

**After Recording Please Return To:**

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Name of Natural Person

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City, State ZIP

\_\_\_\_\_  
[Space Above This Line for Recording Data]\_\_\_\_\_

# DEED OF TRUST MODIFICATION AGREEMENT

**[To be used to refinance balloon loans documented on Fannie Mae uniform instruments.]**

This Deed of Trust Modification Agreement (the "Refinancing Instrument"), entered into and effective as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (the "Refinancing Date"), between \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ ("Borrower"),  
\_\_\_\_\_ ("Co-grantor"), and  
\_\_\_\_\_ ("Lender"), renews and

extends the mortgage or deed of trust (the "Security Instrument") to secure the debt evidenced by this Refinancing Instrument. The Security Instrument (i) is dated \_\_\_\_\_, \_\_\_\_\_, (ii) was executed to secure the note (the "Balloon Note") dated \_\_\_\_\_, \_\_\_\_\_, in the original principal sum of U.S. \_\_\_\_\_ and \_\_\_\_\_/100 Dollars (\$ \_\_\_\_\_), executed by \_\_\_\_\_

\_\_\_\_\_  
and payable to the order of \_\_\_\_\_, (iii) is recorded in Book or Liber \_\_\_\_\_ at page(s) \_\_\_\_\_ of the \_\_\_\_\_

[Name of Land Records]

records of \_\_\_\_\_, \_\_\_\_\_, and (iv) affects rights with respect to the collateral  
[Type of Recording Jurisdiction] [Name of Recording Jurisdiction]

defined therein as the "Property," which is located at \_\_\_\_\_  
[Property Address]

and is described as follows:

Initials: \_\_\_\_\_

The Security Instrument includes a Balloon Rider and the Balloon Note includes a Balloon Note Addendum, both of which provide for a Conditional Right to Refinance. In connection therewith:

(a) As further provided below, the Security Instrument is renewed, extended, and amended to secure repayment of the debt evidenced by this Refinancing Instrument, by delivery hereof to the Lender in recordable form in all respects.

(b) This Refinancing Instrument, when duly executed by Borrower, delivered by Borrower to Lender, and accepted by Lender, supersedes and satisfies the Balloon Note (including the Balloon Note Addendum); provided that any sums owed solely by reason of the Security Instrument and not evidenced by the Balloon Note are not released by execution and delivery of this Refinancing Instrument.

(c) Borrower acknowledges that immediately prior to execution of this Refinancing Instrument, the lien of the Security Instrument is valid and subsists against the Property.

(d) The debt evidenced by this Refinancing Instrument is evidenced by Section D hereof, which portion of this Refinancing Instrument is referred to therein as the "Note."

Notwithstanding anything to the contrary contained in the Balloon Note or Security Instrument, Borrower undertakes as follows:

**A. RENEWAL AND EXTENSION OF LIEN**

It is the intention of the Borrower and Lender that the lien of the Security Instrument shall secure the debt evidenced by this Refinancing Instrument and that the Security Instrument hereby shall be renewed and extended, as of the Refinancing Date, so long as required to secure such debt until it is paid in full. In connection with the foregoing:

(i) The Maturity Date of the debt evidenced by this Refinancing Instrument is set forth in Section D.3(A), below.

(ii) Lender is expressly subrogated to all rights with respect to the Property, prepayment, and acceleration to which the holder of the Balloon Note was entitled by reason of the Security Instrument.

(iii) In the event that any portion of the debt evidenced by this Refinancing Instrument cannot be lawfully secured by the Security Instrument as so renewed and extended, principal payments shall be applied first to that portion not so secured.

(iv) Borrower acknowledges that the lien securing the Balloon Note is hereby renewed and extended, amended as provided immediately below, and is in full force and effect until the debt evidenced by this Refinancing Instrument is paid in full.

**B. AMENDMENT OF THE SECURITY INSTRUMENT**

All of the terms of the Balloon Rider are cancelled, null, and void as of the Refinancing Date.

**C. CO-GRANTOR LIABILITY**

Any party that signs below as a "Co-grantor" did not execute the Balloon Note but signs below to grant and convey, under the terms of the Security Instrument, such interest as that party may have in the Property. Such party is not personally obligated to pay the debt evidenced by this Refinancing Instrument and secured by the Security Instrument (as renewed, extended, and amended hereby), and agrees that Lender and Borrower may agree to extend, modify, forbear or make any accommodations with regard to such debt or the Security Instrument (as renewed, extended, and amended hereby) without such party's consent.

**D. FULLY AMORTIZING NOTE**

**1. BORROWER'S PROMISE TO PAY**

In return for a loan that I have received, I promise to pay U.S. \$ \_\_\_\_\_ (this amount is called "Principal"), plus interest, to the order of Lender. 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. 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 on and after the Refinancing Date until the full amount of Principal has been paid. I will pay interest at a yearly rate of \_\_\_\_\_%.

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

Initials: \_\_\_\_\_

**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 payments on the \_\_\_\_\_ day of each month beginning on \_\_\_\_\_, \_\_\_\_\_. 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 \_\_\_\_\_, \_\_\_\_\_, 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 \_\_\_\_\_ 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. \$ \_\_\_\_\_.

**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 this Note.

I may make a full Prepayment or partial Prepayments without paying any Prepayment charge. The Note Holder will use all of 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 this 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 that 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 Charges for Overdue Payments**

If the Note Holder has not received the full amount of any monthly payment by the end of \_\_\_\_\_ 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 \_\_\_\_\_% 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.

Initials: \_\_\_\_\_

**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 mailing it by first class mail to the Note Holder at the address stated in Section D.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 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. SECURITY INSTRUMENT**

In addition to the protections given to the Note Holder under this Note, the Security Instrument protects the Note Holder from possible losses which might result if I do not keep the promises that I make in this Note. The 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 the 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 the Security Instrument without further notice or demand on Borrower.

**11. RIGHTS OF TRANSFEREES**

A transferee of this Refinancing Instrument shall have the rights of a "holder in due course" under the Uniform Commercial Code if the transferee took rights under this Refinancing Instrument in good faith, for value, and without notice of a claim or defense, and if there has been endorsement and delivery as are required by the Uniform Commercial Code to become a "holder in due course."

Initials: \_\_\_\_\_

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ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBT ARE NOT ENFORCEABLE. TO PROTECT YOU (BORROWER(S)) AND US (LENDER) FROM MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENTS WE REACH COVERING SUCH MATTERS ARE CONTAINED IN THIS WRITING, WHICH IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN US, EXCEPT AS WE MAY LATER AGREE IN WRITING TO MODIFY IT.

THERE ARE NO UNWRITTEN (ORAL) AGREEMENTS BETWEEN THE PARTIES.

_____ (Seal) -Borrower	_____ (Seal) -Borrower
_____ (Seal) -Borrower	_____ (Seal) -Borrower
_____ (Seal) -Co-grantor	_____ (Seal) -Co-grantor

Lender does not, by its execution hereof, waive any right it may have against any person not a party hereto.

**Accepted by Lender:**

Lender Name: \_\_\_\_\_

By: \_\_\_\_\_  
*[Signature]*
*[Signatory's Typed Name]*

Signatory's Title: \_\_\_\_\_

\_\_\_\_\_ [Space Below This Line for Endorsements] \_\_\_\_\_

Initials: \_\_\_\_\_

[Space Below This Line for Acknowledgement]

**(Individual)**

State of \_\_\_\_\_ §  
County of \_\_\_\_\_ §

On this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, before me personally appeared

\_\_\_\_\_,  
to me known to be the person(s) described in and who executed the foregoing instrument, and acknowledged that he/she/they executed the same as his/her/their free act and deed.

\_\_\_\_\_  
Notary Public, State of \_\_\_\_\_ (Seal)

My Commission Expires: \_\_\_\_\_

**(Corporate)**

State of \_\_\_\_\_ §  
County of \_\_\_\_\_ §

On this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, before me appeared

\_\_\_\_\_,  
to me personally known, who, being by me duly sworn (or affirmed) did say that he/she is the \_\_\_\_\_  
of \_\_\_\_\_

\_\_\_\_\_,  
and that the seal affixed to foregoing instrument is the corporate seal of said corporation (or association), and that said instrument was signed and sealed in behalf of said corporation (or association) by authority of its board of directors (or trustees), and said \_\_\_\_\_ acknowledged said instrument to be the free act and deed of said corporation (or association).

\_\_\_\_\_  
Notary Public, State of \_\_\_\_\_ (Seal)

My Commission Expires: \_\_\_\_\_

Initials: \_\_\_\_\_