

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



200301130279
Skagit County Auditor

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LOT 10, SUNSET CREEK, P.U.D., VOL. 16, PG. 168

ACCOMMODATION RECORDING

Loan Number: 0027507870 [Space Above This Line For Recording Data] PARCEL ID: P111488

LOAN MODIFICATION AGREEMENT

ISLAND TITLE CO. (Providing for Fixed Interest Rate)

This Loan Modification Agreement ("Agreement"), made this 27th day of December, 2002, between Edward D. Watson and Laura M. Watson, husband and wife

First Horizon Corporation, d/b/a First Horizon Home Loans ("Borrower") and ("Lender"),

amends and supplements (1) the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), and Timely Payment Rewards Rider, if any, dated October 11, 2001 and recorded in Book or Liber 200110190106 at page(s) , of the Official Records of Skagit County, 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 7415 Teal Lane, Bow, WA 98232 [Property Address]

the real property described being set forth as follows:

LOT 10, SUNSET CREEK PLANNED UNIT DEVELOPMENT, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 16 OF PLATS, PAGE 168, RECORDS OF SKAGIT COUNTY, WASHINGTON.

ASSESSOR'S PARCEL NO. P111488

Island Title Company has placed this document for recording as a customer courtesy and accepts no liability for its accuracy or validity

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):

Initials: EDW LMW



801. As of December 27, 2002, the amount payable under the Note and the Security Instrument (the "Unpaid Principal Balance") is U.S. \$ 252,800.00, consisting of the amount(s) loaned to Borrower by Lender and any interest capitalized to date.

2. Borrower promises to pay the Unpaid Principal Balance, plus interest, to the order of Lender. Interest will be charged on the Unpaid Principal Balance at the yearly rate of 6.125%, from January 7, 2003. Borrower promises to make monthly payments of principal and interest of U.S. \$ 1,536.04, beginning on the 1st day of March, 2003, and continuing thereafter on the same day of each succeeding month until principal and interest are paid in full. The yearly rate of 6.125% will remain in effect until principal and interest is paid in full. By executing this Agreement, Borrower waives any Timely Payment Rewards rate reduction to which Borrower may be entitled. If on February 1, 2033 (the "Maturity Date"), Borrower still owes amounts under the Note and the Security Instrument, as amended by this Agreement, Borrower will pay these amounts in full on the Maturity Date.

Borrower will make such payments at P.O. Box 146, Memphis, TN 38101 or at such other place as Lender may require.

3. If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

4. Borrower also will comply with all other covenants, agreements, and requirements of the Security Instrument, including without limitation, Borrower's covenants and agreements to make all payments of taxes, insurance premiums, assessments, escrow items, impounds, and all other payments that 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 specified 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, including, where applicable, the Timely Payment Rewards rate reduction, as described in paragraph 1 of the Timely Payment Rewards Addendum to Note and paragraph A.1. of the Timely Payment Rewards Rider. By executing this Agreement, Borrower waives any Timely Payment Rewards rate reduction to which Borrower may have otherwise been entitled; and

Initials *EDW LWW*




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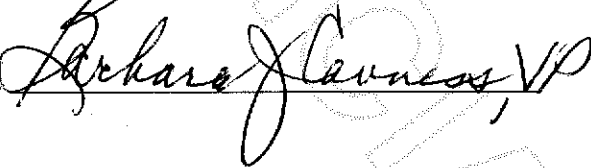
(b) all terms and provisions of any adjustable rate rider, or Timely Payment Rewards Rider, where applicable, or other instrument or document that is affixed to, wholly or partially incorporated into, or is part of, the Note or Security Instrument and that contains any such terms and provisions as those referred to in (a) above.

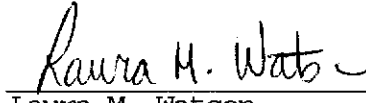
5. Nothing in this Agreement shall be understood or construed to be a satisfaction or release in whole or in part of the Note and Security Instrument. Except as otherwise specifically provided in this Agreement, the Note and Security Instrument will remain unchanged, and Borrower and Lender will be bound by, and comply with, all of the terms and provisions thereof, as amended by this Agreement.

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


Edward D. Watson (Seal)
-Borrower

By:




Laura M. Watson (Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower



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INDIVIDUAL ACKNOWLEDGMENT

Loan Number: 0027507870

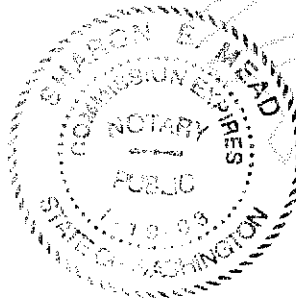
State of WASHINGTON §
County of King § ss.:
§

I certify that I know or have satisfactory evidence that Edward D. Watson and Laura M. Watson

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

Dated: 1-3-03

(Seal)



Sharon Mead
(Signature)

Notary Public
(Title of Office)

Everett, WA
(Place of Residence of Notary Public)



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CORPORATE ACKNOWLEDGMENT

Loan Number: 0027507870

State of WASHINGTON

§

§ ss.:

§

County of King

I certify that I know or have satisfactory evidence that

Barbara J. Cavness [name of person]
is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as the Vice President [type of authority, e.s., officer, trustee, etc.] of First Horizon Corporation, d/b/a First Horizon Home Loans [name of corporation or company] to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated:

12-31-02

Sharon E. Mead

(Signature)

Notary Public

(Title of Office)

(Seal or Stamp)



My appointment expires:

1-19-03

Corporate Acknowledgment (Washington)

THE COMPLIANCE SOURCE, INC.

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