



200610260151

Skagit County Auditor

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Modification Agreement

200509300251

After Recording Mail to:

MORGAN STANLEY CREDIT CORPORATION
ATTN: CONSTRUCTION LENDING UNIT
2500 LAKE COOK ROAD, BUILDING 2 (GARDEN LEVEL)
RIVERWOODS, IL 60015

This Instrument Prepared By:

MCGLINCHEY STAFFORD AND YOUNGBLOOD & BENDALIN, LLP
ELDON YOUNGBLOOD, ESQ.
2711 N. HASKELL, SUITE 2700 LB 25
DALLAS, TX 75204

Loan Number: 9402-390-520-421M

Modification Agreement

(MSCC 2006-2)v01. Rev. 05/15/06

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Grantors: Roger & Lovann Curtis
Grantee: Morgan Stanley
Credit Corp.

MODIFICATION AGREEMENT

THIS MODIFICATION AGREEMENT, made this 5th day of OCTOBER, 2006 modifies the Note with Construction Loan Rider Addendum to Note (the "Note"), the Security Instrument with Construction Loan Rider Amending Security Instrument, recorded at Book N/A Page N/A, Instrument No. 200509300251 of the SKAGIT County Register of Deeds ("Security Instrument"), the Construction Loan Agreement each dated SEPTEMBER 30, 2005, (collectively the "Loan Documents"), previously executed by the undersigned (the "Borrower") in favor of MORGAN STANLEY CREDIT CORPORATION

(the "Lender"). The Property is described in Exhibit "A" annexed hereto. The Loan Documents evidence a construction loan (the "Loan") which has both a construction loan phase (the "Construction Phase") and a permanent loan phase (the "Permanent Phase"). All terms defined in the Note, the Security Instrument and Construction Loan Agreement shall have the same meaning in this Modification Agreement. The terms of this Modification Agreement preceded by a "" are part of this Modification Agreement *only* if the box is checked.

In consideration of the mutual promises and agreements exchanged, with the intent to be legally bound, Borrower and Lender agree as follows:

I. CONSTRUCTION PHASE MODIFIED

This Modification Agreement modifies the Loan Documents to change, as indicated, one or more of the Completion Date, the Permanent Mortgage Date, and the Maturity Date.

- 1. **CONSTRUCTION PHASE.** The Completion Date of the Construction Phase is changed from 03/30/2006 to 09/15/2006
- 2. **CONSTRUCTION PHASE INTEREST.** Borrower will continue to pay interest at the rate stated in the Construction Loan Addendum to Note on the amounts advanced during the Construction Phase.
- 3. **PERMANENT MORTGAGE DATE.** The Permanent Mortgage Date is changed from 09/30/2005 to 10/05/2006
- 4. **PERMANENT PHASE PAYMENTS.** The Note is modified, as of the Permanent Mortgage Date, so that Borrower will make *monthly* payments as provided in the Note (as it may be amended by this Modification Agreement) on the 1st day of the month beginning on DECEMBER 01, 2006 and every month thereafter.
- 5. **INTERIM INTEREST.** Borrower will pay Note Holder \$ 1017.12 for interest accruing from the permanent Mortgage Date to the 1st day of the month following the Permanent Mortgage Date.
- 6. **MATURITY DATE.** The Maturity Date is changed to NOVEMBER 01, 2036

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II. PERMANENT PHASE MODIFIED

1. PRINCIPAL BALANCE MODIFIED

The Loan Documents are modified to increase the principal amount of the Note. The new principal amount of the Loan is N/A (\$).

The Loan Documents are modified to decrease the principal amount of the note to take into account Borrower's principal reduction of U.S. \$ 80,000.00 . The new principal amount of the Loan is TWO HUNDRED NINETEEN THOUSAND NINE HUNDRED NINETY-NINE AND 00/100 (\$ 219,999.00).

2. INTEREST RATE MODIFIED

The Loan Documents are modified, as of the Permanent Mortgage Date, to change the rate of interest stated in the Note.

3. MONTHLY PAYMENT MODIFIED

The Loan Documents are modified, as of the Permanent Mortgage Date, to change the amount of monthly payments.

4. RESTATED NOTE.

The Note is modified and restated, as of the permanent Mortgage Date, as provided in the form of Note dated as of the 5th day of OCTOBER, 2006, a copy of which is annexed hereto and incorporated herein as if fully set forth.

III. CONSTRUCTION PHASE EXTENSION FEE

Borrower will pay an extension fee of \$ 0.00 to Lender.

IV. MODIFICATION FEE.

Borrower will pay a modification fee of \$ 0.00 to Lender.

V. OTHER TERMS UNCHANGED.

Except as provided in this Modification Agreement, the terms of the Note, the Security Instrument and the Construction Loan Agreement remain unchanged, and the Borrower and Lender by this Agreement ratify, confirm and agree to the Loan Documents as modified and changed by this Modification Agreement.

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MORGAN STANLEY CREDIT CORPORATION

("Lender")

By: James M. Wojton

Print Name: James M. Wojton

Title: Director of Originations and Operations

Address: 2500 LAKE COOK ROAD, BUILDING 2 (GARDEN LEVEL)
RIVERWOODS, IL 60015

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Modification Agreement.

DATED this _____ day of _____.

Witness _____ Roger L. Curtis (Seal)
ROGER CURTIS -Borrower

Witness _____ Louann Curtis (Seal)
LOUANN CURTIS -Borrower

Witness _____ (Seal)
-Borrower

Witness _____ (Seal)
-Borrower

Witness _____ (Seal)
-Borrower

Witness _____ (Seal)
-Borrower

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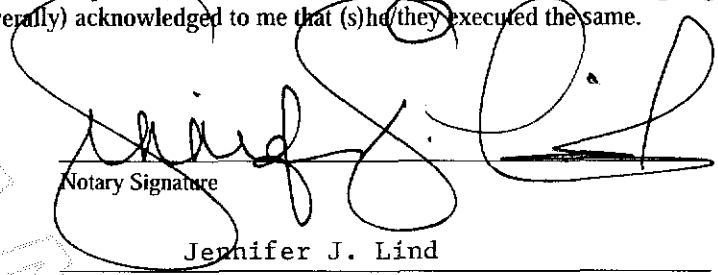
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STATE OF WASHINGTON
COUNTY OF Skagit

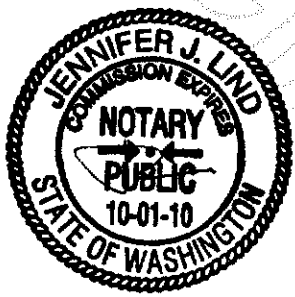
On this 13th day of October 2006, _____, before me the subscriber personally appeared

ROGER CURTIS, LOUANN CURTIS

to me known and known to me to be the same person(s) described in and who executed the foregoing instrument, and (s)he/they duly (jointly and severally) acknowledged to me that (s)he/they executed the same.



Notary Signature
Jennifer J. Lind



Notary Printed Name _____
Notary Public; State of Washington
Qualified in the Count of Skagit
My commission expires: 10/01/2010
Official Seal: _____



FIXED RATE NOTE

OCTOBER 05, 2006

[Date]

BURLINGTON

[City]

WASHINGTON

[State]

3602 WEST 8TH STREET
ANACORTES, WA 98221

[Property Address]

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$ 219,999.00 (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is MORGAN STANLEY CREDIT CORPORATION

I will make all payments under this Note in the form of cash, check or money order.

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of 6.2500 %.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will pay principal and interest by making a payment every month.

I will make my monthly payment on the 1st day of each month beginning on DECEMBER, 2006. I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on NOVEMBER 01, 2036, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my monthly payments at
P.O. BOX 6435, CAROL STREAM, IL 60197-6435

or at a different place if required by the Note Holder.

(B) Amount of Monthly Payments

My monthly payment will be in the amount of U.S. \$ 1,354.57

4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the monthly payments due under the Note.

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I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

5. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 15 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 5.0000% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) Default

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

(D) No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

7. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety, or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety, or endorser of this Note, is also obligated to keep all of the

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promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

9. WAIVERS

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of Dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

10. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

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. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

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.

11. OTHER CHARGES

In addition to the payments stated above, I agree to pay the following additional charges ("Charges") to the Note Holder:

(A) **Return Check Fee.** A return check charge of \$20.00.

(B) **Reconveyance Fee.** A fee for recording the release of my Security Instrument or any other recording document by payment in full either through prepayment or by the terms of this Note. The fee to be charged for releasing the Security Instrument will be the greater of the fee actually paid to record the release with the appropriate governmental body or the fee permitted by applicable state law.

12. GOVERNING LAW.

This Note is governed by the existing laws of the State of Washington except to the extent pre-empted by federal law, including Title VIII of the Garn-St. Germain Depository Institutions Act of 1982 and Section 501 of the Depository Institutions Deregulation and Monetary Control Act of 1980.



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ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

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LEGAL DESCRIPTION:

LOT 23, OF THE SURVEY OF "CRANBERRY HEIGHTS, PHASE I," RECORDED IN VOLUME 18 OF SURVEYS, PAGES 26 AND 27, RECORDS OF SKAGIT COUNTY, WASHINGTON, BEING A PORTION OF LOTS 1,2, AND 3, BLOCK 1116, "NORTHERN PACIFIC ADDITION TO ANACORTES," AS PER PLAT RECORDED IN VOLUME 2 OF PLATS, PAGES 9 THROUGH 11, INCLUSIVE, RECORDS OF SKAGIT COUNTY, WASHINGTON.

SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON.

**APN# P108723
3809-115-023-0000**



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