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Skagit County Auditor

7/9/2004 Page

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Prepared by: Linda Karwich
CC

Saxon Mortgage Services, Inc.
P.O. Box 161278
Fort Worth, TX 76161-1278

Record and Return to Above

LOAN MODIFICATION AGREEMENT

THIS MODIFICATION IS TO BE EXECUTED IN DUPLICATE ORIGINALS:
ONE ORIGINAL IS TO BE AFFIXED TO THE ORIGINAL NOTE AND ONE ORIGINAL IS TO BE
RECORDED IN THE LAND RECORDS WHERE THE SECURITY INSTRUMENT IS RECORDED

This Loan Modification Agreement ("Modification"), effective the 18th day of May 2004, between David R. Mead and Nina R. Mead, Husband and Wife (the "Borrower") and Saxon Mortgage Services, Inc. fka Meritech Mortgage Services, Inc., a Texas Corporation ("Saxon"), as Attorney-in-Fact for DEUTSCHE BANK TRUST COMPANY AMERICAS formerly known as BANKERS TRUST COMPANY, as Custodian (the "Note Holder"), amends and supplements (1) the Note and any riders thereto (the "Note") made by Borrower to America's MoneyLine Inc. (the "Lender"), dated July 26, 2001 in the original principal sum of \$360,000.00 U.S. Dollars and (2) the Mortgage, Deed of Trust, Deed to Secure Debt, or other such document, including any riders thereto (the "Security Instrument"), recorded on July 31, 2001, as Instrument Number *107310260 of the Records of Skagit County, Washington. The Security Instrument, which was entered into as security for the performance of the Note, encumbers the real and personal property described in the Security Instrument (and defined in the Security Instrument as the "Property"), located at 4505 Lindsey Court, Anacortes, Washington 98221 the real property being described as follows:

LOT 3, PLAT OF PARKSIDE, ACCORDING TO THE PLAT THEREOF, RECORDED IN VOLUME 14 OF PLATS, PAGES 170 THROUGH 174, RECORDS OF SKAGIT COUNTY, WASHINGTON; SITUATED IN SKAGIT COUNTY, WASHINGTON.

*200107310260

In consideration of the agreements herein, and other good and valuable consideration, Saxon, on behalf of and as duly authorized agent of Note Holder, and Borrower hereby agree to modify the terms of the Note and Security Instrument as follows (notwithstanding anything to the contrary contained in the Note or Security Instrument):

1. **Advances By Saxon:** The Borrower acknowledges that Saxon has incurred, paid or otherwise advanced taxes, insurance premiums and other expenses necessary to protect or enforce its interest in the Note and the Security Instrument, and that such costs and expenses, payable under the Note and Security Instrument (the "Unpaid Principal Balance") is U.S. \$352,893.06.

2. **Interest Rate:** (Saxon to Check Applicable Box)

- Adjustable Rate Option:** Borrower promises to pay the Unpaid Principal Balance, plus interest, to the order of the Company. Interest will be charged on the Unpaid Principal Balance at the yearly rate (the "Interest Rate") of _____% beginning _____ with a principal and interest payment of \$ _____ for a _____ due date. My Interest Rate will increase by ____% on the first day of the month and every _____ months thereafter, and my principal and interest payment will be adjusted accordingly. Beginning on _____, the Interest Rate in effect under the terms of this Agreement and corresponding monthly payment of principal and interest will adjust according to the terms of the Adjustable Rate Note and Adjustable Rate Rider executed at loan closing.
- Stepped Fixed Rate Option:** Borrower promises to pay the Unpaid Principal Balance, plus interest, to the order of the Company. Interest will be charged on the Unpaid Principal Balance at the yearly rate of 8.00% beginning **January 1, 2004** with a principal and interest payment of **\$2,645.99** for a **February 1, 2004** due date. *After application of the February 1, 2004 through April 1, 2004 payments, the unpaid accrued interest in the amount of \$7,051.98 will be added to the indebtedness, and the Unpaid Principal Balance under the Note and Security Instrument is \$359,945.04.* Beginning **April 1, 2004** the interest rate will remain at 8.00% with a principal and interest payment of **\$2,705.66** for a **May 1, 2004** due date. Beginning **April 1, 2005** the interest rate will increase to 8.5% with a principal and interest payment of **\$2,826.40** for a **May 1, 2005** due date.
3. **Maturity Date.** The borrower promises to make monthly payments of principal and interest under the terms herein until Principal and Interest are paid in full. If on the Maturity Date, the Borrower still owes amounts under the Note and the Security Instrument, as amended by this Modification, the Borrower will pay these amounts in full on **August 1, 2031**, the Maturity Date. The Borrower will make such payments payable to Saxon Mortgage Services, Inc. at P.O. Box 961105, Fort Worth, Texas 76161-0105 or at such other place as the Lender may require.
4. **Covenants and Agreements of Borrower.** Except as otherwise modified herein, the Borrower will comply with all other covenants, agreements, and requirements of the Note and 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. As further inducement to Saxon to enter into this Modification Agreement, Borrower represents and warrants that, since the date of the Note: (a) Borrower has incurred no material adverse change in financial position; (b) Borrower has experienced no changes in employment (other than as have fully disclosed to Saxon) and no changes to the occupancy status of the Property have occurred; and (c) there have been no changes in ownership to the Property; nor have any disputes arisen as to ownership of the Property, or the survey boundaries thereof. Borrower covenants to execute promptly any and all additional and corrected documents as may reasonably be required to carry out the intent of this Modification Agreement.
5. **No Release or Satisfaction.** Nothing in this Modification 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 Modification, the Note and Security Instrument will remain unchanged and in full effect, and the Borrower and Lender will be bound by, and comply with, all of the terms and provisions thereof, as amended by this Modification. All capitalized terms not otherwise defined herein shall have their respective meanings as set forth in the Note and Security Instrument.
6. **Borrower's Failure to Perform.** In the event Borrower fails to perform according to the terms of this Modification at any time during the first 90 days from the effective date hereof, the modified terms will revert to the terms in effect prior to this Modification, and any funds received from the borrower will be credited towards the full reinstatement amount, or will be applied as an offset to the total amount of Borrower's debt in the event of foreclosure. Borrower hereby grants Saxon Power of Attorney for the limited purpose of executing on behalf of Borrower and recording any instrument necessary to cause this Modification to be void in the event Borrower fails to perform according to the terms contained herein.



(To be signed by all borrowers, endorsers, guarantors, sureties, and other parties signing the Note or Security Instrument)

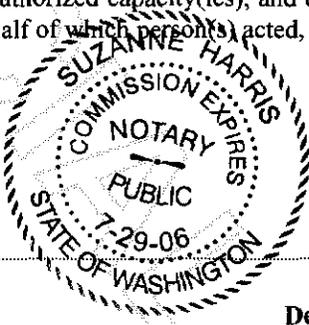
David R Mead 5-21-04 Nina R Mead 5-21-04
Borrower: David R. Mead Date Borrower: Nina R. Mead Date

State of Washington §
County of Skagit §

On May 21, 2004 before me, Suzanne Harris, personally appeared **David R. Mead and Nina R. Mead** personally known to me (or proved to me the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which person(s) acted, executed the instrument.

Witness my hand and official seal.

My commission expires:
7-29-06



Suzanne Harris
Notary Public

Address: 11646 Pointe Place
Anacortes WA 98221

Deutsche Bank Trust Company Americas
formerly known as Banker's Trust Company,
as Custodian

By: **Saxon Mortgage Services, Inc.**
fka Meritech Mortgage Services, Inc.
Its Attorney-in-Fact

5/26/04
Date

By: [Signature]
Alicia Wood, Vice-President

State of Texas §
County of Tarrant §

This instrument was acknowledged before me on this 26th day of May, 2004 by **Alicia Wood, Vice-President of Saxon Mortgage Services, Inc., fka Meritech Mortgage Services, Inc.**

[Signature]
Notary Public

Seal

