

Skagit County Auditor

1 of

3/25/2008 Page

18 11:27AM

[Original Loan No. 625989051; Additional (March, 2008) Loan No. 793918418]

AFTER RECORDING RETURN TO:

Washington Mutual Bank Royal Ridge Operations Center P. O. Box 9011 Coppell, TX 75019-9011

Attention: CML Closing CHICAGO TITLE CO. 1C44625

AMENDMENT OF DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING

This AMENDMENT OF DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING (this "Amendment") is made as of the ______ day of March, 2008 between SKAGIT VALLEY REAL ESTATE PARTNERSHIP, LLP, a Washington limited liability partnership, the address of which is 1400 E. Kincaid St., Mount Vernon, WA 98274 ("Borrower"), CHICAGO TITLE COMPANY, the address of which is 425 Commercial St., Mount Vernon, WA 98273 ("Trustee"), and WASHINGTON MUTUAL BANK, a federal association, an address for which is Royal Ridge Operations Center, P.O. Box 9011, Coppell, TX 75019-9011 ("Lender").

RECITALS

A. Borrower obtained a loan (the "Existing Loan") from Lender in the original principal amount of SEVEN MILLION FOUR HUNDRED THOUSAND DOLLARS (\$7,400,000.00) evidenced by that certain Promissory Note dated April 24, 2007 (the "2007 Note") from Borrower in favor of Lender.

B. The 2007 Note is secured by a Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing dated April 24, 2007 between Borrower, as Grantor, Chicago Title [Company], as Grantee (Trustee), and Washington Mutual Bank, as Grantee (Lender), recorded on May 7, 2007 in Skagit County (WA) Auditor's Office, under Recording No. 200705070132 (the "2007 Deed of Trust"). The 2007 Deed of Trust encumbers certain real property located in the Skagit County, Washington, with a street address of 1400 E. Kincaid Street, Mount Vernon, WA 98274, more particularly described on Exhibit A attached hereto.

C. Borrower has obtained a new loan (the "New Loan") from Lender in the original principal amount of SIX MILLION TWO HUNDRED THOUSAND (\$6,200,000.00)

1

172047

evidenced by that certain Promissory Note dated March 10, 2008 (the "2008 Note") from Borrower in favor of Lender.

D. The 2008 Note is secured by that certain Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing dated March 10, 2008 between Borrower, as Grantor, Chicago Title, as grantee, and Washington Mutual Bank, as grantee and Lender (the "2008 Deed of Trust"). The 2008 Deed of Trust encumbers certain real property located in the county of Skagit, State of Washington, with a street address of 1400 E. Kincaid Street, Mount Vernon, WA 98274, more particularly described on Exhibit B attached hereto.

E. As a condition to extending the New Loan to Borrower, Lender is requiring that the New Loan and the Existing Loan be cross-collateralized with and cross-defaulted to each other. Borrower agrees to this cross-collateralization and cross-default of the New Loan and the Existing Loan.

F. Borrower and Lender desire to make certain modifications to the 2007 Deed of Trust in accordance with the terms of this Amendment in order to cross-collateralize and cross-default the New Loan with the Existing Loan.

NOW, THEREFORE, in consideration of the mutual benefits accruing to each, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. <u>Modification to 2007 Deed of Trust</u>. The 2007 Deed of Trust is modified as follows:

(a) Section 3.1 is deleted in its entirety and is replaced with the following:

3.1 <u>Performance and Payment</u>. The performance of the obligations contained herein and the payment of \$7,400,000.00 with interest thereon and all other amounts payable according to the terms of the promissory note of even date made by Borrower, payable to Lender or order, and any and all extensions, renewals, modifications or replacements thereof, whether the same be in greater or lesser amounts (the "2007 Note"), which 2007 Note may provide for one or more of the following: (a) a variable rate of interest; (b) a balloon payment at maturity; or (c) deferral of a portion of accrued interest under certain circumstances with interest so deferred added to the unpaid principal balance of the 2007 Note and secured hereby.

The performance of the obligations contained herein and the payment of \$6,200,000.00 with interest thereon and all other amounts payable according to the terms of the promissory note dated March 10, 2008 made by Borrower (evidencing Lender Loan No. 793918418), payable to Lender or order, and any and all extensions, renewals, modifications or replacements thereof,

2



whether the same be in greater or lesser amounts (the "2008 Note"), which 2008 Note may provide for one or more of the following: (a) a variable rate of interest; (b) a balloon payment at maturity; or (c) deferral of a portion of accrued interest under certain circumstances with interest so deferred added to the unpaid principal balance of the 2008 Note and secured hereby.

Collectively, and as applicable, the 2007 Note and the 2008 Note are herein after referred to as "the Notes".

(b) The word "Note" appearing in Sections 3.3, 5.1, 5.2, and 5.3 of the 2007 Deed of Trust is deleted and is replaced by the word "Notes".

(c) The legal description of the Property contained in Exhibit "A" of the 2007 Deed of Trust is hereby deleted in its entirety and is replaced by the legal descriptions contained in Exhibits "A" and "B" of his Amendment.

2. <u>Miscellaneous</u>. Except as herein modified, all of the other terms, covenants and conditions of the 2007 Deed of Trust remain in full force and effect without modification or change.

3. <u>Reaffirmation of Obligations</u>. Borrower hereby ratifies and reaffirms each of its obligations under the 2007 Deed of Trust as herein modified including, but not limited, to the obligation of Borrower to pay the indebtedness evidenced by the 2007 Note and secured by the 2007 Deed of Trust.

4. <u>Final and Complete Expression</u>. This Amendment, and any other documents executed in connection herewith, constitutes the final and complete expression of the parties with respect to their subject matter and may not be modified, amended, altered, or superseded except by an agreement in writing signed by all parties hereto.

5. <u>Authority</u>. Each person or entity who or which executes this Amendment, or any related document, on behalf of Borrower warrants and represents to Lender that he or it has full power and authority to do so.

6. <u>Counterparts</u>. This Amendment may be executed in a number of identical counterparts. If so executed, each of such counterparts shall collectively constitute one agreement.

7. <u>Binding Effect</u>. All agreements, covenants, conditions, and provisions of this Amendment shall be binding upon and inure to the benefit of the successors and assigns of each of the parties hereto.

3



3 of

18 11:27AM

3/25/2008 Page

8. <u>Governing Law</u>. This Amendment is made with reference to and is to be construed in accordance with the laws of the state of Washington.

4

DATED as of the day and year first above written.

BORROWER:

SKAGIT VALLEY REAL ESTATE PARTNERSHIP, LLP, A Washington Limited Liability Partnership

By: John S. Halsey, M.D., Manager

By: Johnson, M.D., Manager

LENDER:

WASHINGTON MUTUAL BANK, A Federal Association

By: Paul V. M. Canthy

Name: Paul V. McCarthy Title: First Vice President & Senior Counsel



STATE OF WASHING TON SS.

I certify that I know or have satisfactory evidence that John S. Halsey, M.D. is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Manager of Skagit Valley Real Estate Partnership, LLP, a limited liability partnership, to be the free and voluntary act of such limited liability partnership for the uses and purposes mentioned in the instrument.

Dated this 2 2008 APCH PALEC EXPIRES NA NA (Signature of Notary) MARCIE K. PALECK ONSTATE STATE OF WASHING SS COUNTY OF SIGAG 1

I certify that I know or have satisfactory evidence that Mark L. Johnson, M.D. is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Manager of Skagit Valley Real Estate Partnership, LLP, a limited liability partnership, to be the free and voluntary act of such limited liability partnership for the uses and purposes mentioned in the instrument.

day of ៷ 200X an Dated this \mathcal{A} PALECK 4 MARCIE NEXPIRES Notary) 15.2008 MARCIE K. PALECK STATE OF 5 n 03 2 Skagit County Auditor 18 11:27AM 3/25/2008 Page 5 of

STATE OF WASHINGTON

COUNTY OF KING

SS.

I certify that I know or have satisfactory evidence that Paul V. McCarthy is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the F.V.P. and Senior Counsel of Washington Mutual Bank, a federal association, to be the free and voluntary act of such association for the uses and purposes mentioned in the instrument.

Dated this 18⁴⁴ day of March, 2008. Noton I 80 0 **Skagit County Auditor** 18 11:27AM 3/25/2008 Page 6 of 6

IC41680

EXHIBIT "A"

PARCEL A:

That portion of the Southwest quarter of the Southeast quarter of Section 20, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at a point 30.83 feet South of the Northwest corner of said Southwest quarter of the

Southeast quarter; Thence North 89°48'35" East, parallel to the North line of said Southwest quarter of the Southeast quarter 203.81 feet, more or less, to the Northerly extension of the East line (East face of building) of the existing medical building as the same exists on January 1, 2007; Thence South 0°22'16" East, along the line of the East face of the existing building and the same projected a distance of 134.45 feet, more or less, to the Southeast corner of said

building; Thence South 89°37'44" West, along the Southerly face of the existing building, a distance of

22.83 reet; Thence South 0°13'17" East 125.39 feet more or less, to the Northerly margin of Broadway

Street; Thence South 89°46'43" West, along said margin, 177.30 feet to the West line of said Southwest quarter of the Southeast quarter of Section 20;

Thence North 1°06'35" West along said line, 260.05 feet to the point of beginning;

The basis of bearing for the above legal description is North 1°06'35" West between the found South quarter corner and the found and accepted 1/16th corner of Kincaid Street;

(ALSO KNOWN AS Parcel A of Boundary Line Adjustment recorded February 13, 2007 under Auditor's File No. 200702130060, records of Skagit County, Washington).

Situated in Skagit County, Washington

continued



IC41680

EXHIBIT 'A' continued:

PARCEL B:

That portion of Lot 1, Block 1, BROADWAY ADDITION TO MOUNT VERNON, according to the Plat thereof recorded in Volume 6 of Plats, Page 7, records of Skagit County, Washington and of the Southwest quarter of the Southeast quarter of Section 20, Township 34 North, Range 4 East, W.M., described as follows:

Commencing at a point 30.83 feet South of the Northwest corner of said Southwest quarter of the Southeast quarter;

Thence North 89°48'35" East, parallel to the North line of said Southwest quarter of the Southeast quarter 203.81 feet, more or less, to the Northerly extension of the East line (East face of building) of the existing medical building as the same exists on January 1, 2007 and the true point of beginning;

Thence South 0°22'16" East, along the line of the East face of the existing building and the same projected a distance of 73.95 feet;

Thence North 89°47'39" East 99.89 feet to the West margin of South 15th street; Thence North 1°09'02" West, along said line, 73.94 feet to a point which lies North 89°48'35" East from the true point of beginning;

Thence South 89°48'35" West 98.89 feet to the true point of beginning;

The basis of bearing for the above legal description is North 1°06'35" West between the found South quarter corner and the found and accepted 1/16th corner on Kincaid Street;

(ALSO KNOWN AS Parcel B of Boundary Line Adjustment Recorded February 13, 2007 under Auditor's File No. 200702130060, records of Skagit County, Washington).

Situated in Skagit County, Washington

continued



8 of

18 11:27AM

3/25/2008 Page

IC41680

EXHIBIT 'A' continued:

PARCEL D-2:

That portion of Block 1, BROADWAY ADDITION TO MOUNT VERNON, according to the Plat thereof recorded in Volume 6 of Plats, Page 7, records of Skagit County, Washington and of the Southwest quarter of the Southeast quarter of Section 20, Township 34 North, Range 4 East, W.M., described as follows:

Commencing at a point 30.83 feet South of the Northwest corner of said Southwest quarter of the Southeast quarter;

Thence North 89°48'35" East, parallel to the North line of said Southwest quarter of the Southeast quarter 203.81 feet, more or less, to the Northerly extension of the East line (East face of building) of the existing medical building as the same exists on January 1, 2007; Thence South 0°22'16" East, along the line of the East face of the existing building and the same projected a distance of 73.95 feet to the true point of beginning;

Thence continue South 0°22'16" East 40.89 feet;

Thence North 89°47'39" East 100.45 feet to the West margin of South 15th Street; Thence North 1°09'02" West, along said line, 40.89 feet to a point which lies North 89°48'35" East from the true point of beginning;

Thence South 89°48'35" West 99.89 feet to the true point of beginning;

The basis of bearing for the above legal description is North 1°06'35" West between the found South quarter corner and the found and accepted 1/16th corner on Kincaid Street;

(ALSO KNOWN AS Parcel D of Boundary Line Adjustment Recorded February 13, 2007 under Auditor's File No. 200702130060, records of Skagit County, Washington).

Situated in Skagit County, Washington

continued.....



IC41680

EXHIBIT 'A' continued:

PARCEL D:

Lots 10, 11 and 12, Block 8, MAP OF MILLETT'S ADDITION TO MT. VERNON, according to the Plat thereof recorded in Volume 2 of Plats, Page 63, records of Skagit County, Washington.

Situated in Skagit County, Washington

PARCEL E:

That portion of the Southwest Quarter of the Southeast Quarter of Section 20, Township 34 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at a point 360 feet South and 75 feet East of the Northwest corner;

Thence East a distance of 75 feet;

Thence South a distance of 135 feet;

Thence West a distance of 75 feet;

Thence North a distance of 135 feet to the point of beginning.

Situated in Skagit County, Washington

PARCEL F:

That portion of the Southwest Quarter of the Southeast Quarter of Section 20, Township 34 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at a point 360 feet South of the Northwest corner of said Southwest Quarter of the Southeast Quarter;

Thence East a distance of 75 feet;

Thence South a distance of 135 feet;

Thence West a distance of 75 feet;

Thence North a distance of 135 feet to the point of beginning.

Situated in Skagit County, Washington

PARCEL G:

INTENTIONALLY DELETED

continued



10 of

3/25/2008 Page

18 11:27AM

IC41680

EXHIBIT 'A' continued:

PARCEL E:

That portion of the Southwest Quarter of the Southeast Quarter of Section 20, Township 34 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at a point 360 feet South and 75 feet East of the Northwest corner;

Thence East a distance of 75 feet;

Thence South a distance of 135 feet;

Thence West a distance of 75 feet;

Thence North a distance of 135 feet to the point of beginning.

Situated in Skagit County, Washington

PARCEL F:

That portion of the Southwest Quarter of the Southeast Quarter of Section 20, Township 34 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at a point 360 feet South of the Northwest comer of said Southwest Quarter of the

Southeast Quarter,

Thence East a distance of 75 feet;

Thence South a distance of 135 feet;

Thence West a distance of 75 feet,

Thence North a distance of 135 feet to the point of beginning.

Situated in Skagit County, Washington

PARCEL G:

INTENTIONALLY DELETED

PARCEL H:

Lots 7 and 8, Block 7, MAP OF MILLETT'S ADDITION TO MT. VERNON, according to the plat thereof recorded in Volume 2 of Plats, page 63, records of Skagit County, Washington.

Situated in Skagit County, Washington

PARCEL I:

continued



Skagit County Auditor

3/25/2008 Page 11 of 18 11:27AM

IC41680

EXHIBIT 'A' continued:

INTENTIONALLY DELETED

PARCEL J:

INTENTIONALLY DELETED

PARCEL K:

INTENTIONALLY DELETED

PARCEL L:

INTENTIONALLY DELETED

PARCEL M:

INTENTIONALLY DELETED

PARCEL N:

INTENTIONALLY DELETED

PARCEL O:

INTENTIONALLY DELETED

PARCEL R:

That portion of the Southwest quarter of the Southeast quarter of Section 20, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at a point 360 feet South and 150 feet East of the Northwest corner of said Southwest quarter of the Southeast quarter; Thence East 75 feet; Thence South 135 feet; Thence West 75 feet; Thence North 135 feet to the point of beginning.

Situated in Skagit County, Washington

200803250054 Skagit County Auditor 3/25/2008 Page 12 of 11

1811:27AM

- END OF EXHIBIT "A" -

Real Estate Tax Parcel Numbers

IMV2348 IC41680

340420-0-086-0009	P26778
3709-001-002-0004	P52385
3741-008-012-0007	P53563
340420-0-088-0015	P26782
340420-0-087-0016	P26780
3741-007-008-0005	P53557
3709-001-001-0005	P52384
340420-0-089-0006	26783



Order No.: IC44625

EXHIBIT " B"

PARCEL 1:

That portion of the Southwest Quarter of the Southeast Quarter of Section 20, Township 34 North, Range 4 East of the Willamette Meridian, described as follows:

Commencing at a point 30.83 feet South of the Northwest corner of said Southwest Quarter of the Southeast Quarter;

Thence North 89°48'35" East, parallel to the North line of said Southwest Quarter of the Southeast Quarter 203.81 feet, more or less, to the northerly extension of the East line (East face of building) of the existing medical building as the same exists on January 1, 2007; Thence South 0°22'16" East, along the line of the East face of the existing building and the same projected a distance of 114.84 feet to the true point of beginning;

Thence continue South 0°22'16" East 19.61 feet, more or less, to the Southeast corner of said building;

Thence South 89°37'44" West, along the Southerly face of the existing building, a distance of 22.83 feet;

Thence South 0°13'17" East 125.39 feet, more or less, to the Northerly margin of Broadway Street;

Thence North 89°46'43" East, along said margin, 125.58 feet to the West margin of South 15th Street;

Thence North 1°09'02" West, along said line, 145.05 feet to a point which lies North 89°47'39" East from the true point of beginning;

Thence South 89°47'39" West 100.45 feet to the true point of beginning.

The basis of bearing for the above legal description is North 1°06'35" West between the found South Quarter corner and the found accepted 1/16th corner on Kincaid Street.

(Also known as Parcel C of Boundary Line Adjustment recorded February 13, 2007, under Auditor's File No. 200702130060, records of Skagit County, Washington)

Situated in Skagit County, Washington

PARCEL 2:

Lots 11 and 12, Block 6, MAP OF MILLETT'S ADDITION TO MT. VERNON, according to the plat thereof recorded in Volume 2 of Plats, page 63, records of Skagit County, Washington.

(ALSO KNOWN AS a portion of Parcel J of a Survey by Leonard Bouidinot and Skodje, Inc., under Job No. 01014)

Situated in Skagit County, Washington

Continued....



Order No.: IC44625

EXHIBIT

PARCEL 3:

Lots 1 and 2, Block 8, MAP OF MILLETT'S ADDITION TO MT. VERNON, according to the plat thereof recorded in Volume 2 of Plats, page 63, records of Skagit County, Washington.

(ALSO KNOWN AS Parcel G of a Survey by Leonard Bouidinot and Skodje, Inc., under Job No. 01014)

Situated in Skagit County, Washington

PARCEL 4:

Lot 3, Block 7, MAP OF MILLETT'S ADDITION TO MT. VERNON, according to the plat thereof recorded in Volume 2 of Plats, page 63, records of Skagit County, Washington.

(ALSO KNOWN AS Parce I of a Survey by Leonard Bouidinot and Skodje, Inc., under Job No. 01014)

Situated in Skagit County, Washington

PARCEL 5:

Lot 4, Block 7, MAP OF MILLETT'S ADDITION TO MT. VERNON, according to the plat thereof recorded in Volume 2 of Plats, page 63, records of Skagit County, Washington.

(ALSO KNOWN AS Parcel K of a Survey by Leonard Bouidinot and Skodje, Inc., under Job No. 01014)

Situated in Skagit County, Washington

PARCEL 6:

Lots 9 through 12, Block 7, MAP OF MILLETT'S ADDITION TO MT. VERNON, according to the plat thereof recorded in Volume 2 of Plats, page 63, records of Skagit County, Washington.

(ALSO KNOWN AS Parcel L of a Survey by Leonard Bouidinot and Skodje, Inc., under Job No. 01014)

080

3/25/2008 Page

Skagit County Auditor

15 of

18 11:27AM

Situated in Skagit County, Washington

Continued...

EXHIBIT " B"

PARCEL 7:

A non-exclusive easement for utilities, access and parking as described in instrument recorded May 7, 2007, under Auditor's File No. 200705070131, records of Skagit County, Washington, across the following described Parcels A, E, F, H and M, as follows:

PARCEL A:

The South 125.39 feet of the following described property:

That portion of the Southwest quarter of the Southeast quarter of Section 20, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at a point 30.83 feet South of the Northwest corner of said Southwest quarter of the Southeast quarter;

Thence North 89°48'35" East, parallel to the North line of said Southwest quarter of the Southeast quarter 203.81 feet, more or less, to the Northerly extension of the East line (East face of building) of the existing medical building as the same exists on January 1, 2007; Thence South 0°22'16" East, along the line of the East face of the existing building and the same projected a distance of 134.45 feet, more or less, to the Southeast corner of said building;

Thence South 89°37'44" West, along the Southerly face of the existing building, a distance of 22.83 feet;

Thence South 0°13'17" East 125.39 feet more or less, to the Northerly margin of Broadway Street;

Thence South 89°46'43" West, along said margin, 177.30 feet to the West line of said Southwest quarter of the Southeast quarter of Section 20;

Thence North 1°06'35" West along said line, 260.05 feet to the point of beginning;

The basis of bearing for the above legal description is North 1°06'35" West between the found South quarter corner and the found and accepted 1/16th corner of Kincaid Street;

(ALSO KNOWN AS Parcel A of Boundary Line Adjustment recorded February 13, 2007 under Auditor's File No. 200702130060, records of Skagit County, Washington).

Situated in Skagit County, Washington

Continued...



IC44625

EXHIBIT "B"

PARCEL E:

That portion of the Southwest Quarter of the Southeast Quarter of Section 20, Township 34 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at a point 360 feet South and 75 feet East of the Northwest corner; Thence East a distance of 75 feet; Thence South a distance of 135 feet; Thence West a distance of 75 feet; Thence North a distance of 135 feet to the point of beginning.

Situated in Skagit County, Washington

PARCEL F:

That portion of the Southwest Quarter of the Southeast Quarter of Section 20, Township 34 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at a point 360 feet South of the Northwest corner of said Southwest Quarter of the Southeast Quarter;

Thence East a distance of 75 feet;

Thence South a distance of 135 feet,

Thence West a distance of 75 feet;

Thence North a distance of 135 feet to the point of beginning.

Situated in Skagit County, Washington

PARCEL H:

Lots 7 and 8, Block 7, MAP OF MILLETT'S ADDITION TO MT. VERNON, according to the plat thereof recorded in Volume 2 of Plats, page 63, records of Skagit County, Washington.

Situated in Skagit County, Washington

PARCEL M:

Lots 10, 11 and 12, Block 8, MAP OF MILLETT'S ADDITION TO MT. VERNON, according to the Plat thereof recorded in Volume 2 of Plats, Page 63, records of Skagit County, Washington.

Situated in Skagit County, Washington

- END OF EXHIBIT ${
m B}$

Skagit County Auditor

17 of

18 11:27AM

3/25/2008 Page

Exhibit "C"

Tax Parcel Numbers

IMV2937 IC44625

2007 Deed of Trust

340420-0-086-0009 P26778

3709-001-002-0004 P52385

3741-008-012-0007 P\$3563

340420-0-088-0015 P26782

340420-0-087-0016 P26780

3741-007-008-0005 P53557

3709-001-001-0005 P52384

340420-0-089-0006 P26783

3709-001-002-0100P1258943741-006-012-0001P535513741-008-002-0009P535593741-007-003-0000P535533741-007-004-0009P535543741-007-012-0009P53558

2008 Deed of Trust

