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Skagit County Auditor
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AFTER RECORDING RETURN TO:
First Horizon Corporation, d/b/a
First Horizon Home Loans
5808 Lake Washington Boulevard,
Suite 400
Kirkland, WA 98033

Prepared by Peirson & Patterson,
L.L.P. and Co-Counsel Routh
Crabtree & Fennell

FIRST AMERICAN TITLE CO.
B64071

[Space Above This Line For Recording Data]
Loan Number: 0023232176

LOAN MODIFICATION AGREEMENT
(Providing for Fixed Interest Rate)

This Loan Modification Agreement ("Agreement"), effective this 7th day of November, 2001, between TERRY B. SMILEY and PATRICIA J. SMILEY, husband and wife

("Borrower")

and First Horizon Corporation, d/b/a First Horizon Home Loans ("Lender"), amends and supplements (1) the Mortgage, Deed of Trust or Deed to Secure Debt (the "Security Instrument"), dated February 23, 2001 and recorded in Instrument Number 200103020079, of the

Official Records of SKAGIT, Washington
[Name of Records] [County and State, or other Jurisdiction]

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 21339 CLARA PLACE, SEDRO WOOLLEY, WA 98284 [Property Address]

the real property described being set forth as follows:

SEE EXHIBIT 'A' ATTACHED HERETO AND MADE A PART

HEREOF

INITIALS TS INITIALS PP INITIALS _____ INITIALS _____
LOAN MODIFICATION AGREEMENT Page 1 of 3
(FNMA Modified Form 3179 2/88)



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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 November 7, 2001, the amount payable under the Note and the Security Instrument (the "Unpaid Principal Balance") is U.S. \$ 171,250.00, 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 6.750%, from November 9, 2001. The Borrower promises to make monthly payments of principal and interest of U.S. \$ 1,110.72, beginning on the 1st day of January, 2002, and continuing thereafter on the same day of each succeeding month until principal and interest are paid in full. If on December 1, 2031 (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 P.O. Box 146, Memphis, TN 38101 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 date in

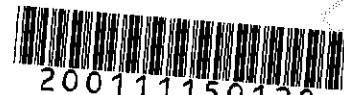
(a) all terms and provisions of the Note and Security Instrument (if any) providing for, implementing, or relating to, any change or adjustment in the rate of interest payable under the Note; and

(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 *TL* INITIALS *RP* INITIALS _____ INITIALS _____
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5. 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.

(Seal)
First Horizon Corporation, d/b/a First
Horizon Home Loans -Lender

By:

Barbara J. Shenoar, VP

Terry B. Smiley

(Seal)
TERRY B. SMILEY -Borrower

Patricia J. Smiley

(Seal)
PATRICIA J. SMILEY -Borrower

(Seal)
-Borrower

(Seal)
-Borrower

_____ [See Attached Acknowledgments] _____



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SMILEY

EXHIBIT "A" - LEGAL DESCRIPTION - PAGE 1 of 1

LOT 23, "PLAT OF ROLLING RIDGE ESTATES NO. 4", AS PER PLAT RECORDED IN VOLUME 15 OF PLATS, PAGE 67 AND 68, RECORDS OF SKAGIT COUNTY, WASHINGTON; EXCEPT THAT NORTHWESTERLY PORTION THEREOF CONVEYED TO DALE E. ZERETZKE, ET UX, BY DEED DATED DECEMBER 9, 1993, AND RECORDED FEBRUARY 8, 1994, AS AUDITOR'S FILE NO. 9402080058, SAID INSTRUMENT BEING A RE-RECORDING OF THAT INSTRUMENT RECORDED DECEMBER 2, 1993, UNDER AUDITOR'S FILE NO. 9312020077.

TAX SCHEDULE: 4596-000-023-0002



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INDIVIDUAL ACKNOWLEDGMENT

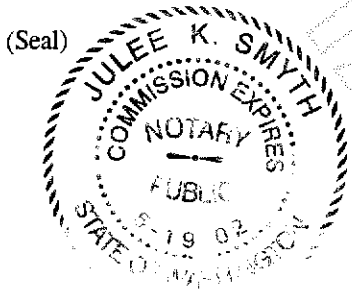
Loan Number: 0023232176

State of WASHINGTON §
County of King § ss.:
§

I certify that I know or have satisfactory evidence that TERRY B. SMILEY and PATRICIA J. SMILEY

[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: November 8, 2001



[Signature]
(Signature)
Notary Public
(Title of Office)
Seattle, WA
(Place of Residence of Notary Public)

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CORPORATE ACKNOWLEDGMENT

State of Washington §
County of King §
§

The foregoing instrument was acknowledged before me on November 8, 2001 [date],
by Barbara J. Eshenour, Vice President
[name of officer or agent, title of officer or agent] of First Horizon Corporation, d/b/a First
Horizon Home Loans [name of corporation acknowledging],
[state or place of incorporation], on behalf of the corporation.



Julee K. Smyth
Notary Public, State of Washington

My Commission Expires: May 19, 2002

Corporate Acknowledgment (Multistate)
THE COMPLIANCE SOURCE, INC.
To Order Call: (972) 980-2178 • Fax (972) 392-2891
www.compliancesource.com

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