



200708020156
Skagit County Auditor

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122562-S

LAND TITLE OF SKAGIT COUNTY

LOAN MODIFICATION AGREEMENT

(Providing for Fixed Interest Rate)

This Loan Modification Agreement ("Agreement"), made this 31st day of July, 2007, between Patricia A Cruse and James A Cruse, wife and husband

Horizon Bank, a Washington Corporation ("Borrower") and

supplements (1) the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), and Timely Payment Rewards Rider, if any, dated September 19, 2006 and recorded in Book or Liber , at page(s) , of the Auditors File # 200609200134 Records of

Skagit, WA [Name of Records] and (2) the Note, bearing the same date as, and

[County and State, or other Jurisdiction] 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

19913 Bella Vista Lane, Mount Vernon, WA 98274

[Property Address]

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LOAN MODIFICATION AGREEMENT-Single Family-Fannie Mae Uniform Instrument

Form 3179 1/01 (rev. 8/01)

VMP-852R (0110)

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Initials: *PR*

VMP MORTGAGE FORMS - (800) 321-7291



the real property described being set forth as follows:

Lot 4, of Short Plat No. 01-0151, recorded May 10, 2001, under Auditor's File No. 200105100117, records of Skagit County, Washington; and being a portion of the Southeast 1/4 of the Southeast 1/4 of Section 29, Township 33 North, Range 4 East, W.M. Situate in the County of Skagit, State of Washington.

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 July 31, 2007, the amount payable under the Note and the Security Instrument (the "Unpaid Principal Balance") is U.S. \$ 609,561.53, 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 6.6250 %, from July 31, 2007. Borrower promises to make monthly payments of principal and interest of U.S. \$ 3,905.90, beginning on the 1st day of August 2007, and continuing thereafter on the same day of each succeeding month until principal and interest are paid in full. The yearly rate of 6.6250 % 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 July 01, 2037 (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 1500 Cornwall Ave, Bellingham, WA 98225

or at such other place as Lender may require.

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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
 - (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.

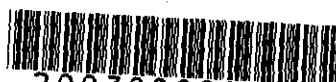
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Skagit County Auditor

Patricia A. Cruse
Patricia A. Cruse

(Seal)
-Borrower

James A. Cruse
James A. Cruse

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

Horizon Bank
(Seal)
-Lender

By: [Signature]

[Space Below This Line For Acknowledgments]

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STATE OF WASHINGTON }
COUNTY OF Skagit } SS

On this day personally appeared before me Patricia A. Cruse + James A. Cruse to me known to be the individual described in and who executed the within instrument, and acknowledged that they signed the same as themselves free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my and official seal this day of August, 2, 2007

Leslie Eve Brown

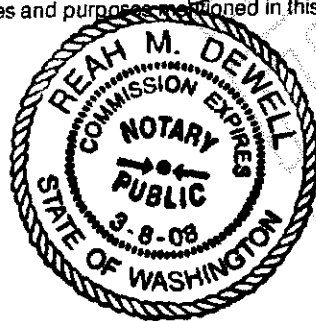
Notary Public in and for the State of Washington, residing at 24645 Stonewood Drive Mt. Vernon WA
My appointment expires on 6/9/2009

STATE OF Washington
COUNTY OF Whatcom } SS

I certify that I know or have satisfactory evidence that Betty Ann Noble who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she is authorized to execute the instrument and acknowledged it as the Asst. Vice President of Horizon Bank to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: 7/31/07
Reah M. Dewell

Notary Public in and for the State of Washington
Residing at Bellingham
My appointment expires: 03-08-08



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