

RETURN ADDRESS:

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



200708230093
Skagit County Auditor

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3 11:26AM

MODIFICATION OF DEED OF TRUST

Reference # (if applicable): 200703150130

Additional on page _____

Grantor(s):

- 1. PEDERSEN, ERIK O
- 2. PEDERSEN, GUNNAR
- 3. PEDERSEN, RUNE

CHICAGO TITLE CO.

1043001

Grantee(s)

- 1. PEOPLES BANK

Legal Description: E/2 NE SE 22/34/4

Additional on page _____

Assessor's Tax Parcel ID#: P27591 340422-4-022-0014

THIS MODIFICATION OF DEED OF TRUST dated August 21, 2007, is made and executed between ERIK O PEDERSEN, AS HIS SEPARATE ESTATE, AND GUNNAR PEDERSEN, AS HIS SEPARATE ESTATE and RUNE PEDERSEN, AS HIS SEPARATE ESTATE, WHOSE ADDRESS IS 5500 DIVISION STREET, MOUNT VERNON WA 98273 ("Grantor") and PEOPLES BANK, whose address is EAST MOUNT VERNON OFFICE, PHONE: (360) 848-1833, 2601 EAST DIVISION STREET, MOUNT VERNON, WA 98273 ("Lender").

MODIFICATION OF DEED OF TRUST

Loan No: 5714631-1

(Continued)

DEED OF TRUST. Lender and Grantor have entered into a Deed of Trust dated March 14, 2007 (the "Deed of Trust") which has been recorded in SKAGIT County, State of Washington, as follows:

A DEED OF TRUST DATED MARCH 14, 2007 AND RECORDED MARCH 15, 2007 UNDER AUDITOR'S FILE NO. 200703150130 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:

The East half of the Northeast quarter of the Southeast quarter of Section 22, Township 34 North, Range 4 East, W.M.;

EXCEPT the following described Tract:

BEGINNING at the intersection of the West line of said subdivision, and the South line of the County Road along the North line thereof;

Thence East along the South line of the County Road, 211 feet;

Thence West parallel to the West line of said subdivision, 203 feet;

Thence North along the West line of said subdivision, 203 feet to the point of beginning;

AND EXCEPT the following described tract:

BEGINNING at the intersection of the West line of said subdivision and the South line of the County Road along the North line thereof;

Thence East along the South line of the County Road, 211 feet to the true point of beginning;

Thence continue East said South line, 14 feet, more or less, to an existing fence;

Thence South along said fence to a point on a line parallel with and 203 feet South of said South line;

Thence West, 14 feet, more or less, to the Southeast corner of those premises conveyed to Leo Olson by Deed recorded March 4, 1983, as Auditor's File No. 8303040028;

Thence North along the East line to the true point of beginning.

Situated in Skagit County, Washington

The Real Property or its address is commonly known as 500 DIVISION STREET, MOUNT VERNON, WA 98273. The Real Property tax identification number is P27591 340422-4-022-0014.

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

THE WORD "NOTE" MEANS THE PROMISSORY NOTE DATE AUGUST 21, 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

CHANGE THE PRINCIPAL AMOUNT FROM \$100,000.00 TO \$150,000.00.

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 endorser, 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 21, 2007.

GRANTOR:

[Signature]
ERIK O PEDERSEN

GUNNAR PEDERSEN

[Signature]
Gunnar Pedersen (My Attorney-in-Fact)

RUNE PEDERSEN

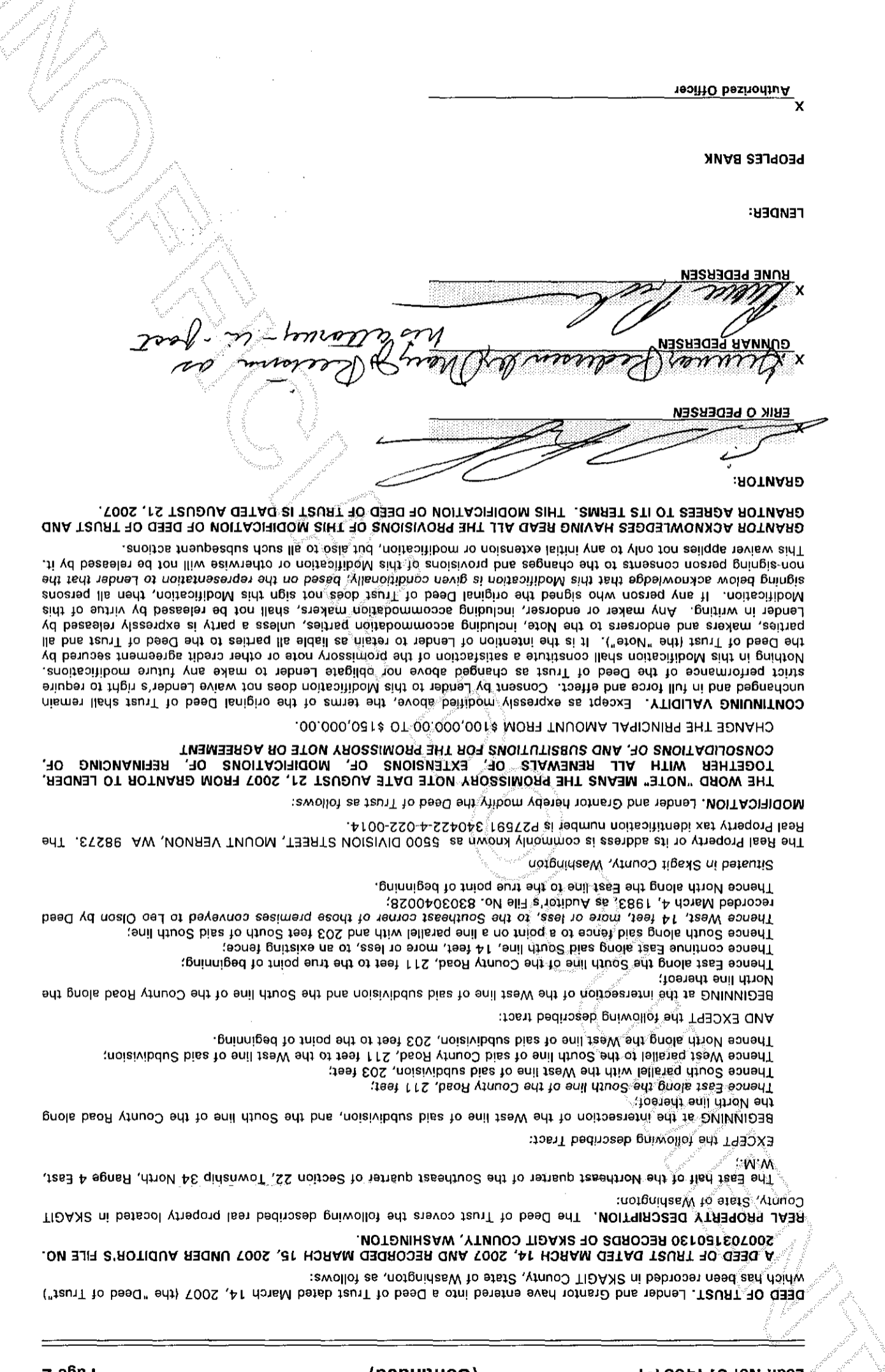
[Signature]
Rune Pedersen

LENDER:

PEOPLES BANK

Authorized Officer

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MODIFICATION OF DEED OF TRUST
(Continued)

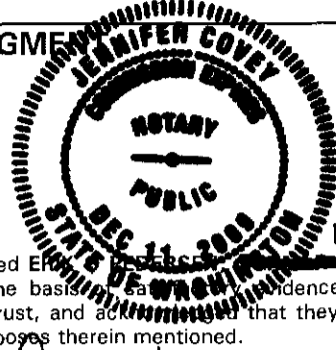
Loan No: 5714631-1

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INDIVIDUAL ACKNOWLEDGMENT

STATE OF Washington
COUNTY OF Skagit

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) SS
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On this day before me, the undersigned Notary Public, personally appeared ~~Elo~~ and **RUNE PEDERSEN**, 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 mentioned.

Mary J Reitsma as bunnar Pedersen as his Attorney In Fact.

Given under my hand and official seal this 21st day of August, 2007

By Jennifer Covey
Notary Public in and for the State of WA

Residing at Mount Vernon
My commission expires 12-11-09

LENDER ACKNOWLEDGMENT

STATE OF _____
COUNTY OF _____

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) SS
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On this _____ day of _____, 20____, before me, the undersigned Notary Public, personally appeared _____ and personally known to me or proved to me on the basis of satisfactory evidence to be the _____, 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 _____
Notary Public in and for the State of _____

Residing at _____
My commission expires _____

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200708230093
Skagit County Auditor