


RECORDED AT THE REQUEST OF AND AFTER RECORDING RETURN TO:	 200612280141 Skagit County Auditor
Hansell/Mitzle, LLC 1111 Cleveland Mount Vernon, WA 98273 Attn. Dan Mitzel	12/28/2006 Page 1 of 4 3:46PM  FIRST AMERICAN TITLE CO.

90075-5

### FIRST AMENDMENT TO DEED OF TRUST

**GRANTOR:** Highland Greens Senior Apartment LLC

**TRUSTEE:** First American Title of Skagit County

**GRANTEE or BENEFICIARY:** HANSELL/MITZEL, LLC, a Washington limited liability company

**Legal Description:** Section 9, Township 34, Range 4: ptn NW SE

**Assessor's Tax Parcel ID Number:** (P124129) 340409-4-005-1000

**Related Documents:** 200603150077

THIS FIRST AMENDMENT TO DEED OF TRUST, made as of the 22 day of December 2006, between HIGHLAND GREENS SENIOR APARTMENTMENT LLC, a Washington limited liability company, whose address is 2425 N. Trumpeter Drive, Mount Vernon WA 98273, as GRANTOR; FIRST AMERICAN TITLE OF SKAGIT COUNTY whose address is 1301B Riverside, Mount Vernon, WA 98273 as TRUSTEE; and HANSELL/MITZEL, LLC, a Washington limited liability company, whose address is 1111 Cleveland, Mount Vernon, WA 98273 as BENEFICIARY.

This First Amendment to Deed of Trust modifies and amends that certain Deed of Tust entered into by Salem village and Beneficiary recorded under Skagit County Auditor's number 200603150077 (the "Deed of Trust").

Whereas Salem Village, the original grantor under the deed of trust subsequently contributed the subject property to Grantor, subject to the Deed of Trust;

Whereas Grantor has assumed the obligations of Salem Village under the Note secured by the Deed of Trust;

Whereas Grantor, desires to make certain amendments and modifications to the Deed of Trust;

Therefore the Deed of Trust is amended as follows:

1. Paragraph 3 of the Deed of Trust is amended to provide that the Deed of Trust shall be subordinate to that certain Construction Deed of Trust naming Peoples Bank as Beneficiary recorded under Skagit County Auditor's Number 200612280137 and that certain Assignment of Rents naming Peoples Bank as Beneficiary recorded under Skagit County Auditor's Number 200612280139

2. Paragraph 5.1 of the Deed of Trust is amended to read as follows:

5.1 In the event of any fire or other casualty to the Property or eminent domain proceedings resulting in condemnation of the Property or any part thereof, Grantor shall have the right to rebuild the Property, and to use all available insurance or condemnation proceeds therefore, provided that (a) such proceeds are sufficient to keep the loan in balance and rebuild the Property in a manner that provides adequate security to the Beneficiary for repayment of the loan, or if such proceeds are insufficient to provide adequate security or to keep the loan in balance, then Grantor has funded any deficiency, (b) Beneficiary shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and such approval shall not be unreasonably withheld, and (c) no material default then exists under this Deed of Trust. If the casualty or condemnation affects only part of the Property and total rebuilding is infeasible, then such insurance and/or condemnation proceeds may be used for partial rebuilding and partial repayment of the loan in a manner that provides adequate security to the Beneficiary for repayment of the remaining balance of the loan.

3. A new Paragraph 5.9 is added to the Deed of Trust as follows:

5.9 Notice and Cure Rights.

a. **Monetary Default.** If a monetary event of default occurs under the terms of any of the Note secured hereby, prior to exercising any remedies thereunder Beneficiary shall give Grantor and each of the managing and investor members of the Grantor, as identified in Grantor's Amended and Restated Operating Agreement, simultaneous written notice of such default. Grantor shall have a period of ten (10) days after such notice is given within which to cure the default prior to exercise of remedies by Beneficiary, or such longer period of time as may be specified in the Note.

b. **Non-Monetary Default.** If a non-monetary event of default occurs under the terms of any of the Note or this Deed of Trust, prior to exercising any remedies Beneficiary shall give Grantor and each of the managing and investor members of Grantor, as identified in Grantor's Amended and Restated Operating Agreement, simultaneous written notice of such default. If the default is reasonably capable of being cured within thirty (30) days, Grantor shall have such period to effect a cure prior to exercise of remedies by Beneficiary under the Note or this Deed of Trust or such longer as is provided by applicable law. If the default is such that it is not reasonably capable of being cured within thirty (30) days or such longer period if so specified, and if Grantor (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then Grantor shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Beneficiary. If Grantor fails to take corrective action or to cure the default within a reasonable time, Beneficiary shall give Grantor and each of the managing and



investor members of the Company written notice thereof, whereupon the investor member may remove and replace the managing member with a substitute managing member who shall effect a cure within a reasonable time thereafter in accordance with the foregoing provisions.

c. Address for Notice. The address for delivery of notices to the investor member of Grantor is as follows:

U.S. Bancorp Community Investment Corporation  
1307 Washington Avenue, Suite 300  
St. Louis, MO 63103  
Attention: Asset Manager

The Beneficiary agrees that it shall simultaneously send copies of all notices sent to the Grantor also to its investor member at the above address (or such alternate address as Beneficiary may be notified, from time to time). Beneficiary agrees to give such investor member notice of all defaults under the documents evidencing or securing the Loan and will accept cure of any default by the investor member.

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**GRANTOR'S SIGNATURE PAGE FOR FIRST AMENDMENT TO DEED OF TRUST**

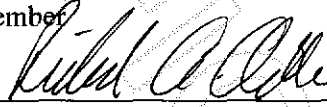
IN WITNESS HEREOF, Highland Greens Senior Apartments LLC, a Washington limited liability company, has executed this First Amendment to Deed of Trust on the date set forth above.

GRANTOR:

HIGHLAND GREENS SENIOR APARTMENT LLC

By SALEM VILLAGE,  
a Washington nonprofit corporation  
Managing Member

By:

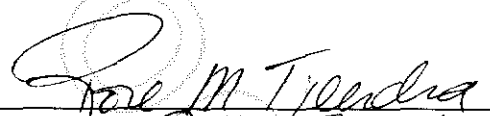
  
Rick Anderson, President

STATE OF WASHINGTON )

COUNTY OF SKAGIT )

I certify that I know or have satisfactory evidence that Rick Anderson is the person who appeared before me and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument, and acknowledged it as the President of Salem Village, a Washington nonprofit corporation, the managing member of Highland Greens Senior Apartment LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.



  
Print Name: Rose M Tjeerdema  
a notary public residing at  
Buckington, Washington.  
My appointment expires: 3/29/08

