



200403190033
Skagit County Auditor

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After Recording Return To:
Principal Residential Mortgage, Inc.
[Company Name]
Attn: Loss Mitigation Department - B077
[Name of Natural Person]
711 High Street
[Street Address]
Des Moines, Iowa 50392
[City, State, Zip]

Prepared By:
RUTH RUHL, P.C. and
Co-Counsel, Routh, Crabtree and
Fennell

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Loan No.: 1634585-2

FHA Case No.: 561-7338005-703

LOAN MODIFICATION AGREEMENT

(Providing for Fixed Interest Rate)

This Loan Modification Agreement ("Agreement"), effective this 1st day of April, 2004, between Linda D. Gustafson, a single person and Lorna Gustafson, a single person

("Borrower")

and Mortgage Electronic Registration Systems, Inc. as nominee for Principal Residential Mortgage, Inc.

("Lender"),

amends and supplements (1) the Mortgage, Deed of Trust or Deed to Secure Debt (the "Security Instrument"), dated July 27th, 2001 and recorded in Book/Liber N/A, Page N/A, Instrument No. 200107310282, of the Official Records of Skagit County, Washington, [Name of Records] [County and State, or other Jurisdiction]

and (2) the Note in the original principal sum of U.S.\$ 128,042.00, 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 1131 Carmel Avenue, Mount Vernon, Washington 98273

[Property Address]

Initials *LR* Initials *LG* Initials _____

Loan No.: 1634585-2

the real property described being set forth as follows:

SITUATED IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON:

LOT 10, "BEL-AIR MANOR FIFTH ADDITION", AS PER PLAT RECORDED IN VOLUME 10 OF PLATS, PAGE 62, RECORDS OF SKAGIT COUNTY, 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 April 1st, 2004, the amount payable under the Note and the Security Instrument (the "Unpaid Principal Balance") is U.S. \$ 129,094.55, 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 7.000%, from April 1st, 2004. The Borrower promises to make monthly payments of principal and interest of U.S. \$ 858.87, beginning on the 1st day of May, 2004, and continuing thereafter on the same day of each succeeding month until principal and interest are paid in full. If on April 1st, 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 will make such payments at Principal Residential Mortgage, Inc., 711 High Street, Des Moines, Iowa 50392-0780 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 or 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 written 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 a period 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 specified date 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 partly 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.

Initials AKS Initials Z.O. Initials _____ Initials _____

WASHINGTON LOAN MODIFICATION AGREEMENT (FNMA Modified Form 3179 2/88)



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5. If the Borrower has, since inception of this loan but prior to this Agreement, received a discharge in a Chapter 7 bankruptcy, and there having been no valid reaffirmation agreement of the underlying debt, by entering into this Agreement, the Lender is not attempting to re-establish any personal liability for the underlying debt.

6. 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 of the terms and provisions thereof, as amended by this Agreement.

Mortgage Electronic Registration Systems, (Seal)
Inc. as nominee for Principal Residential -Lender
Mortgage, Inc.

Linda D. Gustafson (Seal)
Linda D. Gustafson -Borrower

Lorna Gustafson (Seal)
Lorna Gustafson -Borrower

_____(Seal)
-Borrower

By: V. Saksich

_____(Seal)
-Borrower

V. S. Jaksich, Assistant Sec. - Default Adm.
Its: _____



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[See Attached Acknowledgment(s)]

BORROWER ACKNOWLEDGMENT

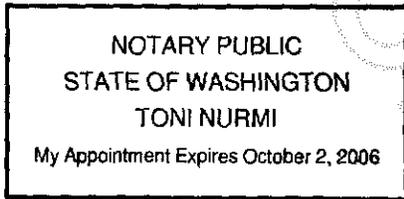
State of Washington §
§ ss.:
County of Skagit §

I certify that I know or have satisfactory evidence that Linda D. Gustafson and Lorna Gustafson

[name of person] is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument and acknowledged it to be (his/her) free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: 3-4-2004

(Seal)



[Signature]
(Signature)

FSM
(Title of Office)

Skagit County
(Place of Residence of Notary Public)

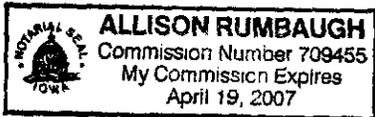
LENDER ACKNOWLEDGMENT

State of Iowa §
§ ss.:
County of POIK §

On this 12 day of March - 2004, before me personally appeared **V. S. Jaksich, Assistant Sec. - Default Adm.** to me known to be the (president, vice-president, secretary, treasurer, or other authorized officer or agent, as the case may be) of said entity that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned, and on oath stated that he/she was authorized to execute said instrument and that the seal affixed is the seal of said entity.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

(Seal)



Allison Rumbaugh
(Signature)

Notary
(Title of Office)

IA
(Place of Residence of Notary Public)

