

RETURN ADDRESS:
BUSINESS BANK OF
SKAGIT COUNTY
BURLINGTON OFFICE
1854 SO BURLINGTON
BLVD
BURLINGTON, WA 98233



200608110172

Skagit County Auditor

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MODIFICATION OF DEED OF TRUST

Reference # (if applicable): 86298

Additional on page ____

Grantor(s):

1. RED HAWK HOMES, INC.

FIRST AMERICAN TITLE CO.

86298

Grantee(s)

1. BUSINESS BANK OF SKAGIT COUNTY

Legal Description: LOTS 1-8, "RED HAWK ESTATES"

200510250140

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Assessor's Tax Parcel ID#: 4754-000-001-0000; 4754-000-002-0000; 4754-000-003-0000;
4754-000-004-0000; 4754-000-005-0000; 4754-000-006-0000; 4754-000-007-0000;
4754-000-008-0000



THIS MODIFICATION OF DEED OF TRUST dated August 10, 2006, is made and executed between RED HAWK HOMES, INC.; A Washington Limited Liability Company ("Grantor") and BUSINESS BANK OF SKAGIT COUNTY, whose address is BURLINGTON OFFICE, 1854 SO BURLINGTON BLVD, BURLINGTON, WA 98233 ("Lender").



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

Loan No: 1900601000E

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DEED OF TRUST. Lender and Grantor have entered into a Deed of Trust dated October 21, 2005 (the "Deed of Trust") which has been recorded in SKAGIT County, State of Washington, as follows:

CONSTRUCTION DEED OF TRUST DATED 10/21/05 RECORDED ON 10/25/05 UNDER AUDITORS FILE NO. 200510250140.

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

THE LAND REFERRED TO IN THIS REPORT/POLICY IS SITUATED IN THE STATE OF WASHINGTON, COUNTY OF SKAGIT, AND IS DESCRIBED AS FOLLOWS:

LOTS 1 THROUGH 8, "PLAT AMENDMENT TO RED HAWK ESTATES", AS RECORDED JULY 26, 2005, UNDER SKAGIT COUNTY AUDITOR'S FILE NO. 200507260199, RECORDS OF SKAGIT OF SKAGIT COUNTY, WASHINGTON

The Real Property or its address is commonly known as NHN LOTS 1-8 RED HAWK ESTATES, MOUNT VERNON, WA 98274. The Real Property tax identification number is 4754-000-001-0000; 4754-000-002-0000; 4754-000-003-0000; 4754-000-004-0000; 4754-000-005-0000; 4754-000-006-0000; 4754-000-007-0000; 4754-000-008-0000.

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

INCREASE LOAN AMOUNT FROM \$1,500,000.00 TO \$1,800,000.00 EXTEND MATURITY TO JANUARY 20, 2007.

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 AUGUST 10, 2006.

GRANTOR:

RED HAWK HOMES, INC.

By:

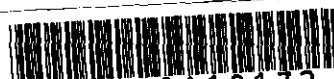
KENDALL D GENTRY, President of RED HAWK HOMES, INC.

LENDER:

BUSINESS BANK OF SKAGIT COUNTY

x

JOHN LUND, Vice President



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Skagit County Auditor



MODIFICATION OF DEED OF TRUST
(Continued)

Loan No: 1900601000E

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CORPORATE ACKNOWLEDGMENT

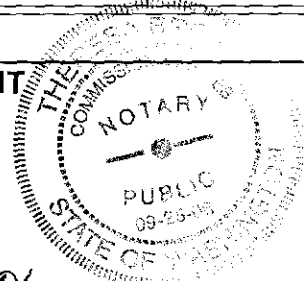
STATE OF Washington

COUNTY OF Skagit

On this 11th day of August, 20 06, before me, the undersigned Notary Public, personally appeared **KENDALL D GENTRY, President of RED HAWK HOMES, INC.**, 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 [Signature]
Notary Public in and for the State of WA

Residing at Mt Vernon
My commission expires 9/25/06



LENDER ACKNOWLEDGMENT

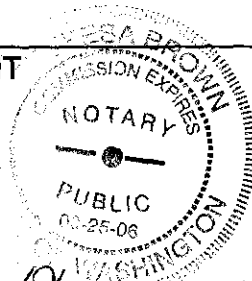
STATE OF Washington

COUNTY OF Skagit

On this 11th day of August, 20 06, before me, the undersigned Notary Public, personally appeared John Lund, VP 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 [Signature]
Notary Public in and for the State of WA

Residing at Mt Vernon
My commission expires 7/25/06



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