

After Recording Return To:
CONSTRUCTION ADMINISTRATION DEPT.
FIRST MUTUAL BANK
P O. BOX 1647
BELLEVUE, WA 98009

-----Space Above Line for Recording Date)-----

Loan# 71-430657-01

LOAN MODIFICATION AGREEMENT
(Providing for Adjustable Interest Rate)

This Loan Modification Agreement ("Agreement"), made this 22ND day of NOVEMBER, 2004, between CLARA BELLE TYE, AN UNMARRIED INDIVIDUAL ("Borrower") and First Mutual Bank ("Lender"), amends and supplements (1) the Mortgage, Deed of Trust or Deed to Secure Debt (as modified by an Adjustable Rate Rider of the same date) (the "Security Instrument") dated AUGUST 24, 2004 and recorded in Book or Liber **Recording #:** 2004154303 at page(s) N/A, of the N/A Records of SKAMANIA County, WA, 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 101 RUSSELL'S TIMBER LANE, CARSON, WASHINGTON 98610 the real property described being set forth as follows:

LOT 4 RUSSELL'S MEADOW SUBDIVISION

Assessor's Property Tax Parcel/Account Number(s): 03-08-17-2-3-0404-00

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 DECEMBER 1, 2004 the amount payable under the Note and the Security Instrument (the "Unpaid Principal Balance") is U. S. \$60,000.00, 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 6.375% (the "initial rate of interest"), from DECEMBER 1, 2004. The Borrower promises to make monthly payments of principal and interest of U.S. \$374.32 beginning on the first day of JANUARY 2005, and continuing thereafter on the same day of each succeeding month until principal and interest are paid in full. If on DECEMBER 1, 2034 (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 understand and agrees that the initial rate of interest may change on the first day of DECEMBER 2009, and on that day every 12TH month thereafter on the "Change Date", as such term is defined in the Note and Security Instrument.

The Borrower will make such payment at PO Box 1647, Bellevue, WA 98009 or at such other place as the Lender may require.

The Index: Beginning with the first Change Date, the interest rate will be based on an Index. The "Index" is the one-year London Interbank Offered Rate ("LIBOR") which is the average of interbank offered rates for one-year U.S. dollar-denominated deposits in the London market, as published in The Wall Street Journal. The most recent Index figure available as of the date 45 days before each Change Date is called the "Current Index".

If the Index is no longer available, the Note Holder will choose a new index which is based upon comparable information. The Note Holder will give the Borrower notice of its choice.

Before each Change Date, the Note Holder will calculate my new interest rate by adding TWO AND NINETEEN TWENTIETHS percentage points (2.950%) to the current index.

The Borrower understand the interest rate they are required to pay at the first Change Date will not be greater than 8.375% or less than 4.375%. Thereafter, the Borrower's interest rate will never be increased or decreased on any single Change Date by more than TWO percentage point(s) (2.000%) from the rate of interest they have been paying for the preceding 12 months. The Borrower understands that their interest rate will never be greater than 12.375%.

3. 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, including:
 - 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 such terms and provisions as those referred to in (a) above.
4. 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 Lender will be bound by, and comply with, all the terms and provisions thereof, as amended by the Agreement.

____ (Seal) Clara Belle Tye (Seal)
CLARA BELLE TYE

____ (Seal) _____ (Seal)

Lender: First Mutual Bank

By: Erma Christine
[Authorized Officer Name]

Its: Asst VP
[Authorized Officer Title]

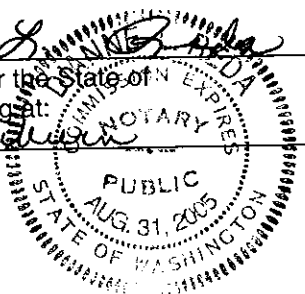
----- (Space Below this Line for Acknowledgements) -----

STATE OF WASHINGTON,
County: King
On this day personally appeared before me CLARA BELLE TYE to me known to be the individual(s) described in and who executed the within and foregoing instrument, any acknowledged that SHE signed the same as HER free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 15th day of December, 2004.

My Commission expires: 8-31-05

Lianne G. Bida
Notary Public in and for the State of
WASHINGTON residing at:



STATE OF WASHINGTON,
County: King
I hereby certify that I know or have satisfactory evidence that Erma Christine is the person(s) who appeared before me, and said person(s) acknowledged that she signed this instrument, on oath stated that Erma Christine authorized to execute the instrument and acknowledged it as the Asst AV Pres of First Mutual Bank to be her free and voluntary act for the uses and purposes mentioned in this instrument.

GIVEN under my hand and official seal this 15th day of December, 2004.

My Commission expires: 8-31-05

Lianne G. Bida
Notary Public in and for the State of Washington
residing at:

