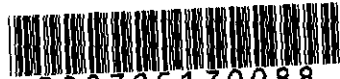


RETURN ADDRESS:

Peoples Bank
Loan Services Department
P.O. Box 233
Lynden, WA 98264



200705170088
Skagit County Auditor

5/17/2007 Page 1 of 3 11:37AM

LAND TITLE OF SKAGIT COUNTY

125865-03

MODIFICATION OF DEED OF TRUST

Reference # (if applicable): 200504260107

Additional on page _____

Grantor(s):

1. LEE, DANIEL B
2. CHAMBERS, WILLIAM M

Grantee(s)

1. PEOPLES BANK

Legal Description: Lots 4 & 5, Blk N, Map of LaConner

Additional on page 2

Assessor's Tax Parcel ID#: 4123-014-005-0000

THIS MODIFICATION OF DEED OF TRUST dated May 16, 2007, is made and executed between DANIEL B LEE and WILLIAM M CHAMBERS, EACH AS THEIR SEPARATE PROPERTY, AS JOINT TENANTS WITH THE RIGHT OF SURVIVORSHIP AND NOT AS TENANTS IN COMMON, whose address is 526 3RD STREET, LA CONNER, WA 98257 ("Grantor") and PEOPLES BANK, whose address is ANACORTES OFFICE, PHONE: (360) 588-0153, 911 11th STREET, ANACORTES, WA 98221 ("Lender").

MODIFICATION OF DEED OF TRUST

(Continued)

DEED OF TRUST. Lender and Grantor have entered into a Deed of Trust dated April 15, 2005 (the "Deed of Trust") which has been recorded in SKAGIT County, State of Washington, as follows:

A DEED OF TRUST DATED APRIL 15, 2005 AND RECORDED APRIL 20, 2005 UNDER AUDITOR'S FILE NO. 200504200107 RECORDS OF SKAGIT COUNTY, WASHINGTON.

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 N, "MAP OF LACONNER, WHATCOM COUNTY, WASHN. TERRY, 1872," as per plat recorded in Volume 2 of Plats, page 49, records of Skagit County, Washington.

Situate in the Town of LaConner, County of Skagit, State of Washington

The Real Property or its address is commonly known as 526 3RD STREET, LA CONNER, WA 98257. The Real Property tax identification number is 4123-014-005-0000.

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

THE WORD "NOTE" MEANS THE PROMISSORY NOTE DATE MAY 16, 2007 FROM GRANTOR TO LENDER, TOGETHER WITH ALL RENEWALS OF, EXTENSIONS OF, MODIFICATIONS OF, REFINANCING OF, CONSOLIDATIONS OF, AND SUBSTITUTIONS FOR THE PROMISSORY NOTE OR AGREEMENT

INCREASE THE PRINCIPAL AMOUNT FROM \$65,000.00 TO \$130,000.00.

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 makers, shall not be released by virtue of this 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 AGREES TO ITS TERMS. THIS MODIFICATION OF DEED OF TRUST IS DATED MAY 16, 2007.

GRANTOR:

X
DANIEL B LEE

X
WILLIAM M CHAMBERS

LENDER:

PEOPLES BANK

X
Authorized Officer

INDIVIDUAL ACKNOWLEDGMENT

STATE OF

COUNTY OF

On this day before me, the undersigned Notary Public, personally appeared DANIEL B LEE and WILLIAM M CHAMBERS, personally known to me or proved to me on the basis of satisfactory evidence to be the individuals described in and who executed the Modification of Deed of Trust, and acknowledged that they signed the Modification as their free and voluntary act and deed, for the uses and purposes therein expressed. I have given them the Modification and explained its contents. I have given under my hand and official seal this

Notary Public in and for the State of

By *William M. Chambers*
WILLIAM M. CHAMBERS, Notary Public

My commission expires

8-19-07

Residing at

LaConner

of

2007

)
) SS
)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

MODIFICATION OF DEED OF TRUST
(Continued)

Loan No: 5714550-1

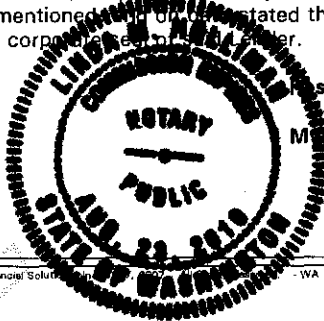
Page 3

LENDER ACKNOWLEDGMENT

STATE OF Washington)
) SS
COUNTY OF Skagit)

On this 15th day of May, 20 07, before me, the undersigned Notary Public, personally appeared Madeline M. Hazen Cook 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 15th day of May, 20 07, stated that he or she is authorized to execute this said instrument and that the seal affixed is the corporate seal of the Lender.

By Lyndee M. Holliman Residing at Skagit County
Notary Public in and for the State of WA My commission expires 8-23-2010



LASER PRO Lending, Var. 5.35.00.004 Copy: Notary Financial Solutions

WA P:\CFIWIN\CFILPL\G202.PC TR-3550926 PR-49



200705170088
Skagit County Auditor

5/17/2007 Page

3 of

3:11:37AM