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Skagit County Auditor

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After Recording Return To:
FHHLC-Post Closing Mail Room
1555 W. Walnut Hill Ln #200 MC 6712
Irving, TX 75038
Loan Number: 0049588155

(Space above this Line for Recording Data)

CHICAGO TITLE CO.

LOAN MODIFICATION AGREEMENT
(Providing for Adjustable Rate)

This Loan Modification Agreement ("Agreement"), made this 7th day of **SEPTEMBER**, 2005, between **PAULETTE C. HAYES, An Unmarried Woman**

("Borrower") and ("Lender"),

amends and supplements (1) the Mortgage, Deed of Trust, or Security Deed ("The Security Instrument"), dated 9/08/2004 and recorded in 200409160094 of the Land / Official Records of **Skagit** County, 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 **8113 COLLINS ROAD, SEDRO WOOLLEY, Washington 98284** (Property Address)

The real property described being set forth as follows:

All that tract or parcel of land as shown on Schedule "A" attached hereto which is incorporated herein and made a part hereof.

PTM. NW NE 15-35-4

P36710

Initials P.C.H.

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

1. As of **9/15/2005**, the amount payable under the Note and the Security Instrument (the "Unpaid Principal Balance") is U.S. \$ **279,250.00**. Borrower hereby renews and extends such indebtedness and promises to pay jointly and severally to the order of the Lender the sum of U.S. \$ **279,250.00** (the "Principal Balance"), consisting of the amount(s) loaned to Borrower by Lender and any interest capitalized to date.
2. **STATED INTEREST RATE.** From **9/15/2005**, the term "Stated Interest Rate" shall mean the lesser of (a) the Maximum Rate or (b) **5.500 %** per annum, calculated on a daily basis. Until all principal and interest and other amounts are paid under the Note, the Stated Interest Rate will change in accordance with Paragraph 3 of this Agreement.
3. **INTEREST RATE AND MONTHLY PAYMENT CHANGES.**
 - (a) **Change Dates.** The Interest Rate may change on the first day of **OCTOBER 2010** and on that day every twelve (12) months thereafter. Each date on which the Interest Rate could change is called a "Change Date".
 - (b) **The Index.** Beginning with the first Change Date, the Interest Rate will be based on a weekly average yield on United States Treasury Securities adjusted to constant maturity of one (1) year, as made available by the Federal Reserve Board. The most recent Index figure available 45 days before each Change date is called the "Current Index". If the Index is no longer available, Lender will choose a new index which is based upon comparable information. The Lender will give Borrower notice of its choice.
 - (c) **Calculation of Changes.** On each Change Date, Lender will calculate the new Interest Rate by adding **TWO AND THREE-QUARTERS** percentage points (**2.750 %**) to the Current Index. This sum (rounded to the nearest one-eighth of one percent) will be the new Interest Rate until the next Change Date, subject to any limits and Paragraph 2(D) below. Lender will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal under the Note at the Change Date in full by **10/01/2035**, which is the Maturity Date of this Note. The result of this calculation will be the new amount of Borrower's monthly payment.
 - (d) **Limits on Interest Rate Changes.** The Interest Rate will never be increased or decreased on initial Change Date by more than **FIVE** Percentage points (**5.000 %**) from the rate of interest Borrower has been paying. The Interest Rate on all subsequent Change Dates will never be increased or decreased by more than **TWO & 00/100** Percentage points (**2.00 %**) from the rate of interest Borrower has been paying for the preceding twelve (12) months. The Interest Rate will never be greater than **10.500 %**.
 - (e) **Effective Date of Changes.** The new Interest Rate will become effective on each Change Date. Borrower will pay the amount of the monthly payment beginning on the first monthly payment date after the Change Date until the amount of the monthly payment changes again or until Borrower has fully repaid the Note.
 - (f) **Notice of Changes.** Lender will mail or deliver to Borrower a notice containing the new Interest Rate and the amount of the monthly payment. The notice will include information required by law to be given to Borrower. Any notice to Borrower may be sent or delivered to the address set forth above, or to such address as Borrower may designate to Lender in writing.

Initials *J.C.A.*
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4. **PAYMENTS.** Payments under the Note shall be due and payable in accordance with the following schedule:

- (a) The Borrower will pay the amounts due under the Note by making consecutive monthly payments on the first day of each month, beginning **11/01/2005**. The first monthly payments will be in the amount of \$ **1,585.56** ("Beginning Monthly payment"). Beginning with Initial Change date (3a) and each subsequent change date, Lender will use the balance due under the Note and the interest rate applicable to the Note at the time to calculate Borrower's adjusted payment amount. The borrower will make such payments at **PO BOX 809, MEMPHIS, TN 38101** or at such other place as Lender may require.
- (b) If required by Lender, Borrower will pay one-twelfth (1/12th) of Borrower's annual taxes and insurance on the Subject Real Property ("Escrow Requirement") as part of Borrower's monthly payment. Lender will apply Borrower's payment first to the Escrow Requirement, second to interest, third to late charges and Lender's costs and expenses and then to principal.
- (c) If Lender receives a payment amount that is not sufficient to pay all interest which has been earned by Lender since Borrower's last payment, Lender may advance an amount equal to the interest earned but unpaid after application of Borrower's payment. The amount advanced by Lender will be added to the principal of the Note and Borrower will pay interest on the amount advanced.
- (d) Borrower may prepay all or any part of the principal of the Note at any time without penalty. Any prepayment of principal may result in this Note having an earlier maturity date than shown in Subparagraph 3(c) above, but will not affect Borrower's monthly payment obligation.

5. 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.

6. 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.

7. 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.

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OWNER AND HOLDER OF SAID NOTE

Paulette C. Hayes
Borrower PAULETTE C. HAYES

By: Stephanie Mauer
Its: Vice President

Borrower

Borrower

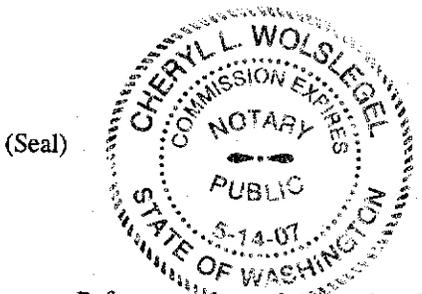
Borrower

State of WASHINGTON :
County of SKAGIT :

Before me, a Notary Public on this day personally appeared
PAULETTE C. HAYES,

known to me (or proved to me on the oath of _____, through
_____ (description of identity card or other document) to be the person
whose name is subscribed to the foregoing instrument and acknowledgement to me that he/she/they executed the
same for the purposes and consideration therein expressed.

Given under my hand and seal of this office this 13th day of September, 2005

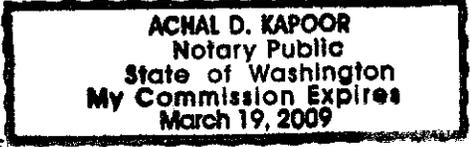


Cheryl L. Wolsiegel
Notary Public
Cheryl L. Wolsiegel

Corporate Acknowledgement

Before me, the undersigned authority, on this day appeared Stephanie Mauer
of First Horizon Home Loan Corp subscribed to the
foregoing instrument, and acknowledged to me that she executed the same for the
purposes and consideration therein expressed as the act and deed of said corporation and in the capacity therein
stated.

Given under my hand and seal of this office this 14th day of September, 2004



[Signature]
Notary Public

(Seal)
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EXHIBIT "A"

That portion of the Northwest Quarter of the Northeast Quarter of Section 15, Township 35 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at a point on the West line of said subdivision South 2°48'54" West, 1,019.1 feet from the Northwest corner thereof;

Thence South 87°35' East 19.6 feet to the true point of beginning;

Thence South 87°35' East 788.4 feet;

Thence North 42°04' West 1,118.1 feet;

Thence South 2°49' West 797.8 feet to the true point of beginning;

EXCEPT that portion of said premises lying within road rights of way and ditch rights of way, if any;

AND ALSO EXCEPT that portion, if any, conveyed to David Mischke and Kathy Mischke, husband and wife by deed recorded December 31, 2001 under Auditor's File No. 200112310215, records of Skagit County, Washington.

Situated in Skagit County, Washington.

- END OF EXHIBIT "A" -



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