

RECORD AND RETURN TO:  
 FIDELITY NATIONAL TITLE  
 NATIONAL LENDERS DIVISION  
 2500 McCLELLAN AVE., SUITE 120  
 PENNSAUKEN, NJ 08109

PREPARED BY (AND MAILED TO):

FIRST HORIZON EQUITY LENDING  
 1755 LYNNFIELD AVE, D2  
 MEMPHIS, TN 38119  
 DEBRA ROBY

**LOAN-IN-A-LINE<sup>SM</sup>**  
**MODIFICATION AGREEMENT REGARDING**  
**HOME EQUITY LINE OF CREDIT AGREEMENT**  
**AND DEED OF TRUST**

HELOC # 4458370393740291

I.L.# \_\_\_\_\_

THIS AGREEMENT is entered into as of the **25TH DAY OF JULY, 2002** by and between FIRST TENNESSEE BANK NATIONAL ASSOCIATION (THE "BANK"), and MICHAEL AND NICOLE DAVIES (the "borrower" whether one or more).

1. **Recitals of Fact.** By Trust Deed dated **OCTOBER 19, 2001** (the "Mortgage"), recorded in the Register's Office of **DOUGLAS** County, NV, (under instrument No. **1001-8938**), in, the Borrower conveyed to the Trustee(s) named therein certain real property located in said County for the purpose of securing the payment of the indebtedness specified in the Mortgage, this indebtedness being described in and evidenced by that certain Home Equity Line of Credit Agreement (which together with any and all modifications are hereinafter called the "Loan Agreement"), executed by the Borrower and the Bank, and being in the original principal amount of **\$35,000.00** (the original "Line of Credit"), reference being here made to the Mortgage for all its terms and provisions, including a particular description of the real property conveyed thereby.

- A  (Check this block if a Modification Agreement has previously amended the Loan Agreement to change the Credit Limit and identify the latest such Modification Agreement.) The Modification Agreement dated \_\_\_\_\_, changed the Credit limit to \$ \_\_\_\_\_.
- B  (Check this block if a Modification Agreement has previously amended the Loan Agreement to establish an INSTALLMENT ACCOUNT (and complete this paragraph.) The Modification Agreement dated \_\_\_\_\_, divided the indebtedness evidenced by the Loan Agreement and secured by the Mortgage into an INSTALLMENT ACCOUNT having an original principle balance of \$ \_\_\_\_\_, and a HELOC Account having a Credit Line of \$ \_\_\_\_\_.

Borrower and Bank, desiring to modify the terms of paying the indebtedness evidenced by the Loan Agreement and secured by the Mortgage, therefore agree as set forth herein.

2. **Division of Indebtedness.** If the Loan Agreement has not previously been amended to establish separated INSTALLMENT and HELOC ACCOUNTS., then the entire indebtedness evidenced by the Loan Agreement will be divided as set forth in (a) and (b) below. If, however, separate INSTALLMENT and HELOC ACCOUNTS have already been established by amendment, then the Credit Line of the previously modified HELOC ACCOUNT will be further divided as set forth in (a) and (b) below, and the previously established INSTALLMENT ACCOUNT will continue unaffected, except as otherwise provided in Paragraph 8.

- (a) An INSTALLMENT ACCOUNT is established in the principal amount of **THIRTY THREE THOUSAND THREE HUNDRED SEVENTEEN AND 00/100** Dollars. (**\$33,317.00**). This principal amount will equal the sum of: (1) credit advanced for any fees and charges to be financed, in the amount of \$ 250; and (2) indebtedness converted from open-end credit to closed-end credit in the amount of **\$33,317.00**.
- (b) A HELOC ACCOUNT is established with (or if established by prior modification, is further amended to have) a Credit Line as defined in the Loan Agreement in the amount of Dollars (**\$ 0.00**).

3. **Payment of Principle and Interest.** Borrower shall pay Bank the INSTALLMENT ACCOUNT balance in the principal amount of **\$33,317.00** plus interest on the unpaid principal balance at the rate of **5.75 %** per annum to maturity in **179** consecutive monthly installments of **\$276.67** each and one final installment of **\$ 276.67**. The first installment is due on **AUGUST 25, 2002**; the remaining installments are due on the same day of each month thereafter until the balance owing is fully paid. (Continued on Page 2). NOTICE: See Reverse Side (Page 2) for Additional Terms and Conditions of this Modification Agreement.

TRUTH-IN-LENDING DISCLOSURES																																					
<p>You, the borrower, are converting all or part of a Home Equity Line of credit into a closed-end, fixed-rate installment loan or, as identified by the Modification Agreement, you new "INSTALLMENT ACCOUNT." These disclosures relate only to this Installment Account. Disclosures relating to other aspects of your Home Equity Line of Credit were provided when you signed the earlier agreement(s).</p>																																					
<p><b>ANNUAL PERCENTAGE RATE</b> The cost of your credit as a yearly rate</p> <p>5.75 %</p>	<p><b>FINANCE CHARGE</b> The dollar amount the credit will cost you.</p> <p>\$ 16,483.19</p>	<p><b>Amount Financed</b> The amount of credit provided to you or on your behalf.</p> <p>\$ 33,317.00</p>	<p><b>Total of Payments</b> The amount you will have paid after you have made all payments as scheduled.</p> <p>\$49,800.19</p>																																		
<p>Your payment schedule will be:</p> <table border="1"> <thead> <tr> <th>No. of Payments</th> <th>Amount of Payments</th> <th>When Payments are Due</th> </tr> </thead> <tbody> <tr> <td>180</td> <td>276.67</td> <td>AUGUST 25, 2002</td> </tr> </tbody> </table> <p>The exact amount of final payment, finance charge, and total payments will be somewhat more or less than the amounts shown herein if payment is not received when due.</p> <p><b>Security:</b> The dwelling described in the Mortgage securing the Home Equity Line of Credit also secures this loan.</p> <p><b>Assumption:</b> Someone who buys the dwelling securing this loan cannot assume the remainder of the loan on the original loan term.</p> <p><b>Late Charge:</b> If payment on the installment account is late, a charge of 5% of the payment will be imposed.</p>				No. of Payments	Amount of Payments	When Payments are Due	180	276.67	AUGUST 25, 2002																												
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<p><b>Prepayment:</b> If you pay off early, you will not have to pay a penalty and you will not be entitled to a refund of a part of the finance charge.</p> <p>See the rest of this Modification Agreement and your Loan Agreement for information about nonpayment, default, and any required repayment in full before the scheduled date</p>																																					
<p><b>Itemization of Amount Financed:</b></p> <table border="1"> <tbody> <tr> <td>1. Amount allocated from Credit Line to Installment Account</td> <td>\$33,317.00</td> </tr> <tr> <td>2. Prepaid Finance Charge (Loan Processing Fee)</td> <td>\$ 250.00</td> </tr> <tr> <td>3. A. Recording fees</td> <td>\$ _____</td> </tr> <tr> <td>B. Title Policy</td> <td>_____</td> </tr> <tr> <td>C. Attorney:</td> <td>_____</td> </tr> <tr> <td>D. Appraisal</td> <td>_____</td> </tr> <tr> <td>E. Credit Report</td> <td>_____</td> </tr> <tr> <td>F. Other Conversion</td> <td>_____</td> </tr> <tr> <td>4. Subtotal (1+ 2 + 3)</td> <td>\$ 33,567.00</td> </tr> <tr> <td>G. Credit Life Insurance</td> <td>\$ _____</td> </tr> <tr> <td>H. Credit A&amp;H Insurance</td> <td>\$ _____</td> </tr> <tr> <td>5. Total on which Finance Fee will be assessed (4 + G + H)</td> <td>\$ 33,567.00</td> </tr> <tr> <td>6. Less Prepaid Finance Charge (Loan Processing Fee)</td> <td>\$ 250.00</td> </tr> <tr> <td>7. Amount Financed</td> <td>\$ 33,317.00</td> </tr> <tr> <td>8. Finance Charge: Interest</td> <td>\$ 16,483.19</td> </tr> <tr> <td>Loan Processing Fee</td> <td>\$ 250.00</td> </tr> <tr> <td>9. Total of Payments</td> <td>\$ 49,800.19</td> </tr> </tbody> </table>				1. Amount allocated from Credit Line to Installment Account	\$33,317.00	2. Prepaid Finance Charge (Loan Processing Fee)	\$ 250.00	3. A. Recording fees	\$ _____	B. Title Policy	_____	C. Attorney:	_____	D. Appraisal	_____	E. Credit Report	_____	F. Other Conversion	_____	4. Subtotal (1+ 2 + 3)	\$ 33,567.00	G. Credit Life Insurance	\$ _____	H. Credit A&H Insurance	\$ _____	5. Total on which Finance Fee will be assessed (4 + G + H)	\$ 33,567.00	6. Less Prepaid Finance Charge (Loan Processing Fee)	\$ 250.00	7. Amount Financed	\$ 33,317.00	8. Finance Charge: Interest	\$ 16,483.19	Loan Processing Fee	\$ 250.00	9. Total of Payments	\$ 49,800.19
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Borrower has read this AGREEMENT with Truth-in-Lending Disclosures, has received a copy consisting of 2 pages, and promises to pay according to its terms and conditions.

IN WITNESS WHEREOF, the Borrower and the Bank have executed this Agreement as of the day and year first above written.

FIRST TENNESSEE BANK NATIONAL ASSOCIATION

BY: \_\_\_\_\_  
 TITLE: \_\_\_\_\_

Debra Rudy

*Michael V. Davies* 7-23-02  
 BORROWER Michael V. Davies  
*Nicole Davies* 7/23/02  
 BORROWER Nicole Davies

STATE OF Nevada COUNTY OF Douglas ACKNOWLEDGMENT OF BORROWER'S SIGNATURE

Personally appeared before me, M. Omohundro, a Notary Public in and for said State and County, the within named borrower, 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 23rd day of July, 2002.  
 My Commission Expires: 3/15/04

Notary Public

**M. OMOHUNDRO**  
 NOTARY PUBLIC  
 STATE OF NEVADA  
 Appt. Recorded in Douglas County  
 Expires March 15, 2004  
 Notary # 97872-8

STATE OF TN COUNTY OF Shelby ACKNOWLEDGMENT OF BANK OFFICER'S SIGNATURE

Before me, Erica L. Smith, a Notary Public in and for said State and County, personally appeared Debra Ruby, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself (or herself) to be the CSR of FIRST TENNESSEE BANK NATIONAL ASSOCIATION, the within named bargainer, a national banking association, and that he (or she) as such officer or authorized agent executed the foregoing instrument for the purposes therein contained, by signing the name of the association by himself (or herself).

Witness my hand, at office, this 25th day of July, 2002.  
 My Commission Expires: 8-30-2005

Notary Public

MAXIMUM PRINCIPLE INDEBTEDNESS FOR NV RECORDING TAX PURPOSES IS \$ -0-. THIS INSTRUMENT DOES NOT INCREASE THE PRINCIPLE INDEBTEDNESS OF INSTRUMENT PREVIOUSLY RECORDED FOR WHICH TAX WAS PAID.

Page 1

BANK COPY

0551911

SEAL

First Tennessee LOAN-IN-A-LINE Agreement

BK0902PG3427

## ACKNOWLEDGMENT OF BORROWER'S SIGNATURE



**M. OMOHUNDRO**  
 NOTARY PUBLIC  
 STATE OF NEVADA  
 Appt. Recorded in Douglas County  
 My Appt. Expires March 15, 2006  
 No: 99-57872-5

STATE OF Nevada  
 COUNTY OF Douglas

Personally appeared before me, M. Omohundro, a Notary Public in and for said State and County, Michael N. Davies & Nicole Davies, the within named bargainer, with whom I am personally acquainted (or proved to me on the basis of satisfactory (evidence), and who acknowledged that ~~they~~ executed the within instrument for the purpose therein contained.

Witness my hand, at office, this 23rd day of July 19 2002  
 My Commission Expires: 3/15/06  
 Notary Public

**Terms and Conditions (Continued)**

3. (Continued) Notwithstanding the foregoing, the entire balance of the **INSTALLMENT ACCOUNT** is due and payable, if not sooner paid, not later than twenty years after the Effective Date of the Home Equity Line of Credit Agreement which established the original Line of Credit. **HELOC ACCOUNT** indebtedness shall continue to be due and payable as specified in the Loan Agreement. Any separate installment Account established by a prior Modification Agreement shall continue to be due and payable according to the terms of that agreement. The **BORROWER's** indebtedness with respect to the **HELOC ACCOUNT** or any **INSTALLMENT ACCOUNT** may be discharged only by payments directed to that specific account by number. Undesignated payments may be applied to an account of the Bank's choosing. Payments on an **INSTALLMENT ACCOUNT** shall not increase the Credit Limit of the **HELOC ACCOUNT**.
4. **FEES and CHARGES.** Borrower agrees to pay the following fees and charges, all of which Borrower acknowledges to be fair and reasonable.
- (a) **Late Payment Fee.** (I) **HELOC ACCOUNT.** If the Borrower's Minimum Payment Due (as defined in the Loan Agreement) is not received by Bank within fifteen (15) days of the payment date shown on the Borrower's Bill (as defined in the Loan Agreement), then Bank will charge the **HELOC ACCOUNT** a late Fee equal to \$5 or 5% of the Minimum Payment Due, whichever is less. However, Borrower will not be required to pay a Late Fee more than once on the same late amount even if that amount remains past due for more than one billing period. Borrower further agrees not to make any Purchases, Loans, or Cash Advances (as defined in the Loan Agreement) from the time a Late Fee is imposed until the Borrower brings the **HELOC ACCOUNT** current by making the Minimum Payment Due which Borrower failed to make, plus any resulting late fees.
- (II) **INSTALLMENT ACCOUNT.** If any payments due on an **INSTALLMENT ACCOUNT** are not received by Bank within fifteen (15) days of the payment due date provided herein, then Borrower agrees to pay Bank a late fee equal 5% of the payment due.
- (b) **Overlimit Fee.** An Overlimit Fee of \$10 will be charged for each Purchase, Loan or Cash Advance on the **HELOC ACCOUNT** if the resulting balance of the **HELOC ACCOUNT** would exceed the Borrower's Credit Limit (as defined in the Loan Agreement) whether the Purchase, Loan or Cash Advance is debited to the account or not.
- (c) **Returned Check Fee.** A Returned check Fee of \$15 will be charged to the **HELOC ACCOUNT** each time a check which Borrower gives Bank as payment on the **HELOC ACCOUNT** is returned to the Bank unpaid or is not honored by the drawee bank.
- (d) **Lost Card Fee.** A lost Card Fee of \$10 will be charged to the **HELOC ACCOUNT** each time a new account number must be assigned to the **HELOC ACCOUNT**, and credit card(s) or checks reissued, because such credit card(s) and/or checks were lost or stolen.
- (e) **Research and Copy Fees.** (I) **HELOC ACCOUNT.** In the event Borrower requests copies of sales slips, loan checks, or other account documents unrelated to a billing rights request, the Bank shall add to the Borrower's Bill, as a Purchase (unless paid separately) the sum of \$15 per research hour AND \$1 per copy or a charge of \$10, whichever is greater.
- (II) **INSTALLMENT ACCOUNT.** In the event Borrower requested copies of any documents with regard to the installment Account, unrelated to a billing rights request, then Borrower hereby agrees to pay Bank, on demand the sum of \$15 per research hour and \$1 per copy, or a charge of \$10, whichever is greater.
- (f) **Fees to Reinstate Credit.** With regard to the **HELOC ACCOUNT**, if the Credit Limit (as defined in the Loan Agreement) is lowered or the Bank's commitment regarding Loans, Cash Advances and Purchases is terminated or suspended, and the Borrower request reinstatement, then the Bank may require, as a condition precedent to reinstatement, the payment of all of Bank's reasonable costs of any appraisal or credit report obtained by Bank.
- (g) **Loan Processing Fee.** This fee is payable pursuant to item 2 under "Itemization of Amount Financed" on page 1 of this agreement.
- (h) **Other Fees and charges.** Charges listed in this Agreement under "Itemization of Amount Financed" as being "Paid to Others" are due and payable to Bank upon execution of this agreement.
5. **Application of Payments.** All installment payments shall be applied first toward payment of accrued interest with any amount remaining after payment of interest being applied to reduce the principal balance of the indebtedness in the **INSTALLMENT ACCOUNT**.
6. **Right of Prepayment.** The outstanding balance of the **INSTALLMENT ACCOUNT** (including all unpaid fees and charges) may be prepaid at any time, provided that interest through the date of payment is also paid. Further, additional payments to reduce the principal balance of the **INSTALLMENT ACCOUNT** may be made on or before the due date of any installment prior to maturity.
7. **Extension of Lien.** It is expressly agreed that the lien of the Mortgage is hereby extended so that the lien of said Mortgage will not be barred by the statute of limitations until the later of: (a) ten (10) years from the date of maturity of the last installment of the indebtedness in any **INSTALLMENT ACCOUNT**, or (b) until the expiration of ten (10) years from the date upon which the **HELOC ACCOUNT** becomes due and payable; and the lien of said Mortgage shall remain in full and effect and unimpaired until the expiration of such entire ten (10) year period.
8. **Other Terms.** In consideration of the modification herein granted, the Borrower promises to pay the indebtedness in the respective Accounts, and the interest thereon, and to keep and perform all of the covenants, terms and conditions contained in the Mortgage Loan Agreement and in all other instruments or documents heretofore executed by the Borrower in connection with such indebtednesses. In the event of a default under the **HELOC ACCOUNT** or **INSTALLMENT ACCOUNT(s)**, the Bank may declare the indebtedness in the **HELOC ACCOUNT** and **INSTALLMENT ACCOUNT(s)** accelerated and matured for all purposes, and may proceed to foreclose the Mortgage and to exercise all other rights and remedies which it may then have. It is expressly understood and agreed that the Loan Agreement shall continue as evidence of the entire indebtedness in both (or all) Accounts until such entire indebtedness is paid, and that the lien of the Mortgage shall be in no manner whatsoever affected by the execution of this instrument except as expressly modified and extended hereby. The Loan Agreement, as modified hereby, shall remain in full force and effect and Borrower shall be permitted to borrow, repay and re-borrow under the **HELOC ACCOUNT** in the manner, and under the terms, as are provided in the Loan Agreement, except as the same is amended hereby and (if applicable) previously amended. A release of the Mortgage shall constitute a release of this Agreement.

BANK COPY

0551911

BK0902PG3428

COPY

REQUESTED BY  
Fidelity Nat/Title  
IN OFFICIAL RECORDS OF  
DOUGLAS CO., NEVADA

2002 SEP 12 AM 10: 29

LINDA SLATER  
RECORDER

\$ 16 PAID K2 DEPUTY

0551911  
BK0902PG3429