

RETURN ADDRESS:

Horizon Bank
CML % Lois Hicks
2211 Rimland Dr, Ste 230
Bellingham, WA 98226



200608250086

Skagit County Auditor

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MODIFICATION OF DEED OF TRUST

Reference # (if applicable): 200505270204

Grantor(s):

1. Johnson, Leonard

Additional on page ____

FIRST AMERICAN TITLE CO.

A84158

Grantee(s)

1. Horizon Bank

ACCOMMODATION RECORDING ONLY

Legal Description: LOTS 4 AND 5, BLOCK 5, "BOWMAN'S CENTRAL SHIP HARBOR WATER
FRONT PLAT OF ANACORTES, SKAGIT COUNTY, WASHINGTON"

Additional on page 2

Assessor's Tax Parcel ID#: 3776-005-005-0000 (P56780); 3776-005-005-0100 (P114178)

THIS MODIFICATION OF DEED OF TRUST dated August 24, 2006, is made and executed between between Leonard Johnson, whose address is 11925 Marine Drive, Anacortes, WA 98221; as his separate property ("Grantor") and Horizon Bank, whose address is Anacortes Office, PO Box 587 / 1218 Commercial Avenue, Anacortes, WA 98221 ("Lender").

MODIFICATION OF DEED OF TRUST
(Continued)

Loan No: 5000000316

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

Recorded May 27, 2005, under Skagit County Auditor's File No. 200505270204.

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

LOTS 4 AND 5, BLOCK 5, "BOWMAN'S CENTRAL SHIP HARBOR WATER FRONT PLAT OF ANACORTES, SKAGIT COUNTY, WASHINGTON", ACCORDING TO THE PLAT RECORDED IN VOLUME 2 OF PLATS, PAGE 33, RECORDS OF SKAGIT COUNTY, WASHINGTON.

SITUATE IN SKAGIT COUNTY, WASHINGTON

The Real Property or its address is commonly known as 509 4th Street and 509 1/2 4th Street, Anacortes, WA 98221. The Real Property tax identification number is 3776-005-005-0000 (P56780); 3776-005-005-0100 (P114178).

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

The Promissory Note evidenced by the Note dated May 27, 2005 increased to \$516,800.00, which shall be and remain secured by the Deed of Trust.

This note is a renewal and replacement of Promissory Note from Borrower to Lender dated May 27, 2005 in the original amount of \$380,500.00. All references in the loan documents to the old Note shall be deemed to be a reference to the new Note.

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.

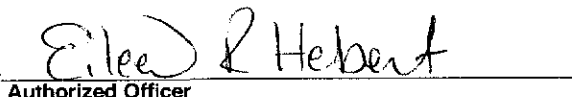
GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS MODIFICATION OF DEED OF TRUST AND GRANTOR AGREES TO ITS TERMS. THIS MODIFICATION OF DEED OF TRUST IS DATED AUGUST 24, 2006.

GRANTOR:

X 
Leonard Johnson

LENDER:

HORIZON BANK


X 
Authorized Officer

INDIVIDUAL ACKNOWLEDGMENT

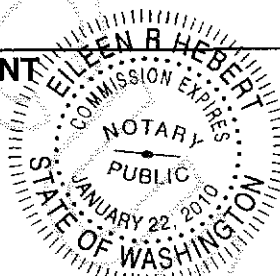
STATE OF Washington)
COUNTY OF Skagit) SS
)

On this day before me, the undersigned Notary Public, personally appeared Leonard Johnson, as his separate property, personally known to me or proved to me on the basis of satisfactory evidence to be the individual described in and who executed the Modification of Deed of Trust, and acknowledged that he or she signed the Modification as his or her free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 24th day of August, 2006

By 
Notary Public in and for the State of WA

Residing at Anacortes
My commission expires Jan 22 2010



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Skagit County Auditor

MODIFICATION OF DEED OF TRUST
(Continued)

Loan No: 5000000316

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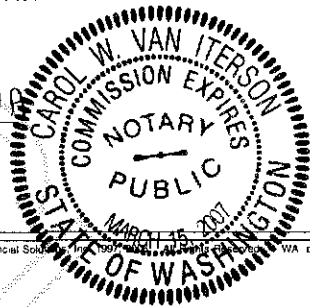
LENDER ACKNOWLEDGMENT

STATE OF Washington)
) SS
COUNTY OF Skagit)

On this 24th day of August 2006, before me, the undersigned Notary Public, personally appeared Eileen R. Hebert and personally known to me or proved to me on the basis of satisfactory evidence to be the Loan officer, 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 Carol W. Van Iterson
Notary Public in and for the State of WA

Residing at Anacortes
My commission expires 3-15-07



LASER PRO Lending, Ver. 5.31.00.004 Copy: Herland Financial Solutions, Inc. 10000 1st Avenue, Everett, WA 98201-1000 WA E:\CPI\WIMC\FIL\PLUG202.FO TR-9877 PR-243



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