

MODIFICATION AGREEMENT

THIS MODIFICATION AGREEMENT ("Agreement") is entered into as of the 26 day of June, 2009 and is made and entered into on the terms and conditions hereinafter set forth, by and among **FIRST TENNESSEE BANK NATIONAL ASSOCIATION**, a national banking association ("Bank"); **COVENANT LOGISTICS, LLC**, a Mississippi limited liability company ("Borrower"); and **ALVAN KELLY** and **AMYE KELLY** ("Guarantors").

RECITALS AND STIPULATIONS:

A. **WHEREAS**, Borrower is indebted to Bank with regard to those certain loans (the "Loans") more particularly described as follows:

(1) Loan evidenced by that certain Promissory Note in the original principal amount of One Million Three Hundred Twenty-Five Thousand and NO/100 Dollars (\$1,325,000.00) dated April 25, 2008 and executed by Borrower in favor of Bank, as it may have been amended from time to time (the "Warehouse Line Note");

(2) Loan evidenced by that certain Promissory Note in the original principal amount of Four Million Eight Hundred Fifty Thousand and NO/100 Dollars (\$4,850,000.00) dated January 27, 2006 and executed by Borrower in favor of Bank, as modified by those certain Change in Terms Agreements dated December 1, 2008 and May 26, 2009 (the "Batesville/Hernando Note");

(3) Loan evidenced by that certain Promissory Note in the original principal amount of Four Million Five Hundred Thousand and NO/100 Dollars (\$4,500,000.00) dated August 2, 2006 and executed by Borrower in favor of Bank, as modified by Change in Terms Agreements dated April 14, 2008, December 1, 2008 and May 27, 2009 (the "Covenant Crossing Note", and collectively with the Warehouse Line Note and the Batesville/Hernando Note, the "Notes");

B. **WHEREAS**, to secure the obligations of Borrower under the Notes, Borrower entered into the following security documents and pledges in favor of Bank (collectively, as they may have been amended from time to time, the "Deeds of Trust"):

(1) Deed of Trust dated April 25, 2008 and recorded May 2, 2008, in Book 2893, ✓ Page 553 in the Office of the Chancery Clerk of DeSoto County, Mississippi, securing the Warehouse Line Note (the "Warehouse Line Deed of Trust");

(2) Deeds of Trust dated January 27, 2006 and recorded February 1, 2006, in Book 2006, Page 883 in the Office of the Chancery Clerk of Panola County, Mississippi, and January 31, 2006, in Book 2402, Page 103 in the Office of the Chancery Clerk of DeSoto County, Mississippi (the "Batesville/Hernando Deeds of Trust"); and

(3) Deeds of Trust dated August 2, 2006 and May 27, 2009 and recorded August 11, 2006, in Book 2006, Page 7785, and on or about May 27, 2009, respectively, in the Office of the Chancery Clerk of Panola County, Mississippi (the "Covenant Crossing Deeds of Trust");

C. **WHEREAS**, the Loans were further evidenced by those certain guaranties of Borrower's indebtedness entered into by each of the Guarantors in favor of Bank (collectively, the "Guaranties"), namely:

- (1) Commercial Guaranties dated April 25, 2008;
- (2) Commercial Guaranties dated January 27, 2006; and
- (3) Commercial Guaranties dated August 2, 2006, and May 27, 2009

D. **WHEREAS**, any and all instruments, documents and agreements now or hereafter further evidencing, securing or otherwise relating to the Loans, or any portion thereof, including without limitation, the Notes, the Deeds of Trust and the Guaranties, are hereinafter collectively referred to as the "Loan Documents";

E. **WHEREAS**, Borrower and Guarantors have requested that Bank modify certain terms of the Loan Documents, and Bank has agreed to such modification subject to the requirements and agreements set forth below and as more particularly described herein; and

F. **WHEREAS**, as of June 25, 2009, the total outstanding balance due on the Loans was Five Million Four Hundred Fifteen Thousand Six Hundred Forty-Four and NO/100 Dollars (\$5,415,644.00), which amount includes the outstanding principal balance of the Loans, plus accrued interest, but not certain costs and fees (the total outstanding balance plus accruing interest, costs and fees hereafter referred to as the "Outstanding Balance").

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Modification of Certain Notes. The Notes are hereby modified as follows:
 - (a) Payment Schedule. The Outstanding Balance shall be due and payable as hereinafter set forth:
 - (i) Payments of principal and accrued interest shall continue to be due and payable by Borrower in accordance with the terms of the Notes without notice or demand;
 - (ii) On September 23, 2009, the entire remaining outstanding principal balance of the Batesville/Hernando Note and the Covenant Crossing Note, together with all accrued and unpaid interest thereon and all incurred costs and fees, shall be immediately due and payable by Borrower without notice or demand;
 - (iii) On April 25, 2013, the Outstanding Balance, consisting of the entire remaining outstanding principal balance of the Warehouse Line Note, together with all accrued and unpaid interest thereon and all incurred costs and

fees, shall be immediately due and payable by Borrower without notice or demand;

(iv) All payments provided for in this Section 1 shall be made by cashier's check, and shall be delivered to Bank, attention of Mackey Moore, 615 Goodman Road, Southaven, Mississippi 38671, in a manner such that they are received by 4:00 p.m. Central Time on the date that such payments are due; and

(v) Borrower may not reborrow any sums repaid under the Loans evidenced by the Batesville/Hernando Note and/or the Covenant Crossing Note, and Bank has no obligation to advance any new Loan proceeds thereunder.

Following Borrower's payment of the entire remaining outstanding principal balance of the Batesville/Hernando Note and the Covenant Crossing Note, together with all accrued and unpaid interest thereon and all incurred costs and fees, all on or before September 23, 2009, Bank shall release the Batesville/Hernando Deeds of Trust and the Covenant Crossing Deeds of Trust.

2. Conditions of Modification. Bank's agreement to modify the Loans is conditioned upon and subject to the timely satisfaction by Borrower and Guarantors of each of the following conditions (collectively the "Conditions of Modification"):

(a) Correctness and Warranties. All representations and warranties made by Borrower and Guarantors to Bank under this Agreement and the other Loan Documents shall remain true and correct until the Outstanding Balance shall have been paid in full;

(b) No Defaults Hereunder. Until the Outstanding Balance shall have been paid in full, Borrower and Guarantors shall not breach any promise or covenant contained in this Agreement and shall not be in default under any provision of this Agreement or the other Loan Documents without regard for any notice and cure provision under any of the Loan Documents in respect of a Borrower or Guarantor default, any and all of which notice and cure provisions Borrower and Guarantors each hereby waives; and

(c) Other Liens. Until the Outstanding Balance shall have been paid in full, there shall exist no liens against the real property encumbered by the Deeds of Trust except any matters expressly permitted by the Loan Documents or acceptable to Bank in its sole and absolute discretion.

3. Termination Events. Each of the following shall constitute a Termination Event and an Event of Default under this Agreement (each a "Termination Event"):

(a) If Borrower or Guarantors shall fail to comply in a timely manner with any of the Conditions of Modification set forth above including, but not limited to, the failure to make any payment set forth in Section 1 herein;

(b) If Borrower or Guarantors shall become a debtor in bankruptcy by means of either a voluntary or involuntary petition; or

(c) If any kind of receivership or insolvency proceeding is commenced by or against Borrower or Guarantors.

Upon the occurrence of a Termination Event including, but not limited to, the failure of Borrower to timely pay any amount due hereunder, the entire Outstanding Balance, including principal, accrued and accruing interest, attorneys' fees, and all other costs and fees associated therewith, whether incurred prior or subsequent to the execution of this Agreement, shall at Bank's option be due and owing on that date (less any payments made in the interim) and shall be immediately due and payable as of such termination, and Bank shall be entitled immediately to exercise all of its rights, powers, privileges, options and remedies under the Loan Documents, all without notice to Borrower and Guarantors (except as may be required by applicable law).

In addition, upon the occurrence of a Termination Event, interest shall be deemed to have accrued, and shall continue to accrue, on the Outstanding Balance at the highest rate allowed by law, effective as of the date of this Agreement.

4. Representations, Warranties and Covenants. As an inducement to Bank to enter into this Agreement, Borrower and Guarantors make the following representations, warranties and covenants:

(a) The Loans and Loan Documents are the obligations of Borrower and Guarantors, as applicable, are fully enforceable, and are not subject to any defense or counterclaim, or any claim of setoff or recoupment by Borrower or Guarantors.

(b) Borrower and Guarantors have been represented by, or advised to consult with, counsel in connection with the negotiation and execution of this Agreement, this Agreement represents an arms-length transaction, and Borrower and Guarantors have acted in good faith in the making of this Agreement;

(c) Borrower and Guarantors have received good and adequate consideration for their agreements and obligations incurred pursuant to this Agreement;

(d) The execution and performance of this Agreement by Borrower and Guarantors does not and will not violate any agreement to which Borrower or any of the Guarantors is a party, and the execution and performance of this Agreement by Borrower and Guarantors does not require the consent of any third party, or if the consent of a third party is required, such consent has been previously obtained by Borrower and Guarantors;

(e) Until the Outstanding Balance shall have been paid in full, Borrower and Guarantors will not dispose of any of property outside the ordinary course of business without the prior written consent of Bank;

(f) Until the Outstanding Balance shall have been paid in full, Borrower and Guarantors will not incur any additional debt except for unsecured trade debt incurred in the ordinary course of business;

(g) Borrower and Guarantors shall take no action which would impair their ability to perform their obligations hereunder or to satisfy any of the Conditions of Modification; and

(h) Borrower and Guarantors shall keep all terms and conditions of this Agreement, and all other communications between Bank and Borrower and Guarantors, confidential and shall not, without the prior written consent of Bank, disclose to any party other than to the legal counsel of Borrower and Guarantors, in any manner, any item or agreement contained herein or otherwise related to the indebtedness of Borrower to Bank now existing or arising hereafter.

5. Cross-Defaults and Cross-Collateralization. Borrower and Guarantors acknowledge and agree that all collateral pledged to Bank on account of any indebtedness of Borrower or Guarantors to Bank (including, but not limited to, the Notes) shall secure any and all indebtedness of Borrower or Guarantors to Bank, whether now existing or hereafter arising. Any default under the terms of this Agreement, any of the Loan Documents, or any other agreement between Bank and Borrower or Guarantors shall be a default under each and all of the Loan Documents.

6. Further Assurances. At any time and from time to time after the date of the Agreement, at the request of Bank, Borrower and Guarantors shall, without further consideration, and at Borrowers' sole expense, execute and deliver such documents and instruments, and take such actions, as Bank may deem necessary (a) in connection with the Loan Documents, (b) to perfect any of Bank's security interests or liens granted in any of the Loan Documents, and/or (c) to carry out the purposes and intentions of this Agreement and the Loan Documents.

7. Effectiveness of the Loans. This Agreement shall not constitute a novation of any of the other Loan Documents, and all the Loan Documents shall survive the execution of this Agreement and remain in full force and effect subject only to any express modifications thereto as herein provided. There are no oral representations or assurances from Bank to Borrower and Guarantors which survive the execution of this Agreement.

8. Release and Waiver. Borrower and Guarantors hereby acknowledge and stipulate that they have no claims or causes of action of any kind whatsoever against Bank. Borrower and Guarantors represent that they are entering into this Agreement freely, and with the advice of counsel as to their legal alternatives. Borrower and Guarantors, collectively and individually, hereby release Bank from any and all claims, causes of action, demands and liabilities of any kind whatsoever whether direct or indirect, fixed or contingent, liquidated or unliquidated, disputed or undisputed, known or unknown, which Borrower and Guarantors have or may acquire in the future relating in any way to any event, circumstance, action or failure to act to the date of this Agreement. The release by Borrower and Guarantors herein, together with the other terms and provisions of this Agreement, is executed by Borrower and Guarantors advisedly and without coercion or duress from Bank, Borrower and Guarantors having determined that the execution of this Agreement, and all its terms and provisions are in the economic best interest of Borrower and Guarantors.

9. No Obligation to Extend Future Modifications; No Waiver. Borrower and Guarantors acknowledge and agree that Bank is not obligated and does not agree to extend any

other or future modification(s) except as expressly set forth herein. This Agreement shall not constitute a waiver by Bank of any defaults under the Loan Documents. Except as expressly provided herein, Bank reserves all of its rights and remedies under the other Loan Documents. No action or course of dealing on the part of Bank, its officers, employees, consultants, or agents, nor any failure or delay by Bank with respect to exercising any right, power or privilege of Bank under the Loan Documents or this Agreement, shall operate as a waiver thereof, except to the extent expressly provided herein.

10. Costs and Expenses. Borrower and Guarantors agree to pay on demand all out-of-pocket costs and expenses of Bank, including the fees and out-of-pocket expenses of counsel for Bank, in connection with the administration, enforcement, or protection of Bank's rights under this Agreement and/or the Loans and Loan Documents.

11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee.

12. Amendments. This Agreement cannot be amended, rescinded, supplemented or modified except in writings signed by the parties hereto.

13. Entire Agreement. This Agreement contains the entire agreement of the parties and supersedes any other discussions or agreements relating to the subject of this Agreement.

14. Time of the Essence. TIME IS OF THE ESSENCE OF THIS AGREEMENT.

15. Counterpart Signature Pages. This Agreement may be executed in one or more counterparts and may be delivered by facsimile or electronic mail, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

{COUNTERPART SIGNATURE PAGES TO FOLLOW}

Counterpart Signature Page to Modification Agreement

In witness whereof, the parties have executed this Agreement as of the date first above written.

BORROWER:

COVENANT LOGISTICS, LLC, a Mississippi limited liability company

By: Alvan Kelly
Alvan Kelly, Member

By: Amye Kelly, Member
Amye Kelly, Member

STATE OF MS
COUNTY OF Desoto

Before me, Brittany M. Presley, Notary Public of the state and county aforesaid, personally appeared Alvan Kelly and Amye Kelley, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged themselves to be Members of **COVENANT LOGISTICS, LLC**, the within named bargainor, a Mississippi limited liability company, and that they as such Members, executed the foregoing instrument for the purpose therein contained, by signing the name of the limited liability company by themselves as Members.

WITNESS MY HAND, at office, this 26 day of June, 2009.

Brittany M. Presley
Notary Public

My Commission Expires:
MY COMMISSION EXPIRES AUGUST 9, 2010



Counterpart Signature Page to Modification Agreement

In witness whereof, the parties have executed this Agreement as of the date first above written.

GUARANTORS:

Alvan Kelly

ALVAN KELLY

STATE OF MS
COUNTY OF Desoto

Personally appeared before me, Brittany M. Presley, Notary Public of said county, ALVAN KELLY, the within named bargainer, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that he executed the within instrument for the purposes therein contained.

WITNESS MY HAND, at office, this 26 day of June, 2009.

Brittany M. Presley

Notary Public

My Commission Expires:
MY COMMISSION EXPIRES AUGUST 9, 2010



Counterpart Signature Page to Modification Agreement

In witness whereof, the parties have executed this Agreement as of the date first above written.

GUARANTORS (continued):

Amye Kelly
AMYE KELLY

STATE OF MS
COUNTY OF Desoto

Personally appeared before me, Brittany M. Presley, Notary Public of said county, **AMYE KELLY**, the within named bargainor, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that she executed the within instrument for the purposes therein contained.

WITNESS MY HAND, at office, this 26 day of June, 2009.

Brittany M. Presley
Notary Public

My Commission Expires:

my commission expires August 9, 2010



Counterpart Signature Page to Modification Agreement

In witness whereof, the parties have executed this Agreement as of the date first above written.

BANK:

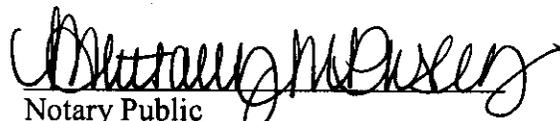
FIRST TENNESSEE BANK NATIONAL ASSOCIATION, a national banking association

By: 
Mackey Moore, Regional President

STATE OF MS
COUNTY OF Desoto

Before me, Brittany M. Presley, Notary Public of the state and county aforesaid, personally appeared Mackey Moore, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the Regional President of **FIRST TENNESSEE BANK NATIONAL ASSOCIATION**, a national banking association, the within named bargainor, a national banking association, and that he as such Regional President, executed the foregoing instrument for the purpose therein contained, by signing the name of the national banking association by himself as Regional President.

WITNESS MY HAND, at office, this 24 day of June, 2009.


Notary Public

My Commission Expires:

COMMISSION EXPIRES AUGUST 9, 2010

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