConner Tdlds.

Additional on page _____

Assessor's Tax Parcel ID#:

4123-017-001-0007; 4123-017-009-0009; 4123-017-018-0008; 4123-017-019-0007;
4123-018-009-0007; 4128-020-008-0009; 4129-018-014-0103; 4129-018-015-0003;
4129-018-900-1504; 4129-018-900-1603; 4129-018-900-1702

THIS MODIFICATION OF DEED OF TRUST dated May 18, 2006, is made and executed between between LaConner Associates LLC, a Washington Limited Liability Company ("Grantor") and North County Bank, whose address is 16419 Smokey Point Blvd., PO Box 3427, Arlington, WA 98223 ("Lender").

**MODIFICATION OF DEED OF TRUST
(Continued)**

Loan No: 27000587

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DEED OF TRUST. Lender and Grantor have entered into a Deed of Trust dated September 10, 2003 (the "Deed of Trust") which has been recorded in Skagit County, State of Washington, as follows:

Deed of Trust recorded 10/03/2003 in Skagit County, Washington under Auditor's File No. 200310030047 and Modified by Deed of Trust recorded on 04/19/2005 in Skagit County, Washington under Auditor's File No. 200504190100.

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

See See Exhibit A, which is attached to this Modification and made a part of this Modification as if fully set forth herein.

The Real Property or its address is commonly known as 813 S 2nd Street, LaConner, WA 98257. The Real Property tax identification number is 4123-017-001-0007; 4123-017-009-0009; 4123-017-018-0008; 4123-017-019-0007; 4123-018-009-0007; 4128-020-008-0009; 4129-018-014-0103; 4129-018-015-0003; 4129-018-900-1504; 4129-018-900-1603; 4129-018-900-1702

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

Principal Increase to reflect \$4,365,000.00 (an increase of 2,133,000.00).

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 18, 2006.

GRANTOR:

LACONNER ASSOCIATES LLC

By: *Vaughn W. Jolley*
Vaughn W. Jolley, Manager of LaConner Associates LLC

LENDER:

NORTH COUNTY BANK

X *Trace Mitchell*
Authorized Officer



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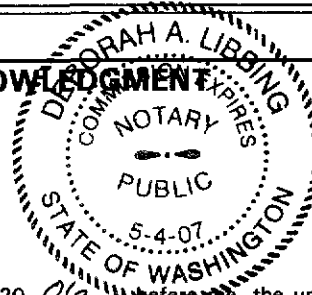
MODIFICATION OF DEED OF TRUST
(Continued)

Loan No: 27000587

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LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF Washington)
) SS
COUNTY OF Snohomish)

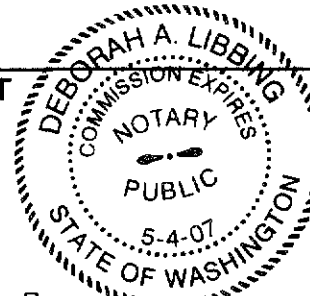


On this 19 day of May, 20 06, before me, the undersigned Notary Public, personally appeared Vaughn W. Jolley, Manager of LaConner Associates LLC, and personally known to me or proved to me on the basis of satisfactory evidence to be a member or designated agent of the limited liability company that executed the Modification of Deed of Trust and acknowledged the Modification to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, 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 limited liability company.

By Deborah A. Libbing Residing at Marysville
Notary Public in and for the State of WA My commission expires 5-4-07

LENDER ACKNOWLEDGMENT

STATE OF Washington)
) SS
COUNTY OF Snohomish)



On this 19th day of May, 20 06, before me, the undersigned Notary Public, personally appeared Isaac Maldonado and personally known to me or proved to me on the basis of satisfactory evidence to be the Asst. 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 Deborah A. Libbing Residing at Marysville
Notary Public in and for the State of WA My commission expires 5-4-07

LASER PRO Lending, Ver. 5.31.00.004 Copr. Harland Financial Solutions, Inc. 1997, 2006. All Rights Reserved. - WA ©ICRILPLIG202.FC TR-619 PR-3



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DESCRIPTION:

PARCEL "A":

The Easterly 80 feet of Lots 5, 6, 7 and 8; and the Easterly 80 feet of the Southerly 20 feet of Lot 9 in Block "R" of "MAP OF LACONNER, WHATCOM COUNTY, WASHN. TERRY., 1872", as per plat thereof recorded in Volume 2 of Plats, page 49, records of Skagit County, EXCEPT that portion of said premises, if any, lying within Tract 16 of "CORRECTED SUPPLEMENT TO PLATE NO. 18, LaCONNER TIDE LANDS", as per map thereof filed in the office of the Commissioner of Public Lands at Olympia, Washington.

ALSO, that portion of Tract 16 of "CORRECTED SUPPLEMENT TO PLATE NO. 18, LaCONNER TIDE LANDS", as per map thereof filed in the office of the Commissioner of Public Lands at Olympia, Washington, described as follows:

Beginning at the initial point which is 1283.7 feet South and 615.4 feet West of the stone monument on First Street, Town of LaConner;
thence North 58°47' West 80 feet;
thence South 31°13' West 27 feet;
thence North 58°47' West 60 feet, more or less, to the Easterly line of First Street;
thence South 31°13' West along said First Street a distance of 211.5 feet, more or less to the Northerly line of Caledonia Street;
thence South 58°47' East along the Northerly line of said Street a distance of 140 feet, more or less to the Westerly line of Second Street;
thence North 31°13' East along the Westerly line of said Second Street 238.5 feet, more or less, to the point of beginning;

(Said above Tract being also shown as a portion of Block "R" of the "MAP OF LaCONNER, WHATCOM COUNTY, WASHN. TERRY., 1872", and as a portion of Block 19, "MAP OF SYNDICATE ADDITION TO THE TOWN OF LA CONNER, SKAGIT CO., WASH.", as per plat recorded in Volume 2 of Plats, page 109, records of Skagit County, Washington. Said Plats being overlapped onto the tidelands.)

Situate in the County of Skagit, State of Washington.

PARCEL "B":

The surface and 500 feet of the subsurface vertically in depth below the surface of the following described tracts:

1. The Westerly 60 feet of Lots 4, 5, 6, 7, 8, and 9, Block "R", "MAP OF LACONNER, WHATCOM COUNTY, WASHN. TERRY., 1872", as per plat recorded in Volume 2 of Plats, page 49, records of Skagit County, Washington, EXCEPT that portion thereof lying within "CORRECTED PLATE 18, MAP OF LACONNER TIDELANDS", filed in the office of State Land Commissioner at Olympia, Washington;

EXCEPTING from Lot 9 above described, the following:



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DESCRIPTION CONTINUED:

PARCEL "B" continued:

Beginning at the most Easterly corner of said Lot 9, said point also being the most Southerly corner of Lot 10 in said Block "R";
thence Southwesterly, along the Southeasterly line of said Lot 9, a distance of 5.14 feet to the Northeasterly line of the Southerly 20 feet of said Lot 9;
thence North 59°12'38" West a distance of 80.27 feet to the true point of beginning;
thence North 30°53'38" East a distance of 5.20 feet to the Northeasterly line of said Lot 9;
thence North 59°10'29" West, along said Northeasterly line, a distance of 26.56 feet;
thence South 30°53'38" West to a point which is North 59°12'38" West of the true point of beginning;
thence South 59°12'38" East to the true point of beginning;

2. The Southwesterly 101 feet of the Northeasterly 214.5 feet of Block 5, "MAP OF LACONNER, WHATCOM COUNTY, WASHN. TERRY., 1872", as per plat recorded in Volume 2 of Plats, page 49, records of Skagit County, Washington, EXCEPT that portion thereof lying within "CORRECTED PLATE 18, MAP OF LACONNER TIDELANDS", filed in the office of State Land Commissioner at Olympia, Washington.

3. Tract 15 and the Southerly 26.5 feet of Tract 14, "CORRECTED PLATE 18, MAP OF LACONNER TIDELANDS", as per map thereof filed in the office of State Land Commissioner of Public Lands at Olympia, Washington.

4. That portion of Tract 16, "CORRECTED PLATE 18, MAP OF LACONNER TIDELANDS", as per map thereof, filed in the office of State Land Commissioner of Public Lands at Olympia, Washington, described as follows:

Beginning at a point North 58°47' West 80 feet from the initial point of said Tract 16, which is 1283.7 feet South and 615.4 feet West of the stone monument on First Street, Town of LaConner;
thence North 58°47' West 49 feet;
thence North 9°34' West 18 feet, more or less, to the Easterly line of First Street;
thence South 31°13' West along said Street a distance of 41 feet;
thence South 58°47' East 60 feet;
thence North 31°13' East 25 feet, more or less, to the point of beginning.

EXCEPT from the above described Parcel "B", mineral rights as reserved in deed dated February 19, 1968, recorded March 11, 1968, under Auditor's File No. 711168.

Situate in the County of Skagit, State of Washington.

PARCEL "C":

All that portion of Second Street, lying Northerly of the North line of Caledonia Street, as said Second Street is established in the Town of LaConner in accordance with the plat of the "MAP OF SYNDICATE ADDITION TO THE TOWN OF LACONNER, SKAGIT COUNTY, WASHINGTON", as recorded in Volume 2 of plats, at page 109, records of Skagit County, Washington.


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DESCRIPTION CNOTINUED:

PARCEL "C" continued:

TOGETHER WITH all that portion of Second Street, lying Southerly of the North line of Lot 13 of Block "Q" of the plat of the "MAP OF LACONNER, WHATCOM COUNTY, WASHN. TERRY., 1872", projected Westerly, as said Second Street is established in the Town of LaConner in accordance with the plat of said "MAP OF LACONNER, WHATCOM COUNTY, WASHN. TERRY., 1872", as recorded in Volume 2 of Plats, page 49, records of Skagit County, Washington.

Situate in the County of Skagit, State of Washington.

PARCEL "D":

Lots 1 to 6, inclusive; and all of Lots 13 to 19, inclusive, Block "Q", "MAP OF LACONNER, WHATCOM COUNTY, WASHN. TERRY, 1872", as per plat recorded in Volume 2 of Plats, page 49, records of Skagit County, Washington.

TOGETHER WITH that portion of the vacated alley adjoining, which upon vacation reverted to said premises by operation of law.

EXCEPT that portion conveyed to the Town of LaConner by deed recorded March 27, 1987 under Auditor's File No.8703270028.

Situate in the County of Skagit, State of Washington.

PARCEL "E":

Lots 6, 7, 8 and that portion of Lots 1, 2, 3, 4 and 5, lying East of the dike running through said lots 1, 2, 3, 4 and 5, all in Block 20, "MAP OF SYNDICATE ADDITION TO THE TOWN OF LACONNER, SKAGIT CO., WASH.", as per plat recorded in Volume 2 of Plats, page 109, records of Skagit County, Washington. EXCEPT that portion thereof, if any, lying within the boundaries of Tract 17 of "CORRECTED SUPPLEMENT TO PLATE NO. 18, LaCONNER TIDELANDS", as per map thereof, filed in the office of the Commissioner of Public Lands of Olympia Washington.

ALSO, EXCEPT the East 10 feet of Lots 6, 7 and 8 in said Block 20.

Situate in the County of Skagit, State of Washington.



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