

AFTER RECORDING RETURN TO:
RICHARD J. SCHROEDER, ESQ.
DAVIS WRIGHT TREMAINE LLP
2600 CENTURY SQUARE
1501 FOURTH AVENUE
SEATTLE, WA 98101-1688



200702130004
Skagit County Auditor

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DEED OF TRUST MODIFICATION AGREEMENT

Grantor(s): 1. V.L. Scott Hendrickson
2. Jacqueline Hendrickson

Grantee(s): 1. Horizon Bank, beneficiary
2. Westward Financial Services Corporation, Trustee

Abbreviated Legal Description (lot, block and plat name, or section-township-range):

Montborne, Lot 1, Block 32;

Assessor's Property Tax Parcel Account Number(s): 4135-042-001-0100 P74673

Reference Numbers of Referenced, Assigned or Released Documents (if applicable):
200411230114

DEED OF TRUST MODIFICATION AGREEMENT

THIS DEED OF TRUST MODIFICATION AGREEMENT ("Agreement") is made and entered into as of the 31st day of January, 2007, by and among V.L. SCOTT HENDRICSON and JACQUELINE HENDRICKSON, as Grantor, whose address is 18452 S. West View Road, Mount Vernon, WA 98279, and WESTWARD FINANCIAL SERVICES CORPORATION, a Washington corporation, as Trustee, whose address is 1500 Cornwall Avenue, Bellingham, WA 98227, and HORIZON BANK, referred to herein as Beneficiary, whose address is 2211 Rimland Drive, Suite 230, Bellingham, WA 98226.

A. Grantor executed and delivered a Deed of Trust dated November 5, 2004 ("Deed of Trust") in favor of Trustee for the benefit of Beneficiary, recorded November 23, 2004, under Auditor's File No. 200411230114, Records of Skagit County, Washington.

B. The Deed of Trust secures the obligation of B.E.R.T. LLC under a Promissory Note payable to Lender in the principal amount of \$200,000 dated November 17, 2003 ("Original Note").

C. Grantor has agreed to assume obligations of B.E.R.T. LLC owed to Lender.

D. Lender and Grantor have entered into that certain Forbearance Agreement and Amendment to Loan Documents agreement dated January 18, 2006 ("Forbearance Agreement");

E. Pursuant to the Forbearance Agreement, Grantor, as Co-Borrowers, executed and delivered to Lender that certain Replacement Promissory Note in the amount of \$172,000 ("Replacement Note").

F. The Forbearance Agreement and Replacement Note are referred to collectively as the "Restructure Agreements."

G. Lender and Grantor have entered into that certain Amendment and Extension of Forbearance Agreement and Note dated as of the date hereof ("Amendment"), which, among other things, extends the maturity of the Restructure Agreements.

H. Grantor and Beneficiary wish to provide general notice of the terms of the Amendment and to ratify that the Deed of Trust remains in full force and effect, securing the modified obligations of Grantor thereunder and under the Replacement Note.

NOW, THEREFORE, in consideration of the mutual benefits to be derived herefrom it is agreed:

1. Recitals. The above recitals are true and correct and by this reference are incorporated into this Agreement.



2. Modification of Deed of Trust. Lender and Grantor agree that the Deed of Trust is hereby modified as follows:

(a) The maturity date of the Replacement Note has been extended to December 31, 2007, under the terms of the Amendment.

(b) The Indebtedness, as defined in the Deed of Trust, is hereby amended to reflect that the outstanding principal balance of the Replacement Note is \$156,435.00 as of January 2, 2007.

3. Representations and Warranties. To induce Lender to enter into this Agreement, Grantor represents and warrant:

(a) Grantor has full legal power and authority to enter into this Agreement, that all necessary consents and approvals for the execution and performance of this Agreement have been obtained, and when signed and delivered to Lender this Agreement will be the legal, binding and enforceable obligation of Grantor.

(b) Grantor owns and is vested in title to all of the property described in the Deed of Trust.

(c) Grantor has no defense, claim or setoff, legal or equitable, to the full payment and performance of the obligations to Lender under the Replacement Note and the Forbearance Agreement.

4. General.

(a) Entire Agreement. The Restructure Documents and this Agreement constitute the entire agreement between Grantor and Lender with respect to the foregoing modification to the Deed of Trust and shall not be amended except in writing signed by Lender and Grantor.

(b) Endorsement. This Agreement shall be recorded in the real property records of Skagit County, and a modification endorsement, in form satisfactory to Lender, shall be added to Lender's loan policy of title insurance ("Loan Policy") for the Deed of Trust, bringing the effective date of the Loan Policy current to the effective date of this Agreement and insuring that the modifications provided for herein shall not impair the continued validity, priority and enforceability of the Deed of Trust.

(c) Governing Law. This Agreement shall be deemed entered into in the State of Washington and shall be construed and enforced under the laws of the State of Washington.

[Signature page follows]



IN WITNESS WHEREOF, the parties have executed this Deed of Trust Modification Agreement as of the date first set forth above.

GRANTOR:

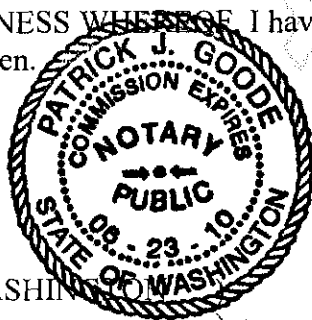
By: *V.L. Scott*
V.L. SCOTT HENDRICKSON

By: *Jacqueline Hendrickson*
JACQUELINE HENDRICKSON

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 31st day of January, 2007, before me, a Notary Public in and for the State of Washington, personally appeared **V.L. SCOTT HENDRICKSON**, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument, on oath acknowledged it to be his free and voluntary act and deed for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

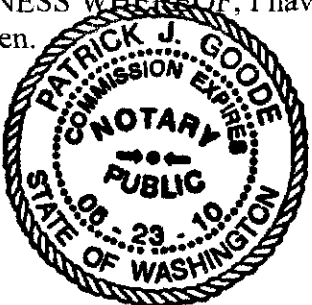


Patrick J. Goode
NOTARY PUBLIC in and for the State of
Washington, residing at Bellingham
My appointment expires: 06/23/2010
Print Name: Patrick J. Goode

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 31st day of January, 2007, before me, a Notary Public in and for the State of Washington, personally appeared **JACQUELINE HENDRICKSON**, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument, on oath acknowledged it to be her free and voluntary act and deed for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



Patrick J. Goode
NOTARY PUBLIC in and for the State of
Washington, residing at Bellingham
My appointment expires: 06/23/2010
Print Name: Patrick J. Goode

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IN WITNESS WHEREOF, the parties have executed this Deed of Trust Modification Agreement as of the date first set forth above.

BENEFICIARY:

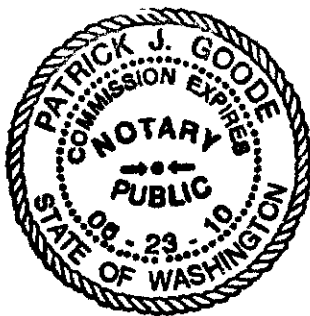
HORIZON BANK

By: Jay Kaemingk
Its SUP

STATE OF WASHINGTON)
) ss.
COUNTY OF Skagit)

On this 31st day of January, 2007, before me, a Notary Public in and for the State of Washington, personally appeared Jay Kaemingk, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument, on oath stated that she was authorized to execute the instrument, and acknowledged it as the Officer of **HORIZON BANK**, to be the free and voluntary act and deed of said bank for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



Patrick J. Goode
NOTARY PUBLIC in and for the State of
Washington, residing at Bellingham
My appointment expires: 06/23/2010
Print Name: Patrick J. Goode

IN WITNESS WHEREOF, the parties have executed this Deed of Trust Modification Agreement as of the date first set forth above.

TRUSTEE:

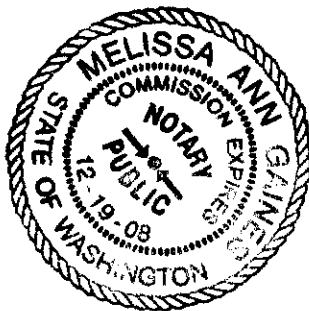
WESTWARD FINANCIAL SERVICES
CORPORATION

By: *Violet Martinson*
Violet Martinson
Its Vice President

STATE OF WASHINGTON)
) ss.
COUNTY OF Whatcom)

On this 31st day of January, 2007, before me, a Notary Public in and for the State of Washington, personally appeared Violet Martinson, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument, on oath stated that she was authorized to execute the instrument, and acknowledged it as the Vice President of WESTWARD FINANCIAL SERVICES CORPORATION, to be the free and voluntary act and deed of said corporation for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



Melissa Ann Gaines
NOTARY PUBLIC in and for the State of
Washington, residing at Bellingham
My appointment expires: 12/19/2008
Print Name: Melissa Ann Gaines

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