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Skagit County Auditor

4/12/2010 Page

1 of

6 1:57PM

RETURN TO:

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601 Union Street, Suite 4100
Seattle, WA 98101-2380

GUARDIAN NORTHWEST TITLE CO.

AMENDMENT TO DEED OF TRUST

98022-1

Grantor: SPRUCE STREET, LLC, a Washington limited liability company

Grantee: 1. KEYBANK NATIONAL ASSOCIATION
2. FIRST AMERICAN TITLE INSURANCE COMPANY

Legal Description: Ptn. Blks. 3, 4, 7 and 8, Albertsons Add., located in Skagit County, Washington

Assessor's Tax Parcel Number: 4078-009-011-007(P72436)

Reference No. of Related Documents: 200908310135

AMENDMENT TO DEED OF TRUST

THIS AMENDMENT TO DEED OF TRUST (this "*Amendment*") between **Spruce Street, LLC**, a Washington limited liability company ("*Grantor*"), in favor of First American Title Insurance Company ("*Trustee*") and for the benefit KeyBank National Association ("*Lender*"), is made and executed this 8th day of April, 2010, with respect to and amends that certain Deed of Trust dated July 31, 2009 between the aforementioned parties and recorded under Skagit County Recording No. 200908310135 (the "*Deed of Trust*"). All terms and definitions not otherwise defined herein shall have the meaning ascribed to them in the Deed of Trust.

A. The Deed of Trust was granted by entered into in connection with certain other agreements between Lindal Cedar Homes, Inc., a Washington corporation ("*Borrower*") (and/or certain affiliates of Borrower and Grantor) and Lender, including without limitation that certain Business Loan Agreement (the "*Loan Agreement*"), Promissory Note (the "*Note*"), and Hazardous Substances Agreement, all between Borrower and Lender and dated July 31, 2009, the Deed of Trust given by Grantor for the benefit of Lender, dated as of July 31, 2009, and that certain Reimbursement Agreement dated December 1, 2000 by and between Borrower and Lender, as amended by that certain First Amendment to Reimbursement Agreement dated May 29, 2003, that certain Second Amendment to Reimbursement Agreement dated June 1, 2004, and that certain Third Amendment to Reimbursement Agreement dated July 31, 2009 (as amended, the "*Reimbursement Agreement*").

B. Contemporaneously herewith, Borrower and Lender have entered into that certain Fourth Amendment to Reimbursement Agreement (the "*Fourth Amendment*") and other related documents, under which Borrower shall pay off all obligations under the Note and Loan Agreement, and Lender shall agree to amend the Letter of Credit (as defined in the Reimbursement Agreement) to extend the expiration date of the Letter of Credit pursuant and subject to the terms of the Fourth Amendment.

C. A condition of Lender's obligations under the Fourth Amendment is that Grantor execute and deliver this Amendment confirming that (notwithstanding Borrower's payment of all obligations under the Note and Loan Agreement) the Deed of Trust shall continue in full force and effect to secure Borrower's obligations under the Reimbursement Agreement, as amended.

D. Grantor and Lender desire to modify certain terms of the Deed of Trust as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and elsewhere in the Loan Agreement, Note, Reimbursement Agreement, Deed of Trust and Related Documents, the parties agree as follows:

1. **Definitions and Confirmation of Security.** Lender and Grantor confirm and clarify that pursuant to the paragraph in the Deed of Trust entitled "Cross Collateralization", the lien of the Deed of Trust secures not only the Loan but also all of Borrower's obligations set forth in the Reimbursement Agreement, as amended. Although the Deed of Trust provides that Lender shall release the lien of the Deed of Trust upon payment in full of all obligations set forth in the Note and the termination of all obligations by Lender to make advances to Borrower under the line of credit, Grantor agrees that such clause shall be inapplicable and deleted from the Deed of Trust in consideration of Lender's agreement to enter into the Fourth Amendment. Further, the definition of the term "Indebtedness" in the Deed of Trust shall be deleted in its entirety and replaced as follows:

Amendment to Deed of Trust - 2 of 6
2785089.1



201004120079
Skagit County Auditor

Indebtedness. The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note, Reimbursement Agreement or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note, Reimbursement Agreement or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Trustee or Lender to enforce Grantor's obligations under this Deed of Trust, together with interest on such amounts as provided in this Deed of Trust. Specifically, without limitation, Indebtedness includes all amounts that may be indirectly secured by the Cross-Collateralization provision of this Deed of Trust. Notwithstanding the foregoing, the term Indebtedness shall not include any of Borrower's obligations under that certain Hazardous Substances Agreement given by Grantor for the benefit of Lender and dated July 31, 2009, which Hazardous Substances Agreement shall not be secured by this Deed of Trust.

Further, the following definition shall be added to the Deed of Trust:

Reimbursement Agreement. The words "Reimbursement Agreement" means the Reimbursement Agreement dated December 1, 2000 by and between Borrower and Lender, as amended by that certain First Amendment to Reimbursement Agreement dated May 29, 2003, that certain Second Amendment to Reimbursement Agreement dated June 1, 2004, that certain Third Amendment to Reimbursement Agreement dated July 31, 2009, and that certain Fourth Amendment to Reimbursement Agreement dated April 8, 2010.

2. **Further Hypothecation.** Grantor confirms that all legal and beneficial ownership interests in Grantor are held by Lindal Legacy Realty, LLC, a Washington limited liability company ("*Lindal Legacy*"), and Lindal Legacy and Borrower are affiliated companies with common ownership. This Amendment is given as an inducement to Lender to agree to enter the Fourth Amendment and amend the Letter of Credit as set forth in the Fourth Amendment, which financial accommodations will directly and indirectly benefit Grantor, and for other good and valuable consideration. Accordingly, Grantor hereby agrees that, notwithstanding that Borrower shall pay all obligations under the Note and Loan Agreement, the Property shall continue to be held as security for the full payment of the Reimbursement Agreement and any other Indebtedness and full performance and other obligations of Borrower under the Loan Documents and Reimbursement Agreement, including without limitation all obligations to indemnify, defend and hold Lender harmless, and all costs, expenses and attorneys' fees incurred by Lender in connection with a default of Borrower or incurred by Lender in connection with a default by Grantor, on the terms and conditions set forth in the Deed of Trust, as amended hereby.

3. **Cross-Collateralization.** The paragraph in the Deed of Trust entitled "Cross-Collateralization" is hereby deleted in its entirety and replaced as follows:

CROSS-COLLATERALIZATION. In addition to the Note and Reimbursement Agreement, this Deed of Trust secures all obligations, debts and liabilities, plus interest thereon, of either Grantor or Borrower to Lender, or any one or more of them, as well as all claims by Lender against Borrower and Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note or Reimbursement Agreement, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or



unliquidated, whether Borrower or Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

4. **Payment and Performance.** The paragraph in the Deed of Trust entitled "Payment and Performance" is hereby deleted in its entirety and replaced as follows:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Deed of Trust, Borrower and Grantor shall pay to Lender all Indebtedness secured by this Deed of Trust as it becomes due, and Borrower and Grantor shall strictly perform all their respective obligations under the Note, the Reimbursement Agreement, this Deed of Trust, and the Related Documents.

5. **Application of Proceeds.** The third (3rd) sentence in the paragraph in the Deed of Trust entitled "Application of Proceeds" is hereby deleted in its entirety and replaced as follows:

If there is an Event of Default under the Note, the Reimbursement Agreement, this Deed of Trust or the other Loan Documents, and whether or not Lender's security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the Indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property.

6. **Lender's Expenditures.** The paragraph in the Deed of Trust entitled "Lender's Expenditures" is hereby amended to add the following sentence at the end of the paragraph:

In the event the Note has been paid in full, then all expenditures under this paragraph shall (i) be immediately due and payable under the Reimbursement Agreement; and (ii) bear interest at the Default Rate under the Reimbursement Agreement from the date incurred or paid by Lender to the date of repayment by Grantor.

7. **Further Assurances.** In the paragraph in the Deed of Trust entitled "Further Assurances", clause (1) therein shall be deleted in its entirety and replaced as follows:

". . . (1) Borrower's and Grantor's obligations under the Note, the Reimbursement Agreement, this Deed of Trust, and the Related Documents, and . . ."

8. **Compliance Default.** The paragraph in the Deed of Trust entitled "Compliance Default" is hereby deleted in its entirety and replaced as follows:

Compliance Default. Failure to comply with any other term, obligation, covenant or condition contained in this Deed of Trust, the Note, the Reimbursement Agreement, or in any of the Related Documents.

9. **Other Remedies.** The paragraph in the Deed of Trust entitled "Other Remedies" is hereby deleted in its entirety and replaced as follows:



Other Remedies. Trustee or Lender shall have any other right or remedy provided in this Deed of Trust or the Note, Reimbursement Agreement, or available at law or in equity.

10. **Attorney's Fees; Expenses.** The following parenthetical shall be inserted in the seventh (7th) line of the paragraph in the Deed of Trust entitled "Attorney's Fees; Expenses" immediately following the words "the Note rate":

(or, if the Note as been paid in full, at the Default Rate under the Reimbursement Agreement)

11. **Remaining Terms Unchanged.** Except as amended hereby or in a contemporaneous amendment to the Loan Agreement, Note, Reimbursement Agreement or other Related Documents, all other terms and conditions of the Deed of Trust and Related Documents shall remain unchanged and in full force and effect. The Indebtedness shall continue to be secured by all security heretofore or hereafter granted to Lender at any time by Borrower.

12. **Representations and Warranties Still True and Correct.** By signing hereunder, Grantor affirms that the representations and warranties made in the Deed of Trust and all representations and warranties made in this Amendment, are true and correct as of the date of this Amendment.

13. **No Waiver.** Lender's agreement to amend the Deed of Trust and other documents amended contemporaneous herewith shall not operate as a waiver of any Default or Event of Default by Borrower or Grantor and shall not preclude Lender from further exercise of any rights, remedies or privileges under the Note, Reimbursement Agreement, Deed of Trust, other Related Documents, or applicable law.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS AMENDMENT, THE REIMBURSEMENT AGREEMENT, DEED OF TRUST AND RELATED DOCUMENTS, ALL AS EACH HAVE BEEN AMENDED, AND GRANTOR AGREES TO ITS TERMS. THIS AMENDMENT IS DATED AS OF APRIL 8, 2010.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

GRANTOR:

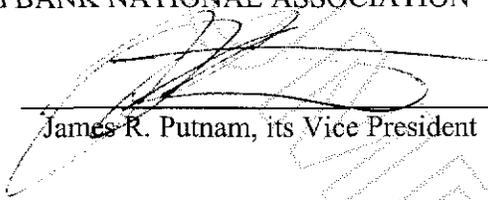
LENDER:

KEYBANK NATIONAL ASSOCIATION

By:


Robert W. Lindal
Manager of Spruce Street, LLC

By:


James R. Putnam, its Vice President

By:


Martin J. Lindal
Manager of Spruce Street, LLC

Amendment to Deed of Trust - 5 of 6
2785089.1



201004120079
Skagit County Auditor

4/12/2010 Page 5 of 6 1:57PM

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

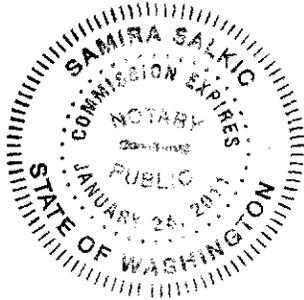
On this 8th day of April 2010, before me, the undersigned Notary Public, personally appeared **Robert W. Lindal, Manager of Spruce Street, LLC and Martin J. Lindal, Manager of Spruce Street, LLC**, and personally known to me or proved to me on the basis of satisfactory evidence to be members or designated agents of the limited liability company that executed the Amendment to Deed of Trust and acknowledged the Amendment to Deed of Trust 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 they are authorized to execute this Amendment to Deed of Trust and in fact executed the Amendment to Deed of Trust on behalf of the limited liability company.

By [Signature]

Residing at 9255 Rainier Ave S Seattle

Notary Public in and for the State of WA

My commission expires 1/24/2011



201004120079
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