

RETURN ADDRESS:

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



200907160123
Skagit County Auditor

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LAND TITLE OF SKAGIT COUNTY

133 823-55

MODIFICATION OF DEED OF TRUST

Reference # (if applicable): 200203010009

Additional on page _____

Grantor(s):

1. SHEPHERD, JR, ROBERT L
2. SHEPHERD, KARLA K

Grantee(s)

1. PEOPLES BANK

Legal Description: Lot 13 & Ptn 12, Plat Of Sunrise Ridge

Additional on page _____

Assessor's Tax Parcel ID#: 4503-000-013-0009/P83516

THIS MODIFICATION OF DEED OF TRUST dated July 16, 2009, is made and executed between ROBERT L. SHEPHERD, JR. and KARLA K. SHEPHERD, husband and wife, whose address is 21284 SUNRISE PLACE, MOUNT VERNON, WA 98273 ("Grantor") and PEOPLES BANK, whose address is MOUNT VERNON OFFICE, 1801 RIVERSIDE DRIVE, MOUNT VERNON, WA 98273 ("Lender").

MODIFICATION OF DEED OF TRUST

Loan No: 5716363-1

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(Continued)

DEED OF TRUST. Lender and Grantor have entered into a Deed of Trust dated February 27, 2002 (the "Deed of Trust") which has been recorded in Skagit County, State of Washington, as follows:

A DEED OF TRUST DATED FEBRUARY 27, 2002, RECORDED MARCH 1, 2002 UNDER AUDITOR'S FILE NO. 20020301009 AND A MODIFICATION DATED AUGUST 11, 2004 AND RECORDED ON AUGUST 16, 2004 UNDER AUDITOR'S FILE NO. 200408160091, 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:

All of Lot 13 and that portion of Lot 12, "PLAT OF SUNRISE RIDGE", as per plat recorded in Volume 14 of Plats, pages 61 and 62, records of Skagit County, Washington, described as follows:

Beginning at the Northwest corner of Lot 12;

thence South 00 degrees 31'55" West, 22.24 feet along the West line of said Lot 12;

thence North 27 degrees 01'15" East, 18.80 feet to the Northerly line of said Lot 12, said point also being a point on a curve;

thence Northwesterly along the arc of said curve to the right having a radius of 45.00 feet an initial tangent bearing of North 62 degrees 58'45" West, through a central angle of 12 degrees 43'57", an arc distance of 10.00 feet to the point of beginning.

Situate in the County of Skagit, State of Washington

The Real Property or its address is commonly known as 21284 Sunrise Place, Mount Vernon, WA 98273. The Real Property tax identification number is 4503-000-013-0009.

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

THE WORD "NOTE" MEANS THE PROMISSORY NOTE DATED JULY 16, 2009 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

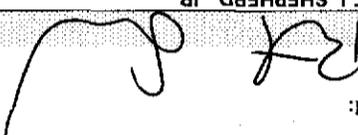
CHANGE THE PRINCIPAL AMOUNT FROM \$292,000.00 TO \$390,000.00

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 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 JULY 16, 2009.

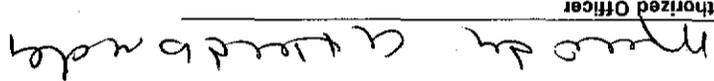
GRANTOR:

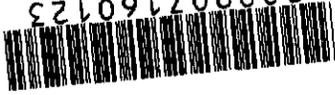
X  ROBERT L. SHEPHERD, JR.

X  KARLA K. SHEPHERD

LENDER:

PEOPLES BANK

X  Authorized Officer



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UNRECORDED

MODIFICATION OF DEED OF TRUST
(Continued)

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INDIVIDUAL ACKNOWLEDGMENT

STATE OF Washington

COUNTY OF Skagit

On this day before me, the undersigned Notary Public, personally appeared ROBERT L SHEPHERD, JR and KARLA K SHEPHERD, 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.

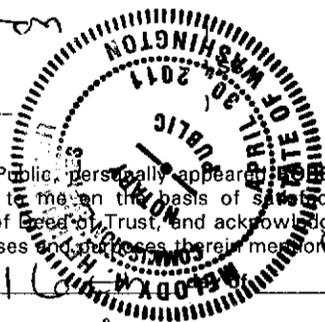
Given under my hand and official seal this 16th day of July, 2009

By Maudy A Hedbrocker

Residing at Mt Vernon

Notary Public in and for the State of Wa

My commission expires 4.30.11



LENDER ACKNOWLEDGMENT

STATE OF Washington)

COUNTY OF Skagit) SS)

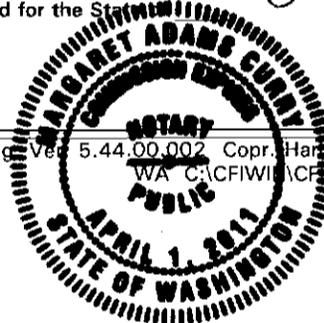
On this 16th day of July, 2009, before me, the undersigned Notary Public, personally appeared Maudy A Hedbrocker, personally known to me or proved to me on the basis of satisfactory evidence to be the Lender, authorized agent for PEOPLES BANK that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of PEOPLES BANK, duly authorized by PEOPLES BANK 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 in fact executed this said instrument on behalf of PEOPLES BANK.

By Margaret Adams Cury

Residing at Mount Vernon, WA

Notary Public in and for the State of WA

My commission expires 4-1-2011



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