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This Instrument Prepared By:
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BK 1371 PG 389
W.E. DAVIS CH. CLK.

CONSTRUCTION DEED OF TRUST

THIS DEED OF TRUST, made this 2nd day of August, 2001, is from OAKWOOD HOMES, INC., (hereinafter sometimes referred to as "Grantor"), to RONALD L. HANSEN OF SHELBY COUNTY, TENNESSEE (hereinafter "Trustee"), is for the purpose of securing obligations owed SOUTHTRUST BANK (hereinafter "Lender").

GRANTOR, in consideration of the indebtedness herein recited and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described real property located in the County of DeSoto, State of Mississippi, to wit:

LOTS 87, 88, 118, and 120, PHASE 2, SECTION "A", ALEXANDER'S RIDGE SUBDIVISION, AS SITUATED IN SECTION 27, TOWNSHIP 1 SOUTH, RANGE 6 WEST, AS SHOWN ON PLAT OF RECORD IN PLAT BOOK 75, PAGES 29-30, IN THE OFFICE OF CHANCERY CLERK OF DESOTO COUNTY, MISSISSIPPI, TO WHICH PLAT REFERENCE IS HEREBY MADE FOR A MORE PARTICULAR DESCRIPTION OF SAID PROPERTY.

TOGETHER with all improvements now or hereafter located on said real property, and all easements, rights, appurtenances, rents and profits now or hereafter existing in connection with the real property or derived therefrom, and all fixtures, now or hereafter attached to the such real property, all of which shall be deemed to be a part of the real property covered by this Deed of Trust and shall be hereinafter referred to collectively as the "Property";

TO HAVE AND TO HOLD the Property to the said Trustee, his successors, assigns and successors in trust, forever;

IN TRUST, TO SECURE: to Lender the following: (a) the repayment of the indebtedness evidenced by a certain promissory note made by Oakwood Homes, Inc. (sometimes hereinafter referred to as "Borrower") of even date herewith (herein "Note"), in the principal sum of FOUR HUNDRED FIFTY-THREE THOUSAND TWO HUNDRED and No/100---(\$453,200.00), with interest payable as provided in said Note and with the balance of the indebtedness, if not sooner paid, due and payable August 2, 2002, together with all renewals, modifications, and extensions of said indebtedness; (b) the payment of all other sums advanced in accordance herewith to protect the security of this Deed of Trust together with interest and charges thereon; (c) the performance of the covenants and agreements herein contained; (d) the payment of any and all other indebtedness, whether direct or indirect, now or hereafter owing to Lender by Borrower, or by any individual or entity included in the term Borrower, regardless of the type, class or purpose of any such other indebtedness, and however such indebtedness is evidenced, including, without limitation, the repayment of any Future Advances made by Lender pursuant to paragraph 20 of this instrument (herein "Future Advances"), together with interest thereon. All of the above shall be hereinafter collectively referred to the "Indebtedness".

Grantor agrees as follows:

1. **WARRANTY OF TITLE.** Grantor covenants that Grantor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property; that the Property is unencumbered except for current year's taxes, easements and restrictive covenants of record in the Register's Office for said County, and such other matters as are set forth above; and that the Grantor will warrant and defend generally the title to the property against the lawful claims and demands of all persons unto the Trustee, his successor in trust and assigns, forever.

2. **PAYMENT OF PRINCIPAL AND INTEREST.** Borrower or Grantor shall promptly pay or cause to be paid when due all principal and interest due on the indebtedness evidenced by the Note, including any prepayment and late charges provided in the Deed of Trust. Grantor shall also pay or cause to be paid when due any other indebtedness secured by a lien on the Property or on any part of it.

3. **TAXES, INSURANCE, AND OTHER CHARGES.** Grantor shall pay or cause to be paid all taxes, assessments, insurance premiums, ground rents and other charges, fines and impositions attributable to the property by making payments, when due, directly to the persons entitled to collect such payments. Grantor shall promptly furnish to Lender all notices of amounts due under this paragraph and receipts evidencing the timely payment of all such amounts.

Upon the execution of this instrument and monthly thereafter, as requested by Lender in writing, Grantor shall pay or cause to be paid to Lender, in addition to other payments due under the Note and until the Note is paid in full, a sum (hereinafter the "Funds") equal to one-twelfth of any yearly taxes, assessments, ground rents and other charges attributable to the Property, plus one-twelfth of the yearly premiums for all insurance policies required hereunder, Lender shall reasonably calculate, in its sole discretion, the amount of Funds required pursuant to this paragraph.

So long as there is no default hereunder, Lender shall apply the Funds to pay said taxes, assessments, charges, insurance premiums and ground rents. Lender shall not be required to pay any interest of earnings on the Funds, and the Funds are hereby pledged as additional security for the Indebtedness. This instrument shall be considered a security agreement granting Lender a security interest in the Funds, and if there is a default under this Deed of Trust, Lender may apply the funds to reduce the Indebtedness.

If the Funds held by Lender exceed the amount required to pay said taxes, assessments, insurance premiums, ground rents and other charges as they fall due, and if there is no default under this Deed of Trust and Note, the excess shall be promptly refunded or credited against the sums secured hereby, at the payor's option. If the amount of the Funds held by Lender is not sufficient to pay taxes, assessments, insurance premiums, ground rents and other charges as they fall due, Grantor shall pay or cause to be paid to Lender the amount necessary to make up the deficiency within ten (10) days from the date Lender sends a notice requesting payment thereof.

Upon receipt of payment in full of the Indebtedness, Lender shall promptly refund any Funds held by Lender. If the Property is sold or if it is acquired by Lender, Lender shall apply any Funds in its possession as a credit against the Indebtedness prior to the sale or acquisition of the Property.

4. ASSIGNMENT OF RENTS; RIGHTS TO POSSESSION. As additional security for the repayment of the Indebtedness, Grantor hereby assigns to Lender all rents, income, or profits derived from the Property.

In the event of default hereunder, as set forth in paragraph 24, Lender, in person, by agent or by judicially appointed receiver, shall be entitled to take possession of and manage the Property and to collect all rents, income and other profits derived from the Property, including amounts past due. Grantor agrees to relinquish peaceful possession to Lender. All rents, income and collection of the rents, income and profits, including, but not limited to, the cost of receiver's fees, premiums or receiver's bonds and reasonable attorney's fees. The rents, income and profits shall then be applied to the Indebtedness secured by this Deed of Trust. Lender shall be liable to account only for net rents actually received.

In connection with this Assignment of Rents, Grantor agrees to comply with all terms imposed upon it as Lessor under any lease governing any part of the Property. Should Grantor default under any such lease, Lender may take whatever action it deems desirable to prevent or cure the default by Grantor. Lender shall have the right to enter upon the Property as often as it desires in order to prevent or cure any such default. In attempting to prevent or cure any such default, Lender may spend such sums of money as it deems necessary, and Grantor hereby agrees to pay Lender, immediately upon demand, all sums so expended by Lender, together with interest from the date of payment by Lender at the highest lawful rate. Such sums, and the interest thereon, shall become additional indebtedness secured by this Deed of Trust.

5. APPLICATION OF PAYMENTS. Payments received by Lender under the Note and this Deed of Trust shall be applied to principal and interest payable on the Note and to all other sums secured by this Deed of Trust in such order and manner as are determined by Lender in its sole discretion, subject to only to the provisions of this instrument.

6. LIENS. Grantor shall promptly discharge any lien on the Property which has priority over this Deed of Trust; or, in the alternative Grantor shall pay or perform the obligation secured by such lien in a manner acceptable to Lender, or shall in good faith contest or defend against enforcement of such lien by legal proceedings which prevent enforcement of the lien and which are initiated with the written consent of Lender.

7. INSURANCE. Grantor shall keep the improvements now existing or hereafter located on the Property insured for their full insurable value against loss of fire and all hazards included within the term "extended coverage", and against such other losses as Lender may require. All insurance policies required pursuant to the preceding sentence shall include a standard provision, satisfactory to Lender, naming Lender as a Mortgagee Loss Payee. Grantor shall also maintain liability insurance coverage with regard to the property, which coverage shall name Lender as an additional insured and shall otherwise be satisfactory to Lender in form, content and amount.

All insurance shall be carried with companies approved by Lender. The original policies and renewals thereof shall be held by Lender, shall provide that loss be payable solely to Lender, and shall otherwise be in form acceptable to Lender. In the event of loss, Grantor shall give immediate notice by mail to Lender. In such event, Lender may make proof of loss if not made promptly by Grantor, but Lender shall not be required to do so. Each insurance company concerned is hereby authorized and directed to make payment of such loss directly to Lender instead of to Grantor and Lender jointly. The insurance proceeds, or any part thereof, may be applied by Lender, at its option, either to the reduction of the indebtedness or to the restoration or repair of the Property. If the Property is conveyed to Lender or if title to the Property is otherwise transferred in extinguishment of the Indebtedness, all right, title, and interest of Grantor in and to any insurance policies then in force shall be assigned to the new owner of the Property.

Any application of insurance proceeds to principal shall be in inverse order of its maturity and shall not extend or postpone the due date of any installment required by the Note or change the amount of such installment.

8. PRESERVATION AND MAINTENANCE OF PROPERTY; LEASEHOLDS; CONDOMINIUMS; PLANNED UNIT DEVELOPMENTS. Grantor shall keep the Property in good repair, and shall not commit waste or permit impairment or deterioration of the Property. If this Deed of Trust conveys a leasehold estate,

Grantor shall comply with the provisions of any lease affecting the leasehold estate. If Grantor fails to do so, Lender shall have the right, but not the obligation, to take such action as it deems desirable to prevent or cure any default under such lease. Any amounts disbursed by Lender pursuant to this paragraph, with interest thereon at the highest lawful rate, shall become additional Indebtedness secured by this Deed of Trust. Grantor expressly grants to Lender the right to enter upon the Property immediately and as often as Lender desires in order to prevent or cure any such default by Grantor. Grantor shall not surrender his leasehold estate or interest, or modify or terminate any lease affecting such estate or interest without the prior written consent of Lender. If this Deed of Trust conveys an unit in a condominium or a planned unit development, Grantor shall perform all of Grantor's obligations under the declaration of covenants creating or governing the condominium or planned unit development, under the by-laws and regulations of the condominium or planned unit development, and under all other constituent documents. If a condominium or planned unit development rider is executed by Grantor and recorded together with this Deed of Trust, such rider shall be incorporated herein by reference and shall amend and supplement the covenants and agreement of this Deed of Trust as if the rider were a part hereof.

9. PROCEEDS FROM JUDICIAL OR TRUST SALE. Without limitation, the lien of this Deed of Trust shall not extend to the interest of Grantor in the proceeds from any judicial or trust sale of the Property, including, without limitation, the proceeds from sale by foreclosure of any encumbrance to the extent that such proceeds exceed the amount necessary to satisfy such prior encumbrance. The trustee, officer, or other person in charge of any such sale or foreclosure is hereby directed to pay such excess proceeds to the holder of the indebtedness to the extent necessary to retire the Indebtedness. Such person is hereby authorized, given a power of attorney, and directed to endorse any checks representing proceeds of sale as requested by the holder of the Indebtedness, pursuant to the provisions of this paragraph.

10. PROTECTION OF LENDER'S SECURITY. If Grantor fails to perform all the covenants and agreements contained in this Deed of Trust, a default occurs with respect to a prior lien, or any action or proceeding is commenced which materially affects Lender's interest in the property, including, but not limited to, eminent domain proceedings, insolvency proceedings, building and housing code enforcement proceedings, arrangements or proceedings involving a bankrupt or decedent, or the enforcement of any prior lien against the Property, then Lender, at Lender's option may make such appearances, disburse such sums and take such action as Lender deems necessary to protect its interest hereunder, including, without limitation, disbursements for reasonable attorney's fees, repairs to the Property, curing defaults under prior liens and removal of liens. Any amounts disbursed by Lender pursuant to this paragraph shall become additional Indebtedness secured by this Deed of Trust. Such amounts shall be payable upon notice from Lender, and shall bear interest from the date of disbursement at the highest lawful rate. Nothing contained in this paragraph shall require Lender to incur any expense or to take any action hereunder.

11. INSPECTION. Lender may enter upon and inspect the Property, provided the Lender gives prior notice of its intention to do so.

12. CONDEMNATION. The proceeds for any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property or any part of the Property, or in connection with any conveyance in lieu of condemnation, are hereby assigned to Lender and shall be paid directly to Lender. Lender may apply or release the funds so received and in the same manner and with the same effect as provided above for the disposition of insurance proceeds. Any application of such proceeds to principal shall be in the inverse order of its maturity and shall not extend or postpone the due date of any installment under the Note or change the amount of such installment.

13. FORBEARANCE BY LENDER NOT A WAIVER. Forbearance by Lender in exercising any right or remedy hereunder, or any related right or remedy otherwise afforded by law, shall not be a waiver of, or preclude the subsequent exercise of any such right or remedy. The receipt by Lender of any past due installments under the Note or any or any other late payments of the Indebtedness shall not deprive Lender of the right to accelerate the maturity of the indebtedness or of any other right of enforcement existing pursuant to the terms of this instrument. The procurement of insurance or the payment of taxes or other liens or charges by Lender shall not be a waiver of Lender's right to accelerate the maturity of the Indebtedness because of default hereunder.

14. GRANTOR NOT RELEASED. If Lender agrees for the benefit of any debtor to extend the time for payment or to modify the amortization of the Indebtedness, or any part thereof, Lender's action shall not release in any manner the continuing liability of Grantor or any other person on the Indebtedness. Grantor shall have no right to require Lender to initiate proceedings against any obligor on the Indebtedness, to refuse to extend the time for payment by such person or to refuse otherwise to modify the amortization of any of the Indebtedness.

15. REMEDIES CUMULATIVE. Every right and remedy provided in this Deed of Trust is distinct from and cumulative to every other right or remedy under this Deed of Trust or afforded by law or equity. Every such right and remedy may be exercised concurrently, independently, or successively.

16. SUCCESSORS AND ASSIGNS BOUND; JOINT AND SEVERAL; CAPTIONS. The covenants and agreements herein contained and the rights arising hereunder shall inure to the benefit of the respective successors and assigns of Lender and shall be binding upon the respective heirs, successors and assigns of Grantor. All covenants and agreements shall be joint and several. The captions and headings of the paragraphs of this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions of this Deed of Trust.

17. **NOTICE.** Unless otherwise required by applicable law, any notice to Grantor provided for in this Deed of Trust shall be given by mailing such notice by certified mail, return receipt requested, addressed to Grantor at the Property's address or at such other address as may be designated by notice to Lender. Any notice to Lender shall be given by certified mail, return receipt requested, to Lender's address stated herein or to such other address as Lender may designate by notice. Any notice provided for in this Deed of Trust shall be deemed to have been given when sent in the manner designated herein.

18. **SEVERABILITY.** In the event that any provision or clause of this Deed of Trust or the Note conflicts with any applicable law, the other provisions of this Deed of Trust and the Note shall be given effect as fully as possible without the conflicting provision, and to this end the provisions of the Deed of Trust and the Note are declare to be severable.

19. **TRANSFER OF THE PROPERTY; LENDER'S CONSENT.** If all or any part of the Property or any legal or equitable interest therein is voluntarily or involuntarily sold, conveyed in trust, or otherwise transferred without Lender's prior written consent, Lender may, at its option, declare the Indebtedness to be immediately due and payable.

20. **PRIORITY OF THIS DEED OF TRUST; FUTURE ADVANCES; EXTENSIONS, MODIFICATIONS AND RENEWALS.** Any portion of the Indebtedness which is incurred after the execution of this Deed of Trust pursuant to any loan agreement or other document referencing this Deed of Trust, or which is evidenced by any instrument stating that said indebtedness is secured by this Deed of Trust, shall be defined as a Future Advance. This paragraph shall serve as notice to any subsequent encumbrancer of the Property that Lender claims the priority of the lien of this Deed of Trust for all such Future Advances, as well as for all other obligations secured hereby. This paragraph shall also be notice that Lender reserves the right to modify, extend, consolidate, and renew the Indebtedness, or any portions thereto, and the rate of interest charged thereon, without affecting the priority of the lien created by this Deed of Trust.

21. **WAIVER.** Grantor expressly agrees that the Trustee, or his successor, may execute the power of sale granted herein and the other powers and rights set forth herein without giving bond or taking oath. The Trustee shall not be liable hereunder, except for such acts or omissions as constitute gross negligence or willful misconduct. Except in such instances of gross negligence or willful misconduct, neither the Trustee nor Lender shall be obligated to provide an accounting of any funds received or disbursed in connection with the payment of the Indebtedness or the administration, enforcement, or foreclosure of this trust. Grantor expressly waives all legal, equitable, and statutory rights of redemption, exemption or homestead, all rights arising by virtue of marriage, and all other similar exemptions and rights arising under or created by an applicable statute or judicial decision.

22. **NECESSITY OF WRITING.** The terms of this Deed of Trust may be modified in whole or in part only by a written instrument signed by Grantor and Lender and recorded in the Register's Office of the county in which this Deed of Trust is recorded. Any oral agreement to modify this instrument shall be void and of no force and effect.

23. **JOINT AND SEVERAL OBLIGATIONS.** If Grantor and borrower are not the same person(s), or entity, all of the covenants and requirements of this Deed of Trust shall be the joint and several obligations of both Grantor and Borrower.

24. **ACCELERATION; REMEDIES.** If Grantor or Borrower (a) shall pay the Indebtedness when due, according to its terms, (b) shall pay promptly all taxes, assessments, ground rents, and other charges against the Property when due, (c) shall maintain the Property in good repair, (d) shall keep the Property insured as provided herein, (e) shall pay any and all other sums when due, as herein provided, and (f) shall otherwise perform all of the covenants and conditions contained herein, then this trust conveyance shall be of no further force or effect. In such case, Lender shall execute and record a release of this Deed of Trust at Grantor's expense. Otherwise this trust conveyance shall remain in full force and effect, and, at the option of the lawful owner and holder of the Indebtedness, all remaining unpaid Indebtedness and all installments thereof shall be due and payable at once, without notice, upon the occurrence of any one or more of the following events of default:

- a. Failure to pay the Indebtedness when due according to its terms and as required herein;
- b. Breach of any covenant or agreement contained in this Deed of Trust and not related to payment of the Indebtedness, which breach is not cured within ten (10) days after Lender has given Grantor notice of such breach;
- c. The voluntary or involuntary sale or other conveyance of the Property, or any portion thereof, or of any legal or equitable interest therein, without the prior written consent of Lender, as required by paragraph 19 above;
- d. Default under any loan agreement (including, without limitation, a Construction Loan Agreement, Loan and Security Agreement, Security Agreement, Note, Deed of Trust, etc.) entered into with Lender in connection with the Indebtedness;
- e. Default under any obligation secured by a lien prior in right to the lien of this Deed of Trust;

f. The insolvency of Grantor or the commencement of legal or equitable proceedings under any bankruptcy, reorganization, insolvency, moratorium or other law or laws for the relief of debtors, or any other laws related to debtors, whether commenced by Grantor or by some other party, including, without limitation, the appointment of a receiver, trustee, or liquidator over Grantor or Borrower or any of Grantor's or Borrower's property.

In any event of default as set forth above, Lender shall have the right to pursue all remedies available to it hereunder at law or in equity. In addition, in the event of default, Trustee, or his successor in trust is hereby authorized and empowered, upon giving the notice according to the laws of the state in which the Property is located at the time and place under the terms set forth in the Notice of Sale, to sell the Property, or any part thereof to the highest bidder for cash, at public outcry, free from all rights of redemption afforded by statute, equitable rights of redemption, exemptions of homestead, rights by virtue of marriage, and all other exemptions of every kind, all of which are expressly waived. The Trustee or his successor in trust is further authorized and empowered to execute and deliver a deed to the purchaser at such sale. Trustee may postpone sale of part of the property by public announcement at the time and place of any previously scheduled sale. Lender or Lender's designee may bid at any sale and may be a purchaser. The purchaser at such sale shall be entitled to immediate possession of the Property upon the delivery to purchaser by trustee of a deed for the Property. Prior to such sale, Trustee may enter and take possession of the Property, in which case Trustee shall be accountable only for net rents actually received by Trustee. In the event of sale hereunder, the proceeds will be applied by Trustee as follows:

FIRST - To pay all costs and charges of executing this trust, including attorney's fees and expenses of any litigation which may arise on account of the execution and enforcement of this trust;

SECOND - To pay the Indebtedness, or any balance thereof then remaining unpaid;

THIRD - The remainder to be paid to such parties as are legally entitled to it.

In the event of a sale of said Property under and by virtue of this trust, Grantor and all persons holding an interest under Grantor shall be and become tenants at will of the purchaser of the Property from and after the execution and delivery of a deed to the purchaser, and shall pay the purchaser the reasonable rental value of the Property after the sale. Grantor's tenancy shall be terminated at the option of purchaser upon five (5) days' written notice.

If Grantor unsuccessfully challenges the validity of any such sale carried out pursuant to the terms of this Deed of Trust, Grantor shall pay the reasonable attorney's fees and other legal expenses incurred by Lender and Trustee in defending the validity of the sale.

25. **SUBSTITUTE TRUSTEE.** Lender, at Lender's option, may from time to time remove any trustee and may appoint a successor trustee 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 of the title, power and duties conferred upon the trustee herein and by virtue of applicable law.

THIS DEED OF TRUST IS SUBJECT TO THE LAWS AND ORDINANCES OF THE STATE OF MISSISSIPPI.

IN WITNESS WHEREOF, Grantor has executed this Deed of Trust as of the date first above written.

OAKWOOD HOMES, INC.

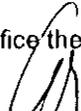
By: 

 MACK ANDREWS
 SECRETARY

STATE OF TENNESSEE
COUNTY OF SHELBY

On this 2nd day of August, 2001, before me, the undersigned Notary Public in the State and County aforesaid, personally appeared Mack Andrews, with whom I am personally acquainted and who, upon oath, acknowledged himself to be the Secretary of Oakwood Homes, Inc., the within named bargainer, a corporation, and that he as such Secretary, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such Secretary.

WITNESS my hand and Notarial Seal at office the day and year above written.



NOTARY PUBLIC

My Commission Expires:

