

CARRIAGE SERVICES INC

FORM 8-K

(Current report filing)

Filed 11/05/09 for the Period Ending 11/04/09

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): November 4, 2009

Carriage Services, Inc.

(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction of
incorporation or organization)*

1-11961
(Commission File Number)

76-0423828
*(I.R.S. Employer
Identification Number)*

**3040 Post Oak Boulevard, Suite 300
Houston, Texas 77056**
(Address of principal executive offices, including zip code)

(713) 332-8400
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Section 1 — Registrant's Business and Operations

Item 1.01 Entry into a Material Definitive Agreement

The disclosure contained in Item 2.03 of this Current Report on Form 8-K is hereby incorporated into this Item 1.01 by reference.

Section 2 — Financial Information

Item 2.02 Results of Operations and Financial Condition.

In the press release dated November 5, 2009, Carriage Services, Inc. (the "Company") announced that the Company entered into a Seventh Amendment to its Credit Agreement, dated April 27, 2005. A copy of the press release issued by the Company is attached hereto as Exhibit 99.1 and incorporated by this reference. The information in this Item 2.02 is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liabilities of that Section.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of Registrant

On November 4, 2009, the Company entered into a Seventh Amendment (the "Seventh Amendment") to its Credit Agreement, dated April 27, 2005 (the "Credit Agreement"), with its lenders, Bank of America, N.A. ("BofA") and Wells Fargo Bank, N.A. ("Wells Fargo"), with BofA as its Administrative Agent, Swing Line Lender, and L/C issuer, and Wells Fargo as its Syndication Agent. The Seventh Amendment is effective on and as of November 4, 2009 (provided, however, that Section 1(i) of the Seventh Amendment and subclause (2) of Section 1(i) of the Seventh Amendment shall be effective as of April 27, 2005).

Maximum Aggregate Commitments are collateralized by all personal property and funeral home real property in certain states. Borrowings under the Credit Agreement bear interest at either prime or LIBOR options. The Credit Agreement is undrawn, except for \$100,000 in standby letters of credit at November 4, 2009.

The purpose of the Seventh Amendment was to: (1) amend the Maximum Aggregate Commitments under the Credit Agreement from \$20.0 million to \$40.0 million, (2) provide the Company, on not more than two occasions, the opportunity to request an increase in the Aggregate Commitments by an aggregate amount not exceeding, \$20.0 million, (3) extend the maturity date to November 4, 2012, (4) amend the Maximum Leverage Ratio to permit the Leverage Ratio of Senior Debt to EBITA as of the end of any period of four consecutive fiscal quarters of the Company to increase from 3.75 to 1.00 presently to 4.00 to 1.00, (5) include Real Property Collateral on businesses acquired in the States of California, Connecticut and Texas since April 27, 2005 and (6) to revise the applicable rates as follows:

Applicable Rate				
Pricing Level	Leverage Ratio	Commitment Fee	Eurodollar Rate + Letters of Credit	Base Rate +
1	Less than or equal to 2.75 to 1.00	0.500	3.000	2.000
2	Less than or equal to 3.75 to 1.00 but greater than 2.75 to 1.00	0.500	3.500	2.500
3	Greater than 3.75 to 1.00	0.625	4.000	3.000

The Company determined to increase the Maximum Aggregate Commitments amount to provide financing for acquisitions and other general corporate purposes. Carriage expects to report full compliance with all of the financial covenants set forth in the Seventh Amendment and the Credit Agreement for its third fiscal quarter ending on September 30, 2009.

During the fourth quarter of fiscal year 2009, the Company expects to incur a charge for the loss on early extinguishment of debt of approximately \$72,000 to write-off the remaining unamortized fees on the prior amendments to the Credit Agreement. The fees related to the Seventh Amendment will be approximately \$380,000 and will be amortized over the life of the amendment.

In addition to historical information, this Current Report contains forward-looking statements within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. These forward-looking statements include any projections of cash balances and cash flows, expenses, debt levels or other financial items; any statements of the plans, strategies and objectives of management for future operations, including the ability to negotiate a future credit facility; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing. Forward-looking statements may include the words “may”, “will”, “estimate”, “intend”, “believe”, “expect”, “project”, “forecast”, “plan”, “anticipate” and any other similar words.

The foregoing description is not complete and is qualified in its entirety by reference to the full text of the Seventh Amendment, a copy of which is filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Section 9 — Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit Number</u>	<u>Title of Document</u>
10.1	Seventh Amendment to Credit Agreement, dated as of November 4, 2009 and effective as of November 4, 2009, by and among the Company, BofA, and Wells Fargo.
99.1	Press release dated November 5, 2009, announcing the Seventh Amendment to the Credit Agreement, dated April 27, 2005.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CARRIAGE SERVICES, INC.

November 5, 2009

By: /s/ Terry E. Sanford
Terry E. Sanford
Senior Vice President and
Chief Financial Officer

Exhibit Index

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99.1	Press release dated November 5, 2009, announcing the Seventh Amendment to the Credit Agreement, dated April 27, 2005.

SEVENTH AMENDMENT TO CREDIT AGREEMENT

THIS SEVENTH AMENDMENT TO CREDIT AGREEMENT (this “Seventh Amendment”), dated as of November 4, 2009 (but effective as provided in Section 3 of this Seventh Amendment), is by and among CARRIAGE SERVICES, INC., a Delaware corporation (the “Borrower”), the banks listed on the signature pages hereof (the “Lenders”), WELLS FARGO BANK, N.A., as Syndication Agent (in said capacity, the “Syndication Agent”), and BANK OF AMERICA, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer (in said capacity as Administrative Agent, the “Administrative Agent”).

BACKGROUND

A. The Borrower, the Lenders, the Syndication Agent, and the Administrative Agent are parties to that certain Credit Agreement, dated as of April 27, 2005, as amended by that certain First Amendment to Credit Agreement, dated as of August 31, 2005, as modified by that certain Waiver and Consent, dated as of September 1, 2006, as amended by that certain Second Amendment to Credit Agreement, dated as of May 4, 2007, as amended by that certain Third Amendment to Credit Agreement, dated as of December 1, 2007, as amended by that certain Fourth Amendment to Credit Agreement, dated as of November 14, 2008, as amended by that certain Fifth Amendment to Credit Agreement, dated as of December 31, 2008, as modified by that certain Waiver to Credit Agreement, dated as of March 19, 2009, and as amended by that certain Sixth Amendment to Credit Agreement, dated as of May 4, 2009 (said Credit Agreement, as amended and modified, the “Credit Agreement”; the terms defined in the Credit Agreement and not otherwise defined herein shall be used herein as defined in the Credit Agreement).

B. The Borrower has requested that the Lenders amend the Credit Agreement, as more fully set forth herein.

C. The Lenders parties to this Seventh Amendment (which Lenders constitute each of the Lenders as required under the Credit Agreement) are willing to agree to such amendment, subject to the performance and observance in full of each of the covenants, terms and conditions, and in reliance upon all of the representations and warranties of the Borrower, set forth herein.

NOW, THEREFORE, in consideration of the covenants, conditions and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are all hereby acknowledged, the parties hereto covenant and agree as follows:

1. AMENDMENTS.

(a) The definition of “Applicable Rate” set forth in Section 1.01 of the Credit Agreement is hereby amended to read as follows:

“Applicable Rate” means the following percentages per annum, based upon the Leverage Ratio as set forth in the most recent Compliance Certificate received by the Administrative Agent pursuant to Section 6.02(a):

		Applicable Rate		
Pricing Level	Leverage Ratio	Commitment Fee	Eurodollar Rate + Letters of Credit	Base Rate +
1	Less than or equal to 2.75 to 1.00	0.500	3.000	2.000
2	Less than or equal to 3.75 to 1.00 but greater than 2.75 to 1.00	0.500	3.500	2.500
3	Greater than 3.75 to 1.00	0.625	4.000	3.000

Any increase or decrease in the Applicable Rate resulting from a change in the Leverage Ratio shall become effective as of the first Business Day immediately following the date a Compliance Certificate is delivered pursuant to Section 6.02(a); provided, however, that if a Compliance Certificate is not delivered when due in accordance with such Section, then Pricing Level 3 shall apply as of the first Business Day after the date on which such Compliance Certificate was required to have been delivered and shall remain in effect until the first Business Day immediately following the date such Compliance Certificate is actually delivered to the Administrative Agent. Notwithstanding the foregoing, the Applicable Rate in effect from the Seventh Amendment Effective Date through and including the date the first Compliance Certificate is delivered pursuant to Section 6.02(a) after the Seventh Amendment Effective Date shall be determined based upon Pricing Level 2.

Notwithstanding anything herein to the contrary contained in this definition, the determination of the Applicable Rate for any period shall be subject to the provisions of Section 2.10(b).

(b) The last sentence of the definition of “Capital Expenditures” set forth in Section 1.01 of the Credit Agreement is hereby amended to read as follows:

Capital Expenditures specifically excludes deferred obtaining costs and, for the avoidance of doubt, Acquisitions.

(c) The definition of “Maturity Date” set forth in Section 1.01 of the Credit Agreement is hereby amended to read as follows:

“Maturity Date” means November 4, 2012.

(d) The definition of “Real Property Collateral” set forth in Section 1.01 of the Credit Agreement is hereby amended to read as follows:

“Real Property Collateral” means (a) all interests in real property owned or leased by the Borrower or a Domestic Subsidiary on the Closing Date that is used in or incident to a funeral home or related business anywhere in the States of California, Connecticut and Texas, (b) the Additional Real Property Collateral, and (c) additional real property substituted as Collateral in accordance with Section 7.05(e).

(e) The definition of “Restricted Payment” set forth in Section 1.01 of the Credit Agreement is hereby amended to read as follows:

“Restricted Payment” means (a) any Dividend, (b) any payment or prepayment of principal, interest, premium or penalty of or in respect of any Subordinated Debt or any defeasance, redemption, purchase, repurchase or other acquisition or retirement for value, in whole or in part, of any of the Subordinated Debt, or (c) any voluntary prepayment, purchase, repurchase, redemption or defeasance with respect to all or any portion of the Senior Notes.

(f) Section 1.01 of the Credit Agreement is hereby amended by adding the following defined terms thereto in proper alphabetical order to read as follows:

“Additional Real Property Collateral” means all interests of the Borrower or any Domestic Subsidiary in the real property set forth on Schedule 1 to the Seventh Amendment; provided, that Additional Real Property shall not include the property identified as Location 506 on such Schedule 1 if after using reasonable efforts the Borrower is unable to obtain consent of the owner of such property to the filing of a Deed of Trust against the Borrower’s interest in such property.

“ Seventh Amendment ” means that certain Seventh Amendment to Credit Agreement, dated as of November 4, 2009, among the Borrower, the Lenders party thereto and the Administrative Agent.

“ Seventh Amendment Effective Date ” means November 4, 2009.

(g) Section 2.14(a) of the Credit Agreement is hereby amended to read as follows:

(a) Request for Increase . Provided there exists no Default, upon notice to the Administrative Agent (which shall promptly notify the Lenders), the Borrower may on not more than two occasions request an increase in the Aggregate Commitments by an aggregate amount not exceeding \$20,000,000; provided that neither such request for an increase shall be in an amount of less than \$5,000,000. At the time of sending such notice, the Borrower (in consultation with the Administrative Agent) shall specify the time period within which each Lender is requested to respond (which shall in no event be less than ten Business Days from the date of delivery of such notice to the Lenders).

(h) Section 5.14(b) of the Credit Agreement is hereby amended to read as follows:

(b) None of the Borrower, any Person Controlling the Borrower, or any Subsidiary is or is required to be registered as an “investment company” under the Investment Company Act of 1940.

(i) Section 5.20 of the Credit Agreement is hereby amended (i) by adding the following text at the end of clause (b)(ii) thereof: “; provided, however, that a security interest in bank accounts, cash and Liquid Investments shall not be required to be perfected unless an Event of Default” shall have occurred and be continuing and (ii) by amending the last sentence thereof to read as follows: “Other than as set forth in Section 5.20(b)(ii), each of the foregoing, and each other piece of Collateral, is subject to a perfected first priority Lien securing the Obligations, subject to Liens permitted to exist in accordance with the terms of Section 7.01.”

(j) Section 7.06(a)(ii) of the Credit Agreement is hereby amended to read as follows:

(ii) so long as there exists no Default both immediately before and after giving effect to any such transaction, (A) the Borrower may purchase Capital Stock (1) purchased from the Borrower by employees or former employees of the Borrower or any of its Subsidiaries in connection with the exercise of stock options or (2) in lieu of withholding taxes resulting from the vesting of any grant of restricted Capital Stock granted by the Borrower to employees or former employees of the Borrower or any of its Subsidiaries, (B) the Borrower and its Subsidiaries may pay or prepay any principal, interest, premium or penalty of or in respect of any Subordinated Debt or any defeasance, redemption, purchase, repurchase or other acquisition or retirement for value, in whole or in part, of any of the Subordinated Debt, and (C) the Borrower may voluntarily prepay, purchase, repurchase, redeem or effect a defeasance with respect to all or any portion of the Senior Notes; provided, however, that in the case of clauses (A), (B) and (C) combined, the aggregate amount of such transactions shall not exceed \$5,000,000 during any fiscal year of the Borrower;

(k) Section 7.08 of the Credit Agreement is hereby amended to read as follows:

Transactions with Affiliates. Other than as permitted pursuant to Sections 7.04, 7.05 and 7.06 of the Credit Agreement, enter into any transaction of any kind with any Affiliate of the Borrower, whether or not in the ordinary course of business, other than on fair and reasonable terms substantially as favorable to the Borrower or such Subsidiary as would be obtainable by the Borrower or such Subsidiary at the time in a comparable arm’s length transaction with a Person other than an Affiliate.

(l) Section 7.11 of the Credit Agreement is hereby amended to read as follows:

(a) Maximum Leverage Ratio . Permit the Leverage Ratio as of the end of any period of four consecutive fiscal quarters of the Borrower to be greater than 4.00 to 1.00.

(b) Minimum Fixed Charge Coverage Ratio. Permit the Fixed Charge Coverage Ratio as of the end of any period of four consecutive fiscal quarters in which the last fiscal quarter ends on or after September 30, 2005 to be less than 1.25 to 1.00.

(m) Section 7.16 of the Credit Agreement is hereby deleted.

(n) Notwithstanding anything in the Credit Agreement to the contrary, the Commitment of each Lender is hereby increased and amended to be in the amount of revised Schedule 2.01 attached hereto and made a part of the Credit Agreement. Such increase shall not be deemed to be an exercise by the Borrower of its right to request an increase in the Aggregate Commitments pursuant to Section 2.14 of the Credit Agreement.

(o) Schedule 5.13 of the Credit Agreement is hereby amended to be in the form of Schedule 5.13 attached hereto.

2. REPRESENTATIONS AND WARRANTIES TRUE; NO EVENT OF DEFAULT. By its execution and delivery hereof, the Borrower represents and warrants that, as of the date hereof, and immediately after giving effect to this Seventh Amendment:

(a) the representations and warranties contained in the Credit Agreement and the other Loan Documents are true and correct on and as of the date hereof as made on and as of such date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date, and except that the representations and warranties contained in subsection (a) of Section 5.05 of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01 of the Credit Agreement, except that to the extent that such representations and warranties refer to statements furnished pursuant to clause (b) of Section 6.01 of the Credit Agreement, the representations and warranties in subclauses (i) and (ii) of clause (a) of Section 5.05 of the Credit Agreement shall be qualified by reference to the absence of footnotes and shall be subject to normal year-end audit adjustments;

(b) no event has occurred and is continuing which constitutes a Default or Event of Default;

(c) (i) the Borrower has full power and authority to execute and deliver this Seventh Amendment and the replacement Revolving Loan Note for each Lender in the amount of each Lender's Commitment as in effect after giving effect to this Seventh Amendment (collectively, the "Replacement Revolving Loan Notes"), (ii) this Seventh Amendment and the Replacement Revolving Loan Notes have been duly executed and delivered by the Borrower, and (iii) this Seventh Amendment and the Replacement Revolving Loan Notes constitute the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except as enforceability may be limited by applicable Debtor Relief Laws and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law) and except as rights to indemnity may be limited by federal or state securities laws;

(d) neither the execution, delivery and performance of this Seventh Amendment, the Replacement Revolving Loan Notes, nor the consummation of any transactions contemplated herein, will conflict with (i) the certificate or articles of incorporation or the applicable constituent documents or bylaws of the Borrower or its Subsidiaries, (ii) to Borrower's knowledge, any provision or law, statute, rule or regulation applicable to the Borrower or its Subsidiaries or (iii) any indenture, agreement or other instrument to which the Borrower, the Subsidiaries or any of their properties are subject; and

(e) no authorization, approval, consent, or other action by, notice to, or filing with, any Governmental Authority or other Person not previously obtained is required to be obtained or made by the Borrower pursuant to statutory law applicable to the Borrower as a condition to (i) the execution, delivery or performance by the Borrower of this Seventh Amendment or the Replacement Revolving Loan Notes, or (ii) the acknowledgement by each Guarantor of this Seventh Amendment.

3. CONDITIONS OF EFFECTIVENESS. This Seventh Amendment shall be effective on and as of the date hereof (provided, however, Section 1(i) of this Seventh Amendment and subclause (2) of Section 1(j) of this Seventh Amendment shall be effective as of April 27, 2005), subject to the following:

(a) the representations and warranties set forth in Section 2 of this Seventh Amendment shall be true and correct;

(b) the Administrative Agent shall have received counterparts of this Seventh Amendment executed by each of the Lenders;

(c) the Administrative Agent shall have received in immediately available funds from the Borrower for the account of (i) each Lender, an amount equal to the product of (A) 0.75% and (B) each Lender's Commitment, as in effect after giving effect to this Seventh Amendment, and (ii) the Administrative Agent, an amount agreed upon among the Borrower, the Administrative Agent and each Lender for structuring this Seventh Amendment;

(d) the Administrative Agent shall have received counterparts of this Seventh Amendment executed by the Borrower and acknowledged by each Guarantor; and

(e) the Administrative Agent shall have received an executed copy of each Replacement Revolving Loan Note.

4. ADDITIONAL REAL PROPERTY COLLATERAL. By December 31, 2009 (or such later time as agreed to by the Administrative Agent in its reasonable discretion) (such applicable date, the "Collateral Date"), the Borrower shall have (a) if it has timely received the same and had a reasonable opportunity to review the same, executed and delivered to the Administrative Agent Deeds of Trust and/or other Lien filings on the Additional Real Property Collateral, and (b) if timely requested by the Administrative Agent, and promptly following the Borrower's receipt thereof, delivered to the Administrative Agent (i) related loan or mortgagee title commitments in reasonable and customary form and substance, (ii) flood certificates and (iii) tax affidavits, in each case with respect to the preceding clause (b) to the extent reasonably required by the Administrative Agent, are generally available at commercially reasonable rates or costs and are generally made available by relevant third party sources within the time frame required by this Section, together with payment of all related taxes and fees. If the Borrower fails to deliver the documents in accordance with the immediately preceding sentence by the Collateral Date, the Administrative Agent shall send a written notice to the Borrower informing the Borrower of such failure, identifying such documents that have not been so delivered and stating the basis for such failure, each in reasonable detail. The Borrower acknowledges and agrees that if it does not deliver the documents referenced in such notice from the Administrative Agent in accordance with this Section 4 within ten (10) days of its receipt of such notice, a Default shall then occur.

5. GUARANTOR'S ACKNOWLEDGMENT. By signing below, each Guarantor (a) acknowledges, consents and agrees to the execution, delivery and performance by the Borrower of this Seventh Amendment, (b) acknowledges and agrees that its obligations in respect of its Guaranty are not released, diminished, waived, modified, impaired or affected in any manner by this Seventh Amendment, or any of the provisions contemplated herein, (c) ratifies and confirms its obligations under its Guaranty and (d) acknowledges and agrees that it has no claim or offsets against, or defenses or counterclaims to, its Guaranty.

6. REFERENCE TO THE CREDIT AGREEMENT.

(a) Upon and during the effectiveness of this Seventh Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", or words of like import shall mean and be a reference to the Credit Agreement, as affected and amended by this Seventh Amendment.

(b) Except as expressly set forth herein, this Seventh Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights or remedies of the Administrative Agent or the Lenders under the Credit Agreement or any of the other Loan Documents, and shall not alter, modify, amend,

or in any way affect the terms, conditions, obligations, covenants, or agreements contained in the Credit Agreement or the other Loan Documents, all of which are hereby ratified and affirmed in all respects and shall continue in full force and effect.

7. COSTS AND EXPENSES. The Borrower shall be obligated to pay the reasonable costs and expenses of the Administrative Agent in connection with the preparation, reproduction, execution and delivery of this Seventh Amendment and the other instruments and documents to be delivered hereunder.

8. EXECUTION IN COUNTERPARTS. This Seventh Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which when taken together shall constitute but one and the same instrument. For purposes of this Seventh Amendment, a counterpart hereof (or signature page thereto) signed and transmitted by any Person party hereto to the Administrative Agent (or its counsel) by facsimile machine, telecopier or electronic mail is to be treated as an original. The signature of such Person thereon, for purposes hereof, is to be considered as an original signature, and the counterpart (or signature page thereto) so transmitted is to be considered to have the same binding effect as an original signature on an original document.

9. GOVERNING LAW; BINDING EFFECT. This Seventh Amendment shall be governed by and construed in accordance with the laws of the State of Texas applicable to agreements made and to be performed entirely within such state; provided that the Administrative Agent and each Lender shall retain all rights arising under federal law. This Seventh Amendment shall be binding upon the Borrower and each Lender and their respective successors and permitted assigns.

10. HEADINGS. Section headings in this Seventh Amendment are included herein for convenience of reference only and shall not constitute a part of this Seventh Amendment for any other purpose.

11. **ENTIRE AGREEMENT. THE CREDIT AGREEMENT, AS AMENDED BY THIS SEVENTH AMENDMENT, AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AS TO THE SUBJECT MATTER THEREIN AND HEREIN AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BETWEEN THE PARTIES.**

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IN WITNESS WHEREOF, the parties hereto have executed this Seventh Amendment as of the date above written.

CARRIAGE SERVICES, INC.

By: /s/ Terry E. Sanford
Terry E. Sanford
Chief Financial Officer

BANK OF AMERICA, N.A., as
Administrative Agent

By: _____
Name: _____
Title: _____

BANK OF AMERICA, N.A., as a Lender, L/C Issuer and
Swing Line Lender

By: /s/ Gary L. Mingle
Gary L. Mingle
Senior Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION , as
Syndication Agent and as a Lender

By: _____
Name: _____
Title: _____

GUARANTORS:

CARRIAGE FUNERAL HOLDINGS, INC.
CFS FUNERAL SERVICES, INC.
CARRIAGE HOLDING COMPANY, INC.
CARRIAGE FUNERAL SERVICES OF MICHIGAN, INC.
CARRIAGE FUNERAL SERVICES OF KENTUCKY, INC.
CARRIAGE FUNERAL SERVICES OF CALIFORNIA, INC.
CARRIAGE CEMETERY SERVICES OF IDAHO, INC.
WILSON & KRATZER MORTUARIES
ROLLING HILLS MEMORIAL PARK
CARRIAGE SERVICES OF CONNECTICUT, INC.
CSI FUNERAL SERVICES OF MASSACHUSETTS, INC.
CHC INSURANCE AGENCY OF OHIO, INC.
BARNETT, DEMROW & ERNST, INC.
CARRIAGE SERVICES OF NEW MEXICO, INC.
FORASTIERE FAMILY FUNERAL SERVICES, INC.
CARRIAGE CEMETERY SERVICES, INC.
CARRIAGE SERVICES OF OKLAHOMA, L.L.C.
CARRIAGE SERVICES OF NEVADA, INC.
HUBBARD FUNERAL HOME, INC.
CARRIAGE TEAM CALIFORNIA (CEMETERY), LLC
CARRIAGE TEAM CALIFORNIA (FUNERAL), LLC
CARRIAGE TEAM FLORIDA (CEMETERY), LLC
CARRIAGE TEAM FLORIDA (FUNERAL), LLC
CARRIAGE SERVICES OF OHIO, LLC
CARRIAGE TEAM KANSAS, LLC
CARRIAGE MUNICIPAL CEMETERY SERVICES OF NEVADA,
INC.
CARRIAGE CEMETERY SERVICES OF CALIFORNIA, INC.
CARRIAGE INSURANCE AGENCY OF MASSACHUSETTS, INC.
CARRIAGE INTERNET STRATEGIES, INC.
CARRIAGE INVESTMENTS, INC. (for itself and as General Partner
of Carriage Management, L.P.)
CARRIAGE MANAGEMENT, L.P.
COCHRANE'S CHAPEL OF THE ROSES, INC.
HORIZON CREMATION SOCIETY, INC.
CARRIAGE LIFE EVENTS, INC.
CARRIAGE MERGER I, INC.
CARRIAGE MERGER II, INC.
CARRIAGE FLORIDA HOLDINGS, INC.
ARIA CREMATION SERVICES, LLC
CLOVERDALE PARK, INC.
CATAUDELLA FUNERAL HOME, INC.

By: /s/ Terry E. Sanford
Terry E. Sanford
Chief Financial Officer

SCHEDULE 1

Additional Real Property

Schedule 1

Location 487

Seaside Funeral Home
4357 Ocean Drive
Corpus Christi, Texas 78412
Book Value, 12/31/2008: \$601,050
Legal Description: See "Tract 3" on report from Urban Engineering, dated January 4, 2007, excerpted pages attached.

Location 488

Corpus Christi Funeral Home
2409 Baldwin Boulevard
Corpus Christi, Texas 78405
Book Value, 12/31/2008: \$475,582
Legal Description: See "Tract 1" and "Tract 2" on report from Urban Engineering, dated January 4, 2007, excerpted pages attached.

Location 491 (Building Only on Cemetery Property)

Conejo Mountain Funeral Home
2502 Howard Road
Camarillo, California 93012
Est. Book Value, 12/31/2008: \$522,232

Location 506 (Ground Lease)

Evans-Brown Mortuary
27010 Encanto Drive
Sun City, California 92585
Book Value, 12/31/2008: \$378,993

Location 507

Evans-Brown Mortuary
126 East Graham Avenue
Lake Elsinore, California 92530
Book Value, 12/31/2008: \$1,000,000
Legal Description: See "Parcel 2", "Parcel 3", and "Parcel 4" on title policy pages, attached.

Location 508

Evans-Brown Mortuary
385 West Fourth Street
Perris, California 92570
Book Value: \$1,440,000
Legal Description: See "Parcel 1" on title policy pages, attached.

Location 509

Hemet Valley Mortuary
403 North San Jacinto Street
Hemet, California 92543
Book Value: \$1,700,000
Legal Description: See "Parcel 5" and "Parcel 6" on title policy pages, attached.

Location 484

Aria Cremation Services (Lease)
10116 E. Northwest Highway

Dallas, Texas 75218

Book Value: \$0
Legal Description: Block A/7298 Lot 22,
0.4345 acres.

Location 485

Aria Cremation Services
1820 N. Beltline Road
Irving, Texas 75061-1510
Book Value: \$876,102.37
Legal Description: Preston Villa, Block A, Lot 16,
0.4362 acres.

Location 486

Aria Cremation Services
19310 Preston Road
Dallas, Texas 75252-2439
Book Value: \$885,152.92
Legal Description: Addition of Cleere, Block A, Lot 1.

**REVOLVING COMMITMENTS
AND REVOLVING PRO RATA SHARES**

Lender	Revolving Commitment	Revolving Pro Rata Share
Bank of America, N.A.	\$20,000,000	50.000000000%
Wells Fargo Bank, National Association	\$20,000,000	50.000000000%
Total	\$40,000,000	100.000000000%

Schedule 2.01

CAPITALIZATION; SUBSIDIARIES
(as of October __, 2009)

I. List of Subsidiaries. Subsidiaries currently consist of the following:

- A. Carriage Funeral Holdings, Inc.
Jurisdiction: Delaware
Equity Ownership: 100% held by Carriage Services, Inc.
Guarantor: yes
- B. CFS Funeral Services, Inc.
Jurisdiction: Delaware
Equity Ownership: 100% held by Carriage Services, Inc.
Guarantor: yes
- C. Carriage Holding Company, Inc.
Jurisdiction: Delaware
Equity Ownership: 100% held by Carriage Funeral Holdings, Inc.
Guarantor: yes
- D. Carriage Funeral Services of Michigan, Inc.
Jurisdiction: Michigan
Equity Ownership: 100% held by Carriage Funeral Holdings, Inc.
Guarantor: yes
- E. Carriage Funeral Services of Kentucky, Inc.
Jurisdiction: Kentucky
Equity Ownership: 100% of Class A Common Stock held by Carriage Funeral Holdings, Inc.; one share of Class B non-voting Common Stock held by a licensee
Guarantor: yes
- F. Carriage Funeral Services of California, Inc.
Jurisdiction: California
Equity Ownership: 100% held by Carriage Team California (Funeral), LLC
Guarantor: yes
- G. Carriage Cemetery Services of Idaho, Inc.
Jurisdiction: Idaho
Equity Ownership: 100% held by Carriage Cemetery Services, Inc.
Guarantor: yes
- H. Wilson & Kratzer Mortuaries
Jurisdiction: California
Equity Ownership: 100% held by Carriage Funeral Services of California, Inc.
Guarantor: yes
- I. Rolling Hills Memorial Park
Jurisdiction: California
Equity Ownership: 100% held by Carriage Cemetery Services of California, Inc.
Guarantor: yes
- J. Carriage Services of Connecticut, Inc.
Jurisdiction: Connecticut
Equity Ownership: 100% held by Carriage Funeral Holdings, Inc.
Guarantor: yes

- K. CSI Funeral Services of Massachusetts, Inc.
Jurisdiction: Massachusetts
Equity Ownership: 100% (1,614 shares) of the Class A Common Stock are held by licensees and 100% (400 shares) of the Class B Common Stock is held by Carriage Funeral Holdings, Inc. The Class A and B Common Stock are both voting.
Guarantor: yes
- L. CHC Insurance Agency of Ohio, Inc.
Jurisdiction: Ohio
Equity Ownership: 100% of Class A Voting Common Stock and Class B Nonvoting Common Stock held by Carriage Funeral Holdings, Inc.
Guarantor: yes
- M. Barnett, Demrow & Ernst, Inc.
Jurisdiction: Kentucky
Equity Ownership: 99.9% (100% of voting stock) is held by Carriage Funeral Services of Kentucky, Inc.; balance held by licensee
Guarantor: yes
- N. Carriage Services of New Mexico, Inc.
Jurisdiction: New Mexico
Equity Ownership: 100% held by Carriage Funeral Holdings, Inc.
Guarantor: yes
- O. Forastiere Family Funeral Service, Inc.
Jurisdiction: Massachusetts
Equity Ownership: 100% (400 shares) of the Class B Common Stock is held by Carriage Funeral Holdings, Inc., and 100% (3,200 shares) of the Class A Common Stock are held by licensees. The Class A and B Common Stock are both voting.
Guarantor: yes
- P. Carriage Cemetery Services, Inc.
Jurisdiction: Texas
Equity Ownership: 100% held by Carriage Funeral Holdings, Inc.
Guarantor: yes
- Q. Carriage Services of Oklahoma, L.L.C.
Jurisdiction: Oklahoma
Equity Ownership: 100% held by Carriage Cemetery Services, Inc.
Guarantor: yes
- R. Carriage Services of Nevada, Inc.
Jurisdiction: Nevada
Equity Ownership: 100% held by Carriage Funeral Holdings, Inc.
Guarantor: yes
- S. Hubbard Funeral Home, Inc.
Jurisdiction: Maryland
Equity Ownership: 100% held by Carriage Funeral Holdings, Inc.
Guarantor: yes
- T. Carriage Team California (Cemetery), LLC
Jurisdiction: Delaware
Equity Ownership: 100% of Class A Units are held by Carriage Cemetery Services, Inc.
Guarantor: yes

- U. Carriage Team California (Funeral), LLC
Jurisdiction: Delaware
Equity Ownership: 100% of Class A Units are held of record by Carriage Funeral Holdings, Inc.
Guarantor: yes
- V. Carriage Team Florida (Cemetery), LLC
Jurisdiction: Delaware
Equity Ownership: 100% of Class A Units are held by Carriage Cemetery Services, Inc.
Guarantor: yes
- W. Carriage Team Florida (Funeral), LLC
Jurisdiction: Delaware
Equity Ownership: 100% of Class A Units are held by Carriage Funeral Holdings, Inc.
Guarantor: yes
- X. Carriage Services of Ohio, LLC
Jurisdiction: Delaware
Equity Ownership: 100% held by Carriage Funeral Holdings, Inc.
Guarantor: yes
- Y. Carriage Team Kansas, LLC
Jurisdiction: Delaware
Equity Ownership: 100% of Class A Units are held by Carriage Funeral Holdings, Inc.
Guarantor: yes
- Z. Carriage Municipal Cemetery Services of Nevada, Inc.
Jurisdiction: Nevada
Equity Ownership: 100% held by Carriage Cemetery Services, Inc.
Guarantor: yes
- AA. Carriage Cemetery Services of California, Inc.
Jurisdiction: California
Equity Ownership: 100% held by Carriage Team California (Cemetery), LLC
Guarantor: yes
- BB. Carriage Insurance Agency of Massachusetts, Inc.
Jurisdiction: Massachusetts
Equity Ownership: 100% held by Carriage Holding Company, Inc.
Guarantor: yes
- CC. Carriage Internet Strategies, Inc.
Jurisdiction: Delaware
Equity Ownership: 100% held by Carriage Funeral Holdings, Inc.
Guarantor: yes
- DD. Carriage Investments, Inc.
Jurisdiction: Delaware
Equity Ownership: 100% held by Carriage Funeral Holdings, Inc.
Guarantor: yes
- EE. Carriage Management, L.P.
Jurisdiction: Texas
Equity Ownership: Carriage Investments, Inc. is the sole general partner holding a 1% general partnership interest; the limited partner is Cochrane's Chapel of the Roses, Inc., holding a 99% limited partnership interest.
Guarantor: yes

- FF. Cochrane's Chapel of the Roses, Inc.
Jurisdiction: California
Equity Ownership: 100% held by Carriage Funeral Holdings, Inc.
Guarantor: yes
- GG. Horizon Cremation Society, Inc.
Jurisdiction: California
Equity Ownership: 100% held by Carriage Funeral Holdings, Inc.
Guarantor: yes
- HH. Carriage Life Events, Inc.
Jurisdiction: Delaware
Equity Ownership: 100% held by Carriage Services, Inc.
Guarantor: yes
- II. Carriage Merger I, Inc.
Jurisdiction: Delaware
Equity Ownership: 100% held by Carriage Funeral Holdings, Inc.
Guarantor: yes
- JJ. Carriage Merger II, Inc.
Jurisdiction: Delaware
Equity Ownership: 100% held by Carriage Funeral Holdings, Inc.
Guarantor: yes
- KK. Carriage Florida Holdings, Inc. (f/k/a Carriage Merger III, Inc.)
Jurisdiction: Delaware
Equity Ownership: 100% held by Carriage Funeral Holdings, Inc.
Guarantor: yes
- LL. Aria Cremation Services, LLC (f/k/a Carriage Merger IV, Inc.)
Jurisdiction: Delaware
Equity Ownership: 40% held by Carriage Funeral Holdings, Inc.; balance held by investors.
Guarantor: yes
- MM. Cloverdale Park, Inc.
Jurisdiction: Delaware
Equity Ownership: 100% held by Carriage Cemetery Services of Idaho, Inc.
Guarantor: yes
- NN. Cataudella Funeral Home, Inc.
Jurisdiction: Massachusetts
Equity Ownership: 100% (400 shares) of the Class B Common Stock is held by Carriage Funeral Holdings, Inc., and 100% (1,165 shares) of the Class A Common Stock are held by licensees. The Class A and B Common Stock are both voting.
Guarantor: yes
- OO. Carriage Services Capital Trust
Jurisdiction: Delaware
Equity Ownership: 57,990 Common Securities held by Carriage Services, Inc. and 1,875,000 Preferred Securities held by certain holders.
Guarantor: no

II. Unrestricted Subsidiaries

None at present.

III. Borrower's directors and executive officers

- Directors:**
- Melvin C. Payne
 - Richard W. Scott
 - Vincent D. Foster
 - L. William Heiligbrodt
 - Ronald A. Erickson
 - Melvin C. Payne, Chairman of the Board, Chief Executive Officer and President
- Officers:**
- Terry E. Sanford, Senior Vice President and Chief Financial Officer
 - Jay D. Dodds, Senior Vice President and Chief Operating Officer
 - J. Bradley Green, Senior Vice President, General Counsel and Secretary
 - George J. Klug, Senior Vice President and Chief Information Officer

IV. Borrower's Affiliates . The following listing does not necessarily constitute Borrower's admission that any person listed is or will remain an Affiliate of Borrower.

- A. All of Borrower's directors and executive officers identified in III above.
- B. According to most recently filed Schedules 13G, the following are shown on such Schedules to beneficially own more than 5% of Borrower's Common Stock, determined in accordance with Rule 13d-3 of the Securities Exchange Act of 1934, as amended:

Beneficial Owner	Number of Shares Beneficially Owned	Percent of Common Stock (a)
Zazove Associates, LLC (1) 1001 Tahoe Blvd. Incline Village, NV 89451	2,778,722	13.8%
FMR LLC (2) 82 Devonshire Street Boston, MA 02109	1,952,945	11.3%
Dimensional Fund Advisors LP (3) 1299 Ocean Avenue Santa Monica, CA 90401	1,563,445	9.0%
First Wilshire Securities Management, Inc. (4) 1224 East Green Street, Suite 200 Pasadena, CA 91106	1,354,737	7.8%
Renaissance Technologies (5) 800 Third Avenue New York, NY 10022	940,800	5.4%
	<u>8,590,649</u>	<u>42.7%</u>

(a) Based on 17,340,000 shares of Borrower's Common Stock outstanding as of September 30, 2009.

- (1) Based solely on Schedule 13G filed with the SEC on February 13, 2009. Zazove Associates, LLC has sole voting and dispositive power as to 2,778,722 shares, which shares are issuable upon the conversion of Carriage Services Capital Trust Preferred Securities. Such conversion had not occurred as of the record date.
- (2) Based solely on Schedule 13G/A filed with the SEC on May 11, 2009. Fidelity Management & Research Company ("Fidelity"), a wholly-owned subsidiary of FMR LLC, is the beneficial owner of 1,952,945 shares. Edward C. Johnson 3d and FMR LLC, through its control of Fidelity each has sole dispositive power as to 1,952,945 shares. According to this Schedule 13G/A, members of the Johnson family may be deemed to form a controlling group with respect to FMR LLC. According to this Schedule 13G/A, neither FMR LLC nor Edward C. Johnson 3d has the sole power to vote or direct the voting of the shares owned directly by the Fidelity Funds, which power resides with the Funds' Boards of Trustees.
- (3) Based solely on Schedule 13G filed with the SEC on February 9, 2009. Dimensional Fund Advisors LP has sole voting power as to 1,540,038 shares and sole dispositive power as to 1,563,445 shares.
- (4) Based solely on Schedule 13G filed with the SEC on February 13, 2009. First Wilshire Securities Management, Inc. has sole voting power as to 77,000 shares and sole dispositive power as to 1,354,737 shares.
- (5) Based solely on Schedule 13G filed with the SEC on February 13, 2009. Renaissance Technologies LLC has sole voting and dispositive power as to 940,800 shares.



PRESS RELEASE

FOR IMMEDIATE RELEASE

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CARRIAGE SERVICES AMENDS AND EXTENDS CREDIT FACILITY

HOUSTON — November 5, 2009 — Carriage Services, Inc. (NYSE: CSV) today announced that, effective November 4, 2009, it has amended and extended its existing senior secured bank revolving credit facility with its lenders, Bank of America and Wells Fargo. Prior to the transaction, the \$20 million credit facility was scheduled to mature in April 2010. The amended credit facility is in the amount of \$40 million with an accordion provision for an additional \$20 million and matures in November 2012. The primary purpose of the credit facility is to provide acquisition financing. As of this date, the facility is undrawn.

Additional information regarding the amended credit facility is contained in the Company's Form 8-K dated November 5, 2009, filed with the Securities and Exchange Commission.

Carriage Services is a leading provider of death care services and products. Carriage operates 134 funeral homes in 25 states and 32 cemeteries in 11 states.

FORWARD-LOOKING STATEMENTS

Certain statements made herein or elsewhere by, or on behalf of, the Company that are not historical facts are intended to be forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements are based on assumptions that the Company believes are reasonable; however, many important factors, as discussed under "Forward-Looking Statements and Cautionary Statements" in the Company's Annual Report and Form 10-K for the year ended December 31, 2008, could cause the Company's results in the future to differ materially from the forward-looking statements made herein and in any other documents or oral presentations made by, or on behalf of, the Company. The Company assumes no obligation to update or publicly release any revisions to forward-looking statements made herein or any other forward-looking statements made by, or on behalf of, the Company. A copy of the Company's Form 10-K, and other Carriage Services information and news releases, are available at www.carriageservices.com.