

Maximum principal indebtedness for Tennessee recording tax purposes is \$ 18,000.00

This instrument was prepared by: NBC/309 MONROE, MPHS., TN 38103 901-529-6263

DEED OF TRUST

PARTIES: This Deed of Trust is made on January 13, 1996, among the Grantor, KENNETH W. SMITH AND BETH C. SMITH, AS HUSBAND AND WIFE ("Trustee"), Trustee's address is ONE COMMERCE SQUARE, MEMPHIS, TN 38150 and the Beneficiary, NATIONAL BANK OF COMMERCE, a corporation organized and existing under the laws of THE U.S.A whose address is P.O. BOX 2159, MEMPHIS, TN 38101 ("Lender").

CONVEYANCE: For value received, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the real estate described below and all rights, easements, appurtenances, rents, leases and existing and future improvements and fixtures (all called the "property").

PROPERTY ADDRESS: 10555 LOBLOLLAY, OLIVE BRANCH, Tennessee 38654 (Street) (City) (Zip Code)

LEGAL DESCRIPTION:

SEE EXHIBIT 'A' ATTACHED HERETO AND MADE A PART HEREOF.

LOAN #870019256

STATE MS.-DESOTO CO. FILED

MAR 4 2 05 PM '96

BK 813 PG 361 W.E. DAVIS CH. CLK.

located in DESOTO County, Tennessee.

TITLE: Borrower covenants that borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the property and that the property is unencumbered, except for encumbrances of record, municipal and zoning ordinances, current taxes and assessments not yet due, and Borrower warrants and will defend generally the title to the property against all claims and demands, subject to any encumbrances of record.

SECURED DEBT: This deed of trust secures to Lender repayment of the secured debt and the performance of the covenants and agreements contained in this deed of trust and in any other document incorporated herein. Secured debt, as used in this deed of trust, includes any amounts Borrower owes to Lender under this deed of trust or under any instrument secured by this deed of trust and all modifications, extensions, and renewals thereof.

(Check ones that apply below)

[] The secured debt is evidenced by (List all instruments and agreements secured by this deed of trust and the dates thereof.):

[X] Open End Deed of Trust: This deed of trust is intended to be and is an "Open End Mortgage" as defined under, and pursuant to, the Tennessee Code Annotated, and secures an open end credit agreement even though all or a part of the total amount may not yet be advanced. Future advances are contemplated and will be secured and will have priority to the same extent as if made on the date this deed of trust is executed.

[] If box at left is marked, this deed of trust secures a loan agreement which is for commercial (not consumer) purpose credit, and the loan agreement contains an obligatory future advances provision.

Maximum Total Principal Indebtedness: (Required for open end deed of trust.) The maximum limit of the total principal indebtedness to be secured by this deed of trust at any one time is \$ 18,000.00 (credit limit). This limit includes precomputed interest and other precomputed charges but does not include other interest, loan charges, commitment fees, brokerage commissions, and other charges validly made pursuant to this deed of trust. This amount does not include any amounts disbursed under the terms of this deed of trust to protect the security of this deed of trust or to perform any of the covenants contained in this deed of trust, or interest on such disbursements.

NOTICE OF RIGHT TO REDUCE LIMIT ON MAXIMUM AMOUNT OF TOTAL PRINCIPAL INDEBTEDNESS

Borrower may, pursuant to TN Code Ann. 547-28-105, reduce the limit on the maximum amount of total principal indebtedness to be secured under this deed of trust.

TERM: (Required for open end deed of trust.) The above obligation is due and payable if not paid earlier. If this is an Open End Deed of Trust, the due date may not be more than 20 years after the date of the credit agreement secured.

[X] Variable Rate: The interest rate on the obligation secured by this deed of trust may vary according to the terms of that obligation.

[] A copy of the loan agreement containing the terms under which the interest rate may vary is attached to this deed of trust and made a part hereof.

SIGNATURES: By signing below, Borrower agrees to the terms and covenants contained in this deed of trust, including those on page 2 and in any riders described above signed by Borrower, and acknowledges receipt of at least one copy on today's date.

X Kenneth M. Smith KENNETH W. SMITH

X Beth C. Smith BETH C. SMITH

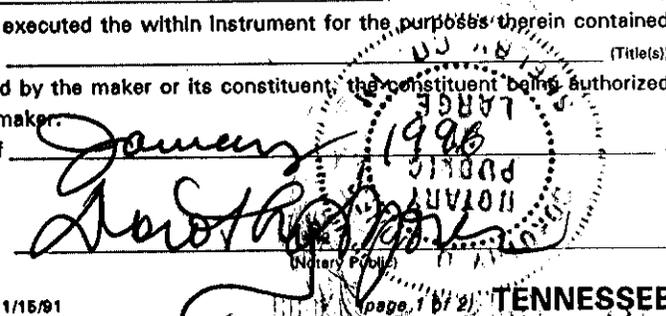
ACKNOWLEDGMENT: STATE OF TENNESSEE, Shelby County ss: Personally appeared before me, the notary public named below, KENNETH W. SMITH AND BETH C. SMITH, AS HUSBAND AND WIFE, with whom I am personally acquainted, and who acknowledged that THEY executed the within instrument for the purposes therein contained

Corporate or Partnership Acknowledgment Only

and who further acknowledged that is the of the maker or constituent of the maker and is authorized by the maker or its constituent, the constituent being authorized by the maker, to execute this instrument on behalf of the maker.

Witness my hand, at office, this 13 day of January 1996

My commission expires: (Seal)



1. **Payments.** Borrower agrees to make all payments on the secured debt when due. Unless Borrower and Lender agree otherwise, any payments Lender receives from Borrower or for Borrower's benefit will be applied first to any amounts Borrower owes on the secured debt (exclusive of interest or principal), second to interest, and then to principal. If partial prepayment of the secured debt occurs for any reason, it will not reduce or excuse any scheduled payment until the secured debt is paid in full.
2. **Claims Against Title.** Borrower will pay all taxes, assessments, and other charges attributable to the property when due and will defend title to the property against any claims which would impair the lien of this deed of trust. Lender may require Borrower to assign any rights, claims or defenses which Borrower may have against parties who supply labor or materials to improve or maintain the property.
3. **Insurance.** Borrower will keep the property insured under terms acceptable to Lender at Borrower's expense and for Lender's benefit. All insurance policies shall include a standard mortgage clause in favor of Lender. Lender will be named as loss payee or as the insured on any such insurance policy. Any insurance proceeds may be applied, within Lender's discretion, to either the restoration or repair of the damaged property or to the secured debt. If Lender requires mortgage insurance, Borrower agrees to maintain such insurance for as long as Lender requires.
4. **Property.** Borrower will keep the property in good condition and make all repairs reasonably necessary.
5. **Expenses.** Borrower agrees to pay all Lender's expenses, including reasonable attorneys' fees, if Borrower breaks any covenants in this deed of trust or in any obligation secured by this deed of trust. Borrower will pay these amounts to Lender as provided in Covenant 9 of this deed of trust.
6. **Prior Security Interest.** Unless Borrower first obtains Lender's written consent, Borrower will not make or permit any changes to any prior security interests. Borrower agrees to, at Lender's request, perform all acts required by law to reduce the maximum amount of total indebtedness of any prior security interest to the amount outstanding as of the date of the request. Borrower will perform all of Borrower's obligations under any prior mortgage, deed of trust or other security agreement, including Borrower's covenants to make payments when due.
7. **Assignment of Rents and Profits.** Borrower assigns to Lender the rents and profits of the property. Unless Borrower and Lender have agreed otherwise in writing, Borrower may collect and retain the rents as long as Borrower is not in default. If Borrower defaults, Lender, Lender's agent, or a court appointed receiver may take possession and manage the property and collect the rents. Any rents Lender collects shall be applied first to the costs of managing the property, including court costs and attorneys' fees, commissions to rental agents, and any other necessary related expenses. The remaining amount of rents will then apply to payments on the secured debt as provided in Covenant 1.
8. **Leaseholds; Condominiums; Planned Unit Developments.** Borrower agrees to comply with the provisions of any lease if this deed of trust is on a leasehold. If this deed of trust is on a unit in a condominium or a planned unit development, Borrower will perform all of Borrower's duties under the covenants, by-laws, or regulations of the condominium or planned unit development.
9. **Authority of Lender to Perform for Borrower.** If Borrower fails to perform any of Borrower's duties under this deed of trust, Lender may perform the duties or cause them to be performed. Lender may sign Borrower's name or pay any amount if necessary for performance. If any construction on the property is discontinued or not carried on in a reasonable manner, Lender may do whatever is necessary to protect Lender's security interest in the property. This may include completing the construction.
Lender's failure to perform will not preclude Lender from exercising any of its other rights under the law or this deed of trust.
- Any amounts paid by Lender to protect Lender's security interest will be secured by this deed of trust. Such amounts will be due on demand and will bear interest from the date of the payment until paid in full at the interest rate in effect on the secured debt.
10. **Default and Acceleration.** If Borrower fails to make any payment when due or breaks any covenants under this deed of trust or any obligation secured by this deed of trust, Lender may accelerate the maturity of the secured debt and demand immediate payment and may invoke the power of sale as well as any other remedies permitted by applicable law.
11. **Power of Sale.** If Lender invokes the power of sale, Trustee shall advertise (or otherwise provide notice of) sale of the property for the time and in the manner provided by applicable law. Trustee shall then without demand on Borrower, sell the property at public auction to the highest bidder for cash at the time and place and under the terms designated in the notice of sale. Lender or Lender's designee may purchase the property at any sale. Trustee shall deliver to the purchaser Trustee's deed conveying the property so sold without any covenant or warranty, express or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (1) to all reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (2) to all sums secured by this deed of trust; (3) the excess, if any, to the persons legally entitled to receive it.
12. **Inspection.** Lender may enter the property to inspect it if Lender gives Borrower notice beforehand. The notice must state the reasonable cause for Lender's inspection.
13. **Condemnation.** Borrower assigns to Lender the proceeds of any award or claim for damages connected with a condemnation or other taking of all or any part of the property. Such proceeds will be applied as provided in Covenant 1. This assignment is subject to the terms of any prior security agreement.
14. **Waiver.** By exercising any remedy available to Lender, Lender does not give up any rights to later use any other remedy. By not exercising any remedy upon Borrower's default, Lender does not waive any right to later consider the event a default if it happens again.
15. **Joint and Several Liability; Co-signers; Successors and Assigns Bound.** All duties under this deed of trust are joint and several. Any Borrower who co-signs this deed of trust but does not co-sign the underlying debt instrument or agreement does so only to grant and convey that Borrower's interest in the property to the Trustee under the terms of this deed of trust. In addition, such a Borrower agrees that the Lender and any other Borrower under this deed of trust may extend, modify or make any other changes in the terms of this deed of trust or the secured debt without that Borrower's consent and without releasing that Borrower from the terms of this deed of trust.
The duties and benefits of this deed of trust shall bind and benefit the successors and assigns of Lender and Borrower.
16. **Notice.** Unless otherwise required by law, any notice to Borrower shall be given by delivering it or by mailing it addressed to Borrower at the property address or any other address that Borrower has given to Lender. Borrower will give any notice to Lender by mail to Lender's address on page 1 of this deed of trust, or to any other address which Lender has designated.
Any notice shall be deemed to have been given to Borrower or Lender when given in the manner stated above.
17. **Transfer of the Property or a Beneficial Interest in the Borrower.** If all or any part of the property or any interest in it is sold, transferred, or encumbered without Lender's prior written consent, Lender may demand immediate payment of the secured debt. Lender may also demand immediate payment if the Borrower is not a natural person and a beneficial interest in the Borrower is sold or transferred. However, Lender may not demand payment in the above situations if it is prohibited by federal law as of the date of this deed of trust.
18. **Release.** When Borrower has paid the secured debt in full and all underlying agreements have been terminated, Lender shall release this deed of trust without charge to Borrower. Borrower shall pay all costs of recordation, if any.
19. **Substitute Trustee.** Lender may, at its option, from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder by an instrument recorded in the county in which this deed of trust is recorded. Without conveyance of the property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.
20. **Waiver of Homestead, Redemption, and Spousal Rights.** Borrower waives all right of homestead exemption in and equitable and statutory redemption of the property and Borrower hereby relinquished all right of dower, courtesy and statutory or elective rights in the property.
21. **Return of Credit Devices.** Borrower will, on request of Lender, return to Lender all checks, credit cards or other devices used to obtain advances under the secured debt.

Kenneth W. and Beth C. Smith

Account # 870019256

EXHIBIT "A"

Lot 60, Section B, The Branch Subdivision, situated in Section 35, Township 1 South, Range 6 West, DeSoto County, Mississippi, as per plat recorded in Plat Book 34, Pages 34-36, in the Office of the Chancery Clerk of DeSoto County, Mississippi.

In addition to maintaining the insurance described below, the party of the first part will insure the buildings on said property against loss or damage by earth movement, including without limitation: earthquake, volcanic eruption; landslide; mine subsidence; mud flow, earth sinking rising or shifting. Such additional insurance coverage shall be in the same amount and on the same terms as the insurance described herein.rein:

PLEASE NOTE: The provisions of the Equity Credit Line Agreement referred to herein permit the party of the first part, subject to certain conditions, to convert all or a portion of the indebtedness secured by this Deed of Trust into a Fixed Rate, Amortizing Loan, provided, however, that nothing contained in the Equity Credit Line Agreement permits the party of the first part to increase the total maximum principal indebtedness secured by this Deed of Trust. Please refer to the Equity Cedit Line Agreement for further information.

Notwithstanding paragraph 3(c) of the Equity Credit Line Agreement received at closing, the Daily Periodic Rate for those Billing Cycles between the date of the Agreement and one year from said date, shall be:

a fixed rate of 7.9% APR, Daily Periodic Rate .021654%

Thereafter, without further notice to you, the Daily Periodic Rate shall be determined as set out in paragraph 3(c) of the Agreement (Current Daily Rate .02602%, APR 9.50%).