



200804150053

Skagit County Auditor

4/15/2008 Page 1 of 3 9:49AM

RETURN ADDRESS:

Horizon Bank
CML % Documentation
Dept -NS
2211 Rimland Dr, Suite
230
Bellingham, WA 98226

LAND TITLE OF SKAGIT COUNTY

129179-0

MODIFICATION OF DEED OF TRUST

Reference # (if applicable): 200503040104 CMLG1089

Additional on page ____

Grantor(s):

1. Watson Properties, a Limited Partnership

Grantee(s)

1. Horizon Bank

Legal Description: Lots 28 & 29, Heritage Sq. & Lot 2, Mira Vista Inc.

Additional on page ____

Assessor's Tax Parcel ID#: 4400-000-028-0006 P81470; 4400-000-029-0005 P81471 &
4479-000-002-0002 P83258

THIS MODIFICATION OF DEED OF TRUST dated April 14, 2008, is made and executed between Watson Properties, a Washington Limited Partnership ("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)**

Page 2

DEED OF TRUST. Lender and Grantor have entered into a Deed of Trust dated March 2, 2005 (the "Deed of Trust") which has been recorded in Skagit County, State of Washington, as follows:

Recorded March 4, 2005 in Skagit County, Washington under Auditor's File No. 200503040104.

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

PARCEL A:

Lots 28 and 29, "HERITAGE SQUARE," as per plat recorded in Volume 12 of Plats, pages 65 and 66, records of Skagit County, Washington.

PARCEL B:

Lot 2, "MIRA VISTA, INC.," as per plat recorded in Volume 14 of Plats, page 16, records of Skagit County, Washington.

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

The Real Property or its address is commonly known as 1810 E. Division Street, Mount Vernon, WA 98274. The Real Property tax identification number is 4400-000-028-0006 P81470; 4400-000-029-0005 P81471 & 4479-000-002-0002 P83258.

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

Definition of Note is hereby modified to be a Promissory Note dated April 3, 2008 in the original principal amount of \$15,650,000.00, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of and substitutions for the Promissory Note or Agreement.

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 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.

COUNTERPARTS. This Agreement may be executed in a number of identical counterparts and by each party on a separate counterpart. If so executed, all of such counterparts shall collectively constitute one agreement.

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 APRIL 14, 2008.

GRANTOR:

WATSON PROPERTIES, A LIMITED PARTNERSHIP

MOUNTAIN GLEN MANAGEMENT, L.L.C., General Partner of Watson Properties, a Limited Partnership

By: _____

Bradley W. Watson, Member of Mountain Glen Management, L.L.C.



Skagit County Auditor

4/15/2008 Page

2 of

3 9:49AM

MODIFICATION OF DEED OF TRUST
(Continued)

Page 3

LENDER:

HORIZON BANK

X [Signature]
Authorized Officer

PARTNERSHIP ACKNOWLEDGMENT

STATE OF Washington)
) SS
COUNTY OF Skagit)

On this 14th day of April, 20 08, before me, the undersigned Notary Public, personally appeared Bradley W. Watson, Member of Mountain Glen Management, L.L.C., General Partner of Watson Properties, a Limited Partnership, and personally known to me or proved to me on the basis of satisfactory evidence to be a partner or designated agent of the partnership that executed the Modification of Deed of Trust and acknowledged the Modification to be the free and voluntary act and deed of the partnership, by authority of statute or its Partnership 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 partnership.

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

Residing at Buckhannon, WA
My commission expires 1-11-11

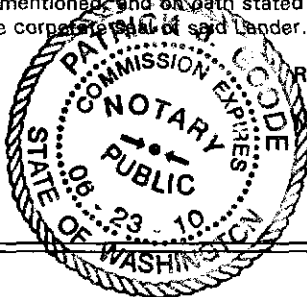
LENDER ACKNOWLEDGMENT

STATE OF Washington)
) SS
COUNTY OF Skagit)

On this 14th day of April, 20 08, before me, the undersigned Notary Public, personally appeared Jay Karmayk and personally known to me or proved to me on the basis of satisfactory evidence to be the Bank 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



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Skagit County Auditor