

When Recorded Return to:

HomeStreet Bank
Attn: Linda Simmons
601 Union Street, Suite 2000
Seattle, WA 98101-2326

LOAN MODIFICATION AGREEMENT

Grantor(s): (1) Newman, Michael B. (2) Newman, Colleen M.
Additional on page ____
Beneficiary: HomeStreet Bank f/k/a Continental Savings Bank
Additional on page ____
Legal Description
(abbreviated) LOT 3, BL 8, PLAT OF RELOCATED NORTH BONNEVILLE,
COUNTY OF SKAMANIA, WASHINGTON
Assessor's Tax Parcel Identification No(s): 02072034030000
Reference Nos. of Related Documents: 132378, Book 179 Page 943

This Loan Modification Agreement ("Agreement"), made this 7th day of October 2004, between Michael B. Newman and Colleen M. Newman, Husband and Wife ("Borrower") and HomeStreet Bank, formerly Continental Savings Bank ("Lender"), amends and supplements (1) the Mortgage, Deed of Trust or Deed to Secure Debt (the "Security Instrument"), dated July 10, 1998 and recorded in Document Number 132378, Book 179, Page 943, Skamania County, Washington and (2) the Note bearing the same date as, and secured by, the Security Instrument, which covers the real and personal property described in the Security Instrument and defined therein as the "Property", located at: 803 Celilo, North Bonneville WA 98639 the real property described being set forth as follows:

LOT 3, BLOCK 8, PLAT OF RELOCATED NORTH BONNEVILLE, RECORDED IN BOOK B OF PLATS, PAGE 16, AUDITORS FILE NO. 83466. ALSO RECORDED IN BOOK B OF PLATS, PAGE 32, AUDITORS FILE NO. 84429, IN THE COUNTY OF SKAMANIA, STATE OF WASHINGTON.

In consideration of the mutual promises and agreements exchanged, the parties hereto agree as follows (notwithstanding anything to the contrary contained in the Note or Security Instrument):

1. As of November 1, 2004, the amount payable under the Note and the Security Instrument (the "Unpaid Principal Balance") is U.S. \$93,431.31, consisting of the amount(s) loaned to the Borrower by the Lender and any interest capitalized to date.

2. The Borrower promises to pay the Unpaid Principal Balance, plus interest, to the order of the Lender. Interest will be charged on the Unpaid Principal Balance at the yearly rate of 7.375%, from October 1, 2004. The Borrower promises to make monthly payments of principal and interest of U.S. \$ 692.87 beginning on the 1st day of November, 2004 and continuing thereafter on the same day of each succeeding month until principal and interest are paid in full. If on October 1, 2028 (the "Maturity Date"), the Borrower still owes amounts under the Note and the Security Instrument, as amended by this Agreement, the Borrower will pay these amounts in full on the Maturity Date.

The Borrower will make such payments at HomeStreet Bank at 601 Union Street, Suite 2000, Seattle, Washington, 98101-2326 or at such other place as the Lender may require.

3. If all or any part of the Property or any interest in it is sold transferred (or if a beneficial interest in the Borrower is sold or transferred and the Borrower is not a natural person) without the Lender's prior consent, the Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument.

If the Lender exercises this option, the Lender shall give the Borrower notice of acceleration. The notice shall provide of not less than 30 days from the date the notice is delivered or mailed within which the Borrower must pay all sums secured by this Security Instrument. If the Borrower fails to pay these sums prior to the expiration of this period, the Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on the Borrower.

4. The Borrower also will comply with all other covenants, agreements, and requirements of the Security Instrument, including without limitation, the Borrower's covenants and agreements to make all payments of taxes, insurance premiums, assessments, escrow items, impounds, and all other payments that the Borrower is obligated to make under the Security Instrument; however, the following terms and provisions are forever canceled, null and void, as of the date specified in paragraph No. 1 above:

(a) all terms and provisions of the Note and Security Instrument (if any) providing for, implementing, or relating to, any change or adjustment in the rate of interest payable under the Note; and

(b) all terms and provisions of any adjustable rate rider or other instrument or document that is affixed to, wholly or partially incorporated into, or is part of, the Note or Security Instrument and that contains any terms and provisions as those referred to in (a) above.

5. Nothing in this Agreement shall be understood or construed to be a satisfaction or release in whole or in part of the Note and Security Instrument. Except as otherwise specifically provided in this Agreement, the Note and Security Instrument will remain unchanged, and the Borrower and

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Lender will be bound by, and comply with, all terms and provisions thereof, as amended by this Agreement.

B.A. Jorgensen
B.A. Jorgensen, Vice President
HomeStreet Bank, formerly
Continental Savings Bank (Lender)

Michael B. Newman
Michael B. Newman (Borrower)
Colleen M. Newman
Colleen M. Newman (Borrower)

State of Washington
County of Skamania SS.

On this 20th day of September, 2004, before me the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Michael B. and Colleen M. Newman to me known to be the individual(s) described in and who executed the foregoing instrument, and acknowledged to me that she signed and sealed the said instrument as her free and voluntary act and deed, for the uses and purposes therein mentioned.

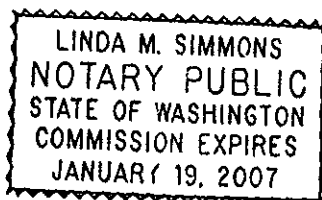
WITNESS my hand and official seal affixed the day and year first above written.

J. Michael Garvison
Printed Name J. Michael Garvison
Notary Public in and for the State of Washington
residing in Stevenson
My commission expires: March 17, 2006

State of Washington
County of King SS.

On this 7th day of October, 2004, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared B.A. Jorgensen, to me known to be the Vice President of HomeStreet Bank, formerly Continental Savings Bank the corporation that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath that he is authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.



Linda M. Simmons
Printed Name: Linda M. Simmons
Notary Public in and for the State of
Washington, residing in King
My commission expires: 01-19-07

ADDENDUM

This Addendum is made a part of that Loan Modification Agreement entered into between HomeStreet Bank (the "Lender") and Michael B. and Colleen M. Newman (the "Borrower") dated 12-7-, 2004 (the "Loan Modification Agreement").

Notwithstanding any provision to the contrary contained in the Loan Modification Agreement, the Borrower and Lender acknowledge that the Borrower obtained a discharge in a Chapter 7 bankruptcy prior to execution of the Loan Modification Agreement and this Addendum. Lender warrants that it will not pursue the Borrower for any personal liability on Borrower's loan obligations to Lender. However, the parties acknowledge that the Lender retains certain rights, including but not limited to the right to foreclose the lien of its priority security interest against the Borrower's real property under the appropriate circumstances. The parties agree that the consideration for this agreement is the Lender's forbearance from presently exercising its rights and pursuing its remedies under its security interest as a result of the Borrower's default of its obligations thereunder. Nothing herein shall be construed to be an attempt to collect against the Borrower personally or an attempt to revive personally liability. Similarly, nothing herein shall be construed to be an attempt to circumvent either the discharge or reaffirmation provisions of the United States Bankruptcy Code.