JOHN N. HUGHES ATTORNEY AT LAW PROFESSIONAL SERVICE CORPORATION 124 WEST TODD STREET FRANKFORT, KENTUCKY 40601

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INHUGHES@fewpb.net

May 14, 2015

RECEIVED

MAY 1 4 2015

PUBLIC SERVICE COMMISSION

Jeff Derouen Executive Director Public Service Commission 211 Sower Blvd. Frankfort, KY 40601

Re: Case No. 2014-00342

Dear Mr. Derouen:

Mountain Water District submits the responses to the staff's questions of the conference held on Monday May 11th.

A copy of these responses has been delivered to the Attorney General's Office of Rate Intervention.

John N. Hughes

124 West Todd St.

Frankfort, KY 40601

(502) 227 7270

jnhughes@fewpb.net

Attorney for Mountain Water District

RECEIVED

MAY 1 4 2015

PUBLIC SERVICE COMMISSION

RESPONSE 1

CASE:

Mountain Water District

CASE NO: 2014-00342

RE:

PSC 4th Clarification

Item 1 from Informal Conference Clarification

The commission ask for copies of all the loans that UMG pays for Mountain Water Distict.

WITNESS:

Spears

RESPONSE:

Attached are copies of all the notes that UMG pays the monthly payments on Mountain Water District's assets.

During the conference MWD was asked if these notes were all 2 years notes, and our response was that they were. After pulling these notes, MWD did comply with these laws starting in 2012, prior to that the vehicles were financed for 36 or 48 months. We knew that the district was currently doing so and thought that policy was in effect for a longer period of time. We are sorry for the mistake in our comments.

GL 2300 and 2301

Loans are identical amounts and terms.

Motor Vehicle	Make	2009	Lic. No. Year	(19F1494	21	Other:	
Purchased	Model	CHEVROLET SIVERADO 2500	XX New Used				
A STATE OF THE PARTY OF THE PAR	/A			N/	Α	And the state of t	
SECURITY: To	o secure yo	our payment and perfor	mance under the t			e us a security	interest in the Vehicle, all
Our interest will	not extend	to consumer goods un	ment placed in or d less you acquire rid	on the Vehi	cle, together called	Property, and	interest in the Vehicle, all proceeds of the Property of this Contract, or they are
charges accruing	On the un	naid halance at the rate	You promise to p	ay us the p	rincipal amount of	34406.	24 , plus finance nance charges accrue on a
303/303	no.	I hacid Attac maturity	me affections alatard	4 4 4			
balance at 6.99	7	per year. You agree !	o pay this Contract	according	to the navment sch	adula chown in	the TRITTLE IN LENDING
	an mad n	ALOR TO BUT HIT GOOTHOL	idi diriourita accord	ING IO INA IA	mas and conditions	of this (Contract	
before we have	PINANCE	much in finance charge	to pay a minimur	n finance c	harge of \$2	5.00 If yo	ou pay this Contract in full
DOWN PAYME	NT: You al	so agree to pay or anok	to the Cash Price	on or balan	todayla data any av		net trade-in value described
IN THE FIEMITY	IUN OF AN	MOUNT FINANCED.	You agree to ma	ke deferred	navments as nad	of the cash dow	net trade-in value described in payment as reflected in
your Payment So	chedule.	AT TO THE PERSON	RUTH IN LENDI	NG DISCL	OSURES	or the cast down	in payment as renected in
ANNU		FINANCE	AMOUNTF	NANCED	TOTAL OF PAYM	ENTS TO	TAL SALE PRICE
The cost of you	or credit as	The dollar amount t	The amount provided to		The amount you wi paid when you have		ol cost of your purchase on
a yearly i	rate.	credit will cost you		ehalf.	all scheduled paym	nents	duding your down payment of 0.00
A STANTON S	22 %		s 3425	1.24	\$ 38025.12	S	38025.12
Payment Sch		ur payment schedule w	rill be			* 1200	AND THE PROPERTY OF THE PARTY O
Number of Payr	ments A	mount of Payments		The state of	When Payments	Are Due	
48		792.19	HONTHLY BE	GINNING:	10/25/2009		
Security: You	are piving	a security interest in the	a Motor Vahiela au	abasad			
Late Charges	: If a payr	nent is not received wi	thin ten (10) days	after it is o	ue vou will be cha	med a fee of	five nament (5%) of that
Scheduled payment	nent, not to	exceed \$25.00.	🖾 🗆		ac, you will be die	nged a lee of	five percent (5%) of that
I COMMON PRO	VISILIIIM: 1	y off this Contract early	At this Contract to	r ans addit	ve to pay a Minimu	m Finance Cha	irge. ent, delault, any required
-apajinon soloj	io nio actio	duled data, and prepay	ment rejunds and t	enalties.	orea unormenon al	out nonpayme	mi, delaux, any required
CREDIT INSU	RANCE:	Credit life, credit hea	ith (accident and		ITEMIZATION	OF AMOUNT	FINANCED
required to obtain	credit and	wa will not provide the	m unless you sign	Vehicle P	rice (Incl. sales tax o	rs 1911.2	24) s 33765.24
and agree to pay we will obtain it for	the additio	nal premium. If you wan ou qualify for coverage you have chosen to put	nt such insurance,	Service C	Contract, Paid to:		s N/A
below ONLY the	coverages	you have chosen to pur	rchase,			Cash P	rice \$_33765.24
Credit Life: Insur	A/M				urer's Rebate \$_		
Single Jo	int Prem.	s N/A Terr	n N/A	Deferred	on Payment \$ Down Payment \$		
Credit Health: In	sured	N/A			Total Cash/Rebate		N/A
☐ Single ☐ Jo	int Prem.	s A/A Tem	n N/A	b. Trade	In Allowance \$_	N/A	
				c. Less:	Amount owing \$_	N/A	
				The Associated Property and Pro	N/A		N/A
					Net Trade-In (b. mir		
Your signature	below m	eans you want (only) the insurance	f Amore	Net Cash/Trade-In (nt to Finance line e.	a plus a.) s_	
eny coverages we	eu above.	If none are quoted, ye	ou have declined	Down Pa	yment (e.; disclose	as SO if negative	
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2				Paid to P	ubic Officials - Filing		s 22.00
Buyer	C	Vo/b Buyer	d/o/b	Insurance	Premiums*		s_N/A
PROPERTY INS	SURANCE	: You must insure the	Property essuring	To: Proce	ssing Fee to Credit	or	s155.00
mis Contract. You	may treely	choose the agent and	d insurer through	To: N/A	LE INTER	741	s 65.00
or by which you adequate insuran	ir insurand	te is placed. We will	not refuse any	TO:N/A			S A/A
deductible may no	of exceed \$	500.00 N/A	you get insurance	WALT	ERS CHEV CUST	SVC FEE	s
from or through us	you will pa	ys N/A "	_torN/A	To: N/A	Marine Control		S N/A
700		Conf. Cont. Lord Said Street Spice and A. L. Th.	of coverage.	Total Oth	er Charges/Amou	nts Pd. to Oth	ers S 641.00
This premium is c	alculated a	s follows:	N/A		Less: Prepaid	Finance Charg	ges S 166.00
- A manuficulture ,	Cooperioid,	Complete Coverage 3				Amount Finance	ed 5 34251.24
	Deductible,	Comprehensive Cov. \$ _ Additional Coverage \$ _		*We may	retain or receive a p	portion of this a	mount.
	I/A	docinonal Coverage \$ _	N/A		NOTICE	TO THE BU	IVED
			2.54	(1) DO	NOT SIGN TH	TO THE BU	CT BEFORE YOU
Liability in	suranc	e coverage fo	r personal	READ	IT OR IF IT	CONTAIL	NS ANY BLANK
ability an	a prop	erty damage	caused to	SPACE	S. (2) YOU A!	RE ENTITLE	ED TO A COPY OF
phacked and	d includ	led in this Cont	ract unless	VOLUE CO	NIHACT YOU	SIGN. (3)	UNDER THE LAW,
checked and				THE FI	ILL AMOUNT	DUE AND	OFF IN ADVANCE UNDER CERTAIN
_ SINGLE-INT	EHEST	INSURANCE: You	must purchase	CONDI	TIONS TO OBT	TAIN A PAR	ITIAL REFUND OF
ourchase the cour	erane imm	part of this sale trans a company of your ch	action. You may	THE FIN	iance charg	E. (4) THIS	CONTRACT SHALL
acceptable to use	Layou him	the coverage from or	though us usu				EN SIGNED AND
vill pay \$65.	00 oc sty	the coverage tigm or	of coverage.	LAECU	TED BY THE BU	TEH AND S	ELLEH.
		T: With your purchase	of the Vehicle.	BY SI	NING BELOW BU	YER AGREES	TO THE TERMS ON
		vice Contract to cover		PAGES	1 AND 2 OF THIS	CONTRACT A	ND ACKNOWLEDGES
n/n		the second second second second			RECEIPT OF A C	OPY OF THIS	CONTRACT.

. This Service Contract will be in

ACCIDINATION TO A STATE OF THE PROPERTY DESCRIPTION OF THE

effect for H/A

Veh 124 \$ 125 Gr 2301

PAID OFF 6/30/14

Description of	¥ear	2011	VIN 1680KVC	G28Z382	986	Other		
Motor Vehicle	Make	CHEVROLET	Lic No Year					
Purchased	Model	SIVERADO 2500	□PNew □ Used	1910 103000				
Description of Trade-In	N/A)	I/A			
SECURITY: To	secure yo	our payment and perfo	rmance under the to	erms of thi	s Contrac	t. you give us a	security intere	st in the Vehicle, all
accessions, anal	coments, a	ccessories, and equip to consumer goods un	ment placed in or o	n the Vehi	cle toge	ther called Prone	rty and nroce	ads of the Property
installed in or affi	ixed to the	Vehicle.					THE RESERVE AND ADDRESS.	Jontract, or mey are
PROMISE TO	PAY AND	PAYMENT TERMS	You promise to p	ay us the p	rincipal a	mount of \$	30260.20	, plus finance
charges accruing 365/365	on the un	paid balance at the rate y basis. After maturity,	e of	per year	from toda	y's date until mat	urity. Finance	charges accrue on a
balance at 6.	4900 %	per year. You agree	to pay this Contract	according	to the oa	yment schedule	shown in the T	RUTH IN LENDING
		gree to pay any addition	nal amounts accordi	ing to the tr	ms and	conditions of this	Contract.	THO THE NA CENTONIAG
MINIMUM F	INANCE	CHARGE: You agre	e to pay a minimun	n finance c	harge of	\$ 25.00	it you pay	this Contract in ful
		much in finance charg			alv.			
In the ITEMIZATI	ION OF AL	so agree to pay, or app MOUNT FINANCED. [y to the Cash Price,	on or before	today's	date, any cash, reb	ate and net tra	de-in value described
your Payment So	chedule.		TRUTH IN LENDI				asn down pay	ment as renected in
ANNU	AL	FINANCE	AMOUNTF		-	OF PAYMENTS	TOTAL	SALE PRICE
PERCENTAC		CHARGE	The amoun	t of credit	The am	ount you will have	The total cost	of your purchase on
The cost of you a yearly :		The dollar amount credit will cost yo		you or on shalf.	all sch	en you have made eduled payments.	PRODUCT THE PROPERTY OF	your down payment of 0.00
	4.75 %			105.20	s	33115.20	S 331	15.20
Payment Sch	edule: Yo	ur payment schedule	will be		19		13 33.	
Number of Payr	ments A	mount of Payments			When	Payments Are Du	e	
48.		689.90	MONTHLY F	CCIMMI	10. 00	/12/2011		
40,		663.30	ואוחנון	EGIANTH	iu: ue	713/2011		
Security: You	are givino	a security interest in the	ne Motor Vehicle nur	chased		WHAT STATE CAN	Chile ICCRY TOLVIS FOR	
Late Charges	: If a payr	ment is not received v	ithin ten (10) days	after it is	due, you	will be charged	a fee of five p	ercent (5%) of that
scheduled payr	nent, not to	0XC860 325.00.						
CONTRACT Prov	visions:	y off this Contract earl	of this Contract to	r any addi	ave to par	y a Minimum Fina	nce Charge.	body one mouled
repayment bero	re the sche	duled bate, and prepa	yment refunds and p	enalties.			superyment, de	maun, any required
CREDIT INSU	RANCE:	Credit life, credit he	alth (accident and		ITEM	IZATION OF A	MOUNT FINA	ANCED
equired to obtain	credit and	Credit life, credit heurance coverage quoi	led below, are not	Vehicle F	rice (incl.	sales tax of \$	H/A	s 30018-20
				Service	Contract.	Paid to:		s N/A
we will obtain it i	COVERAGES	you qualify for coverage you have chosen to pi	e). We are quoting	To the			Cash Price	s 30018.20
	H	/A		Manutac	turer's Re	ebate \$	N/A	第12117 1397
Credit Life: Insu	red	- W/A	_ W/A			ebate \$		
Single LJ Jo	ini Prem.	S_N/A_Ter	m			yment \$		N/A
O Single O to	int Prom	sR/A _{Ter}	N/A			sh/Rebate Down	20 / 13	
E Chigh E D	MIN 1 18111.	J 181				ance \$	N/A	
				Paid t	O. WIA	pwing \$	- 77-71/12 - 1	
						e-in (b. minus c.)	\$	W/A
						VTrade-In (a. plus		H/H
Your signature overage(s) quot	e below m	leans you want (on	y) the insurance	f Amou	nt lo Fina	nce line e. (if e. i	s negative)	5 4/0
my coverages we	e offered.	n none are queres,	you mave obcision	Down Pr	ayment (e ; disclose as \$0	if negative)	s 0:00
					Ur	paid Balance of	Cash Price	\$ 30018-20
Buyer		d/o/b Buyer	d/o/b			cials - Filing Fees		S W/A
	MAR HAR			Insuranc	to delive a state of			155.00
ROPERTY IN	SURANCE	You must insure the	Property securing	To. SI	NGLE I	e to Creditor	The second second	5 65.00
nis Contract. You	may Iree	y choose the agent at	nd insurer through	To: N/	A		The state of the s	S N/A
dequate insurar	nce policy	ce is placed. We wi that you provide. The	collision coverage	To: 17	A			s M/A
eductible may no	ot exceed \$		you get insurance	To:		1.	-	s N/A
rom or through us		HIA	_ for N7A	To: #/	A	was to the second		s A/A
	H/A		of coverage.	The state of the state of	her Char	ges/Amounts Pe		s 242.00
his premium is o	alculated a	is follows:				: Prepaid Finan		s 155.00
S N/F	Deductible.	Collision Coverage S	R/A			Amour	nt Financed	s 30105-20
S	Deductible,	Comprehensive Cov. S			retain of	receive a portion	of this amoun	t.
I Fire-Theft and	Combined	Additional Coverage \$	N/A			NOTICE TO .		
J	.,	\$			NOT	NOTICE TO		BEFORE YOU
iability in	suranc	e coverage for	or personal	READ	IT O	B IF IT CO	NTAINS	ANY BLANK
lability an	d prop	erty damage	caused to	SPACE	ES. (2)	YOU ARE E	NTITLED T	O A COPY OF
others is no	ot includ	ded in this Cor	tract unless	THE C	ONTRA	CT YOU SIG	N. (3) UND	DER THE LAW.
hecked an								IN ADVANCE
XSINGLE-IN	TEREST	INSURANCE: You	must purchase	COND	TIONS	TO ORTAIN	A DADTIA	DER CERTAIN L REFUND OF
ingle-interest ins	surance as	part of this sale tran	saction. You may	THE F	NANCE	CHARGE /4	THIS CON	TRACT SHALL
urchase the cov	erage from	a company of your o	hoice, reasonably	BECO	ME EF	FECTIVE ON	LY WHEN	SIGNED AND
cceptable to us		the coverage from		EXECU	TED B	Y THE BUYER	AND SELL	ER.
bal a	•••		or coverage.					
J SERVICE C	UNTRAC	T: With your purchas	se of the Vehicle,			BELOW BUYER		
ou agree to pure	chase a Se	rvice Contract to cove	r,	PAGES				CKNOWLEDGES
7//1	A STREET, SOME STREET,	and the second s	The state of the s		HEUEL	PT OF A COPY (ALLIUS CON	IRAUI.

. This Service Contract will be in

N/A

effect for

V. 134 E GL 2303 GL 2305

Description of	Year	2011	VIN	INDAUU	CW9BC442	184	Other	:	
Votor Vehicle Surchased	Make Model	NISSAN FRONTIER		No.Year New Used	đ				
Description of	I/A				N	/A			
		our payment and o	performan	ce under the			ntract, you give us a	security inte	rest in the Vehicle all
nstalled in or aff	ixed to the	Vehicle.	us uniess	you acquire	ngnts to then	n witi	nin 10 days after we e	enter into this	rest in the Vehicle, all ceeds of the Property, s Contract, or they are
charges accruing	on the ur	paid balance at the	e rate of	4.5000	% ner vear	inci)	today's date until mat	urity Financ	, plus finance e charges accrue on a
365/365 palance at 6.5	de	y basis. After mate	urity, or a	fter you defai	ult and we d	emar	nd payment, we will e	am finance o	charges on the unpaid TRUTH IN LENDING
MINIMUM F	You also a	agree to pay any ac CHARGE: You	dditional a agree to	mounts accor	rding to the te	erms	and conditions of this	Contract.	ay this Contract in full
		t much in finance o		La Cash Dalas			A (26°)		
n the ITEMIZAT	ION OF A	MOUNT FINANCE	D. Yo	u agree to m	ake deferred	Davi	ments as part of the c	ale and net t	rade-in value described syment as reflected in
our Payment So	chedule.			TH IN LENG					-y
ANNU		FINANC			FINANCED		TAL OF PAYMENTS		L SALE PRICE
The cost of you				provided t	ant of credit to you or on	I nai	a amount you will have d when you have made	credit, Includir	st of your purchase on ng your down payment of
a yearly	n.r.	credit will co			behall.	all	scheduled payments.	s 30	00.00
	/			S 22	587.69	\$	24399.72	\$ 273	399.72
Number of Pay		our payment sched				WI	nen Payments Are Du	B DETAILS OF	
							and the later of the later		
36	A CONTRACTOR	677.77		MONTHLY	BEGINNING	i:	11/03/2011		
Security: You	are giving	a security Interest	in the Mo	tor Vehicle p	urchased.	+ 1	學,我一些我。此	11/20 24	
scheduled payri	s: If a pay	ment is not receive exceed \$25.00.	ed within	ten (10) day	s after it is	due,	you will be charged a	a fee of five	percent (5%) of that
Prepayment:	If you pr	ay off this Contract	early, you	I ⊠ may	will not he	ave to	o pay a Minimum Fina	ince Charge.	
repayment befo	re the sch	You can see the t eduled date, and p	ferms of the repayment	his Contract t refunds and	for any add	tiona	t information about n	onpayment,	default, any required
CREDIT INSU	RANCE:	Credit IIfe, credi	t health (accident an	d	n	EMIZATION OF A	MOUNT FI	NANCED
realth), and any	other ins	Credit life, credit surance coverage d we will not provide onal premium. If you would greatly to receive	quoted b	elow, are no	Vehicle F		incl. sales tax of \$	act the sold by the late of	offer Constraint rest
and agree to pay	the additi	onal premium. If yo	u want si	ich insurance	Service	Conti	ract, Paid to		'S N/A
		you qualify for cov			9			Cash Price	\$ 25483 69
Credit Life: Insu							's Rebate \$ 300		
Single Culc	niot Prem	s N/A	Term N	/A	The state of the s		ayment \$n	N/A N/A	
Credit Health: In	sured	.s N/A			and the state of t		I Cash/Rebate Down		3000.00
☐ Single ☐ Jo	oint Prem	.sN/A	Term N	/A			llowance \$		
					c. Less:	Amo	unt owing \$	H/A	RESTRICT CAREER
						of the late of the	/A Trade-In (b. minus c.)	S	W/A
			,				Cash/Trade-In (a. plu:	Market St. 11	3000.00
Your signature	e below r ted abova	neans you want . If none are quot	(only) th	e insurance	e I. Amou	intito	Finance line e. (if e. i	s negative)	s N/A
any coverages w	e offered.			iaro docimio	Down P	ayme	ent (e.; disclose as \$0		\$ 3000.00
					D-1-1 D	b. II -	Unpaid Balance of		\$ 22483.69
3uyer -		d/o/b Buyer	11/24/88/1	d/o/b	Insuranc		Officials - Filing Fees		s N/A
222222					To: Proc	essin	g Fee to Creditor		s 155.00
his Contract. You	SURANC I may tree	E: You must insur	e the Prop	erty securing	To: SIN	GLE	INTEREST INS		\$65.00
or by which you	ur insurar	ly choose the age nce is placed. W that you provide.	e will no	refuse any	To: N/A		Descent was to don't		s N/A
deductible may n	ot exceed	s 500.00	If wou	net ingurance	To:			-1	S N/A
rom or through u			fo	get insurance	To: N/A	112 1			S N/A
	N/A			of coverage			Charges/Amounts Pr	d. to Others	s 259.00
This premium is a				N/A		- 7	Less: Prepaid Finan		
TS N/A	Deductible	, Collision Coverag , Comprehensive Co	*	N/A		rola	In or receive a portion	nt Financed	9
☐ Fire-Thett and	Combined	Additional Coverage	ge \$	N/A	2000 100	Teld	in or receive a portion	or una amor	Au.
	N/A	We the section	s	N/A		ine.	NOTICE TO	THE BUYE	ER .
Liability in	suran	ce coverage	e for r	ersonal	(1) DO	NO	T SIGN THIS C	ONTRAC	T BEFORE YOU ANY BLANK
liability ar	id pro	perty dama	ge ca	used to	SPAC	ES.	(2) YOU ARE E	NTITLED	TO A COPY OF
others is no	ot inclu	ded in this (Contra	ct unless	THE C	ON.	TRACT YOU SIG	N. (3) UN	DER THE LAW.
checked an					TUEE	IVA	AMOUNT DU	D PAY OF	F IN ADVANCE
SINGLE-IN	TEREST	INSURANCE:	You mu	st purchase	COND	ITIO	NS TO OBTAIN	A PARTI	AL REFUND OF
		s part of this sale			THE FI	NAN	NCE CHARGE. (4) THIS CO	NTRACT SHALL
		n a company of ye					EFFECTIVE ON BY THE BUYER		N SIGNED AND
will pay \$ 65		or 36 MO		of coverage.		,,,,,,,	JUI INC BUTER	י אויט פכנ	.LEN.
		T: With your pur			BY SI		NG BELOW BUYER		
ou agree to pun		ervice Contract to				1 A	ND 2 OF THIS CONT	TRACT AND	ACKNOWLEDGES
N/A			- 100, 47			HE	CEIPT OF A COPY	OF THIS CO	NIRACI.

INCOUTAIN WATER DISTRICT BY

effect for

. This Service Contract will be in

V. 135 GL 2304

Loan is identical amount and term as GL 2303

	Motor Vehicle	Make	í	2012 CHEVROLET		No Year	980812	1913	Othe		Ve	h
	Purchased	Model		OLORADO	LX0	Mew Used			97W-1		23	306
	Description of Trade-In	N/A			A relative a second			N/A				
	SECURITY: 1 accessions, att. Our interest will installed in or al	not exte	nd to c	payment and perissories, and equi consumer goods i	loman Ipment unless	ce under the te placed in or o you acquire rig	orms of this in the Vehi	s Contra cle, toge n within	ct, you give us a ther called Prop 10 days after we	a security inte serty, and pro- enter into this	crest in the Vel ceeds of the P is Contract, or	hicle, rope they
	PROMISE TO	PAY A	ND P	AYMENT TERM I balance at the re	S: Yo	u promise to pa	y us the p	rincipal a	amount of \$	20865.1	6 , plus	finar
	365/365	3	day ba	sis. After maturit	v. or a	tter you default	and we di	amand p	avment, we will	earn finance	charges on the	unn
	DISCLOSURES	You als	o agre	ar year. You agree a to pay any addit	ional a	mounts accordi	ng to the te	rms and	conditions of this	s Contract.		
	before we have	eamed t	hat mu	IARGE: You ago ich in finance cha	rges.						•	
	in the ITEMIZA your Payment S	TION OF	AMOL	agree to pay, or ap JNT FINANCED.	☐ Yo	he Cash Price, o u agree to mak TH IN LENDII	e deterred	paymen	its as part of the	ebate and net i cash down p	trade-in value d ayment as refl	escrit ected
	PERCENTA		TE	FINANCE CHARGE	Distance of the owner,	The state of the latest designation of the l	NANCED	TOTAL	OF PAYMENTS		L SALE PRIC	CE
	The cost of your a yearly	our credit		The dollar amount credit will cost y		provided to	no to uov	paid wh	eduled payments.	e credit includi	ng your down pay 0.00	ment
	Payment Sc	3.36		1453.3 payment schedule		\$ 207	10.16	\$	22163.52	\$ 2	2163.52	
	Number of Pa			unt of Payments	Will De			When	Payments Are D	Dua		
	. 48			461.74		MONTHLY .8	EGINNI	IG: 12	2/16/2011			
	Security: Yo	u are givi	ing a s	ecurity interest in	the Mo	olor Vehicle pur	chasad.	4				
	I SCHEOUIEG DRV	manı no	T TO AY	it is not received seed \$25.00.								
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linance charge or fee that is contrary to this provision, we will, instead, apply it first to reduce the principal belance, and when the principal has been paid in full, refund it to you.

You understand and agree that we (or our affiliate) will earn commissions or fees on any insurance products, and may earn such fees on other services that you buy through us or our affiliate.

If any section or provision of this Contract is not enforceable, the other terms will remain part of this Contract.

PREPAYMENT: You may prepay this Contract in full or in part at any lime. Any partial prepayment will not excuse any later scheduled payments until you pay in full.

A relund of any prepaid, unearned insurance premiums may be obtained from us or from the insurance company named in your policy or certificate of insurance.

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PORCY OF CHICAGO OF INSURANCE.

RETURNED CHECK FEE/DISHONORED ITEM FEE: If any RETURNED CHECK FEE/DISHONORED ITEM FEE: If any payment you make is returned unpaid by the paying institution, you will be charged a fee equal to the Bank's returned check fee then in effect.

NOTE RATE INCREASE: This note's interest rate will be increased by 2% per annum over the stated rate if any payment is not received within 30 days of its due date. The interest rate will not go above that allowed by law. The interest rate increase will result in an outstanding principal balance at the time of maturity of this contract.

OWNERSHIP AND DUTIES TOWARD PROPERTY: By giving us a security interest in the Property, you represent and agree to the; following:

A. You will defend our interests in the Property against claims made by anyone else. You will do whatever is necessary to keep our claim to the Property shead of the claim of anyone else.

our claim to the Property shead of the claim of anyone else.

B. The security interest you are giving us in the Property comes ahead of the claim of any other of your general or secured creditors. You agree to sign any additional documents or provide us with any additional information we may require to keep our claim to the Property ahead of the claim of anyone else. You will not do anything to change our interest in the Property.

C. You will keep the Property in your possession in good condition and repair. You will use the Property for its Intended and lawful purposes. Unless otherwise agreed in writing, the Property will be located at your address listed on page 1 of this Contract.

D. You will not attempt to sell the Property (unless it is properly identified inventory) or otherwise transfer any rights in the Property to anyone else, without our prior written consent.

E. You will pay all taxes and assessments on the Property as

You will pay all taxes and assessments on the Property as they become due.

they decome due.

F. You will notify us of any loss or damage to the Property. You will provide us reasonable access to the Property for the purpose of inspection. Our entry and inspection must be accomplished lawfully, and without breaching the peace.

DEFAULT: You will be in default on this Contract if any one of the following occurs (except as prohibited by law):

A. You fall to perform any obligation that you have undertaken in this Contract.

this Contract

this Contract.

B. Wa, In good faith, believe that you cannot, or will not, pay or perform the obligations you have agreed to in this Contract.

If you default, you agree to pay our costs for collecting amounts owing, including, without limitation, court costs and fees for repossession, repair, storage and sale of the Property securing this Contract. If we refer this Contract to an attorney that Is not a salared employee of ours, this amount includes reasonable attorneys' fees to the extent actually peid or agreed to be paid.

If an event of default occurs as to any one of you, we may exarcise our remedies against any or all of you.

REMEDIES: If you are in default on this Contract, we have all of the remedies provided by law and this Contract.

A. We may require you to immediately pay us, subject to any

A. We may require you to immediately pay us, subject to any refund required by law, the remaining unpaid balance of the amount financed, finance charges and all other agreed charges.

B. We may pay taxes, assessments, or other flens or make repairs to the Property if you have not done so. We are not project to, do so. Any amount we pay will be added to the amount you'd own us and will be due immediately. This amount will sam finance charges from the date paid at the post-maturity rate described in the PROMISE TO PAY AND PAYMENT TERMS section until paid in full.

section unit paid in full.

C. We may require you to make the Property available to us at a place we designate that is reasonably convenient to you and us.

D. We may immediately take possession of the Property by legal process or self-help, but in doing so we may not breach the peace or unlawfully enter onto your pramises. We may then self the Property and apply what we receive as provided by law to our reasonable expenses and then toward your obligations.

- --- .. idiali. 12. 11 such other period of time as is required by law).

such other period of time as is required by law).

You agree that, subject to your right to recover such property, we may take possession of personal property left in or on the Property securing this Contract and taken into possession as provided above. INSURANCE: You agree to buy property insurance on the Property protecting against loas and physical damage and subject to a maximum deductible amount indicated in the PROPERTY INSURANCE section, or as we will otherwise require. You will name us as loss payes on any such policy. In the event of loss or damage to the Property, we may require additional security or assurances of payment before we allow insurance proceeds to be used to repair or replace the Property. You agree that if the insurance proceeds do not cover the amounts you still owe us, you will pay the difference. You may purchase or provide the insurance through any insurance company reasonably acceptable to us. You will keep the insurance in full force and effect until this Contract is paid in full.

If you fall to obtain or maintain this insurance, or name us as a loss payee, we may obtain insurance to protect our interest in the Property. This insurance may include coverages not required of you. This insurance may be written by a company other than one you would choose. It may be written by a company other than one you would choose. It may be written by a company other than a rate you could obtain it you purchased the property insurance required by this Contract. We will add the premium for this insurance to the amount you owe us. Any amount we pay will be due immediately. This amount will earn finance charges from the date paid at the post-maturity rate described in the PROMISE TO PAY AND PAYMENT TERMS section until pald in full.

OBLIGATIONS INDEPENDENT: Each person who signs this Contract, agrees to pay this Contract according to its terms. This means the following:

A. You must pay this Contract even if someone else has also

A. You must pay this Contract even if someone else has also

B. We,may release any co-buyer or guarantor and you will still be obligated to pay this Contract.

C. We may release any security and you will still be obligated to pay this Contract.

D. If we give up any of our rights, it will not affect your duty to pay this Contract.

this Contract.

E. If we extend new credit or renew this Contract, it will not affect your duty to pay this Contract.

WARRANTY: Warranty information is provided to you separately. WAIVER: To the extent permitted by law, you agree to give up your rights to require us to do certain things. We are not required to: (1) demand payment of amounts due; (2) give notice that amounts due have not been paid in the appropriate amount, time or menner; or, (3) give notice that we intend to make, or are making, this Contract immadiately due.

THIRD PARTY AGREEMENT

By signing below you agree to give us a security interest in the Property described in the SALE section. You also agree to the terms of this Contract, including the WAIVER section above, except that you will not be liable for the payments it requires. Your interest in the Property may be used to satisfy the Buyer's obligation. You agree that we may renew, extend, change this Contract, or release any party or property without releasing you from this Contract. We may take these steps without notice or damand upon you.

You acknowledge receipt of a completed copy of this Contract.

Signature	Oate

NOTICE: ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO ALL CLAIMS AND DEFENSES WHICH THE DEBTOR COULD ASSERT AGAINST THE SELLER OF GOODS OR SERVICES OBTAINED PURSUANT HERETO OR WITH THE PROCEEDS HEREOF. RECOVERY HEREUNDER BY THE DEBTOR SHALL NOT EXCEED AMOUNTS PAID BY THE DEBTOR HEREUNDER.

IF YOU ARE BUYING A USED VEHICLE, THE INFORMATION YOU SEE ON THE WINDOW FORM FOR THIS VEHICLE IS PART OF THIS CONTRACT. INFORMATION ON THE WINDOW FORM OVERIDES ANY CONTRARY PROVISIONS IN THE CONTRACT OF SALE.

ASSIGNMENT BY SELLER

Seller sells and assigns this Retail Installment Contract and Security Agreement, (Contract), to the Assignee, its successors and assigns including all its rights, title and interest in this Contract, and any guarantee executed in connection with this Contract. Seller gives Assignee full power, either in its own name or in Seller's name, to take all legal or other actions which Seller could have taken under this Contract. (SEPARATE AGREEMENT: If this Assignment is made "under the terms of a separate agreement" as indicated on page 1, the terms of this assignment are described in a separate writing(s) and not as provided below.)

This Contract represents a sale by Seller to Buyer on a time price basis and not on a cash basis.

The statements contained in this Contract are true and correct. The down payment was made by the Buyer in the manner stated on page 1 of this Contract and, except for the application of any manufacturer's rebate, no part of the down payment was loaned or paid to the Buyer by Seller or Seller's representatives.

This sale was completed in accordance with all applicable federal and state laws and regulations.

This Contract is valid and enforceable in accordance with its terms.

This Contract is valid and emorceable in accordance with its terms.

The names and signatures on this Contract are not forged, fictitious or assumed, and are true and correct.

This Contract is vested in the Seller free of all liens, is not subject to any claims or defenses of the Buyer, and may be sold or assigned by the Seller.

the Seller.

I. A completely fillied in copy of this Contract was delivered to the Buyer at the time of execution.

I. The Vehicle has been delivered to the Buyer in good condition and has been accepted by Buyer.

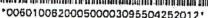
J. Seller has or will perfect a security interest in the Property in favor of the Assignee.

If any of these warranties is breached or untrue, Seller will, upon Assignee's demand, purchase this Contract from Assignee. The purchase shall be in cash in the amount of the unpaid balance (including finance charges) plus the costs and expenses of Assignee, including attorneys' fees. Including attorneys' fees.

Seller will indemnify Assignee for any loss sustained by it because of judicial set-off or set the result of a recovery mode against Assign

V#138





GC 2307

2012 Chey 5: /vero PROMISSORY NOTE

\$34,625,24

Loan Date 04-25-2012

Maturity 04-25-2014

Loan No 6010062000500003

Call / Coll 50 Account

Officer

Initials 913

References in the baxes above are for Lander's use only and do not limit the applicability of this document to any particular loan or item.

Any item above containing "**** has been amitted due to text length limitations.

Borrower:

MOUNTAIN WATER DISTRICT (TIN: 61-1098805)

P.O. BOX 3157

PIKEVILLE, KY 41502

Lender:

Community Trust Bank, Inc.

Main Office

346 North Mayo Trail

P.O. Box 2947

Pikevillo, KY 41502-2947

Principal Amount: \$34,625.24

Date of Note: April 25, 2012

PROMISE TO PAY. MOUNTAIN WATER DISTRICT ("Borrower") promises to pay to Community Trust Bank, Inc. ("Lender"), or order, in lawful money of the United States of America, the principal amount of Thirty-four Thousand Six Hundred Twenty-five & 24/100 Dollars (\$34,625.24), together with interest on the unpaid principal balance from April 25, 2012, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 3.990% per annum based on a year of 360 days, until paid in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

PAYMENT. Borrower will pay this loan in 23 regular payments of \$638.43 each and one irregular last payment estimated at \$22,245.98. Borrower's first payment is due May 25, 2012, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on April 25, 2014, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any unpaid collection costs; and then to any late charges. Borrower will pay Lender at Lander's address shown above or at such other place as Lender may designate in writing.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, Borrower may pay without penalty all or a portion of the amount awed earlier than it is due. Early payments will not, unless agreed to by Lander in writing, reliavo Borrower of Barrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accopt it without losing any of Londer's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tandered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Community Trust Bank, Inc., P.O. Box 2947 Pikeville, KY 41502-2947.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the interest rate on this Note shall be increased by 2.000 purcentage points. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Barrower or any Grantor defaults under any loan, extension of crudit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Burrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

Falso Statements. Any warranty, representation or statement made or furnished to Lender by Barrowar or an Borrower's behalf under this Note or the related documents is falso or misleading in any material respect, either now or at the time made or furnished or becomes false or misteading at any time thereafter,

Insolvency. The dissolution or termination of Barrower's existence as a going organization, the insolvency of Barrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good felth dispute by Borrawar as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfaiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or hand for the dispute.

Events Affecting Guaranter. Any of the proceeding events occurs with respect to any guaranter, endersor, surety, or accommodation party of any of the indebtedness or any guarantor, endorsor, surely, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness avidanced by this Note.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.



006010062000500003023504252012

COMMERCIAL SECURITY AGREEMENT

Principal Loan Date Maturity Loan No \$34,625,24 04-25-2012 04-25-2014 8010062000500003	Call / Coll 50	7 44 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Account	Officer 913	Initials
References in the boxes above are for Lender's use only and do not limit the app Any item above containing "*** has been omitted of	licability of this	docu	ment to any particule tations.	laan or it	em.

Grantor:

MOUNTAIN WATER DISTRICT (TIN: 61-1098805)

P.O. BOX 3157

PIKEVILLE, KY 41502

Lender:

Community Trust Bank, Inc. Main Office

346 North Mayo Trail

P.O. Box 2947 Pikeville, KY 41502-2947

THIS COMMERCIAL SECURITY AGREEMENT dated April 25, 2012, is made and executed between MOUNTAIN WATER DISTRICT ("Grantor") and Community Trust Bank, Inc. ("Londor").

GRANT OF SECURITY INTEREST. For valuable consideration, Granter grants to Lender a security interest in the Collateral to secure the Indobtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

COLLATERAL DESCRIPTION. The word "Collateral" as used in this Agreement means the following described property in which Grantor is giving to Lender a security interest for the payment of the Indebtedness and performance of all other obligations under the Note and this Agreement:

2012 Chevrolet Silverado 2500 4WD (VIN 1GB0KVCL2CF176373)

In addition, the word "Collateral" also includes all the following:

- (A) All accessions, attachments, accessories, replacements of and additions to any of the collateral described herein, whether added new or later.
- (B) All products and produce of any of the property described in this Collateral section.
- (C) All accounts, general intangibles, instruments, rents, monles, payments, and all other rights, arising out of a sale, lease, consignment or other disposition of any of the property described in this Collateral section.
- (D) All proceeds lincluding insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Collateral section, and sums due from a third party who has demaged or destroyed the Collateral or from that party's insurer, whether due to judgment, settlement or other process.
- (E) All records and data relating to any of the property described in this Collateral section, whether in the form of a writing, photograph, microfilm, microfilche, or electronic media, together with all of Granter's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Grantor's accounts with Lunder (whether checking, savings, or some other account). This includes all accounts Grantor holds jointly with someone else and all accounts Grantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Grantor authorizes Londer, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts.

GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. With respect to the Collateral, Grantor represents and promises to Lender that:

Perfection of Security Interest. Grantor agrees to take whatever actions are requested by Lender to perfect and continue Lender's security interest in the Colleteral. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Colleteral, and Grantor will note Lender's interest upon any and all chattel paper and instruments if not delivered to Londer for possession by Lender.

Notices to Lender. Granter will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any 111 change in Granter's name; 12) change in Granter's assumed business name(s); (3) change in the structure of the association Granter; (4) change in the authorized signer(s); (5) change in Granter's principal office address; (6) change in Granter's state of organization; (7) conversion of Granter to a new or different type of business entity; or (8) change in any other aspect of Granter that directly or indirectly relates to any agreements between Granter and Lender. No change in Granter's name or state of organization will take effect until after Lender has received notice.

No Violation. The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party.

Enforceability of Collateral. To the extent the Collateral consists of accounts, chattel paper, or general intengibles, as defined by the Uniform Commercial Code, the Collateral is enforceable in accordance with its terms, is genuine, and fully complies with all applicable laws and regulations concerning form, content and manner of preparation and execution, and all persons appearing to be abligated on the Collateral have authority and capacity to contract and are in fact obligated as they appear to be on the Collateral. There shall be no setoffs or counterclaims against any of the Collateral, and no agreement shall have been made under which any deductions or discounts may be claimed concerning the Collateral except those disclosed to Lender in writing.

Location of the Collateral. Except for vehicles, and except otherwise in the ordinary course of Grantor's business. Grantor agrees to keep the Collateral at Grantor's address shown above or at such other locations as are acceptable to Lender. If the Collateral is a vehicle, Grantor will keep the Collateral at those addresses except for routine travel. Upon Lender's request, Grantor will deliver to Lander in form satisfactory to Lender a schedule of real proporties and Collateral locations relating to Grantor's operations, including without limitation the following: {1} all real property Grantor owns or is purchasing: {2} all real property Grantor is renting or leasing; {3} all storage facilities

COMMERCIAL SECURITY AGREEMENT (Continued)

paid by Grantor as they become due. Lender does not hold the reserve funds in trust for Grantor, and Lender is not the agent of Grantor for payment of the insurance premiums required to be paid by Grantor. The responsibility for the payment of premiums shall remain Grantor's sole responsibility.

Insurance Reports. Grantor, upon request of Lender, shall furnish to Lender reports on each existing policy of insurance showing such information as Lender may reasonably request including the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured; (5) the then current value on the basis of which insurence has been obtained and the manner of determining that value; and (6) the expiration date of the policy. In addition, Grantor shall upon request by Lender (however not more often than annually) have an independent appraiser satisfactory to Lender determine, as applicable, the cash value or replacement cost of the Colleteral.

Financing Statements. Grantor authorizes Lender to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect Landar's sociality interest. At Lender's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lender's security interest in the Property. Grantor will pay all filing fees, title transfer fees, and other fues and costs involved unless prohibited by law or unless Lander is required by law to pay such fees and costs. Grantor irrovocably appoints Lender to execute documents necessary to transfer title if there is a default. Lender may file a copy of this Agreement as a financing statement. If Grantor changes Grantor's name or address, or the name or address of any person granting a sociality interest under this Agreement changes, Grantor will promptly notify the Lender of such change.

GRANTOR'S RIGHT TO POSSESSION. Until default, Grantor may have possession of the tangible personal property and beneficial use of all the Collateral and may use it in any lawful manner not inconsistent with this Agreement or the Related Documents, provided that Grantor's right to possession and beneficial use shall not apply to any Collateral where possession of the Collateral by Londor is required by law to perfect Lender's security interest in such Collateral. If Lender at any time has possession of any Collateral, whether before or after an Event of Dofault, Lender shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Lender takes such action for that purpose as Grantor shall request or as Lender, in Lender's sole discretion, shall deem appropriate under the circumstances, but failure to honor any request by Grantor shall not of itself be deemed to be a failure to exercise reasonable care. Lender shall not be required to take any steps necessary to preserve any rights in the Collateral against prior parties, nor to protect, preserve or maintain any security interest given to secure the indebtedness.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may four shall not be obligated to take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will IA) be payable on damand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Loan No: 6010062000500003

Payment Default. Grantor falls to make any payment when due under the Indebtedness.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covanant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

Default in Favor of Third Parties. Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Grantor's property or ability to perform Grantor's obligations under this Agreement or any of the Rolated Documents.

Falso Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either new or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Agreement or any of the Related Documents casses to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lion) at any time and for any reason.

Insolvancy. The dissolution or termination of Grantor's existence as a going organization, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency taws by or against Grantor.

Craditor or Forfaltura Proceedings. Commencement of foreclasure or forfalture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any collateral securing the Indobtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfalture proceeding and if Grantor gives Lender written notice of the creditor or forfalture proceeding and deposits with Lender monles or a surety bond for the creditor or forfalture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guaranter. Any of the preceding events occurs with respect to any guaranter, andersar, surety, or accommodation party of any of the indebtedness or guaranter, endersar, surety, or accommodation party dies or becomes incompotent or revokes or disputes the validity of, or liability under, any Guaranty of the indebtedness.

Adverse Change. A material adverse change occurs in Granter's financial condition, or Lander believes the prospect of payment or performance of the Indebtedness is impaired.

Insecurity. Lender in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment is curable and if Grantor has not been given a notice of a breach of the same provision of this Agreement within the preceding twelve [12] months, it may be cured if Grantor, after Londer sends written notice to Grantor domanding cure of such default: (1) cures the default within ten (10) days; or (2) if the cure requires more than ten (10) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and

COMMERCIAL SECURITY AGREEMENT (Continued)

transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile lunless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as lirst class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other perties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender Informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

Power of Attorney. Grantor heroby appoints Lander as Grantor's irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect, amend, or to continue the security interest granted in this Agreement or to demand termination of fillings of other secured parties. Lander may at any time, and without further authorization from Grantor, file a carbon, photographic or other reproduction of any financing statement or of this Agreement for use as a financing statement. Grantor will relimburse Lender for all expenses for the perfection and the continuation of the perfection of Lender's security interest in the Collateral.

Saverability. If a court of computent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the logality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the Indebtedness by way of ferbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the Indebtedness.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's indebtedness shall be paid in full.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

Loan No: 6010062000500003

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

Agreement. The word "Agreement" means this Commercial Security Agreement, as this Commercial Security Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Commercial Security Agreement from time to time.

Borrower. The word "Borrower" meens MOUNTAIN WATER DISTRICT and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all of Grantor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agrooment.

Default. The word "Default" means the Default set forth in this Agraement in the section titled "Default".

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, at seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, at seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, at seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

Grantor. The word "Grantor" means MOUNTAIN WATER DISTRICT.

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lander, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by products or any fraction thereof and asbestos.

Indebtedness. The word "indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and expanses for which Granter is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means Community Trust Bank, Inc., its successors and assigns.

Note. The word "Note" means the Note executed by MOUNTAIN WATER DISTRICT in the principal amount of \$34,625.24 dated April 25, 2012, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Property. The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.

Related Documents. The words "Related Documents" mean all promissory notes, cradit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, doeds of trust, security deads, collateral mortgages, and all other instruments,

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PROMISSORY NOTE

Veh 139 GL 2308

Principal Loan Date Maturity Coan No Call / Call Account Officer in the \$34,625.24 O4-25-20.12 04-25-20.14 6010082000400003 913

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Any item above containing "*** has been omitted due to text length limitations.

Borrower:

MOUNTAIN WATER DISTRICT (TIN: 61-1098805)

P.O. BOX 3157

PIKEVILLE, KY 41502

Lender:

Community Trust Bank, Inc.

Main Office

346 North Mayo Trail

P.O. Box 2947

Pikeville, KY 41502-2947

Principal Amount: \$34,625,24

Date of Note: April 25, 2012

PROMISE TO PAY. MOUNTAIN WATER DISTRICT ("Borrower") promises to pay to Community Trust Bank, Inc. ("Lender"), or order, in lawful money of the United States of America, the principal amount of Thirty-four Thousand Six Hundred Twenty-five & 24/100 Dollars (\$34,625.24), together with interest on the unpaid principal balance from April 25, 2012, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 3.990% per annum based on a year of 360 days, until paid in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

PAYMENT. Borrower will pay this loan in 23 regular payments of \$638.43 each and one irregular last payment estimated at \$22,245.98. Borrower's first payment is due May 25, 2012, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on April 25, 2014, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any unpaid collection costs; and then to any late charges. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT. Borrower agrees that all loan fees and other prepald finance charges are samed fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, reliave Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Community Trust Bank, Inc., P.O. Box 2947 Pikeville, KY 41502-2947.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment.

INTEREST AFTER DEFAULT. Upon default, including fallure to pay upon final maturity, the interest rate on this Note shall be increased by 2.000 percentage points. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower falls to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going organization, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commancement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfaiture Proceedings. Commencement of foreclosure or forfaiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfaiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfaiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

PROMISSORY NOTE (Continued)

Insecurity. Lender in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured if Borrower, efter Lender sends written notice to Borrower demanding cure of such default: (1) cures the default within ten (10) days; or (2) if the cure requires more than ten (10) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpeid principal balance under this Note and all accrued unpeid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES: EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the Commonwealth of Kentucky without regard to its conflicts of law provisions. This Note has been accepted by Lender in the Commonwealth of Kentucky.

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Pike County, Commonwealth of Kentucky.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$20.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of sotoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone also and all accounts Borrower may open in the future. However, this does not include any IRA or Keegh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts.

COLLATERAL. Borrower acknowledges this Note is secured by 2012 Chevrolet 2500 Silverado

INTEREST INCREASE. This note's interest rate will be increased by 2.0% per annum if any payment is not received within 30 days of its due date.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and easigns, and shall inure to the benefit of Lender and its successors and assigns.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the reat of the Note. Lander may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, weive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or andorser, shall be released from liability. All such perties agree that Lander may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fall to realize upon or perfect Lender's security interest in the collateral; and take any other action deamed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lander may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

By: DISTRICT

By: SAWYERS, District Administrator of MOUNTAIN WATER DISTRICT

LENDER:

COMMUNITY TRUST BANK, INC.

Authorized Signar



006010062002600003095505112012

PROMISSORY NOTE

Veh 140

Principal Loan Date Maturity Loan No Call / Cell Account Officer Initial \$27,255.98 05-11-20.12 05-11-20.14 6010082002600003 50 913 913 References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Any Item above containing **** has been omitted due to text length limitations.

Borrower:

MOUNTAIN WATER DISTRICT (TIN: 61-1098805)

P.O. BOX 3157

PIKEVILLE, KY 41502

Lender:

Community Trust Bank, Inc. Main Office 346 North Mayo Trail P.O. Box 2947

Pikeville, KY 41502-2947

Principal Amount: \$27,255.98

Date of Note: May 11, 2012

PROMISE TO PAY. MOUNTAIN WATER DISTRICT ("Borrower") promises to pay to Community Trust Bank, Inc. ("Lender"), or order, in lawful money of the United States of America, the principal amount of Twenty-seven Thousand Two Hundred Fifty-five & 98/100 Dollars (\$27,255.98), together with interest on the unpaid principal balance from May 11, 2012, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 3.990% per annum based on a year of 360 days, until paid in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

PAYMENT. Borrower will pay this loan in 23 regular payments of \$502.58 each and one Irregular last payment estimated at \$17,511.35. Borrower's first payment is due June 11, 2012, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on May 11, 2014, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; than to principal; then to any unpaid collection costs; and then to any late charges. Borrower will pay Lander at Lender's address shown above or at such other place as Lender may designate in writing.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT. Borrower agrees that all loan fees and other prepald finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Londer in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "pald in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without tosing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Community Trust Bank, Inc., P.O. Box 2947 Pikevillo, KY 41502-2947.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the interest rate on this Note shall be increased by 2.000 percentage points. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or terminetion of Borrower's existence as a going organization, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfalture Proceedings. Commencement of foreclosure or forfalture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Ioan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfalture proceeding and if Borrower gives Londer written notice of the creditor or forfalture proceeding and deposits with Lender monies or a surety bond for the creditor or forfalture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the praceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lander believes the prospect of payment or performance of this Note is impaired.

insecurity. Lender in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the precading twelve (12) months, it may be cured if Borrower, after Lender sends written notice to Borrower demanding curs of such default: (1) curss the default within ten (10) days; or (2) if the cure requires more than tan (10) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone alse to holp collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings lincluding efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not presmpted by federal law, the laws of the Commonwealth of Kentucky without regard to its conflicts of law provisions. This Note has been accepted by Lender in the Commonwealth of Kentucky.

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Pike County, Commonwealth of Kantucky.

DISHONORED ITEM FEE. Borrower will pay a fee to Lander of \$20.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

RIGHT OF SETOFF. To the extent permitted by applicable law, Londer reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which satoff would be prohibited by law. Borrower authorizes Lander, to the extent permitted by applicable law, to charge or satoff all sums owing on the indebtedness against any and all such accounts.

COLLATERAL. Borrower acknowledges this Note is secured by 2012 Chavrolet Silverado 4x4

INTEREST INCREASE. This note's interest rate will be increased by 2.0% per annum if any payment is not received within 30 days of its due date.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lander and its successors and assigns.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or enderses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

By: COLD COLD Administrator of MOUNTAIN WATER DISTRICT

Administrator of MOUNTAIN WATER DISTRICT

LENDER:

COMMUNITY TRUST BANK, INC.

Authorized Signer

LABRA PRO Landing, Vol. 9.53.00.003 Copt. Harland Flooretid Solutions, Inc. 1287, 2013. As Repts Reserved. - XY G:IAPPLEPS, COMMICPLEPSID20 PC TR-64143 PR:267



006010062002600003012005112012

Veh. 140

14 147 2012 Chery, ASSOCIATION RESOLUTION

Principal Loan Date Maturity \$27,255.98 05-11-2012 05-11-2014

Maturity Loan No 05-11-2014 6010062002600003

Call / Coll 50 Account

Officer Initials

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Any item above containing "***" has been omitted due to text length limitations.

Association: MOUNTAIN WATER DISTRICT (TIN: 61-1098805)

P.O. BOX 3157 PIKEVILLE, KY 41502 Lender:

Community Trust Bank, Inc. Main Office 348 North Mayo Trail P.O. Box 2947

Pikeville, KY 41502-2947

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

THE ASSOCIATION'S EXISTENCE. The complete and correct name of the Association is MOUNTAIN WATER DISTRICT ("Association"). The Association is an organization which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the Commonwealth of Kentucky. The Association is duly authorized to transact business in all other states in which the Association is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which the Association is doing business. Specifically, the Association is, and at all times shall be, duly qualified as a foreign association in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. The Association has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. The Association maintains its principal office at 6332 ZEBULON HWY, PIKEVILLE, KY 41501. Unless the Association has designated otherwise in writing, this is the principal office at which the Association keeps its books and records. The Association will notify Lender prior to any change in the location of the Association's state of organization or any change in the Association's name. The Association shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to the Association and the Association's business activities.

RESOLUTIONS ADOPTED. At a meeting of the officers of the Association, duly called and held on May 11, 2012, at which a quorum was present and voting, or by other duly authorized action in lieu of a meeting, the resolutions set forth in this Resolution were adopted.

OFFICER. The following named person is an officer of MOUNTAIN WATER DISTRICT:

NAMES

TITLES

AUTHORIZED

ACTUAL SIGNATURES

ROY SAWYERS

District Administrator

Y

ACTIONS AUTHORIZED. The authorized person listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Association. Specifically, but without limitation, the authorized person is authorized, empowered, and directed to do the following for and on behalf of the Association:

Borrow Money. To borrow, as a cosigner or otherwise, from time to time from Lender, on such terms as may be agreed upon between the Association and Lender, such sum or sums of money as in his or her judgment should be borrowed; however, not exceeding at any one time the amount of Twenty-seven Thousand Two Hundrad Fifty-five & 98/100 Dollars (\$27,255.98), in addition to such sum or sums of money as may be currently borrowed by the Association from Lender.

X

Execute Notes. To execute and deliver to Lender the promissory note or notes, or other evidence of the Association's credit accommodations, on Lender's forms, at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any of the Association's indebtedness to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinancings, consolidations, or substitutions for one or more of the notes, any portion of the notes, or any other evidence of credit accommodations.

Grant Security. To mortgage, pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to Lender any property now or hereafter belonging to the Association or in which the Association now or hereafter may have an interest, including without limitation all of the Association's real property and all of the Association's personal property (tangible or intangible), as security for the payment of any loans or credit accommodations so obtained, any promissory notes so executed (including any amendments to or modifications, renewals, and extensions of such promissory notes), or any other or further indebtedness of the Association to Lender at any time owing, however the same may be evidenced. Such property may be mortgaged, pledged, transferred, endorsed, hypothecated or encumbered at the time such loans are obtained or such indebtedness is incurred, or at any other time or times, and may be either in addition to or in lieu of any property theretofore mortgaged, pledged, transferred, endorsed, hypothecated or encumbered.

Execute Security Documents. To execute and deliver to Lender the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which Lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given; and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the liens and encumbrances.

Negotiate Items. To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Association or in which the Association may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Association's account with Lender, or to cause such other disposition of the proceeds derived therefrom as he or she may deem advisable.

Further Acts. In the case of lines of credit, to designate additional or alternate individuals as being authorized to request advances under such lines, and in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements, including agreements waiving the right to a trial by jury, as the officer may in his or her discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Resolution.

ASSUMED BUSINESS NAMES. The Association has filed or recorded all documents or filings required by faw relating to all assumed business names used by the Association. Excluding the name of the Association, the following is a complete list of all assumed business names under which the Association does business: None.

Communited trans brun ofto, port -----



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CHANGE IN TERMS AGREEMENT



Principal Loan Date Maturity Loan No Call / Coll 527,255,98 05-11-2012 05-11-2014 6010082002600003 50	The second secon
References in the boxes above are for Lander's use only and do not limit the applicability of the	

Borrower:

BORROWER:

MOUNTAIN WATER DISTRICT (TIN: 61-1098805)

P.O. BOX 3157

PIKEVILLE, KY 41502

Lender:

Community Trust Bank, Inc. Main Offica 346 North Mayo Trail P.O. Box 2947 Pikevilla, KY 41502-2947

Principal Amount: \$27,255.98

Date of Agreement: 05092014

DESCRIPTION OF EXISTING INDEBTEDNESS. Account 60100620026 Note 3.

DESCRIPTION OF CHANGE IN TERMS.

The Bank hereby agrees to extend the Maturity Date to May 11, 2016.

Borrower shall continue with monthly principal and interest payments of \$502.28 each.

Borrower shall pay May 11, 2014 payment.

CONTINUING VALIDITY. Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the Intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This weiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT. BORROWER AGREES TO THE TERMS OF THE AGREEMENT.

By:
ROY SAWYERS, District Administrator of MOUNTAIN WATER DISTRICT

LENDER:

COMMUNITY TRUST BANK, INC.

X
Authorized Signer



006010062234600003095509122012*

NOTE VAL 14

PROMISSORY NOTE

GL 2312 Veh 141

Principal Loan Date Meturity Loan No Call / Coll Account Officer Initials \$27,580.04 09-12-2012 09-12-2014 6010062234600003 50 913

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Any item above containing "***" has been omitted due to text length limitations.

Borrower:

MOUNTAIN WATER DISTRICT (TIN: 61-1098805)

P.O. BOX 3157 PIKEVILLE, KY 41502 Lender:

Community Trust Bank, Inc.

Main Office 346 North Mayo Trail P.O. Box 2947

Pikaville, KY 41502-2947

Principal Amount: \$27,580.04

Date of Note: September 12, 2012

PROMISE TO PAY. MOUNTAIN WATER DISTRICT ("Borrower") promises to pay to Community Trust Bank, Inc. ("Lender"), or order, in lawful money of the United States of America, the principal amount of Twenty-seven Thousand Five Hundred Eighty & 04/100 Dollars (\$27,580.04), together with interest on the unpaid principal balance from September 12, 2012, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 3.990% per annum based on a year of 360 days, until paid in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

PAYMENT. Borrower will pay this loan in 23 regular payments of \$623.27 each and one irregular last payment estimated at \$14,969.66. Borrower's first payment is due October 12, 2012, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on September 12, 2014, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any unpaid collection costs; and then to any late charges. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments arked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Community Trust Bank, Inc., P.O. Box 2947 Pikeville, KY 41502-2947.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the interest rate on this Note shall be increased by 2.000 percentage points. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going organization, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of eny of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.



NOTICE OF FINAL AGREEMENT

Principal Loan Date Maturity Loan No Call / Coll Account Officer Initials \$27,580.04 09-12-2012 | 09-12-2014 6010062234600003 913 50

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Any item above containing ***** has been omitted due to text length limitations.

Borrower:

MOUNTAIN WATER DISTRICT (TIN: 61-1098805)

P.O. BOX 3157

PIKEVILLE, KY 41502

Lender:

Community Trust Bank, Inc.

Main Office

346 North Mayo Trail P.O. Box 2947

Pikeville, KY 41502-2947

BY SIGNING THIS DOCUMENT EACH PARTY REPRESENTS AND AGREES THAT: (A) THE WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES, UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES, AND (C) THE WRITTEN LOAN AGREEMENT MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES.

As used in this Notice, the following terms have the following meanings:

Loan. The term "Loan" means the following described loan: a Fixed Rate (3.990%) Nondisclosable Loan to an Unincorporated Association for \$27,580.04 due on September 12, 2014.

Loan Agreement. The term "Loan Agreement" means one or more promises, promissory notes, agreements, undertakings, security agreements, deeds of trust or other documents, or commitments, or any combination of those actions or documents, relating to the Loan, including without limitation the following:

LOAN DOCUMENTS

Association Resolution: MOUNTAIN WATER DISTRICT KY Commercial Security Agreement: 2012 Ford F250 Pickup (VIN 1FDBF2B67CEC68860); owned by MOUNTAIN WATER DISTRICT

Agreement to Provide Insurance: 2012 Ford F250 Pickup (VIN 1FDBF2B67CEC6B860); owned by MOUNTAIN WATER DISTRICT

Disbursement Request and Authorization

Promissory Note

Power of Attorney: 2012 Ford F250 Pickup (VIN

1FDBF2B67CEC68860)

KY Lien Statement: 2012 Ford F250 Pickup (VIN

1FDBF2B67CEC68860)

Notice of Insurance Requirements: 2012 Ford F250 Pickup (VIN

1FDBF2B67CEC68860) Notice of Final Agreement

Parties. The term "Parties" means Community Trust Bank, Inc. and any and all entities or individuals who are obligated to repay the loan or have pledged property as security for the Loan, including without limitation the following:

MOUNTAIN WATER DISTRICT

Grantor(s):

MOUNTAIN WATER DISTRICT

Each Party who signs below, other than Community Trust Bank, Inc., acknowledges, represents, and warrants to Community Trust Bank, Inc. that it has received, read and understood this Notice of Final Agreement. This Notice is dated September 12, 2012.

8	0	R	R	0	W	E	R	:	
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MOUNTAIN WATER DISTRICT

ROY SAWYERS, District Administrator of MOUNTAIN WATER DISTRICT



ASSOCIATION RESOLUTION

Principa Officer oan Date Maturity Loan No Call / Coll Account Initials \$27,580.04 09-12-2012 09-12-2014 6010062234600003 50 913

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Any item above containing "***" has been omitted due to text length limitations.

Association: MOUNTAIN WATER DISTRICT (TIN: 61-1098805)

P.O. BOX 3157

PIKEVILLE, KY 41502

Lender: Community Trust Bank, Inc.

Main Office

346 North Mayo Trail P.O. Box 2947

Pikeville, KY 41502-2947

I. THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

THE ASSOCIATION'S EXISTENCE. The complete and correct name of the Association is MOUNTAIN WATER DISTRICT ("Association"). The Association is an organization which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the Commonwealth of Kentucky. The Association is duly authorized to transact business in all other states in which the Association is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which the Association is doing business. Specifically, the Association is, and at all times shall be, duly qualified as a foreign association in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. The Association has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. The Association maintains its principal office at 6332 ZEBULON HWY, PIKEVILLE, KY 41501. Unless the Association has designated otherwise in writing, this is the principal office at which the Association keeps its books and records. The Association will notify Lender prior to any change in the location of the Association's state of organization or any change in the Association's name. The Association shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to the Association and the Association's business activities.

RESOLUTIONS ADOPTED. At a meeting of the officers of the Association, duly called and held on April 25, 2012, at which a quorum was present and voting, or by other duly authorized action in lieu of a meeting, the resolutions set forth in this Resolution were adopted.

OFFICER. The following named person is an officer of MOUNTAIN WATER DISTRICT:

ACTUAL SIGNATURES NAMES TITLES AUTHORIZED ROY SAWYERS Y District Administrator

ACTIONS AUTHORIZED. The authorized person listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Association. Specifically, but without limitation, the authorized person is authorized, empowered, and directed to do the following for and on behalf of the Association:

Borrow Money. To borrow, as a cosigner or otherwise, from time to time from Lender, on such terms as may be agreed upon between the Association and Lender, such sum or sums of money as in his or her judgment should be borrowed; however, not exceeding at any one time the amount of Twenty-seven Thousand Five Hundred Eighty & 04/100 Dollars (\$27,580.04), in addition to such sum or sums of money as may be currently borrowed by the Association from Lender.

Execute Notes. To execute and deliver to Lender the promissory note or notes, or other evidence of the Association's credit accommodations, on Lender's forms, at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any of the Association's Indebtedness to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinancings, consolidations, or substitutions for one or more of the notes, any portion of the notes, or any other evidence of credit accommodations.

Grant Security. To mortgage, pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to Lender any property now or hereafter belonging to the Association or in which the Association now or hereafter may have an interest, including without limitation all of the Association's real property and all of the Association's personal property (tangible or intangible), as security for the payment of any loans or credit accommodations so obtained, any promissory notes so executed (including any amendments to or modifications, renewals, and extensions of such promissory notes), or any other or further indebtedness of the Association to Lender at any time owing, however the same may be evidenced. Such property may be mortgaged, pledged, transferred, endorsed, hypothecated or encumbered at the time such loans are obtained or such indebtedness is incurred, or at any other time or times, and may be either in addition to or in lieu of any property theretofare mortgaged, pledged, transferred, endorsed, hypothecated or encumbered.

Execute Security Documents. To execute and deliver to Lender the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which Lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given; and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the liens and encumbrances.

Negotiate Itams. To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Association or in which the Association may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Association's account with Lender, or to cause such other disposition of the proceeds derived therefrom as he or she may deem advisable.

Further Acts. In the case of lines of credit, to designate additional or alternate individuals as being authorized to request advances under such lines, and in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements, including agreements waiving the right to a trial by jury, as the officer may in his or her discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Resolution.

ASSUMED BUSINESS NAMES. The Association has filled or recorded all documents or fillings required by law relating to all assumed business names used by the Association. Excluding the name of the Association, the following is a complete list of all assumed business names under which the Association does business: None.

ASSOCIATION RESOLUTION (Continued)

Loan No: 6010062234600003

Page 2

NOTICES TO LENDER. The Association will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (A) change in the Association's name; (B) change in the Association's assumed business name(s); (C) change in the structure of the Association; (D) change in the authorized signer(s); (E) change in the Association's principal office address; (F) change in the Association's state of organization; (G) conversion of the Association to a new or different type of business entity; or (H) change in any other aspect of the Association that directly or indirectly relates to any agreements between the Association and Lender. No change in the Association's name or state of organization will take effect until after Lender has received notice.

CERTIFICATION CONCERNING OFFICERS AND RESOLUTIONS. The officer named above is duly elected, appointed, or employed by or for the Association, as the case may be, and occupies the position set opposite his or her respective name. This Resolution now stands of record on the books of the Association, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

CONTINUING VALIDITY. Any and all acts authorized pursuant to this Resolution and performed prior to the passage of this Resolution are hereby ratified and approved. This Resolution shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to and received by Lender at Lender's address shown above for such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Association's agreements or commitments in effect at the time notice is given.

IN TESTIMONY WHEREOF, I have hereunto set my hand and attest that the signature set opposite the name listed above is his or her genuine signature.

I have read all the provisions of this Resolution, and I personally and on behalf of the Association certify that all statements and representations made in this Resolution are true and correct. This Association Resolution is dated September 12, 2012.

CERTIFIED TO AND ATTESTED BY:

X
ROY SAWYERS, District Administrator of MOUNTAIN
WATER DISTRICT

NOTE: If the officer signing this Resolution is designated by the foregoing document as one of the officers authorized to act on the Association's behalf, it is advisable to have this Resolution signed by at least one non-authorized officer of the Association.

LASER PRO Landing, Var. 9.53 DD.DDJ. Cape. Harbord Financian Solutions, Inc. 1957, 2012. At Rights Reserval. - EV. GTAPPENPE COMMICTALPETICZDJC 18:44220 PR. 362





006010062069000003095505202013

PROMISSORY NOTE

GL 2314

VEH 142

V#142

\$20,039.00

Loan Date ... 05-20-2013

Maturity 05-20-2015

Loan No 6010062069000003 Call / Coll 50 Account

Officer Initials

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Any item above containing ***** has been omitted due to text length limitations.

Borrower:

MOUNTAIN WATER DISTRICT (TIN: 61-1098805)

P.O. BOX 3157

PIKEVILLE, KY 41502

Lender:

Community Trust Bank, Inc.

Main Office

346 North Mayo Trail P.O. Box 2947

Pikeville, KY 41502-2947

Principal Amount: \$20,039.00

Date of Note: May 20, 2013

PROMISE TO PAY. MOUNTAIN WATER DISTRICT ("Borrower") promises to pay to Community Trust Bank, Inc. ("Lender"), or order, in lawful money of the United States of America, the principal amount of Twenty Thousand Thirty-nine & 00/100 Dollars (\$20,039.00), together with interest on the unpaid principal balance from May 20, 2013, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 3.990% per annum based on a year of 360 days, until paid in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

PAYMENT. Borrower will pay this loan in 23 regular payments of \$452.93 each and one irregular last payment estimated at \$10,876.42. Borrower's first payment is due June 20, 2013, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on May 20, 2015, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any unpaid collection costs; and then to any late charges. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Community Trust Bank, Inc., P.O. Box 2947 Pikeville, KY 41502-2947.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the interest rate on this Note shall be increased by 2.000 percentage points. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going organization, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the ioan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.



006010062069000003012005202013

ASSOCIATION RESOLUTION

4L 2314 Unit 142 2013 For 150

Principal Loan Date Maturity Loan No Call / Cell Account Officer Initials \$20,039:00 05-20-2013 05-20-2015 601006206900003 50 814

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Any item above containing "***" has been omitted due to text length limitations.

Lender:

Community Trust Bank, Inc.

Main Office

346 North Mayo Trail P.O. Box 2947

Pikeville, KY 41502-2947

WE, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

PIKEVILLE, KY 41502

P.O. BOX 3157

Association: MOUNTAIN WATER DISTRICT (TIN: 61-1098805)

THE ASSOCIATION'S EXISTENCE. The complete and correct name of the Association is MOUNTAIN WATER DISTRICT ("Association"). The Association is an organization which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the Commonwealth of Kentucky. The Association is duly authorized to transact business in all other states in which the Association is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which the Association is doing business. Specifically, the Association is, and at all times shall be, duly qualified as a foreign association in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. The Association has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. The Association maintains its principal office at 6332 ZEBULON HWY, PIKEVILLE, KY 41501. Unless the Association has designated otherwise in writing, this is the principal office at which the Association keeps its books and records. The Association will notify Lender prior to any change in the location of the Association's state of organization or any change in the Association's name. The Association shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to the Association and the Association's business activities.

RESOLUTIONS ADOPTED. At a meeting of the officers of the Association, duly called and held on May 20, 2013, at which a quorum was present and voting, or by other duly authorized action in lieu of a meeting, the resolutions set forth in this Resolution were adopted.

OFFICER. The following named person is an officer of MOUNTAIN WATER DISTRICT:

NAMES

TITLES

AUTHORIZED

ACTUAL SIGNATURES

ROY SAWYERS

District Administrator

Y

ACTIONS AUTHORIZED. The authorized person listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Association. Specifically, but without limitation, the authorized person is authorized, empowered, and directed to do the following for and on behalf of the Association:

Borrow Money. To borrow, as a cosigner or otherwise, from time to time from Lender, on such terms as may be agreed upon between the Association and Lender, such sum or sums of money as in his or her judgment should be borrowed; however, not exceeding at any one time the amount of Twenty Thousand Thirty-nine & 00/100 Dollars (\$20,039.00), in addition to such sum or sums of money as may be currently borrowed by the Association from Lender.

Execute Notes. To execute and deliver to Lender the promissory note or notes, or other evidence of the Association's credit accommodations, on Lender's forms, at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any of the Association's indebtedness to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinancings, consolidations, or substitutions for one or more of the notes, any portion of the notes, or any other evidence of credit accommodations.

Grant Security. To mortgage, pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to Lender any property now or hereafter belonging to the Association or in which the Association now or hereafter may have an interest, including without limitation all of the Association's real property and all of the Association's personal property (tangible or intangible), as security for the payment of any loans or credit accommodations so obtained, any promissory notes so executed (including any amendments to or modifications, renewals, and extensions of such promissory notes), or any other or further indebtedness of the Association to Lender at any time owing, however the same may be evidenced. Such property may be mortgaged, pledged, transferred, endorsed, hypothecated or encumbered at the time such loans are obtained or such indebtedness is incurred, or at any other time or times, and may be either in addition to or in lieu of any property theretofore mortgaged, pledged, transferred, endorsed, hypothecated or encumbered.

Execute Security Documents. To execute and deliver to Lender the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which Lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given; and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the liens and encumbrances.

Negotiate Items. To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Association or in which the Association may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Association's account with Lender, or to cause such other disposition of the proceeds derived therefrom as he or she may deem advisable.

Further Acts. In the case of lines of credit, to designate additional or alternate individuals as being authorized to request advances under such lines, and in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements, including agreements walving the right to a trial by jury, as the officer may in his or her discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Resolution.

ASSUMED BUSINESS NAMES. The Association has filed or recorded all documents or filings required by law relating to all assumed business names used by the Association. Excluding the name of the Association, the following is a complete list of all assumed business names under which the Association does business: None.

Loan No: 6010062069000003

ASSOCIATION RESOLUTION (Continued)

Page 2

NOTICES TO LENDER. The Association will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (A) change in the Association's name; (B) change in the Association's assumed business name(s); (C) change in the structure of the Association; (D) change in the authorized signer(s); (E) change in the Association's principal office address; (F) change in the Association's state of organization; (G) conversion of the Association to a new or different type of business entity; or (H) change in any other aspect of the Association that directly or indirectly relates to any agreements between the Association and Lender. No change in the Association's name or state of organization will take effect until after Lender has received notice.

CERTIFICATION CONCERNING OFFICERS AND RESOLUTIONS. The officer named above is duly elected, appointed, or employed by or for the Association, as the case may be, and occupies the position set opposite his or her respective name. This Resolution now stands of record on the books of the Association, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

CONTINUING VALIDITY. Any and all acts authorized pursuant to this Resolution and performed prior to the passage of this Resolution are hereby ratified and approved. This Resolution shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to and received by Lender at Lender's address shown above (or such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Association's agreements or commitments in effect at the time notice

IN TESTIMONY WHEREOF, we have hereunto set our hand and attest that the signature set opposite the name listed above is his or her genuine

We each have read all the provisions of this Resolution, and we each personally and on behalf of the Association certify that all statements and representations made in this Resolution are true and correct. This Association Resolution is dated May 20, 2013.

CERTIFIED TO AND ATTESTED BY:

Ву:							
	Authorized	Signer	for	MOUNTAIN	WATER	DISTRICT	

NOTE: If the officer signing this Resolution is designated by the foregoing document as one of the officers authorized to act on the Association's behalf, it is advisable to have this Resolution signed by at least one non-authorized officer of the Association.

LASER PRO Lending, Ver. 13.1.0.004 Copt. Hastend Forested Selations, Incl. 1931, 2013. At Rights Reserved. KY Q-(APPLIER, CDAX/CFILE/LC20.FC TA-46435 PA-267





006010062069000003082005202013

NOTICE OF FINAL AGREEMENT

Principal Loan Date Maturity Loan No Call / Cell Account Officer Initials \$20,039,00 05-20-2013 05-20-2015 6010062069000003 50 814
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Any item above containing "***" has been omitted due to text length limitations.

Borrower:

MOUNTAIN WATER DISTRICT (TIN: 61-1098805)

P.O. BOX 3157

PIKEVILLE, KY 41502

Lender:

Community Trust Bank, Inc.

Main Office

346 North Mayo Trail

P.O. Box 2947

Pikeville, KY 41502-2947

BY SIGNING THIS DOCUMENT EACH PARTY REPRESENTS AND AGREES THAT: (A) THE WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES, (B) THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES, AND (C) THE WRITTEN LOAN AGREEMENT MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES.

As used in this Notice, the following terms have the following meanings:

Loan. The term "Loan" means the following described loan: a Fixed Rate (3.990%) Nondisclosable Loan to an Unincorporated Association for \$20,039.00 due on May 20, 2015.

Loan Agreement. The term "Loan Agreement" means one or more promises, promissory notes, agreements, undertakings, security agreements, deeds of trust or other documents, or commitments, or any combination of those actions or documents, relating to the Loan, including without limitation the following:

LOAN DOCUMENTS

Association Resolution: MOUNTAIN WATER DISTRICT KY Commercial Security Agreement: 2013 Ford F150 Pickup (VIN 1FTMF1EMODFC28732); owned by MOUNTAIN WATER DISTRICT

Agreement to Provide Insurance: 2013 Ford F150 Pickup (VIN 1FTMF1EMODFC28732); owned by MOUNTAIN WATER DISTRICT

Disbursement Request and Authorization

Promissory Note

Power of Attorney: 2013 Ford F150 Pickup (VIN

1FTMF1EMODFC28732)

KY Lien Statement: 2013 Ford F150 Pickup (VIN

1FTMF1EMODFC28732)

Notice of Insurance Requirements: 2013 Ford F150 Pickup (VIN

1FTMF1EMODFC28732)
Notice of Final Agreement

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Borrower:

MOUNTAIN WATER DISTRICT

Grantor(s): MOUNTAIN WATER DISTRICT

Each Party who signs below, other than Community Trust Bank, Inc., acknowledges, represents, and warrants to Community Trust Bank, Inc. that it has received, read and understood this Notice of Final Agreement. This Notice is dated May 20, 2013.

BORROWER:

MOUNTAIN WATER DISTRICT

By:

ROY SAWYERS, District Administrator of MOUNTAIN WATER DISTRICT

RESPONSE 2

CASE:

Mountain Water District

CASE NO: 2014-00342

RE:

PSC 4th Clarification

Item 2 from Informal Conference Clarification

The commission ask for clarification as to how the purchase of a vehicle owned by Mountain Water District transacts when UMG is responsible for the payment on such equipment.

WITNESS:

Spears

RESPONSE:

According to the management contract with UMG, they are responsible for replacing vehicles and equipment that Mountain Water District(MWD) owned at the date of the original contract in 2005. Therefore if we had 4 service trucks at June30, 2005 and if any of these needed replacement then UMG would be responsible for such payments, however the title to such vehicles would be in the name of the district, as it is their property. The reason for this language is, in the event of non renewal of the contract, that MWD would not have to immediately buy a new fleet of equipment or vehicles. Therefore when MWD approves the purchase of a vehicle to replace one that was in our fleet at inception, MWD secures the loan and purchases the vehicle and UMG makes the monthly payment to the bank. It actually reduces the amount of the Mangagement Contract Expense in that is an obligation for a cash outlay by UMG on behalf of the District. I have attached a spreadsheet showing the journal entries required by Mountain Water and UMG for Vehicle 141 financed through Community Trust Bank. Also is attached a copy of the loan from Community Trust Bank and an amortization run by me to show the breakdown of Principle and Interest for journal entry purposes. MWD only journal entries these in once a year at year end, but the monthly journal entries shows how they are handled on MWD's books and how I understand they are handled on UMG's books

UMG uses the category Lease expense on their books as nothing more than a placeholder in their general ledger. MWD uses the category Management Expenses Assumed to record the income where UMG pays the payments. UMG's Lease Expense can be thought of as a contra account to Revenue and MWD's Management Expenses Assumed can be thought of as a contra account to Management Expenses.

Mountain Water District PSC Response to the Purchase of a Vehicle 5/12/2015

		Mountain W		UMG		
		Вос	ks	Books		
		<u>Debit</u>	Credit	Debit	Credit	
STEP 1.	Purchase of the Vehicle 141					
	Mountain Water Journal Entry					
	Vehicle Asset	27,580.04		n/a		
	Note Payable Community Trust		27,580.04	, -	n/a	
			•		., -	
STEP 2.	First monthly payment					
	Mountain Water Journal Entry					
	Note Payable Community Trust	530.48				
	Interest Expense	92.79				
	Management Expenses Assumed		623.27			
	UMG Journal Entry					
	Lease Expense			623.27		
	Cash in Bank			023.27	522.27	
	Cash in Dank				623.27	



006010062234600003095509122012

GL 2312

PROMISSORY NOTE

Veh 141

\$27,580.04 09-12-2012 09-12-2014 6010062234600003 50	Officer Initials				
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*** " has been omitted due to text length limitations.					

Borrower:

MOUNTAIN WATER DISTRICT (TIN: 61-1098805)

P.O. BOX 3157

PIKEVILLE, KY 41502

Lender:

Community Trust Bank, Inc. Main Office

346 North Mayo Trail P.O. Box 2947

Pikeville, KY 41502-2947

Principal Amount: \$27,580.04

Date of Note: September 12, 2012

PROMISE TO PAY. MOUNTAIN WATER DISTRICT ("Borrower") promises to pay to Community Trust Bank, Inc. ("Lender"), or order, in lawful money of the United States of America, the principal amount of Twenty-seven Thousand Five Hundred Eighty & 04/100 Dollars (\$27,580.04), together with interest on the unpaid principal balance from September 12, 2012, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 3.990% per annum based on a year of 360 days, until paid in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

PAYMENT. Borrower will pay this ioan in 23 regular payments of \$623.27 each and one irregular last payment estimated at \$14,969.66. Borrower's first payment is due October 12, 2012, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on September 12, 2014, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any unpaid collection costs; and then to any late charges. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be malled or delivered to: Community Trust Bank, Inc., P.O. Box 2947 Pikeville, KY 41502-2947.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the interest rate on this Note shall be increased by 2.000 percentage points. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the rolated documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lander and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's performance and the Republic Borrower's ability to repay this Note or perform Borrower's abil

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going organization, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Craditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender bolleves the prospect of payment or



006010062234600003082009122012

III veh. 141

NOTICE OF FINAL AGREEMENT

Principal Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials		
\$27,580.04 09-12-2012 (09-12-2014	6010062234600003	50	121201202222	913			
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.								

Borrower:

MOUNTAIN WATER DISTRICT (TIN: 61-1098805)

P.O. BOX 3157

PIKEVILLE, KY 41502

Lender:

Community Trust Bank, Inc.

Main Office

346 North Mayo Trail

P.O. Box 2947

Pikeville, KY 41502-2947

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LOAN DOCUMENTS

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Disbursement Request and Authorization

Promissory Note

Power of Attorney: 2012 Ford F250 Pickup (VIN

1FDBF2B67CEC68860)

KY Lien Statement: 2012 Ford F250 Pickup (VIN

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Notice of Insurance Requirements: 2012 Ford F250 Pickup (VIN

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Borrower:

MOUNTAIN WATER DISTRICT

Grantor(s):

MOUNTAIN WATER DISTRICT

Each Party who signs below, other than Community Trust Bank, Inc., acknowledges, represents, and warrants to Community Trust Bank, Inc. that it has received, read and understood this Notice of Final Agreement. This Notice is dated September 12, 2012.

BORROWER:

MOUNTAIN WATER DISTRICT

By:

ROY SAWYERS, District Administrator of MOUNTAIN WATER DISTRICT

AMORTIZATION

Lender name: Brown Foodservice, Inc.

	- 1	inter values
Loan amount	\$	27,580.04
Annual interest rate		4.03 %
Loan period in years		4
Number of payments per year		12
Start date of loan		4/12/2012
Optional extra payments	\$	a state of the

	Loan summary				
Scheduled payment	\$	623.10			
Scheduled number of payments		48			
Actual number of payments	Jac.	48			
Total early payments					
Total interest	\$	2,328.83			

Pmł No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal G/L 224	Interest G/L 540	Ending Balance	Cumulative Interest
1	5/12/2012	\$ 27,580.04	\$ 623.10	-	\$ 623.10			\$ 27,049.56	\$ 92.62
2	6/12/2012	27,049.56	623.10		623.10	532.26	90.84	26,517.30	183.46
3	7/12/2012	26,517.30	623.10	-	623.10	534.05	89.05	25,983.25	272.52
4	8/12/2012	25,983.25	623.10	-	623.10	535.84	87.26	25,447.41	359.78
5	9/12/2012	25,447.41	623.10	-	623.10	537.64	85.46	24,909.77	445.24
6	10/12/2012	24,909.77	623.10	-	623.10	539.45	83.66	24,370.33	528.89
7	11/12/2012	24,370.33	623.10		623.10	541,26	81.84	23,829.07	610.74
8	12/12/2012	23,829.07	623.10	-	623.10	543.08	80.03	23,285,99	690.76
9	1/12/2013	23,285.99	623.10	*	623.10	544.90	78,20	22,741.09	768.97
10	2/12/2013	22,741.09	623.10		623.10	546.73	76.37	22,194.36	845.34
11	3/12/2013	22,194.36	623.10	*	623.10	548.57	74.54	21,645.80	919.87
12	4/12/2013	21,645.80	623.10		623.10	550.41	72.69	21,095.39	992.57
13	5/12/2013	21,095.39	623.10	-	623.10	552.26	70.85	20,543.13	1,063,41
14	6/12/2013	20,543.13	623,10		623.10	554.11	68.99	19,989 02	1,132.40
15	7/12/2013	19,989.02	623.10	+	623.10	555.97	67.13	19,433.05	1,199.53
16	8/12/2013	19,433.05	623.10		623.10	557.84	65.26	18,875 21	1,264.80
17	9/12/2013	18,875.21	623.10	*	623.10	559.71	63.39	18,315.50	1,328.19
18	10/12/2013	18,315,50	623,10		623.10	561,59	61.51	17,753.91	1,389.70
19	11/12/2013	17,753.91	623.10		623.10	563.48	59.62	17,190.43	1,449.32
20	12/12/2013	17,190.43	623.10		623.10	565.37	57.73	16,625.06	1,507.05
21	1/12/2014	16,625.06	623.10		623.10	567.27	55 83	16,057.79	1,562.88
22	2/12/2014	16,057.79	623.10		623.10	569.17	53.93	15,488.62	1,616.81
23	3/12/2014	15,488.62	623.10	-	623.10	571.09	52.02	14,917.53	1,668.83
24	4/12/2014	14,917.53	623.10	-	623.10	573.00	50.10	14,344.53	1,718.92
25	5/12/2014	14,344.53	623.10	-	623.10	574.93	48.17	13,769.60	1,767.10
26	6/12/2014	13,769.60	623.10		623.10	576.86	46.24	13,192.74	1,813.34
27	7/12/2014	13,192.74	623.10	-	623.10	578.80	44.31	12,613.95	1,857.65
28	8/12/2014	12,613.95	623.10	-	623,10	580.74	42.36	12,033.21	1,900.01
29	9/12/2014	12,033.21	623.10		623.10	582.69	40.41	11,450.52	1,940.42
30	10/12/2014	11,450,52	623.10	•	623.10	584.65	38,45	10,865.87	1,978.87
31	11/12/2014	10,865.87	623.10	-	623.10	586.61	36.49	10,279.26	2,015.37
32	12/12/2014	10,279.26	623.10	-	623.10	588.58	34.52	9,690.68	2,049.89
33	1/12/2015	9,690,68	623.10	- 1	623.10	590.56	32.54	9,100.12	2,082.43
34	2/12/2015	9,100.12	623.10		623.10	592.54	30.56	8,507.58	2,112,99
35	3/12/2015	8,507.58	623.10		623.10	594.53	28.57	7,913.05	2,141.56
36	4/12/2015	7,913.05	623.10	-	623,10	596.53	26.57	7,316,52	2,168.14
37	5/12/2015	7,316.52	623.10	-	623.10	598.53	24.57	6,717.99	2,192,71
38	6/12/2015	6,717.99	623.10		623,10	600.54	22.56	6,117.45	2,215.27
39	7/12/2015	6,117.45	623.10	-	623.10	602.56	20.54	5,514.90	2,235.82
40	8/12/2015	5,514.90	623.10	-	623.10	604.58	18.52	4,910.31	2,254.34
41	9/12/2015	4,910.31	623.10	-	623,10	606.61	16.49	4,303.70	2,270.83
42	10/12/2015	4,303.70	623.10	*	623.10	608.65	14.45	3,695.06	2,285.28
43	11/12/2015	3,695.06	623.10		623.10	610.69	12.41	3,084.36	2,297.69
44	12/12/2015	3,084.36	623.10	-	623.10	612.74	10.36	2,471.62	2,308.05
45	2/12/2016	2,471.62	623.10	-	623.10	614.80	8.30	1,856.82	2,316.35
47	_	1,856.82	623.10	-	623.10	616.87	6.24	1,239.95	2,322.58
bearing the same of the same o	3/12/2016	1,239,95	623.10	-	623.10	618.94	4.16	621.02	2,326.75
48	4/12/2016	621,02	623.10	*	621.02	618.93	2.09	0.00	2,328.83
-									
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RESPONSE 3

CASE:

Mountain Water District

CASE NO: 2014-00342

RE:

PSC 4th Clarification

Item 3 from Informal Conference Clarification

The commission ask for clarification as to how UMG had lease expense associated with the district in regards to vehicles. They also requested that Mike Spears redo the projected costs to reflect what would happen in the event the District took over operations internally.

WITNESS:

Spears

RESPONSE:

Item 2 response will provide additional clarification as to how the transactions are handled by MWD and UMG on their respective books.

In addition, on the attached spreadsheet, I have taken the \$69,306 lease expense off of the lease category. In addition I had to add back at the bottom of the spreadsheet as Cash Expenditures for note payments as they are a cash outflow that MWD is not currently making but would be obligated to fund. Also I moved the note payments on additional vehicles that would be required, as explained in Note 7, down to the same category. The bottom line does not change, it is just a reclassification for clarification purposes. As stated in Note 8 to this attachment, these amounts are for existing payments on vehicles owned by Mountain Water District that UMG makes monthly payments on MWD's behalf.

Mountain Water District

Projected Cost Comparison of Assuming Operations of the District June 30,2014

	LIM	G Direct Expe	nses	MWD Additional		MV	VD Projected (Cost
Payroll and Administrative Expenses				The state of the s	-		7411	
Salary and Wages								
Regular Pay	\$ 1,609,414				1	\$ 1,609,414		
Overtime	85,925					85,925		
Paid leave	222,271					222,271		
HR, Safety, AP Clerk	-			113,881	(1)	113,881		
Total Salaries and Wages		\$ 1,917,610			_		\$ 2,031,491	
Payroll Taxes								
Fica	141,479			8,712	(2)	150,191		
Futa	6,993			144	(2)	7,137		
Suta	17,837			1,059	(2)	18,896		
Total Payroll Taxes		166,309					176,224	
Health Insurance Expense		375,656		28,800	(3)		404,456	
Life Insurance Expense		7,462		443	(4)		7,905	
Long Term Disability		6,715		399	(5)		7,114	
State Retirement System		54,522		292,050	(6)		346,572	
Training Expense		5,505					5,505	
Travel								
Lodging	4,931					4,931		
Meals	5,245					5,245		
Mileage	855					855		
Total Travel		11,031					11,031	
Vehicle Expenses								
Lease Expense	69,306			(69,306)	(8)			
Gasoline	174,962					174,962		
Diesel	36,469					36,469		
Miscellaneous	2,057					2,057		
Total Vehicle Expense		282,794			_		213,488	
Office Storage Rental		1,090					1,090	
Office Equipment Lease		7,253					7,253	
Office Supplies		31,930					31,930	
Janatorial Expense		20,092					20,092	
Postage		111,210					111,210	
Professional Fees accounting		749					749	
Professional Fees Other		47,941					47,941	
Insurance								
General Liability	149,073					149,073		
Auto	15,417					15,417		
Workers Compensation	35,706					35,706		
Total Insurance Expense		200,196					200,196	
Telephone								
Office	11,736					11,736		
Mobile	13,848					13,848		
Other	1,910					1,910		
Total Telephone		27,494					27,494	
Security Service	_	459				_	459	
			\$ 3,276,018	376,182				\$ 3,652,200
Direct Operations								
Uniforms		25,497					26,497	
Safety Supplies		16,274					16,274	
Laboratory Supplies		2,979					2,979	

1-1						
Laboratory Testing	37,171				37,171	
Other Outside Services	2,400				2,400	
Carbon	802				802	
Disinfectants	54,950				54,950	
Fluoride	17,909				17,909	
Polymers	8,313				8,313	
Dechlorination Agents	13,841				13,841	
Nitonox	11,270				11,270	
Other Chemicals	62,977				62,977	
Purchased Water	1,114,659				1,114,659	
Electricity	1,162,650				1,162,650	
Sewage Fees	163,514				163,514	
Solid Waste	6,805				6,805	
	0,003	2,703,011			0,003	2,703,011
Repair and Maintenance		2,703,011	-			2,703,011
Repair and Maintenance	758,439				750 420	
Hand Toos	13,316				758,439	
	13,310	-			13,316	
		771,755	•			771,755
Cash Expenditures for note payments.						
	4 511146					
Note payments for existing vehicles curently pai	a by UMG.		69,306	(8)	69,306	
Note payments for 5 additional vehicles			30,000	(7)	30,000	
			99,306		_	99,306
		\$ 6,750,784	475,488			\$ 7,226,272
Amount Paid to UMG					_	7,600,837
Projected Saving by Operating the District Internally						\$ 374,565

Mountain Water District
Projected Cost Comparison of Assuming Operations of the District
Assumptions
June 30,2014

Number

. . .

- The district will require 3 additional employees included inUMG's Corporate Overhead Number HR Specialist at \$39,833, Safety Director at \$39,179, and A/P Clerk at \$34,869
- The additional Fica is calculated at 7.65% of the Salary, FUTA at .006 of \$8,00 per Employee and SUTA at prorata to UMG's cost related to total payroll
- 3 Cost estimated at \$800 per new employee multiplied by 12 months.
- 4 Pro rata UMG's number to their total payroll, adjusted for the 3 new employees
- 5 Pro rata UMG's number to their total payroll, adjusted for the 3 new employees
- 6 Total payroll of \$2,031,491 multiplied by the current KERS Retirement percentage of 17.06% less the UMG costs of \$54,522.
- 7 UMG currently uses 7 trucks of theirs on our project, we will only replace 5 of those. Estimated at \$500 per month by the five new trucks.
- 8 UMG pays for notes that are in MWD's name for vehicles used on our project. We would not have this expense without the contract with UMG. We would however have to make the payments on those notes.

RESPONSE 4

Case No. 2014-00342

PSC 4th clarification

Question asked for explanation of \$75,000 discrepancy in UMG payroll.

Witness: Meyer

Response:

After reviewing UMG payroll distribution files, I determined why there is a discrepancy between the two schedules that Mark Frost pointed out yesterday at the informal hearing. UMG has been charging the majority of Greg May's salary directly to the City of Pikeville project since its inception. Essentially, only a small portion of Greg's salary is actually being charged to the "corporate overhead" division (15%) — the bulk of it is being charged directly to the Pikeville project (85%). The rationale for that is irrelevant to the MWD rate increase process, as it results in less UMG shared costs being allocated to the Mountain Water project than would have been if 100% of his payroll expense had been charged to the overhead division. I have attached a spreadsheet which reconciles the two schedules that Mark questioned yesterday. There is still a \$1,000 unreconciled difference between the two schedules but I am assuming that \$1,000 is not a material amount in the context of the total costs that are being addressed in this process.

MOUNTAIN WATER DISTRICT / APPLICATION FOR CUSTOMER RATE INCREASE

UTILITY MANAGEMENT GROUP

DATA REQUEST FROM THE PUBLIC SERVICE COMMISSION

"SHARED EMPLOYEES" GROSS PAYROLL EXPENSES FOR TEST YEAR

July 1, 2013 through June 30, 2014

RECONCILIATION OF INDIVIDUAL GROSS PAYROLL AMOUNTS PER PAYROLL REGISTERS TO GROSS PAYROLL AMOUNTS PER OVERHEAD DIVISION INCOME STATEMENT

Total "Shared Employee" wages per Payroll Register:

Total Gross Payroll Expense per Overhead Division P&L (PSC Third Request, Item 1(a))

Unreconciled difference:

\$345,275.33
\$269,780.00
\$75,495.33

Explanation of unreconciled difference:

Annual Salary / Chief Operating Officer:

Portion of COO Salary charged directly

to City of Pikeville Project:

Amount of COO annual salary charged

directly to City of Pikeville Project:

\$90,000.00

85.0%

\$76,500.00

\$76,500.00

Balance of Unreconciled difference:

-\$1,004.67