

**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): May 22, 2020 (May 18, 2020)

Carriage Services, Inc.

(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction
of incorporation)*

1-11961
*(Commission
File Number)*

76-0423828
*(IRS Employer
Identification No.)*

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

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

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 communication 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$.01 per share	CSV	New York Stock Exchange

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On May 18, 2020, Carriage Services, Inc. (the “Company”) entered into a limited waiver and fourth amendment (the “Fourth Amendment”) to its senior secured revolving credit facility dated May 31, 2019 (as amended, the “Credit Facility”) with the financial institutions party thereto, as lenders, and Bank of America, N.A., as administrative agent (in such capacity, the “Administrative Agent”). Pursuant to the Fourth Amendment we received a waiver under our Credit Facility for the failure to comply with the Total Leverage Ratio covenant for the fiscal quarter ended March 31, 2020. In addition, the interest rate margin applicable to amounts outstanding under the Credit Facility, which is based on the Company’s Total Leverage Ratio (as defined in the Credit Facility), was increased as shown on the following pricing grid:

Applicable Rate

Pricing Level	Total Leverage Ratio	Eurodollar Rate/Letter of Credit Fees	Base Rate
1	< 3.50 : 1.00	2.250%	1.250%
2	< 4.25 : 1.00 but ≥ 3.50 : 1.00	2.375%	1.375%
3	< 5.00 : 1.00 but ≥ 4.25 : 1.00	2.500%	1.500%
4	≥ 5.00 : 1.00	3.000%	2.000%

The foregoing description of the Fourth Amendment is not complete and is qualified in its entirety by reference to the complete text of the Fourth Amendment, a copy of which is filed herewith as Exhibit 10.1 and incorporated herein by reference.

ITEM 5.02 DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS

(e)

Cancellation of Previously Issued Performance Awards

On May 19, 2020, Melvin C. Payne, the Chairman of the Board and Chief Executive Officer of the Company; William W. Goetz, the President and Chief Operating Officer of the Company; Viki K. Blinderman, the Senior Vice President, Principal Financial Officer, Chief Accounting Officer and Secretary of the Company; Carl B. Brink, the Senior Vice President, Chief Financial Officer and Treasurer of the Company; Paul D. Elliott, the Senior Vice President and Regional Partner of the Company; and Shawn R. Phillips, the Senior Vice President and the Head of Strategic and Corporate Development of the Company, each agreed to the cancellation of two separate Performance Award Agreements previously awarded by the Company to each of the above named individuals in February 2019 and February 2020 (collectively, the “Agreements”). Prior to such cancellation, each of the Agreements provided for contingent compensation, which was payable to such individuals in shares of the Company’s common stock, based on the performance of the Company over a five-year period from the date of grant.

The table below sets forth the number of Performance Awards previously granted to each of the above-named individuals pursuant to the Agreements in 2019 and 2020, respectively, and the number of Performance Awards cancelled on May 19, 2020.

2019:

Named Executive Officer	Performance Awards Granted	Performance Awards Cancelled
Melvin C. Payne	100,000	100,000
William W. Goetz	35,000	35,000
Viki K. Blinderman	10,500	10,500
Carl C. Brink	10,500	10,500
Paul D. Elliott	10,500	10,500
Shawn R. Phillips	10,500	10,500

2020:

Named Executive Officer	Performance Awards Granted	Performance Awards Cancelled
Melvin C. Payne	40,000	40,000
William W. Goetz	20,000	20,000
Viki K. Blinderman	9,000	9,000
Carl C. Brink	9,000	9,000
Paul D. Elliott	9,000	9,000
Shawn R. Phillips	9,000	9,000

Issuance of New Performance Awards

On May 19, 2020, the Company's Compensation Committee approved a new Performance Award Agreement (the "New Agreement") for eligible employees, including the Company's executive officers. Pursuant to the New Agreement, the target share awards for each of the Company's executive officers (each, an "Award") will vest on December 31, 2024 (the "Vesting Date") if the Company's common stock reaches one of five pre-determined growth targets for a sustained period beginning on the grant date of May 19, 2020 and ending on December 31, 2024 (the "Performance Period").

The Award will result in Ms. Blinderman and Messrs. Brink, Elliott and Phillips (each an "Executive") each being awarded 13,974 shares if the average closing price of the Company's common stock, during any twenty consecutive day period during the Performance Period (the "Average Closing Price"), reaches \$35.78 ("Target 1"); 22,789 shares will be awarded to each Executive if the Average Closing Price of the Company's common stock reaches \$43.88 ("Target 2"); 32,778 shares will be awarded to each Executive if the Average Closing Price of the Company's common stock reaches \$53.39 ("Target 3"); 38,772 shares will be awarded to each Executive if the Average Closing Price of the Company's common stock reaches \$64.48 ("Target 4"); and 45,255 shares will be awarded to each Executive if the Average Closing Price of the Company's common stock reaches \$77.34 ("Target 5").

With respect to Mr. Goetz, the Award will result in 33,538 shares being awarded to him if the Average Closing Price of the Company's common stock reaches Target 1; 61,531 shares will be awarded to him if the Average Closing Price of the Company's common stock reaches Target 2; 93,650 shares will be awarded to him if the Average Closing Price of the Company's common stock reaches Target 3; 108,561 shares will be awarded to him if the Average Closing Price of the Company's common stock reaches Target 4; and 129,299 shares will be awarded to him if the Average Closing Price of the Company's common stock reaches Target 5.

With respect to Mr. Payne, the Award will result in 55,897 shares being awarded to him if the Average Closing Price of the Company's common stock reaches Target 1; 91,158 shares will be awarded to him if the Average Closing Price of the Company's common stock reaches Target 2; 140,476 shares will be awarded to him if the Average Closing Price of the Company's common stock reaches Target 3; 155,087 shares will be awarded to him if the Average Closing Price of the Company's common stock reaches Target 4; and 181,019 shares will be awarded to him if the Average Closing Price of the Company's common stock reaches Target 5.

The Awards are designed to directly align certain forms of equity compensation payable to the Company's executive officers with long-term stockholder value creation and sustainable high performance by the Company. The foregoing descriptions of the material terms of the Awards do not purport to be complete and are qualified in their entirety by reference to the New Agreement, the form of which is filed herewith as Exhibit 10.2 and incorporated by reference herein.

ITEM 5.07 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

The 2020 Annual Meeting of Stockholders of the Company was held on May 19, 2020. The matters presented for a vote and the related results are as follows:

PROPOSAL 1 - ELECTION OF DIRECTORS

Proposal 1 was the election of the nominees to serve as Class III directors for a three-year term expiring on the date of the 2023 annual meeting. The result of the vote was as follows:

Nominee	Votes For	Votes Withheld	Broker Non-Votes
Douglas B. Meehan	7,443,917	6,375,902	2,298,440
Donald D. Patteson, Jr.	5,862,983	7,956,836	2,298,440

Pursuant to the foregoing vote, Mr. Meehan was duly elected as a Class III director.

Mr. Patteson did not receive a majority of the votes cast in the affirmative and, pursuant to the terms of the Company's Amended and Restated By-laws, tendered his resignation to the Board of Directors (the "Board"), with the effectiveness of such resignation being conditioned on the Board's acceptance of such resignation. The Board subsequently considered Mr. Patteson's resignation, including a full discussion, wherein the Board agreed that Mr. Patteson's deep knowledge and understanding of the Company achieved through years of service as a Board member, his prior executive leadership experience as both a Chief Executive Officer and Chief Financial Officer, his service as the Company's Audit Committee Chairman, and his consistent and valued contributions, questions and insights, make Mr. Patteson an invaluable member of the Board. Mr. Patteson's tendered resignation was unanimously rejected by the Board on May 21, 2020.

PROPOSAL 2 - ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION

Proposal 2 was to approve, on an advisory basis, our Named Executive Officer compensation. The result of the vote was as follows:

Votes For	Votes Against	Abstentions	Broker Non-Votes
12,923,165	878,600	18,054	2,298,440

Pursuant to the foregoing vote, the Named Executive Officer compensation, as disclosed in the Proxy Statement for the 2020 Annual Meeting of Stockholders of the Company, was approved. The Board and the Compensation Committee will carefully consider the voting results when making future decisions regarding executive compensation.

PROPOSAL 3 - RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Proposal 3 was the ratification of Grant Thornton LLP as the independent registered public accounting firm for the fiscal year ending December 31, 2020. The result of the vote was as follows:

Votes For	Votes Against	Abstentions	Broker Non-Votes
16,095,928	18,356	3,975	—

Pursuant to the foregoing vote, the appointment of Grant Thornton LLP as the independent registered public accounting firm for the fiscal year ending December 31, 2020 was ratified.

ITEM 8.01 OTHER EVENTS.

On May 19, 2020, the Company announced its Board's decision to increase the annual dividend \$0.05 to \$0.35 annually, beginning with the next dividend declaration in the third quarter of 2020. The declaration and amount of any future dividends, and any future increase (or decrease) in such amount, is at the discretion of the Board of the Company and subject to the Company's financial condition, results of operations, cash flows and other factors the Board deems relevant.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

The following are filed as part of this Current Report on Form 8-K:

- 10.1 Limited Waiver and Fourth Amendment to Credit Agreement, dated as of May 18, 2020, by and among Carriage Services, Inc., the financial institutions party thereto, as lenders, and Bank of America, as administrative agent, swing line lender and L/C issuer.
- 10.2 Form of Performance Award Agreement under Carriage Services, Inc. 2017 Omnibus Incentive Plan.

SIGNATURE

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

CARRIAGE SERVICES, INC.

Dated: May 22, 2020

By: /s/ Viki K. Blinderman

Viki K. Blinderman

Senior Vice President, Chief Accounting Officer and Secretary

(Principal Financial Officer)

INDEX OF EXHIBITS

<u>Exhibit</u>	<u>Description</u>
10.1	<u>Limited Waiver and Fourth Amendment to Credit Agreement, dated as of May 18, 2020, by and among Carriage Services, Inc., the financial institutions party thereto, as lenders, and Bank of America, as administrative agent, swing line lender and L/C issuer.</u>
10.2	<u>Form of Performance Award Agreement under Carriage Services, Inc. 2017 Omnibus Incentive Plan.</u>

Execution Version

LIMITED WAIVER AND FOURTH AMENDMENT TO CREDIT AGREEMENT

THIS LIMITED WAIVER AND FOURTH AMENDMENT TO CREDIT AGREEMENT (this "Fourth Amendment"), dated as of May 18, 2020, is by and among CARRIAGE SERVICES, INC., a Delaware corporation (the "Borrower"), the banks listed as Lenders on the signature pages hereof (the "Lenders"), 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, certain of the Lenders, and the Administrative Agent are parties to that certain Credit Agreement, dated as of May 31, 2018, as amended by that certain First Amendment to Credit Agreement, dated as of November 8, 2018, that certain Second Amendment to Credit Agreement, dated as of July 31, 2019 and that certain Third Amendment and Commitment Increase to Credit Agreement, dated as of December 19, 2019 (said Credit Agreement, as amended, 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 informed Administrative Agent and the Lenders that the Borrower is unable to comply with Section 7.11(a) of the Credit Agreement, regarding the maximum Total Leverage Ratio covenant for the Fiscal Quarter ended March 31, 2020, which constitutes an Event of Default under Section 8.01(b) of the Credit Agreement (the "Existing Default").

C. The Borrower has requested that the Lenders waive the Existing Default and the parties hereto are willing to make certain amendments to the Credit Agreement, as more fully 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. LIMITED WAIVER. Subject to the conditions to effectiveness set forth in Section 4 hereof, the Lenders and the Administrative Agent hereby waive the Existing Default for the Fiscal Quarter ending March 31, 2020. This waiver shall be effective only to the extent specifically set forth herein and shall not (a) be construed as a waiver of any breach, Default or Event of Default other than as specifically waived herein nor as a waiver of any breach, Default or Event of Default of which the Lenders have not been informed by the Loan Parties, (b) affect the right of the Lenders to demand compliance by the Loan Parties with all terms and conditions of the Loan Documents, except as specifically modified or waived by this Fourth Amendment, (c) be deemed a waiver of any transaction or future action on the part of the Loan Parties requiring the Lenders' or the Required Lenders' consent or approval under the Loan Documents, or (d) except as waived hereby, be deemed or construed to be a waiver or release of, or a limitation upon, the Administrative Agent's or the Lenders' exercise of any rights or remedies under the Credit Agreement or any other Loan Document, whether arising as a consequence of any Default or Event of Default (other than the Existing Default) which may now exist or otherwise, all such rights and remedies hereby being expressly reserved.

2. AMENDMENTS.

(a) Section 1.01 of the Credit Agreement is hereby amended by adding the following defined terms thereto in proper alphabetical order:

“Fourth Amendment” means that certain Limited Waiver and Fourth Amendment to Credit Agreement, dated as of May 18, 2020, among the Borrower, the Lenders party thereto and the Administrative Agent.

“Fourth Amendment Effective Date” means the date that all conditions of effectiveness set forth in Section 4 of the Fourth Amendment have been satisfied.

(b) 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 applicable percentage per annum set forth below determined by reference to the Total 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	Total Leverage Ratio	Eurodollar Rate / Letter of Credit Fees	Base Rate
1	< 3.50 : 1.00	2.250%	1.250%
2	< 4.25 : 1.00 but ≥ 3.50 : 1.00	2.375%	1.375%
3	< 5.00 : 1.00 but ≥ 4.25 : 1.00	2.500%	1.500%
4	≥ 5.00 : 1.00	3.000%	2.000%

Any increase or decrease in the Applicable Rate resulting from a change in the Total 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, upon the request of the Required Lenders, Pricing Level 4 shall apply in respect of the Revolving Credit Facility as of the first Business Day after the date on which such Compliance Certificate was required to have been delivered and in each case shall remain in effect until the date on which such Compliance Certificate is delivered. Furthermore, the Applicable Rate in effect from and after the Fourth Amendment Effective Date through and including the date the Compliance Certificate is delivered pursuant to Section 6.02(b) for the Fiscal Quarter ending June 30, 2020 shall be Pricing Level 4.

Notwithstanding anything 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).

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

“Eurodollar Rate” means:

(a) for any Interest Period with respect to a Eurodollar Rate Loan, the rate per annum equal to the London Interbank Offered Rate (“LIBOR”) or a comparable or successor rate, which rate is approved by the Administrative Agent, as published by Bloomberg (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period; and

(b) for any interest calculation with respect to a Base Rate Loan on any date, the rate per annum equal to LIBOR, at or about 11:00 a.m., London time determined two Business Days prior to such date for U.S. Dollar deposits with a term of one month commencing that day;

provided that to the extent a comparable or successor rate is approved by the Administrative Agent in connection herewith, the approved rate shall be applied in a manner consistent with market practice; provided, further, that, to the extent such market practice is not administratively feasible for the Administrative Agent, such approved rate shall be applied in a manner as otherwise reasonably determined by the Administrative Agent.

Notwithstanding the foregoing, if the Eurodollar Rate shall be less than 0.75% at any time, such rate shall be deemed to be 0.75% for purposes of this Agreement.

3. 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 after giving effect to the limited waiver set forth in Section 1 above:

(a) the representations and warranties contained in the Credit Agreement and the other Loan Documents that are subject to materiality or Material Adverse Effect qualifications are true and correct in all respects on and as of the date hereof as made on and as of such date, and the representations and warranties contained in the Credit Agreement and the other Loan Documents that are not subject to materiality or Material Adverse Effect qualifications are true and correct in all material respects on and as of the date hereof as made on and as of such date, except in each case 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 Sections 5.05(a) and (c) of the Credit Agreement shall be deemed to refer to the most recent financial statements furnished pursuant to Sections 6.01(a) and (b), respectively, of the Credit Agreement;

(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 Fourth Amendment, (ii) this Fourth Amendment has been duly executed and delivered by the Borrower and (iii) this Fourth Amendment, and the Credit Agreement, as amended hereby, constitute the legal, valid and binding obligations of the Borrower, enforceable 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 Fourth Amendment or the Credit Agreement, as amended hereby, nor the consummation of any transactions contemplated herein or therein, will conflict with (i) any Organization Documents of the Borrower or its Subsidiaries, (ii) any Law applicable to the Borrower or its Subsidiaries or (iii) any Contractual Obligation to which the Borrower, the Subsidiaries or any of their respective 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 necessary or required in connection with (i) the execution, delivery or performance by, or enforcement against, the Borrower of this Fourth Amendment or (ii) the acknowledgement by each Guarantor of this Fourth Amendment.

4. CONDITIONS OF EFFECTIVENESS. All provisions of this Fourth Amendment shall be effective upon satisfaction of, or completion of, the following:

(a) the Administrative Agent shall have received counterparts of this Fourth Amendment executed by the Borrower, the Required Lenders and acknowledged by each Guarantor;

(b) the representations and warranties set forth in Section 3 of this Fourth Amendment shall be true and correct;

(c) unless waived by the Administrative Agent, the Borrower shall have paid all fees, charges and disbursements of counsel to the Administrative Agent directly to such counsel to the extent invoiced prior to or on the Fourth Amendment Effective Date;

(d) since December 31, 2019, there shall not have occurred any event or condition that has had or could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect; and

(e) the Administrative Agent shall have received, in form and substance satisfactory to the Administrative Agent and its counsel, such other documents, certificates and instruments as the Administrative Agent shall reasonably require.

5. REFERENCE TO THE CREDIT AGREEMENT.

(a) Upon and during the effectiveness of this Fourth 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 Fourth Amendment.

(b) Except as expressly set forth herein, this Fourth 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.

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

7. **EXECUTION IN COUNTERPARTS.** This Fourth 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 Fourth 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 or other electronic imaging means (e.g., “pdf” or “tif”) 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.

8. **GOVERNING LAW; BINDING EFFECT.** This Fourth 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 each party shall retain all rights arising under federal law. This Fourth Amendment shall be binding upon the Borrower, the Guarantors, the Administrative Agent and each Lender and their respective successors and permitted assigns.

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

10. **ENTIRE AGREEMENT. THE CREDIT AGREEMENT, AS AMENDED BY THIS FOURTH 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 Fourth Amendment as of the date above written.

CARRIAGE SERVICES, INC.

By: /s/ Carl Benjamin Brink

Carl Benjamin Brink

Senior Vice President, Chief Financial

Officer and Treasurer

BANK OF AMERICA, N.A.,

as Administrative Agent

By: /s/ Adam Rose
Name: Adam Rose
Title: Senior Vice President

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

By: /s/ Adam Rose
Name: Adam Rose
Title: Senior Vice President

REGIONS BANK,
as a Lender

By: /s/ Matthew N. Walt
Name: Matthew N. Walt
Title: Director

BBVA USA f/k/a Compass Bank,
as a Lender

By: /s/ Tom Brosig S.V.P.
Name: TOM BROSIG
Title: SENIOR VICE PRESIDENT

GOLDMAN SACHS BANK USA,
as a Lender

By: /s/ Jamie Minieri
Name: Jamie Minieri
Title: Authorized Signatory

VERITEX COMMUNITY BANK,
as a Lender

By: /s/ Sam Jarvis
Name: Sam Jarvis
Title: Vice President

RATIFICATION OF GUARANTORS

Each of the undersigned Guarantors hereby (a) acknowledges and consents to the foregoing Fourth Amendment and the Borrower's execution, delivery and performance thereof; (b) joins the foregoing Fourth Amendment for the purpose of consenting to and being bound by the provisions thereof; (c) 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 Fourth Amendment or any of the provisions contemplated herein; (d) ratifies and confirms all of its obligations and liabilities under the Loan Documents to which it is a party and ratifies and confirms that such obligations and liabilities extend to and continue in effect with respect to, and continue to guarantee and secure the Obligations of the Borrower under the Credit Agreement, as amended pursuant to the terms of the Fourth Amendment; and (e) acknowledges and agrees that as of the date of the foregoing Fourth Amendment, such Guarantor (i) does not have any claim or cause of action against the Administrative Agent or any Lender (or any of their respective directors, officers, employees, agents, attorneys or other representatives) under or in connection with its Guaranty and the other Loan Documents to which it is a party and (ii) has no offsets against, or defenses or counterclaims to, its Guaranty.

The Guarantors:

CARRIAGE CEMETRY SERVICES, INC.
 CARRIAGE CEMETRY SERVICES OF
 CALIFORNIA, INC.
 CARRIAGE CEMETRY SERVICES OF IDAHO,
 INC.
 CARRIAGE FLORIDA HOLDINGS, INC.
 CARRIAGE FUNERAL HOLDINGS, INC.
 CARRIAGE FUNERAL MANAGEMENT, INC.
 CARRIAGE FUNERAL SERVICES OF
 CALIFORNIA, INC.
 CARRIAGE FUNERAL SERVICES OF
 KENTUCKY, INC.
 CARRIAGE FUNERAL SERVICES OF
 MICHIGAN, INC.
 CARRIAGE HOLDING COMPANY, INC.
 CARRIAGE INTERNET STRATEGIES, INC.
 CARRIAGE LIFE EVENTS, INC.
 CARRIAGE MANAGEMENT, INC.
 CARRIAGE MERGER VI, INC.
 CARRIAGE MUNICIPAL CEMETRY
 SERVICES OF NEVADA, INC.
 CARRIAGE OPERATIONS, INC.
 CARRIAGE PENNSYLVANIA HOLDINGS, INC.

CARRIAGE SERVICES OF CONNECTICUT,
 INC.
 CARRIAGE SERVICES OF LOUISIANA, INC.
 CARRIAGE SERVICES OF NEVADA, INC.
 CARRIAGE SERVICES OF NEW MEXICO, INC.
 CARRIAGE SERVICES OF OHIO, LLC
 CARRIAGE SERVICES OF OKLAHOMA, L.L.C.
 CARRIAGE SERVICES OF TENNESSEE, INC.
 CARRIAGE TEAM CALIFORNIA
 (CEMETERY), LLC
 CARRIAGE TEAM CALIFORNIA (FUNERAL),
 LLC
 CARRIAGE TEAM FLORIDA (CEMETERY),
 LLC
 CARRIAGE TEAM FLORIDA (FUNERAL), LLC
 CARRIAGE TEAM KANSAS, LLC
 CATAUDELLA FUNERAL HOME, INC.
 CFS FUNERAL SERVICES, Inc.
 CHC INSURANCE AGENCY OF OHIO, INC.
 CLOVERDALE PARK, INC.
 COCHRANE'S CHAPEL OF THE ROSES, INC.
 CSI FUNERAL SERVICES OF
 MASSACHUSETTS, INC.
 CSRE HOLDINGS, INC.
 FORASTIERE FAMILY FUNERAL SERVICE,
 INC.
 HORIZON CREMATION SOCIETY, INC.
 HUBBARD FUNERAL HOME INC.
 PNCA, INC.
 ROLLING HILLS MEMORIAL PARK
 WILSON & KRATZER MORTUARIES
 FAIRFAX MEMORIAL FUNERAL HOME,
 L.L.C.
 CALVARY MEMORIAL PARK,
 INCORPORATED

By: /s/ Carl Benjamin Brink

Carl Benjamin Brink

Treasurer for all

**CARRIAGE SERVICES, INC.
2017 OMNIBUS INCENTIVE PLAN**

**“GOOD TO GREAT II SHAREHOLDER VALUE CREATION
PERFORMANCE AWARD AGREEMENT”**

This Performance Award Agreement (this “Agreement”) is made and entered into as of May 19, 2020 (the “Grant Date”) by and between Carriage Services, Inc. (the “Company”) and _____ (the “Employee”). Capitalized terms that are used in this Agreement, but not defined herein, have the meanings ascribed to them in the Company’s 2017 Omnibus Incentive Plan (the “Plan”).

1. **Grant of Performance Award.** Pursuant to the terms and conditions set forth in the Plan and this Agreement, the Company hereby grants to the Employee a Stock Award in the form of a Performance Award pursuant to which the Employee may earn shares of the Company’s common stock (the “Award”). The target number of shares of common stock subject to the Award is _____ shares (the “Target Performance Shares”). Notwithstanding the foregoing and subject to the terms of this Agreement, the aggregate number of shares of common stock that the Employee actually earns pursuant to the Award (up to a maximum of _____% of the Target Performance Shares) shall be calculated by the Company’s Compensation Committee (the “Committee”) based upon the Payout definition as outlined in Exhibit I attached hereto).

2. **Performance Period.** For purposes of this Agreement, the term “Performance Period” shall be the period commencing on the Grant Date and ending on December 31, 2024.

3. **Performance Criteria.**

(a) The performance criteria applicable to the Award are set forth on Exhibit I attached hereto (the “Performance Criteria”), which exhibit is hereby incorporated by reference. All determinations of whether the Performance Criteria have been achieved (and, if applicable, the extent of any such achievement), the number of shares of common stock actually earned by the Employee, and all other matters related to this Section 3 shall be made by the Committee in its sole discretion.

(b) Promptly following completion of the Performance Period (and no later than sixty (60) days following the end of the Performance Period), the Committee shall review and certify in writing, (i) whether, and to what extent, the Performance Criteria for the Performance Period has been achieved, and (ii) the number of shares of common stock that the Employee has earned, if any, subject to compliance with the requirements of Section 4. Such certification shall be final, conclusive and binding on the Employee, and on all other persons, to the maximum extent permitted by law.

4. **Vesting Date.** The Award is subject to forfeiture until it vests. Except as otherwise provided herein, the Award will vest and no longer be subject to forfeiture on December 31, 2024 (the “Vesting Date”), pending certification by the Committee of the achievement of the Performance Criteria in accordance with Section 3(b) above, and subject to the Employee’s continuous employment with the Company from the Grant Date through the date on which the Committee certifies the achievement of the Performance Criteria. The number of Target Performance Shares that vest and become payable under this Agreement

shall be determined by the Committee at the end of the Performance Period by referencing the table included in Exhibit 1.

5. **Settlement.** Payment in respect of the Award earned for the Performance Period shall be made in shares of common stock, which shares of common stock shall be issued to the Employee within 60 days following the Vesting Date. The Company shall (a) issue and deliver to the Employee the number of shares of common stock earned by the Employee during the Performance Period, if any, as determined and awarded by the Committee in accordance with the terms of this Agreement; and (b) enter the Employee's name on the books of the Company as the shareholder of record with respect to the shares of common stock delivered to the Employee. Such issuance and delivery shall be made in full satisfaction of the Award and thereafter Employee shall have no further rights with respect to the Award or this Agreement.

6. **Termination of Employment.** Except as otherwise expressly provided in this Agreement, if the Employee's continuous employment with the Company terminates at any time before the Vesting Date, the Award shall be automatically forfeited upon such termination of employment and neither the Company nor any Affiliate shall have any further obligations to the Employee under this Agreement.

7. **Corporate Change.** In the event of a Corporate Change during the Performance Period, notwithstanding anything in the Plan to the contrary, if Employee's employment with the Company is terminated without Cause or Good Reason, and a Payout was earned in accordance with Exhibit 1 prior to Employee's termination, the Employee shall receive payment in settlement of the Award in an amount equivalent to the value of such Award at the time of such settlement, which amount shall be paid no later than sixty (60) days following the date of such termination of employment.

8. **Restrictions.** Neither the Award nor any of the rights relating thereto may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Employee. Any attempt to assign, alienate, pledge, attach, sell or otherwise transfer or encumber the Award or the rights relating thereto shall be wholly ineffective and, if any such attempt is made, the Award will be forfeited by the Employee and all of the Employee's rights to such Award shall immediately terminate without any payment or consideration by the Company.

9. **No Rights as Shareholder; No Dividend Equivalents.** The Employee shall not have any rights of a shareholder with respect to the shares of common stock underlying the Award (including, without limitation, any right to receive dividends or dividend equivalents) unless and until the Award vests and is settled pursuant to this Agreement. Upon and following the settlement of the Award, the Employee shall be the record owner of the shares of common stock underlying the Award unless and until such shares are sold or otherwise disposed of, and as record owner shall be entitled to all rights of a shareholder of the Company (including voting rights).

10. **No Right to Continued Employment.** Neither the Plan nor this Agreement shall confer upon the Employee any right to continued employment. Further, nothing in the Plan or this Agreement shall be construed to limit the discretion of the Company to terminate the Employee's employment at any time, with or without Cause.

11. **Adjustments.** If any change is made to the Company's outstanding common stock or the capital structure of the Company, if required, the number of shares of common stock subject to the Award shall be adjusted or terminated in any manner as contemplated by Section 4.4 of the Plan.

12. **Tax Withholding.** Unless other arrangements have been made that are acceptable to the Company, the Company and each of its Affiliates is authorized to deduct or withhold from the Award, or cause to be deducted or withheld from any compensation or other amount owing to the Employee, the amount (in cash, common stock, other securities or property, or common stock that would otherwise be issued pursuant to the Award) of any applicable taxes payable in respect of the vesting and/or settlement of the Award and to take such other actions as may be necessary in the opinion of the Company or any of its Affiliates to satisfy its tax withholding obligations. Notwithstanding the foregoing, if the Employee is subject to Rule 16b-3 at the time of vesting and/or settlement of the Award, except as otherwise provided in any tax withholding policy or procedure adopted by the Company, such tax withholding automatically shall be effected by the Company or one of its Affiliates either by (i) withholding shares of common stock otherwise deliverable to the Employee on the settlement of the Award or (ii) requiring the Employee to tender a cash payment to the Company or such Affiliate in an amount equal to the applicable taxes. In the event that shares of common stock that would otherwise be delivered pursuant to the Award are used to satisfy such withholding obligations, the number of shares that may be withheld shall be limited to the number of shares that have a Fair Market Value, on the date of withholding, equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income; provided, however, that such withholding may be based on rates in excess of the minimum statutory withholding rates if (A) the Committee (x) determines that such withholding would not result in adverse accounting, tax or other consequences to the Company (other than immaterial administrative, reporting or similar consequences) and (y) authorizes such withholding at such greater rates and (B) the Employee consents to such withholding at such greater rates.

13. **Compliance with Applicable Laws.** The issuance and transfer of shares of common stock shall be subject to compliance by the Company and the Employee with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's shares of common stock may be listed. No shares of common stock shall be issued or transferred unless and until any then applicable requirements of state and federal laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its counsel.

14. **Notices.** Any notice required to be delivered to the Company under this Agreement shall be in writing and addressed to the General Counsel of the Company at the Company's principal corporate offices. Any notice required to be delivered to the Employee under this Agreement shall be in writing and addressed to the Employee at the Employee's address as shown in the records of the Company. Either party may designate another address in writing (or by such other method approved by the Company) from time to time.

15. **Governing Law.** This Agreement will be construed and interpreted in accordance with the laws of the State of Texas without regard to conflict of law principles thereof.

16. **Interpretation.** Any dispute regarding the interpretation of this Agreement shall be submitted by the Employee or the Company to the Committee for review. The resolution of such dispute by the Committee shall be final and binding on the Employee and the Company.

17. **Award Subject to Plan.** This Agreement is subject to the Plan as approved by the Company's shareholders. The terms and provisions of the Plan, as it may be amended from time to time, are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

18. **Successors and Assigns.** The Company may assign any of its rights under this Agreement. This Agreement will be binding upon, and inure to the benefit of, the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement will be binding upon the Employee and the Employee's beneficiaries, executors, administrators and the person(s) to whom the Award may be transferred by will or the laws of descent or distribution.

19. **Severability.** The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Agreement, and each provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by law.

20. **Discretionary Nature of Plan.** The Plan is discretionary and may be amended, cancelled or terminated by the Company at any time, in its discretion. The grant of the Award in this Agreement does not create any contractual right or other right to receive any award in the future. Future awards, if any, will be at the sole discretion of the Company. Any amendment, modification, or termination of the Plan shall not constitute a change or impairment of the terms and conditions of the Employee's employment with the Company.

21. **Entire Agreement.** This Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to the Award granted hereby; provided, however, that the terms of this Agreement shall not modify, and shall be subject to the terms and conditions of, any employment and/or severance agreement between the Company and its Affiliates and the Employee in effect as of the date a determination is to be made under this Agreement. Without limiting the scope of the preceding sentence, except as provided therein, all prior understandings and agreements, if any, among the parties hereto relating to the subject matter hereof are hereby null and void and of no further force and effect.

22. **Amendment.** The Committee has the right to amend, alter, suspend, discontinue or cancel the Award, prospectively or retroactively; provided, however, that no such amendment shall adversely affect the Employee's material rights under this Agreement without the Employee's consent.

23. **Section 409A.** Neither the Award nor any of the amounts that may be payable pursuant to this Agreement are intended to constitute or provide for a deferral of compensation that is subject to Section 409A of the Code and the Treasury regulations and

other interpretive guidance issued thereunder (collectively, "Section 409A"). Notwithstanding the foregoing, (a) the Company makes no representations that the Award or any amounts payable under this Agreement are exempt from Section 409A and in no event shall the Company or any of its Affiliates be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Employee on account of non-compliance with Section 409A and (b) if any payment provided for under this Agreement would be subject to additional taxes and interest under Section 409A if the Employee's receipt of such payment is not delayed in accordance with the requirements of Section 409A(a)(2)(B)(i) of the Code, then such payment shall not be provided to the Employee (or the Employee's estate, if applicable) until the earlier of (i) the date of the Employee's death or (ii) the date that is six months after the date of the Employee's separation from service with the Company.

24. **No Impact on Other Benefits.** The value of the Award is not part of the Employee's normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance or similar employee benefit.

25. **Acceptance.** The Employee hereby acknowledges receipt of a copy of the Plan and this Agreement. The Employee has read and understands the terms and provisions thereof, and accepts the Award subject to all of the terms and conditions of the Plan and this Agreement. The Employee acknowledges that there may be adverse tax consequences upon the vesting or settlement of the Award or disposition of the underlying shares and that the Employee has been advised to consult a tax advisor prior to such vesting, settlement or disposition. The Employee acknowledges and agrees that none of the Board, the Committee, the Company or any of their respective Affiliates have made any representation or warranty as to the tax consequences to the Employee as a result of the receipt of the Award or the vesting, settlement or disposition thereof.

26. **Clawback.** Notwithstanding any provision in this Agreement to the contrary, this Award and all common stock issued hereunder shall be subject to any applicable clawback policies or procedures adopted in accordance with the Plan.

27. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. Delivery of an executed counterpart of this Agreement by facsimile or pdf attachment to electronic mail shall be effective as delivery of a manually executed counterpart of this Agreement.

Signature Page Follows

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer, and the Employee has executed this Agreement, effective for all purposes as provided above.

CARRIAGE SERVICES, INC.

By: _____
Melvin C. Payne
Chairman of the Board and Chief Executive Officer

EMPLOYEE

EXHIBIT 1
PERFORMANCE CRITERIA

Definitions

As used herein, the following terms have the meanings set forth below:

“**Company Stock Price Average**” means any 20 consecutive day simple moving average of the closing price of the Company’s common stock, as reported by the Reporting Service, during the period of May 19, 2020-December 31, 2024.

“**Reporting Service**” means Bloomberg L.P. (or any other publicly available reporting service that the Committee may designate from time to time).

Payout Determination

The “**Payout**” shall be determined by the performance of the Company’s common stock during the Performance Period. If the Company Stock Price Average reaches any of the Performance Tiers listed below, the Employee will be entitled to the corresponding Payout, subject to Section 4 and other provisions of the Agreement.

Performance Tiers	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Company Stock Price Average	\$35.78	\$43.88	\$53.39	\$64.48	\$77.34
Payout <i>(in shares of Company common stock)</i>	X	Y	Z	XX	YY

The Employee will only be entitled to the highest Payout achieved during the Performance Period, regardless of the closing price of the Company’s common stock on the Vesting Date, and may not receive multiple Payouts. By way of example:

Example 1: The Company Stock Price Average reaches a high of \$40 in the second year of the Performance Period, before closing at \$30 on the Vesting Date. The Employee will be eligible to receive a Payout of X shares.

Example 2: The Company Stock Price Average reaches \$55 in the second year of the Performance Period, and then reaches \$67 in the third year, before closing at \$50 on the Vesting Date. The Employee will be eligible to receive a Payout of XX shares.