

**MITIGATION BANKING INSTRUMENT
SKYKOMISH HABITAT MITIGATION BANK**

Amendment Number 2

I. Recitals.

WHEREAS, Skykomish Habitat, LLC, a Delaware Limited Liability Company (hereinafter, Sponsor), the U.S. Army Corps of Engineers (Corps), and the Washington State Department of Ecology (Ecology) entered into the underlying Mitigation Banking Instrument (hereinafter, the Instrument) regarding the establishment, use, operation, and maintenance of Skykomish Habitat Mitigation Bank (hereinafter, the Bank) on August 24, 2006, and subsequently formally amended that Instrument on May 17, 2007; and

WHEREAS, the Sponsor has requested to make a change to the financial assurance of the Instrument in order to amend the value of the Irrevocable Letter of Credit for Construction for Phase 1B, and the Corps and Ecology have approved doing so, following consultation with the other members of the Mitigation Bank Review Team, and the Parties have mutually agreed, pursuant to Article VI.B.2. of the Instrument, to amend certain of the Instrument's provisions accordingly (hereinafter, Amendment Number 2);

NOW, THEREFORE, the Parties agree to the following:

II. Amendment.

A. Article III.C.1.c. is modified by adding the following language to the end of the Article: "Following satisfaction of the requirements of Article IV.K. as they apply to Phase 1A, the Sponsor shall provide a Letter of Credit for Construction, covering Phase 1B, in the amount of not less than \$181,000."

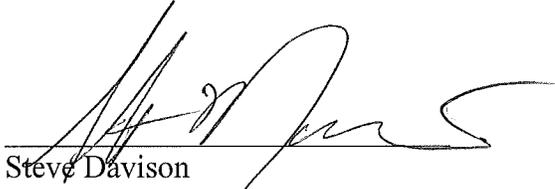
III. General Provisions.

- A. All other provisions of the Instrument, not modified herein, remain in full effect.
- B. This Amendment Number 2 will enter into effect upon the signature by authorized representatives of each of the Corps, Ecology, and the Sponsor, as of the date of the last of these three signatures.
- C. This Amendment Number 2 shall be immediately, automatically, and irrevocably binding upon the Sponsor and its heirs, successors, assigns and legal representatives upon execution by the Sponsor, Ecology, and the Corps.

SIGNATURES

IN WITNESS WHEREOF, the Parties have executed this Amendment Number 2 to the Mitigation Banking Instrument on the date herein below last written.

SPONSOR

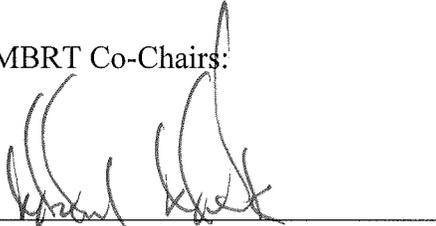


Steve Davison
Managing Member
Skykomish Habitat, LLC
Skykomish Habitat Mitigation Bank

Date 7/09/08

MITIGATION BANK REVIEW TEAM

By the MBRT Co-Chairs:



Michael McCormick
Colonel, Corps of Engineers
District Engineer

Date 7/17/08



Gordon White
Program Manager for Shorelands and Environmental Assistance Program
Washington State Department of Ecology

Date 7/16/08

LOCAL REGULATORS

By the County:



Craig R. Ladiser
Director, Department of Planning and Development Services
Snohomish County

Date 7/17/08