BK 1234 PG 0361

AFTER FILING RETURN TO: JUDY FOWLER
BANCORPSOUTH BANK
MORTGAGE LOANS DIVISION
371 N. PARKWAY, STE. A
JACKSON TN 38305
(901) 425-9813

LOAN MODIFICATION AGREEMENT

AFTER FILING RETURN TO: DONNA REEDER
BANCORPSOUTH BANK
MORTGAGE LOANS DIVISION
P O DRAWER 789
TUPELO MS 38802
(662) 678-7500

This Loan Modification Agreement ("Agreement"), made on July 31, 2000 between ELWOOD I GALLAGHER AND WIFE, REBECCA GALLAGHER (Borrower) and BancorpSouth Bank ("Lender"), amends and supplements (1) the Mortgage Deed of Trust or Deed to Secure Debt (the "Security Instrument"), dated March 15, 2000 and recorded in Book _____, at page(s) _____, of the _____ Records of _____, and (2) 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 9380 AUSTIN DR, OLIVE BRANCH, MS 38654, the real property described being set forth as follows:

SEE ATTACHED EXHIBIT "A"

In consideration of the mutual promises and agreements exchanged, the parties hereto agree as follows (notwithstanding anything to the contrary contained in the Note or Security Instrument):

1. As of July 31, 2000, the amount payable under the Note and the Security Instrument (the "Unpaid Principal Balance") is U.S. $170,500.00, consisting of the amount(s) loaned to the Borrower by the Lender and any interest capitalized to date.

2. The Borrower promises to pay the Unpaid Principal Balance, plus interest, to the order of the Lender. Interest will be charged on the Unpaid Principal Balance at (check appropriate provisions):

STATE MS.-DESOTO CO.
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FIXED RATE:
At the yearly rate of 8.0000 % from July 31, 2000.

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W.E. ... CLK.

MONTHLY PAYMENTS:
The Borrower promises to make monthly payments of principal and interest of U.S. $ 1,254.47, beginning on September 1, 2000, and continuing thereafter on the same day of each succeeding month until principal and interest are paid in full. If on April 1, 2030 (the "Maturity Date"), the Borrower still owes amounts under the Note and the Security Instrument, aamended by this Agreement, the Borrower will pay these amounts in full on the Maturity Date. The Borrower will make such payments at **BancorpSouth Bank, P. O. Box 335 Tupelo, MS 38803-3356** or at such other place as the Lender may require.

ADJUSTABLE RATE:

At a rate of _____% per year until the full amount of principal is paid. The interest rate may change on the first day of _____, and on that day of each succeeding year. "Change Date" means each date on which the interest rate could change. Beginning with the first change Date, the interest rate will be based on an Index. "Index" means (check appropriate provision) [ ] the weekly average yield on Unites States Treasury Securities adjusted to a constant maturity of one year, as made available by the Federal Reserve Board; [ ] (Other)_____, "Current Index" means the most recent Index figure available _____days before the Change Date. If the Index (as defined above) is no longer available, Lender will use as a new Index any Index, if available, prescribed by the (check appropriate provision) [ ] (if F. H. A.) the Secretary of Housing and Urban development or his or her designee; [ ] (if V.A. and if available) Department of Veterans Affairs; (or, if the index indicated above is not available at the time specified hereinabove for the Change Date, or otherwise at Lender's option). [ ] Lender based upon information comparable to said Federal Reserve Board index.

A. Monthly Payments: The Borrower promises to pay to Lender monthly payments of principal and interest of U.S. $_____, beginning on _____, and on the same day of each succeeding month until principal and interest are paid in full; provided, however, that this amount may change. Changes in the monthly payment will reflect changes in the unpaid principal of the loan and in the interest rate that is payable. The Lender will determine the new interest rate and the changed amount of the monthly payment in accordance with the provisions concerning the following: The adjustable interest rate payable may change on the first day of _____, 19_____, and on that day every 12th month thereafter. Each date on which the adjustable interest rate could change is called a "Change Date." Before each Change Date, Lender will calculate the new interest rate by adding _____ percentage point(s) (_____%) to the Current Index. The Lender will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). This rounded amount will be the new interest rate until the next Change Date; provided that the interest rate required to be paid at the first Change Date will not be greater than_____% or less than _____%. Thereafter, the adjustable rate will never be increased or decreased on any single Change Date by more than _____ percentage point(s) (%) from the rate of interest which was payable for the preceding 12 months. The interest rate will never be greater than _____%, which is called the "Maximum Rate". Upon rounding the result of such additional interest rate, the Lender will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal expected to be owed at the Change Date in full on the Maturity Date at the new interest rate in substantially equal payments. The result of this calculation will be the new amount of the monthly payment. The new interest rate will become effective on each Change Date. Borrower will pay the amount of new monthly payment beginning on the first monthly payment date after the Change Date until the amount of the monthly payment changes again. If on _____ (the "Maturity Date") the Borrower still owes amounts under the Note and Security Instrument, as amended by this Agreement, the Borrower will pay those amounts in full on the Maturity Date. The Borrower will make those payments at _____ or at such other place as the Lender may require.

B. Notice of Changes in Adjustable Interest Rate:

If required by law, the Lender will deliver or mail to the Borrower a notice of any changes in the adjustable interest rate and the amount of the monthly payment before the effective date of any change. The notice will include information required by law to be given Borrower.

3. Fixed Interest Rate Conversion Option (check appropriate provision)

[ ] No Conversion Option is permitted.

[ ] Borrower has a Conversion Option that can be exercised unless Borrower is in default or the provisions of this paragraph will not permit the Borrower to do so. The "Conversion Option" is Borrower's option to convert the interest rate Borrower is required to pay by the Note and this Agreement from an adjustable rate with interest rate limits to the fixed rate calculated as follows:

A. The new fixed interest rate will be equal to the Federal National Mortgage Association's required net yield as of a date and time of day specified by the Lender for (i) if the original term of this Note is greater than 15 years, 30-year fixed rate mortgages covered by applicable 60-day mandatory delivery commitments, plus five-eighths of one percentage point (0.625%), rounded to the nearest one-eighth of one percentage point (0.125%) or (ii) if the original term of this Note is 15 years or less, 15-year fixed rate mortgages covered by applicable 60-day mandatory delivery commitments, plus five-eighths of one percentage point (0.625%), rounded to the nearest one-eighth of one percentage point (0.125%). If this required net yield cannot be determined because the applicable commitments are not available, the Lender will determine the interest rate by using comparable information. The new rate calculated under this paragraph will not be greater than the Maximum Rate stated and defined hereinabove.

B. The conversion can only take place on a date(s) specified by the Lender during the period beginning on the first Change Date and ending on the fifth Change Date. Each date on which the adjustable interest rate can convert to the new Fixed Rate is called the "Conversion Date."

C. If Borrower wants to exercise the Converstion Option, Borrower must first meet certain conditions. Those conditions are that: (i) Borrower must give the Lender written notice that Borrower wants to do so; (ii) on the Conversion Date, Borrower must not be in default under the Note or the Security Instrument, (iii) by a date specified by the Lender, Borrower must pay the Lender a conversion fee of U.S. $_____; and (iv) Borrower must sign and give the Lender any documents the Lender requires to effect the conversion.

D. If Borrower chooses to exercise the Conversion Option, the Lender will determine the amount of the monthly payment that would be sufficient to repay the unpaid principal Borrower is expected to owe on the Conversion Date in full on the Maturity Date at the new fixed interest rate in substantially equal payments. The result of this calculation will be the new amount of the monthly payment. Beginning with the first monthly payment after the Conversion Date, Borrower will pay the new amount as the monthly payment until the Maturity Date.

SALE OR TRANSFER OF PROPERTY:

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

If the Lender exercises this option, the Lender shall give the Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which the Borrower must pay all sums secured by the Security Instrument. If the Borrower fails to pay these sums prior to the expiration of this period, the Lender may invoke any remedies permitted by the Security Instrument, Note and other Loan Documents (defined as all of the other documents Lender may require concerning said loan) without further notice or demand on the Borrower.

5. The Borrower will comply with all covenants, agreements and requirements of the Note as amended by this Agreement and the Security Instrument, including without limitation, the Borrower's covenants and agreements to make all payments of taxes, insurance premiums, assessments, escrow items, impounds and all other payments that the Borrower is obligated to make under the Security Instrument;

If Borrower has elected to pay a Fixed Rate of interest as provided in this Agreement, the terms and provisions of this Agreement concerning a Variable Rate of interest together with any such provisions which may be contained in the Note or/and the Security Instrument are forever cancelled and rendered null and void as of the date specified in paragraph No. 1 above, and the provisions concerning a Fixed Rate of interest elected by Borrower and described in this Agreement shall be and shall remain in full force and effect under the terms and conditions of this Agreement.

If the Borrower has elected to pay an Adjustable Rate of interest as provided in this Agreement, the following terms and provisions concerning a Variable Rate of interest together with any such provisions which may be contained in the Note or/and the Security Instrument shall remain in full force and effect under the terms for a Fixed Rate of interest which may be contained in the Note and/or the Security Instrument are hereby rendered null and void and of no further force and effect as of the date specified in paragraph No. 1 above:

A. all terms and provisions as stated in 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; and

B. all terms and provisions of any adjustable rate rider or other instrument or document other than this Agreement 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 5.A above.

In the event that the Borrower shall subsequently elect to exercise the option to convert the interest rate from a variable rate of interest to a fixed rate of interest as is provided in Item 3 hereinabove, all of the terms and conditions contained herein and in the Note and Security Instrument applicable to a variable rate of interest shall be rendered null and void, and all of the provisions contained herein and in the Note and Security Instrument applicable to a fixed rate of interest shall apply and be and remain in full force and effect for the remaining term of the Note and this Agreement.

6. This Agreement is hereby annexed to, incorporated in and made a part of said Note as if fully copied therein. 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 the Borrower and Lender will be bound by, and comply with, all of the terms and provisions thereof, as amended by this Agreement.

7. Every term, whenever used in this Agreement and the Loan Documents (especially the words "Borrower" and Lender") shall be construed to mean the singular, plural, neuter, masculine, or feminine whenever consistent with the context hereof. The word "Lender" shall include the Lender, its successors and assigns and the Holder of the Note, Security Instrument and this Agreement. The term "Borrower" shall include the Borrower, his heirs and personal representatives and shall include all those executing the Note, Security Instrument, and this Loan Modification Agreement, and any Guaranty and all shall be jointly and severally liable thereon and hereon.

8. This Agreement, nor any term or provision hereof, shall not be construed to be a waiver of any of the terms and provisions of any other agreement between Borrower and Lender nor of the Note or the Security Instrument, nor shall a waiver granted by the Lender on one occasion permit a waiver on any other occasion, and nothing in this Agreement shall be construed or understood to be a satisfaction or release in whole or in part of the Note, the Security Instrument or any other document or agreement between Borrower and Lender. Except as may be specifically provided in this Agreement, the Note and Security Instrument will remain unchanged, and the Borrower and the Lender shall be bound by, and comply with, all of the terms and provisions thereof, as amended by this Agreement, and all of the rights given or to be given to Lender by Borrower shall remain in full force and effect. A waiver of any right of Lender shall not be effective unless in writing and signed by a duly qualified officer of Lender, and the same shall then be effective only for the period and on the conditions and for the specific instances and purposes specified in such writing.

9. This Agreement, the loan and Loan Documents and all related matters thereto shall be construed in accordance with and governed by the laws of the State of Mississippi, applicable Federal Laws, rules and regulations including, without limitation, the rules and regulations of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the requirements of the buyer or assignee of said loan.

10. The provisions of this Agreement are severable, and if any provision hereof is or shall bcome in whole or part invalid or unenforceable in any jurisdiction, then such invalidity or unenforecability shall affect only such clause or provision or part thereof in such jurisdiction and shall have no effect upon any other clause or provision hereof.

IN WITNESS WHEREOF, Borrower and Lender have executed or have caused this instrument to be executed by their duly qualified Officer on the day and year first hereinabove named.

_____ (Seal)
BancorpSouth Bank (Lender)
By: _____

_____ (Seal)
ELWOOD I GALLAGHER
Borrower

_____ (Seal)
REBECCA GALLAGHER
Borrower

_____ (Seal)
Borrower

_____ (Seal)
Borrower

EXHIBIT "A"

Legal Description

Lot 59, Cedar Crest Estates, Second Addition, situated in Section 10, Township 2 South, Range 6 West, DeSoto County, Mississippi, as per plat recorded in Plat Book 50, Page 7, Chancery Clerk's Office, DeSoto County, Mississippi.

Property Address: 9380 Austin Drive, Olive Branch, MS 38654

For recognition purposes only:

Elwood I. Gallagher
Elwood I Gallagher

Rebecca Gallagher
Rebecca Gallagher

CORPORATE ACKNOWLEDGMENT

STATE OF MISSISSIPPI
COUNTY OF DeSoto

Personally appeared before me, the undersigned authority in and for the said county and state, on this 31st day of July, 2000 within my jurisdiction, the within named CAROL RICKMAN, who acknowledged that (he) (she) is a Loan Officer of BANCORPSOUTH, a corporation, and that for and on behalf of the said corporation, and as its act and deed (he) (she) executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

Mika D. Joyner (NOTARY PUBLIC)

My Commission expires:
MISSISSIPPI STATE WIDE NOTARY PUBLIC
MY COMMISSION EXPIRES FEB. 28, 2004
BONDED THRU STEGALL NOTARY SERVICE

(Affix official seal)

INDIVIDUAL ACKNOWLEDGMENT

STATE OF MISSISSIPPI
COUNTY OF DeSoto

Personally appeared before me, the undersigned authority in and for the said county and state, on this 31st day of July, 2000 within my jurisdiction, the within named ELWOOD I. Gallagher, who acknowledged that (he) (she) (they) executed the above and foregoing instrument.

Mika D. Joyner (NOTARY PUBLIC)

My Commission expires:

MISSISSIPPI STATEWIDE NOTARY PUBLIC
MY COMMISSION EXPIRES FEB. 28, 2004
BONDED THRU STEGALL NOTARY SERVICE

(Affix official seal)

INDIVIDUAL ACKNOWLEDGMENT

STATE OF MISSISSIPPI
COUNTY OF DeSoto

Personally appeared before me, the undersigned authority in and for the said county and state, on this 31st day of July, 2000 within my jurisdiction, the within named Rebecca Gallagher. who acknowledged that (he) (she) (they) executed the above and foregoing instrument.

Mika D. Joyner (NOTARY PUBLIC)

My Commission expires:

MISSISSIPPI STATEWIDE NOTARY PUBLIC
MY COMMISSION EXPIRES FEB. 28, 2004
BONDED THRU STEGALL NOTARY SERVICE

(Affix official seal)