

RETURN ADDRESS:

Horizon Bank
CML % Nancy Shipman
2211 Rimland Dr, Suite 230
Bellingham, WA 98226



200708210011
Skagit County Auditor

8/21/2007 Page 1 of 9 8:53AM

LAND-TITLE OF SKAGIT COUNTY

121015-p

MODIFICATION OF DEED OF TRUST

Reference # (if applicable): 200605010189

Additional on page ____

Grantor(s):

1. Blackburn Southeast, L.L.C.
2. Blackburn North, L.L.C.
3. Little Mountain East, L.L.C.

Grantee(s)

1. Horizon Bank

Legal Description: Trs. 84 & 89, Maddox Creek Ph. 1. A ptn of SE 1/4, 28-34-4 E W.M. A ptn of E 1/2 of SW 1/4, 28-34-4 E W.M. A ptn of SW 1/4 of NE 1/4, 28-34-4 E W.M.

Additional on page 4-6

Assessor's Tax Parcel ID#: 340428-4-001-0005 (P28045) (Affects Parcel "A"), 340428-4-001-0104 (P28046) (Affects Parcel "A"), 340428-4-011-0003 (P28065) (Affects Parcel "B"), 4681-000-089-0000 (P109379) (Affects Parcel "C"), 4681-000-084-0000 (P109374) (Affects Parcel "D"), 340428-4-006-0000 (P28058) (Affects Parcel "E"), 340428-4-007-0009 (P28059) (Affects Parcel "E"), 340428-3-012-0004 (P28039) (Affects Parcel "F"), 340428-3-012-0103 (P28040) (Affects Parcel "F"), 340428-4-008-0008 (P28060) (Affects Parcel "F"), 340428-4-008-0107 (P28061) (Affects Parcel "F"), 340428-4-009-0007 (P28062) (Affects Parcel "F"), 340428-4-009-0106 (P28063) (Affects Parcel "F"), 340428-3-002-0006 (P28025) (Affects Parcel "G"), 340428-1-011-0009 (P27991) (Affects Parcel "H"), 340428-1-010-0208 (P27990) (Affects Parcel "I")

THIS MODIFICATION OF DEED OF TRUST dated August 13, 2007, is made and executed between Blackburn Southeast, L.L.C., a Washington limited liability company, as to Parcels 'A', 'B' and 'C'; Blackburn North, L.L.C., a Washington limited liability company, as to Parcels 'D', 'H' and 'I'; and Little Mountain East, L.L.C., a Washington limited liability company, as to Parcels 'E', 'F' and 'G' ("Grantor") and Horizon Bank, whose address is Skagit Commercial Center, 2211 Rimland Drive, Suite 230, Bellingham, WA 98226 ("Lender").

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

Loan No: 6000003072

Page 2

DEED OF TRUST. Lender and Grantor have entered into a Deed of Trust dated May 1, 2006 (the "Deed of Trust") which has been recorded in Skagit County, State of Washington, as follows:

Recorded May 1, 2006 in Skagit County, State of Washington, under Auditor's File No. 200605010189.

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

See Exhibit A, which is attached to this Modification and made a part of this Modification as if fully set forth herein.

The Real Property or its address is commonly known as Mount Vernon, WA 98274. The Real Property tax identification number is 340428-4-001-0005 (P28045) (Affects Parcel "A"), 340428-4-001-0104 (P28046) (Affects Parcel "A"), 340428-4-011-0003 (P28065) (Affects Parcel "B"), 4681-000-089-0000 (P109379) (Affects Parcel "C"), 4681-000-084-0000 (P109374) (Affects Parcel "D"), 340428-4-006-0000 (P28058) (Affects Parcel "E"), 340428-4-007-0009 (P28059) (Affects Parcel "E"), 340428-3-012-0004 (P28039) (Affects Parcel "F"), 340428-3-012-0103 (P28040) (Affects Parcel "F"), 340428-4-008-0008 (P28060) (Affects Parcel "F"), 340428-4-008-0107 (P28061) (Affects Parcel "F"), 340428-4-009-0007 (P28062) (Affects Parcel "F"), 340428-4-009-0106 (P28063) (Affects Parcel "F"), 340428-3-002-0006 (P28025) (Affects Parcel "G"), 340428-1-011-0009 (P27991) (Affects Parcel "H"), 340428-1-010-0208 (P27990) (Affects Parcel "I").

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

Definition of Note is hereby modified to be a Promissory Note dated August 13, 2007 in the original amount of \$3,575,000.00, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Promissory Note or Agreement.

This Note is a renewal and replacement of the Promissory Note for a Revolving Line of Credit dated May 1, 2006 in the original amount of \$2,500,000.00. All references in the loan documents to the old Note shall 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 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 13, 2007.



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Skagit County Auditor

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MODIFICATION OF DEED OF TRUST
(Continued)

Loan No: 6000003072

Page 3

GRANTOR:

BLACKBURN SOUTHEAST, L.L.C.

By: [Signature]
Kendall Gentry, Manager of Blackburn Southeast, L.L.C.

By: [Signature]
Nancy F. Gentry, Manager of Blackburn Southeast, L.L.C.

By: [Signature]
Brian D. Gentry, Manager of Blackburn Southeast, L.L.C.

BLACKBURN NORTH, L.L.C.

By: [Signature]
Kendall Gentry, Manager of Blackburn North, L.L.C.

By: [Signature]
Nancy F. Gentry, Manager of Blackburn North, L.L.C.

By: [Signature]
Brian D. Gentry, Manager of Blackburn North, L.L.C.

LITTLE MOUNTAIN EAST, L.L.C.

By: [Signature]
Kendall Gentry, Manager of Little Mountain East, L.L.C.

By: [Signature]
Nancy F. Gentry, Manager of Little Mountain East, L.L.C.

By: [Signature]
Brian D. Gentry, Manager of Little Mountain East, L.L.C.

LENDER:

HORIZON BANK

X [Signature] VP
Authorized Officer

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF WASHINGTON

)

) SS

COUNTY OF SKAGIT

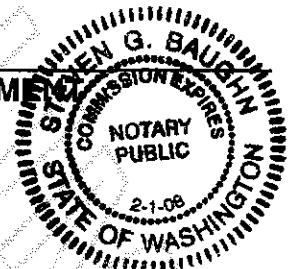
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On this 16TH day of AUGUST, 20 07, before me, the undersigned Notary Public, personally appeared Kendall Gentry, Manager of Blackburn Southeast, L.L.C., and personally known to me or proved to me on the basis of satisfactory evidence to be a member or designated agent of the limited liability company that executed the Modification of Deed of Trust and acknowledged the Modification to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, 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 limited liability company.

By: [Signature]
Notary Public in and for the State of WASHINGTON

Residing at MOUNT VERNON WA

My commission expires 02/01/2008



200708210011
Skagit County Auditor

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9 8:53AM

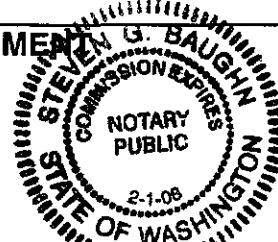
MODIFICATION OF DEED OF TRUST
(Continued)

Loan No: 6000003072

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LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF WASHINGTON)
) SS
COUNTY OF SKAGIT)



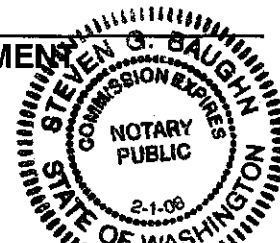
On this 16TH day of AUGUST, 20 07, before me, the undersigned Notary Public, personally appeared Nancy F. Gentry, Manager of Blackburn Southeast, L.L.C., and personally known to me or proved to me on the basis of satisfactory evidence to be a member or designated agent of the limited liability company that executed the Modification of Deed of Trust and acknowledged the Modification to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, 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 limited liability company.

By Steven G. Baughn
Notary Public in and for the State of WASHINGTON

Residing at MOUNT VERNON WA
My commission expires 02/01/2008

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF WASHINGTON)
) SS
COUNTY OF SKAGIT)



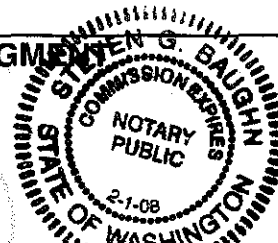
On this 16TH day of AUGUST, 20 07, before me, the undersigned Notary Public, personally appeared Brian D. Gentry, Manager of Blackburn Southeast, L.L.C., and personally known to me or proved to me on the basis of satisfactory evidence to be a member or designated agent of the limited liability company that executed the Modification of Deed of Trust and acknowledged the Modification to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, 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 limited liability company.

By Steven G. Baughn
Notary Public in and for the State of WASHINGTON

Residing at MOUNT VERNON, WA
My commission expires 02/01/2008

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF WASHINGTON)
) SS
COUNTY OF SKAGIT)



On this 16TH day of AUGUST, 20 07, before me, the undersigned Notary Public, personally appeared Kendall Gentry, Manager of Blackburn North, L.L.C., and personally known to me or proved to me on the basis of satisfactory evidence to be a member or designated agent of the limited liability company that executed the Modification of Deed of Trust and acknowledged the Modification to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, 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 limited liability company.

By Steven G. Baughn
Notary Public in and for the State of WASHINGTON

Residing at MOUNT VERNON, WA
My commission expires 02/01/2008



200708210011
Skagit County Auditor

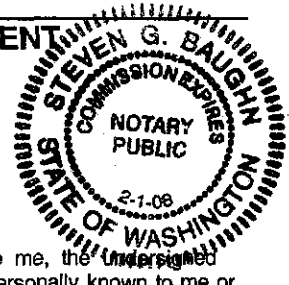
MODIFICATION OF DEED OF TRUST
(Continued)

Loan No: 6000003072

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LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF WASHINGTON)
) SS
COUNTY OF SKAGIT)



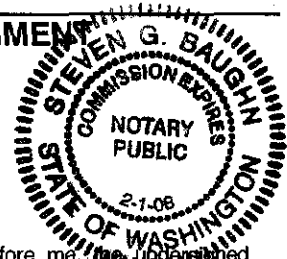
On this 16TH day of AUGUST, 20 07, before me, the undersigned Notary Public, personally appeared **Nancy F. Gentry, Manager of Blackburn North, L.L.C.**, and personally known to me or proved to me on the basis of satisfactory evidence to be a member or designated agent of the limited liability company that executed the Modification of Deed of Trust and acknowledged the Modification to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, 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 limited liability company.

By Steven G. Baughn
Notary Public in and for the State of WASHINGTON

Residing at MOUNT VERNON WA
My commission expires 02/01/2008

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF WASHINGTON)
) SS
COUNTY OF SKAGIT)



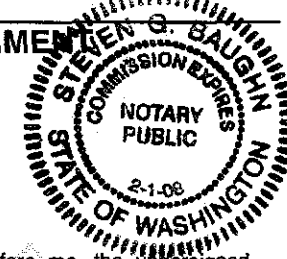
On this 16TH day of AUGUST, 20 07, before me, the undersigned Notary Public, personally appeared **Brian D. Gentry, Manager of Blackburn North, L.L.C.**, and personally known to me or proved to me on the basis of satisfactory evidence to be a member or designated agent of the limited liability company that executed the Modification of Deed of Trust and acknowledged the Modification to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, 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 limited liability company.

By Steven G. Baughn
Notary Public in and for the State of WASHINGTON

Residing at MOUNT VERNON WA
My commission expires 02/01/2008

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF WASHINGTON)
) SS
COUNTY OF SKAGIT)



On this 16TH day of AUGUST, 20 07, before me, the undersigned Notary Public, personally appeared **Kendall Gentry, Manager of Little Mountain East, L.L.C.**, and personally known to me or proved to me on the basis of satisfactory evidence to be a member or designated agent of the limited liability company that executed the Modification of Deed of Trust and acknowledged the Modification to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, 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 limited liability company.

By Steven G. Baughn
Notary Public in and for the State of WASHINGTON

Residing at MOUNT VERNON WA
My commission expires 02/01/2008



200708210011
Skagit County Auditor

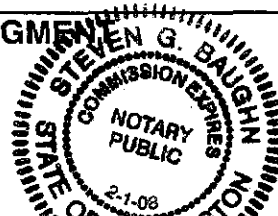
MODIFICATION OF DEED OF TRUST
(Continued)

Loan No: 6000003072

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LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF WASHINGTON)
) SS
COUNTY OF SKAGIT)



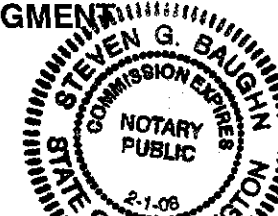
On this 16TH day of AUGUST, 20 07, before me, the undersigned Notary Public, personally appeared Nancy F. Gentry, Manager of Little Mountain East, L.L.C., and personally known to me or proved to me on the basis of satisfactory evidence to be a member or designated agent of the limited liability company that executed the Modification of Deed of Trust and acknowledged the Modification to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, 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 limited liability company.

By [Signature]
Notary Public in and for the State of WASHINGTON

Residing at MOUNT VERNON WA
My commission expires 02/01/2008

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF WASHINGTON)
) SS
COUNTY OF SKAGIT)



On this 16TH day of AUGUST, 20 07, before me, the undersigned Notary Public, personally appeared Brian D. Gentry, Manager of Little Mountain East, L.L.C., and personally known to me or proved to me on the basis of satisfactory evidence to be a member or designated agent of the limited liability company that executed the Modification of Deed of Trust and acknowledged the Modification to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, 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 limited liability company.

By [Signature]
Notary Public in and for the State of WASHINGTON

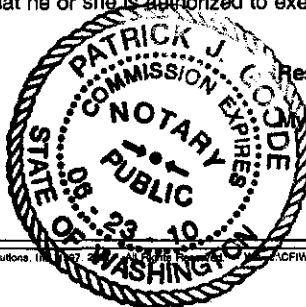
Residing at MOUNT VERNON WA
My commission expires _____

LENDER ACKNOWLEDGMENT

STATE OF Washington)
) SS
COUNTY OF SKAGIT)

On this 20TH day of AUGUST, 20 07, before me, the undersigned Notary Public, personally appeared John [Signature] and personally known to me or proved to me on the basis of satisfactory evidence to be the commercial 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 [Signature]
Notary Public in and for the State of WA



Residing at Bellingham
My commission expires 06/23/2010

LASER PRO Lending, Ver. 5.57.00.005 Copy: Harland Financial Solutions, Inc. C:\Program Files\Harland Financial Solutions\lpl\0202.PC TR-9235



200708210011
Skagit County Auditor

Schedule "A-1"

121015-P

DESCRIPTION:

PARCEL "A":

The Northeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 28, Township 34 North, Range 4 East, W.M.

EXCEPT the North 30 feet of the West $\frac{1}{2}$ thereof conveyed to Skagit County for road purposes by deed recorded September 9, 1947, under Auditor's File No. 408562, records of Skagit County, Washington.

Situate in the City of Mount Vernon, County of Skagit, State of Washington.

PARCEL "B":

The Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 28, Township 34 North, Range 4 East, W.M.

Situate in the City of Mount Vernon, County of Skagit, State of Washington.

PARCEL "C":

Tract 89, "MADDOX CREEK P.U.D. PHASE 1", as per plat recorded in Volume 16 of Plats, pages 121 through 130, records of Skagit County, Washington.

Situate in the City of Mount Vernon, County of Skagit, State of Washington.

PARCEL "D":

Tract 84, "MADDOX CREEK P.U.D. PHASE 1", as per plat recorded in Volume 16 of Plats, pages 121 through 130, records of Skagit County, Washington.

Situate in the City of Mount Vernon, County of Skagit, State of Washington.

PARCEL "E":

The West 660 feet of the Northwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$, Section 28, Township 34 North, Range 4 East, W.M.,

EXCEPT the North 264 feet of the West 165 feet thereof,

AND ALSO EXCEPT the North 30 feet thereof as conveyed to Skagit County for road purposes by deed recorded September 9, 1947, under Auditor's File No. 408560.

Situate in the City of Mount Vernon, County of Skagit, State of Washington.



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Skagit County Auditor

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*Maddox
Creek*

Schedule "A-1"

121015-P

DESCRIPTION CONTINUED:

PARCEL "F":

That portion of the Southeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ and of the Southwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 28, Township 34 North, Range 4 East, W.M., lying Northeasterly of the County road known as Little Mountain Road No. 323, as conveyed to Skagit County by deeds recorded May 26, 1932, January 3, 1936, July 23, 1946 and March 18, 1987, under Auditor's File Nos. 275344, 250891, 394229, 8703180041, 8703180042 and 8703180043, respectively.

Situate in the City of Mount Vernon, County of Skagit, State of Washington.

PARCEL "G":

That portion of the Northeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of Section 28, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at the intersection of the East line of said subdivision with the South line of the County road running along the North line thereof;
thence Southerly along said East line a distance of 700 feet to the true point of beginning;
thence Westerly, parallel with the South line of said subdivision, to the Easterly line of the Little Mountain County Road No. 323;
thence Southerly along said Easterly line to its intersection with the South line of said Northeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$;
thence Easterly along the South line of said subdivision to the Southeast corner thereof;
thence Northerly along the East line of said subdivision a distance of 600 feet, more or less, to the true point of beginning,

EXCEPT that portion conveyed to Skagit County by deed recorded March 18, 1987, under Auditor's File No. 8703180044.

Situate in the City of Mount Vernon, County of Skagit, State of Washington.



200708210011
Skagit County Auditor

Schedule "A-1"

121015-P

DESCRIPTION CONTINUED:

PARCEL "H":

The Southeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 28, Township 34 North, Range 4 East, W.M.,

EXCEPT the South 60 feet thereof conveyed to City of Mount Vernon for road purposes by deed dated February 1, 1991, and recorded February 11, 1991, under Auditor's File No. 9102110019, records of Skagit County, Washington.

Situate in the City of Mount Vernon, County of Skagit, State of Washington.

PARCEL "I":

The East $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 28, Township 34 North, Range 4 East, W.M., EXCEPT the South 60 feet thereof for road.

Situate in the City of Mount Vernon, County of Skagit, State of Washington.



200708210011

Skagit County Auditor