RECEIVED

COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

MAR 19 2018

PUBLIC SERVICE COMMISSION

In the Matter of:

JONATHAN CREEK WATER DISTRICT AND) ITS INDIVIDUAL COMMISSIONERS, JIMMY)	
TUBBS, BARRY HILL, JOSH MEDLEY,)	CASE NO.
MARK HOLT, AND KARA WILSON)	2017-00469
)	
ALLEGED FAILURE TO COMPLY WITH)	

RESPONDENTS' RESPONSE TO COMMISSION STAFF'S POST HEARING REQUEST FOR INFORMATION

Respondents Jonathan Creek Water District ("District"), Commissioner Jimmie Tubbs, Former Commissioner Barry Hill and Former Commissioner Mark Holt, by and through counsel, hereby submit their responses to the Commission Staff's Post Hearing Request for Information:

Request 1: Provide a list of all projects completed or assets purchased with the \$600,671.50 business loan from Community Financial Services Bank. Additionally, provide the asset ledger that is associated with this loan.

Response: See Declarations in Support of Respondent's Response to Commission Staff's Post Hearing Request for Information filed herewith and the documents identified as Documents 1.1 in the binder submitted with this response.

<u>Witnesses Responsible:</u> Barry Hill, Jimmy Tubbs, and Mark Holt (Declarations); David Lovett, Superintendent of the District (Asset Ledger Associated with this Loan).

Request 2: Provide in its entirety the documentation for the \$600,671.50 loan from Community Financial Services Bank; include documentation of the interest rate and any collateral that secures the loan.

Response: See the loan documents identified as Documents 2.1 through 2.7 in the binder submitted with this response.

Witness Responsible: David Lovett, Superintendent of the District

Provide the loan documentation for any and all loans that Jonathan Creek has entered into in the past ten years, stating whether prior Commission approval was obtained, and providing the relevant case number associated with each approval.

Response: See Documents 3.1 through 3.30 in the binder submitted with this response.

Witness Responsible: David Lovett, Superintendent of the District

A copy of the index to the documents in the binder submitted with this response is attached hereto as Exhibit A.

This 16th day of March, 2018.

MARTIN W. JOHNSON

KIP C. MATHIS

JOHNSON & MATHIS

1114 Main Street

P. O. Box 450

Benton, KY 42025

Phone: 270-527-3153

Fax: 270-527-9276

Email: mj@mjohnson-law.com

CERTIFICATION

I certify that the responses above are true and accurate to the best of my knowledge, information and belief formed after a reasonable inquiry.

JONATHAN CREEK WATER DISTRICT

By:

DAVID LOVETT, Superintendent

STATE OF KENTUCKY COUNTY OF MARSHALL

Subscribed, sworn to and acknowledged before me by David Lovett, Superintendent of Jonathan Creek Water District, on this 16th day of March, 2018.

My commission expires: 8-15-20 18

CERTIFICATE OF COMPLIANCE

Gwen R. Pinson, Executive Director Kentucky Public Service Commission 211 Sower Blvd. Frankfort, KY 40602-0615

MARTIN W. JOHNSON

KIP C. MATHIS

JONATHAN CREEK WATER DISTRICT POST HEARING INFORMATION REQUEST DOCUMENT LIST

No.	Description
1.1	List of all projects completed or assets purchased with \$600,671.50 business loan from Community Financial Services Bank ("CFSB") and asset ledgers associated with this loan. For additional information relating to the projects completed or assets purchased with this loan, see the Declaration in Support of Respondents' Response to Commission Staff's Post Hearing Request for Information.
2.1	Governmental Certificate - CFSB Loan #5 dated May 3, 2016, in the amount of \$600,671.50
2.2	Business Loan Agreement – CFSB Loan #5 dated May 3, 2016, in the amount of \$600,671.50
2.3	Promissory Note – CFSB Loan #5 dated May 3, 2016, in the amount of \$600,671.50
2.4	Commercial Security Agreement – CFSB Loan #5 dated May 3, 2016, in the amount of \$600,671.50
2.5	Mortgage – CFSB Loan #5 dated May 3, 2016, in the amount of \$600,671.50
2.6	Disbursement Request and Authorization – CFSB Loan #5 dated May 3, 2016, in the amount of \$600,671.50
2.7	Loan History – CFSB Loan #5 dated May 3, 2016, in the amount of \$600,671.50
3.1	Governmental Certificate - CFSB Loan #1 dated February 6, 2013, in the amount of \$336,222.48
3.2	Notice of Final Agreement – CFSB Loan #1 dated February 6, 2013, in the amount of \$336,222.48
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3.8	Loan History – CFSB Loan #1 dated February 6, 2013, in the amount of \$336,222.48
3.9	Governmental Certificate - CFSB Loan #2 dated January 31, 2014, in the amount of \$142,427.82

3.10	Notice of Final Agreement – CFSB Loan #2 dated January 31, 2014, in the amount of \$142,427.82
3.11	Promissory Note – CFSB Loan #2 dated January 31, 2014, in the amount of \$142,427.82
3.12	Commercial Security Agreement – CFSB Loan #2 dated January 31, 2014, in the amount of \$142,427.82
3.13	Mortgage – CFSB Loan #2 dated January 31, 2014, in the amount of \$142,427.82
3.14	Disbursement Request and Authorization – CFSB Loan #2 dated January 31, 2014, in the amount of \$142,427.82
3.15	Mortgage Release – CFSB Loan #2 dated January 31, 2014, in the amount of \$142,427.82
3.16	Loan History – CFSB Loan #2 dated January 31, 2014, in the amount of \$142,427.82
2.17	
3.17	Governmental Certificate - CFSB Loan #3 dated May 8, 2014, in the amount of \$100,000.00
3.18	Revolving Line of Credit Agreement – CFSB Loan #3 dated May 8, 2014, in the amount of \$100,000.00
3.19	Commercial Security Agreement – CFSB Loan #3 dated May 8, 2014, in the amount of \$100,000.00
3.20	Mortgage – CFSB Loan #3 dated May 8, 2014, in the amount of \$100,000.00
3.21	Disbursement Request and Authorization – CFSB Loan #3 dated May 8, 2014, in the amount of \$100,000.00
3.22	Loan History – CFSB Loan #3 dated May 8, 2014, in the amount of \$100,000.00
3.23	Governmental Certificate - CFSB Loan #4 dated April 2, 2015, in the amount of \$500,000.00
3.24	Business Loan Agreement – CFSB Loan #4 dated April 2, 2015, in the amount of \$500,000.00
3.25	Promissory Note – CFSB Loan #4 dated April 2, 2015, in the amount of \$500,000.00
3.26	Commercial Security Agreement – CFSB Loan #4 dated April 2, 2015, in the amount of \$500,000.00
3.27	Mortgage – CFSB Loan #4 dated April 2, 2015, in the amount of \$500,000.00
3.28	Disbursement Request and Authorization – CFSB Loan #4 dated April 2, 2015, in the amount of \$500,000.00
3.29	Release of Mortgage – CFSB Loan #4 dated April 2, 2015, in the amount of \$500,000.00
3.30	Loan History – CFSB Loan #4 dated April 2, 2015, in the amount of \$500,000.00

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In the Matter of:

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ALLEGED FAILURE TO COMPLY WITH () KRS 278.300)	

BINDER CONTAINING DOCUMENTS IN RESPONSE TO COMMISSION STAFF'S POST HEARING REQUEST FOR INFORMATION

CERTIFICATE

Pursuant to the Commission Staff's Post Hearing Request for Information, I certify that I mailed this binder and four (4) identical binders to the following on this 16th day of March, 2018:

Gwen R. Pinson, Executive Director Kentucky Public Service Commission 211 Sower Blvd. Frankfort, KY 40602-0615

MARTIN W. JOHNSON

KIP C. MATHIS
JOHNSON & MATHIS
1114 Main Street
P. O. Box 450

Benton, KY 42025 Phone: 270-527-3153 Fax: 270-527-9276

Email: mj@mjohnson-law.com

Counsel for Remaining Respondents, Jonathan Creek Water District, Commissioner Jimmie Tubbs, Former Commissioner Barry Hill, and Former Commissioner Mark Holt

JONATHAN CREEK WATER DISTRICT POST HEARING INFORMATION REQUEST DOCUMENT LIST

No.	Description
1.1	List of all projects completed or assets purchased with \$600,671.50 business loan from Community Financial Services Bank ("CFSB") and asset ledgers associated with this loan. For additional information relating to the projects completed or assets purchased with this loan, see the Declaration in Support of Respondents' Response to Commission Staff's Post Hearing Request for Information.
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Date	Loan	Amount	Balance	Description	Date	Loan	Amount	Description
2/6/2013		336,222.48	336,222.48	First Loan	2/6/2013		336,222.48	First Loan
2/12/2013		(3.00)	336,219.48	Payment	1		(295,067.85)	Wells Fargo
8/6/2013		(30,721.59)	305,497.89				The second second second	Wells Fargo
2/5/2014		(31,271.55)	274,226.34				2,189.62	
8/6/2014		(31,937.88)	242,288.46	Payment			76.00	Mtg Recording
2/5/2015		(32,556.80)	209,731.66					Paid in Cash
4/6/2015		(209,731.66)	-	Payment			_,	
-, -,				,				
2/6/2014		142,427.82	142.427.82	Second Loan	1/31/2014		142,427.82	Second Loan
7/31/2014		(14,242.79)	128,185.03		1,01,2011			Pay off KIA Loan C93-04B
8/15/2014		(9,833.09)	118,351.94				483.50	The second secon
2/2/2015		(71,149.10)	47,202.84	-				Mtg Recording
4/6/2015		(47,202.84)	-	Payment				Paid in Cash
, , , , , ,				,			017.00	Tara III Casi
4/2/2015		500,000.00	-	Combine 1&2 Loan	4/2/2015	The state of the s	500,000.00	Combine Loans
4/7/2015		258,481.24	258,481.24	Pay off Loans	-, -,		Action to the second se	Loan 300370701 + Interest
4/7/2015		20,000.00		2015 Chevy 2500				Loan 300392142 + Interest
4/23/2015		(8,533.53)	269,947.71	3			ACCUSED AND ADDRESS OF THE PARTY OF THE PART	Undisbursed Funds
5/14/2015		(8,540.39)	261,407.32			,	608.50	
6/12/2015		(8,374.44)	253,032.88					Mtg Recording
7/6/2015		15,683,36		Air Compressor for Mole				Paid in Cash
7/9/2015		23,000,00	291,716.24				074.50	Talu III Casii
7/13/2015		(8,334.07)	283,382.17					
8/13/2015		10,000.00		Kubota Backhoe attachmen	t		241,518.76	
8/14/2015		(8,244.45)	285,137.72		(1.00)	19,999.00		2015 Chevy 2500
9/14/2015		(8,265.19)	276,872.53		(1.00)	15,683.36		Air Compressor for Mole
9/29/2015		26,766.00	303,638.53		600.00	23,600.00	(23,000.00)	
10/5/2015		82,720.00		2015 John Deere Backhoe	-	10,000.00		Kubota Backhoe attachment
10/14/2015		(8,211.99)	378,146.54		-	26,766.00	(26,766.00)	
11/3/2015		(15,027.00)	363,119.54		-	82,720.00		
11/13/2015		(8,060.78)	355,058.76		(66.00)	24,934.00	(25,000.00)	2015 John Deere Backhoe
12/14/2015		(8,077.03)	346,981.73		(00.00)	24,934.00		Never Received!!!!!
1/14/2016		(8,098.78)	338,882.95				36,349.40	Never Received!!!!
1/21/2016		25,000.00	363,882.95					
2/12/2016		(8,131.65)	355,751.30					
3/14/2016		(8,075.17)	347,676.13					
4/14/2016		(8,096.91)	339,579.22					
5/4/2016		(339,579.22)	339,319.22	Payment				
0/1/2010		(337,317.22)		Tayment				
5/3/2016	· -	600,671.50	600,671.50	LastLoan	5/3/2016	-	600 671 E0	I ant I am
6/10/2016		8,869.22	591,802.28		3/3/2016		600,671.50	
7/15/2016		9,052.57	582,749.71				(203,420.78)	
8/15/2016		9,282.43	573,467.28				COST OF THE REAL PROPERTY OF THE PARTY OF TH	Pay off 300409607
9/15/2016		9,307.41	564,159.87				Astronomy and a series of the	LOC 4504527099 Tank Pmt
10/17/2016		9,283.48	554,876.39					Mtg Recording
11/15/2016		9,453.76				1 1	(608.50)	rees
12/15/2016		9,433.76	545,422.63				-	
1/17/2017		9,430.22	535,992.41 526,677.21					
2/15/2017		9,515.20	517,152.46	3			202 420 70	
3/15/2017						1	203,420.78	TA7-11
		9,593.62	507,558.84				(19,783.50)	
4/17/2017		9,396.65	498,162.19				(19,500.00)	
5/15/2017		9,639.78	488,522.41				(145,350.00)	
6/15/2017		9,535.98	478,986.43				(9,850.00)	
7/17/2017		9,520.08	469,466.35				(8,692.37)	· Control of the cont
8/15/2017		9,668.77	459,797.58	rayment			244.91	Unknown
			459,797.58					
5 /9 /2014		100,000,00		Limo of Candit				
5/8/2014		100,000.00	F7 000 00	Line of Credit				
4/27/2016 5/4/2016		57,000.00		First Pmt on Reed Tank Pair	nung			
3/4/2010		(57,000.00)	-	Moved to Loan 300442283				

Local	Blogs	Оссиралсу	Address	City	Zip	GP8 LAT/LONG	Occupied	F/P Code	Year Built	ø of Stories		180	Sprinkler	Building Value	Contents Value	Total Value
7	7	Pump Station #2	Oasis Road 1/4 N of US 68	Benton	42025		Structure Only	1/6	1998	1	276	4	No	\$106,811	\$0	\$106,811
8	1	150,000 Gal Water Tower	Olive Creek Rd 3.5 mailes S US 68	Benton	42025	 	Structure Only	1/6		1	0		No	\$870,889	\$0	\$670,889
8	2		Offive Creek Rd 3.5 Miles S US 68	Benton	42025		Occupied	1/6	2000	1	64		No	\$13,182	\$0	\$13,182
9	1	Instrument Housing	Reed Rd	Benton	42025		Occupied	1/6		1	0		No	\$1,428	\$0	\$1,428
10		Instrument Housing- Brewers	589 Aurora Hwy	Hardin	42028		Occupied	7/9		1	0		No	\$2,040	\$0	\$2,040
10	2	Pump Station	589 Aurora Hwy	Hardin	42048	,	Structure Only	7/9		1	· ·		No	\$122,400	\$0	\$122,400
11	1	150,000 Gal Water Tank	218 Flat Rd	Benton	42025		Structure Only	1/8		1	0		No	\$673,200	\$0	\$673,200

ISO Codes

- 1 Frame

- 2 Joisted Masonry
 3 Noncombustible
 4 Masonry Noncombustible
 5 Modified Fire Resistive
- 6 Fire Resistive

Kentucky Association of Counties KACo All Lines Fund Statement of Values 3/22/2017

Jonathan Creek Water District

Member Number 3371

Auto List

Total Vehicles

Total Value \$75,150.00

Year 2015	<u>Department</u>	Make/Model Chevrolet/Sliverado	<u>VIN</u> 1GB0KUEG9FZ140984	<u>Value Type</u> 41,399 \$34 ,800 Van/Pickup
2014		Ford/F150	1FTNF1CF5EKE45520	\$19,950 Van/Pickup
2003		Ford/Ranger	1FTYR44E23PA39285	\$10,200 Van/Pickup
2001		Better Built/25 ft Trailer	4MNDP232X11001459	\$0 Trailer \$5,000
1997	•		4BXUL1011VS002079	\$500 Trailer TRADED IN
1990		International/Dump Truck	1HTSCZWN4LH257257	\$10,500 Heavy Truck

Jonathan Creek Water District

Kentucky Association of Counties KACo All Lines Fund Statement of Values 3/22/2017

Jonathan Creek Water District

Member Number 3371

Equipment List

Total Equipment Total Value	6 \$110,144.00					
Department	Year 2010 &	Manufacturer Kubota	Serial Number 70508	23,674		Description Tractor L3940HST3
	B, Olog		10407		\$1,311	6' Tiller
0		-Snapper Pro	S128XT51		\$ 5,100	Mower TRADED IN
	0				\$4,400	Road Drill
	2010		3191		\$1,613	16 x 2 Trailer
	2015	John Deere	1T0310SLIFF282731	:	\$82,720	Backhoe
Jonathan Creek Wat	er District					
3),4	1/17 2007	Hurco	1c98v131ø7	3987 ø6 5	2 18'az	o Value Exerciser
9/6	Un 2017	Snapper	2017483547		6,400	Zero Turo Mower
\/ _{>4}	3016	Load Trailer	4ZECH 2225G1	ø95719	4,500	22' Carhauler
5/6	5/17 3017	O'Neal Aframe	129Bu 1Ø17HA33	31848	1,301	10' Trailer

GOVERNMENTAL CERTIFICATE

Principal Loan Date	Maturity Loan No	Cell / Coll	Account	Officer Initials					
\$600,671,50 05-03-2016	05-15-2021	70M / 015	J000458						
References in the boxes above are for Lender's use only and do not Brit the applicability of this document to any particular loan or fram. Any Item above containing """ has been omitted due to text length limitations.									

Entity:

JONATHAN CREEK WATER DISTRICT 7564 US HWY 6B E BENTON, KY 42025-0414 Lender:

COMMUNITY FINANCIAL SERVICES BANK CALLOWAY COUNTY BANKING CENTER 1721 N 12TH ST

MURRAY, KY 42071-3594

WE, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

THE ENTITY'S EXISTENCE. The complete and correct name of the governmental entity is JONATHAN CREEK WATER DISTRICT ("Entity"). The Entity is a governmental entity which is, and at all times shall be, duly organized, validly existing, and in good standing under end by writes of the laws and regulations of the Commonwealth of Kentucky. The Entity has the full power and suthority to own its properties and to transact the business and activities in which it is presently engaged or presently proposes to engage. The Entity maintains an office at 7564 US HWY 88 E, BENTON, KY 42028-0414. The Entity shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privilegos, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of the Entity and any other governmental or quasi-governmental authority or court applicable to the Entity and the Entity's business activities.

CERTIFICATES ADOPTED. At a meeting of the appropriate governing body of the Entity, duly called and held on May 3, 2016, 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 Cartificate were adopted.

OFFICIALS. The following named porsons is an Officials of JONATHAN CREEK WATER DISTRICT:

ACTIONS AUTHORIZED. Any two (2) of the authorized persons listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Entity. Specifically, but without kimitation, any two (2) of such authorized persons is authorized, empowered, and directed to do the following for and on behalf of the Entity:

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 Entity and Lender, such sum or sums of money as in their judgment should be borrowed; however, not exceeding at any one time the amount of \$ix Hundred Thousend \$ix Hundred Seventy-one & 50/100 Dollars (#600,671.50), in addition to such sum or sums of money as may be currently borrowed by the Entity from Lender.

Execute Notes. To execute and deliver to Lendar the promissory note or notes, or other evidence of the Entity's credit accommodations, on Lendar'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 Entity's indibtedness 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 new or hereafter belonging to the Entity or in which the Entity new or hereafter may have an interest, including without limitation all of the Entity's real property and all of the Entity's personal property (tangible or intengibles), interest, including any syment of any loans or credet accommodations so obtained, any promissory notes so executed (including any symenaments to or modifications, renewals, and extensions of such promissory notes), or any other or further indebtedness of the Entity to Lender at any time owing, however the same may be evidenced. Such property may be mortgaged, pledged, transferred, andersed, 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, hypothocston agreement, and other security agreements and financing statements which Lendor may require and which shall evidence the terms and conditions under and pursuant to which such lens 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 pertraining to the giving of the lians and encumbrances. Notwithstanding the foregoing, any one of the above authorized persons may execute, deliver, or record financing statements.

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

Further Acts. In the case of lines of credit, to designate additional or alternate incliniduals 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 welving the right to a triel by jury, as the Officials may in their discretion deem reasonably necessary or propor in order to cerry into effect the provisions of this Cartificate.

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

NOTICES TO LENDER. The Entity 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 Entity's name; (B) change in the Entity's assumed business name(s); (C) change in the structure of the Entity; (D) change in the authorized signer(s); (E) change in the Entity's principal office address; (F) change in the Entity sprincipal residence; or (G) change in any other aspect of the Entity that directly or indirectly relates to any agreements between the Entity and Lander.

CERTIFICATION CONCERNING OFFICIALS AND CERTIFICATES. The Officials named above is duly slected, appointed, or amployed by or for the Entity, as the case may be, and occupy the positions set opposite their respective names. This Certificate now stands of record on the books of the Entity, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

CONTINUING VALIDITY. Any and all sets authorized pursuant to this Certificate and performed prior to the passage of this Certificate are hereby rapified and approved. This Certificate 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 Entity's agreements or commitments in effect at the time notice is given.

IN TESTIMONY WHEREOF, we have hereunto set our hand and attest that the signatures set opposite the names listed above is their ganuine signatures.

We each have read all the provisions of this Certificate, and we each personally and on behalf of the Entity certify that all statements and representations made in this Certificate are true and correct. This Governmental Certificate is dated May 3, 2016.

GOVERNMENTAL CERTIFICATE (Continued)

Loan No:

Page 2

CERTIFIED TO AND ATTESTED BY:

Authorities Signer for JONATHAN CREEK WATER

By: LOUIS HONE TO JONATHAN CREEK WATER DISTRICT

NOTE: If the Officials agreed the Certificate is diseignated by the foregoing document as one of the officials authorized to act on the Entity's behalf, it is advisable to have the Certificate eigned by at least one non-authorized official of the Entity.

LAMPS WE IS I NOTE COST OF SINGUAL CONSISSION (NO. 1967). All Representations of Francisco-Cost, Cost, C. S. Salet, St. Cost, Cost,

BUSINESS LOAN AGREEMENT

Principal \$600,671.50	Losn Date 05-03-2016	Maturity 05-15-2021	Loan No	Cell / Coll 10M / 015	Account J000468	Officer SJP	initials			
References in the boxos 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:

JONATHAN CREEK WATER DISTRICT

7584 US HWY 68 E BENTON, KY 42025-0414

Lender:

COMMUNITY FINANCIAL SERVICES BANK CALLOWAY COUNTY BANKING CENTER 1721 N 12TH ST

MURRAY, KY 42071-3594

THIS BUSINESS LOAN AGREEMENT dated May 3, 2016, is made and executed between JONATHAN CREEK WATER DISTRICT ("Borrower") and COMMUNITY FINANCIAL SERVICES BANK ("Lender") on the following terms and conditions. Borrower has received prior commercial and community Parking Services baken (Leiner) on the locating terms and community has received from Community learning that appears the learning that appears the learning that appears the community of the property of the learning that appears the community of the learning that appears that the learning that appears the learning that the learning that appears the learning that app

Loans in favor of Lander have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until May 15, 2021.

CONDITIONS PRECEDENT TO EACH ADVANCE. Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related

Loan Documents. Borrower shall provide to Lender the following documents for the Loan: (1) the Note: (2) Socurity Agreements granting to Lender security interests in the Colleteral; (3) financing statements and all other documents perfecting Lender's Security interests; (4) evidence of Insurance as required below; (5) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender's counsel

Borrower's Authorization. Borrower shall have provided in form and substance satisfactory to Lander properly cartified resolutions, duly authorizing the execution and delivery of this Agreement, the Note and the Related Documents. In addition, Borrower shall have provided such other resolutions, authorizations, documents and instruments as Lender or its coursel, may require.

Payment of Fees and Expenses. Borrowor shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Document.

Representations and Warranties. The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or contribute delivered to Lender under this Agreement are true and correct.

No Event of Default. There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Rolated Document.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of this Agreement, as of the date of disbursament of lean proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any indebtedness exists:

Organization. Barrower is a governmental entity which is, and at all times shall be, duly organized, validly existing, and in good stending under and by virtue of the laws of the Commonwealth of Kentucky. Borrower is duly authorized to transect business in all other states in which Borrower is doing business, having obtained all necessary filings, governmental licenses and approvate for each state in which Borrower is doing business. Spacifically, Borrower is, and at all times shall be, duly qualified as a foreign in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Borrower 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. Borrower maintains an office at 7564 US HAVY 68 E. BENTON, KY 42025-0414. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records including its records concerning the Collatoral. Borrower will notify Lender prior to any change in the location of Borrower's state of organization or any change in Borrower's name. Borrower 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 Borrower and Borrower's business activities

Assumed Business Names. Borrower has filled or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete set of all assumed business names under which Borrower does business: None.

Authorization. Borrower's execution, delivery, and performance of this Agreement and all the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (1) any provision of any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's proporties

Financial Information. Each of Borrower's financial statements supplied to Lander truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Landar. Borrower has no material contingent obligations except as disclosed in

Legal Effect. This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective

Properties. Except as contemplated by this Agreement or as previously disclosed in Berrowar's finencial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable. Borrower owns and has good title to at of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

Hazardous Substances. Except as disclosed to and acknowledged by Lander in writing, Borrower represents and warrants that: [1] Ouring the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release or hiteatment release of any Hazardous Substance by any person on, under, about or from any of the Collateral. (2) Borrower has no knowledge of, or reason to believe that there has been (a) any breach or violation of any Environmental taws, (b) any use, generation, manufacture, storage, treatment, disposal, release or tweatened release of any Hazardous Substance on, under, about or from the Colleteral by any prior owners or occupants of any of the Colleteral, or Itc. any actual or threatened litigation or claims of any kind by any person relating to such matters. (3) Neither Borrower nor any tenent, contracts, agent or other euthorized user of any of the Colleteral shall use, generate, manufacture, store, freat, dispose of or release any Hazardous Substance on, under, about or from any of the Colleteral; and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes Lender and its agents to enter upon the Colleteral to make such interesting and the state as lender and its agents to enter upon the Colleteral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warrentess contained herem are based on Borrower's dua difference in investigating the Collateral for hexardous waste end hexardous. Substances. Borrower hereby (1) releases and welves any truther claims against Lender for indomnity or contribution in the event Borrower becomes liable for cleanup or other coats under any such laws, and (2) agrees to indemnify, delend, and hold harmfors Londer. septints any and all claims, losses, labitions, damagos, ponalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hierardous waste or substance on the Colleges. The provisions of this section of the Agreement, including the obligation to indemnify and defand, shall survive the payment of the incebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Colleges, whother by foraclosure or otherwise.

Litigation and Claims. No litigation, cisim, investigation, administrative proceeding or similar action (including those for unpaid taxes) egainst Borrower is pending or threatened, and no other event has occurred which may materially advantally affect Borrower's financial condition or proporties, other than fitigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lenter in

weting.

Taxes. To the best of Borrower's knowledge, all of Borrower's fax returns and reports that are or were required to be filed, here been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

Lien Priority. Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or parmitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

Binding Effect. This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers therapt, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower with

Notices of Claims and Litigation. Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened Rigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

Financial Records. Maintain its books and records in accordance with GAAP, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

Financial Statements. Furnish Lender with the following:

Annual Statements. As soon as available, but in no event later than sixty (60) days after the and of each fiscal year, Borrower's belance sheet and income etatement for the year ended, compiled by a certified public accountant satisfactory to Lender.

Tax Returns. As soon as available, but in no event later than sixty (60) days after the applicable filing date for the tax reporting period ended, Borrower's Federal and other governmental tax returns, prepared by a cartified public accountant satisfactory to Lender

All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, applied on a consistent basis, and cartified by Borrower as being true and correct.

Additional Information. Furnish such additional information and statements, as Lendor may request from time to time

Insurance. Maintain fire and other risk insurance, public kabidity finsurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form estistactory to Lender, including stipulations that coverages will not be encedled or diminished without at least thirty (30) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a socurity interest for the Loans, Borrower will provide Lender with such lander's loss payable or other endorsements as Lender may require

Insurance Reports. Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer, (2) the risk is insured, (3) the amount of the policy; (4) the properties insured; (5) the thin current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraisar satisfactory to Lender determine, as applicable, the actual cesh value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

Other Agreements. Comply with all terms and conditions of all other agreements, whether now or heroafter existing, between Borrower and any other party and notify Landar immediately in writing of any default in connection with any other such agreements.

Loan Proceeds. Use all Loan proceeds solely for Borrower's business operations, unless specifically consented to the contrary by Lander in writing

Taxes, Charges and Liens. Pay and discharge when dud all of its indebtodness and obligations, including without limitation all assessments, taxes, governmental charges, levias and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, pror to the date on which penaltids would attach, and all lawful claims that, if unpad, might become a ken or charge upon any of Borrower's properties, income, or profits. Provided however, Borrower will not be required to pay and discharge any such assessment, tax, charge, levy, ion or claim so long as (1) the legality of the same shall be contested in good fauth by appropriate proceedings, and (2) Borrower shall have established on Borrower's books adequate reserves with respect to such contested assessment, tax, charge, levy, lien, or claim in accordance with GAAP.

Performance. Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Londor. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

Operations. Maintain executive and management personnal with substantially the same qualifications and expanence as the present executive and management personnal; provide written notice to Lender of any change in executive and management personnal; conduct its business affairs in a reasonable and prudent manner.

Environmental Studies. Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a shazerdous substance under applicable follows, tate, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, leased or used by Borrower.

Compliance with Governmental Requirements. Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Coffsters), including without limitation, the Americans With Disabilities Act. Borrower may contest in good fairs may such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Londer in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Coffsteral are not jeopardized. Londer may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lander, to protect Lander's interest.

inspection. Permit employees or agents of Lender at any reasonable time to expect any end all Colloteral for the Loan or Loans end Borrower's other properties and to examine or audit Borrower's books, accounts and records and compared and memoranda of Borrower's books, accounts, and records including without limitation computer generated records and computer software programs for the generation of such records in the possession of a third party. Borrower, upon request of Lender, shall notify such party to permit Lender free accoss to such records at all reasonable times and to provide Lender with opies of any records it may request, all at Borrower's expense.

Compliance Certificates. Unless waived in writing by Londor, provide Lander at least annually, with a certificate executed by Borrower's chiof financial officer, or other officer or person acceptable to Lander, certifying that the representations and warranties set forth in this Agreement are true and correct as of the date of the certificate and further certifying that, as of the date of the certificate, no Event of Default exists under this Agreement.

Environmental Compliance and Reports. Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any anvironmental activity where demage may result to the environment, unless such anvironmental activity is pursuant to and in compliance with the conditions of a parmit issued by the appropriate federal latter or local governmental authorities, shall lumish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons lein, citation, directive, latter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

Additional Assurances. Make, execute and deliver to Lender such promisedry notes, mortgoges, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its atterneys may reasonably request to evidence and secure the Leans and to perfect all Security Interests.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Restad Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents. Lunder on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or

Page 3

Loan No:

paying all taxes, liens, security interests, ancumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for maturing, mainteling and proserving any Collateral. All such expenditures incurred or past 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 Borrower. All such expenses will become a part of the Indebtedness and, at Lender's option, will. (A) be payable on demand; (B) be added to the before of the Note and be apportioned among and be payable with any instellment 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 troated as a belicon payment which will be due and payable at the Note's meturity.

NEGATIVE COVENANTS. Borrower covenants and agrees with Lender that while this Agreement is in effect, Borrower shall not, without the grow written consent of Lender.

Indebtedness and Liens. (1) Except for trade debt incurred in the normal course of business and indebtedness to Londer contemplated by this Agreement, create, incur or essume indebtedness for borrowed money, including capital leases. (2) self, transfer, mortgage, assign, pledge, leave, grant a security interest in, or ancumber any of Borrower's accounts any of Borrower's accounts, except to Lender.

Continuity of Operations. (1) Engage in any business activities substantially different than those in which Borrower is prosently engaged. (2) casse operations, liquidate, marge, transfer, acquire or consolidate with any other entity, change its name, dissolve or transfer or self Collateral out of the ordinary course of business, or (3) make any distribution with respect to any depicts account, whother by reduction of capital or otherwise.

Loans, Acquisitions and Guaranties. (1) Loan, invest in or advance money or assets to any other person, enterprise or entity, (2) purchase, create or acquire any interest in any other enterprise or entity, or (3) incur any obligation as surety or guaranter other than in the ordinary course of business.

Agreements. Enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith

CESSATION OF ADVANCES. If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor dea, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt; (C) there occurs a material advance change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan; or (D) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lander; or (E) Lender in good faith deams itself insecure, even though no Event of Default shall have occurred.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lander reserves a right of satoff in all Borrower's accounts with Lander (whether checking, savings or some other account). This includes all accounts Borrower holds (citizly with someone size and all accounts Borrower may open in the future. However, this does not include any IRA or Koogh 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 Indebtodness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to ellow Lander to protect Lander's charge and satoff infinitely purisgraph.

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

Payment Default. Borrower fails to make any payment when duo under the Loan.

Other Defaults. Borrower fails to comply with or to parform any other term, obligation, covenant 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 Sorrower.

False Statements. Any werranty, representation or stotement made or furnished to Lander by Borrower or on Borrower's behalf uniter this Agreement 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.

Death or Insolvancy. The death of Borrower or the dissolution or termination of Borrower's existence as a going business, the insolvancy 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.

Defeative Colleteralization. This Agreement or any of the Related Documents cosses to be in full force and effect briokuding facure of any colleteral document to create a vest and perfected security interest or filen) at any time and for any reason.

Creditor or Forfettuse Proceedings. Commencement of foreclosure or forfettuse proceedings, whether by judicial proceeding, soft-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral sociums the Loan This includes a gardishment 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 as the basis of the creditor or forfeiture proceeding and if Borrower gives Lander written notice of the creditor or forfeiture proceeding and deposits with Lender manes 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 of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or flability under, any Guaranty of the Indebtedness.

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

insecurity. Lender in good faith believes itself insecure.

Right to Cure. If any default, other than 3 default on indebtedness, is curable and if Borrower or Grentor, as the case may be, has not been given a notice of a similar default within the preceding twelve (12) months, it may be cured if Borrower or Grantor, as the case may be, after Lender sends written notice to Borrower or Grantor, as the case may be, demanding cure of such default. (1) cure to default within litteen (15) days; or (2) If the cure requires more than fifteen (15) days, immediately initiate steps which Lender doems in Lender's sale discretion to be sufficient to cure the default and thereafter continue and complete all reasonable and necessary steps sufficient to produce complience as soon as reasonable producing.

EFFECT OF AN EVENT OF DEFAULT. If any Event of Default shall occur, except where otherwise provided in this Agroement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agrocement immediately will terminate (including any obligation to make further Loan Advances or disbursaments), and at Lender's option, all indebtednoss immediately will become due and psyable, all without notice of any kind to Borrower, except that in the case of an Event of Colsuit of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remodes provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prombted by applicable law, all of Lender's rights and remedies shall be cumulative and may be excrused singularly or concurrently. Election by Lender to pursue any ramady shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an ordination of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, togother with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be affective unless given in writing and signed by the party or parties sought to be charged or bound by the atteration or amendment.

Attorneys' Fees; Expenses. Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may have or pay someone diss to help enforce this Agreement, and Borrower shall pay the costs and espenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lewsuit, including reasonable attorneys' fees and legal expenses for benkruptcy proceedings (including offers to modify or vecsto any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as mey be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Consent to Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any

limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Lean, and Borrower hareby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lander or against sany purchaser of such a participation interest and unconditionally agrees that alther Lander or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

Governing Law. This Agreement will be governed by fedoral law applicable to Lender and, to the extent not preempted by fedoral law, the laws of the Commonwealth of Kentucky without regard to its conflicts of law provisions. This Agreement has been accepted by Lender In the Commonwealth of Kentucky.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omussion on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not replace or constitute a waiver of Lender's right otherwise to demand strict compilance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dosling between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Wherever the consent of Lender is required under this Agreement, the grenting of such consent by Lender is any instance shall not constitute conflicted consent by Lender 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 fundess otherwise required by law), when deposited with a nationally recognized overnight courser, or, if mailed, when deposited in the United States mail, as first class, confilled 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 parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by faw, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any officumatence, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If tessible, 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 unenforceablity of any other provision of this Agreement shall not affect the legality, validity or anforceability of any other provision of this Agreement.

Subsidiaries and Affiliates of Borrower. To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenant, the word "Borrower" as used in this Agreement shall include ell of Borrower's aubsidiaries and efficients. Notwithstending the foregoing however, under no citemateness shall this Agreement be construed to require Londor to make any Losn or other financial accommodation to any of Borrower's subsidiaries or afficieta.

Successors and Assigns. All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any Interest therein, without the prior written consent of Lender.

Survival of Representations and Warranties. Borrower understands and agrees that in making the Loan, Lander is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will aurvivo the making of the Loan and delivery to Lender of the Related Documents, shall be continuing in nature, and shall remain in full force and effect units such time as Borrower's hidebtodness shed be pard in full, or mult this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

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

Waive Jury. All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agraement. Unless specifically stated to the contrary, all references to deliar emounts shall mean emounts 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 shall increase may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement.

Advance. The word "Advance" means a distinguisment of Loan funds made, or to be made, to Borrower or on Borrower's bahalf on a implication multiple advance basis under the terms and conditions of this Agreement.

Agreement. The word "Agreement" means this Business Loan Agreement, as this Business Loan Agreement may be emended or modified from time to time, together with all exhibits and schedulos attached to this Business Loan Agreement from time to time.

Borrower. The word "Borrower" means JONATHAN CREEK WATER DISTRICT and includes all co-aignors and co-makers signing the Note and all their successors and assigns

Collateral. The word "Collateral" means all property and assets granted as collateral security for a Loan, whether real or personal property, whather granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, crop pledge, chartel entrage, collateral chartel mortgage, chartel trust factor's lian, equipment trust, conditional sale, trust receipt, lien, charge, lien or trile retention contract, lease or consignment intended as a security device, or any other society or ken interest whatsiever, whether croated by law, contract, or otherwise.

Environmental Laws. The words "Environmentol Laws" mean any and all state, federal and focal statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Lublity Act of 1980, as amonded, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Resultherization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 48 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

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

QAAP. The word "GAAP" means generally accepted accounting principles,

Grantor. The word "Grantor" means each and all of the persons or entitles granting a Security Interest in any Collecteral for the Losn, including without limitation all Borrowers granting such a Security Interest.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Loan.

Guaranty. The word "Guaranty" means the guaranty from Guaranter to Lender, 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, storage, disposed of, generated, manufactured, transported or otherwise handfeld. The words "Hazardous Substances" are used in their vory broadest sense and include without limitation any and all hezardous or toxic substances, reptonals 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 astresions.

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 costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means COMMUNITY FINANCIAL SERVICES BANK, its successors and essigns

BUSINESS LOAN AGREEMENT

Loan No: Continued)

Loan. The word "Loan" means any and all loans and financial accommodations from Lender to Borrower whether new or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schoolide attached to this Agreement from time to time.

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Note. The word "Note" means the Note dated May 3, 2016 and executed by JONATHAN CREEK WATER DISTRICT in the primorpal amount of \$600,671.50, together with all renowals of, extensions of, modifications of, refinancings of, consolidations of, and substitutional for the note or credit agreement.

Permitted Liens. The words "Permitted Liens" mash. (1) liens and security interests securing indebtedness award by Borrower to Londor (2) liens for taxes, assessments, or similar charges either not yet due or being contested in good farth; (3) liens of materialmen mechanics, werehousemen, or carners, or other like liens arising in the ordinary course of business and securing obligations which are not yet definquent; (4) purchase money liens or purchase money security interests upon or in any property sequined or held by Borrower in the ordinary course of business to secure indebtedness outstanding on the date of this Agreement or permitted to be froured under the paragraph of this Agreement tillod "Indebtedness and Liens"; (5) liens and security interests which, as of the date of this Agreement, have been disclosed to and approved by the Landor In writing; and (6) those flans and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower's assets.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, accurity agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

Security Agreement. The words "Security Agreement" mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

Security interest. The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security fieed, assignment, piedge, crop piedge, chattel mortgage collateral chattel mortgage, chattol trust, factor's fian, equipment trust, conditional sale, trust receipt, lien or trite retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsdayer whether created by law, contract or otherwise.

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT IS DATED MAY 3, 2016.

BORROWER:

JONATHAN CREEK WATER DISTRICT

BARRY HILL, YABASUHER IT JENAYHAN CREEK WATER DISTRICT

LARRY CONNER, CHAMMAN OF THE BOARD OF

LENDER:

COMMUNITY FINANCIAL SERVICES BANK

Lambor on 19 3 9 5% Carl B - Hull Couperant 1957 First - Mangins Service - 17 F CTRONCT-LINE CCT 19 Man FR 120

PROMISSORY NOTE



Principal 4600,671,50	Loan Date 05-03-2016	Maturity Loan # 05-15-2021	TOM / 015	Account J000458	Officer Initials SJP
References in the	boxes above are	for Lender's use only and do no	t limit the applicability of this	document to any parti	cular loan or item.

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

Borrower:

JONATHAN CREEK WATER DISTRICT

7564 US HWY BR E BENTON, KY 42025-0414

COMMUNITY FINANCIAL SERVICES BANK CALLOWAY COUNTY BANKING CENTER 1721 N 12TH ST

MURRAY, KY 42071-3594

Principal Amount: \$600,671.50

Date of Note: May 3, 2016

PROMISE TO PAY. JONATHAN CREEK WATER DISTRICT ("Borrower") promises to pay to COMMUNITY FINANCIAL SERVICES BANK ("Lender"), or order, in lawful money of the United States of America, the principal amount of Six Hundred Thousand Six Hundred Seventy-one & 50/100 Dollars (\$600,671.50), together with interest on the unpaid principal belance from May 3, 2016, at an interest rate of 3.125% per ennum 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

PAYMENT, Borrower will pay this loan in 60 payments of 610,850.59 each payment. Borrower's first payment is due June 16, 2016, and all subsquent payments are due on the same day of each month after that. Borrower's final payment will be due on May 15, 2021, 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 to 1) ACCRUED INTEREST 2) PRINCIPAL 31 ESCROW 4) LATE CHARGES 5) OTHER CHARGES.

RECEIPT OF PAYMENTS. All payments must be made in U.S. dollars and must be received by Londor at:

COMMUNITY FINANCIAL SERVICES BANK

PO BOX 467

BENTON, KY 42025-0467

All payments must be received by Lender consistent with any written payment instructions provided by Lender. If a payment is made consistent with Lender's payment instructions but received after 5:00 PM Central Standard Time or Central Daylight Savings Time (whichever is applicable) (EXCEPTION - PAYMENTS MADE ON SATURDAYS WILL BE CREDITED AS OF THE NEXT BUSINESS DAY) on a business day, Lender wall credit Borrower's payment on the next business day.

PREPAYMENT. Borrower agrees that sill 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 beyond the winding in whiting, invited an own as observed to contain the container to the payments are payments. Before agrees not to send Lender payments will reduce the principal belance due and may result in Berrower's making fewer payments. Berrower 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 Noto, and Borrower will remain object 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 FINANCIAL SERVICES BANK, PO BOX 467 BENTON, KY 42025-0467.

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 matunty, the total sum due under this Note will continue to accrue interest at the interest rate under this Note.

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

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

Other Defaults. Borrower falls 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.

False Statements. Any warranty, representation or etatoment made or furnished to Lander 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

Death or insolvency. The death of Borrower or the dissolution or termination of Borrower's existence as a going business, 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 workburt, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfature Proceedings. Commencement of foreclosure or forfature proceedings, whether by judicial proceeding, self-help, creature or retisture proceedings. Commoncement or losscosure or roriolitus proceedings, whereir by judicist proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collecturing the loan. This includes a garrishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Orfault 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 it Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monos or a surety bond for the creditor or forfature 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 revokee 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 Londer believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

Ours 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 care provision of this Note within the preceding twelve (12) months, it may be cured if Borrower, after Lender sends written notice to same provision of this Note within the preceding twelve (12) months, it may be cured if Borrower, after Lender sends written notice to Borrower demending cure of such default. (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) 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 here or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lander that amount. This includes, subject to any limits under applicable law, Lender's reasonable atterneys' fees and Lender's legal expenses whether or not there is a lawsuit, including reasonable atterneys' 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 coats, 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

DISHONORED ITEM FEE. Borrower will pay a fee to Londer of \$50.00 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, Londor reserves a right of setoff in all Borrower's accounts with Lander (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 setoff would be prohibited by law. Borrower sutherizes Lander, to the extent permitted by applicable law, to charge or select all aums owing on the indebtedness against any and all such accounts, and, at Lander's option, to administratively freeze all such accounts to sllow Lender to protect Lander's charge and setoff rights provided in this paragraph.

PROMISSORY NOTE (Continued)

Loan No:

Page 2

COLLATERAL. Borrower acknowledges this note is secured by UCC-1 FILED WITH KENTUCKY SECRETARY OF STATE 02/14/2013, FILE #2013-2624860-01 ON ALL INVENTORY, EQUIPMENT, ACCOUNTS (INCLUDING BUT NOT LIMITED TO ALL HEALTH-CARE-INSURANCE RECEIVABLES), CHATTEL PAPER, INSTRUMENTS (INCLUDING BUT NOT LIMITED TO ALL PROMISSORY NOTES), LETTER-OF-CREDIT RIGHTS.

LETTERS OF CREDIT, DOCUMENTS, DEPOSIT ACCOUNTS, INVESTMENT PROPERTY, MONEY, OTHER RIGHTS TO PAYMENT AND PERFORMANCE, AND GENERAL INTANGIBLES (INCLUDING BUT NOT LIMITED TO ALL SOFTWARE AND ALL PAYMENT INTANGIBLES); ALL OIL, GAS AND OTHER MINERALS BEFORE EXTRACTION; ALL OIL, GAS, OTHER MINERALS AND ACCOUNTS CONSTITUTING AS-EXTRACTED COLLATERAL; ALL FIXTURES: ALL TIMBER TO BE CUT; ALL ATTACHMENTS, ACCESSIONS, ACCESSORIES, FITTINGS, INCREASES, TOOLS, PARTS, REPAIRS, SUPPLIES, AND COMMINGLED GOODS RELATING TO THE FOREGOING PROPERTY, AND ALL ADDITIONS, REPLACEMENTS OF AND SUBSTITUTIONS FOR ALL OR ANY PART OF THE FOREGOING PROPERTY, ALL INSURANCE REFUNDS RELATING TO THE FOREGOING PROPERTY; ALL GOOD WILL RELATING TO THE FOREGOING PROPERTY, ALL MISURANCE REFUNDS RELATING TO THE FOREGOING PROPERTY; ALL WHETHER NOW ALL GOUPMENT, INVENTORY AND SOFTWARE TO UTILIZE, CREATE, MAINTAIN AND PROCESS ANY SUCH RECORDS AND DATA ON ELECTRONIC MEDIA; AND ALL SUPPORTING OBLIGATIONS RELATING TO THE FOREGOING PROPERTY; ALL WHETHER NOW EXISTING OR HEREAFTER ARGUMED OR WHETHER NOW OR MERREAFTER SUBJECT TO ANY RIGHTS IN THE FOREGOING PROPERTY; AND ALL PRODUCTS AND PROCEEDS (INCLUDING BUT NOT LIMITED TO ALL INSURANCE PAYMENTS) OF OR RELATING TO THE FOREGOING PROPERTY; NOU AND REPREFATER ACQUIRED OR WHETHER NOW OR MERREAFTER SUBJECT TO ANY RIGHTS IN THE FOREGOING PROPERTY; AND ALL PRODUCTS AND PROCEEDS (INCLUDING BUT NOT LIMITED TO ALL INSURANCE PAYMENTS) OF OR RELATING TO THE FOREGOING PROPERTY; NOU AND REPREFATER ADDITED AND THE PROPERTY DOCUMENTS OF THE PROPERTY DOCUM

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.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Borrower may notify Lender if Lender reports any inaccurate information about Borrower's account(s) to a consumer reporting agency. Borrower's written notice describing the specific inaccuracy(les) should be sent to Lender at the following address: COMMUNITY FINANCIAL SERVICES BANK LOAN OPERATIONS DEPARTMENT PO BOX 467 BENTON, KY 42025-0467.

GENERAL PROVISIONS. It 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 endorses this Note, to the extent oflowed 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 endorser, shall be released from liability. All such perties agree that Lender may renew or extend (repeatedly and for any length of time) that loss or release any party or guarantor or colleteral; or impain, fell to resilize upon or perfect Lender's security interest in the colleteral; and take any other action deemed necessary by Lender without the consent of or notice to environ. All such parties also agree that Lender may modify this loan without the consent of or notice to snyone other than the party with whom the modification is made. The obligations under this Note

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:

JONATHAN CREEK WATER DISTRICT

HILL, THEASURER OF JONATHAN CREEK BARTY WATER DISTRICT

CHAIRMAN OF THE BOARD of

JONATHAN CREEK WATER DISTRICT

LENDER:

COMMUNIT enancial services b

PITTMAN. VICE PRESIDE

COMMERCIAL SECURITY AGREEMENT

Principal #600,671.50	Loan Date 05-03-2016	Meturity 05-15-2021	Loan No	Cel / Cel -	Account J000458	Officer SJP	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.							

Grantor: JONATHAN CREEK WATER DISTRICT

7564 US HWY 68 E BENTON, KY 42025-0414 Lender: COMMUNITY FINANCIAL SERVICES BANK CALLOWAY COUNTY BANKING CENTER

CALLOWAY COUNTY BANKING C 1721 N 12TH ST MURRAY, KY 42071-3594

THIS COMMERCIAL SECURITY AGREEMENT dated May 3, 2016, is made and executed between JONATHAN CREEK WATER DISTRICT ("Grantor") and COMMUNITY FINANCIAL SERVICES BANK ("Lender").

GRANT OF SECURITY INTEREST. For veluable consideration, Grantor grants to Lender a security interest in the Collectural to secure the indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collectural, 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, whether now owned or hereafter acquired, whether now existing or hereafter ensing, and whenever located, in which Grantor is giving to Lander a security interest for the payment of the Indobtodness and performance of all other obligations under the Note and this Agreement:

PAYMENT OF the inabbiodress and performence of all other obligations under the Note and the Agreement:

UCC-1 FILED WITH KENTUCKY SECRETARY OF STATE 02/14/2013, FILE #2013-2624580-01 ON ALL INVENTORY, EQUIPMENT, ACCOUNTS (INCLUDING BUT NOT LIMITED TO ALL PROMISSORY NOTES), LETTER-0F-CREDIT RIGHTS, LETTERS OF CREDIT, DOCUMENTS, DEPOBIT ACCOUNTS, INVESTMENT PROPERTY, MONEY, OTHER RIGHTS TO PAYMENT AND PERFORMANCE, AND GENERAL INTANGIBLES (INCLUDING BUT NOT LIMITED TO ALL SOFTWARE AND ALL PAYMENT INTANGIBLES); ALL CIL, GAS AND OTHER MINERALS BEFORE EXTRACTION; ALL OIL, GAS, OTHER MINERALS AND ACCOUNTS CONSTITUTING AS-EXTRACTED COLLATERAL: ALL FIXTURES; ALL TIMBER TO BE CUT; ALL ATTACHMENTS, ACCESSORIES, FOTINGS, INCREASES, TOOLS, PARTS; REPAIRS, SUPPLIES, AND COMMINGLED GOODS RELATING TO THE FOREGOING PROPERTY; AND ALL ADDITIONS, REPLACEMENTS OF AND SUBSTITUTIONS FOR ALL OR ANY PART OF THE FOREGOING PROPERTY; ALL INSURANCE REFUNDS RELATING TO THE FOREGOING PROPERTY; ALL GOODD WILL RELATING TO THE FOREGOING PROPERTY; ALL RECORDS AND DATA AND EMBEDDED SOFTWARE RELATING TO THE FOREGOING PROPERTY; AND ALL SUPPORTING OBLIGATIONS RELATING TO THE FOREGOING PROPERTY; ALL WHETHER NOW EXISTING OR HEREAFTER ARISING, WHETHER NOW OWNED OR HEREAFTER ACQUIRED OR WHETHER NOW OR HEREAFTER SUBJECT TO ANY RIGHTS IN THE FOREGOING PROPERTY; AND ALL PRODUCTS AND PROCEEDS (INCLUDING BUT NOT LIMITED TO ALL INSURANCE PAYMENTS) OF OR RELATING TO THE FOREGOING PROPERTY; AND ALL PRODUCTS AND PROCEEDS (INCLUDING BUT NOT LIMITED TO ALL INSURANCE PAYMENTS) OF OR RELATING TO THE FOREGOING PROPERTY; AND ALL PROPERTY, MOCUDING BUT NOT LIMITED TO ALL INSURANCE PAYMENTS) OF OR RELATING TO THE FOREGOING PROPERTY.

In addition, the word "Collateral" also includes all the following, whether now owned or hereafter acquired, whether now existing or hereafter ansing, and wherever located:

- (A). All accessions, attachments, accessories, replacements of and additions to any of the colleteral described herein, whether added now or later.
- (B) All products and produce of any of the property described in this Collateral section.
- (C) All accounts, general intengibles, instruments, rents, monies, payments, and all other rights, ensing out of a sale, lease, consignment or other disposition of any of the property described in this Collateral section.
- (D) All proceeds (including 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 damaged 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, microfilm, or electronic media, together with all of Grantor's right, title, and interest in and to all computer software required to utilize, create, mantiers, 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 Lander (whether checking, savings, or some other accounts. 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 Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

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 Collateral. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Grantor will note Lender's interest upon any and all chattel paper and instruments if not delivered to Lender for possession by Lender.

Notices to Lender. Grantor will promptly notify Lander in writing at Lander's address shown above (or such other addresses as Lander may designate from time to time) prior to any (1) change in Grantor's name; (2) change in Grantor's assumed business name(s); (3) change in the structure of the antity Grantor's (4) change in the authorized eigner(s); (5) change in Grantor's principal residence; (7) conversion of Grantor to a new or different type of business entity; or (8) change in any other aspect of Grantor that directly or indirectly relates to any agreements between Grantor and Lender. No change in Grantor's name will take effect until after Lander 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.

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

Location of the Collateral. Except in the ordinary course of Grantor's business, Grantor sgrees to keep the Collateral at Grantor's address shown above or at such other locations as are acceptable to Lender. Upon Lander's request, Grantor will deliver to Lander in form satisfactory to Lander a schedule of real properties and Collateral locations relating to Grantor's operations, including without limitation the tollowing: (1) all real property Grantor owns or its purchasing; (2) all real property Grantor owns, and (4) all other properties where Collateral is or may be located.

Removal of the Collateral. Except in the ordinary course of Grantor's business. Grantor shall not remove the Collateral from its existing location without Lender's prior written consent. Grantor shall, whenever requested, advise Lender of the exect location of the Collateral

Transactions involving Collateral. Except for inventory sold or accounts collected in the ordinary course of Grantor's business, or as otherwise provided for in this Agreement, Grantor shall not sall, offer to sell, or otherwise transfer or dispose of the Collateral. Grantor shall not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lian, security interest, encumbrance, or charge, other than the security interest provided for in this Agreement, without the prior written consent of Lander. This includes security interests even if jumps in right to the security interests granted under this Agreement. Unless waived by Lendor, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for Lender and shall not be committed with any other funds, provided however, this requirement shall not constitute consent by Lender to any sale or other disposition. Upon receipt, Grantor shall immediately deliver any such proceeds to Lender.

Title. Grantor represents and warrants to Lender that Grantor holds good and markstable title to the Collateral, tras and class of all liens and encumbrances except for the fien of this Agreement. No financing statement covering any of the Collateral is on file in any public



office other than those which reflect the security interest created by this Agreement or to which Lender has specifically consented. Grantor shall defond Lender's rights in the Colleteral against the claims and demands of all other persons.

Repairs and Maintenance. Grantor agrees to keep and maintain, and to cause others to keep and maintain, the Collateral in good order, repair and condition at all times while this Agreement remains in effect. Grantor further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with the Collateral so that no lien or encumbrance may ever attach to or be filed against the Collateral.

Inspection of Colleteral. Lender and Lender's designated representatives and agents shall have the right at all reasonable times to examine and inspect the Colleteral wherever located.

Taxes, Assessments and Liena. Grantor will pay when due all taxes, assessments and liens upon the Collateral, its use or operation, upon this Agreement, upon any of the other Related Documents. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized in Lender's sole opinion. If the Collateral is subjected to a fien which is not discharged within lifteen (15) days, Grantor shall deposit with Lender cash, a sufficient corporate surety bond or other accurity satisfactory to Lender in an amount adequate to provide for the discharge of the fien plus any interest, costs, reasonable attorneys' fees or other charges that could accrue as a result of foreclosure or sale of the Collateral. In any contest Grantor shall defend itself and Lender and shall satisfy any hinal adverse judgment before anforcement egainst the Collateral. Grantor shall name Lender as an additional obliges under any surety bond dimished in the contest proceedings. Grantor further agrees to furnish Lender with evidence that such taxes, assessments, and governmental and other charges have been paid in full and in a timely manner. Grantor may withhold any such payment or may elect to contest any fien if Grantor is in good feith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jappadized.

Compliance with Governmental Requirements. Grantor shall comply promptly with all laws, ordinances, rules and regulations of all governmental authorities, now or hereafter in effect, applicable to the ownership, production, disposition, or use of the Colleteral, including all laws or regulations relating to the undue drosion of highly-erodible land or relating to the conversion of wetlands for the production of an agricultural product or commodity. Grantor may contest in good faith any exclusive confinence or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Lender's interest in the Colleteral, in Lender's opinion, is not jeopardized.

Hiszardous Bubstances. Grantor represents and warrants that the Colleteral never has been, and never will be so long as this Agreement remains a lien on the Colleteral, used in violation of any Environmental Laws or for the generation, manufacture, storage, transportation, treatment, disposal, release or threatened release of any Heszardous Substances. The representations and warrantes contained herein are based on Grantor's leader in investigating the Colleteral for Hezardous Substances. Grantor hereinsy (1) releases and walves any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any Environmental Laws, and (2) agrees to indemnity, defend, and hold harmless Lender against any and all claims and losses resulting from a breach of this provision of this Agreement. This obligation to indemnify and defend shall survive the payment of the Indebtedness and the satisfaction of this Agreement.

Maintanance of Casualty Insurance. Grantor shall procure and maintain all risks maurance, including without limitation fire, their and lability coverage together with such other insurance as Londor may require with respect to the Collaters, in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Including assuably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender, uncluding applications that coverages will not be cancelled or diminished without at least thirty (30) days' prior written notice to Lender and not including any disclaimer of the insurance shall include an endorsement providing that coverage in favor of Lander will not be impaired in any way by any act, amission or default of Grantor or any other person. In connection with all policies covering assats in which Lender holds or is offered a security interest, Grantor will provide Lender with such loss payable or other endorsements as Lander may require. If Grantor at any time fails to obtain or maintain any insurance as required under this Agreement, Lender may four shall not be obligated to) obtain such insurance as Lender deems appropriate, including if Lender so chooses "single interest insurance," which will cover only Lender's interest in the Collateral

Application of Insurance Proceeds. Grantor shall promptly notify Londer of any toss or damage to the Collateral, whether or not such casualty or loss is covered by insurance. Lander may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. All proceeds of any insurance on the Collateral, including accrued proceeds thereon, shall be held by Lender as part of the Collateral. If Lender consents to repair or replacement of the demaged or destroyed Collateral, Lander shall, upon satisfactory proof of expenditure, pay or relimburse Grantor from the proceeds for the reasonable cost of repair or restoration. If Lender does not consent to repair or replacement of the Collateral, Lender shall retain a sufficient amount of the proceeds to pay all of the indebtedness, and shall pay the balance to Grantor. Any proceeds which have not been disbursed within six (6) months after their receipt and which Grantor has not committed to the repair or restoration of the Collateral shall be used to prepay the indebtedness.

Insurance Reserves. Lender may require Grantor to maintain with Lender reserves for payment of insurance premiums, which reserves shall be created by monthly payments from Grantor of a sum estimated by Lender to be sufficient to produce, at least filteen 1151 days before the premium due date, amounts at least equal to the insurance premiums to be paid. If filteen [15] days before payment is due, the reserve funds are insufficient, Grantor shall upon demand pay any deficiency to Lender. The reserve funds shall be held by Lender as a general deposit and shall constitute a non-interest-bearing account which Lender may satisfy by payment of the insurance premiums required to be 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 Lander, shall furnish to Lander 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 insurance 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 Lander (however not more often than annually) have an independent appraisor satisfactory to Lander determine, as applicable, the cash value or replacement cost of the Collateral.

Financing Statements. Grantor authorizes Lender to file a UCC financing statement, or elternatively, a copy of this Agreement to perfect Lender's security 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 fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor irrevocably 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.

GRANTOR'S RIGHT TO POSSESSION. Until default, Grantor may have possession of the tangible personal property and boneficial 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 shell not apply to any Collateral where possession of the Collateral by Lender is required by law to perfoct Lender's accurity interest in such Collateral. If Lender stary time has possession of any Collateral, whether before or after an Event of Default, Lander 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 feature to honor any request by Grantor shall not of listelf 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 ascure

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would mattenally affect Lender's interest in the Colleteral 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 (but shall not be obligated to) take any action that Lander deems appropriate, including but not limited to discharging or paying all taxes, liente, 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. As such expenditures incurred or paid by Lender for such purposes will then berrinterest at the rate charged under the Note from the date incurred or paid by Lender to the date of repsyment by Grantor. All such expenses will become a part of the Indetratiness and, at Lender's option, will. (A) be payable on demand: (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 form of the Note; or. (C) be treated as a balboon 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. Each of the following shall constitute an Event of Default under this Agreement:

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

Other Defaults. Grantor falls to comply with or to perform any other term, obligation, covenant 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.

Felse 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 misloading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

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

Insolvency. The insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any essignment 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 Grantor.

Creditor or Forfehure Proceedings. Commencement of foreclosure or forfeiture proceedings, whather by judicial proceeding, sait-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any collatoral accuming the indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shell 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 forfeiture proceeding and if Grantor 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 guarantor, endorser, surety, or accommodation party dies or becomes incompetent or revokes or disputes the validity of, or Rability under, any Guaranty of the Indebtedness.

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

Insecurity. Lander in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment, is curable and if Granter 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 Granter, after Lender sends written notice to Granter demanding cure of such default: (1) cursa the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) 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.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Agreement, at any time thereafter, Lender shall have all the rights of a secured party under the Kentucky Uniform Commercial Code. In addition and without limitation, Lender may exercise any one or more of the following rights and remedies:

Accelerate Indebtedness. Lender may declare the entire Indebtedness, including any prepayment penalty which Grantor would be required to pay, immediately due and payable, without notice of any kind to Grantor.

Assemble Collateral. Lender may require Grantor to deliver to Lender all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Lender may require Grantor to assemble the Collateral and make it available to Lender at a place to be designated by Lender. Lender also shall have full power to enter upon the property of Grantor to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Grantor agrees Lender may take such other goods, provided that Lender makes reasonable efforts to return them to Grantor after repossession.

Sell the Collateral. Londer shall have full power to sell, lease, transfer, or otherwise deal with the Collateral or proceeds thereof in Lander's own name or that of Grantor. Lander may sell the Collateral at public suction or private sale. Unless the Collateral threatens to declare speedily in value or is of a type customarily sold on a recognized market. Lender will give Grantor, and other persons as required by law, reasonable notice of the time and place of any public sale, or the time after which any private sale or any other disposition of the Collateral is to be made. However, no notice need be provided to any person who, after Event of Default occurs, enters into and authenticates an agreement warring that person's right to notification of sale. The requirements of reasonable notice shall be mat if such notice is given at least ten (10) days before the time of the self-or disposition. All expenses relating to the disposition of the Collateral, including without imitation the expenses of retaking, holding, insuring, preparing for sale and selling the Collateral, shall become a part of the Indebtedness secured by this Agreement and shall be payable on demand, with interest at the Note rate from date of expenditure until repaid.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Collateral, with the power to protect and preserve the Collateral, to operate the Collateral preceding foresciouse or sale, and to collect the rents from the Collateral and apply the proceeds, over and above the cost of the receivership, against the Indebtodness. The receiver may serve without bond if permitted by faw. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Collateral exceeds the Indebtodness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Collect Revenues, Apply Accounts. Landar, either itself or through a receiver, may collect the payments, rents, incoms, and revenues from the Collateral. Lender may at any time in Londar's discretion transfer any Collateral into Lender's own name or that of Landar's nominee and receives the payments, rents, income, and revenues thereform and hold he seme as security for the indebtedness or apply it to payment of the indebtedness in such order of preference as Lender may determine. Insofar as the Collateral consists of accounts, general intengibles, insurance policies, instruments, chattel paper, choses in action, or similar property, Lender may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, or resize on the Collateral as Lender may determine, whether or not indebtedness or Collateral is then due. For these purposes, Lender may, on behalf of and in the name of Grantor, receive, open and dispose of mail addressed to Grantor; change any address to which mail and payments are to be sent; and endorse notes, checks, drafts, money orders, documents of title, instruments and items portaining to payment, stripment, or storage of any Collateral. To facilitate collection, Lender may notify account debtors and obligors on any Collateral to make payments directly to Lender.

Obtain Deficiency. If Lender chooses to soil any or all of the Collateral, Lender may obtain a judgment sgainst Grantor for any deficiency remaining on the indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this Agreement. Grantor shall be liable for a deficiency even if the transaction described in this subsection is a sale of accounts or chattel maner.

Other Rights and Remedias. Lender shall have all the rights and remedias of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Lender shall have and may exercise any or all other rights and remedias it may have evaliable at law, in equity, or otherwise.

Election of Remedies. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement, the Related Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and agreed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fess: Expenses. Grantor agrees to pay upon demand all of Lender's costs and expenses, including Lander's reasonable attorneys' fees and Lander's logal expenses, incurred in connection with the enforcement of this Agreement. Lander may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and exponses of such onforcement. Costs and exponses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawaut, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacats any automatic stay or injunction), appeals, and any anticipated post judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agraemant are for convenience purposes only and are not to be used to interpret or define the provisions of this Agraemant.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the axtent not pre-mpted by federal law, the laws of the Commonwealth of Kentucky without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the Commonwealth of Kentucky.

No Walver by Lander, Lender shell not be deemed to have waived any rights under this Agreement unless such weiver is given in writing

COMMERCIAL SECURITY AGREEMENT (Continued)

Loan No:

and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lander of a provision of this Agreement shall not projudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lander, nor any course of design between Lander and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender is 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 telefaceimile (unless otherwise required by tawl), when deposited with a nationally recognized overnight courier, or, if malled, when deposited in the United States mail, as first class, certified or registered mail postage prepald, 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 parties, specifying that the purpose of the notice is to change the perty's address. For notice purposes, Grantor agrees to keep Lander 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 haraby appoints Lander as Grantor's prevocable 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 filings of other secured parties. Lendor 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 reimburse Lender for all expenses for the particular and the continuation of the particular of Lender's security interest in the Collateral.

Severability. If a court of competent 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 flegal, 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 lilegality, invalidity, or unanforceability of any provision of this Agreement shall not affect the legality, 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 foure to the benefit of the parties, their successors and assigns. If ownership of the Colleteral 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 Indobtedness by way of forboarance or extension without releasing Grantor from the obligations of this Agreement or kability under the

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 affect until such time as Grantor's indebtedness shall be paid in full.

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

Waive Jury. All parties to this Agreement hereby weive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless apocifically 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 torms 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 modified from time to time, together with all exhibits and schedules attached to this Commercial Security Agre

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

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

Default. The word "Default" means the Default set forth in this Agreement 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 Resultorization Act of 1988, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, ot seq.. the Resource Conservation and Recovery Act, 42 U.S.C. Section 8901, or soq., 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

Grantor. The word "Grantor" means JONATHAN CREEK WATER DISTRICT.

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

Hezardous Substances. The words "Hezardous Substances" mean metorials that, because of their quantity, concentration or physical, nazionale diametria. In elevation in pozitropio substances main materiale trad, because or infectious characteristics, may cause or pose a present or potential hazard to human health or the anvironment when improperly used, treated, stored, disposed of, generated, manufactured, treasported or otherwise handled. The words "Hezardous Substances" are used in their very broadest sense and include without limitation any end et hezardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hezardous Substances" also includes, without limitation, patroleum and petroleum by-products or any fraction thereof and exhestos.

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 costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means COMMUNITY FINANCIAL SERVICES BANK, its successors and easigns.

Note. The word "Note" means the Note deted May 3, 2016 and executed by JONATHAN CREEK WATER DISTRICT in the principal amount of #600,671.50, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions

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, credit agreements, loss agreements, environmental agreements, guaranties, accurity agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

GRANTOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS COMMERCIAL SECURITY AGREEMENT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED MAY 3, 2016.

GRANTOR:

JONATHAN CREEK WATER DISTRICT

BARRY HILL, THEASURER OF JONATHAN CREEK WATER DISTRICT

CHAIRMAN OF THE BOARD of JONATHAN CREEK WATER DISTRICT

COMMERCIAL SECURITY AGREEMENT (Continued)

Loan No:

Page 5

LENDER:

COMMUNITY DINANCIAL SERVICES BANK

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SCHEDULE I

The "Collateral" includes all of the Debtor's fixtures, personal property, goods, accounts, chattel paper, documents, instruments, general intangibles, inventory, machinery, equipment and such other property described below, which it now owns or shall hereafter acquire or create immediately upon the acquisition or creation thereof, and including, but not limited to, the following:

- Personal Property. All personal property now owned or hereafter acquired by
 Debtor whether located on the real property described in Exhibit A attached hereto
 and incorporated herein by this reference (the "Real Property") or not, including,
 without limitation, Debtor's rural water distribution system (the "Facility") including
 water distribution lines, water lines, water wells, storage tanks, water conditioning
 facilities, any and all water mains, gate values, curb stops, casings, meter and
 assemblies, signs, air release valves, pumps, controls, buildings, construction
 materials, machinery, appliances, supplies, tools, books, records, files, engines,
 power systems, and all other additions thereto or fixtures or facilities appurtenant
 thereto or associated therewith;
- 2. <u>Rights.</u> All of Debtor's rights whether now or in the future existing with respect to any and all agreements pertaining to the Facility including, without limitation, any and all Water User Agreements which have been or are in the future entered into between Debtor and the members or customers of Debtor's water supply corporation or cooperative; any and all water, water rights, rights of way, easements, permits, licenses, franchises, bonds, resolutions, ordinances, all accounts, contracts, rights, general intangibles, instruments, documents, chattel paper, building permits, certificates, utilities, rights to reimbursements, rights to the present or future use of utilities, consents, authorizations, exemptions and licenses, engineering, construction and other contracts, plans, warranties, guaranties, payment, performance or other bonds, leases and any other contracts or agreements;
- 3. <u>Revenues.</u> Any and all income, receivables, accounts receivable, revenue or other monies received from whatever source by Debtor, whether or not related to Debtor's Facility, including without limitation, any and all hookup, tap or similar fees, any subscription, reservation or similar fees, any assessments charged to members or customers of Debtor's water supply corporation or cooperative, any funds now or hereafter held in any accounts, including, without limitation, the Revenue Fund Account, the Debt Service Account, the Operation and Maintenance Account and the Reserve Account;
- Equipment. All machinery, equipment, furniture, fixtures, trade fixtures, and other
 personal property used in connection with the operation of the Facility, now owned
 or hereafter acquired by Debtor, together with all accessions, additions, parts,
 attachments, accessories, or appurtenances thereto;
- Proceeds. Proceeds and products of any sale, exchange, collection or other disposition of the Collateral including, without limitation, proceeds of hazard or other insurance policies and eminent domain or condemnation awards.

RECORDATION
REQUESTED BY:
COMMUNITY FINANCIAL
SERVICES BANK
CALLOWAY COUNTY
BANKING CENTER
1721 N 12TH ST
MURRAY, RY
A2071-1894

WHEN RECORDED MAIL

TO: COMMUNITY FINANCIAL SERVICES BANK ATTN DOCUMENT CONTROL CLERK PO BOX 457 BENTON, KY 42025-0467 STATE OF KENTUCKY, COUNTY OF MARSHALL

I, Tim York, Clerk of the County Count for the County and State
aforesaid, certify that the foregoing Marshall

A day of Marshall 2016 at 4:30 clock AM, lodged for
record, whereupon the same, the foregoing and this certificate have,
duly recorded in my said office in Marshall 2016.

Given under my hand this day of Marshall 2016.

Tim York, CLEEK

BY MARSHALL

County and State

A day of Marshall

D.C.

FOR RECORDER'S USE ONLY

MORTGAGE

MATURITY DATE. The maturity date of the Note is May 15, 2021.

THIS MORTGAGE dated May 3, 2016, is made and executed between JONATHAN CREEK WATER DISTRICT, A KENTUCKY RURAL WATER DISTRICT, whose address is 7564 US HWY 68 E, BENTON, KY 42025-0414 (referred to below as "Grantor") and COMMUNITY FINANCIAL SERVICES BANK, whose address is 1721 N 12TH ST, MURRAY, CALLOWAY County, KY 42071-3594 (referred to below as "Lender").

GRANT OF MORTGAGE. For valuable consideration, Grantor mortgages, grante, and conveys to Londor with covenant of GENERAL WARRANTY a security interest in and lien on all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buckings, improvement and fuxtures; all easements, rights of way, and appurtenences; all water, water rights, watercourses and ditch rights (including stock in utilities with dirch or krigation rights), and all other rights, royalties, and profits relating to the real property, including without limitation all meretals, oil, gas, geothermal and similar matters, (the "Real Property") located in MARSHALL County, Commonwealth of Kentucky:

See EXHIBIT "A", which is atteched to this Mortgage and made a part of this Mortgage as if fully set forth herein.

The Real Property or its address is commonly known as 7564 US HWY 68 E, BENTON, KY 42025-8174.

INFORMATION REQUIRED BY KRS 382.290. The source from which Grantor derived title to the Real Property or the Interest encumbered herein is as follows: Being the same present conveyed to Jonathan Creek Water District, a Kertucky Rural Water Dutrict, by seed dated September 7, 1832, of record in Deed Book 255, page 152, Marshall County Clerk's office.

Grantor presently assigns to Lender all of Grantor's right, title, and interest in and to all present and future lesses of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDESTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS MORTGAGE. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Mortgage, Grantor shall pay to Lender all amounts secured by this Mortgage as they become due and shall strictly perform all of Grantor's obligations under this Mortgage.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Datauft, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) coffect the Rents from the Property.

Duty to Makritain. Grantor shall meintain the Property in tenentable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Compliance With Environmental Lews. Grantor represents and warrants to Lender that: (1) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatment release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws. (b) any use, generation, manufacture, storage, treatment, disposal, release or threatment release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatment fitigation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Lender in uniting, (a) mether Grantor nor any tenant, contractor, again or other authorized user of the Property shelf use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shelf be conducted in compliance with

all applicable foderal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor authorizes Landor and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lander may dearm appropriate to determine compliance of the Proporty with this section of the Mortgage. Any inspections or toests made by Lander shall be for Lander's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contelled herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances. Grantor hereby (1) releases and walves any future claims against Lander for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (2) agrees to indemnity, defend, and hold harmless Lander against any and all claims, losses, liabilities, damages, ponsitios, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Mortgage or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor'. The provision of this action of the Mortgage, including the obligation to Indemnify and defend, shall survive the payment of the Indebtedness and the astisfaction and reconveyance of the lian of this Mortgage and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nulsance, Waste. Grantor shall not cause, conduct or permit any nulsance nor commit, permit, or suffer any stripping of or wasts on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any tember, minerals lincluding oil and gash, coal, clay, acone, soal, gravel or rock products without Lender's prior written consent.

Removal of Improvements. Granter shall not demolish or ramovo any Improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any Improvements, Lender may require Granter to make arrangements satisfactory to Lender to replace such improvements with improvements of at feest equal value.

Lender's Right to Enter. Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Mortgage.

Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, Including without limitation, the Americans With Disabilities Act. Grantor may contest in good feith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post edequate security or a suraty bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Grantor agrees notitier to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Londer may, at Lander's option, declare immediately due and payable all sums secured by this Mortgage upon the sale or transfer, without Lander's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; whether legal, bonsficial or equitable; whether voluntary or involuntary, whether by outlight sale, deed, instellment sale contract, land contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of convayance of an interest in the Real Property. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Kentucky law.

TAXES AND LIERS. The following provisions relating to the taxes and flens on the Property are part of this Mortgage:

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, payroll taxes, special taxes, assessments, water charges and sover service charges leved against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material imminded to the Property. Grantor shall meintain the Property free of any liens having priority over or equal to the interest of Lender under this Mortgage, axcept for the Existing Indebtedness referred to in this Mortgage or those liens specifically agreed to in writing by Lendor, and except for the lien of taxes and assessments not due as further specified in the Right to Contest paragraph.

Right to Contest. Grentor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lendar's interest in the Property is not jeopardized. If a lien erises or is filed as a result of nonpayment, Grentor shall within filteen (15) days after filen arises or, if a lien a siled, within filteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Landar, deposit with Lendar cash or a sufficient corporate surety bond or other security satisfactory to Lendar in an amount sufficient to discharge the lien plus any costs and reasonable attorneys less, or other charges that could accrue as a result of a foreclosure or sets under the lien. In any contest, Grantor shall defend itself and Landar and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Landar as an additional obliges under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lander at any time a written statement of the taxes and assessments against the Property.

Notice of Construction. Grantor shall notify Lender at least filtran (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's iden, materialmen's lien, or other lien could be esserted on account of the work, services, or materials. Grantor will upon request of Lander furnish to Lender advance assurances satisfactory to Lander that Grantor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Mortgage:

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement besis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of any colineurance clause, and with a standard mortgaged clause in favor of Lender. Grantor shall also procure and maintain comprehensive general fieldity insurance in such coverage amounts as Lender may request with Londer being named as additional insurads in such flability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption and boiler insurance as Lender may require. Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Lender. Grantor shall definer to Lender certificates of coverage

from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of thirty (30) days' prior written notice to Lender and not containing any disclaimer of the Insurer's Rebillty for failure to give such notice. Each insurance policy also shall include an endorsament providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Granter or any other person. Should the Real Property be located in an area designated by the Administrator of the Federal Emergency Management Agency as a special flood hazerd area, Granter agrees to obtain and melinitain federal Rood insurance, if available, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood insurance Program, or as otherwise required by Lender, and to meintain such insurance for the term of the loan.

Application of Proceeds. Grantor shell promptly notify Lender of any loss or damage to the Property. Lander may make proof of loss if Grantor fails to do so within fifteen (15) days of the casuality. Whether or not Londer's security is Impaired, Lander may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the Indebtedness, payment of any Sen affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed improvements in a marmer estaffactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Mortgage. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Mortgage, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the Indebtedness. If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

Compliance with Existing Indebtedness. During the period in which any Existing Indebtedness described below is in effect, compliance with the insurance provisions contained in the instrument evidencing such Existing Indebtedness shall constitute compliance with the insurance provisions under this Mortgage, to the extent compliance with the terms of this Mortgage would constitute a deplication of insurance requirement. If any proceeds from the insurance become payable on loss, the provisions in this Mortgage to division of proceeds shall apply only to that portion of the proceeds not payable to the holder of the Existing Indebtedness.

Granter's Report on Insurance. Upon request of Lender, however not more than once a year, Granter shall furnish to Londer a report on each existing policy of insurance showing: (1) the name of the insurar; (2) the risks insured, (3) the amount of the policy; (4) the property insured, the then current replacement value of such property, and the manner of determining that value; and (5) the expiration date of the policy. Granter shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lander's Interest in the Property or if Grenter fails to comply with any provision of this Mortgage or any Related Documents, including but not limited to Grenter's failure to comply with any obligation to maintain Existing Indebtedness in good standing as required below, or to discharge or pay when due any amounts Grenter is required to discharge or pay under this Mortgage or any Related Documents, Lender on Grenter's behalf may (but shall not be obligated to) take any extlon that Lender deams appropriate, including but not limited to discharge or paying all taxes, lens, security interests, encumbrances and other claims, at any time levied or piaced on the Property and paying all costs for insuring, maintaining and preserving the Property. 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. (A) be payable on demand; (B) be added to the belance of the Note and be apportioned among and be payable with any installment to become due during either (1) the term of any applicable insurance policy; or (2) the rementing term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Mortgage also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be artitled upon Default.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Mortgage.

Title. Grantor warrants that: (a) Grantor holds good and markstable title of record to the Property in the simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in the Existing Indebtedness section below or in any title insurance policy, title report, or final title opinion issued in fevor of, and accepted by, Lender in connection with this Mortgage, and (b) Grantor has the full right, power, and authority to execute and deliver this Mortgage to Lender.

Deferms of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Lander under this Mortgage, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lander shall be entitled to perticipate in the proceeding and to be represented in the proceeding by coursel of Lander's own choice, and Grantor will deliver, or cause to be delivered, to Lander such instruments as Lander may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Mortgage 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.

EXISTING INDESTEDNESS. The following provisions concerning Existing Indebtedness are a part of this Mortgage

Existing Lien. The lien of this Mortgage securing the Indebtedness may be secondary and interior to the Gen securing payment of an existing obligation with an eccount number of the COMMUNITY FINANCIAL SERVICES BANK described as: COMM RE MTG DTD 6/8/14 RECORDED IN MARSHALL CO., MTG BK 794, PG 289. The existing obligation has a current principal balance of approximately \$57,029.28 and is in the original principal amount of \$100,000.00. Grantor expressly covenents and agrees to pay, or see to the payment of, the Existing Indebtedness and to prevent any default on such indebtedness, any default under the instruments evidencing such indebtedness, or any default under any security documents for such indebtedness.

No Modification. Grantor shall not enter into any agreement with the holder of any mortgage, deed of trust, or other security agreement which has priority over the Mortgage by which that agreement is modified, amended, extended, or renewed without the prior written consent of Lender. Grantor shall neither request nor accept eny future advances under any such ascurity agreement without the prior written consent of Lender.

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Mortgage:

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lander such instruments and documentation as may be requested by Lender from time to time to permit such participation.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in few of condemnation, Lender may at its election require that all or any portion of the net proceeds of the eward be applied to the Indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Lender in connection with the condemnation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Mortgage

Current Taxes, Fees and Charges. Upon request by Lender, Grantor shell execute such documents in addition to this Mortgage and take whitever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Mortgage, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Mortgage.

Taxes. The following shall constitute taxes to which this section applies: (1) a specific tax upon this type of Mortgage or upon all or any part of the Indebtedness secured by this Mortgage; (2) a specific tax on Grantor which Grantor is suthorized or required to deduct from payments on the Indebtedness secured by this type of Mortgage; (3) a tax on this type of Mortgage; (3) a tax on this type of Mortgage chargoable against the Lender or the holder of the Note; and (4) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Mortgage, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its evallable remodels for an Event of Default as provided below unless Grantor either (1) pays the tax before it becomes delinquent, or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Mortgage as a security agreement are a part of this Mortgage:

Security Agreement. This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Grantor shall take whatever action is requested by Lender to porfect and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Mortgage in the real property records, Lender may, at any time and without further euthorization from Grantor, file executed counterparts, copies or reproductions of this Mortgage as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall not remove, sever or detach the Personal Property income the Property. Upon default, Grantor shall assemble any Personal Proporty not affixed to the Property in a manner and at a place reasonably convenient to Grantor and Lander and make it swallable to Lander within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

Addresses. The mailing addresses of Grantor (debtor) and Lander (secured party) from which information concerning the security interest granted by this Mortgage may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Mortgage

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurances and attornoy-in-fact are a part of this Mortgage:

Further Assurances. At any time, and from time to time, upon request of Lander, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lander or to Lander's designed, and when requested by Lender, cause to be held, recorded, refilled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and ell such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, cortificates, and other documents as may, in the sole opinion of Lander, be necessary or desirable in order to effectuate, complete, perfect, combine, or preserve (1). Grantor's obligations under the Note, this Mortgage, and the Related Documents, and (2). The liens and socurity interests created by this Mortgage on the Proporty, whether now owned or hereafter acquired by Grantor. Unless prohibited by faw or Lander agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters reterred to in this paragraph.

Atterney-in-Fact. If Grantor fails to do any of the things referred to in the preceding paragraph, Lander may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lander as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lander's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If Grantor pays all the indebtedness when due, and otherwise performs all the obligations imposed upon Grantor under this Mortgage, Lender shall execute and deliver to Grantor a suitable satisfaction of this Mortgage and suitable statements of termination of any financing statement on like evidencing Lander's security interest in the Rents and the Porsonal Property. Grantor will pay, if permitted by applicable law, any reasonable termination fee as determined by Landor from time to time.

EVENTS OF DEFAULT. Each of the following, at Landar's option, shell constitute an Event of Default under thus Mortgage:

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

Default on Other Payments. Failure of Grantor within the time required by this Mortgage to make any payment for taxes or insurance, or any other payment necessary to prevent filling of or to effect discharge of any ken.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Mortgage 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

False Statements. Any warranty, representation or statement made or furnished to Lander by Grantor or on Grantor's behalf under this Mortgage 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.

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

Death or Insolvency. The death of Grantor, the Insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of craditors, any type of craditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

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

Existing indebtedness. The payment of any installment of principal or any interest on the Existing Indebtedness is not made within the time required by the promissory note exidencing such indebtedness, or a default occurs under the instrument securing such indebtedness and is not cured during any applicable grace period in such instrument, or any suit or other action is commanced to forcolose any existing field on the Property.

Breach of Other Agreement. Any breach by Grantor under the terms of any other agreement between Grantor and Landar that is not remedied within any grace pariod provided therein, including without limitation any agreement concerning any indebtadness or other obligation of Grantor to Lendar, whether existing now or later.

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 incompatent, or revokes or disputes the validity of, or liability under, any Guaranty of the indebtedness.

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

insscurity. Lender in good faith balleves itself insecure.

Right to Cure. If any default, other than a default in payment, is curable and if Grantor has not been given a notice of a bracch of the same provision of this Mortgage within the preceding twelve 1/2 months, if may be cured if Grantor, after Lander sands written notice to Grantor demanding cure of such default: (1) curse the default within fitteen (15) days; or (2) if the cure requires more than fitteen (15) days; immediately initiates ateps 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.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of an Event of Default and at any time thereafter, Lender, at Landor's option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate Indebtedness. Lendor shall have the right at its option without notice to Grantor to decisre the entire Indebtedness immediately due and payable, including any prepayment penalty that Grantor would be required to pay.

UCC Remedies. With respect to all or any pert of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Lender in Possession. Upon acceleration of the indebtedress or abandonment of the Property and at any time prior to the expiration of any period of redemption following judicial sale, Lender may, without regard to the adequacy of the security for the indebtedress, enter into possession of and manage and operate, by itself or through a receiver, the Property and collect the Rents, including those past due. Lender may exercise all rights and powers of Lender with respect to the Proporty either in the name of Grantor or otherwise as Lander shall deem bost. Lender shall be entitled to make, enforce, modify or accept surrender of any lease or leases of the Property. Any Rants collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of Rents, including but not white to the occiver's fees, premiums on the receiver's bonds and reasonable attorneys' leas and then to the other Indebtedness secured by this Mortages.

Appoint Receiver. Lander shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property praceding forsclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the indistredness. The receiver may serve without bond if permitted by law. Lander's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the indistredness by a substantial amount. Employment by Lander shall not disqualify a person from enving as a

Judicial Foreclosure. Lender may obtain a judicial decree foreclosing Grantor's interest in all or any part of the Property.

Deficiency Judgment. If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the bidebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this section.

Tenancy at Sufference. If Grantor remains in possession of the Property after the Property is sold as provided above or Lander otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufference of Lender or the purchaser of the Property and shall, at Lender's option, either (1) pay a reasonable rantal for the use of the Property, or (2) vegate the Property immediately upon the demand of Lander.

Other Remedies. Lender, at Lender's option, may take such steps to protect and enforce Londer's rights as Lender deams appropriate, whether by action, suct or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Note or in this Mortgage, or in aid of the execution of any power grented in this Mortgage, or for the enforcement of any other appropriate legal or equity remedy, or otherwise as Lander may older, including the appointment of a receiver for the Property.

Sale of the Property. To the extent permitted by applicable law, Grantor heroby waives any and all right to have the Property matchalled. In exercising its rights and remedies, Lender shall be tree to sell all or any part of the Property together or separately, in one sell or by separate sales. Londer shall be entitled to bid at any quitic sale

on all or any portion of the Property

Notice of Safe. Lender shall give Grantor reasonable notice of the time and place of any public safe of the Personal Property or of the time after which any private safe or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least fifteen (15) days before the time of the safe or disposition. Any safe of the Personal Property may be made in conjunction with any safe of the Real Property.

Election of Remedies. Election by Lender to pursue any namedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Mortgage, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies. Nothing under this Mortgage or otherwise shall be construed so as to limit or restrict the rights and remedies available to Lender following an Evant of Default, or in any way to limit or restrict the rights and ability of Lender to proceed directly against Grantor and/or against any other co-maker, guarantor, surety or endorser and/or to proceed against any other collateral directly or indirectly securing the Indebtedness.

Attorneys' Fees: Expenses. If Landor institutes any suit or action to enforce any of the terms of this Mortgage, Landor shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trisl and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by few, all reasonable expenses Lander incurs that in Lander's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the indebtednass payable on demand and shall be interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any ilmits under applicable law. Lander's reasonable attorneys' fees and cander's legal expenses, whether or not there is a lawsuit, including reasonable attorneys' fees and expenses for bankruptcy proceedings (including offorts to modify or vecate any automatic stey or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

NOTICES. Any notice required to be given under this Mortgage, including without limitation any notice of default and any notice of adia shall be given in writing, and shall be affactive when actually delivered, when actually received by telefactainile (unless otherwise required by Isw), when deposited with a nationally recognized overright courier, or, if malled, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Mortgage. AP copies of notices of torsclosure from the holder of any ben which has priority over this Mortgage shall be sent to Lender's address, as shown near the beginning of this Mortgage. Any party may change its address for notices under this Mortgage by giving formal written notice to the other parties, 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.

ADDITIONAL INSURANCE REQUIRED. MORTGAGOR SHALL MAINTAIN EARTHQUAKE INSURANCE COVERAGE ON ALL IMPROVED PROPERTY IN ADDITION TO THAT REQUIRED BY, AND SUBJECT TO THE COVENANTS AND CONDITIONS OF, PARAGRAPH TITLED "MAINTENANCE OF INSURANCE.".

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Mortgage

Amandments. This Mortgage, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Mortgage. No alteration of or amendment to this Mortgage shall be effective unless given in writing and eigned by the party or parties sought to be charged or bound by the alteration or amendment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lendar, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Landar shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Caption Headings. Caption headings in this Mongage are for convenience purposes only and are not to be used to interpret or define the provisions of this Mongage.

Governing Law. This Mortgage 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 Mortgage has been accepted by Lender in the Commonwealth of Kentucky.

No Walver by Lender. Lander shall not be deemed to have waived any rights under this Mortgage unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lander in exercising any gift shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Mortgage shall not prejudice or constitute a waiver of Lander's right otherwise to demand strict compliance with that provision or any other provision of this Mortgage. No prior waiver by Lander, nor any course of dealing between Lander and Grentor, shall constitute a waiver of any of Lander's rights or of any of Carntor's obligations as to any future transactions. Whenever the consent of Lander is required under this Mortgage, the granting of such consont by Lander 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 withhold in the sole discretion of Londer.

Severability. If a court of competent jurisdiction finds any provision of this Mortgage 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 to that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Mortgage. Unless otherwise required by law, the illegality, invalidity, or unanforceablity of any provision of this Mortgage shall not affect the legality, validity or enforceablity of any other provision of this Mortgage.

Marger. There shall be no marger of the interest or estate created by this Mortgage with any other interest or estate in the Proporty at any time held by or for the banelit of Lander in any capacity, without the written consent of Lander.

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

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

Waive Jury. All parties to this Mortgage hazeby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

Waiver of Dower/Homestead Rights. Grantor hereby releases and waives all rights and banelits of the homestead exemption laws of the Kentucky as to all Indebtedness secured by this Mortgage.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Mortgage. 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 Mortgage shall have the meanings stributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means JONATHAN CREEK WATER DISTRICT and includes all co-signers and co-makers signing the Note and all their successors and essigns.

Default. The word "Default" means the Default set forth in this Mortgage 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 smitistion the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9801, at seq. ("CERCLA"), the Superfund Amendments and Resulthorization Act of 1988, 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 8901, 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 Mortgage in the events of default section of this Mortgage.

Existing Indebtedness. The words "Existing Indebtedness" mean the indebtedness described in the Existing Liena provision of this Mortgage.

Grantor. The word "Grantor" means JONATHAN CREEK WATER DISTRICT.

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

Hazardous Substances. The words "Hazardous Substances" mean moterials 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 finitiation any and all hazardous or toxic substances, materials or weste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without finitiation, petroleum and patroleum by-products or any fraction thereof and asbestos.

Improvements. The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

Indebtadness. The word "Indebtodness" means all principal, interest, and other amounts, costs and expension payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discherge Grantor's obligations or expenses incurred by Lender to enforce Grantor's obligations under this Mortgage, together with interest on such amounts as provided in this Mortgage.

Lender. The word "Lender" means COMMUNITY FINANCIAL SERVICES BANK, its successors and assigns.

Mortgage. The word "Mortgage" means this Mortgage between Grantor and Lander.

Note: The word "Note" means the promissory note dated May 3, 2016, in the original principal amount of \$600,671.50 from Grantor to Lendar, together with all renewals of, extensions of, modifications of, refinencings of, consolidations of, and substitutions for the promissory note or agraement. The maturity date of the Note is May 15, 2021.

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property how or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Mortpage.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agrosments, environmental agreements, guaranties, security agreements, mortgages, deads of trust, security deads, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness.

Rents. The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other banefits derived from the Property.

BRANTOR ACKNOWLEDGES HAVING READ ALL THE P TO ITS TERMS.	PROVISIONS OF THIS MORTGAGE, AND GRANTOR AGREES
GRANTOR:	
ONATHAN CREEK WATER DISTRICT	
BARRY JULI, TREAFURER OF JONATHAN CHEEK WA	
LARRY CONNER, CHAIRMAN OF THE BOARD of JO WATER DISTRICT	TRATHAN CREEK
-	
This Mortgage prepared by: X MARTIN W JOHNSON LIC PO BOX 450 BENTON , KY 42025-045	Office Ships ATTORNEYS AT LAW
GOVERNMENT A	ACKNOWLEDGMENT
COMMONWEALTH OF KENTUCKY	,
COUNTY OF Calloway) SS }
The foregoing instrument was acknowledged before me t	this 3 day of May ATT THE SUREN OF JONATHAN CREEK WATER DISTRICT
and LARRY CONNER, CHAIRMAN OF THE BOARD of JC on behalf of the governmental entity.	
Sammy Jason Pittman, Notary Public State At Large, Kentucky My Commission Expires: 02-04-2017 Notary ID: 482668	(Strial Number, if any) (My communical express)
······································	(Sarial Number, if any) (My commusical expires)

TACT

Beginning at a point on the southeastern right-of-way of Kentucky Highway 962, said point being at a cross fence; said cross fence being 340 feet northeast of the intersection of Kentucky Highway 962 and Melson Road; thence with said southeastern right-of-way of Kentucky Highway 962 northeasterly for 100.0 feet to a point; thence perpendicular to said right-of-way of Kentucky Highway 962 northeasterly for 100.0 feet to a southeasterly direction 100.0 feet to a point; thence perallel to and 100 feet from said Highway 962 in a southwasterly direction for 100.0 feet to the aforesaid cross fence; thence with the cross fence in a northwesterly direction for 100.00 feet to the piece of beginning, being a 100 foot x 100 foot square of the tract of Gilbert Beker.

TRACTIO

Beginning at an Iron pin located in the Southerly right-of-way line of U.S. Highway 68, which iron pin is also located 2,639 feet West of the Intersection of said U.S. 60 with Kentucky Highway 962; thence, along the line of Charles Edwards South 56° 40′ West 436.1 feet to an iron pin; thence, South 69° 40′ West 350.4 feet to an iron pin located in fence line between property herein conveyed and Londal York; thence, along said fence line North 15° 30′ East 427.6 feet to an Iron pin in right-of-way line of U.S. 68; thence, along said right-of-way South 75° 30′ East 513.5 feet to the point of beginning and containing 3.01 screeper per survey of Einser Y. Hollis, Surveyor, dated October 27, 1970.

TRACT N

A 1.00 ecre tract of land as surveyed by Kesar Architectural and Engineering of Benton, Kentucky, in October 1988, and being generally located on the west side of the Cappa Springs Road, approximately 0.25 mile North of said road's intersection with U.S. Highway 68 and approximately 1 mile West of the Feindealing Community of Marshall County, Kentucky, and being more particularly described as follows:

Beginning at the southeast corner of the property herein described, said corner being a X inch rebar iron pin set in the West right-of-way of Cappa Springs Road (30 feet West of centerline), said rebar iron pin also being 97.8 feet South of a power pole; thence, North 87° 34′ 45″ West — 200.00 feet, along a new line with the remaining Bob Melton property (Deed Book 221, page 599), to a X inch rebar iron pin (set); thence, North 5° 00′ 00″ East — 218.00 feet, continuing with a new line and the remaining Bob Melton property, to a X inch rebar iron pin (set), said rebar iron pin being at the southwest corner of the Jeffrey Henson property (Deed Book 222, page 228); thence, South 87° 34′ 46″ East — 200.00 feet, with the south boundary of the said Jeffrey Henson property, to a X inch rebar iron pin set in the west right-of-way of Capps Springs Road (30 feet west of centerline), and being at the southbest corner of the said Jeffrey Henson property, said X inch rebar iron pin also being 653 feet South of an existing steel fence post and 120.5 feet North of a power pole; thence, South 5° 00′ 00″ West — 218.00 feet, slong the west right-of-way of the said Capps Springs Road to the point of beginning.

The above described property is subject to any easements or right-of-ways previously conveyed or in existence.

TRACT IV

deginning at the northwest corner of the property conveyed to Jesse Leonard Batti, ir. et ux by James E. Gober et us dated 9/7/1965 of record in Deed Book 119, page 5, Marshell County Court Clerk's Office, thence East and with the North line of the Batth property 20 feet; thence, South and perallel with the West line of the Batth property 150.28 feet to a roadway; thence, West and with said roadway 20 feet to the west line of the Batth property, thence, north and with the West line of the Batth property 150.28 feet to the place of beginning.

TRACTY

PARCEL A

Reginning at a TVA marker located at the Northeast corner of the Leonard Bakh property (Cedar Point Resort), said beginning point also being the Southeast corner of the original Dr. King tract of land; thence, North 7° 20′ East and along the Westerly line of the TVA property for a distance of 119.0 feet to a point; thence, continuing along the TVA's Westerly property line and North 38° 35′ West for a distance of 130.0 feet to a point in the center line of a drain; thence, with the meanders of the said center line of the drain and in a Southwesterly direction as follows: South 60° 45′ West 38.5 feet, South 67° 10′ West 2010. feet to a point; thence, South 1° 00′ West for a distance of 118.00 feet to a point in the original Southerly line of the Dr. King property; thence, South 89° 00′ East and along the said Southerly line of the Dr. King property for a distance of 285.0 feet to the point of benchming.

PARCEI B

Beginning at the Southeest corner of the R.W. King property, said beginning point also being located in a Southerly direction and 15.06 feet from the centerline of the Old Olive and Aurora Road, which point being in a Westerry direction and 350.0 feet from the intersection of the centerline of the Old Olive and Aurora Road with U.S. Highway 68; thence, from the point of beginning and along King's Wasterly line and South 0° 30° West for distance of 193.55 feet to point marking the Northeast corner of the Readmore Hagins property; thence, South 63° 26° West and along the said Northerly line of the Higgins tract for a distance of 75.0 feet to a point; thence, North 0° 30° East for a distance of 75.0 feet to a point; thence, North 63° 26° East for a distance of 43.55 feet to a point; thence, North 0° 30° East for a distance of 75.0 feet to a point; thence, North 0° 30° East for a distance of 130.33 feet to a point in the Southerly right-of-way line of the Old Olive and Aurora Road; thence, North 85° 20° East and along the said Southerly right-of-way line of the Old Olive and Aurora Road for a distance of 28.13 feet to the point of beginning.

IVEDAIL

A perminent emaneut and right of way, subject to the asception, reservations, sestrictions and conditions bereinsher set forth, for the following purposes, nemaly: the right to enter upon the hereinstiter described land and in accordance with plants approved is advance and in writing by the Asthority to lay, construct, neutrals, after, repeir, excesses, replace seef remove a water pipeline on, over, across, through and under said lead, together with the right to securets and rettle disches analyor tranches for the location of said water pipeline and the cut and laep cleer of all trees, busines, undergrowth and other obstructions that may injure or endanger said line of may interfere with the construction, meliteteness and one of said pipeline on, over and across a strip of land lying in the First Magisterial District of Merchall County, Commonwealth of Kentucky, on the west shore of Kentucky Lains, approximately its rise south of the mouth of the Jonathan Creak Embayment of the laits, the said strip being 20 lext wide, tying 10 feet on each side of the center line of the spipeline location, the center line and end boundaries of the said strip being described as follows:

Beginning at a point where the center line intersects the boundary line between the leads of the United State of America and R.L. Jones, said point being N. 5° 20° E., \$1 fit. from a stone (Coordinates: N. 280, 300; E 1,256,525) at a metal transfer, a corner of the lead of the United States of America, the lead of large to the lead of the United States of America, the lead of large to the North Hobbert McKleely, and the leads of O.B. Trimble and R.L. Jones, the strip being bounded on the west end by said boundary line; theses, N. 88° 18° E., 174 ft. to a point in the 375-foot contour on the store of the late, at which contour the strip terminates.

The strip of lead described above contains 0.06 acre, more or less.

The positions of corners and directions of lines are referred to the Kentucky (Seeth) Coordinate System. The contour elevation is based on MSL Datum as established by the U.S.C. & G.S. 1929 General Adjustment.

Subject to all contrants, resuments, restrictions, and reservations contained in the above dead from Terressee Valley Authority

Being the stone property conveyed to the Jonethan Creek Water District, a Kantucky Romi Water District, by virtue of a deed from Jonethan Creek Water Association, Inc., deted September 7, 1992 and of record in Deed Book 250, Page 132, Membell County Court Clerk's Office.



1883433 Filed on:5/9/2016 12:82:84 PM Books MTG Number: 836 Pages: 386 - 317 Tim York .Marshall County DC: KRISTI ENWRDS Beed Tax:\$0.80

DISBURSEMENT REQUEST AND AUTHORIZATION

Principal \$600,671.50	Loan Date 05-03-2016	Maturity 05-16-2021	Loan No	Call / Co8 TON / 016	Account J000458	Officer SJP	initials .	
References in the boxes 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 omitted due to text length limitations.								

Borrower:

JONATHAN CREEK WATER DISTRICT

7584 US HWY 68 E BENTON, KY 42025-0414

Lender:

COMMUNITY FINANCIAL SERVICES BANK CALLOWAY COUNTY BANKING CENTER 1721 N 12TH ST MURRAY, KY 42071-3594

LOAN TYPE. TI	his is a Fixed Rate	(3.125%) Nondisclosable Loan to a Government Entity for 4600,671.60 due on May 15, 2021.	
PRIMARY PURP	OSE OF LOAN.	no primary purpose of this loan is for:	

Personal, Family, or Household Purposes or Personal Investment.

Business (Including Real Estate Investment).

SPECIFIC PURPOSE. The specific purpose of this loan is: REFI CFSB # PAY DOWN ON CFSB # CASH OUT TO REPAINT WATER TOWER & DIG NEW CLEAR WELL.

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$600,671.50 as follows:

Amount paid to Borrower directly: \$203,420.78 Lendor's Check #	\$203,420.78
Amount paid on Borrowar's account: \$339,679.22 Payment on Loan #	\$339,679.22
Other Disbursements; #57,000.00 PAY ON LOAN	\$57,000.00
Other Charges Fixenced: 835:00 MTG RECORDING \$13:00 MTG RELEASE 915:00 MTG PREPARATION	\$63.00
Total Financed Prepaid Finance Charges: •8.50 PLOOD CERTIFICATE •450.00 CFSB PROCESSING FEE \$150.00 CFSB UNDERWRITING FEE	\$608.50
Non-Pol-stant	4500 571 50

#600,671.50

FINANCIAL CONDITION. BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE WFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED MAY 3, 2016.

Learns for 16.1 MCCCC Care 3 - m-CA Common 1917 EC 4 Million Research - 617 MINOR HISSOCIAL/CCCC TO MCCCC PER COMMON

BORROWER:

JONATHAN CREEK WATER DISTRICT

BARRY HILL TREASURER of JONATHAN CREEK

OF THE BOARD OF

JONATHAN CREEK WATER DISTRICT

Loan History.
Origination 2/27/18

JONATHAN CREEK WATER DISTRICT 7564 US HWY 68 E PO BOX 414 BENTON KY 42025-0414

GENERAL INFORMATION

Account Number CIF Number J000458 Work Phone (270)354-8474 Home Phone (270)354-8474 Loan Term 60 M Loan Type MUNI TF/360/10M Interest Rate 3.125000% Origination Date 5/03/16 Loan Officer Sammy Jason Pittman #501098

Collateral Cd 015 MUNICIPALS

Call Report Cd 10M TAX FREE MUNICIPAL Purpose Code 19 TAX-FREE MUNICIPALS

BALANCE & PAYMENT INFORMATION

Original Amount	600,671.50	Payment Due Date	3/15/18
Current Balance	401,653.21	Payment Amount	10,850.59
Accrued Interest	418.39	Principal/Interest	10,850.59
Daily Per Diem	34.86	Payment Type Interes	st Included

LOAN HISTORY 5/03/16 to 2/27/18

				. <i></i> - -
Posting Date Descripti	on of Transacti		action Amount	Principal Balance
5/04/16 Effective	Rate Change Date Debit Int		125000% 52.14	0.00
5/04/16 Advance	Effective Date	600,	671.50	600,671.50
6/10/16 Principal 7/15/16 Automatic 7/15/16 Allocated 7/15/16 Principal 8/15/16 Automatic 8/15/16 Allocated	I Interest Pmt. I Payment Transfer from I Interest Pmt.	1, - 8, Savi 10, 1, 9, Savi 10,	981.37 869.22 850.59 798.02 052.57 850.59 568.16	600,671.50 600,671.50 591,802.28 591,802.28 591,802.28 582,749.71 582,749.71 582,749.71

JONATHAN CREEK WATER DISTRICT 7564 US HWY 68 E PO BOX 414 BENTON KY 42025-0414

9/15/16	Automatic	Transfer	from	Savi	10,850.59	573,467.28
9/15/16	Allocated	Interest	Pmt.		1,543.18	573,467.28
9/15/16	Principal	Payment			9,307.41	564,159.87
10/17/16	Automatic	Transfer	from	Savi	10,850.59	564,159.87
10/17/16	Allocated	Interest	Pmt.		1,567.11	564,159.87
10/17/16	Principal	Payment			9,283.48	554,876.39
11/15/16	Automatic	Transfer	from	Savi	10,850.59	554,876.39
11/15/16	Allocated	Interest	Pmt.		1,396.83	554,876.39
11/15/16	Principal	Payment			9,453.76	545,422.63
12/15/16	Automatic		from	Savi	10,850.59	545,422.63
12/15/16	Allocated	Interest	Pmt.		1,420.37	545,422.63
12/15/16	Principal	Payment			9,430.22	535,992.41
1/17/17	Automatic	Transfer	from	Savi	10,850.59	535,992.41
1/17/17	Allocated	Interest	Pmt.		1,535.39	535,992.41
1/17/17	Principal	Payment			9,315.20	526,677.21
2/15/17	Automatic	Transfer	from	Savi	10,850.59	526,677.21
2/15/17	Allocated	Interest	Pmt.		1,325.84	526,677.21
2/15/17	Principal	Payment			9,524.75	517,152.46
3/15/17	Automatic		from	Savi	10,850.59	517,152.46
3/15/17	Allocated	Interest	Pmt.		1,256.97	517,152.46
3/15/17	Principal	Payment			9,593.62	507,558.84
4/17/17	Automatic		from	Savi	10,850.59	507,558.84
4/17/17	Allocated	Interest	Pmt.		1,453.94	507,558.84
4/17/17	Principal	Payment			9,396.65	498,162.19
5/15/17	Automatic	Transfer	from	Savi	10,850.59	498,162.19
5/15/17	Allocated	Interest	Pmt.		1,210.81	498,162.19
5/15/17	Principal	Payment			9,639.78	488,522.41
6/15/17	Automatic	Transfer	from	Savi	10,850.59	488,522.41
6/15/17	Allocated	Interest	Pmt.		1,314.61	488,522.41
6/15/17	Principal	Payment			9,535.98	478,986.43
7/17/17	Automatic		from	Savi	10,850.59	478,986.43
7/17/17	Allocated	Interest	Pmt.		1,330.51	478,986.43
7/17/17	Principal	Payment			9,520.08	469,466.35
8/15/17	Automatic		from	Savi	10,850.59	469,466.35
8/15/17	Allocated	Interest	Pmt.		1,181.82	469,466.35
8/15/17	Principal	Payment			9,668.77	459,797.58
9/15/17	Automatic	Transfer	from	Savi	10,850.59	459,797.58
9/15/17	Allocated	Interest	Pmt.		1,237.30	459,797.58
9/15/17	Principal	Payment			9,613.29	450,184.29
10/16/17	Automatic	Transfer	from	Savi	10,850.59	450,184.29
10/16/17	Allocated		Pmt.		1,211.44	450,184.29
10/16/17	Principal	Payment			9,639.15	440,545.14
11/15/17	Automatic	Transfer	from	Savi	10,850.59	440,545.14
11/15/17	Allocated		Pmt.		1,147.25	440,545.14
11/15/17	Principal				9,703.34	430,841.80
12/15/17	Automatic	Transfer	from	Savi	10,850.59	430,841.80
12/15/17	Allocated	Interest	Pmt.		1,121.98	430,841.80

JONATHAN CREEK WATER DISTRICT 7564 US HWY 68 E PO BOX 414 BENTON KY 42025-0414

12/15/17	Principal Payment	9,728.61	421,113.19
1/16/18	Automatic Transfer from Savi	10,850.59	421,113.19
1/16/18	Allocated Interest Pmt.	1,169.76	421,113.19
1/16/18	Principal Payment	9,680.83	411,432.36
2/15/18	Automatic Transfer from Savi	10,850.59	411,432.36
2/15/18	Allocated Interest Pmt.	1,071.44	411,432.36
2/15/18	Principal Payment	9,779.15	401,653.21

YTD/PYTD/LTD AMOUNTS & COUNTERS

7	@ear-to-Date	Previous YTD	Life-to-Date
Interest Paid	2,241.20	15,327.86	28,844.10
Principal Paid	19,459.98	N/A	N/A
Late Charges Paid	0.00	0.00	N/A
Prepayment Penalties	0.00	0.00	0.00
Origination Fees	0.00	0.00	0.00
Extension Fees	0.00		0.00
IRS Interest Reported		15,327.86	26,602.90
Minas Bank Bus 10.00	0	0	0
Times Past Due 10-29	0	0	•
Times Past Due 30-59	0	0	0
Times Past Due 60-89	0	0	0
Times Past Due 90-119	0	0	0
Times Past Due 120-149	0	0	0
Times Past Due 150-179	0	0	0
Times Past Due 180+	0	0	0
Number of Payments Extend	0	0	0
Number of Times Renewed	0	0	0
Number of Months Extended			0
Number of Extensions			0
Number of Right to Cures	0		0
Number of Bad Checks Rece	ived		0

Thank you for banking with us.

GOVERNMENTAL CERTIFICATE

Principal #336,222.48			Losn No	Call / Coll 10M / 015	Account J000458	Officer SJP	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.

Entity:

JONATHAN CREEK WATER DISTRICT

Lender

COMMUNITY FINANCIAL SERVICES BANK CALLOWAY COUNTY BANKING CENTER

MURRAY, KY 42071-3594

WE, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

BENTON, KY 42025

THE ENTITY'S EXISTENCE. The complete and correct name of the governmental entity is JONATHAN CREEK WATER DISTRICT ("Entity"). The Entity is a governmental entity which is, and at all times shall be, duly organized, validity existing, and in good standing under and by virtue of the laws and regulations of the Commonwealth of Kentucky. The Entity has the full power and authority to own its properties and to transact the business and activities in which it is presently engaged or presently proposes to engage. The Entity maintains an office at 7564 US HWY 68 E, BENTON, KY 42025. The Entity 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 the Entity and any other governmental or quasi-governmental authority or court applicable to the Entity and the Entity's business activities.

CERTIFICATES ADOPTED. At a meeting of the appropriate governing body of the Entity, duly called and held on February 6, 2013, at which a quorum was present and voting, or by other duly authorized action in Sau of a meeting, the resolutions set forth in this Certificate were adopted.

OFFICIAL. The following named person is an Official of JONATHAN CREEK WATER DISTRICT:

NAMES

TITLES

AUTHORIZED

ACTUAL SIGNATURES

MIKE EDWARDS

Secretary

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

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 finity 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 semount of Three Hundred Thirty-six Thousand Two Hundred Twenty-two & 48/100 Dollers (8338,222.48), in addition to such sum of sums of money as may be currently borrowed by the Entity from Lender.

Execute Notes. To execute and deliver to Lender the promissory note or notes, or other evidence of the Entity's credit accommodations, on' Lander'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 Entity'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 otherwiss encumber and deliver to Lender any property now or hereafter belonging to the Entity or in which the Entity now or hereafter may have an interest, including without limitation all of the Entity's personal property (tangible or intangible), as security for the payment of any loans or credit accommodations so obtained, any promissory notes so executed faciliding any amendments to or modifications, renewels, and extensions of such promissory notes), or any other or further indebtedness of the Entity 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 therefore 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 funencing 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 tiens and encumbrances.

Negotiete 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 Entity or in which the Entity may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Entity'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 Official may in his or her discretion does reasonably necessary or proper in order to carry into affect the provisions of this Certificate.

ASSUMED BUSINESS NAMES. The Entity has filed or recorded all documents or filings required by law relating to all assumed business names used by the Entity. Excluding the name of the Entity, the following is a complete first of all assumed business names under which the Entity does business: Nove.

NOTICES TO LENDER. The Entity will promptly notify Lander 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 Entity's name; (B) change in the Entity's assumed business name(s); (C) change in the structure of the Entity; (D) change in the authorized signer(s); (E) change in the Entity's principal office address; (F) change in the Entity's principal residence; or (G) change in any other aspect of the Entity that directly or indirectly relates to any agreements between the Entity and Lender.

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

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

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

We such have read all the provisions of this Certificate, and we each personally and on behalf of the Entity certify that all statements and representations made in this Certificate are true and correct. This Governmental Certificate is dated February 8, 2013.

CERTIFIED TO AND ATTENTED BY

Authorized Signer for JONATHAN CREEK WATER

DISTRICT

MOTE: If the Official signing this Certificate is designated by the language document as one of the officials authorized to act on the Emity's behalf, it is advisable to have this Certificate agency of all least one non-authorized official of the Entity.

NOTICE OF FINAL AGREEMENT

Principal Loan Date Maturity Loan No Cat 7 Cat Account Officer 4336,222,48 02-06-2018 02-06-2018 10M ro15 J000458 8JP	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:

T 22

) Lt

JONATHAN CREEK WATER DISTRICT

7584 US HWY 68 F BENTON, KY 42025 Lender:

COMMUNITY FINANCIAL SERVICES BANK CALLOWAY COUNTY BANKING CENTER 1721 N 12TH 9T

MURRAY, KY 42071-3594

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:

m. The term "Loan" means the following described loan: a Fixed Rate (4.000%) Nondisclosable Loan to a Government Entity for #336,222,48 due on February 6, 2018.

Losn Agreement. The term "Losn Agreement" means one or more promises, promiseory 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

Governmental Cartificate: JONATHAN CREEK WATER DISTRICT

KY Mortgage for Real Property located at 7564 US HWY 68 E, BENTON, KY 42025

KY National UCC Financing Statement (Rev. 05/22/02): All

inventory, equipment, accounts (including Agreement to Provide Insurance: Real Property located at 7684 US HWY 68 E, BENTON, KY 42025; All Inventory, equipment, accounts (including but not limited to all health-care-insurance receivables), chattol paper, instruments

lincluding but not limited to all promissory notes), letter-of-credit rights, letters of credit, documents, deposit accounts, investment property, money, other rights to payment and performance, and general intengibles (including but not limited to all software and all payment intangibles); all oil, gas and other minerals before extraction; all oil, gas, other minerals and accounts constituting as-extracted collegeral; all flutures; all timber to be out; all ettachments, accessions, accessories, fittings, incresses, tools, parts, repairs, supplies, accessories, numps, increases, tools, parts, repeats, supples, and commingled goods relating to the foregoing property, and ell additions, replacements of and substitutions for ail or any part of the foregoing property; all insurance refunds relating to the foregoing property; all good will relating to the foregoing property; all good will relating to the foregoing property; all or cords and data and embedded software rolating to the foregoing property, and all equipment, inventory and software to utilize, create, maintain and process any such records and data on electronic media; and all supporting records and data on electronic media; and all supporting obligations relating to the foregoing property; all whether now existing or hereafter arising, whether now owned or hereafter sequiked or whether now or hereafter subject to any rights in the foregoing property; and all products and proceeds (including but not limited to all insurance payments) of or relating to the foregoing property. NCLUDING BUT NOT LIMITED TO ADDITIONAL ITEMS AS DESCRIBED IN ATTACHED SCHEDULE I.; owned by JONATHAN CREEK

WATER DISTRICT Authorization for Payoff: WELLS FARGO BANK N.A. Authorization for Payoff: WELLS FARGO BANK N.A.

Disbursement Request and Authorization Notice of Final Agreement

Promissory Note

KY Commercial Security Agreement: All Inventory, equipment, accounts (including but not limited to all health-care-insurance receivables), chartel paper, instruments (including but not limited to all promissory notes), letter-of-credit rights, letters of credit, documents, deposit accounts, investment property, money, other rights to payment and performance, and general intengibles fincluding but not limited to all software and all payment intengibles); all 00, gas and other minerals before extraction; all 08, gas, other minerals and accounts constituting as-extracted or, gas, other miseras and accounts constituting as-extracted, collateral; all fixtures; all timber to be cut; all stratchments, accessions, accessories, fittings, increases, tools, parts, repairs, supplies, end commingled goods relating to the foregoing property, and all additions, replacements of and substitutions for all or any part of the foregoing property; all insurance refunds relating to the foregoing property; all good will relating to the foregoing property; all records and date and embedded software relating to the foregoing property, and all equipment, inventory and software to utilize, create, maintain and process any such records and data on electronic media; and all supporting obligations relating to the foregoing property; all whether now existing or herastier arising, whether now owned or horeafter acquired or whether now or hereafter subject to any rights in property; and all products and proceeds (including but not limited to all insurance payments) of or relating to the foregoing property. INCLUDING BUT NOT LIMITED TO ADDITIONAL ITEMS AS DESCRIBED IN ATTACHED SCHEDULE 1.; owned by JONATHAN CREEK WATER DISTRICT Notice of Insurance Requirements: Real Property located at 7584 US HWY 68 E. BENTON, KY 42025; All Inventory, equipment, accounts (including but not limited to all health-care-insurance receivables), chattel paper, instruments (including but not limited to all promissory notes), letter-of-credit rights, letters of credit, documents, deposit accounts, investment property, money, other rights to payment and performence, and general intengibles (including but not limited to all software and all payment intangibles); all oil, ges and other minerals before extraction: all oil, gas, other minerals and accounts constituting as-extracted colleteral; all fixtures; all timber to be cut; all attachments, accessions, accessories, fittings, increases, tools, parts, repair supplies, and commingled goods relating to the foregoing property, and all additions, replacements of and substitutions for all or any part of the foregoing property; all insurance refunds relating to the foregoing property; all good will relating to the foregoing property; all records and data and embedded software relating to the foregoing property, and all equipment, inventory and software to utilize, create, maintain and process any such records and data on electronic media; and all supporting obligations relating to the foregoing property; all whether now existing or hereafter ensuing, whether now owned or hereafter applied to any rights in the foregoing property; and all products and proceeds (including but not limited to all insurance payments) at or relating to the foregoing property, INCLUDING BUT NOT LIMITED TO ADDITIONAL ITEMS AS DESCRIBED IN ATTACHED SCHEDULE I.

The term "Parties" means COMMUNITY FINANCIAL SERVICES BANK and any and all entities or individuals who are obligated to repay the loan or have pladged property as security for the Loan, including without limitation the following:

JONATHAN CREEK WATER DISTRICT JONATHAN CREEK WATER DISTRICT Borrower: Grantor(s):

NOTICE OF FINAL AGREEMENT (Continued)

Page 2

Each Party who signs below, other than COMMUNITY FINANCIAL SERVICES BANK, acknowledges, represents, and warrants to COMMUNITY FINANCIAL SERVICES BANK that it has received, read and understood this Notice of Final Agreement. This Notice is dated February 6, 2013.

BORROWER:

JONATHAN CREEK WATER DISTRICT

BY: MIKE EDWARDS, Secretary of JONATHAN CREEK WATER DISTRICT

Loan No:

LENDER:

COMMUNITY EMANCIAL SERVICES BANK

Light Hill Leading Vor. 17 of 18-80 (can harvest features be 1997 RTS - selected features - ET | 2-20 Leader CPL/E - 10 RT De 1754 PM CENSARIA L

PROMISSORY NOTE

-	Principal Loan Date Maturity	Loan No.	Cell / Coll	Account	Officer	Initials :		
1	6336,222.48 02-06-2013 02-06-2018		10ML/015	J00045B	SJP			
		ا						
i	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: JONATHAN CREEK WATER DISTRICT

7564 US HWY 68 E BENTON, KY 42025 Lender:

COMMUNITY FINANCIAL SERVICES BANK CALLOWAY COUNTY BANKING CENTER 1721 N 12TH ST MURRAY, KY 42071-3594

Principal Amount: \$336,222.48

Date of Note: February 6, 2013

PROMISE TO PAY. JONATHAN CREEK WATER DISTRICT ("Borrower") promises to pay to COMMUNITY FINANCIAL SERVICES BANK ("Lender"), or order, in lawful money of the United States of America, the principal emount of Three Hundred Thirty-bx Thousand Two Hundred Twenty-two & 48/100 Dollars (\$336,222.48), together with interest on the unpaid principal balance from February 6, 2013, at an interest rate of 4.000% per ensum besed 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 10 payments of \$37,483.34 each payment. Borrower's first payment is due August 5, 2013, and all subsequent payments are due on the same day of each half-year after that. Borrower's final payment will be due on February 6, 2018, 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 unpeld interest; then to principal; then to any unpeld 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.

PREPAYMENT; MINIMUM INTEREST CHARGE. Borrower agrees that all loss fees and other prepaid finance charges are earned fully as of the date of the loss and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a minimum interest charge of \$10.00. Other than Borrower's obligation to pay eny minimum interest charge, Borrower may pay without penalty all or a portion of the emount owed earlier than it is due. Early payments will not, unless agreed to by Lender In writing, relevel Borrower of Borrower's obligation to continue to make payments under the payments schedule. Ratter, sarly payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments merked "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 Lander. 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 of minimum or as full satisfaction of a disputed amount must be mailed or defivered to: COMMUNITY FINANCIAL SERVICES BANK, PO BOX 467" (ARTON, KY 42026-0487.

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 total sum due under this Note will continue to accrue interest at the interest rate under this Note.

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 feils 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.

Fabs Statements. Any warranty, representation or statement made or furnished to Landar 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.

Death or Insolvency. The death of Borrower or the dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any easignment 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 gamishment of any of Borrower's accounts, including deposit accounts, with Lander. However, this Event of Default shall not apply If there is a good faith dispute by Borrower as to the validity or resonableness of the claim which is the basis of the creditor or forfeiture proceeding and deposits with Lender monies of a sucty 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 discorts.

Events Affecting Guerantor. Any of the preceding events occurs with respect to any guerantor, endorser, surety, or accommodation party of any of the indebtedness or any guerantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes of disputes the validity of, or liability under, any gueranty 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. Lander in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment is cureble 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, after Lender sends written notice to Borrower demanding cure of such default: (1) cures the default within fitteen (15) days; or (2) if this cure requires more than fitteen (15) days, immobilistly initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereshall continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonable and necessary steps sufficient to produce compliance as soon as reasonable and

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 Borrowor 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 euros provided by law.

JURY WAIVER. Lander 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 be conflicts of law provisions. This Note has been accepted by Lender in the Commonwealth of Kentucky.

DISHONORED ITEM FEE. Borrower will pay a fee to Londer of 450,00 if Borrower makes a payment on Borrower's loan and the check or presutherized charge with which Borrower pays is later dishonored.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender twhether checking, savings, or some other accounts. 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 Keigh accounts, or any trust accounts for which satoff would be prohibited by law. Borrower sutheritats Lender, to the extent permitted by applicable law, to charge or satoff all sums owing on the indebtacress against any and all such accounts, and, at Lender's option, to administratively frozze all such accounts to allow Lender to protect Lender's charge and satoff rights provided in this paragraph.

COLLATERAL. Borrower acknowledges this Note is secured by 2ND R/E MTG DTD 02/06/2013 ON Real Property located at 7564 US HWY 68 E. BENTON, MARSHALL CO, KY 4/2025 and All inventory, equipment, accounts including but not institled to all health-care-insurance recelvables), chattel paper, instruments (including but not imited to all promissory notes), letter-of-credit rights, letter of-credit, documents, deposit accounts, (investment property, money, other rights to payment and performance, and general intengibles (including but not kinviad to all software and all payment intengibles); all oil, gas and other minerals before extraction; all oil, gas, other minerals and accounts constituting several received colletters; all filtures; all timber to be cut; all attachments, accessiones, accessiones, fittings, increases, tools, parts, repairs.

Supplies, and commingled goods relating to the foregoing property, and all additions, replacements of and substitutions for all or any part of the foregoing property; all insurance refunds relating to the foregoing property; all good will relating to the foregoing property; all records and data and ambedded software relating to the foregoing property, and all equipment, inventory and software to utilize, create, maintain and process any such records and data on electronic media; and all supporting obligations relating to the foregoing property; all whether now existing or hereafter adjusted or whether now ownod or hereafter acquired or whether now or hereafter subject to any rights in the foregoing property; and all products and processeds (including but not limited to all insurance payments) of or relating to the foregoing property. INCLUDING BUT NOT LIMITED TO ADDITIONAL ITEMS AS DESCRIBED IN ATTACHED SCHEDULE 1.

BANK QUALIFIED TAX EXEMPT OBLIGATIONS. THE BORROWER HEREBY DESIGNATES IN ITS CAPACITY AS ISSUER AND PURSUANT TO INTERNAL REVENUE CODE SECTION 265(b)(3)(B)(ii), THIS LOAN BETWEEN BORROWER AND COMMUNITY FINANCIAL SERVICES BANK IS A "QUALIFIED TAX-EXEMPT OBLIGATION" AS DESCRIBED IN INTERNAL REVENUE CODE SECTION 285(b)(3). IN THIS REGARD, BORROWER REPRESENTS THAT IT DOES NOT ANTICIPATE THAT IT WILL ISSUE "QUALIFIED TAX-EXEMPT OBLIGATIONS" DURING THE CALENDAR YEAR IN AMOUNTS EXCEEDING \$10,000,000 IN THE AGGREGATE.

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

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Borrower may notify Lender if Lender (eports any inaccurate information about Borrower's account(s) to a consumer reporting agency. Borrower's written notice describing the specific inaccuracylles) should be sent to Lender at the following address: COMMUNITY FINANCIAL SERVICES BANK LOAN OPERATIONS DEPARTMENT PO BOX 467 BENTON, KY 42025-0467.

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 endorses 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 andorser, 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 parfect Lander's escurity interest in the collateral; and take any other schion deamed 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.

FRIOR 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:

JONATHAN CREEK WATER DISTRICT

MIKE EDWARDS, Secretary of JONATHAN CREEK

WATER DISTRICT

* S JASON HTWAN, VICE

LENDER:

COMMUNITY/EMANCIAL SERVICES BANK

COMMERCIAL SECURITY AGREEMENT

		en Date Maturity 06-2013 02-06-201		Cell / Coll 10M / 015	Account J000458	Officer SJP	Initials
ſ	References in the boxes above are for Lander's use only and do not limit the applicability of this document to any particular loan or itam. Any item above containing " " " " has been omitted due to text langth limitations.						

Grantor:

JONATHAN CREEK WATER DISTRICT

7564 US HWY 68 E BENTON, KY 42025 Lender:

COMMUNITY FINANCIAL SERVICES BANK CALLOWAY COUNTY BANKING CENTER 1721 N 12TH ST

1721 N 12TH ST MURRAY, KY 42071-3594

THIS COMMERCIAL SECURITY AGREEMENT dated February 6, 2013, is made and executed between JONATHAN CREEK WATER DISTRICT ("Grantor") and COMMUNITY FINANCIAL SERVICES BANK ("Lender").

GRANT OF SECURITY INTEREST. For valuable consideration, Grantor grants to Lunder a security interest in the Collateral to secure the indebtedness 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 "Colleteral" as used in this Agreement means the following described property, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located, 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:

All inventory, equipment, accounts (including but not limited to all health-care-insurance receivables), chattel paper, instruments (including but not limited to all promissory notes), letter-of-credit rights, letters of credit, documents, deposit accounts, investment property, money, other rights to payment and performance, and general intengibles (including but not limited to all software and all payment intengibles); all oil, gas and other minerals before extraction; all oil, gas, other minerals accounts constituting se-extracted collateral: all fixtures; all timber to be out; all stachments, accessions, accessories, fittings, increases, tools, parts, repairs, supplies, and commingled goods relating to the foregoing property, and all additions, replacements of and substitutions for all or any part of the foregoing property; all insurance relating to the foregoing property; all good will relating to the foregoing property; all embedded software relating to the toregoing property, and all equipment, inventory and software to utilize, create, maintain and process any such records and data on electronic media; and all supporting obligations relating to the foregoing property; all whether now existing or hereafter arising, whether now owned or hereafter acquired or whether now or hereafter subject to any rights in the foregoing property; and all products and processed finctuding but not limited to all insurance payments) of or relating to the foregoing property. INCLUDING BUT NOT LIMITED TO ADDITIONAL ITEMS AS DESCRIBED IN ATTACHED SCHEDULE I.

In addition, the word "Colleteral" also includes all the following, whether now owned or hereafter acquired, whether now existing or hereafter failing, and wherever located:

- (A) All accessions, attachments, accessories, tools, parts, supplies, replacements of and additions to any of the colleteral described herein, whether added now or later.
- (B) All products and produce of any of the property described in this Colleteral section.
- (C) All accounts, general intengibles, instruments, rents, monies, payments, and sill 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 (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Colleteral section, and sums due from a third party who has damaged or destrayed the Colleteral or from that party's insurar, 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, microfiche, or electronic media, together with all of Grantor'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 Lender (whether checking, servings, or some other accounts. 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 Kooph accounts, or any trust accounts for which setoff would be prohibited by law. Grantor authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

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 Lander's accurity interest in the Collateral. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Grantor will note Lander's interest upon any and all chattel paper and instruments if not delivered to Lender for possession by Lander.

Notices to Lender. Grantor will promptly notify Lander in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (1) change in Grantor's name; (2) change in Grantor's assumed business name(s); (3) change in the structure of the entity Grantor's change in Grantor's aligner(s); (5) change in Grantor's principal office address, (6) change in Grantor's principal residence; (7) conversion of Grantor to a new or different type of business antity; or (8) change in any other aspect of Grantor that directly or indirectly relates to any agreements between Grantor and Lender. No change in Grantor's name will take affect until after Lender has received notices.

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

Enforceability of Collateral. To the extent the Collateral consists of accounts, chattel paper, or general intengibles, as defined by this Uniform Commercial Code, the Collateral is enforceable in accordance with its terms, is genuine, and fully compiles with all applicable laws and regulations concerning form, content and manner of preparation and execution, and all persons appearing to be obligated on the Collateral have authority and capacity to contract and are in fact obligated as they appear to be on the Collateral. At the time any account becomes subject to a security interest in favor of Lender, the account shall be a good and valid account representing an undisputed, bone files indebtedness incurred by the account debtor, for merchandise held subject to delivery instructions or previously shipped or delivered pursuant to a contract of sale, or for services previously performed by Grantor with or for the account debtor. So long as this Agreement remains in effect. Grantor shall not, without Lender's prior written consent, compromise, settle, adjust, or extend payment under or with regard to any such Accounts. There shall be no soloffs 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 Colletarel. Except in the ordinary course of Grantor's business, Grantor agrees to keep the Colletarel (or to the extent the Colletarel consists of intengible property such as accounts or general intengibles, the records concerning the Colletarel) at Grantor's address shown as such other locations as are acceptable to Lender. Upon Lender's request, Grantor will deliver to Lender in form satisfactory to Lender a schedule of real properties and Colletarel locations relating to Grantor's operations, including without without withstoon the following: (1) all real property Grantor owns or is purchasing; (2) all real property Grantor is rending or lessing; (3) all storage facilities Grantor owns, rents, lesses, or uses; and (4) all other properties where Colletarel is or may be located.

Removal of the Colleteral. Except in the ordinary course of Grantor's business, including the sales of siventory. Grantor shall not removal the Colleteral from its existing location without Lender's prior written consent. To the extent that the Colleteral consists of vehicles, or other titled property, Grantor shall not take or permit any action which would require application for certificates of title for the vehicles outside the Commonwealth of Kentucky, without Lender's prior written consent. Grantor shall, whenever requested, advise Lender of the exact location of the Colleteral.

Transactions involving Collateral. Except for inventory sold or accounts collacted in the ordinary course of Grantor's business, or as otherwise provided for in this Agreement, Grantor shall not self, offer to self, or otherwise transfer or dispose of the Collateral. While Grantor is not in default under this Agreement, Grantor may self inventory, but only in the ordinary course of its business and only to buyers who qualify as a buyer in the ordinary course of business. A sale in the ordinary course of Grantor's business does not include a transfer in partial or total satisfaction of a debt or any bulk sale. Grantor shall not piedege, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other then the security interest provided for in this Agreement, without

COMMERCIAL SECURITY AGREEMENT (Continued)

Loan No:

the prior written consent of Lender. This includes security interests even if junior in right to the security interests granted under this Agreement. Unless waived by Lander, all proceeds from any disposition of the Colleteral (for whatever reason) shall be held in trust for Lender and shall not be commingled with any other funds; provided however, this requirement shell not constitute consent by Lender to any sele or other disposition. Upon receipt, Grantor shall immediately deliver any such proceeds to Londer.

Title. Grantor represents and warrants to Lander that Grantor holds good and marketable title to the Colleteral, free and clear of all liens and encumbrances except for the lien of this Agreement. No financing statement covering any of the Colleteral is on file in any public office other than those which raffect the security interest created by this Agreement or to which Lender has specifically consented. Grantor shall defend Lander's rights in the Colleteral against the claims and demands of all other persons.

Repairs and Maintenance. Grantor agrees to keep and maintain, and to cause others to keep and maintain, the CoRateral in good order, repair and condition at all times while this Agreement remains in effect. Grantor further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with the Collateral so that no lien or encumbrance may ever attach to or be filled regarded to Collateral.

inspection of Collateral. Lender and Lender's designated representatives and agents shall have the right at all reasonable times to examine and inspect the Collateral wherever located.

Taxes. Assessments and Liens. Grantor will pay when due all taxes, assessments and liens upon the Collateral, its use or operation, upon this Agresments, upon any promissory note or notes evidencing the Indebtedness, or upon any of the other Related Documents. Grantor may withhold any such payment or may elect to contest any filen if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized in Lender's sole opinion. If the Collateral is subjected to a lian which is not discharged within fifteen (15) days, Grantor shall deposit with Lender cash, a sufficient corporate surety bond or other security satisfactory to Lender in an amount adequate to provide for the discharge of the lien plus any interest, coats, reasonable attorneys' fees or other charges that could accrue as a result of foreclosure or sale of the Collateral. In any contest Grantor shall defend itself and Lender and shall satisfy any finel adverse judgment before anforcement against the Collateral. Grantor shall name Lander as an additional obliges under any surety bond furnished in the context proceedings. Grantor further agrees to furnish Lander with evidence that such taxes, assessments, and governmental and other charges have been paid in full and in a timely mannor. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good fish conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized.

Compliance with Governmental Requirements. Grantor shall comply promptly with all laws, ordinances, rules and regulations of all governmental authorities, now or hereafter in effect, applicable to the ownership, production, disposition, or use of the Collateral, including all laws or regulations relating to the undue erosion of highly-eroditial land or relating to the conversion of wetlands for the production of an agricultural product or commodity. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Lender's interest in the Collateral, in Lander's opinion, is not jeopardized.

Hazardous Substances. Grantor represents and warrants that the Collateral never has been, and never will be so long as this Agreement remains a lian on the Collateral, used in violation of any Environmental Laws or for the generation, menulacture, storage, transportation, treatment, disposal, release or threatened release of any Hazardous Substances. The representations and warranties contained herein are based on Grantor's due disigence in investigating the Collateral for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any Environmental Laws, and (2) agrees to indemnity, defend, and hold harmless Lender against any and all claims and losses resulting from a breach of this provision of this Agreement. This obligation to indemnify and defend shall survive the payment of the Indebtedness and the satisfaction of this Agreement.

Maintenance of Casualty Insurance. Grantor shall procure and maintain all risks insurance, including without limitation fire, theft and liability coverage together with such other insurance as Lander may require with respect to the Colleteral, in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lander, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lander, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days' prior written notice to Lender and not including any discisience of the insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other porson. In connection with all policies covering assets in which Lender holds or is offered a security interest, Grantor will provide Lender with such loss payable or other endorsements as Lender may require. If Grantor at any time fails to obtain or maintain any insurance as required under this Agreement, Lender may (but shall not be obligated tot obtain such insurance as Lender deems appropriate, including if Lender so chooses "single interest insurance," which will cover only Lander's interest in the Colleteral.

Application of Insurance Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Colleteral, whether or not such casualty or loss is covered by insurance. Lender may make proof of loss if Grantor fails to do so within filteen (15) days of the casualty. Approximately, insurance on the Colleteral, including accrued proceeds thereon, shall be held by Lender as part of the Colleteral. If Lender consents to repair or replacement of the damaged or destroyed Colleteral, Lender shall, upon satisfactory proof of exponiture, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration. If Lender does not consent to repair or replacement of the Colleteral, Lender shall retain a sufficient amount of the proceeds to pay all of the indebtedness, and shall pay the belance to Grantor. Any proceeds which have not been disbursed within six (8) months after their receipt and which Grantor has not committed to the repair or restoration of the Colleteral shall be used to prepay the Indebtedness.

Insurance Reserves. Lender may require Grantor to maintain with Lander reserves for payment of insurance premiums, which reserves shall be created by monthly payments from Grantor of a sum estimated by Lender to be sufficient to produce, at least fifteen (15) days before the premium due date, amounts at least equal to the insurance premium due late. If fifteen (15) days before payment is due, the reserve funds are insufficient, Grantor shall upon demand pay any deficiency to Lender. The reserve funds shall be hold by Lender as a general deposit and shall constitute a non-interest-bearing account which Lender may satisfy by payment of the insurance premiums required to be 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 promiums shall remain Grantor's sole responsibility.

Insurance Reports. Grantor, upon request of Lander, 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 insurance has been obtained and the manner of datarmining that value; and (6) the expiration date of the policy. In addition, Grantor shall upon request by Lender thowaver not more often than annually) have an independent appraisar satisfactory to Lender determine, as applicable, the cash value or replacement cost of the Collateral.

Financing Statements. Grantor authorizes Lander to file a UCC financing statement, or siternatively, a copy of this Agreement to porfect Lander's security interest. At Lander's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lander's security interest in the Property. This includes making sure Lander is shown as the first and only security interests holder on the title covering the Property. Grantor will pay all filing fees, title transfer toos, and other fees and costs linvolved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor irrevocably 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 security interest under this Agreement changes, Grantor will promptly notify the Lender of such change.

GRANTOR'S RIGHT TO POSSESSION AND TO COLLECT ACCOUNTS. Until default and except as otherwise provided below with respect to accounts, 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 Lender is required by law to perfect Lender's security interest in such Collateral. Until otherwise notified by Lender, Grantor may collect any of the Collateral consisting of accounts. At any time and even though no Event of Default exists, Lender may exercise its rights to collect the accounts and to notify account debtors to make payments directly to Lunder for application to the Indebtedness. If Lender at any time has possession of any Collateral, whether before or after an Event of Default, Lander 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 deam 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, not 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 idischarge 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 libut shall not be obligated to) take any action that Lender deems appropriate, including but not finited to discharge or

paying all taxes, liens, security interests, encumbrances and other claims, at any time fevied 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 beer 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, wrill (A) be payable on demand: (B) be added to the balance of the Note and be apportuned 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 remodes to which Lender may be entitled upon Default.

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

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

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant 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 Lendar and Grantor.

False 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 now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collaterelization. This Agreement or any of the Related Documents ceases to be in full force and effect (including fellure of any collaterel document to create a valid and perfected security interest or lien) at any time and for any reason.

insolvency. 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 laws by or against Grantor.

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 Grantor or by any governmental agency against any collateral securing the indebtedness. This includes a garmshmant 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 forfeiture proceeding and if Grantor 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 discours.

Events Affeoting Guerantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or guarantor, endorser, surety, or accommodation party dies or becomes incompetent or revokes or disputes the validity of, or Bability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender 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 proceding twelve (12) months, it may be cured if Grantor, after Lender sends written notice to Grantor demanding cure of such default: (1) cures the default within filteen (15) days; or (2) if the cure requires more than lifteen (15) days, immediately initiates steps which Lender deems in Lander'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 practicel.

RIGHTS AND REMEDIES ON DEPAULT. If an Event of Datauh occurs under this Agreement, at any time thereafter, Lender shall have all the rights of a secured party under the Kentucky Uniform Commercial Code. In addition and without limitation, Lender may exercise any one of more of the following rights and remedies:

Accelerate Indebtedness. Lender may declare the entire indebtedness, including any prepayment penalty which Grantor would be required to pay, immediately due and payable, without notice of any kind to Grantor.

Assemble Collateral. Lander may require Grantor to deliver to Lender all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Lender may require Grantor to assemble the Collateral and make it available to Lender at a place to be designated by Lender. Lender also shall have full power to enter upon the property of Grantor to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Grantor agrees Lander may take such other goods, provided that Lender makes reasonable afforts to return them to Grantor after repossession.

Sell the Collateral. Lander shall have full power to sell, lease, transfer, or otherwise deal with the Collateral or proceeds thereof in Lender's own name or that of Grantor. Lender may sell the Collateral at public auction or private sale. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender will give Grantor, and other persons as required by law, reasonable notice of the time and place of any public sels, or the time after which any private sale or any other disposition of the Collateral is to be made. However, no notice need be provided to any person who, after Event of Default occurs, enters into and authenticates an agreement waiving that person's right to notification of sale. The requirements of reasonable notice shall be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Collateral, including without imitation the expenses of rataking, holding, insuring, preparing for sale and selling the Collateral, shall become a part of the Indebtedness secured by this Agreement and shall be payable on demand, with interest at the Note rate from date of expenditure until repaid.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Collateral, with the power to protect and preserve the Collateral, to operate the Collateral preceding foreclosure or sale, and to collect the rents from the Collateral and apply the proceeds, over and above the cost of the receivership, against the indebteness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Collateral exceeds the indebteness by a substantial amount. Employment by Lender shall not disqually a person from serving as a receiver.

Collect Revenues, Apply Accounts. Lender, either itself or through a receiver, may collect the payments, rents, income, and revenues from the Colleteral. Lender may at any time in Lender's discretion transfer any Colleteral Into Lender's own name or that of Lender's nominee and receive the payments, rents, income, and revenues therefrom and hold the same as security for the Indebtedness or apply it to payment of the Indebtedness in such order of preference as Lender may determine. Inserts as the Colleteral consists of accounts, general intangibles, insurance policies, instruments, chattal paper, choses in action, or similar property, Lander may demand, collect, receipt for, sattle, compromise, adjust, sue for, foreclose, or realize on the Colleteral as Lender may determine, whether or not indebtedness or Colleteral is then due. For these purposess, Lender may, on behalf of and in the name of Grantor, receive, open and dispose of mail addressed to Grantor; change any address to which mail and payments are to be sent; and endorse notes, checks, drafts, money orders? documents of title, instruments and items pertaining to payment, shipment, or storage of any Colleteral. To facilitate collection, Lender may notify account debtors and obligors on any Colleteral to make payments.

Obtain Deficiency. If Lender chooses to sell any or all of the Collatersi, Londor may obtain a judgment against Grantor for any deficiency remaining on the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this Agreement. Grantor shall be liable for a deficiency even if the transaction described in this subsection is a sale of accounts or chattel open.

Other Rights and Remedies. Lender shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Londer shall have and may exercise any or all other rights and remedies it may have exercise taken, in equity, or otherwise.

Election of Remedies. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement, the Related Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Landar to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affact Lender's right to declare a default and exercise its remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No atteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the atteration or amendment.

Attorneys' Pess; Expenses. Grantor agrees to pay upon demend all of Lender's costs and expenses, including Lander's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay

COMMERCIAL SECURITY AGREEMENT (Continued)

someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy processings (including afforts to modify or vacats any sutomatic stay or injunction), appeals, and any enticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Governing Law. This Agreement 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 w/thout regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the Commonwealth of Kentucky.

No Walver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a warver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future 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 affective when actually delivered, when actually received by talefacalmile (unless otherwise required by law), when deposited with a nationally recognized overnight counter, or, if mailed, when deposited in the United States mail, as first 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 parties, specifying that the purpose of the notices to change the party's address. For notice purposes, Grantor agrees to keep Lender Informed at all bines 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 hereby appoints Lender 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 filings of other secured parties. Lender 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 reimburse Lander for all expenses for the perfection and the continuation of the perfection of Lender's security interest in the Collateral.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be filegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision likegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, velid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by faw, the itiegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement on transfer of Grentor'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 forbestance 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 Indistingeness shall be paid in full.

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

Waive Jury. All perties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

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 shall include the singular shall include the singular shall include the singular shall include the singular shall include the singular.

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 achedules attached to this Commercial Security Agreement from time to time.

Borrower. The word "Borrower" means JONATHAN CREEK WATER DISTRICT and includes all co-signers and co-makers signing the Note and all their successors and easigns.

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 Agreement.

Default. The word "Default" means the Default set forth in this Agreement 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 9801, at seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Matonala 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 sat forth in this Agreement in the default section of this Agreement.

Grantor. The word "Grantor" means JONATHAN CREEK WATER DISTRICT.

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorsor, surety, or accommodation party to Londer, 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, chamical 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, menufactured, trapported 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, petrolsum and petrolsum 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 costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means COMMUNITY FINANCIAL SERVICES BANK, its successors and assigns.

Note. The word "Note" means the Note dated February 6, 2013 and executed by JONATHAN CREEK WATER DISTRICT in the principal amount of \$336,222.48, together with all renewate of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or cradit agreement.

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

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guarantee, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness.

GRANTOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS COMMERCIAL SECURITY AGREEMENT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED FEBRUARY 6, 2013.

COMMERCIAL SECURITY AGREEMENT (Continued)

Page 5

Loan No:

GRANTOR:

JONATHAN CREEK WATER DISTRICT

By: MIKE EDWARDS, Secretary of JONATHAN CREEK WATER DISTRICT

LENDER:

SCHEDULE I to UCC-1 FINANCING STATEMENT

(Description of Collateral)

The "Collateral" includes all of the Debtor's fixtures, personal property, goods, accounts, chattel paper, documents, instruments, general intangibles, inventory, machinery, equipment and such other property described below, which it now owns or shall hereafter acquire or create immediately upon the acquisition or creation thereof, and including, but not limited to, the following:

- (a) Personal Property. All personal property now owned or hereafter acquired by Debtor whether located on the real property described in Exhibit A attached hereto and incorporated herein by this reference (the "Real Property") or not, including, without limitation, Debtor's rural water distribution system (the "Facility") including water distribution lines, water lines, water wells, storage tanks, water conditioning facilities, any and all water mains, gate values, curb stops, casings, meters and assemblies, signs, air release valves, pumps, controls, buildings, construction materials, machinery, appliances, supplies, tools, books, records, files, engines, power systems, and all other additions thereto or fixtures or facilities appurtenant thereto or associated therewith;
- (b) Rights. All of Debtor's rights whether now or in the future existing with respect to any and all agreements pertaining to the Facility including, without limitation, any and all Water User Agreements which have been or are in the future entered into between Debtor and the members or customers of Debtor's water supply corporation or cooperative; any and all water, water rights, rights of way, easements, permits, licenses, franchises, bonds, resolutions, ordinances, all accounts, contracts, rights, general intangibles, instruments, documents, chattel paper, building permits, certificates, utilities, rights to reimbursements, rights to the present or future use of utilities, consents, authorizations, exemptions and licenses, engineering, construction and other contracts, plans, warranties, guaranties, payment, performance or other bonds, leases and any other contracts or agreements;
- (c) Revenues. Any and all income, receivables, accounts receivable, revenue or other monies received from whatever source by Debtor, whether or not related to Debtor's Facility, including without limitation, any and all hookup, tap or similar fees, any subscription, reservation or similar fees, any assessments charged to members or customers of Debtor's water supply corporation or cooperative, any funds now or hereafter held in any accounts, including, without limitation, the Revenue Fund Account, the Debt Service Account, the Operation and Maintenance Account and the Reserve Account (as established in the Resolution as defined in the Security Agreement between Debtor and Secured Party);

- (d) <u>Equipment</u>. All machinery, equipment, furniture, fixtures, trade fixtures, and other personal property used in connection with the operation of the Facility, now owned or hereafter acquired by Debtor, together with all accessions, additions, parts, attachments, accessories, or appurtenances thereto;
- (e) <u>Fixtures.</u> All machinery, equipment, furniture, goods and other property of Debtor which are attached or affixed or are to become attached or affixed to the Real Property and
- (f) <u>Proceeds</u>. Proceeds and products of any sale, exchange, collection or other disposition of the Collateral including, without limitation, proceeds of hazard or other insurance policies and eminent domain or condemnation awards.

LEGAL DESCRIPTION

TRACT 1

Reginning at a point on the southeastern right-of-way of Kentucky Highway 962, said point being at a cross fence; said cross fence being 340° feet northeast of the intersection of Kentucky Highway 962 and Melson Road; theses with said southeastern right-of-way of Kentucky Highway 962 northeasterly for 100.0 feet to a point; these perpendicular to said right-of-way in a southeasterly direction 100.0 feet to a point; these psyallel to and 100 feet from said Highway 962 in: a southwesterly direction for 100.0 feet to the aforesaid cross feace; these with the cross fence in a morth-testerly direction for 100.0 feet to the place of beginning, being a 100 foot x 100 foot square of the tract of Gilbert laker.

Being the same property conveyed to the Jonathan Greek Water Association, Inc. by Gilbert Beker et ux by deed dated September 23, 1982; of record in Doed Book 1995, page 25 Marchall County Court Glerk's Office.

TRACT 2

Siguated in Marshell County, Kentucky, and bounded and described as follows:

Beginning at the northwest corser of the property conveyed to Jessee Leonard Baith, Jr. et us by James E. Gober et us dated 9/7/1963 of regord in Deed Book 119, page 5, Marshall County Court Clerk!s Office; thence, East and with the North Line of the . Baith property 20 feet; thence, South and parallel with the Newt Line of the Baith property 150.28 feet to a roadquy; thence, Unst and with said readway 20 feet to the west line of the Baith property 150.28 feet to the place of beginning.

Reing the same property conveyed to the Jonethan Creek Water Association, Inc. by the Jonethan Creek Water District by deed dated May 6, 1969, of record in Beed Rook 134, page 487, Hershell County Court Clark's Office.

TRACT 3

Situated in Marchall County, Kentucky, and bounded and described as follows:

Reginning at a point on the Mortherly right-of-way line of U. S. Highway 68, said beginning point being the Southwest corner of the Latha Morgan tract of land, said point also being located Morth 2° 00' East of and 59.76 feat from a point'in the conterline. of U. S. Highway 68 and being in the Morgan's Mesterly line, if extended, to the center line of the said U. S. Righway 68, which point is being located South 40° 00' East of and 675.0 feet from the intersection of the center lines of U. S. Righway 68 and the Old Macola-Jeantham Creak Road; thence, from the paint of beginning and along the Mortherly right of way line of U. S. Righway 68 and Morth 40° 00' Mest for a distance of 100.0 feet to a point; thence, South 40° 00' East for a distance of 100.0 feet to a point; thence, South 40° 00' East for a distance of 100.0 feet to a point in the Westerly property line of the Lathe Morgan tract of land; thence, South 2° 00' Mest and along the said Mesterly, property line of the Morgan tract of land; thence, South 2° 00' Mest and along the said Mesterly, property line of the Morgan tract of land; thence, South 2° 00' Mest and along the said Mesterly, property line of the Morgan tract for a distance of 100.0 feat to the point of beginning.

There is excepted and reserved to the Grantors a 10 foot essensest for ingrass and tyress ever and upon the above property described as follows: Beginning at an iron rod in the North right of way line of U.S. Righmay 65, same lying North 2° 00° Rest and 57.76 fast from the center line of the aforesaid Righmay; themca, continuing North 2° 00° East with Latha Morgan Nest line for a distance of 100 feet to as iron pin; themca, North 40° 00° Nest 10 feet; themca, South 2° 00° West 100 feet to the North right of way line of D. S. Righmay 68; themca, South 40° 00° West 10 feet to the point of beginning.

Being the same property conveyed to the Jonathan Crack Water Association, Inc. by Fauri Gold at al by deed deted May 1, 1969, of record in Book Book 134, page 483, Marshall County Court Clerk's Office.

THACE 5

Situated in Marshall County, Kentucky, and bounded and described as follows:

Regioning at the Southeast corser of the R. W. King property, said beginning point also being located in a Southerly direction and 15.06 feet from the center line of the Old Olive and Aurors Road, which point being in a Westerly direction and 350.0 feet from the intersection of the center lines of the Old Olive and Serors Road with U.S. Righway 65; thants, from the point:of beginning and along King's Westerly line and South 0° 30' West for a distance of 193.55 feet to a point surking the Mortheast corner of the Meedeera Mirgins property; thence, South 63° 26' West and along the said Mortherly line of the Riggins trant for a distance of 75.0 feet to a point; thence, North 63° 26' East for a distance of 43.56 feet to a point; thence, Morth 0° 30' Rest for a distance of 130.33 feet to a point; interes, Morth 0° 30' Rest for a distance of 130.33 feet to a point; in:the Southerly right-of-way line of the Old Olive and Aurora Road; thence, Morth 85° 20' East and along the acid Southerly right-of-way line of the Old Olive and Aurora Road; the Old Olive and Aurora Road for a distance of 28.11 feet to the point of beginning.

Buing the same property conveyed to the Jonathan Greek Water Association, Inc. by the Jonathan Greek Water District by deed dated May 6, 1969, of record in Doed Book 134, page 490, Harshell County Court Clark's Office.

This wortgage is subject to two prior mortgages grasted by the Jonathan Creak Water Association, Inc. to the United States of America as rel Parmers Home Administration of the United States Department of Agriculture as follows: (a) Hortgage dated June 3, 1969, to secure payment of a loss in the amount of \$1,055,000 of record in Hortgage Book 79, at page 305; and (b) mortgage dated July 24, 1974, to secure payment of a loss in Hortgage Book 91, page 467, all of the Harshall County Court Clerk's Office.

FOR	R FILING	OFFI	CER	
Pd. \$ 35.00	. Rec. le	e• \$, Tax
Date Filed 9-	19-13	Time	11:00	AM
Tim York, Clerk	U		D.C.	
RECORDATION REQUESTE COMMUNITY SERVICES BA CALLOWAY I BANKING CE 1721 N 12TH MURRAY, KY 42071-3594	D BY: Financi Ink County NTER (ST	A L		

WHEN RECORDED MAIL TO:
COMMUNITY FINANCIAL SERVICES BANK ATTN DOCUMENT CONTROL CLERK PO BOX 467 BENTON, KY 42025-0487

STATE OF KENTUCKY, COUNTY OF MARSHALL I, Tim York, Clerk of the County Court for the County and State aforesaid, certifythat the foregoing 11 d was on the aforesaid, certifythat the foregoing 11 d was on the day of the 2013 at 11:00 o'dock at M, lodged for record, whereupon the same, the foregoing and this certificate have duly recorded in my said office in 11 d Book 16.0 Page 16.2 Given under my hand this 20 day of 16. 2013. Tim York CLERK Riley.
BY Willia Riley. _D.C.

FOR RECORDER'S USE ONLY

MORTGAGE

MATURITY DATE. The maturity date of the Note is Fabruary 8, 2018

THIS MORTGAGE dated February 6, 2013, is made and executed between JONATHAN CREEK WATER DISTRICT, A KENTUCKY RURAL WATER DISTRICT, whose address is 7584 US HWY 68 E, BENTON, KY 42025 (referred to below as "Grantor") and COMMUNITY FINANCIAL SERVICES BANK, whose address is 1721 N 12TH ST, MURRAY, CALLOWAY County, KY 42071-3594 (referred to below as "Lender"),

GRANT OF MORTGAGE. For valuable consideration, Grantor mortgages, grants, and conveys to Lender with covonant of GENERAL WARRANTY a security interest in and liben on all of Grantor's right, title, and interest or and to the of General warnant's a security interest in so that on an air of orantor a right, tile, and sharest in and to following described real property, together with all existing or subsequently erected affixed buildings, improvements and fixtures; all secentaris, rights of way, and epourtenences; all water, water rights, watercourses and dirth rights (including stock in utilities with dirth or imigation rights), and all other rights, royalties, and profits relating to the represery-including without laintation as imherals, 08, pas, geothermal and similar matters, (the "Real Property") located in MARSHALL County, Commonwealth of Kentucky:

See EXHIBIT "A", which is attached to this Mortgage and made a part of this Mortgage as if fully set forth herein.

The Real Property or its address is commonly known as 7564 US HWY 68 E, BENTON, KY

Grantor presently assigns to Lender all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDESTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS MORTGAGE. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Mortgage, Grantor shell pay to Lander all amounts secured by this Mortgage as they become due and shall strictly perform all of Grantor's obligations under this Mortgage.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property.

Duty to Maintain. Grantor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Compilence With Environmental Laws. Grantor represents and warrants to Lender that: (1) During the period of Companies were interestinated case, or careful represents and warrants to tender their. The companies person of franching for the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property, 121 Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Londer in writing. (a) any breach or wolston of any Environmental Laws, (b) any use. generation, manufacture, storage, trestment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened irrigation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Lender in writing. (a) neither Grentor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, monufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without similation all Environmental Laws. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tasts, at Grantor's expense, as Londer may deam appropriate to determine compliance of the Property with this section of the Mortgage. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or lability on the part of Lender to Grantor or or any other parson. The representations and warranties contained herein are based on Grantor's due diagence in investigating the Property for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the overtification becomes liable for cleanup or other costs under any such lewer, and (2) agrees to indemnity, defand, and hold harmless Lender against any and sill claims, losses, liabilities, demages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Mortgage or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Mortgage, including the obligation to indemnify and defand, shall survive the payment of the Indebtedness and the satisfaction and reconveyance of the lien of this Mortgage and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nutrance, Waste. Grantor shall not cause, conduct or permit any nutrance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals lincluding of and oast, coat, clay, scorie, soil, orayed or not products without Lender's prior within consent.

Removal of improvements. Grantor shall not demoksh or remove any improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such improvements with improvements of at least southly white.

Lender's Right to Enter. Londer and Lender's spents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to espect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Mortgage.

Compliance with Governmental Requirements. Granter shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without lendstallon, the Americans With Dissibilities Act. Granter may contest in good faith any such faw, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Granter has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Granter to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Grantor agrees neither to abendon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Lender may, at Lander's option, declars immediately due and payable all sums secured by this Mortgage upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, instellment sale contract, land contract, contract for deed, leasehold interest with a term groater than three (3) years, lease-option contract, or by sale, sasignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. However, this option shall not be exercised by Lender if such exercise is prohibited by federal taw or by Kentucky law.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are part of this Mortgage:

Payment. Grantor shall pay when due tend in all events prior to delinquency) all taxes, payroll taxes, special taxes, assessments, water charges and sewer service charges levied against or on account of the Property, and shall pay when due as claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of any sens having priority over or equal to the interest of Lander under this Mortgage, except for those Sens specifically agreed to in writing by Lender, and except for the sen of taxes and assessments not due as further specified in the Right to Contest paragraph.

Right to Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's enterest in the Property is not jeoperioded. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien srises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the fileng, socure the discharge of the lien, or if requested by Lander, deposit with Lender cash or a sufficient corporate surely bond or other security satisfactory to Lander in an amount sufficient to discharge the lien plus any costs and reasonable attorneys' feet, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defand itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lander at any time a written statement of the taxes and assessments against the Property.

Notice of Construction. Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials, Grantor will upon request of Lender furnish to Lender solvance assurances satisfactory to Lander that Grantor can and will pay the cost of such Improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Mortgage:

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to evoid application of any colongrance clause, and with a standard mortgage clause in fevor of Landar. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lendar may request with Lendar being named as additional insured in such liability insurance policies. Additionally, Grantor shall maintain such other insurance shall be written by such insurance companies and in such form as may be reasonably acceptable to Lendar. Grantor shall deliver to Lendar certificates of covorage from each insurar containing a stipulation that coverage will not be cancelled or diminished without a minimum of theirty (307 days) prior written notice to Landar and not containing any disclaimer of the insurar's liability for failure to give such notice. Each insurance policy slap shall include an endorsement providing that coverage in favor of Landar will not be empaired in any way by any act, ormsson or default of Grantor or any other person. Should the

Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood insurance, it available, for the full unpaid principal betance of the loss and any prior flans on the property securing the loss, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintedn such insurance for the term of the loss.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or demage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lender's election, receive end retain the proceeds of any insurance and apply the proceeds to the reduction of the Indebtedness, payment of eny lien affecting the Property, or the restoration and repeir of the Property. If Lender slects to apply the proceeds to restoration and repeir, Crantor shall repair on septiacs the demaged or destroyed improvements in a memory satisfactory to nearly checkers, Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grentor is not in default under this Mortgage. Any proceeds which have not been debursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Mortgage, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the Indebtedness. If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

Grantor's Report on Insurence. Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurence showing: (1) the name of the insurer. (2) the risks insurer: (3) the amount of the policy: (4) the property insured, the then current replacement value of such property, and the manner of determining that value; and (5) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraisar satisfactory to Lender determine the cash value replacement cost of the Property.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would instensity affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Mortgege or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor acquired to detecharge or pay under this Mortgege or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to take any action that Lander deams appropriate, including but not limited to discharging or paying all taxes, lens, security Interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, manusching and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear Interest at the rate charged under the Nots 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 (A) be payable on demand; (B) be added to the beliance of the Nots and be apportioned among and be psystle with any installment payments to become due during either (1) the turn of any applicable instrurance policy; or (2) the smallering turn of the Nots; or (C) be treated as a beloon payment which will be due and payable at the Nota's matunity. The Mortgege also will secure payment of these encounts. Such right shall be in addition to all other rights and remedies to which Lander may be entitled upon Default.

WARRANTY: DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Mortgage:

Title. Granter warrants that: (a) Granter holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Reel Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Mortgage, and (b) Granter has the full right, power, and authority to execute and deliver this Mortgage to Lender.

Defense of Title. Subject to the exception in the paragraph above, Grentor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Lender under this Mortgage, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to perficipate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

Compliance With Laws. Granter warrents that the Property and Granter's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Mortgage shall survive the execution and delivery of this Mortgage, 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.

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Mortgage

Proceedings. If any proceeding in condemnation is field, Grantor shall promptly notify Lander in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the awards. Grantor may be the nominal party in such proceeding, but Lander shall be ambitted to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lander such instruments and documentation as may be requested by Lander from time to time to parmit such participation.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in Reu of condemnation, Lander may at its election require that all or any portion of the net proceeds of the award be applied to the indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' loss incorrect by Lender in connection with the condemnation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Mortgage:

Current Taxes. Fees and Charges. Upon request by Lander, Granter shall execute such documents in addition to this Mortgage and take whatever other action is requested by Lender to parfect and continue Lander's ien on the Real Property. Granter shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Mortgage, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Mortgage.

Taxes. The following shall constitute taxes to which this section applies. (1) is specific tax upon this type of Mortgage or upon all or any part of the Indebtedness secured by this Mortgage; (2) is specific tax on Grantor which Greator is authorized or required to deduct from payments on the Indebtedness secured by this type of Mortgage; (3) is tax on this type of Mortgage; (3) is tax on this type of Mortgage; against the Lender or the hoter of the Note; and (4) is specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Mortgage, this event shall have the same effect as an Event of Default, and Lendor may exercise any or all of its evaleble remodes for an Event of Default as provided below unless Grantor either (1) pays the tax before it becomes deixnquent, or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lendor cash or a sufficient corporate surety bond or other security satisfactory to Lendor.

SECURITY AGREEMENT: FINANCING STATEMENTS. The following provisions relating to this Mortgage as a security screamant are a part of this Mortgage:

Security Agreement. This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Grantor shall take whetever action is requested by Lender to perfect and continue Lender's security interest in the Rants and Personal Property. In addition to recording this Mortgage in the real property records, Lender may, at any time and without further suthorization from Grantor, file executed counterparts, copies or reproductions of this Mortgage as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this accurity interest. Upon default, Grantor shall not remove, sever or datach the Personal Property from the Property. Upon default, Grantor shall sex any Personal Property not altitled to the Property in a manner and at a place reasonably convenent to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

Addresses. The mailing addresses of Grantor (debtor) and Lender (secured party) from which information concerning the security interest granted by this Mortgage may be obtained (each as required by the Uniform Commorcial Code) are as stated on the first page of this Mortgage.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further easurances and attorney-in-fact are a part of this Mortgage:

Further Assurances. At any time, and from time to time, upon request of Lander, Grantor will make, execute and daiver, or will cause to be made, executed or delivered, to Lander or to Lander's designee, and when requested by Lander, dusies to be filled, recorded, reflied, or reproducted, as the case may be, at such times and in such offices and places as Lander may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, carifficates, and other documents as may, in the sole opinion of Lander, be necessary or desirable in order to effectuare, complete, parlect, continue, or preserve. (1) Grantor's obligations under the Note, this Mortgage, and the Related Documents, and (2) the fishs and security interests created by this Mortgage as first and prior fers on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writting, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact. If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lander as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filling, recording, and doing all other things as may be necessary or desirable, in Lander's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If Grantor pays all the Indabtedness when due, and otherwise performs all the obligations imposed upon Grantor under this Mortgage, Lender shall execute and deliver to Grantor a suitable satisfaction of this Mortgage and suitable statements of termination of any financing statement on file evidencing Londer's security interest in the Rents and the Personal Property. Grantor will pay, if permitted by applicable law, any reasonable termination fee as determined by Lender from time to time.

EVENTS OF DEFAULT. Each of the following, at Lender's option, shall constitute an Event of Default under this Mortgage:

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

Default on Other Payments. Failure of Grantor within the time required by this Mortgage to make any payment for taxes or insurance, or any other payment necessary to prevent filling of or to effect discharge of any Ren.

Other Defaults. Grantor falls to comply with or to perform any other term, obligation, covenant or condition contained in this Mortgage or at 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.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Mortgage 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.

Defective Collectedization. This Mortgage or any of the Related Documents ceases to be in full torce and effect including failure of any politateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Death or insolvency. The death of Grantor, 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 workput, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or torfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Granter or by any governmental egency against any property securing the Indebtedness. This includes a gamishment of any of Grantor's ecocurits, including deposit accounts, with Lander. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the velidity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lander written notice of the creditor or forfeiture proceeding and deposits with Lander mones or a sizety 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.

Breach of Other Agreement. Any breach by Grantor under the terms of any other agreement between Grantor and Lender that is not remedied within any grace period provided therein, including without Emitation any agreement concerning any indebtedness or other obligation of Grantor to Lender, whether existing now or later.

Events Affecting Guerantor. 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 velidity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Grenton'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.

Right to Cure. If any default, other than a default in payment is curable and II Grantor has not been given a notice of a breach of the same provision of this Mortgage within the preceding twist (12) months. It may be cured if Grantor, after Lender sands written notice to Grantor demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately sittlets steps which Lander deams in Lender's sole discretion to be sufficient to cure the default and therefore continues and completes all reasonable and necessary steps sufficient to roduce completes can one a reasonable practical.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of an Event of Default and at any time thereafter, Lander, at Lander's option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate Indebtedness. Lender shall have the right at its option without notice to Grantor to declare the entire Indebtedness immediately due and payable, including any prepayment penalty that Grantor would be required to pay.

UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Lender in Possassion. Upon acceleration of the Indebtedness or abandonment of the Property and at any time prior to the expiration of any period of molemption following judicial sale, Lender may, without regard to the adoquecy of the security for the indebtedness, enter into possassion of and manage and operate, by itself or through a receiver, the Property and collect the Rents, including those past due. Lander may exercise all rights and powers of Lander with respect to the Property aither in the name of Grantor or otherwise as Lander shall been best. Lander shall be entitled to make, enforce, modify or accept surrender of any lesse or the lesses of the Property. Any Rents collected by Lander or the receiver shall be applied that to payment of the costs of management of the Property and collection of Rents, including but not limited to receiver's fees, premisms on the receiver's bonds and reasonable attorneys' fees and then to the other indebtedness secured by this Morgage.

Appoint Receiver. Lender shall have the right to have a raceiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding forsolosure or sale, and to collect the Renta from the Property and apply the proceeds, over and above the cost of the receivership, against the indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtodness by a substantial amount. Employment by Lender shall not disquality a person from serving as a receiver.

Judicial Foreclosure. Lender may obtain a judicial decree toreclosing Granter's Interest in all or any part of the Property.

Deficiency Judgment. If permitted by applicable law, Lander may obtain a judgment for any deficiency remaining in the Indebtedness due to Lander after application of all amounts received from the exercise of the rights provided in this section.

Tenency at Sufference. If Grantor remains in possession of the Property after the Property is sold as provided above or Lander otherwise becomes antitled to possession of the Property upon default of Grantor, Grantor shall become a tenent at sufference of Lender or the purchaser of the Property and shall, at Lender's option, eitner (1) pay a reasonable rental for the use of the Property, or (2) vecato the Property immediately upon the demand of Lender.

Other Remedies. Lender, at Lender's option, may take such steps to protect and enforce Lender's rights as Lender deems appropriate, whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Note or in this Mortgage, or in aid of the execution of any power grented in this Mortgage, or for the enforcement of any other appropriate legal or equity remedy, or otherwise as Lender may also, including the appointment of a receiver for the Property.

Sale of the Property. To the extent permitted by applicable law, Grantor hereby warves any and all right to have the Property manhaled. In exercising its rights and remedies, Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

Notice of Sale. Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least lifteen 1151 days before the time of the sale or disposition. Any sale of the Personal Property may be made in conjunction with any sale of the Real Property.

Election of Remedies. Election by Lander to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Mortgage, after Grantor's faiture to perform, shall not affect Lender's right to declare a default and exercise its remedies. Nothing under this Mortgage or otherwise shall be construed so as to limit or restrict the rights and remedies available to Lender following an Event of Default, or in any way to limit or restrict the rights and ability of Lender to proceed directly against Grantor and/or against any other co-maker, guarantor, surety or endorser and/or to proceed against any other collateral directly or indirectly securing the Indebtodness.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Mortgage, Lander shall be entitled to recover such sum as the court may adjudge rassonable as attorneys' fees at that and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all responsible expenses Lender incors that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until ropaid. Expenses covered by this paragraph include, without similation, however subject to any limits under applicable law, Lender's reasonable ettorneys' fees and Lender's legal expenses, whather or not there is a lawsuit, including reasonable attorneys' has and expenses for bankruptcy proceedings (including efforts to modify or vacare any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, to the extent permitted by applicable law. Crentor also will pay any court costs, in addition to all other sums provided by law.

NOTICES. Any notice required to be given under this Mortgage, including without limitation any notice of default and any notice of sales shall be given in writing, and shall be stractive when actually delivered, when actually received by relationship is commissionally included overnight country, or, it maked, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to

the addresses shown near the beginning of this Mortgage. All copies of notices of foreclosure from the holder of any lean which has priority over this Mortgage shall be sent to Lender's address, as shown near the beginning of the Mortgage. Any party may change its address for notices under this Mortgage by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Granfor agress 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 Lander to any Grantor is desmed to be notice given to all Grantors.

ADDITIONAL INSURANCE REQUIRED. MORTGAGOR SHALL MAINTAIN EARTHQUAKE INSURANCE COVERAGE ON ALL IMPROVED PROPERTY IN ADDITION TO THAT REQUIRED BY, AND SUBJECT TO THE COVENANTS AND CONDITIONS OF, PARAGRAPH TITLED "MAINTENANCE OF INSURANCE.".

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Mortgage:

Amendments. This Mortgage, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Mortgage. No alteration of or amendment to this Mortgage shall be effective unless given in writing and signed by the party or perties sought to be charged or bound by the alteration or amendment.

Annual Reports. If the Property is used for purposes other then Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscel year in such form and detail as Lender shall require. "Net operating Income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Caption Headings. Capson headings in this Mortgage are for convenience purposes only and are not to be used to interpret or define the provisions of this Mortgage.

Governing Law. This Mortgage will be governed by federal law applicable to Lender and, to the extent not preampted by federal law, the laws of the Commonwealth of Kentucky without regard to its conflicts of law provisions. This Mortgage has been accepted by Lender in the Commonwealth of Kentucky.

No Waiver by Lender. Lender shall not be dearmed to have werved any rights under this Mortgage imless such waiver is given in writing and signed by Lender. No dalay or onlession on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Mortgage shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Mortgage. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Mortgage, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent a required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Severability. If a court of competent jurisdiction finds any provision of this Mortgage to be illegal, invalid, or unenforceable as to any discournatence, that funding shall not make the offending provision (Regal, Invalid, or unenforceable as to any other circumatence. If feesible, the offending provision cannot be considered modified as that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Mortgage. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Mortgage shall not affect the legality, validity or enforceability of any other provision of this Mortgage.

Merger. There shall be no merger of the interest or estate created by this Mortgage with any other interest or estate in the Property at any time hald by or for the benefit of Lander in any capacity, without the written consent of Lender.

Buccessors and Assigns. Subject to any firstations stated in this Mortgage on transfer of Grantor's interest, this Mortgage shall be briding upon and finure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes visited in a person other than Grantor, Lander, without notice to Grantor, may deal with Grantor's successors with reference to this Mortgage and the Indiabtedness by way of forbearance or extension without releasing Grantor from the obligations of this Mortgage or Eability under the Indebtedness.

Time is of the Essence. Time is of the assence in the performance of this Mortgage.

Walve Jury. All perties to this filtergage hereby waive the right to any jury triel in any action, proceeding, or counterclaim brought by any party against any other party.

Waiver of Dower/Homestaed Rights. Grentor hereby releases and waives all rights and benefits of the homestead exemption laws of the Kentucky as to all indebtedness secured by this Mortgage.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Mortgage. 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 Mortgage shall have the meanings stributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means JONATHAN CREEK WATER DISTRICT and includes all co-eigners and co-makers signing the Note and all their successors and assigns.

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

Environmental Laws. The words "Environmental Laws" mean any and all state, faderal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without similation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as smended, 42 U.S.C. Section 9801, at seq. ("CERCLA"), the Superfund Amendments and Resultinization Act of 1986, Pub. L. No. 99 499 ("SARA"), the Hazerdous Materiels Transportation Act. 49 U.S.C. Section 1801, at seq., the Resource Comservation 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 sat forth in this Mortgage in the events of default section of this Mortgage.

Grantor. The word "Grantor" means JONATHAN CREEK 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 meterials 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, troated, disposed of, generated, manufactured,

transported or otherwise hendled. The words "Hezardous Substances" are used in their very broadest cause and include without firnitation any and all hezardous or toolc substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hezardous Substances" also includes, without limitation, petroleum and patroleum by-products or any fraction thereof and asbestos.

Improvements. The word "Improvements" means ell existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Lender to enforce Grantor's obligations under this Mortgage, together with interest on such amounts as provided in this Mortgage.

Lender. The word "Lender" means COMMUNITY FINANCIAL SERVICES BANK, its successors and assigns.

Mortgage. The word "Mortgage" means this Mortgage between Grantor and Lender.

Note. The word "Note" means the promissory note dated February 6, 2013, in the original principal amount of \$336,222,48 from Grantor to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or egreement. The maturity date of the Note is February 6, 2018.

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of possonal property now or hersetter owned by Grantor, and now or hersetter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without Binitiation all insurance proceeds and refunds of pramiums) from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Mortosoe.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, foan agreements, sevinorsmental agreements, guaranties, security agreements, mortgages, deads of trust, security deeds, collistral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indistances.

Rents. The word "Rents" means all present and future rents, revenues, income, issues, royalties, profite, and other benefits derived from the Property.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS MORTGAGE, AND GRANTOR AGREES TO ITS TERMS.

GRANTOR:	
CONATHAN CREEK WATER DISTRICT	\sim
Whe Forman.	
MIKE EDWARDS, Secretary of JONATHAN CREEK WATER D	STRICT
This Mortgage prepared by: X JOHNSON & MATHIS, ATTORNE	Y'S AT LAW
PO BOX 450	
BENTON, KY 42025-0450	
	
GOVERNMENT ACKN	OWLEDGMENT
COMMONWEALTH OF KENTUCKY	1
o Ar	188
COUNTY OF OIL DU av)
	ID
The foregoing instrument was acknowledged before me this	le day of Velle
, 20 / 5 by MIKE ED DISTRICT, a Kentucky government, on behalf of the government	WARDS, Secretary of JOHATHAN CREEK WATER
	Thirtie & Soll Comrow
	Bignature of Person Toking Adknowledgment)
	notory
	(Title or Rank) Marcol F aNI
	(Servat Number, if any) My commission expires)
	(Sensi Number, if any) (My commission expires)

TRACT I

Beginning at a point on the southeastern right-of-way of Kentucky Highway 962, sald point being at a cross fence; said cross fence being 340 feet northeast of the intersection of Kentucky Highway 962 and Nelson Road; thence with said southeastern right-of-way of Kentucky Highway 962 northeasterly for 100.0 feet to a point; thence perpendicular to said right-of-way in a southeasterly direction 100.0 feet to a point; thence parallel to and 100 feet from said Highway 962 in a southwesterly direction for 100.0 feet to the aforesaid cross fence; thence with the cross fence in a northwesterly direction for 100.00 feet to the place of beginning, being a 100 foot x 100 foot square of the tract of Gilbert Baker.

TRACT II

Beginning at an iron pin located in the Southerly right-of-way line of U.S. Highway 68, which iron pin is also located 2,639 feet West of the Intersection of said U.S. 60 with Kentucky Highway 962; thence, along the line of Charles Edwards South 56* 40' West 436.1 feet to an iron pin; thence, South 69* 40' West 350.4 feet to an iron pin located in fence line between property herein conveyed and Londai York; thence, along said fence line North 15* 30' East 427.6 feet to an iron pin in right-of-way line of U.S. 68; thence, along said right-of-way South 75* 30' East 513.5 feet to the point of beginning and containing 3.01 acres as per survey of Eimer Y. Hollis, Surveyor, dated October 27, 1970.

TRACT III

A 1.00 acre tract of land as surveyed by Kenar Architectural and Engineering of Benton, Kentucky, In October 1988, and being generally located on the west side of the Capps Springs Road, approximately 0.25 mile North of said road's intersection with U.S. Highway 68 and approximately 1 mile West of the Fairdealing Community of Marshall County, Kentucky, and being more particularly described as follows:

Beginning at the southeast corner of the property herein described, said corner being a % inch rebar iron pin set in the West right-of-way of Capps Springs Road (30 feet West of centerline), said rebar iron pin also being 97.8 feet South of a power pole; thence, North 87° 34′ 46″ West – 200.00 feet, along a new line with the remaining Bob Melton property (Deed Book 221, page 599), to a % inch rebar iron pin (set); thence, North 5° 00′ 00″ East – 218.00 feet, continuing with a new line and the remaining Bob Melton property, to a % inch rebar iron pin (set), said rebar iron pin being at the southwest corner of the Jeffrey Henson property (Deed Book 222, page 228); thence, South 87° 34′ 46″ East – 200.00 feet, with the south boundary of the said Jeffrey Henson property, to a % inch rebar lon pin set in the west right-of-way of Capps Springs Road (30 feet west of centerline), and being at the southeast corner of the said Jeffrey Henson property, said % inch rebar Iron pin also being 653 feet South of an existing steel fence post and 120.5 feet North of a power pole; thence, South 5° 00′ 00″ West – 218.00 feet, along the west right-of-way of the said Capps Springs Road to the point of beginning.

The above described property is subject to any easements or right-of-ways previously conveyed or in existence.

TRACT IV

Beginning at the northwest corner of the property conveyed to Jesse Leonard Bath, Jr. et ux by James E. Gober et us dated 9/7/1965 of record in Deed Book 119, page 5, Marshall County Court Clerk's Office, thence East and with the North line of the Baith property 20 feet; thence, South and parallel with the West line of the Baith property 150.28 feet to a roadway; thence, West and with said roadway 20 feet to the west line of the Baith property; thence, north and with the West line of the Baith property 150.28 feet to the place of beginning.

TRACT V

PARCEL A

Beginning at a TVA marker located at the Northeast corner of the Leonard Baith property (Cedar Point Resort), said beginning point also being the Southeast corner of the original Dr. King tract of land; thence, North 7° 20′ East and along the Westerly line of the TVA property for a distance of 119.0 feet to a point; thence, continuing along the TVA's Westerly property line and North 38° 35′ West for a distance of 130.0 feet to a point in the center line of a drain; thence, with the meanders of the said center line of the drain and in a Southwesterly direction as follows: South 60° 45′ West 38.5 feet, South 67° 10′ West 200.0 feet to a point; thence, South 1° 00′ West for a distance of 118.00 feet to a point in the original Southerly line of the Dr. King property; thence, South 89° 00′ East and along the said Southerly line of the Dr. King property for a distance of 285.0 feet to the point of beginning.

PARCEL B

Beginning at the Southeast corner of the R.W. King property, said beginning point also being located in a Southerly direction and 15.06 feet from the centerline of the Old Olive and Aurora Road, which point being in a Westerly direction and 350.0 feet from the intersection of the centerline of the Old Olive and Aurora Road with U.S. Highway 68; thence, from the point of beginning and along King's Westerly line and South 0° 30' West for distance of 193.55 feet to point marking the Northeast corner of the Needmore Higgins property; thence, South 63° 26' West and along the sald Northerly line of the Higgins tract for a distance of 75.0 feet to a point; thence, North 0° 30' East for a distance of 75.0 feet to a point; thence, North 63° 26' East for a distance of 43.58 feet to a point; thence, North 0° 30' East for a distance of 130.33 feet to a point in the Southerly right-of-way line of the Old Olive and Aurora Road; thence, North 85° 20' East and along the sald Southerly right-of-way line of the Old Olive and Aurora Road for a distance of 28.11 feet to the point of beginning.

TRACT VI

A permanent easement and right of way, subject to the exception, reservations, restrictions and conditions hereinafter set forth, for the following purposes, namely: the right to enter upon the hereinafter described land and in accordance with plans approved in advance and in writing by the Authority to lay, construct, maintain, alter, repair, excavate, replace and remove a water pipeline on, over, across, through and under said land, together with the right to excavate and refill ditches and/or trenches for the location of said water pipeline and to cut and keep clear of all trees, bushes, undergrowth and other obstructions that may injure or endanger said line of may interfere with the construction, maintenance and use of said pipeline on, over and across a strip of land lying in the First Magisterial District of Marshall County, Commonwealth of Kentucky, on the west shore of Kentucky Lake, approximately ½ mile south of the mouth of the Jonathan Creek Embayment of the lake, the said strip being 20 feet wide, lying 10 feet on each side of the center line of the pipeline location, the center line and end boundaries of the said strip being described as follows:

Beginning at a point where the center line intersects the boundary line between the lands of the United State of America and R.L. Jones, said point being N. 5° 20' E., 51 ft. from a stone (Coordinates: N. 180, 309; E 1,296,635) at a metal marker, a corner of the land of the United States of America, the land in dispute between O.B. Trimble and Hobert McNeely, and the lands of O.B. Trimble and R.L. Jones, the strip being bounded on the west end by said boundary line; thence, N. 89° 16' E., 174 ft. to a point in the 375-foot contour on the shore of the lake, at which contour the strip terminates.

The strip of land described above contains 0.08 acre, more or less.

The positions of corners and directions of lines are referred to the Kentucky (South) Coordinate System. The contour elevation is based on MSL Datum as established by the US.C. & G.S. 1929 General Adjustment.

Subject to all covenants, easements, restrictions, and reservations contained in the above deed from Tennessee Valley Authority.

Being the same property conveyed to the Jonathan Creek Water District, a Kentucky Rural Water District, by virtue of a deed from Jonathan Creek Water Association, Inc., dated September 7, 1992 and of record in Deed Book 259, Page 152, Marshall County Court Cierk's Office.



238837 Filed on:2/28/2013 9:59:41 AM Book: HTG Member: 765 Pages: 362 - 379 Tim York "Marshall County DC: 5ELIA RILEY Book Tax:04.68

DISBURSEMENT REQUEST AND AUTHORIZATION

Principal	Loan Date	Maturity	Loen No	Call (t		Account	Officer	initials
\$336,222.48		02-08-2018		1044 /		J000458	SJP	L
References In 1	he boxes above are Any ite	for Lender's use ont m above containing !	y and do not limit the has been omi	e applicabilit uted due to t	y of this do ext langth (icument to any pai	rticular loan o	r item.
75	NATHAN CREEK WA 54 US HWY 68 E NTON, KY 42025	ATER DISTRICT	Le		CALLOWA 1721 N 12	TY FINANCIAL SE Y COUNTY BANKI ITH ST KY 42071-3594		
LOAN TYPE, TH	s is a Fixad Rate (4.	000%) Nondiscloseb	ele Loan to a Govern	ment Entity	tor \$336,2	22.48 due on Febr	wary 8, 2018	
PRIMARY PURPO	SE OF LOAN. The	primary purpose of t	his loan is for:					
☐ Per	rsonal, Family, or Ho	usehold Purposes or	Personal Investmen	4.				
🔀 8u	siness (Including Rea	al Estate Investment)						
SPECIFIC PURPO	SE. The specific ou	rpose of this loan is:	REFINANCE 2 LOA	NS FROM W	ELLS FAR	GO BANK.		
DISBURSEMENT	INSTRUCTIONS. B	orrower understands orse the losn proces	that no loan proce	eds will be d			conditions fo	r making th
	\$295,06	i to others on Borrov 7.85 to WELLS FAR .83 to WELLS FARG	GO BANK N.A.	_	\$336,22	2.48		
	Note Princip	al;			\$336,22	2.48		
CHARGES PAID	IN CASH. Bonower	has paid or will pay	នា çash se agreed ប៉	ne following	charges:			
	\$8.50 F \$375.00 \$76.00 \$1,681.	nce Charges Paid in LOOD CERTIFICATE CFSB PROCESSING CFSB UNDERWRITH 12 CFSB LOAN ORK CFSB WIRE FEE	3 FEE NG FEE		\$2,18	9.62		
	#38.00 #13.00 #15.00	es Paid in Cash: MTG RECORDING MTG RELEASE MTG PREPARATION UCC-1 RECORDING	ı		\$7	re.oo		
	Total Charg	es Peld in Cash:		_	\$2,26	55.82		
INFORMATION F	TROVIDED ABOVE IS IDITION AS DISCLO	NING THIS AUTHO TRUE AND CORRE ISED IN BORROWER	CT AND THAT THE	RE HAS BEE	N NO MAT	ERIAL ADVERSE	CHANGE IN B	ORROWER

LASES MG Landing, No. 12 4 1980) Case Particle Review Indiana, No. 1987, 2013. All Repris National. BY A LANG ARRANGE PLACES OF TRANSP. PR.CO. LANGEST MICH.

BORROWER:

JONATHAN CREEK WATER DISTRICT

BY:

MIKE EDWARDS, Secretary of JONATHAN CREEK
WATER DISTRICT

NECHARICE OF MORTOACE AND	
The Mortgage, Dated February 6, 20	3 executed by
JONATHAN CREEK WATER DISTRICT, A KENTUCKY RURAL WAT	ER DISTRICT
to Community Financial Services Bank	
	shall County Kentucky
Liber 765 of mortgages, on Page 3	62
is paid and is hereby discharged.	
WITNESS my hand and seal this 10	day_of Apr-15
Signed, Sealed and Delivered in presence of	+ 0.50 NP)
	the Wight Photos
	HINKY KYWE, U
CORPORATE ACKNOWI	LEDGEMENT
State of Kentucky	
County of Marshall ss.	
On this 10 day of Apr-15	
	and Catherine M Hart
to me personally known, who, being each by me duly sworn, did say t	
	at Community Financial Services Bank
the Corporation named in the foregoing instrument and that the seal a	
seal of said Corporation and that said instrument was signed and sea	
	n A Egner and <u>Catherine M Hart</u>
acknowledged said instrument to be the free act of said Corporation.	
This decument propored by	/
This document prepared by:	The Market
Susan Forrett DCC	Notery Public Kentucky, State at Larg
Susan Berrett, Document Control Clerk	ms 478.590
Community Financial Services Bank PO Box 487, Benton, KY 42025	My Contributed Express
DISCHARGE OF MORTGAGE SHORT FORM	
Pagistar's Office	
Register's Office,	
	A.D. at _o'clock M., ar
1	11
Recorded in Liber Mau of 149 on page (Registe

Return to: JONATHAN CREEK WATER DISTRICT 7564 US HWY 68 E

7564 US HWY 68 E PO BOX 414 BENTON KY 42025

Page Date

1 9/14/17

> loan history from origination until paid of t

JONATHAN CREEK WATER DISTRICT 7564 US HWY 68 E PO BOX 414 BENTON KY 42025-0414

GENERAL INFORMATION

Loan Officer Sammy Jason Pittman #501098

Collateral Cd 015 MUNICIPALS

Call Report Cd 10M TAX FREE MUNICIPAL Purpose Code 19 Tax-Free Municipals

BALANCE & PAYMENT INFORMATION

Original Amount	336,222.48	Payment Due Date	8/06/15
Current Balance	0.00	Payment Amount	37,483.34
Accrued Interest	0.00	Principal/Interest	37,483.34
Daily Per Diem	0.00	Payment Type Intere	st Included

LOAN HISTORY 2/06/13 to 4/06/15

Description of Transactions	Transaction Amount	Principal Balance
Interest Rate Change	4.000000%	0.00
Effective Date Debit Interes	74.72	0.00
2/06/13 Effective Date		
Advance	336,222.48	336,222.48
2/06/13 Effective Date		
Principal Payment	3.00	336,219.48
Regular Payment	37,483.34	336,219.48
Allocated Interest Pmt.	6,761.75	336,219.48
Principal Payment	30,721.59	305,497.89
Regular Payment	37,483.34	305,497.89
Allocated Interest Pmt.	6,211.79	305,497.89
Principal Payment	31,271.55	274,226.34
Regular Payment	37,483.34	274,226.34
Allocated Interest Pmt.	5,545.46	274,226.34
	Interest Rate Change Effective Date Debit Interes 2/06/13 Effective Date Advance 2/06/13 Effective Date Principal Payment Regular Payment Allocated Interest Pmt. Principal Payment Regular Payment Allocated Interest Pmt. Principal Payment Regular Payment Regular Payment Regular Payment Regular Payment	Description of Transactions Interest Rate Change 4.00000% Effective Date Debit Interes 74.72 2/06/13 Effective Date Advance 336,222.48 2/06/13 Effective Date Principal Payment 3.00 Regular Payment 37,483.34 Allocated Interest Pmt. 6,761.75 Principal Payment 30,721.59 Regular Payment 37,483.34 Allocated Interest Pmt. 6,211.79 Principal Payment 31,271.55 Regular Payment 37,483.34

Page Date Account No. 2 9/14/17

JONATHAN CREEK WATER DISTRICT 7564 US HWY 68 E PO BOX 414 BENTON KY 42025-0414

8/06/14	Principal Payment	31,937.88	242,288.46
2/05/15	Telephone Transfer from Savi	37,483.34	242,288.46
2/05/15	Allocated Interest Pmt.	4,926.54	242,288.46
2/05/15	Principal Payment	32,556.80	209,731.66
4/06/15	Generated Accrual Adjustment 4/02/15 Effective Date	93.21	209,731.66
4/06/15	Generated Accrual Adjustment 4/02/15 Effective Date	0.01	209,731.66
4/06/15	Principal Payment 4/02/15 Effective Date	209,731.66	0.00
4/06/15	Allocated Interest Pmt. 4/02/15 Effective Date	1,304.99	0.00

YTD/PYTD/LTD AMOUNTS & COUNTERS

,	Year-to-Date	Previous YTD	Life-to-Date
Interest Paid	0.00	0.00	24,750.53
Principal Paid	0.00	N/A	N/A
Late Charges Paid	0.00	0.00	N/A
Prepayment Penalties	0.00	0.00	0.00
Origination Fees	0.00	0.00	0.00
Extension Fees	0.00		0.00
IRS Interest Reported		0.00	24,750.53
Times Past Due 10-29	0	0	0
Times Past Due 30-59	0	0	0
Times Past Due 60-89	0	0	0
Times Past Due 90-119	0	0	0
Times Past Due 120-149	0	0	0
Times Past Due 150-179	0	0	0
Times Past Due 180+	0	0	0
Number of Payments Extend	0	0	0
Number of Times Renewed	0	0	0
Number of Months Extended			0
Number of Extensions			0
Number of Right to Cures	0		0
Number of Bad Checks Rece	ived		0

Thank you for banking with us.

CFSB
PO Box 467
Benton KY 42025-0467
PH# (270) 527-4600

Page Date Account No.

3 9/14/17

JONATHAN CREEK WATER DISTRICT 7564 US HWY 68 E PO BOX 414 BENTON KY 42025-0414

GOVERNMENTAL CERTIFICATE

Call / Coll -Principal Loan Date Maturity Officer initials Account LOBO NO \$142,427.82 01-31-2014 01-31-2015 J000458 10M (015 -SJP 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.

Entity:

JONATHAN CREEK WATER DISTRICT

7564 US HWY 68 E **BENTON, KY 42025** Lender:

COMMUNITY FINANCIAL SERVICES BANK CALLOWAY COUNTY BANKING CENTER 1721 N 12TH ST MURRAY, KY 42071-3594

WE. THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

THE ENTITY'S EXISTENCE. The complete and correct name of the governmental entity is JONATHAN CREEK WATER DISTRICT ("Entity"). The Entity is a governmental entity which is, and at all times shall be, duly organized, velidly existing, and in good standing under and by virtue of the laws and regulations of the Commonwealth of Kentucky. The Entity has the full power and authority to own its properties and to transact the business and activities in which it is presently engaged or presently proposes to engage. The Entity meintains an office at 7564 US HWY 68 E, BENTON, KY 42025. The Entity 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 the Entity and any other governmental or customers and exhibits the standard of the Entity and the Entity and the Entity and the entity and only other governmental or quasi-governmental authority or court applicable to the Entity and the Entity's business activities.

CERTIFICATES ADOPTED. At a meeting of the appropriate governing body of the Entity, duly called and hald on January 31, 2014, 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 Certificate were adopted.

OFFICIAL. The following named person is an Official of JONATHAN CREEK WATER DISTRICT:

NAMES

AUTHORIZED

ACTUAL SIGNATURES TITLES the MIKE EDWARDS Secretary

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

Borrow Money. To borrow, as a cosigner or otherwise, from time to time from Landar, on such terms as may be agreed upon between the Entity 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 One Hundred Forty-two Thousand Four Hundred Twenty-seven & 82/100 Dollars (\$142,427.82), in addition to such sum or sums of money as may be currently borrowed by the Entity from Lender.

Execute Notes. To execute and deliver to Lander the promissory note or notes, or other evidence of the Entity'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 Entity's indebtedness to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinencings, consolidations, or substitutions for one or more of the notes, any portion of the notes, or any other evidence of credit

Grant Security. To mortgage, pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to Lender any property now or hereafter belonging to the Entity or in which the Entity now or hereafter may have an interest, including without ilmitation all of the Entity's real property and all of the Entity's personal property (targible or intengible), as security for the payment of any loans or credit secommodations so obtained, any promissory notes or executed (including any mandament to or modifications, renewals, and extensions of such promissory notes), or any other or further indebtedness of the Entity 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 fleu of any property theretofore mortgaged, pledged, transferred, endorsed, hypothecated or encumbered.

Execute Security Documents. To execute and deliver to Lander 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 fiens 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 collatoral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the sens 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 Entity or in which the Entity may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Entity'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 Official may in his or her discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Certificate.

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

NOTICES TO LENDER. The Entity will promptly notify Lander in writing at Lander's address shown above (or such other addresses as L may designate from time to time! prior to any (A) change in the Entity's name; (B) change in the Entity's assumed business name(s); (C) change in the structure of the Entity; (D) change in the authorized signer(s); (E) change in the Entity's principal office address; (F) change in the Entity's principal residence; or (G) change in any other aspect of the Entity that directly or indirectly relates to any agreements between the

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

CONTINUING VALIDITY. Any and all acts authorized pursuant to this Certificate and performed prior to the passage of this Certificate are hereby ratified and approved. This Certificate 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 Entity's agreements or commitments in effect at the time notice is given.

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

We each have read all the provisions of this Certificate, and we such personally and on bahalf of the Entity certify that all statements and representations made in this Certificate are true and correct. This Governmental Certificate is dated January 31, 2014.

CERTIFIED TO AND ATTRATED BY:

Authorized Signer for JUNATHAN CREEK WATER DISTRICT

NOTE: If the Official signing this Certificate is designated by the toragoing document as one of the official authorized to act on the Emity's behalf, it is additable to have this Certificate signed by at least are non-authorized official of the Entity.

NOTICE OF FINAL AGREEMENT

Principal \$142,427,82	Loan Date 01-31-2014	Maturity 01-31-2015	Loan No	Call / Coll 10M / 015	Account J000458	Officer SJP	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.							

Borrower:

JONATHAN CREEK WATER DISTRICT

BENTON, KY 42025

Lender:

COMMUNITY FINANCIAL SERVICES BANK CALLOWAY COUNTY BANKING CENTER 1721 N 12TH ST MURRAY, KY 42071-3594

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 (3.125%) Nordisclosable Loan to a Government Entity for \$142,427.82 due on January 31, 2015.

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

LOAN DOCUMENTS

Governmental Certificate: JONATHAN CREEK WATER

KY Mortgage for Real Property located at 7584 US HWY 68

E, BENTON, KY 42025
KY National UCC Financing Statement (Rev. 04/20/11): UCC

Financing Statement Filed with KY/SOS file FEE AGREEMENT - FEE AGREEMENT

Agreement to Provide Insurance: Real Property located at 7584 US HWY 68 E, BENTON, KY 42025; UCC Financing Statement Filed with KY/SOS (ile #2013-2824560-01 Filed 02/14/13 on all inventory, equipment, accounts (including but not limited to all health-care-insurance receivables), chattel paper, instruments (including but not limited to all promissory notes), letter-of-credit rights, letters of credit, documents. daposit accounts, investment property, money, other rights to payment and performance, and general intengibles (including but not limited to all software and all payment intencibles); all oil, gas and other minerals before extraction; all oil, gas, other minerals and accounts constituting as-extracted collateral; all fixtures; all timber to be out; all attachments, accessions, accessories, fittings, increases, tools, parts, repairs, supplies, and commingled goods relating to the foregoing property, and all additions, raplacements of and substitutions for all or any part of the foregoing property; all insurance refunds relating to the foregoing property; all good will relating to the foregoing property; all records and date and embedded software relating to the foregoing property, and all equipment, inventory and software to utilized, create, maintain and process any such records and data on electronic media; and all supporting obligations relating to the foregoing property; all whether now existing or hereafter analog, whether now owned or hereafter acquired or whether now or hereafter subject to any rights in the foregoing property; and all products and proceeds (including but not limited to all insurance payments) of relating to the foregoing property. INCLUDING BUT NOT LIMITED TO ADDITIONAL ITEMS AS DESCRIBED IN ATTACHED SCHEDULE I; owned by JONATHAN CREEK WATER DISTRICT

Disbursament Request and Authorization

Notice of Final Agreeman

Model Privacy Notice: JONATHAN CREEK WATER DISTRICT

Promissory Note Commercial Security Agreement: UCC Financing Statement Filed with KY/SOS life #2013-2824560-01 Filed 02/14/13 on all Inventory, equipment, accounts (including but not limited to all heaith-care-ingurance receivables), chattal paper, instruments (including but not limited to all promissory notes), letter-of-credit rights, letters of credit, documents, deposit accounts, investment rights, letters of credit, documents, deposit accounts, investmen property, money, other rights to payment and performance, and general intengibles (including but not limited to all software and all payment intangibles), all oil, gas and other minerals before extraction; all oil, gas, other minerals and accounts constituting as-extracted collatoral; all fixtures; all timber to be cut; all actions accounts in the property of th attachments, accessions, accessories, fittings, increases, tools, ports, replais, supplies, and commingled goods relating to the loregoing property, and all additions, replacements of and substitutions for all or any part of the foregoing property; all insurance ratunds relating to the foregoing property; all good will relating to the foregoing property; all records and data and embedded software relating to the foregoing property, and all equipment, inventory and software to utilized, create, maintain and process any such records and data on electronic media; and all supporting obligations relating to the foregoing property; all whether now existing or hereafter arising, whether now owned or hereafter acquired or whether now or hereafter subject to any rights in the foregoing property; and all products and proceeds (including but not limited to all insurance payments) of or relating to the foregoing property. INCLUDING BUT NOT LIMITED TO ADDITIONAL ITEMS AS DESCRIBED IN ATTACHED SCHEDULE; owned by JONATHAN CREEK WATER DISTRICT Notice of insurance Requirements: Real Property located at 7584 US HWY 68 E. BENTON, KY 42025; UCC Financing Statement Filed with KY/SOS file #2013-2624560-01 Filed 02/14/13 on ell inventory, equipment, accounts (including but not limited to all health-care-insurance receivables), chattel paper, instruments finduding but not limited to all promissory notes), letter-of-credit rights, letters of credit, documents, deposit accounts, investment property, money, other rights to payment and performance, and general intengibles (including but not limited to all software and all payment intengibles); sill oil, gas and other minerals before extraction; all oil, gas, other minerals and accounts constituting se-extracted collateral; all fixtures; all timber to be out; all attachments, accessions, accessories, fittings, increases, tools, parts, repairs, supplies, and commingled goods relating to the foregoing property, and all additions, replacements of and substitutions for all or any part of the foregoing property; all insurance refunds relating to the foregoing property; all good will relating to the foregoing property; all good will relating to the foregoing property; all records and dete and embedded software relating to the foregoing property, and all aquipment, inventory and software to utilized, create, maintain and process any such records and data on electronic media; and all supporting obligations relating to the foregoing property; all whether now existing or hereafter erising, whother now owned or hereafter acquired or whether now or hereafter subject to any nghts in the foregoing property; and all products and proceeds lincluding but not limited to all insurance payments) of or relating to the foregoing property. INCLUDING BUT NOT LIMITED TO ADDITIONAL ITEMS AS DESCRIBED IN ATTACHED SCHEDULE!

Parties. The term "Perties" means COMMUNITY FINANCIAL SERVICES BANK and any and all entities or individuals who are obligated to repay the losn or have pledged property as security for the Loan, including without limitation the following:

Borrower: Grantor(s):

JONATHAN CREEK WATER DISTRICT JONATHAN CREEK WATER DISTRICT

NOTICE OF FINAL AGREEMENT (Continued)

Page 2

Each Party who signs below, other than COMMUNITY FINANCIAL SERVICES BANK, acknowledges, represents, and warrants to COMMUNITY FINANCIAL SERVICES BANK that it has received, read and understood this Notice of Final Agreement. This Notice is dated January 31, 2014.

BORROWER:

Loan No:

JONATHAN CREEK WATER DISTRICT

MIKE EDWARDS, Secretary of JONATHAN CREEK WATER DISTRICT

LENDEA:

COMMUNITATIONAL BERYSCES BANK

USER MD Looking, No. 12 4 D.Dd. Com Institut Facing Society inc. 1887, 894. All high Society - NY 4 APPROXIMATED AS IN-COMMISSION OF THE PROXIMATED AS IN-CO

PROMISSORY NOTE

Principal \$142,427.82	Loan Date 01-31-2014		Loan No	10M / 01	Accou	nt Officer Initials 58 SJP
References in th	e boxes above are Any Ite	for Lender's use on above containing	only and do not		of this document to	any particular loan or item.

Borrower:

JONATHAN CREEK WATER DISTRICT

7564 US HWY 68 E BENTON, KY 42025 Lender:

COMMUNITY FINANCIAL SERVICES BANK CALLOWAY COUNTY BANKING CENTER 1721 N 12TH ST MURRAY, KY 42071-3594

Principal Amount: \$142,427.82

Date of Note: January 31, 2014

PROMISE TO PAY. JONATHAN CREEK WATER DISTRICT ("Borlower") promises to pay to COMMUNITY FINANCIAL SERVICES BANK ("Lender"), or order, in lawful money of the United States of America, the principal amount of One Hundred Forty-two Thousand Four Hundred Twenty-seven & 82/100 Dollars (3142,427,82), together with Interest on the unpaid principal balance from January 31, 2014, at an interest rate of 3.125% 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 2 payments of \$72,905.89 such payment. Borrower's first payment is due July 31, 2014, and all subsequent payments are due on the same day of each half-year after that. Borrower's final payment will be due on January 31, 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.

PREPAYMENT. Borrower agrees that all loan fees and other prepaid finance charges are sarned 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 owd serier 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, sarly payments will reduce the principal before due and may result in Borrower's making fewer payments. Borrower agrees not to send Londer 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 iminitations or as full satisfaction of a disputed amount must be mailed or delivered to: COMMUNITY FINANCIAL SERVICES BANK, PO BOX 467 BENTON, KY 42025-0467.

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 finel maturity, the total sum due under this Note will continue to accrue interest at the interest rate under this Note.

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 felts 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 Lander and Borrower.

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 felse or misleading in any material respect, either now or at the time made or furnished or becomes felse or misleading at any time thereefer.

Death or insolvency. The death of Borrower or the dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any sessignment for the banefit 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 Forfetture Proceedings. Commencement of foreclosure or forfetture proceedings, whather by judicial proceeding, salf-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collecters securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit eccounts, with Lander. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the velidity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Sorrower 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 perty dies or becomes incompetent, or revokes or disputes the validity of, or flability under, any guaranty of the indebtedness evidenced by this Note.

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

Insecurity. Lendor 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, after Lender sends written notice to Borrower demanding cure of such default: (1) cures the default within fifteen [15] days; or (2) If the cure requires more than fifteen [15] 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 recessory steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lander 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. Lander may hire or pay someone alse to help collect this Note if Borrower does not pay. Borrower will pay Lender that smount. This includes, subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses whother 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.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$50.00 if Borrower makes a payment on Borrower's loan and the check or presutherized charge with which Borrower pays is later dishonored.

RIGHT OF SETOFF. To the extent parmitted by applicable law, Lender reserves a right of satoff in all Borrower's accounts with Lender (whether chacking, savings, or some other account). This includes all accounts Borrower holds jointly with someone size 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 Lander, to the extent permitted by applicable law, to charge or satoff all sums owing on the indebtedress against any and all such accounts, and, at Lander's option, to administratively freeze all such accounts to allow Lander to protect Lender's charge and setoff rights provided in this paragraph.

COLLATERAL. Borrower acknowledges this Note is secured by 3RD COMM MTG DATED 01/31/14 ON Real Property located at 7584 US HWY 68 E, BENTON, MARSHALL CO., KY 42025 AND UCC Financing Statement Filed with KY/SOS file #2013-2824560-01 Filed 02/14/13 on all inventory, equipment, accounts (including but not limited to all heath-care-insurance receivables), chattel paper, instruments (including but not limited to all promisory notes), latter-of-credit rights, latters of credit, documents, deposit accounts, investment property, money, other rights to payment and performance, and general intengibles (including but not limited to all software and all payment intengibles); all oil, gas and other minerals before extraction; all oil, gas, other minerals and accounts constituting a-extracted colleters); all finitures; all timber to be out; all attachments, accessions, accessories, fittings, increases, tools, parts, repairs, supplies, and commitged goods relating to the foregoing property; all insurance refunds relating to the

PROMISSORY NOTE (Continued)

Loan No:

Page 2

foregoing property; all good will relating to the foregoing property; all records and data and ambedded software relating to the foregoing property, and all equipment, inventory and software to utilized, create, maintain and process any such records and data on electronic media; and all supporting obligations relating to the foregoing property; all whather now existing or hereafter arising, whether now owned or hereafter sequired or whather now or hereafter subject to any rights in the foregoing property, and all products and proceeds (including but not limited to all inswance payments) of or relating to the foregoing property. INCLUDING BUT NOT LIMITED TO ADDITIONAL ITEMS AS DESCRIBED IN ATTACHED SCHEDULE I.

BANK QUALIFIED TAX EXEMPT OBLIGATIONS.. THE BORROWER HEREBY DESIGNATES IN ITS CAPACITY AS ISSUER AND PURSUANT TO INERNAL REVENUE CODE SECTION 265(b)(3)(B)(B)), THIS LOAN BETWEEN BORROWER AND COMMUNITY FINANCIAL SERVICES BANK IS A "QUALIFIED TAX-EXEMPT OBLIGATION" AS DESCRIBED IN INTERNAL REVENUE CODE SECTION 265(b)(3). IN THIS REGARD, BORROWER REPRESENTS THAT IT DOES NOT ANTICIPATE THAT IT WILL ISSUE "QUALIFIED TAX-EXEMPT OBLIGATIONS" DURING THE CALENDAR YEAR IN AMOUNTS EXCEEDING \$10,000.000 IN THE AGGREGATE.

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.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Borrower may notify Lander II Lander reports any inaccurate information about Borrower's account(s) to a consumer reporting agency. Borrower's written notice describing the specific inaccuracylles) should be sent to Lender at the following address: COMMUNITY FINANCIAL SERVICES BANK LOAN OPERATIONS DEPARTMENT PO BOX 487 BENTON, KY 42025-0467.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lendar may delay or forgo enforcing any of its rights or remadies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses 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, excommodation maker or endorser, shall be released from hisblity. All such parties agree that Lendar way 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 Lendar's security interest in the collateral; and take any other action deemed necessary by Lendar without the consent of or notice to anyone. All such parties also agree that Lendar 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:

JONATHAN CREEK WATER DISTRICT

MIKE EDWARDS, Secretary of JONATHAN CHEEK WATER DISTRICT

LENDER:

COMMUNITY MINANCIAL SERVICES BANK

EXECUTED Lambers, You SEA COLD Court review formula bension, No. 1997, 2014. All Rights Research. SY a SAMPLEMENT CPUR, DESIGN PA. CO. PA. CO.

COMMERCIAL SECURITY AGREEMENT

-	Principal Loss Date Maturity Loss No / Cell / Col Account Officer Initials 8142,427.82 01-31-2014 01-31-2015
	References in the boxes above are for Lender's use only and do not finit the applicability of this document to any particular loan or item. Any item shows containing "*** has been emitted due to text length limitations.

Grantor:

JONATHAN CREEK WATER DISTRICT

7564 US HWY 68 E BENTON, KY 42025 Lender:

COMMUNITY FINANCIAL SERVICES BANK CALLOWAY COUNTY BANKING CENTER 1721 N 12TH ST MURRAY, KY 42071-3594

THIS COMMERCIAL SECURITY AGREEMENT dated January 31, 2014, is made and executed between JONATHAN CREEK WATER DISTRICT ("Grantor") and COMMUNITY FINANCIAL SERVICES BANK ("Lender").

GRANT OF SECURITY INTEREST. For valuable consideration, Grantor grants to Lendar a security interest in the Collateral to secure the indabtedness 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, whether now owned or hereafter acquired, whether now existing or hereafter erising, and wherever located, 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:

UCC Financing Statement Filed with KY/SOS file #2013-2624560-01 Filed 02/14/13 on all inventory, equipment, accounts (including but not limited to all health-care-insurance receivables), chattel paper, instruments (including but not limited to all promissory notes), letter-of-credit rights, letters of credit, documents, deposit accounts, investment property, money, other rights to payment and performance, and general intangibles (including but not limited to all activers and all payment intangibles); all oil, gas, other minerals and accounts constituting as-extracted collaters; all futures; all timber to be cut; all attachments, accessions, accessories, fittings, increases, tools, parts, repairs, supplies, and commingled goods rething to the foregoing property, and all additions, replacements of and substitutions for all or any part of the foregoing property; all insurance refunds relating to the foregoing property, and all equipment, inventory and software to utilized, create, making and process any such records and data on electronic media; and all supporting obligations relating to the foregoing property; all whather now existing or hereafter acquired or whether now or hereafter subject to any rights in the foregoing property; and all products and proceeds (including but not limited to all insurance payments) of or relating to the foregoing property. INCLUDING BUT NOT LIMITED TO ADDITIONAL ITEMS AS DESCRIBED IN ATTACHED SCHEDULE 1

In addition, the word "Colleteral" also includes all the following, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

- (A) All accessions, attachments, accessories, replacements of and additions to any of the colleteral described herein, whether added now or later.
- (B) All products and produce of any of the property described in this Collateral section.
- (C) All accounts, general intengibles, instruments, rents, monies, payments, and all other rights, arising out of a sals, lesse, consignment or other disposition of any of the property described in this Collateral section.
- (D) All proceeds (including 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, microfilch, or destronic media, together with all of Grantor'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 faw, Lender reserves a right of setoff in all Grentor's accounts with Lander (whether checking, savings, or some other accounts. 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 Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. With respect to the Collateral, Grantor represents and promises to Lander 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 Lender for possession by Lender.

Notices to Lender. Grantor 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 (1) change in Grantor's name; (2) change in Grantor's assumed business name(s); (3) change in the structure of the entity Grantor; (4) change in the structure of the entity Grantor; (4) change in the structure of the entity Grantor; (7) conversion of Grantor to a new or different type of business entity; or (8) change in any other aspect of Grantor that directly or indirectly relates to any agreements between Grantor and Lender. No change in Grantor's name will take effect until after the noter has received notice.

No Violation. The execution and delivery of this Agreement will not violate any law or agreement governing Gramor 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 monner of preparation and execution, and all persons opposing to be obligated 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 estoffs 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 Lander in writing.

Location of the Collateral. Except 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. Upon Lander's request, Grantor will deliver to Lender in form satisfactory to Lender a schedule of real properties 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 Grantor owns, rents, leases, or uses; and (4) all other properties where Collateral is or may be located.

Removal of the Colleteral. Except in the ordinary course of Grantor's business. Grantor shall not remove the Colleteral from its existing location without Lander's prior written consent. Grantor shall, whenever requested, advise Lander of the exact location of the Colleteral.

Transactions involving Collateral. Except for inventory sold or accounts collected in the ordinary course of Grantor's business, or as otherwise provided for in this Agreement, Grantor shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral. Grantor shall not plodge, mortgage, encumber or otherwise pormit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other than the security interest provided for in this Agreement, without the prior written consent of Lander. This includes security interests even if junior in right to the security interests granted under this Agreement. Unless weived by Lander, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for Lander and shall not be commingled with any other funds; provided however, this requirement shall not constitute consent by Lender to any sale or other disposition. Upon receipt, Grantor shall immediately deliver any such proceeds to Lender.

Title. Grantor represents and warrants to Lender that Grantor holds good and marketable title to the Collateral, free and clear of all items and encumbrances except for the Ion of this Agreement. No financing statement covering any of the Collateral is on tile in any public office other than those which reflect the security interest created by this Agreement or to which Lender has specifically consented. Grantor shall defend Lander's rights in the Collateral against the claims and demends of all other persons.

Repairs and Maintenance. Grantor agrees to keep and maintain, and to cause others to keep and maintain, the Collateral in good order, repair and condition at all times while this Agreement remains in effect. Grantor further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with the Collateral so that no lien or encumbrance may ever attach to or be filled accurat the Collateral.

Inspection of Collateral. Lender and Lender's designated representatives and agents shall have the right at all reasonable times to examine and inspect the Collateral wherever located.

Taxes, Assessments and Liens. Grantor will pay when due all taxes, assessments and liens upon the Collateral, its use or operation, upon this Agreement, upon any promissory note or notes evidencing the indobtedness, or upon any of the other Related Documents. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good feith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized in Lender's sole opinion. If the Collateral is subjected to a lien which is not discharged within fifteen (15) days, Grantor shall deposit with Lender cash, a sufficient corporate aurety bond or other security satisfactory to Lender in an amount adequate to provide for the discharge of the lien plus any interest, costs, reasonable attorneys' fees or other charges that could accrue as a result of foreclosure or sale of the Collateral. In any contest Grantor shall defend itself and Lender and shall satisfy any finel adverse judgment before enforcement against the Collateral. Grantor shall name Lender as an additional obliges under any surety bond furnished in the contest proceedings. Grantor further agrees to furnish Lender with evidence that such taxes, assessments, and governmental and other charges have been paid in full and in a timely manner. Grantor may withhold any such payment or may elect to contast any lant if Grantor is in good feith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized.

Compliance with Governmental Requirements. Grantor shall comply promptly with all taws, ordinances, rules and regulations of all governmental authorities, now or hereafter in effect, applicable to the ownership, production, disposition, or use of the Collecteral, including all fews or regulations relating to the undue erosion of highly-erodible land or relating to the conversion of wetlands for the production of an agricultural product or commodity. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, eo long as Lender's Interest in the Collecters, in Lender's opinion, is not jeopardized.

Hazardous Substances. Grantor represents and warrants that the Collateral never has been, and never will be so long as this Agreement remains a fish on the Collateral, used in violation of any Environmental Laws or for the generation, manufacture, storage, transportation, treatment, disposal, release or threatened release of any Hazardous Substance. The representations and warrantios contained herein are based on Grantor's due difigence in investigating the Collateral for Hazardous Substances. Grantor hereby (11 releases and waives any future claims against Lander for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any Environmental Laws, and (2) agrees to indemnity, defend, and hold harmlass Lender against any and all claims and losses resulting from a breach of this provision of this Agreement. This obligation to indemnity and defend shall survive the payment of the Indebtedness and the satisfaction of this Agreement.

Maintenance of Casualty insurance. Grantor shall procure and maintain all risks insurance, including without limitation fire, theft and liability coverage togsther with such other insurance as Lander may require with respect to the Collatoral, in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or cardificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days' prior written notice to Lender and not including any disclaimer of the Insurer's fiability for failure to give such a notice. Each Insurance policy sits shall include an endorsement providing that coverage in favor of Lender with not be Impaired in any way by any act, omission or default of Grantor or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest, Grantor will provide Lender with such loss payable or other endorsements as Lender may require. If Grantor at any time fails to obtain or maintain any insurance as required under this Agreement, Lender may (but shall not be obligated to) obtain such insurance as Lender deems appropriate, including if Lender so chooses "single interest insurance," which will cover only Lender's Interest in the Collatoral.

Application of Insurance Procesds. Grantor shall promptly notify Lender of any loss or damage to the Collateral, whether or not such casualty or loss is covered by insurance. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. All proceeds of any insurance on the Collateral, including accrued procesds of shall be held by Lender as part of the Collateral. If Lender consents to repair or replacement of the damaged or destroyed Collateral, Lender shall, upon satisfactory proof of expenditure, pay or resimburse Grantor from the procesds for the reasonable cost of repair or restoration. If Lender does not consent to repair or replacement of the Collateral, Lender shall retain a sufficient amount of the proceeds to pay all of the Indebtedness, and shall pay the balance to Grantor. Any proceeds which have not been disbursed within six (5) months after their receipt and which Grantor has not committed to the repair or restoration of the Collateral shall be used to prepay the Indebtedness.

Insurance Reserves. Lender may require Grantor to maintain with Lender reserves for payment of Insurance premiums, which reserves shall be created by monthly payments from Grantor of a sum estimated by Lender to be sufficient to produce, at least fifteen (15) days before the premium due date, amounts at least equal to the insurance premiums to be paid. If fifteen (15) days before payment is due, the reserve funds are insufficient, Grantor shall upon demand pay any deficiency to Lender. The reserve funds shall be held by Lender as a general deposit and shall constitute a non-interest-bearing account which Lender may satisfy by payment of the insurance premiums required to be 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 Lander, shall furnish to Lander reports on each existing policy of insurance showing such information as Lender may reasonably request including the following: (1) the name of the insurance; (2) the tisks insured; (3) the amount of the policy; (4) the property insured; (5) the then current value on the basis of which insurance 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 then annually) have an independent appraisor satisfactory to Lender determine, as applicable, the cash value or replacement cost of the Collateral.

Financing Statements. Grantor authorizes Lander to file a UCC financing statement, or eleginatively, a copy of this Agraement to perfect Lender's security 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 trensfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor Irrevocably 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.

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 tawful 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 Lender 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 Default, Lender shall be desired 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 feiture 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 Indervolves.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Colleteral or If Grantor (ails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay whan due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, bens, security interests, encumbrances and other claims, at any time lavied 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 (A) be payable on demand; (B) be added to the balance of the Note and be apporthoned among and be payable with any installment payment 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 belicon payment which will be due and payable at the Note's maturity. The Agreement elso 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:

Payment Default. Grantor fails to make any payment when due under the indebtedness.

Other Defaults. Granter fells to comply with or to perform any other term, obligation, covenant 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.

False 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 now or at the time made or furnished or becomes false or misleading at any time thereafter.

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

insolvency. 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 laws by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other mathod, by any creditor of Grantor or by any governmental agency against any collateral securing the indebtednesses. This includes a germishment 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 forfeiture proceeding and if Grantor 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 detarmined 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 guarantor, endorser, surety, or accommodation party dies or becomes incompetent or revokes or disputes the validity of, or fiebility under, any Guaranty of the indebtedness.

Adverse Changs. A material adverse change occurs in Grantor's financial condition, or Lender 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 Lender sends written notice to Grantor demanding cure of such default: (1) cures the default within filtren (15) days; or (2) if the cure requires more than filtren (15) days, immediately intiates steps which Lender doems in Lander'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.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Agreement, at any time thereafter, Lender shall have all the rights of a secured perty under the Kentucky Uniform Commercial Code. In addition and without limitation, Lender may exercise any one or more of the following rights and remedies:

Accelerate indebtedness. Lender may declare the entire indebtedness, including any prepayment penalty which Grantor would be required to pay, immediately due and payable, without notice of any kind to Grantor.

Assemble Collateral. Lender may require Grantor to deliver to Lender all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Lender may require Grantor to assemble the Collateral and make it evailable to Lender at a place to be designated by Lender. Lender also shall have full power to enter upon the property of Grantor to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Grantor agrees Lender may take such other goods, provided that Lender makes reasonable efforts to return them to Grantor after repossession.

Sell the Colleteral. Lender shall have full power to soll, lease, transfer, or otherwise deal with the Colleteral or proceeds thereof in Lender's own name or that of Grantor. Lender may sell the Colleteral at public auction or private sale. Unless the Colleteral threatens to dedine speedily in value or is of a type customarity sold on a recognized market. Lender will give Grantor, and other porsons as required by law, reasonable notice of the time and place of any public sale, or the time after which any private sale or any other disposition of the Colleteral is to be made. However, no notice need be provided to any person who, after Event of Default occurs, enters into and authenticets an agreement waiving that person's right to notification of sale. The requirements of reasonable notice shalb be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Colleteral, including without imilitation the expenses of retaking, holding, insuring, preparing for sale and salling the Colleteral, shall become a part of the Indebtedness ascured by this Agreement and shall be payable on demand, with interest at the Note rate from date of expenditure until repaid.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Collateral, with the power to protect and preserve the Collateral, to operate the Collateral preceding foreclosure or sale, and to collect the rents from the Collateral and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Collateral exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Collect Revenues, Apply Accounts. Lender, either itself or through a raceiver, may collect the payments, rents, income, and revenues from the Colleteral. Lender may at any time in Lender's discretion transfer any Colleteral into Lender's own name or that of Lender's nominee and receive the payments, rents, income, and revenues therefrom end hold the same as security for the indebtedness or apply it to payment of the indebtedness in such order of preference as Lander may determine. Insofar as the Colleteral consists of accounts, general intengibles, insurance policies, instruments, chattel paper, choises in action, or similar property, Lender may demand, collect, receipt for, actie, compromise, adjuet, sue for, foreclose, or realize on the Colleteral as Lender may determine, whether or not Indebtedness or Colleteral is then due. For those purposes, Londer may, on behalf of and in the name of Grentor, receivo, open and dispose of mail addressed to Grantor; change any address to which mail and payments are to be sent; and endorse notes, checks, drafts, money orders, documents of title, instruments and items pertaining to payment, shipment, or storage of any Colleteral. To facilitate collection, Lender may notify account debtors and obligors on any Colleteral to make payments directly to Lender.

Obtain Deficiency. If Lender chooses to sell any or all of the Collateral, Lender may obtain a judgment against Grantor for any deficiency remaining on the indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this Agreement. Grantor shall be liable for a deficiency oven if the transaction described in this subsection is a sale of accounts or chattel paper.

Other Rights and Remedies. Lender shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Lender shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or otherwise.

Bection of Remedies. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement, the Related Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees: Expenses. Grentor agrees to pay upon demand all of Lender's coats and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the coats and expenses of such enforcement. Coats and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lewsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including afforts to modify or vacate any eutomatic stey or injunction), appeals, and any anticipated post-judgment collection services. Grantor also shall pay all court coats and such additional fees as may be directed by the

Ception Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interprat or define the provisions of this Agreement.

Governing Law. This Agreement 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 Agreement has been accepted by Lender in the Commonwealth of Kentucky.

No Waiver by Lender. Lander shall not be deamed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to

demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lander 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 funlass otherwise required by law), when deposited with a nationally recognized overnight courser, or, it mailed, when deposited in the United States mell, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any perty may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposas, Grantor agrees to keep Lander informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grentor, any notice given by Lender to any Grantor is deamed to be notice given to all Grantors.

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

Severability. If a court of competent 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 legality, validity or enforceability of any other provision of this Agreement.

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

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grentor 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 peld in full.

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

Waive Jury. All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

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 achedules attached to this Commercial Security Agreement from time to time.

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

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 Agreement.

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

Environmental Laws. The words "Environmental Laws" mash any and all state, federal end local statutes, regulations and ordinances relating to the protection of human health or the anvironment, including without limitation the Comprehensiva Environmental Response, Compensation, and Liability Act of 1980, as emended, 42 U.S.C. Section 961, et seq. "FCERCLA"), the Superfund Amendments and Resultorization Act of 1986, Pub. L. No. 98-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant therato.

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 JONATHAN CREEK WATER DISTRICT.

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

Hazardous Substances. The words "Hazardous Substances" mean meterials 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 anvironment when improporly used, treated, stored, disposed of, generated, manifectured, treasported 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 delined by or flated 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 coats and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents.

Lander. The word "Lender" means COMMUNITY FINANCIAL SERVICES BANK, its successors and essigns.

Note. The word "Note" means the Note dated January 31, 2014 and executed by JONATHAN CREEK WATER DISTRICT in the principel amount of \$142,427.82, together with all renewals of, extensions of, modifications of, refinencings 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 "Collessral Description" section of this Agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loss agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness.

GRANTOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS COMMERCIAL SECURITY AGREEMENT AND AGREES TO ITS TERMS, THIS AGREEMENT IS DATED JANUARY 31, 2014.

GRANTOR:

JONATHAN CREEK WATER DISTRICT

BY:
MIKE EDWARDS, Secretary of SUNATHAN CREEK
WATER DISTRICT

COMMERCIAL SECURITY AGREEMENT (Continued)

Loan No: Page 5 LENDER: COMMUNITY AMANCIAL SERVICES BAN

SCHEDULE I to UCC-1 FINANCING STATEMENT

(Description of Collateral)

The "Collateral" includes all of the Debtor's fixtures, personal property, goods, accounts, chattel paper, documents, instruments, general intengibles, inventory, machinery, equipment and such other property described below, which it now owns or shall hereafter acquire or create immediately upon the acquisition or creation thereof, and including, but not limited to, the following:

- (a) Personal Property. All personal property now owned or hereafter acquired by Debtor whether located on the real property described in Exhibit A attached hereto and incorporated herein by this reference (the "Real Property") or not, including, without limitation, Debtor's rural water distribution system (the "Facility") including water distribution lines, water lines, water wells, storage tanks, water conditioning facilities, any and all water mains, gate values, curb stops, casings, meters and assemblies, signs, air release valves, pumps, controls, buildings, construction materials, machinery, appliances, supplies, tools, books, records, files, engines, power systems, and all other additions thereto or fixtures or facilities appurtenant thereto or associated therewith;
- (b) Rights. All of Debtor's rights whether now or in the future existing with respect to any and all agreements pertaining to the Facility including, without limitation, any and all Water User Agreements which have been or are in the future entered into between Debtor and the members or customers of Debtor's water supply corporation or cooperative; any and all water, water rights, rights of way, easements, permits, licenses, franchises, bonds, resolutions, ordinances, all accounts, contracts, rights, general intangibles, instruments, documents, chattel paper, building permits, certificates, utilities, rights to reimbursements, rights to the present or future use of utilities, consents, authorizations, exemptions and licenses, engineering, construction and other contracts, plans, warranties, guaranties, payment, performance or other bonds, leases and any other contracts or agreements;
- (c) Revenues. Any and all income, receivables, accounts receivable, revenue or other monies received from whatever source by Debtor, whether or not related to Debtor's Facility, including without limitation, any and all hookup, tap or similar fees, any subscription, reservation or similar fees, any assessments charged to members or customers of Debtor's water supply corporation or cooperative, any funds now or hereafter held in any accounts, including, without limitation, the Revenue Fund Account, the Debt Service Account, the Operation and Maintenance Account and the Reserve Account (as established in the Resolution as defined in the Security Agreement between Debtor and Secured Party);

- (d) <u>Equipment</u>. All machinery, equipment, furniture, fixtures, trade fixtures, and other personal property used in connection with the operation of the Facility, now owned or hereafter acquired by Debtor, together with all accessions, additions, parts, attachments, accessories, or appurtenances thereto;
- (e) <u>Fixtures.</u> All machinery, equipment, furniture, goods and other property of Debtor which are attached or affixed or are to become attached or affixed to the Real Property and
- (f) <u>Proceeds.</u> Proceeds and products of any sale, exchange, collection or other disposition of the Collateral including, without limitation, proceeds of hazard or other insurance policies and eminent domain or condemnation awards.

.0.1 FILING OFFICER

Pd. 536.00 Rec fee \$ ______ Tax

Date Filed 2-10-14 Time 10:25 AM

Tim York, Clerk

By ______ D.C.

RECORDATION
REQUESTED BY:
COMMUNITY FINANCIAL
SERVICES BANK
CALLOWAY COUNTY
BANKING CENTER
1721 N 12TH ST
MURRAY, KY
42071-3594

WHEN RECORDED MAIL
TO:

✓ COMMUNITY FINANCIAL
SERVICES BANK
ATTN DOCUMENT
CONTROL CLERK
PO BOX 487
BENTON, KY 42025-0467

STATE OF KENTUCKY, COUNTY OF MAREHALL
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FOR RECORDER'S USE ONLY

MORTGAGE

MATURITY DATE. The maturity date of the Note is January 31, 2015.

THIS MORTGAGE dated January 31, 2014, is made and executed between JONATHAN CREEK WATER DISTRICT, A KENTUCKY RURAL WATER DISTRICT, whose address is 7564 US HWY 68 E, BENTON, KY 42025 (referred to below as "Grantor") and COMMUNITY FINANCIAL SERVICES BANK, whose address is 1721 N 12TH ST, MURRAY, CALLOWAY County, KY 42071-3694 (referred to below as "Lender").

GRANT OF MORTGAGE. For valuable consideration, Grantor mortgages, grants, and conveys to Lender with covenant of GENERAL WARRANTY a security interest in and len on all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently eracted or affixed buildings, improvements and futures; all exerments, rights of way, and appurtenences; all water, water rights, watercourses and ditch rights lincluding stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in MARSHALL County, Commonwealth of Kentucky:

See EXHIBIT "A", which is attached to this Mortgage and made a part of this Mortgage as if fully set forth herein.

The Real Property or its address is commonly known as 7564 US HWY 68 E, BENTON, KY 42026.

Grantor presently assigns to Lander all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lander a Uniform Commercial Code security interest in the Personal Property and Rents,

THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY. IS GIVEN TO SECURE (A) PAYMENT OF THE INDESTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE MOTE, THE RELATED DOCUMENTS, AND THIS MORTGAGE. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Mortgage, Grantor shall pay to Lander all amounts secured by this Mortgage as they become due and shall strictly perform all of Grantor's obligations under this Mortgage.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grentor agrees that Granter's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property.

Duty to Maintain. Grantor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Compliance With Environmental Laws. Grantor represents and warrants to Lender that: (1) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substence by any person on, under, about or from the Property; (2) Grentor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and exknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any extual or threatened litigation or claims of any kind by any person relating to such martiers; and (3) Except as proviously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor authorizes Lender and Rs agents to enter upon the Property to make such happetitions and tests, at Grentor's expense, as Lender may deem appropriate to determine compliance of the

Property with this section of the Morrgage. Any inspections or tests made by Lender shall be for Lender's composes with anti-shall be for Lender's perposes with a section of the part of Lender to Grantor or to any other persish. The separatelyse-gard-warranties contained herein are based on Grantor's due diligence in investigating the Property fos-Heardous-Substances. Grantor hereby (1) releases and waives any future claims are specially investigating the Property fos-Heardous-Substances. Grantor becomes liable for cleanup or other costs under regulart-bandsenfor indemnity-or contribution in the event Grantor becomes liable for cleanup or other costs under resulting substances. Industry and cleanup or other costs under resulting from a breach of this section of the Morrgage oz.as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Morrgage, including the obligation to Indomnify and defend, shall survive the payment of the Indebtedness and the satisfaction and reconveypaging if the Raupsthis Morrgage and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nuisance. Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including off and gas), coal, clay, scorie, soil, gravel or rock products without Lander's prior written consent.

Removal of Improvements. Grantor shall not demolish or remove any improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such improvements with improvements of at least equal value.

Lender's Right to Enter. Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Grentor's compliance with the terms and conditions of this Mortgage.

Compilance with Governmental Requirements. Grantor shall promptly comply with all laws, ordhances, and regulations, now or hareafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lander in writing prior to doing so and so long as, in Lander's sole opinion, Lender's interests in the Property are not jeopardized. Lander may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lander, to protect Lander's interest.

Duty to Protect. Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

TAXES AND LIENS. The following provisions relating to the taxes and tiens on the Property are part of this Mortgage:

Psyment. Grantor shall pay when due (and in all events prior to detinquency) all taxes, payroll taxes, special taxes, assessments, water charges and sewer service charges levied egainst or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of any lean having priority over or equal to the Interest of Lendar under this Mortgage, except for the Existing Indebtadnese referred to in this Mortgage or those liens specifically agreed to in writing by Lendar, and except for the lien of taxes and essessments not due as further specified in the Right to Contest paragraph.

Right to Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's Interest in the Property is not jeopardized. If a lien arises or is filled as a result of nonpayment, Grantor shall within filteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the filen, or if requested by Lander, deposit with Lander cash or a sufficient corporate surety bond or other security satisfactory to Lander in an amount sufficient to discharge the lien plus any costs and reasonable atterneys' fees, or other charges that could accrue as a result of a forediosure or sale under the lien. In any contast, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obliges under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

Notice of Construction. Grantor shall notify Lander at least fifteen (18) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's Ren, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Londer furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Mortgage:

Maintenence of Insurance. Grantor shell procure and meintain policies of fire insurance with standard extanded coverage endorsaments on a replacement basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to evoid application of any coinsurance clause, and with a standard mortgages clause in favor of Lender. Grantor shell also procure and meintain comprohensive general liability insurance in such coverage amounts as Lender may requise with Lender being named as additional insurable in such liability insurance policies. Additionably, Grantor shell meintain such other Insurance, including but not limited to hazard, business interruption and boiler insurance as Lender may require. Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Lender. Grantor shall deliver to Lender certificates of coverage from each insurar containing a stipulation that coverage will not be cancelled or diminished without a minimum of thirty (30) days' prior written notice to Lender and not containing any disclaimer of the insurar's liability for failure to give such notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Director of the Federal Emergency Menagement Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Emergency Menagement Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Fedor Insurance, if available, for the full unpaid principal balance of the loan and any prior lians on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance. Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

Application of Proceeds. Grantor shall promptly notify Landor of any loss or damage to the Proporty. Landor may make proof of loss if Grantor faile to do so within fifteen (18) days of the casualty. Whether or not Landor's

security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the Indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repeir or restoration if Grantor is not in default under this Mortgage. Any proceeds which have not bean disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Mortgage, then to pay accrued interest, and the remainder, if any, shall be applied to the principal belance of the Indebtedness. If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

Compliance with Existing Indebtedness. During the period in which any Existing Indebtedness described below is in effect, compliance with the insurance provisions contained in the instrument evidencing such Existing Indebtedness shall constitute compliance with the insurance provisions under this Mortgage, to the extent compliance with the terms of this Mortgage would constitute a duplication of Insurance requirement. If any proceeds from the Insurance become payable on loss, the provisions in this Mortgage for division of proceeds shall apply only to that portion of the proceeds not payable to the holder of the Existing Indebtedness.

Grantor's Report on Insurance. Upon request of Lender, however not more then once a year, Grantor shall furnish to Lender a report on eich existing policy of Insurance showing: (1) the name of the Insurar; (2) the risks Insurad; (3) the amount of the policy; (4) the property insured, the then current replacement value of such property, and the manner of determining that value; and (5) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appreciator satisfactory to Lender determine the cash value replacement cost of the Property.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Greator fails to comply with any provision of this Mortgage or any Ralated Documents, including but not limited to Grantor's failure to comply with any obligation to majerialin Existing Indottedness in good standing as required below, or to discharge or pay when due any amounts Grantor is required to discharge or pay under this Mortgage or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deams appropriate, including but not Rmitted to discharging or paying all taxes, lens, security interests, snoumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. 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 (A) be payable on domand; (B) be added to the balance of the Note and be apportioned among and be payable with any intetallment 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 Mortgage also will secure payment of those amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Delault.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Mortgage:

Title. Granter warrants that: (a) Granter holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in the Existing Indebtedness section below or in any title insurance policy, title report, or finel title opinion issued in favor of, and accepted by, Lender in connection with this Mortgage, and (b) Granter has the full right, power, and authority to execute and deliver this Mortgage to Lender.

Defense of Titla. Subject to the exception in the paragraph above, Grantor warrants and will forever defand the title to the Property against the lewful claims of all parsons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Lender under this Mortgage, Grantor shalf defend the action at Grantor's exponse. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lendar may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

Survival of Representations and Warranties. All representations, werranties, and agreements made by Grantor in this Mortgage shall survive the execution and delivery of this Mortgage, 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.

EXISTING INDEBTEDNESS. The following provisions concerning Existing Indebtedness are a part of this Mortgage:

Existing Lien. The lien of this Mortgage securing the indebtedness may be secondary and inferior to an existing lien. Grantor expressly coverants and agrees to pay, or see to the payment of, the Existing indebtedness and to prevent any default on such indebtedness, any default under the instruments evidencing such indebtedness, or any default under any security documents for such indebtedness.

No Modification. Grantor shall not enter into any agreement with the holder of any mortgage, deed of trust, or other security agreement which has priority over this Mortgage by which that agreement is modified, amended, extended, or renewed without the prior written consent of Lender. Grantor shall neither request nor accept any future advances under any such security agreement written to be prior written consent of Lender.

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Mortgage:

Processings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lander in writing, and Grantor shall promptly take such steps as may be necessary to defend the action snot obtain the award. Grantor may be the nominal party in such proceeding, but Lander shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such narticipation.

Application of Net Proceeds. If all or any part of the Property is condemned by eminont domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the sward be applied to the indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Lender in connection with the condemnation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Mortgage:

Current Taxes. Fees and Charges. Upon request by Lender, Grantor shall execute such documents in addition to this Mortgage and take whistover other action is requested by Lender to perfect and continue Lander's lien on the Rael Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Mortgage, including without limitation all taxes, lees, documentary stamps, and other charges for recording or registering this Mortgage.

Taxes. The following shall constitute taxes to which this section applies: (1) a specific tax upon this type of Mortgage or upon all or any part of the indebtedness secured by this Mortgage; (2) a specific tax on Grantor which Grantor is authorized or required to deduct from payments on the Indebtedness secured by this type of Mortgage; (3) a tax on this type of Mortgage chargeable against the Lander or the holder of the Note; and (4) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Mortgage, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (11 pays the tax before it becomes delinquent, or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lander cash or a sufficient corporate surety bond or other security satisfactory to Lander.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Mortgage as a cacurity agreement are a part of this Mortgage;

Security Agreement. This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Grantor shall take whetever action is requested by Lender to perfect and continuo Lender's security interest in the Rents and Personal Property. In addition to recording this Mortgage in the real property records, Lender may, at any time and without further subnitization from Grantor, file executed counterparts, copies or reproductions of this Mortgage as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall assemble any Personal Property from the Property. Upon default, assemble any Personal Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

Addresses. The mailing addresses of Grantor (debtor) and Lender (secured party) from which information concerning the security interest granted by this Mortgage may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Mortgage.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurances and attorney-in-fact are a part of this Mortgage:

Further Assurances. At any time, and from time to time, upon request of Lander, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lander or to Lander's designes, and when requested by Lander, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lander may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lander, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1). Grantor's obligations under the Note, this Mortgage, and the Related Documents, and (2) the liens and security interests created by this Mortgage on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lander for all costs and expanses incurred in connection with the matters referred to in this paragraph.

Attornsy-in-Fact, if Grantor falls to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. It Grantor pays all the indebtedness when due, and otherwise performs all the obligations imposed upon Grantor under this Mortgage, Lender shall execute and deliver to Grantor a suitable satisfaction of this Mortgage and suitable statements of termination of any limancing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Grantor will pay, If permitted by applicable law, any reasonable termination fee as determined by Lender from time to time.

EVENTS OF DEFAULT. Each of the following, at Lender's option, shall constitute an Event of Default under this Mortgage:

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

Default on Other Payments. Failure of Grantor within the time required by this Mortgage to make any payment for taxes or insurance, or any other payment necessary to prevent filling of or to effect discharge of any lien.

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

Felse Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Mortgage or the Related Occuments is false or misleading in any material respect, alther now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collectralization. This Mortgage or any of the Related Documents causes to be in full force and effect (including fatture of any collectral document to create a valid and perfected security interest or lient at any time and for any means.

Death or insolvancy. The death of Grantor, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of craditors, any type of craditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Creditor or Forfeture Proceedings. Commencement of foreclosure or forfeture proceeding, whether by judicial proceeding, self-telp, repossession or say other method, by any creditor of Grantor or by any governmental agency against any property securing the indebtedness. This includes a garnishment of any of Grantor's eccounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good feith dispute by Grantor est to the velidity or reasonableness of the cleim which is the basis of the creditor or forfeiture proceeding and if Grantor 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.

Existing indebtedness. The payment of any installment of principal or any interest on the Existing Indebtedness is not made within the time required by the promissory note evidencing such indebtedness, or a default occurs under the instrument securing such indebtedness and is not cured during any applicable grace period in such instrument, or any suit or other action is commenced to foreclose any existing ion on the Property.

Breach of Other Agreement. Any breach by Grentor under the terms of any other agreement between Grantor and Lender that is not remedied within any grace parted provided therein, including without limitation any egreement concerning any indebtedness or other obligation of Grantor to Lender, whether existing now or later.

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 perty dies or becomes incompetent, or revokes or disputes the validity of, or flebility under, any Guaranty of the indebtedness.

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

insecurity. Lender in good faith believes itself insecure.

Right to Cure. If any default, other than a default in payment is cureble and if Grantor has not been given a notice of a breach of the same provision of this Mortpage within the preceding twelve (12) months, it may be cured if Grantor, after Lender sends written notice to Grantor demanding cure of such default; (1) cures the default within litteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deams in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes at reasonable and necessary steps sufficient to produce compliance as soon as feasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of an Event of Default and at any time thereafter, Lender, at Lander's option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate Indebtedness. Lender shall have the right at its option without notice to Grantor to declare the entire indebtedness immediately due and payable, including any prepayment penalty that Grantor would be required to nev

UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Lender in Possession. Upon ecceleration of the Indebtedness or shandoment of the Property and at any time prior to the expiration of any period of redemption following judicial sale, Lender may, without regard to the adequacy of the security for the Indebtedness, enter into possession of and manage and operate, by Itself or through a receiver, the Property and collect the Rents, including those past due. Lender may exercise all rights and powers of Lender with respect to the Property either in the name of Grantor or otherwise as Lender shall deem best. Lender shall be entitled to make, enforce, modify or accept surrander of any lease or lesses of the Property. Any Rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of Rents, including but not limited to receiver's fees, premiums on the receiver's bonds and reasonable attorneys' fees and then to the other indebtedness secured by this Mortgages.

Appoint Receiver. Lander shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sate, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disquality a person from serving as a receiver.

Judicial Foreglosure. Lander may obtain a judicial decree foreclosing Grantor's interest in all or any part of the Property.

Deficiency Judgment. If permitted by applicable law, Lander may obtain a judgment for any deficiency remaining in the indebtedness due to Lander after application of all amounts received from the exercise of the rights provided in this section.

Tenancy at Sufference. If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes antitled to possession of the Property upon default of Grantor, Grantor shall become a tenent at sufference of Lender or the purchaser of the Property and shall, at Londer's option, either (1) pay a reasonable rental for the use of the Property, or (2) vacate the Property immediately upon the demand of Lender.

Other Remedies. Lendor, at Lender's option, may take such steps to protect end enforce Lender's rights as Lender deems appropriate, whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or sgreement in the Note or in this Mortgage, or in aid of the execution of any power granted in this Mortgage, or for the enforcement of any other appropriate legal or equity remedy, or otherwise as Lender may elect, including the appointment of a receiver for the Property.

Sale of the Property. To the extent permitted by applicable law, Granter hereby waives any and all right to have the Property mershalled. In exercising its rights and remedies, Lender shall be free to sell all or any pert of the Property together or separately, in one sele or by separate sales. Lender shall be entitled to bid at any public sele on all or any portion of the Property.

Notice of Sale. Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the films after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least fifteen (15) days before the time of the sale or disposition. Any sale of the Personal Property may be made in conjunction with any sale of the Real Property.

Election of Remedies. Election by Lander to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Mortgage, after Grantor's failure to perform, shall not affect Lander's right to dealers a default and exercise its remedies. Nothing under this Mortgage or otherwise shall be construed so as to limit or restrict the rights and remedies available to Lander following an Event of Default, or in any way to fimit or restrict the rights and ability of Lander to proceed directly against Grentor and/or against any other co-maker, guarantor, surety or endorser and/or to proceed against any other coffsteral directly or Indirectly securing the Indebtedness.

Attorneys' Fees; Expenses. If Lender Institutes any suit or action to enforce any of the terms of this Mortgage.

Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, at reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law. Lender's reasonable attorneys' fees and Lander's legal expenses, whether or not there is a lawsuit, including reasonable attorneys' fees and expenses for bankruptey proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including efforciosure reports), surveyors' reports, and appraisal fees and title insurance, to the extent permitted by applicable law. Granter also will pay any court costs, in addition to all other sums provided by law.

NOTICES. Any notice required to be given under this Mortgage, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when strustly received by telefacished (unless otherwise required by (law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, divorted to the addresses shown near the beginning of this Mortgage. All copies of notices of foreclosure from the holder of any lien which has priority over this Mortgage shall be sent to Lendor's address, as shown near the beginning of this Mortgage. Any party may change its address for notices under this Mortgage by giving formal written notice to the other parties, 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 frantors.

ADDITIONAL INSURANCE REQUIRED. MORTGAGOR SHALL MAINTAIN EARTHQUAKE INSURANCE COVERAGE ON ALL IMPROVED PROPERTY IN ADDITION TO THAT REQUIRED BY, AND SUBJECT TO THE COVENANTS AND CONDITIONS OF, PARAGRAPH TITLED "MAINTENANCE OF INSURANCE.".

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Mortgage:

Amendments. This Mortgage, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Mortgage. No alteration of or amendment to this Mortgage shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Landar, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and deteil as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Caption Headings. Caption headings in this Mortgage are for convenience purposes only and are not to be used to interpret or define the provisions of this Mortgage.

Governing Law. This Mortgage will be governed by federal faw applicable to Lender and, to the extent not presempted by lederal law, the laws of the Commonwealth of Kentucky without regard to its conflicts of law provisions. This Mortgage has been accepted by Lander in the Commonwealth of Kentucky.

No Waiver by Lander. Lender shall not be deamed to have waived any rights under this Mortgage unless such waiver is given in writing and signed by Lander. No delay or omission on the part of Lander in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lander of a provision of this Mortgage shall not prejudice or constitute a waiver of Lander's right otherwise to demand strict compliance with that provision or any other provision of this Mortgage. No prior waiver by Lander, nor any course of dealing between Lander and Grantor, shall constitute a waiver of any of Lander's rights or of eny of Grantor's obligations as to any future transactions. Whenever the consent of Lander is required under this Mortgage, the granting of such consent by Lander 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 Lander.

Severability. If a court of competent jurisdiction finds any provision of this Mortgage to be illegal, invalid, or unenforceable as to any circumstance, that finding shell 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 Mortgage. Unless otherwise required by law, the illegality, invalidity, or unenforceability of eny provision of this Mortgage shall not affect the legality, validity or enforceability of any other provision of this Mortgage.

Marger. There shall be no merger of the interest or estate created by this Mortgage with any other interest or sates in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Successors and Assigns. Subject to any limitations stated in this Mortgage on transfer of Grantor's Interest, this Mortgage shall be binding upon and intre to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lander, without notice to Grantor, may deal with Grantor's successors with reference to this Mortgage and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Mortgage or Eability under the Indebtedness.

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

Waive Jury. All parties to this Mortgage hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

Waiver of Dower/Homestead Rights. Grantor hereby releases and waives all rights and benefits of the homestead exemption taxes of the Kentucky as to all indebtedness secured by this Mortgage.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Mortgage. 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 piural, and the piural shall include the singular, as the context may require. Words and terms not otherwise defined in this Mortgage shall have the meanings attributed to such terms in the Uniform Commercial Code:

Sorrower. The word "Sorrower" means JONATHAN CREEK WATER DISTRICT and includes all co-signers and co-makers eigning the Note and all their successors and assigns.

Default. The word "Default" means the Default set forth in this Mortgago 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 9801, at seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1988, Pub. L. No. 98-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 5901, at seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

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

Existing Indebtedness. The words "Existing Indebtedness" mean the indebtedness described in the Existing Liens provision of this Mortgage.

Grantor. The word "Grantor" means JONATHAN CREEK WATER DISTRICT.

Queranty. The word "Quaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, 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, munifactured, 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 fisted under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, patrolisum and patroloum by-products or any fraction thereof and asbestos.

Improvements. The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Lender to enforce Grantor's obligations under this Mortgage, together with interest on such amounts as provided in this Mortgage.

Lender. The word "Lender" means COMMUNITY FINANCIAL SERVICES BANK, its successors and assigns.

Mortgage. The word "Mortgage" means this Mortgage between Grantor and Lander

Note. The word "Note" means the promissory note dated January 31, 2014, in the original principal amount of \$142,427.82 from Grantor to Lender, together with all renewels of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement. The maturity date of the Note is January 31, 2015.

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or offixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of pramitums) from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the real property, Interests and rights, as further described in this Mortgage.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agroements, environmental agreements, guarantias, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtadness.

Rems. The word "Rents" means all present and future rents, revenues, income, issues, royaltias, profits, and other benefits derived from the Property.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS MORTGAGE, AND GRANTOR AGREES TO ITS TERMS.

GRANTOR:

JONATHAN CREEK WATER DISTRICT

BY:

MIKE EDWARDS, Secretary of JONATHAN CREEK WATER DISTRICT

This Mortgage prepared by: X / Cutury | Human | MARTIN W JOHNSON (JOHNSON & MATHIS), ATTORNEYS AT LAW PO BOX 450

BENTON, KY 42025-0450

Ν	ORTGAGE	
(Continued)	

Losn No:	(Continued)	Page 8
GOVE	ERNMENT ACKNOWLEDGMENT	
COMMONWEALTH OF KENTUCKY COUNTY OF Allarana The foregoing instrument was acknowled. 20 DISTRICT. a Kentucky government, on the	by MIKE EDWARDS, Secretary of John behalf of the governmental equity. (Softature of Person Taking Title or Rank)	ATHAN CREEK WATER

· ·

EXHIBIT "A"

TRACT

Beginning at a point on the southeastern right-of-way of Kentucky Highway 962, said point being at a cross fence; said cross fence being 340 feet northeast of the intersection of Kentucky Highway 962 and Nelson Road; thence with said southeastern right-of-way of Kentucky Highway 962 northeasterly for 100.0 feet to a point; thence perpendicular to said right-of-way in a southeasterly direction 100.0 feet to a point; thence parallel to and 100 feet from said Highway 962 in a southwesterly direction for 100.0 feet to the aforesaid cross fence; thence with the cross fence in a northwesterly direction for 100.00 feet to the place of beginning, being a 100 foot x 100 foot square of the tract of Gilbert Baker.

TRACT I

Beginning at an Iron pin located in the Southerly right-of-way line of U.S. Highway 68, which iron pin is also located 2,639 feet West of the intersection of said U.S. 60 with Kentucky Highway 962; thence, along the line of Charles Edwards South 56° 40° West 436.1 feet to an Iron pin; thence, South 69° 40° West 350.4 feet to an Iron pin located in fence line between property herein conveyed and Londal York; thence, along said fence line North 15° 30° East 427.6 feet to an Iron pin in right-of-way line of U.S. 68; thence, along said right-of-way South 75° 30° East 513.5 feet to the point of beginning and containing 3.01 acres as per survey of Eimer Y. Hollis, Surveyor, dated October 27, 1970.

TRACTIL

A 1.00 acre tract of land as surveyed by Kenar Architectural and Engineering of Benton, Kentucky, in October 1988, and being generally located on the west side of the Capps Springs Road, approximately 0.25 mile North of said road's intersection with U.S. Highway 68 and approximately 1 mile West of the Fairdealing Community of Marshall County, Kentucky, and being more particularly described as follows:

Beginning at the southeast corner of the property herein described, said corner being a X inch rebar kron pin set in the West right-of-way of Capps Springs Road (30 feet West of centerline), said rebar iron pin also being 97.8 feet South of a power pole; thence, North 87° 34′ 46″ West – 200.00 feet, along a new line with the remaining Bob Melton property (Deed Book 221, page 599), to a X inch rebar iron pin (set); thence, North 5° 00′ 00″ East – 218.00 feet, continuing with a new line and the remaining Bob Melton property, to a X inch rebar iron pin (set), said rebar iron pin being at the southwest corner of the Jeffrey Henson property (Deed Book 222, page 228); thence, South 87° 34′ 46″ East – 200.00 feet, with the south boundary of the said Jeffrey Henson property, to a X inch rebar ion pin set in the west right-of-way of Capps Springs Road (30 feet west of centerline), and being at the southeast corner of the said Jeffrey Henson property, said X inch rebar iron pin also being 653 feet South of an existing steel fence post and 120.5 feet North of a power pole; thence, South 5° 00′ 00″ West – 218.00 feet, along the west right-of-way of the said Capps Springs Road to the point of beginning.

The above described property is subject to any easements or right-of-ways previously conveyed or in existence,

TRACT IV

Beginning at the northwest corner of the property conveyed to Jesse Leonard Bath, Jr. et ux by James E. Gober et us dated 9/7/1965 of record in Deed Book 119, page 5, Marshall County Court Clerk's Office, thence East and with the North line of the Baith property 20 feet; thence, South and parallel with the West line of the Baith property 150.28 feet to a roadway; thence, West and with said roadway 20 feet to the west line of the Baith property; thence, north and with the West line of the Baith property 150.28 feet to the place of beginning.

TRACTY

PARCEL A

Beginning at a TVA marker located at the Northeast corner of the Leonard Baith property (Cedar Point Resort), said beginning point also being the Southeast corner of the original Dr. King tract of land; thence, North 7° 20′ East and along the Westerly line of the TVA property for a distance of 119.0 feet to a point; thence, continuing along the TVA's Westerly property line and North 38° 35′ West for a distance of 130.0 feet to a point in the center line of a drain; thence, with the meanders of the said center line of the drain and in a Southwesterly direction as follows: South 60° 45′ West 38.5 feet, South 67° 10′ West 200.0 feet to a point; thence, South 1° 00′ West for a distance of 118.00 feet to a point in the original Southerly line of the Dr. King property; thence, South 89° 00′ East and along the said Southerly line of the Dr. King property for a distance of 285.0 feet to the point of beginning.

PARCEL B

Beginning at the Southeast corner of the R.W. King property, said beginning point also being located in a Southerly direction and 15.06 feet from the centerline of the Old Olive and Aurora Road, which point being in a Westerly direction and 350.0 feet from the intersection of the centerline of the Old Olive and Aurora Road with U.S. Highway 68; thence, from the point of beginning and along King's Westerly line and South 0° 30' West for distance of 193.55 feet to point marking the Northeast corner of the Needmore Higgins property; thence, South 63° 26' West and along the said Northerly lina of the Higgins tract for a distance of 75.0 feet to a point; thence, North 63° 26' East for a distance of 43.58 feet to a point; thence, North 63° 26' East for a distance of 43.58 feet to a point; thence, North 6' 30' East for a distance of 130.33 feet to a point in the Southerly right-of-way line of the Old Olive and Aurora Road; thence, North 85° 20' East and along the said Southerly right-of-way line of the Old Olive and Aurora Road for a distance of 28.11 feet to the point of beginning.

TRACT VI

A permanent easement and right of way, subject to the exception, reservations, restrictions and conditions hereinafter set forth, for the following purposes, namely: the right to enter upon the hereinafter described land and in accordance with plans approved in advance and in writing by the Authority to lay, construct, maintain, after, repair, excavate, replace and remove a water pipeline on, over, across, through and under said land, together with the right to excavate and refill ditches and/or trenches for the location of said water pipeline and to cut and keep clear of all trees, bushes, undergrowth and other obstructions that may injure or endanger said line of may interfere with the construction, maintenance and use of said pipeline on, over and across a strip of land lying in the First Magisterial District of Marshall County, Commonwealth of Kentucky, on the west shore of Kentucky Lake, approximately ½ mile south of the mouth of the Jonathan Creek Embayment of the lake, the said strip being 20 feet wide, lying 10 feet on each side of the center line of the pipeline location, the center line and end boundaries of the said strip being described as follows:

Beginning at a point where the center line intersects the boundary line between the lands of the United State of America and R.L. Jones, said point being N. 5° 20' E., 51 ft. from a stone (Coordinates: N. 180, 309; E 1,296,635) at a metal marker, a corner of the land of the United States of America, the land in dispute between O.B. Trimble and Hobert McNeely, and the lands of O.B. Trimble and R.L. Jones, the strip being bounded on the west end by said boundary line; thence, N. 89° 16' E., 174 ft. to a point in the 375-foot contour on the shore of the lake, at which contour the strip terminates.

The strip of land described above contains 0.08 acre, more or less.

The positions of corners and directions of lines are referred to the Kentucky (South) Coordinate System. The contour elevation is based on MSL Datum as established by the US.C. & G.S. 1929 General Adjustment.

Subject to all coverants, easements, restrictions, and reservations contained in the above deed from Tennessee Valley Authority.

Being the same property conveyed to the Jonathan Creek Water District, a Kentucky Rural Water District, by virtue of a deed from Jonathan Creek Water Association, Inc., dated September 7, 1992 and of record in Deed Book 259, Page 152, Marshall County Court Clerk's Office.



237462 Filed on:2/11/2014 11:45:08 AM Book: MTG Number: 789 Pages: 649 - 658 Dianne McKendree ,Marshall County DC: KRISTI EDMARDS Deed Tax:\$8.80

DOEMENT DECLIECT AND ALITHODIZATION

	DISBURSEMENT REC	DUEST AND A	AUTHORIZATION
Princips \$142,427			/ Coll Account Officer Initials
Reference	es in the boxes above are for Lender's use only and Any item above containing """"	do not limit the applicable has been omitted due to	ility of this document to any particular loan or item. o text length limitations.
Borrower:	JONATHAN CREEK WATER DISTRICT 7664 US HWY 68 E BENTON, KY 42025	Lender:	COMMUNITY FINANCIAL SERVICES BANK CALLOWAY COUNTY BANKING CENTER 1721 N 12TH ST MURRAY, KY 42071-3594
LOAN TYPE	. This is a Fixed Rate (3.125%) Nondiscloseble Loa	n to a Government Enti	ty for \$142,427.82 due on Januery 31, 2015.
PRIMARY P	URPOSE OF LOAN. The primary purpose of this los	n is for:	
[Personal, Family, or Household Purposes or Perso	nal investment.	
Ţ	Business (including Real Estate Investment).		
DISBURSEN	URPOSE. The specific purpose of this loen is: REFII MENT INSTRUCTIONS. Borrower understands that een satisfied. Please disburse the loan proceeds of	na loan proceeds will b	e disbursed until all of Lender's conditions for making the
	Amount paid to others on Borrower's b \$142,427.82 to CFSB (WIRE TO K AUTHORITY)		\$142,427.82 CTURE
	Note Principal:		\$142,427.82
CHARGES I	PAID IN CASH. Borrower has paid or will pay in ose	th as agreed the follows	ng charges;
	Prepeid Finance Charges Pald in Cosh: \$8.50 FLOOD CERTIFICATE \$375.00 CFSB PROCESSING FEE \$75.00 CFSB UNDERWRITING FEI \$25.00 WIRE FEE		\$483.50
	Other Charges Paid in Cash: #38.00 MTG RECORDING #13.00 MTG RELEASE #15.00 MTG PREPARATION		\$ 66 O 0
	Total Charges Paid in Cash:		\$549.50
INFORMAT FINANCIAL	TON PROVIDED ABOVE IS TRUE AND CORRECT AN	ID THAT THERE HAS E	PRESENTS AND WARRANTS TO LENDER THAT THE BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S AL STATEMENT TO LENDER. THIS AUTHORIZATION IS
BORROWE	R:		

JONATHAN CREEK WATER DISTRICT

BY:

MIKE EDWARDS, Secretary of JONATHAN CREEK
WATER DISTRICT

LASE-INCLUDING for 12.5.8 DR Cap Howel broad Security Inc. 197-201. At Spine Security - 17 (CAPTURE OF THE SECURITY DE SECURIT

ISCHARGE OF MORTGAGE - short		
The Mortgage, Dated	January 31, 2014	executed by
IONATHAN CREEK WATER DISTRICT, A KEI	NTUCKY RURAL WATER DISTRICT	
o Community Financial Services Bank		
and recorded in the Office of the Register of De		Kentucky
Liber 789 of mortgages,	on Page 649	
is paid and is hereby discharged. WITNESS my hand and seal this	10 a day of	Apr-15
Signed, Sealed and Delivered in presence of	A-F O E	01
	faster a Gun	[LS.]
	The Miney h	White Ir
, co	ORPORATE ACKNOWLEDGEMENT	1
State of Kentucky		1
County of Marshall ss.		
On this 10 day of	Apr-15 , before me, a Notary F	ublic within and for said
County, personally appeared Ru	ustin A Egner and	Catherine M Hart
to me personally known, who, being each by m	ie duly swom, did say that they are respectiv	ely the
Vice President and	Vice President at Co	mmunity Financial Services Bank
the Corporation named in the foregoing instrun	nent and that the seal affixed to said instrume	ent is the corporate
seal of said Corporation and that said instrume	ent was signed and sealed in behalf of said C	orporation by
authority of its Board of Directors, and said	Rustin A Egner and	Catherine M Hart
acknowledged sald instrument to be the free a	ct of said Corporation.	
This document prepared by:		A MANA
The Story of DCC	r. <u>Y</u>	Kenninger, State at Large
Susan Bárrett, Document Control Clerk	D .	478590
Community Financial Services Bank	My C	omnification Expires /2-6 - 20/6
PO Box 487, Benton, KY 42025		
DISCHAI	RGE OF MORTGAGE	
	SHORT FORM TO	
Register's Office,		
County ofss.		
Received for record this 13	bay of april A.D. 1	ato'clockM., and
Recorded in Liber Mi_ of 149	on page 112	Destates
1,000		Register

Return to: JONATHAN CREEK WATER DISTRICT 7564 US HWY 68 E PO BOX 414

BENTON KY 42025

Page Date

1 9/14/17

from origination whill paid off

JONATHAN CREEK WATER DISTRICT 7564 US HWY 68 E PO BOX 414 BENTON KY 42025-0414

GENERAL INFORMATION

Loan Officer Sammy Jason Pittman #501098

Collateral Cd 015 MUNICIPALS

Call Report Cd 10M TAX FREE MUNICIPAL Purpose Code 19 Tax-Free Municipals

BALANCE & PAYMENT INFORMATION

Original Amount	142,427.82	Payment Due Date	7/31/15
Current Balance	0.00	Payment Amount	72,905.89
Accrued Interest	0.00	Principal/Interest	72,905.89
Daily Per Diem	0.00	Payment Type Interes	st Included

LOAN HISTORY 1/31/14 to 4/06/15

	·	·	
Posting		Transaction	Principal
Date	Description of Transactions	Amount	Balance
1/31/14	Interest Rate Change	3.125000%	0.00
2/06/14	Effective Date Debit Interes	74.18	0.00
	1/31/14 Effective Date		
2/06/14	Advance	142,427.82	142,427.82
	1/31/14 Effective Date		
7/31/14	Telephone Transfer from DDA	16,480.58	142,427.82
7/31/14	Allocated Interest Pmt.	2,237.79	142,427.82
7/31/14	Principal Payment	14,242.79	128,185.03
8/05/14	Loan Extension	0.00	128,185.03
8/15/14	Telephone Transfer from DDA	10,000.00	128,185.03
8/15/14	Allocated Interest Pmt.	166.91	128,185.03
8/15/14	Principal Payment	9,833.09	118,351.94
1/30/15	Status Change	0.00	118,351.94
2/02/15	Telephone Transfer from Sav	i 72,905.89	118,351.94

Page Date Account No. 2 9/14/17

JONATHAN CREEK WATER DISTRICT 7564 US HWY 68 E PO BOX 414 BENTON KY 42025-0414

2/02/15	Allocated Interest Pmt.	1,756.79	118,351.94
2/02/15	Principal Payment	71,149.10	47,202.84
2/03/15	Status Change	0.00	47,202.84
2/03/15	Loan Renewal	0.00	47,202.84
4/06/15	Generated Accrual Adjustment 4/02/15 Effective Date	16.38	47,202.84
4/06/15	Generated Accrual Adjustment 4/02/15 Effective Date	0.01	47,202.84
4/06/15	Principal Payment 4/02/15 Effective Date	47,202.84	0.00
4/06/15	Allocated Interest Pmt. 4/02/15 Effective Date	241.75	0.00

YTD/PYTD/LTD AMOUNTS & COUNTERS

3	/ear-to-Date	Previous YTD	Life-to-Date
Interest Paid	0.00	0.00	4,403.24
Principal Paid	0.00	N/A	N/A
Late Charges Paid	0.00	0.00	N/A
Prepayment Penalties	0.00	0.00	0.00
Origination Fees	0.00	0.00	0.00
Extension Fees	0.00		0.00
IRS Interest Reported		0.00	4,403.24
Times Past Due 10-29	0	0	0
Times Past Due 30-59	0	0	0
Times Past Due 60-89	0	0	0
Times Past Due 90-119	0	0	0
Times Past Due 120-149	0	0	0
Times Past Due 150-179	0	0	0
Times Past Due 180+	0	0	0
Number of Payments Extend	0	0	1
Number of Times Renewed	0	0	1
Number of Months Extended			1
Number of Extensions			1
Number of Right to Cures	0		0
Number of Bad Checks Rece	ived		0

Thank you for banking with us.

CFSB
PO Box 467
Benton KY 42025-0467
PH# (270) 527-4600

Page Date Account No.

3 9/14/17

JONATHAN CREEK WATER DISTRICT 7564 US HWY 68 E PO BOX 414 BENTON KY 42025-0414

GOVERNMENTAL CERTIFICATE

Principal Loan Date 1 \$100,000.00 05-08-2014 05	Maturity Louis No Call / Call Account 5-10-2019 10M / 015 J0004	nt Officer initials
References in the boxes above are for t	Lender's use only and do not limit the applicability of this document to a	any particular loan or item.

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

Entity:

JONATHAN CREEK WATER DISTRICT 7554 US HWY 68 E

BENTON, KY 42025

Lender:

COMMUNITY FINANCIAL SERVICES BANK CALLOWAY COUNTY BANKING CENTER

MURRAY, KY 42071-3594

WE. THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

THE ENTITY'S EXISTENCE. The complete and correct name of the governmental entity is JONATHAN CREEK WATER DISTRICT ("Entity"). The Entity is a governmental entity which is, and at all times shall be, duty organized, validity existing, and in good standing under and by virtue of the laws and regulations of the Commonwealth of Kentucky. The Entity has the full power and authority to own its proporties and to transact the business and activities in which it is presently engaged or presently proposes to engage. The Entity maintains an office at 7564 US HWY 68 E. BENTON, KY 42025. The Entity shall do all things necessary to prosure and to keep in full force and effect its existence, rights and DB E. BENTON, NY 42025. The Emity shall be at things introcessly to provide a set of the Entity and shall comply with all regulations, rules, endingness, statutes, statutes, orders and decrees of the Entity and any other governmental or quasi-governmental authority or court applicable to the Entity and the Entity's business activities.

CERTIFICATES ADOPTED. At a meeting of the appropriate governing body of the Entity, duly called and held on May 8, 2014, at which a quorum was present and voting, or by other duly authorized action in Beu of a meeting, the resolutions sat torth in this Certificate were adopted

OFFICIAL. The following nemed person is an Official of JONATHAN CREEK WATER DISTRICT:

NAMES

TITLES

AUTHORIZED

MIKE EDWARDS

AZTUAL SIGNATURES

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

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 Entity 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 One Hundred Thousand & 00/100 Dollars (\$100,000,00), in addition to such sum or sums of money as may be currently borrowed by the Entity from Lender.

Execute Notes. To execute and deliver to Landor the promissory note or notes, or other evidence of the Entity's credit accommodations, on Landor's forms, at such rates of interest and on such torms as may be agreed upon, evidencing the sums of money so borrowed or any of the Entity'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 Entity or in which the Entity now or hereafter may have an interest, including without fimitetion all of the Entity's real property and all of the Entity's personal property (tangible), as security for the payment of any loans or credit accommodations so obtained, any promiserry notes so executed (including any amendments to or modifications, renewals, and extensions of such promiserry notes), or any other or further indebtedness of the Entity to Lender at any time owing, however the same may be evidenced. Such property may be mortgaged, pledged, transferred, endersed, 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 alther in addition to or in Seu of any property theretofore mortgaged, pladged, 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 Lander eny 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 fishs and ancumbrances.

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 Entity or in which the Entity may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Entity's account with Lendar, 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 Official may in his or her discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Certificate.

ASSUMED BUSINESS NAMES. The Entity has filed or recorded all documents or (litings required by law relating to all essumed business names used by the Entity. Excluding the name of the Entity, the following is a complete list of all assumed business names under which the Entity does

NOTICES TO LENDER. The Entity will promptly notify Lander in writing at Lander's address shown above (or such other addresses as Lender may designate from time to time) prior to any (A) change in the Entity's name; (B) change in the Entity's assumed business name(s); (C) change in the structure of the Entity; (D) change in the authorized signer(s); (E) change in the Entity's principal residence; or (G) change in any other aspect of the Entity that directly or indirectly relates to any agreements between the Entity and Lender.

CERTIFICATION CONCERNING OFFICIALS AND CERTIFICATES. The Official named above is duly elected, appointed, or employed by or for the Entity, as the case may be, and occupies the position set opposite his or her respective name. This Certificate now stands of record on the Entity, as the case may be, and occupies the position sot opposite his or her respective name. This Certific books of the Entity, is in full force and effect, and has not been modified or ravoked in any manner whatsoever.

CONTINUING VALIDITY. Any and all acts authorized pursuant to this Cartificate and performed prior to the passage of this Cartificate are hereby ratified and approved. This Certificate 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 effect any of the Entity's agreements or commitments in effect at the time notice is

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

We each have read all the provisions of this Certificate, and we each personally and on behalf of the Entity certify that all statements and representations made in this Certificate are true and correct. This Governmental Certificate is dated May 8, 2014.

CERTIFIED TO AND ATTRATED BY

Authorized Signer for JONATHAN CREEK WATER DISTRICT

NOTE. If the Official agring this C at least one non-authorized official of the Enuty

COMMERCIAL REVOLVING LINE OF CREDIT AGREEMENT

Principal Loan Date \$100,000.00 05-08-2014		Cell / Coll	Account J000458	Officer SJP	Toltists 7	
References in the boxes above are for Lander's use only and do not limit the applicability of this document to any particular loan of item.						

has been omitted due to text length limitations Any item aboya containing '

Borrower: JONATHAN CREEK WATER DISTRICT

7564 US HWY 68 E BENTON, KY 42025 Lender: COMMUNITY FINANCIAL SERVICES BANK

CALLOWAY COUNTY BANKING CENTER 1721 N 12TH ST MURRAY, KY 42071-3594

CREDIT LIMIT: \$100,000,00 DATE OF AGREEMENT: May 8, 2014

Introduction. This COMMERCIAL REVOLVING LINE OF CREDIT AGREEMENT ("Agreement") governs Borrower's line of credit time "Credit Line" or the "Credit Line Account") issued through COMMUNITY FINANCIAL SERVICES BANK. Borrower agrees to the following terms and conditions:

Promise to Pay. Borrower promises to pay COMMUNITY FINANCIAL SERVICES BANK, or order, the total of all credit edvances and FINANCE CHARGES, together with all costs and expenses for which Borrower is responsible under this Agreement or under security agreements which secure Borrower's Cradit Line. Borrower will pay Borrower's Credit Line according to the payment terms set forth below. If there is more than one Borrower, each is jointly and severally liable on this Agreement. This means Lender can require any Borrower to pay all amounts due under this Agreement, including credit advances made to any Borrower. Each Borrower authorizes any other Borrower, on his or her algusture alone, to cancel the Credit Line, to request and receive credit advances, and to do all other things necessary to carry out the terms of this Agreement. Lender can release any Borrower from responsibility under this Agreement, and the others will remain responsibile.

Tarm. The term of Borrower's Credit Line will begin as of the date of this Agreement ("Opening Oste") and will continue until May 10, 2019 ("Maturity Date"). All indebtedness under this Agreement, if not already paid pursuant to the payment provisions below, will be due and payable upon maturity. The draw period of Borrower's Credit Line will begin following the perfection of the Mortgage (the "Effective Disbursement Date"). Borrower may obtain credit advances during this period ("Draw Period"). Borrower agrees that Lender may renew or extend the period during which Borrower may obtain credit advances or make payments. Borrower further agrees that Lender may renew or extend Borrower's Credit Line Account.

Minimum Payment. Borrower's "Regular Payment" witl equal the amount of Borrower's accrued FINANCE CHARGES. Borrower will make 69 of these payments. Borrower will then be required to pay the entire balance owing in a single balloon payment. If Borrower makes only the minimum payments, Borrower may not repay any of the principal balance by the end of this payment straam. Borrower's payments will be due monthly. Borrower's "Minimum Payment" will be the Regular Payment, plus any amount past due and all other charges. An increase in the monthly. Borrower's "Minimum Payment" will be the Regular Payment, plus any amount past due and all other charges. An increase in the ANNUAL PERCENTAGE RATE may increase the amount of Borrower's Regular Payment. Borrower agrees to pay not less than the Minimum Payment on or before the due date.

Balloon Payment. Borrower's Credit Line Account is payable in full upon maturity in a single balloon payment. Borrower must pay the entire outstanding principal, interest and any other charges then due. Unless otherwise required by applicable law, Lender is under no obligation to refinance the bolloon payment at that time. Borrower may be required to make payments out of other assets Borrower owns or find a lender, which may be Lender, willing to lend Borrower the money. If Borrower refinances the balloon payment, Borrower may have to pay some or all of the closing costs normally associated with a new credit line account, even if Borrower obtains refinancing from Lender.

How Berrower's Payments Are Applied. Unless otherwise egreed or required by applicable law, payments and other credits will be applied first to late charges and other charges; then to Finance Charges; and then to unpaid principal.

Credit Limit. This Agreement covers a revolving line of credit for the principal amount of One Hundred Thousand & 00/100 Dollars (#100,000.00), which will be Borrower's "Credit Limit" under this Agreement. Borrower may borrow against the Credit Line, repay any portion of the amount borrowed, and re-borrow up to the amount of the Credit Limit. Borrower's Credit Limit is the maximum amount Borrower may here outstanding at any one time. Borrower agrees not to attempt, request, or obtain a credit edvance that will make Borrower's Credit Linet Account balance exceed Borrower's Credit Limit will not be increased should Borrower overdraw Borrower's Credit Line Account. If Barrower exceeds Borrower's Credit Limit, Barrower agrees to repay immediately the amount by which Borrower's Credit Limit. Any amount greater than the Credit Limit will be secured by the security agreement covering Borrower's property.

Charges to Borrower's Credit Line. Lender may charge Borrower's Credit Line to pay other fees and costs that Borrower is obligated to pay under this Agreement, the Mongage or any other document related to Borrower's Credit Line. In addition, Lander may charge Borrower's Credit Line for funds required for continuing insurance coverage as described in the paragraph titled "insurance" below or as described in the Montgage Line for funds required for countrying source coverage as asserted in the paragraph rate of insurance below or as described in the paragraph rate of the transaction. Lender may also, at Lender's option, charge Borrower's Credit Line to pay any costs or expanses to protect or perfect Lender's security interest in Borrower's property. These costs or expanses include, without limitation, payments to cure defaults under any existing liens on Borrower's property. It is not because the Borrower's Credit Line will be a credit edvance and will decrease the funds available, if any, under the Credit Line. However, Lender has no obligation to provide any of the credit advances referred to in the paragraph.

Credit Advances. Beginning on the Effective Disbursement Date of this Agreement, Borrower may obtain credit advances under Borrower's

Credit Line Checks. Writing a preprinted "CREDIT LINE CHECK" that Lender will supply to Borrower.

If there is more than one person authorized to use this Credit Line Account, Borrowar agrees not to give Lander conflicting instructions, such as one Borrower telling Lender not to give advances to the other.

Limitations on the Use of Checks. Lender reserves the right not to honor CREDIT LINE CHECKs in the following circumstances:

Credit Limit Violation. Borrower's Credit Umit has been or would be exceeded by paying the CREDIT LINE CHECK

Post-dated Checks. Borrower's CREDIT LINE CHECK is post-dated. If a post-dated CREDIT LINE CHECK is paid and as a result any other check is returned or not paid. Lender is not responsible.

Stolen Checks. Borrower's CREDIT LINE CHECKs have been reported lost or stolen.

Unauthorized Signatures. Borrowar's CREDIT LINE CHECK is not signed by an "Authorized Signer" as defined below.

Termination or Suspension. Borrower is in default or otherwise is in violation of this Agreement or would be so if Lender paid the CREDIT LINE CHECK.

Transaction Violation. Borrower's CREDIT LINE CHECK is less than the minimum amount required by this Agreement or Borrower is in violation of any other transaction requirement or would be if Lender paid the CREDIT LINE CHECK.

If Lender pays any CREDIT LINE CHECK under these conditions, Borrower must repay Lender, subject to applicable laws, for the amount of the CREDIT LINE CHECK. The CREDIT LINE CHECK itself will be evidence of Borrower's debt to Lender together with this Agreement. Lender's liability, if any, for wrongful dishonor of a check is limited to Borrower's ectual damages. Dishonor for any reason as provided in this Agreement is not wrongful dishonor. Lender may choose not to return CREDIT LINE CHECKS along with Borrower's periodic statements; however, and the complete of the CREDIT LINE CHECKS and the control of the control of the check of the control of the check of th Borrower's use of each CREDIT LINE CHECK will be reflected on Borrower's periodic statement as a credit advance. Lender does not "ceruly' CREDIT LINE CHECKs drawn on Borrower's Credit Line.

Transaction Requirements. The following transaction limitations will apply to the use of Sorrower's Credit Line:

Credit Line CREDIT LINE CHECK Limitations. The following transaction limitations will apply to Borrower's Credit Line and the writing of CREDIT LINE CHECKs.

Minimum Advance Amount. The minimum amount of any credit advance that can be made on Borrower's Credit Line is \$500.00. This means any CREDIT LINE CHECK must be written for at least the minimum advance amount.

Limitation on All Access Devices. You may not use any access device, whether described above or added in the future, for any illegal or unlawful transaction, and we may decline to authorize any transaction that we believe poses an undue risk of illegality or unlawfulness. Notwithstanding the foregoing, we may collect on any debt srising out of any illegal or unlawful transaction.

Authorized Signers. The words "Authorized Signer" on CREDIT LINE CHECKs as used in this Agreement mean and include each person who (a) signs the application for this Credit Line, (b) signs this Agreement, or (c) has executed a separate signature authorization card for the Credit Line Account,

Lost CREDIT LINE CHECKs. If Barrower loses Borrower's CREDIT LINE CHECKs or It sameone is using them without Borrower's permission.

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Loan No: (Continued)

Borrower agrees to let Lender know immediately. The fastset way to notify Lender is by calling Lender at (270) 767-1830. Borrower also can notify Lender at Lender's address shown at the beginning of this Agreement.

Future Credit Line Services. Borrower's application for this Credit Line also serves as a request to receive any new services (such as access devices) which may be available at some future time as one of Lander's services in connection with this Credit Line. Borrower understands that this request is voluntary and that Borrower may refuse any of these new services at the time they are offered. Borrower further understands that the terms and conditions of this Agreement, together with any specific terms covering the new service, will govern any transactions made pursuant to any of these new services.

Colleteral. Borrower acknowledges this Agreement is secured by 4TH COMM R/E MTG DTD 05/08/14 ON Real Property located at 7564 US HWY 88 E. BENTON, MARSHALL CD... KY 42028 AND UCC Financing Statement Red 02/14/13 with KY/605 file #2013-2624860-01 on all inventory, equipment, accounts (including but not limited to all partitionables), chatted paper, instruments (including but not limited to all promissory notes), letter-of-credit rights, letters of credit, documents, deposit accounts, investment property, money, other rights to payment and performance, and general intengibles (including but not limited to all software and all payment intengibles); all oil, gas ather minerals before extraction; att oil, gas, other minerals and accounts constituting sa-extracted collateral; all fixtures; all timber to be cut; all attachments, accessories, accessories, fittings, increases, tools, parts, repairs, supplies, and commingled goods relating to the foregoing property, and all additions, replacements of and substitutions for all or any part of the foregoing property; all good will relating to the foregoing property; all records and data and embedded software relating to the foregoing property, and all equipment, inventory and software to utilized, create, maintain and process any such records and data on electronic media; and all supporting obligations relating to the foregoing property; all whether now or hereafter arising, whether now or hereafter aubject to any rights in the foregoing property; and all products and processes fincluding but not limited to all insurance payments) of or referring to the foregoing property. INCLUDING BUT NOT LIMITED TO ADDITIONAL ITEMS AS DESCRIBED IN ATTACHED SCHEDULE 1.

bassance. Borrower must obtain insurance on the Property securing this Agreement that is reasonably satisfactory to Lender. Borrower may obtain property insurance through any company of Borrower's choice that is reasonably satisfactory to Lender. Borrower has the option of providing any insurance required under this Agreement through an existing policy or a policy independently obtained and pold for by Borrower, subject to Lender's right, for reasonable cause before crodit is extended, to deckine any insurance provided by Borrower. Subject to applicable law, if Borrower falls to obtain or maintain insurance as required in the Mortgage, Lender may purchess insurance to protect Lender's own interest, add the premium to Borrower's balance, declare the loan in default, or do any one or more of these things.

Right of Setoff. To the extent permitted by applicable law, Lendar reserves a right of setoff in all Borrower's accounts with Lendar (whether checking, savings, or some other account), including without limitation, all accounts Borrower may open in the future. However, this does not include any IRA or Kaogh 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 this Agreement against any and all such accounts.

When FINANCE CHARGES Begin to Accrue, Periodic FINANCE CHARGES for credit advances under Borrower's Credit Line will begin to accrue on the date credit advances are posted to Borrower's Credit Line. There is no "free ride period" which would allow Borrower to avoid a FINANCE CHARGE on Borrower's Credit Line credit advances.

Method Used to Determine the Balance on Which the FINANCE CHARGE Will be Computed. A deity FINANCE CHARGE will be Imposed on all credit advances made under Borrower's Credit Line Imposed from the date of each credit advance based on the "severage delty belance" method. To get the average delty belance, Lender takes the beginning balance of Borrower's Credit Line Account each day, add any new advances and subtract any payments or credits and any unpaid FINANCE CHARGES. This gives Lender a daily belance. Thon, Lender adds up all the delity belances for the statement cycle and divides the total by the number of days in the statement cycle. This gives Lender the "everage delity belances."

Method of Determining the Amount of FINANCE CHARGE. Any FINANCE CHARGE is determined by applying the "Periodic Rate" to the balance described herein. Then Lender multiplies by the number of days in the statement cycle. This is Borrower's FINANCE CHARGE calculated by applying a Periodic Rate.

Borrower also agrees to pay FINANCE CHARGES, not calculated by applying a Periodic Rate, as set forth below:

Additional Finance Charges. The following additional FINANCE CHARGES will be charged to Borrower's Credit Line or paid in cash:

FLOOD CERTIFICATE: In Cesh 48.60
CF88 UNDERWRITING FEE: In Cesh 4150.00
CF88 PROCESSING FEE: In Cesh 4450.00

Periodic Rate and Corresponding ANNUAL PERCENTAGE RATE. The Periodic Rate and the corresponding ANNUAL PERCENTAGE RATE on Borrower's Credit Line are subject to change from time to time based on changes in an independent index which is the WALL STREET JOURNAL PRIME (the "Index"). The Index is not necessarily the lowest rate changed by Lender to Lender's loans. If the Index becomes unavailable during the term of this Credit Line Account, Lender may designate a substitute index after notice to Borrower. The ANNUAL PERCENTAGE RATE on Borrower's Credit Line is based upon the Index and the margin described below ("Margin").

The Periodic Rate and the corresponding ANNUAL PERCENTAGE RATE on Borrower's Credit Line will increase or decrease as the Index increases or decreases from time to time. Lender will determine the Periodic Rate and the corresponding ANNUAL PERCENTAGE RATE as a follows: Lender starts with the current Index and then adds a certain Mergin as disclosed below. To determine the Periodic Rate that will apply to Borrower's account, Lender adds a margin to the value of the Index, then divides the value by the number of days in a year (daily). To obtain the ANNUAL PERCENTAGE RATE. Lender multiplies the Periodic Rate by the number of days in a year (daily). This result is the ANNUAL PERCENTAGE RATE. In no event will the Periodic Rate result in a corresponding ANNUAL PERCENTAGE RATE exceed the maximum rate allowed by applicable law. Adjustments to the Periodic Rate and the corresponding ANNUAL PERCENTAGE RATE exceed the maximum rate allowed by applicable law. Adjustments to the Periodic Rate and the corresponding ANNUAL PERCENTAGE RATE resulting from changes in the Index will take effect MONTHLY. Today the Index is 3.250% per annum, and therefore the initial ANNUAL PERCENTAGE RATE and the corresponding Periodic Rate on Borrower's Credit Line are as stated below:

Current Rates for the First Payment Stream

Range of Balance	Margin Added	ANNUAL PERCENTAGE	Daily Periodic
or Conditions	to Index	RATE	Rate
All Balances	0.250%	3,500%	0.00959%

Notwithstanding any other provision of this Agreement, Lender will not charge interest on any undisbursed loan proceeds.

Forgo Rate Increases. If we forgo an ANNUAL PERCENTAGE RATE increase, at the time of a later adjustment we may return to the full Index value plus margin.

Conditions Under Which Other Charges May Be imposed. Borrower agrees to psy all the other fees and charges related to Borrower's Credit Line as set forth below:

Annual Fee. A nonrefundable Annual Fee of \$35.00 will be charged to Borrower's Credit Line at the following time: on the first monthly billing statement and annually on the enrivensary date thereafter.

Returned items. You may be charged \$50.00 if you pay your Credit Line obligations with a check, draft, or other item that is dishonored for any reason, unless applicable law requires a lower charge or prohibits any charge.

Fee to Stop Payment. Borrower's Credit Line Account may be charged \$36.00 when Borrower requests a stop payment on Borrower's account.

Charge for Advance Less than Minimum. Borrower's Cradit Line Account may be charged \$25.00 if Borrower requests a credit advance for less than the minimum advance amount disclosed above, whether Lender decides to honor it or whether Lender refuses to honor it, unless applicable law requires a lower charge or prohibits any charge.

Late Charge. In addition to Lender's rights upon default, Borrower's payment will be late if it is not received by Lender within 10 days after the "Psyment Due Data" shown on the vouctier Borrower receives with each credit advance. If Borrower's payment is late Lender may charge Borrower \$5.00.

Security Interest Charges. Borrower agrees to pay all security interest charges related to Borrower's Credit Line as set forth below:

 MTG RECORDING
 \$35.00

 MTG PREPARATION
 \$15.00

 MTG RELEASE
 \$13.00

 Total
 \$63.00

Loan No:

Right to Credit Advances. Beginning on the Effective Disbursement Date, Landar will honor Borrower's requests for credit advances up to Borrower's Credit Umit so long as: (A) Borrower is not in default under the terms of this Agreement; (B) this Agreement has not been terminated or suspended.

Default. Lander may declare Borrower to be in default if any one or more of the following syants occur: (A) Borrower falls to pay a Minimum Payment when due; (B) an event of default occurs under the security agreement for the Property; (C) the Property is further encumbered in any way, voluntarily or involuntarily; (D) Borrower dies; (E) Borrower makes any false or misleading statements on Borrower's Credit Line epplication; (F) Borrower violates any provision of this Agreement or any other agreement with Lander; (C) any garnishment, attachment, or execution is issued against any material asset owned by Borrower; (H) Borrower exceeds Borrower's Credit Linit; (I) Borrower files for bentruptcy or other insolvency railed, or an involuntary patition under the provisions of the Bankruptcy Code is filed against Borrower; (L) Lander in good faith believes itself imacure.

Lender's Rights. If Borrower is in default, Lender will send notice to Borrower setting forth a time period of at least fifteen (15) days within which such default may be cured. During this cure period, without notice, Lender may suspend Borrower's Credit Line as provided below. If such default is not cured during this period, Lender may either terminate or continue suspension of Borrower's Credit Line Account.

Suspension. If Lender suspends Borrower's Credit Line, Borrower will lose the right to obtain further credit edvances. However, all other terms of this Agreement will remain in effect and be binding upon Borrower, including Borrower's liability for any further unsuthorized use of any Credit Line access devices.

Termination. If Lender terminates Borrower's Credit Line, Borrower's Credit Line will be suspended and the entire unpeid balance of Borrower's Credit Line Account will be suspended by law, and Borrower agrees to pay that amount plus all FNANCE CHARGES and other amounts due under this Agreement.

Collection Costs. Lender may hire or psy someone else to help collect this Agreement 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 afforts 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.

Access Devices. If Borrower's Credit Line is suspended or terminated, Borrower must immediately return to Lender all CREDIT LINE CHECKs and any other access devices following suspension or termination may be considered fraudulant. Borrower will also remain liable for any further use of CREDIT LINE CHECKs or other Credit Line access devices not returned to Lander.

Delay in Enforcement. Lender may delay or waive the enforcement of any of Lander's rights under this Agreement without losing that right or any other right. If Lender delays or waives any of Lender's rights, Lender may enforce that right at any time in the future without advance notice. For example, not terminating Borrower's account for non-payment will not be a waiver of Lender's right to terminate Borrower's account in the future if Borrower has not paid.

Termination by Borrower. If Borrower terminates this Agreement, Borrower must notify Lender in writing at the address shown on Borrower's periodic statement or other designated address and return all CREDIT LINE CHECKs and any other access devices to Lander. Despite termination, Borrower's obligations under this Agreement will remain in full force and affect until Borrower has paid Lander at amounts due under this Agreement.

Prepayment. Borrower may propey all or any amount owing under this Credit Line at any time without pensity, except Lender will be entitled to receive all accrued FiNANCE CHARGES, and other charges, if any. Payments in excess of Borrower's Minimum Payment will not relieve Borrower's obligation to continue to make Borrower's Minimum Payments. Instead, they will reduce the principal belance owed on the Credit Line. 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 loaing any of Lender's fails under this Agreement, 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 Inhitations or as full satisfaction of a disputed amount must be mailed or delivered to: COMMUNITY FINANCIAL SERVICES BANK, PO BOX 487 BENTON, KY 42025-0467.

Notices. All notices will be sent to Borrower's address as shown in Borrower's Credit Line application. Notices will be mailed to Borrower at a different address if Borrower gives Lender written notice of a different address. Borrower agrees to advise Lender promptly if Borrower changes Borrower's mailing address.

Annuel Review. Borrower agrees that Borrower will provide Lender with a current financial statement, a new credit application, or both, annualty, on forms provided by Lender. Based upon this information Lender will conduct an annual review of Borrower's Credit Line Account. Borrower also agrees Lender may obtain credit reports on Borrower at any time, at Lender's sole option and expense, for any reason, including but not limited to determining whether there has been an adverse change in Borrower's financial condition. Lender may require a new appraisal of the Property which secures Borrower's Credit Line at any time, including an internal inspection, at Lender's sole option and expense. Borrower authorizes Lender to release information about Borrower to third parces as described in Lender's privacy policy and Lender's Fair Credit Reporting Act notice, provided Borrower did not opt out of the applicable policy, or as permitted by law. Based upon a material adverse change in Borrower's financial condition tauch as termination of employment or loss of income), Lender may suspend Borrower's Credit Line.

Transfer or Assignment. Without prior notice or approval from Borrower, Lender reserves the right to sell or transfer Borrower's Credit Line Account and Lender's rights and obligations under this Agreement to another lender, entity, or person, and to assign Lander's rights under the Mortgage. Borrower's rights under this Agreement belong to Borrower only and may not be transferred or assigned. Borrower's obligations, however, are binding on Borrower's heirs and legal representatives. Upon any such sale or transfer, Lender will have no further obligation to provide Borrower with credit advances or to perform any other obligation under this Agreement.

Notify Us of Inaccurate information We Report To Consumer Reporting Agencies. Please notify us if we report any inaccurate information about your account(s) to a consumer reporting egency. Your written notice describing the specific inaccuracyles) should be sent to us at the following address: COMMUNITY FINANCIAL SERVICES BANK LOAN OPERATIONS DEPARTMENT PO BOX 487 BENTON, KY 42025-0487.

Jury Walver. Lender and Borrower hereby walve the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

MONTHLY BRLING. Borrower's "Regular Payment" will be equal to the amount of Borrower's accrued Finance Charges as of the last day of the month and payment is due the 10th of the following month.

Governing Law. This Agreement 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 Agreement has been accepted by Lender in the Commonwealth of Kentucky.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Interpretation. Borrower agrees that this Agreement, together with the Mortgage, is the most reliable evidence of Borrower's agreements with Lender. If a court finds that any provision of this Agreement is not valid or should not be enforced, that fact by itself will not mean that the rest of this Agreement will not be valid or enforced. Therefore, a court may enforce the rest of the provisions of this Agreement even if a provision of this Agreement may be found to be invalid or unenforceable. If Lender goes to court for any reason, Lender can use a copy, filmed or electronic, of any periodic statement, this Agreement, the Mortgage or any other document to prove what Borrower owes Lender or that a transaction has taken place. The copy, microfilm, microfiles, or optical image will have the same validity as the original. Borrower agrees that, except to the extent Borrower can show there is a billing error, Borrower's most current periodic statement is the most reliable evidence of Borrower's obligation to pay.

Severability. If a court of competent 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 leasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so

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COMMERCIAL REVOLVING LINE OF CREDIT AGREEMENT

Loan No:

(Continued)

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modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforcesbility of any provision of this Agreement shall not affect the legality, validity or enforcesbility of any other provision of this Agreement.

Acknowledgment and Amendments. Borrower understands and agrees to the terms and conditions in this Agreement. Borrower acknowledges that, subject to applicable laws, Lander has the right to change the terms and conditions of the Credit Line program. Borrower also understands and agrees that Borrower may be subject to other agreements with Lender regarding transfer histruments or access devices which may access Borrower's Credit Line. Any person signing below may request a modification to this Agreement, and, if granted, the modification will be binding upon all signers. By signing this Agreement, Borrower acknowledges that Borrower has read this Agreement. Borrower also acknowledges receipt of a completed copy of this Agreement.

BORROWER:

JONATHAN CREEK WATER DISTRICT

MIKE EDWARDS, Secretary of JONATHAN CREEK WATER DISTRICT

COMMUNITY FRANCE SERVICES BANK

LASER FRO Landing, No. 14 (\$427) Care Workston Conservant (\$87 (2014) All Report Frances CT S. ADPRODUCTOR (\$25 TO ANGLE PR. 26

COMMERCIAL SECURITY AGREEMENT

Principal Loan Date Maturity 1100,000,00 05-08-2014 05-10-2019	Loan No. Call/Cot 10M/018	Account Officer Initials J000458 SJP			
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan of flort					

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

Grantor: JONATHAN CREEK WATER DISTRICT

7564 US HWY 68 E BENTON, KY 42025 Lender:

COMMUNITY FINANCIAL SERVICES BANK CALLOWAY COUNTY BANKING CENTER 1721 N 12TH ST MURRAY, KY 42071-3594

THIS COMMERCIAL SECURITY AGREEMENT dated May 8, 2014, is made and executed between JONATHAN CREEK WATER DISTRICT ("Grantor") and COMMUNITY FINANCIAL SERVICES BANK ("Lender").

GRANT OF SECURITY (NTEREST. For valuable consideration, Grantor grants to Lender a security interest in the Collateral to secure the indebtedness 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 few.

COLLATERAL DESCRIPTION. The word "Collateral" as used in this Agraement means the following described property, whether now owned or hereafter equired, whether now existing or hereafter arising, and whenever located, in which Grantor is giving to Lender a security interest for the payment of the indebtedness and performence of all other obligations under the Cradit Agreement and this Agreement:

UCC Financing Statement filed 02/14/13 with KY/S08 file #2013-2624560-01 on all inventory, equipment, accounts (including but not limited to all health-care-insurance receivables), chattel paper, instruments (including but not limited to all promissory notes), letter-of-credit rights, letters of credit, documents, deposit accounts, investment property, money, other rights to payment and performance, and general intengibles (including but not limited to all software and all payment intengibles); all oil, gas and other minerals before extraction; all 03, gas, other minerals and accounts constituting as-extracted collateral; all fixtures; all timber to be cut; all attachments, accessories, fittings, increases, tools, parts, repairs, supplies, and committing to the foregoing property, and all additions, replacements of and substitutions for all or any part of the foregoing property; all insurance refunds relating to the foregoing property; all good will relating to the foregoing property; all records and data and embedded software relating to the foregoing property; and all equipment, inventory and software to utilized, create, maintain and process any such records and data on electronic media: and all supporting obligations relating to the foregoing property; all whether now existing or hierarther arising, whether now overall or herarther acquired or whether now overall or herarther acquired or whether now overall or herarther acquired to all insurance payments) of or relating to the foregoing property. INCLUDING BUT NOT LIMITED TO ADDITIONAL ITEMS AS DESCRIBED WATTACKED SCHEDULE I

In addition, the word "Collateral" also includes all the following, whether now owned or hereafter acquired, whather now existing or hereafter arising, and wherever located:

- (A) All accessions, attachments, accessories, replacements of and additions to any of the collateral described herein, whether added now or later.
- (B) All products and produce of any of the property described in this Collateral section.
- (C) All accounts, general intengibles, instruments, rents, mones, 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 (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Collateral section, and sums the 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, microfiche, or electronic media, together with all of Grantor'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, Landar reserves a right of satoff in all Grantor's accounts with Landar (whether checking, savings, or some other accounts. 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 satoff would be prohibited by law. Grantor authorizes Landar, to the extent permitted by applicable law, to charge or satoff all some 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 Collateral. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Grantor will note Lender's Interest upon any and all chattel paper and instruments if not delivered to Lender for possession by Lender. This is a continuing Security Agreement and will continue in effect even though all or any part of the indebtedness is paid in full and even though for a period of time Grantor may not be indebted to Lender.

Notices to Lender. Grantor will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lander may designate from time to tume) prior to any (1) change in Grantor's name; (2) change in Grantor's assumed business name(s); (3) change in the entity Grantor's principal office address; (6) change in Grantor's epincipal office address; (6) change in Grantor's principal residence; (7) conversion of Grantor to a new or different type of business antity; or (8) change in any other aspect of Grantor that directly or indirectly relates to any agreements between Grantor and Lender. No change in Grantor's name will take effect until after lander has received motice.

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 exacution, and all persons appearing to be obligated 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 actoria 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 Lander in writing

Location of the Colleteral. Except in the ordinary course of Grantor's business, Grantor agrees to keep the Colleteral at Grantor's address shown above or at such other locations as are acceptable to Lender. Upon Lender's request, Grantor will deliver to Lender in form satisfactory to Lender a schedule of real properties and Colleteral 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 Grantor owns, rents, feases, or uses; and (4) all other properties where Colleteral is or may be located.

Removel of the Cellaterel. Except in the ordinary course of Grantor's business. Grantor shall not remove the Collateral from its existing location without Lender's prior written consent. Grantor shall, whenever requested, edvise Lender of the exact location of the Collateral.

Transactions involving Collateral. Except for inventory sold or accounts collected in the ordinary course of Grantor's business, or as otherwise provided for in this Agreement, Grantor shall not sell, of otherwise transfer or dispose of the Collateral. Grantor shall not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other than the security interest provided for in this Agreement, without the prior written consent of Lender. This includes security interests even if junior in right to the security interests granted under this Agreement. Unless waived by Lender, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for Lender and shall not be communited with any other funds; provided however, this requirement shall not constitute consent by Lender to any sale or other disposition. Upon receipt, Grantor shall immediately deliver any such proceeds to Lender.

Title. Granter represents and warrants to Lender that Granter holds good and marketable title to the Colleteral, free and clear of all lions and ancumbrances except for the lien of this Agreement. No linearcing statement covering any of the Colleteral is on file in any public office other than those which reflect the security interest created by this Agreement or to which Lender has specifically consented. Granter shall defend Lender's rights in the Colleteral against the claims and demands of all other persons.

Repairs and Maintenance. Grantor agrees to keep and maintain, and to cause others to keep and maintain, the Colleteral in good order, repair and condition at all times while this Agreement remains in effect. Grantor further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with the Colleteral so that no lien or encumbrance may ever attach to or be filed against the Colleteral.

Inspection of Collateral. Lender and Lender's designated representatives and agents shall have the right at all reasonable times to examine and inspect the Collateral wherever located.

Taxes. Assessments and Liens. Grantor will pay when due all taxes, assessments and liens upon the Collateral, its use or operation, upon this Agreement, upon any promissory note or notes evidencing the Indebtedness, or upon any of the other Related Documents. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay end so long as Lander's interest in the Collateral is not jeopardized in Lander's sole opinion. If the Collateral is subjected to a few which is not discharged within filteen (15) days, Grantor shall deposit with Lander cash, a sufficient corporate surety bond or other security satisfactory to Lender in an amount adequate to provide for the discharge of the lien plus any interest, costs, reasonable attorneys' fees or other charges that could accrue as a result of foreclosure or sale of the Collateral. In any contest Grantor shall defend itself and Lender and shall satisfy any final adverse judgment before enforcement against the Collateral. Grantor shall name Lender as an additional obliges under any surety bond turnished in the contest proceedings. Grantor further agrees to furnish Lender with evidence that such taxes, assessments, and governmental and other charges have been paid in full and in a timely manner. Grantor may withhold any auch payment or may elect to contest the obligation to pay and so long as Lender's interest in the Collateral is not joopardized.

Compliance with Governmental Requirements. Grantor shall comply promptly with all laws, ordinances, rules and regulations of all governmental authorities, now or hereafter in affect, applicable to the ownership, production, disposition, or use of the Collateral, including all laws or regulations relating to the undue arosion of highly-erodible land or reling to the conversion of wetlands for the production of an agricultural product or commodity. Grantor may comest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Lender's interest in the Collateral, in Lender's opinion, is not jeopardized.

Hazardous Substances. Granter represents and warrants that the Collateral never has been, and never will be so long as this Agreement remains a fien on the Collateral, used in violation of any Environmental Laws or for the generation, manufacture, storage, transportation, treatment, disposal, release or threstened release of any Hazardous Substances. The representations end warranties contained herein are based on Granter's due diligence in investigating the Collateral for Hazardous Substances. Granter hereby (1) releases and waives any future claims against Lendor for indemnity or contribution in the event Granter becomes liable for cleanup or other costs under any Environmental Laws, and (2) agrees to indemnity, defend, and hold harmless Lender against any and all claims and losses resulting from a breach of this provision of this Agreement. This obligation to indemnify and defend shall survive the payment of the Indebtedness and the satisfaction of this Agreement.

Maintenance of Casualty Insurance. Grantor shall procure and maintain all risks insurance, including without limitation fire, that, and liability coverage togsther with such other insurance as Lender may require with respect to the Collatoral, in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lander, will dollive to Lender from time to time the policies or certificates of insurance in form estifiactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days' prior written notice to Lender and not Including any disclaimer of the insurer's liability for failure to give such a notice. Each insurance policy also shall include an endorsament providing that coverage in favor of Lander with not be impalled in any way by any act, omission or default of Grantor or any other porson. In connection with all policies covering assets in which Lender holds or is offered a security interest, Grantor will provide Lender with such loss payable or other endorsaments as Lender may require. If Grantor at any time fails to obtain or maintain any insurance as required under this Agreement, Lender may (but shall not be obligated to) obtain such insurance as Lender deams appropriate, including if Lender so chooses "single interest insurance," which will cover only Lender's interest in the Collatoral.

Application of insurence Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Collateral, whether or not such casualty or loss is covered by insurance. Lander may make proof of loss if Grantor falls to do so within filteen (15) days of the casualty. All proceeds of any insurance on the Collateral, including accrued proceeds thereon, shall be held by Lender as part of the Collateral. If Lender consents to repair or replacement of the damaged or destroyed Collateral, Lander shall, upon satisfactory proof of expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or rostoration. If Lender does not consent to repair or replacement of the Collateral, Lander shall retain a sufficient amount of the proceeds to pay all of the Indebtedness, and shall pay the balance to Grantor. Any proceeds which have not been disbursed within six (6) months after their receipt and which Grantor has not committed to the repair or restoration of the Collateral shall be used to propay the indebtedness.

Insurance Reserves. Lender may require Grantor to maintain with Lender reserves for payment of insurance premiums, which reserves shall be created by monthly payments from Grantor of a sum estimated by Lender to be sufficient to produce, at least lifteen (15) days before the premium due date, amounts at least equal to the insurance premiums to be peid. If lifteen (16) days before payment is due, the reserve funds are insufficient, Grantor shall upon demand pay any deficiency to Lender. The reserve funds shall be held by Lender as a general deposit and shall constitute a non-interest-bearing account which Lender may satisfy by payment of the insurance premiums required to be 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 romain Grantor's sole responsibility.

Insurance Reports. Grantor, upon request of Lander, shall furnish to Lander reports on each existing policy of insurance showing such information as Lander may reasonably request including the following: (1) the name of the following: (2) the risks insured; (3) the amount of the policy: (4) the property learned; (5) the then current value on the basis of which insurance 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 Lander (however not more often than annually) have an independent appraiser satisfactory to Lander determine, as applicable, the cash value or replacement cost of the Collaboral.

Financing Statements. Grantor authorizes Lender to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect Londer's security Interest. At Lender's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lender's socurity interest in the Property. This includes making sure Lender is shown as the first and only security interest holder on the title covering the Proporty. Grantor will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor krevocably 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.

GRANTOR'S RIGHT TO POSSESSION. Until default, Grantor may have possession of the tengible 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 shalf not apply to any Collateral where possession of the Collateral by Lender is required by law to perfect Lender's security interest in such Collateral. If Lender et any time has possession of any Collateral, whether before or after an Event of Default, 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 Grentor shall request or as Lander, in Lender's sole dispersion, shall deam appropriate under the circumstances, but fellure to honor any request by Grantor shall not of itself be deamed 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 staker to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender to Grantor's behalf may (but shall not be obligated to) take any action that Lender deams appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time layed or piaced 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 Credit Agreement from the date incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Credit Agreement 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 (All be payable on damand; (B) be added to the balance of the Credit Agreement and be apportioned among and be payable with any installment payments to become due during sither (1) the term of any applicable insurance policy, or (2) the remaining term of the Credit Agreement; or (C) be treated as a balloon payment which will be due and payable at the Credit Agreement'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.

Payment Default. Grantor fails to make any payment when due under the indebtedness.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant 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

COMMERCIAL SECURITY AGREEMENT (Continued)

Loan No:

agreement between Lender and Grantor.

Falsa Statements. Any warranty, representation or statement mode 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 now or at the time made or furnished or becomes false or misleading at any time thereafter.

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

insolvency. 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 laws by or against Grantor.

Craditor or Forfeiture Proceedings. Commencement of foreclosure or torfeiture 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 Indebtedness. This includes a garrishment of any of Grantor's accounts, including deposit accounts, with Lander. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validary or reasonableness of the claim which is the besus of the creditor or forfeiture proceeding and deposits with Lander monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lander, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding evants occurs with respect to any guarantor, endorser, surely, or accommodation party of any of the Indebtedness or guarantor, endorser, surety, or accommodation party dies or becomes incompetent or revokes or disputes the validity of, or Rebility under, any Guaranty of the Indebtodness.

Adverse Change. A material adverse change occurs in Grantor'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 twolve (1/2) months, it may be cured if Grantor, after Lender sends written notice to Grantor demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, Immediately intilates 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.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Dafault occurs under this Agreement, at any time thereafter, Lender shell have all the rights of a secured party under the Kentucky Uniform Commercial Code. In addition and without limitation, Lender may exercise any one or more of the following rights and remedies:

Accelerate indebtedness. Lender may declare the entire indebtedness, including any prepayment penalty which Grantor would be required to pay, immediately due and psyablo, without notice of any kind to Grantor.

Assemble Collateral. Lender may require Grantor to deliver to Lender all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Lender may require Grantor to assemble the Collateral and make it available to Lender at a place to be designated by Lender. Lender also shall have full power to enter upon the property of Grantor to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Grantor egrees Lander may take such other goods, provided that Lander makes reasonable efforts to return them to Grantor after repossession.

Self the Collateral. Lender shall have full power to sall, lease, transfer, or otherwise deal with the Collateral or proceeds thereof in Lendor's own name or that of Grantor. Lender may sell the Collateral at public aution or private sale. Unless the Collateral throatens to decline speedily in value or is of a type customarity sold on a recognized marker, Lender will give Grantor, and other persons as required by law, reasonable notice of the time and place of any public sale, or the time after which any private sale or any other disposition of the Collateral is to be made. However, no notice need be provided to any person who, elter Event of Default occurs, enters into and suthenticates an agreement waiving that person's right to notification of sale. The requirements of reasonable notics shell be mat if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Collateral, including without limitation the expenses of retaking, holding, insuring, preparing for sale and selling the Collateral, shall become a part of the Indebtedness secured by this Agreement and shall be payable on demand, with interest at the Note rate from date of expenditure until repaid.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Collateral, with the power to protect and preserve the Collateral, to operate the Collateral preceding foreclosure or sale, and to collect the rents from the Collateral and apply the proceeds, over and above the cost of the receivership, against the indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparant value of the Collateral exceeds the indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Collect Revenues. Apply Accounts. Lender, either itself or through a receiver, may collect the payments, rants, income, and revenues from the Colleteral. Lander may at any time in Lender's discretion transfer any Colleteral into Lender's own name or that of Lender's nominee and receive the payments, rents, income, and sevenues therefore and followers as security for the indebtedness or apply it to payment of the indebtedness in such order of preference as Lander may determine. Insofar as the Colleteral consists of accounts, general intergibles, insurance policies, insurance polic

Obtain Deficiency. If Lender chooses to sell any or all of the Collateral, Lender may obtain a judgment against Grantor for any deficiency remaining on the indebtechess due to Lender after application of all amounts received from the exercise of the rights provided in this Agreement. Grantor shall be liable for a deficiency evan if the transaction described in this subsection is a set of accounts or chartel maper.

Other Rights and Remedies. Lender shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Lender shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or otherwise.

Election of Remedies. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement, the Related Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not effect Lender's right to declars a default and exercise its remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No attention of or emendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the attention or amendment.

Attorneys' Fees: Expenses. Grantor egrees to pay upon demand all of Lander's costs and expenses, including Lander's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lander may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for benkruptcy proceedings (including efforts to modify or vacats any automatic stay or injunction), appeals, and any anticoated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Governing Law. This Agreement 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 Agreement has been accepted by Lender in the Commonwealth of Kentucky.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any

Page 3

other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lander's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grentor, shall constitute a waiver of any of Lender; rights or of any of Grentor's obligations as to any future variantions. Whenever the consent of Lander is required under this Agreement, the granting of such consent by Lander 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 Lander.

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 talefacsimile (unless otherwise required by tawn), when deposited with a nationally recognized overnight course, or, if malled, when deposited in the United States mail, as first class, certified registered mail postage propaled, 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 parties, specifying that the purpose of the notice is to chenge 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 hereby appoints Lender 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 filings of other secured parties. Lender 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 linencing statement. Grantor will reimburse Lender for all expenses for the perfection and the continuation of the perfection of Lender's security interest in the Collateral.

Sevarability. If a court of competent 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 deloted from this Agreement. Unless otherwise required by law, the illegality, or unenforceability of any other provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement on trensfer of Grantor's interest, this Agreement anall 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 forbestance 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 delivory of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's indebtodness shall be paid in full.

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

Waive Jury. All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or countardaim brought by any party against any other party.

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 to fawful mondy of the United States of America. Words and terms used in the singular shall include the plural shall include the singular, as the contaxt 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" means JONATHAN CREEK WATER DISTRICT and includes all co-signers and co-makers signing the Credit Agreement and all their successors and assigns.

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

Credit Agreement. The words "Credit Agreement" mean the Credit Agreement dated May 8, 2014 and executed by JONATHAN CREEK WATER DISTRICT in the principal amount of \$100,000.00, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

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

Environmental Laws. The words "Environmental Laws" mean any and all state, faderal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Compreheneiros Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9801, et seq. ("CERCLA"), the Superfund Amendments and Resultedization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Meterials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or faderal 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 JONATHAN CREEK WATER DISTRICT.

Guerenty. The word "Guerenty" means the guerenty from guerentor, endorser, surety, or accommodation party to Lender, including without limitation a guerenty of all or part of the Credit Agreement.

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 hezardous or toxic substances, materials or waste as defined by or fisted under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, patroleum and petroleum by-products or any fraction thereof and asbestoe.

indebtedness. The word "indebtedness" means the indebtedness evidenced by the Credit Agreement or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents.

Lander. The word "Lander" means COMMUNITY FINANCIAL SERVICES BANK, its successors and essigns.

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

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

GRANTOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS COMMERCIAL SECURITY AGREEMENT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED MAY 8, 2014.

GRANTOR:

JONATHAN CREEK WATER DISTRICT

BY: MINE EDWARDS, Secretary of JONATHAN CREEK WATER DISTRICT

COMMERCIAL SECURITY AGREEMENT (Continued)

Loan No: Page 5 LENDER: COMMUNITY SMANCIAL SERVICES BANK

SCHEDULE I to UCC-1 FINANCING STATEMENT

(Description of Collateral)

The "Collateral" includes all of the Debtor's fixtures, personal property, goods, accounts, chattel paper, documents, instruments, general intangibles, inventory, machinery, equipment and such other property described below, which it now owns or shall hereafter acquire or create immediately upon the acquisition or creation thereof, and including, but not limited to, the following:

- (a) Personal Property. All personal property now owned or hereafter acquired by Debtor whether located on the real property described in Exhibit A attached hereto and incorporated herein by this reference (the "Real Property") or not, including, without limitation, Debtor's rural water distribution system (the "Facility") including water distribution lines, water lines, water wells, storage tanks, water conditioning facilities, any and all water mains, gate values, curb stops, casings, meters and assemblies, signs, air release valves, pumps, controls, buildings, construction materials, machinery, appliances, supplies, tools, books, records, files, engines, power systems, and all other additions thereto or fixtures or facilities appurtenant thereto or associated therewith;
- (b) Rights. All of Debtor's rights whether now or in the future existing with respect to any and all agreements pertaining to the Facility including, without limitation, any and all Water User Agreements which have been or are in the future entered into between Debtor and the members or customers of Debtor's water supply corporation or cooperative; any and all water, water rights, rights of way, easements, permits, licenses, franchises, bonds, resolutions, ordinances, all accounts, contracts, rights, general intangibles, instruments, documents, chattel paper, building permits, certificates, utilities, rights to reimbursements, rights to the present or future use of utilities, consents, authorizations, exemptions and licenses, engineering, construction and other contracts, plans, warranties, guaranties, payment, performance or other bonds, leases and any other contracts or agreements;
- (c) Revenues. Any and all income, receivables, accounts receivable, revenue or other monies received from whatever source by Debtor, whether or not related to Debtor's Facility, including without limitation, any and all hookup, tap or similar fees, any subscription, reservation or similar fees, any assessments charged to members or customers of Debtor's water supply corporation or cooperative, any funds now or hereafter held in any accounts, including, without limitation, the Revenue Fund Account, the Debt Service Account, the Operation and Maintenance Account and the Reserve Account (as established in the Resolution as defined in the Security Agreement between Debtor and Secured Party);

- (d) Equipment. All machinery, equipment, furniture, fixtures, trade fixtures, and other personal property used in connection with the operation of the Facility, now owned or hereafter acquired by Debtor, together with all accessions, additions, parts, attachments, accessories, or appurtenances thereto;
- (e) <u>Fixtures.</u> All machinery, equipment, furniture, goods and other property of Debtor which are attached or affixed or are to become attached or affixed to the Real Property and
- (f) <u>Proceeds</u>. Proceeds and products of any sale, exchange, collection or other disposition of the Collateral including, without limitation, proceeds of hazard or other insurance policies and eminent domain or condemnation awards.

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RECORDATION
REQUESTED BY:
COMMUNITY FINANCIAL
SERVICES BANK
CALLOWAY COUNTY
BANKING CENTER
1721 N 12TH ST
MURRAY, KY
42071-3594

WHEN RECORDED MAIL
TO:
COMMUNITY FINANCIAL
SERVICES BANK
ATTN DOCUMENT
CONTROL CLERK
PO BOX 467
BENTON, KY 42025-0467

STATE OF KENTUCKY, COUNTY OF MARSHALL

I, Tim York, Clerk of the County Court for the County and State

aforesaid, certify that the foregoing Marshall

of day of Marshall 10:20 clock Marshall

record, whereuporthe same, the foregoing and this certificate have duly recorded in my said office in Marshall

Given under my hand this 20 may of Marshall

Tim York, CLERK

BY

D.C.

FOR RECORDER'S USE ONLY

MORTGAGE

MATURITY DATE. The maturity date of the Credit Agreement is May 10, 2019.

THIS MORTGAGE dated May 8, 2014, is made and executed between JONATHAN CREEK WATER DISTRICT, A KENTUCKY RURAL WATER DISTRICT, whose eddress is 7564 US HWY 68 E, BENTON, KY 42025 (referred to below as "Grantor") and COMMUNITY FINANCIAL SERVICES BANK, whose address is 1721 N 12TH ST, MURRAY, CALLOWAY County, KY 42071-3594 (referred to below as "Lender").

GRANT OF MORTGAGE. For valuable consideration, Grantor mortgages, grants, and curveys to Landar with covenant of GRNERAL WARRANTY a security interest in and iten on all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently eracted or efficied buildings, improvements and fixtures; all essements, rights of way, and appurtenances; all water, water rights, watercourses and ditch rights (including stock in utilities with dirch or irrigation rights); and all other rights, royalities, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in MARSHALL County, Commonwealth of Kentucky:

See EXHIBIT "A", which is attached to this Mortgage and made a part of this Mortgage as if fully set forth herein.

The Real Property or its address is commonly known as 7564 US HWY 68 E, BENTON, KY 42025.

REVOLVING LINE OF CREDIT. This Mortgage secures the indebtedness including, without limitation, a revolving line of credit, which obligates Lender to make advances to Grantor up to a maximum principal amount of \$100,000.00 so long as Grantor complies with all the terms of the Credit Agreement.

Grantor presently assigns to Lander all of Granton's right, title, and interest in and to all present and future leases of the Property and all Rante from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rants.

THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDESTEDNESS AND (B) PERFORMANCE OF EACH OF GRANTOR'S AGREEMENTS AND OBLIGATIONS UNDER THE CREDIT AGREEMENT, THE HELATED DOCUMENTS, AND THIS MORTGAGE. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Mortgago, Grantor shall pay to Lander all amounts secured by this Mortgage as they become due and shall strictly perform all of Grantor's obligations under this Mortgage.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Granter agrees that Granter's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rente from the Property.

Duty to Maintain. Grantor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Compliance With Environmental Laws. Grantor represents and warrants to Lander that: (1) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as praviously disclored to and acknowledged by Lender in writing. (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any pore owners or occupants of the Property or (c) any actual or threatened Ritigation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and actionalized place of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with

ell applicable federel, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor surborizes Lander and its agents to enter upon the Property to make such inspections and tests, et Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Mortgage. Any inspections or tests made by Lender shall be for Lander's purposes only and shall not be construed to create any responsibility or liability on the part of Lander to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (2) agrees to Indemnity, defend, and hold harmless Lander sights any and all claims, losses, liabilities, damages, pendities, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Mortgage or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor. The provisions of this section of the Mortgage, including the obligation to indemnity and defend, shall survive the payment of the Indebtedness and the satisfaction and reconveyance of the lian of this Mortgage and shall not be affected by Lender's acquisition of any interest in the Property, whether by loractionars or otherwise.

Nutsance. Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals fincluding oil and gas), coal, clay, scorie, soil, gravel or rock products without Lander's prior written consont.

Removal of Improvements. Grentor shall not demolish or remove any improvements from the Real Property without Lender's prior written content. As a condition to the removal of any improvements, Lander may require Grentor to make arrangements satisfectory to Lender to replace such improvements with improvements of at least equal value.

Lender's Right to Enter. Lender and Lender's agents and representatives may enter upon the Real Property et all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Grantor's compiliance with the terms and conditions of this Mortgage.

Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americane With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any processing, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Londer may require Grantor to post adequate security or a surety bond, reazonably satisfactory to Lander, to protect Lender's interest.

Duty to Protect. Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Lender may, at Lender's option, declare immediately due and payable all sums secured by this Mortgage upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right title or interest in the Real Property; whether legal, beneficial or equitable; whether volumetry or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three I3) years, lesse-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. However, this option shall not be exercised by Lander If such exercise is prohibited by federal law or by Kentucky law.

TAXES AND LIENS. The following provisions relating to the texas and liens on the Property are part of this Mortgage:

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, payroll taxes, assossments, water charges and sewer service charges levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or materiel transhed to the Property. Grantor shall maintain the Property free of any Bens heuring priority over or equal to the interest of Lender under this Mortgage, except for those liens specifically agreed to in writing by Lander, and except for the lien of taxes and secessments not due as further specified in the Right to Contest paragraph.

Right to Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lendor's interest in the Property is not jeoperdized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the Sen arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Landar, deposit with Lender cash or a sufficient corporate surely bond or other security satisfactory to Lender in an amount sufficient to discharge the filen plant any costs and reasonable attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and additional obliges under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon damend furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

Notice of Construction. Grantor shall notify Lender at least filteen (16) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be esserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances estiefactory to Lender that Grantor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Mortgage:

Maintenance of Insurance. Grantor shall procure and maintain policies of fire Insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of any consurance clause, and with a standard mortgague clause in favor of Lender. Grantor shall also procure and maintain comprehensive general hability insurance in such coverage amounts as Lender may request with Lender being named as additional Insurance in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption and bollor insurance as Lender may require. Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Lender. Grantor shall deliver to Lander certificates of coverage from each insurer containing a significant to overage will not be cancelled or diminished without a minimum of

thirty (30) days' prior written notice to Lender and not containing any disclaimer of the insurer's liability for failure to give such notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Administrator of the Federal Emergency Management Agency as a special flood hazerd area, Grantor agrees to obtain and maintain Federal Bood insurance, if available, for the maximum amount of Grantor's credit line and the full umpaid principal balance of any prior lens on the property securing the loan, up to the maximum policy limits set under the National Food insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whather or not Lender's security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the Indebtedness, payment of any lian affecting the Property, or the responsion and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender. Lender shall, upon estisfactory proof of such expenditure, pay or reinfluxes Grantor from the proceeds for the ressonable cost of repair or restoration If Grantor is not in default under this Mortgage. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Mortgage, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the indebtedness. If Lender holds any proceeds after payment in full of the indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

Grantor's Report on Insurance. Upon request of Lander, however not more then once a year, Grantor shall furnish to Lander a report on each existing policy of Insurance showing: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured; the thon current replacement value of such property, and the manner of determining that value; and (5) the expiration date of the policy. Grantor shall, upon request of Lander, have an independent appraiser satisfactory to Lander determine the cash value replacement cost of the Property.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's Interest in the Property or if Grantor fails to comply with any provision of this Mortgage or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any anounts Grantor is required to discharge or pay under this Mortgage or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lander deams appropriate, including but not limited to discharging or paying all taxes, liens, security interests, including but not limited to discharging or paying all taxes, liens, security interests, including and other cleins, at any time levide or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Cradit Agreement from the date incurred or paid by Lander to the date of repsyment by Grantor. All such expenses will become a part of the Indebtedness and, at Lander's option, will (A) be payable on demand; (B) be added to the balence of the Cradit Agreement 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 restand as a balecon payment which will be due and payable at the Cradit Agreement; or (C) be treated as a balecon payment which be due and payable at the Cradit Agreement's maturity. The Mortgage 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 Defaut.

WARRANTY: DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Mortgage:

Title. Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all flens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in flavor of, and accepted by, Lander in connection with this Mortgage, and (b) Grantor has the full right, power, and authority to execute and deliver this Mortgage to

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all parsons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Lender under this Mortgage, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lander may request from time to time to permit such participation.

Complience With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

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

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Mortgage:

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by coursel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in Seu of condemnation, Lender may at its election require that all or any portion of the not proceeds of the award be applied to the indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable coets, expenses, and attorneys' fees incurred by Lender in connection with the condemnation.

EMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Mortgage:

Current Taxes, Fees and Charges. Upon request by Lender, Grantor shall execute such documents in addition to this Mortgage and take whatever other action is requested by Lender to perfect and continue Lender's lian on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Mortgage, including without limitation all taxes, fees, documentary etemps, and other charges for recording or registering this Mortgage.

Taxes. The following shall constitute texes to which this section applies: (1) a specific tax upon this type of Mortgage or upon all or any part of the indebtedness secured by this Mortgage; (2) a specific tax on Grantor

which Grantor is suthorized or required to deduct from payments on the indebtedness secured by this type of Mortgage; (3) a tax on this type of Mortgage chargeable against the Londer or the holder of the Credit Agreement; and (4) a specific tax on all or any portion of the indebtedness or on payments of principal and interest made by Grantor.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Mortgage, this event shall have the same effect as an Event of Default, and Lander may exercise any or all of its evailable remodes for an Event of Default as provided below unless Grantor either [1] pays the tax before it becomes definquent, or (2) contests the tax as provided above in the Taxes and Lisra section and deposits with Lander cash or a sufficient corporate surety bond or other security satisfactory to Lander.

SECURITY AGREEMENT: FINANCING STATEMENTS. The following provisions relating to this Mortgage as a security agreement are a part of this Mortgage:

Security Agreement. This instrument shall constitute a Security Agreement to the extent any of the Property constitutes from Londer shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Grantor shall take whatever action is requested by Lender to porfect and continue Lender's security interest in the Reats and Personal Property. In addition to recording this Mortgage in the real property records, Lender may, at any time and without further suthwhitzation from Grantor, Re executed counterparts, copies or reproductions of this Mortgage as a financing statement. Grantor shall reimburse Lender for all expanses incurred in perfecting or continuing this security interest. Upon defaut, Grantor shall not remove, sever or detach the Personal Property from the Property. Upon defaut, for assemble any Personal Property not affixed to the Proporty in a manner and at a place reasonably convenient to Grantor and Lender and make it svallable to Landar within three (3) days after receipt of written demand from Landar to the extent permitted by applicable law.

Addresses. The mailing addresses of Grantor (debtor) and Lander (secured party) from which information concerning the security interest granted by this Mortgage may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Mortgage.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurancee and attorney-in-fact are a part of this Mortgage:

Further Assurances. At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designes, and when requested by Lender, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or pressure. (1) Grantor's obligations under the Credit Agreement, this Mortgage, and the Related Documents, and (2) the lens and security interests created by this Mortgage as first and prior flens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact. If Granter fails to do any of the things referred to in the preceding paragraph, Lander may do so for and in the name of Granter and at Granter's expanse. For such purposes, Granter hereby irrevocably appoints Lender as Granter's attorney-in-fact for the purpose of making, executing, delivering, hiting, recording, and doing all other things as may be necessary or desirable, in Lander's solo opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If Grantor pays all the Indebtadness when due, terminates the credit line account, and otherwise performs all the obligations imposed upon Grantor under this Mortgage, Lander shall execute and deliver to Grantor a suitable satisfaction of this Mortgage and suitable satisfaction of eny financing statement on file evidencing Lander's security Interest in the Rente and the Personal Property. Grantor will pay, if permitted by applicable law, any reasonable termination fee as determined by Lander from time to time.

EVENTS OF DEFAULT. Each of the following, at Lender's option, shall constitute an Event of Default under this Mortgage:

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

Default on Other Payments. Fedure of Grantor within the time required by this Mortgage to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Mortgage 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.

False Statements. Any warranty, representation or statement made or furnished to Landar by Grantor or on Grantor's behalf under this Mortgage 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.

Defective Collaterelization. This Mortgage 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 accurity interest or lien) at any time and for any reason.

Death or insolvency. The death of Grantor, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any exaignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency lews by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial processing, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any property securing the Indebtodness. This includes a garnishment of any of Grantor's eccounts, 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 forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monles or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole disportion, as being an adequate reserve or bond for the dispute.

Breach of Other Agreement. Any breach by Grantor under the terms of any other agreement between Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Grantor to Lender, whether existing now or later.

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.

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

insecurity. Lender in good faith believes itself insecure.

Right to Cure. 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 Mortgage within the preceding twelve (12) months, it may be cured if Grantor, after Lander sends written notice to Grantor demanding cure of such default. (1) cures the default within filteen (15) days; or (2) if the cure requires more than fifteen (15) days; introductely initiates steps which Lander deems in Lander'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.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of an Event of Default and at any time thereafter, Lander, at Lender's option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate indebtedness. Lander shall have the right at its option without notice to Grantor to declare the entire indebtedness immediately due and payable, including any prepayment penalty that Grantor would be required to nav.

UCC Semedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Lender in Possession. Upon acceleration of the Indebtedness or abandonment of the Property and at any time prior to the expiration of any period of redemption following judicial sale, Lender may, without regard to the adequacy of the security for the Indebtedness, enter into possession of and menage and operate, by itself or through a receiver, the Property and collect the Rents, including those past due. Lander may exercise all rights and powers of Lander with respect to the Property either in the name of Grantor or otherwise as Lander shall deem bast. Lander shall de entitled to make, enforce, modify or accept surrender of any lesse or lesses of the Property. Any Rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of Rents, including but not limited to receiver's fees, premiums on the receiver's bonds and reasonable attorneys' fees and then to the other indebtedness secured by this Mortpage.

Appoint Receiver. Lender shell have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property to operate the Property precading foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the indebtadness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the indebtadness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Judicial Foreclosure. Lender may obtain a judicial decree foreclosing Grantor's interest in all or any part of the Property.

Deficiency Judgment. If permitted by applicable law, Lander may obtain a judgment for any deficiency remaining in the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this section.

Tenancy at Sufferance. If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (1) pay a reasonable rental for the use of the Property, or (2) vacate the Property immediately upon the domand of Lender.

Other Remedies. Lender, at Lender's option, may take such steps to protect and enforce Lender's righte as Lender deems appropriate, whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Credit Agreement or in this Mortgage, or in aid of the execution of any power granted in this Mortgage, or for the enforcement of any other appropriate legal or equity remedy, or otherwise as Lander may elect, including the appointment of a receiver for the Property.

Sale of the Property. To the extent permitted by applicable law, Grantor heraby waives any and all right to have the Property marshalled. In exercising its rights and remedies, Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

Notice of Sale. Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least fifteen (15) days before the time of the sale or disposition. Any sale of the Personal Property may be made in confunction with any sale of the Real Property.

Election of Ramedies. Election by Lender to pursue any remody shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor statics to perform, shall not effect Lender's right to doctere a default and exercise its remedies. Nothing under this Mortgage or otherwise shall be construed so as to limit or restrict the rights and remedies available to Lender toRowing an Event of Default, or in any way to Rmit or restrict the rights and ability of Lender to proceed directly against Grantor and/or against any other co-maker, guarantor, surety or endorser and/or to proceed against any other co-maker, guarantor.

Attorneys' Feez: Expenses. If Lender institutes any suit or action to enforce any of the terms of this Mortgage, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibitate by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest at the Credit Agreement rate from the date of the expenditure until peak. Expenses covered by this paragraph include, without [imitation, however 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 expenses for bankruptcy proceedings fincluding efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports functionly of post-judgment collection services, the cost of searching records, obtaining title reports functionly greated by applicable law. Grentor also will pay any court costs, in addition to all other sums provided by law.

NOTICES. Any notice required to be given under this Mortgage, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when actually received by talefactaintle (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if metiod, when deposited in the United States meil, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Mortgage. All copies of notices of foreclosure from the holder of eny lian which has priority over this Mortgage shall be sent to Lander's address, as shown near the beginning of this lian which has priority over this Mortgage shall be sent to Lander's address, as shown near the beginning of this Mortgage. Any party may change its address for notices under this Mortgage by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grenter agrees to keep Lander 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

ADDITIONAL INSURANCE REQUIRED. MORTGAGOR SHALL MAINTAIN EARTHQUAKE INSURANCE COVERAGE ON ALL IMPROVED PROPERTY IN ADDITION TO THAT REQUIRED BY, AND SUBJECT TO THE COVENANTS AND CONDITIONS OF, PARAGRAPH TITLED "MAINTENANCE OF INSURANCE.".

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Mortgage:

Amandments. This Mortgage, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Mortgage. No alteration of or amendment to this Mortgage shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Caption Headings. Caption headings in this Mortgage are for convenience purposes only and are not to be used to interpret or define the provisions of this Mortgage.

Governing Law. This Mortgage 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 Mortgage has been accepted by Lender in the Commonwealth of Kentucky.

No Walver by Lender. Lender shall not be dearned to have walved any rights under this Mortgage unless such wahrer is given in writing and signed by Lender. No delay or omission on the part of Lander in expressing any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Mortgage shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or eny other provision of this Mortgage. No prior waiver by Lander, nor any course of dealing between Lender and Grantor, shall constitute a weiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender's required under this Mortgage, 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.

Severability. If a court of competent jurisdiction finds any provision of this Mortgage to be lilegal, invalid, or ensurements. In a count or component jurisdiction finds any provision of this wortigage to be liegal, invested, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invested, 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 Mortgage. Unless otherwise required by law, the illegality, inveltidity, or unenforceability of any provision of this Mortgage shall not affect the legality, validity or enforceability of any other provision of this Mortgage.

Marger. There shall be no merger of the interest or estate created by this Mortgage with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written content

Successors and Assigns. Subject to any limitations stated in this Mortgage on transfer of Grantor's Interest, this Mortgage shall be binding upon and inure to the banefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lander, without notice to Grantor, may deal with Grantor's successors with reference to this Mortgage and the Indebtedness by way of forbadrance or extension without releasing Grantor from the obligations of this Mortgage or Bability under the Indebtedness.

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

Weive Jury. All parties to this Mortgage hereby waive the right to any jury trial in any sotion, proceeding, or counterclaim brought by any party against any other party.

Waiver of Dowar/Homesteed Rights. Grantor hereby releases and waives all rights and benefits of the homesteed exemption laws of the Kentucky as to all Indebtedness secured by this Mortgage.

DEFENTIONS. The following capitalized words and terms shall have the following meanings when used in this Mortgage. 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 piural, and the piural shall include the singular, as the context may require. Words and terms not otherwise defined in this Mortgage shall have the meanings attributed to such terms in the Uniform Commercial Code:

Sorrower. The word "Sorrower" means JONATHAN CREEK WATER DISTRICT and includes all co-signers and co-makers signing the Credit Agreement and all their successors and assigns.

Credit Agreement. The words "Credit Agreement" mean the credit agreement deted May 8, 2014, with credit limit of \$100,000.00 from Grantor to Lender, together with all resewels of, extensions of, modifications of, refinancings of, consoldations of, and substitutions for the promisery note or agreement. The meturity date of the Credit Agreement is May 10, 2019. NOTICE TO GRANTOR: THE CREDIT AGREEMENT CONTAINS A VARIABLE INTEREST RATE.

Default. The word "Default" means the Default set forth in this Mortgage 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 Implication the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9801, et seq. (*CERCLA*), the Superfund Amendments and Resultiorization Act of 1986, Pub. L. No. 99-499 (*SARA*), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 8901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

MORTGAGE

Loan No: (Continued)

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

Page 7

Grantor. The word "Grantor" means JONATHAN CREEK WATER DISTRICT,

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, eurety, or accommodation party to Lender, including without limitetion a guaranty of all or part of the Cradit Agreement.

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 brosdest sense and include without limitation any and all hezardous or tooks substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, patroleum and petroleum by-products or any fraction thereof and asbestos.

Improvements. The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, factities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal, intensit, and other amounts, costs and expenses payable under the Credit Agraement or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Credit Agraement or Related Documents and any amounts expended or advanced by Lender to discharge Grentor's obligations or expenses incurred by Lender to enforce Grantor's obligations under this Mortgage, together with interest on such amounts as provided in this

Lunder. The word "Lander" means COMMUNITY FINANCIAL SERVICES BANK, its successors and assigns.

Mortgage. The word "Mortgage" means this Mortgage between Granter and Lander.

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property, together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Mortgage.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security agreements, mortgages, deeds of trust, security deeds, collisteral mortgages, and all other instruments, agreements and documents, whather now or hereefter existing, executed in connection with the indebtednoss.

Rents. The word "Rents" means all present end future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS MORTGAGE, AND GRANTOR AGREES

GRANTOR:

JONATHAN CREEK WATER DISTRICT

MIKE EBWARDS, Secretary of JONATHAN CREEK WATER DISTRICT

This Mortgage prepared by: X

MARTIN W JOHNSON LICHNSON & MATHIST, ATTORNEYS AT LAW

PO BOX 450 BENTON, KY 42025-0450

MORTGAGE	
(Continued)	

Loan No:	(Continued)	Paga 8
	GOVERNMENT ACKNOWLEDGMENT	
COMMONWEALTH OF KENTU COUNTY OF Allower The foregoing instrument was DISTRICT, a Kentucky govern	acknowledged before me this	OHATHAN FREEK WATER

TRACT I

Beginning at a point on the southeastern right-of-way of Kentucky Highway 962, said point being at a cross fence; said cross fence being 340 feet northeast of the intersection of Kentucky Highway 962 and Nelson Road; thence with said southeastern right-of-way of Kentucky Highway 962 northeasterly for 100.0 feet to a point; thence perpendicular to said right-of-way in a southeasterly direction 100.0 feet to a point; thence parallel to and 100 feet from said Highway 962 in a southwesterly direction for 100.0 feet to the aforesaid cross fence; thence with the cross fence in a northwesterly direction for 100.00 feet to the place of beginning, being a 100 foot x 100 foot square of the tract of Gilbert Baker.

TRACT II

Beginning at an iron pin located in the Southerly right-of-way line of U.S. Highway 68, which iron pin is also located 2,639 feet West of the intersection of said U.S. 60 with Kentucky Highway 962; thence, along the line of Charles Edwards South 56° 40' West 436.1 feet to an iron pin; thence, South 69° 40' West 350.4 feet to an iron pin located in fence line between property herein conveyed and Londal York; thence, along said fence line North 15° 30' East 427.6 feet to an iron pin in right-of-way line of U.S. 68; thence, along said right-of-way South 75° 30' East 513.5 feet to the point of beginning and containing 3.01 acres as per survey of Elmer Y. Hollis, Surveyor, dated October 27, 1970.

TRACT (II)

A 1.00 acre tract of land as surveyed by Kenar Architectural and Engineering of Benton, Kentucky, in October 1988, and being generally located on the west side of the Capps Springs Road, approximately 0.25 mile North of said road's intersection with U.S. Highway 68 and approximately 1 mile West of the Fairdealing Community of Marshall County, Kentucky, and being more particularly described as follows:

Beginning at the southeast corner of the property herein described, said corner being a ½ inch rebar iron pin set in the West right-of-way of Capps Springs Road (30 feet West of centerline), said rebar iron pin also being 97.8 feet South of a power pole; thence, North 87° 34′ 46″ West – 200.00 feet, along a new line with the remaining Bob Melton property (Deed Book 221, page 599), to a ½ inch rebar iron pin (set); thence, North 5° 00′ 00″ East – 218.00 feet, continuing with a new line and the remaining Bob Melton property, to a ½ inch rebar iron pin (set), seid rebar iron pin being at the southwest corner of the Jeffrey Henson property (Deed Book 222, page 228); thence, South 87° 34′ 46″ East – 200.00 feet, with the south boundary of the said Jeffrey Henson property, to a ½ inch rebar ion pin set in the west right-of-way of Capps Springs Road (30 feet west of centerline), and being at the southeast corner of the said Jeffrey Henson property, said ½ inch rebar iron pin also being 653 feet South of an existing steel fence post and 120.5 feet North of a power pole; thence, South 5° 00′ 00″ West – 218.00 feet, along the west right-of-way of the said Capps Springs Road to the point of beginning.

The above described property is subject to any easements or right-of-ways previously conveyed or in existence.

TRACT IV

Beginning at the northwest corner of the property conveyed to Jesse Leonard Bath, Jr. et ux by James E. Gober et us dated 9/7/1965 of record in Deed Book 119, page 5, Marshall County Court Clerk's Office, thence East and with the North line of the Baith property 20 feet; thence, South and parallel with the West line of the Baith property 150.28 feet to a roadway; thence, West and with said roadway 20 feet to the west line of the Baith property; thence, north and with the West line of the Baith property 150.28 feet to the place of beginning.

TRACT V

PARCEL A

Beginning at a TVA marker located at the Northeast corner of the Leonard Balth property (Cedar Point Resort), said beginning point also being the Southeast corner of the original Dr. King tract of land; thence, North 7° 20′ East and along the Westerly line of the TVA property for a distance of 119.0 feet to a point; thence, continuing along the TVA's Westerly property line and North 38° 35′ West for a distance of 130.0 feet to a point in the center line of a drain; thence, with the meanders of the said center line of the drain and in a Southwesterly direction as follows: South 60° 45′ West 38.5 feet, South 67° 10′ West 200.0 feet to a point; thence, South 1° 00′ West for a distance of 118.00 feet to a point in the original Southerly line of the Dr. King property; thence, South 89° 00′ East and along the said Southerly line of the Dr. King property for a distance of 285.0 feet to the point of beginning.

PARCEL B

Beginning at the Southeast corner of the R.W. King property, said beginning point also being located in a Southerly direction and 15.06 feet from the centerline of the Old Olive and Aurora Road, which point being in a Westerly direction and 350.0 feet from the intersection of the centerline of the Old Olive and Aurora Road with U.S. Highway 68; thence, from the point of beginning and along King's Westerly line and South 0° 30' West for distance of 193.55 feet to point marking the Northeast corner of the Needmora Higgins property; thence, South 63° 26' West and along the said Northerly line of the Higgins tract for a distance of 75.0 feet to a point; thence, North 0° 30' East for a distance of 75.0 feet to a point; thence, North 63° 26' East for a distance of 43.58 feet to a point; thence, North 0° 30' East for a distance of 130.33 feet to a point in the Southerly right-of-way line of the Old Olive and Aurora Road; thence, North 85° 20' East and along the said Southerly right-of-way line of the Old Olive and Aurora Road for a distance of 28.11 feet to the point of beginning.

TŘACT VI

A permanent easement and right of way, subject to the exception, reservations, restrictions and conditions hereinafter set forth, for the following purposes, namely: the right to enter upon the hereinafter described land and in accordance with plans approved in advance and in writing by the Authority to lay, construct, maintain, after, repair, excavate, replace and remove a water pipeline on, over, across, through and under said land, together with the right to excavate and refill ditches and/or trenches for the location of said water pipeline and to cut and keep clear of all trees, bushes, undergrowth and other obstructions that may injure or endanger said line of may interfere with the construction, maintenance and use of said pipeline on, over and across a strip of land lying in the First Magisterial District of Marshall County, Commonwealth of Kentucky, on the west shore of Kentucky Lake, approximately ½ mile south of the mouth of the longthan Creek Embayment of the lake, the said strip being 20 feet wide, lying 10 feet on each side of the center line of the pipeline location, the center line and end boundaries of the said strip being described as follows:

Beginning at a point where the center line intersects the boundary line between the lands of the United State of America and R.L. Jones, said point being N. 5° 20′ E., \$1 ft. from a stone (Coordinates: N. 180, 309; E 1,296,635) at a metal marker, a corner of the land of the United States of America, the land in dispute between O.B. Trimble and Hobert McNeely, and the lands of O.B. Trimble and R.L. Jones, the strip being bounded on the west end by said boundary line; thence, N. 89° 16′ E., 174 ft. to a point in the 375-foot contour on the shore of the lake, at which contour the strip terminates.

The strip of land described above contains 0.08 acre, more or less.

The positions of corners and directions of lines are referred to the Kentucky (South) Coordinate System. The contour elevation is based on MSL Datum as established by the US.C. & G.S. 1929 General Adjustment.

Subject to all covenants, easements, restrictions, and reservations contained in the above deed from Tennessee Valley Authority.

Being the same property conveyed to the Jonathan Creek Water District, a Kentucky Rural Water District, by virtue of a deed from Jonathan Creek Water Association, Inc., dated September 7, 1992 and of record in Deed Book 259, Page 152, Marshall County Court Clerk's Office.



239898
Filed on:5/28/2014 1:27:26 PM
Book: MTG Mumber: 794
Pages: 289 - 298'
Tim York .Marshall County
DC: Delia RTLEY
Deed Tax:\$8.88

COLIDCEMENT DECLIECT AND ALITHODIZATION

Principa \$100,000	그 마음이 하게 되는 사람들은 그 사람 교육을 교육하게 하다듬다고 되는 것이 되었다. 그는 것 같은 그는 것 같은 그는 것이다.	The second secon	/ Coll Accou	
Reference	is in the boxes above are for Lender's use only and do n Any item above containing "***" has	ot limit the applicat been omitted due t	illty of this document to a text length limitations.	any particular loan or item
Borrower:	JONATHAN CREEK WATER DISTRICT 7864 US HWY 68 E BENTON, KY 42025	Lender:	COMMUNITY FINANC CALLOWAY COUNTY 1721 N 12TH ST MURRAY, KY 42071	BANKING CENTER
LOAN TYPE	. This is a Variable Rate Nondisclossbia Open-and Line	of Credit Loan to a	Government Entity with	Credit Limit of \$100,000.00
PRIMARY P	URPOSE OF LOAN. The primary purpose of this loan is	for:		
	Personal, Family, or Household Purposes or Parsonal I	nvestment.		
	Business (including Real Estate investment).			
SPECIFIC PI	JRPOSE. The specific purpose of this loan is: EQUIPMI	ENT UPGRADE.		
	SENT INSTRUCTIONS. Borrower understands that no keen extistied. Please disburse the loan proceeds of \$10			inder's conditions for making
	Undisbursed Funds:		\$100,000.00	
	Credit Limit:		\$100,000.00	
CHARGES F	PAID IN CASH. Borrower has paid or will pay in cash as	agreed the following	ng charges:	
	Prepaid Finance Charges Paid in Cash: \$8.50 FLOOD CERTIFICATE \$150.00 CFSB UNDERWRITING FEE \$450.00 CFSB PROCESSING FEE		\$608.50	
	Other Charges Paid in Cash: \$35.00 MTG RECORDING \$15.00 MTG PREPARATION \$13.00 MTG RELEASE		\$63.00	
	Total Charges Paid in Cash:		\$871.60	

BORROWER:

By: MINE EDWARDS, Secretary of JONATHAN CREEK WATER DISTRICT

LASON MICLIGRAGE, Mr. 11.2.8.077. Ever CH.H.USA Experience 1967. 2014. As Agrica Assessed. - LET. P. CHROSECPICAL 20.PC. Th. 69897. PM.23.

Page Date

2/27/18

Loan History origination -2/27/18

JONATHAN CREEK WATER DISTRICT 7564 US HWY 68 E PO BOX 414 BENTON KY 42025-0414

GENERAL INFORMATION

Loan Officer Sammy Jason Pittman #501098

Collateral Cd

015 MUNICIPALS

Call Report Cd 10M Purpose Code 19

TAX FREE MUNICIPAL
19 TAX-FREE MUNICIPALS

BALANCE & PAYMENT INFORMATION

Original Amount	100,000.00	Payment Due Date	0/00/00
Current Balance	99,505.00	Payment Amount	0.00
Accrued Interest	336.68	Principal/Interest	0.00
Daily Per Diem	12.94	Payment Type	Cycle

LOAN HISTORY 5/08/14 to 2/27/18

Posting Date	Description of Transactions	Transaction Amount	Principal Balance
5/08/14	Interest Rate Change	3.500000%	0.00
6/02/14	Interest Rate Change 5/30/14 Effective Date	3.500000%	0.00
7/01/14	Interest Rate Change 6/30/14 Effective Date	3.500000%	0.00
7/17/14	Telephone Transfer to DDA	10,000.00	10,000.00
7/29/14	Telephone Transfer to DDA	10,500.00	20,500.00
7/31/14	Finance Charge	17.40	20,517.40
8/01/14	Interest Rate Change 7/31/14 Effective Date	3.500000%	20,517.40
8/15/14	Telephone Transfer from DDA	10,017.40	20,517.40
8/15/14	Capitalized Finance Charge P	17.40	20,500.00
8/15/14	Principal Payment	10,000.00	10,500.00
8/29/14	Finance Charge	45.64	10,545.64

Page Date Account No. 2 2/27/18

9/02/14	Interest Rate Change	3.500000%	10,545.64
	8/29/14 Effective Date		
9/22/14	Late Charge Added	5.00	10,545.64
9/26/14	Automatic Transfer from DDA	10,574.81	10,545.64
9/26/14	Capitalized Finance Charge P	45.64	10,500.00
9/26/14	Principal Payment	10,500.00	0.00
9/26/14	Late Charge Split Out	5.00	0.00
9/26/14	Allocated Interest Pmt.	24.17	0.00
9/29/14	Late Charge Reversal	5.00	0.00
	9/26/14 Effective Date		
10/01/14	Interest Rate Change	3.500000%	0.00
	9/30/14 Effective Date		
11/03/14	Interest Rate Change	3.500000%	0.00
	10/31/14 Effective Date		
12/01/14	Interest Rate Change	3.500000%	0.00
	11/28/14 Effective Date		
1/01/15	Interest Rate Change	3.500000%	0.00
	12/31/14 Effective Date		
1/29/15	Telephone Transfer to DDA	27,000.00	27,000.00
1/30/15	Finance Charge	10.35	27,010.35
2/02/15	Interest Rate Change	3.500000%	27,010.35
	1/30/15 Effective Date		
2/05/15	Automatic Transfer from DDA	10,000.00	27,010.35
2/05/15	Capitalized Finance Charge P	10.35	27,000.00
2/05/15	Principal Payment	9,989.65	17,010.35
2/27/15	Finance Charge	48.55	17,058.90
3/02/15	Interest Rate Change	3.500000%	17,058.90
	2/27/15 Effective Date		
3/12/15	Automatic Transfer from DDA	17,058.90	17,058.90
3/12/15	Capitalized Finance Charge P	48.55	17,010.35
3/12/15	Principal Payment	17,010.35	0.00
3/31/15	Finance Charge	16.31	16.31
4/01/15	Interest Rate Change	3.500000%	16.31
	3/31/15 Effective Date		
4/08/15	Automatic Transfer from DDA	16.31	16.31
4/08/15	Capitalized Finance Charge P	16.31	0.00
5/01/15	Interest Rate Change	3.500000%	0.00
-,,	4/30/15 Effective Date		
5/08/15	Maintenance Fee Assessed	20.00	0.00
5/29/15	Maintenance Fee	20.00	20.00
6/01/15	Interest Rate Change	3.500000%	20.00
, ,	5/29/15 Effective Date		
6/04/15	Regular Payment	20.00	20.00
6/04/15	Capitalized Monthly/Annual F	20.00	0.00
7/01/15	Interest Rate Change	3.500000%	0.00
,	6/30/15 Effective Date		
8/03/15	Interest Rate Change	3.500000%	0.00
	7/31/15 Effective Date		
	• •		

Page Date Account No.

3 2/27/18

9/01/15	Interest Rate Change	3.500000%	0.00
	8/31/15 Effective Date		
10/01/15	Interest Rate Change	3.500000%	0.00
	9/30/15 Effective Date		
11/02/15	Interest Rate Change	3.500000%	0.00
	10/30/15 Effective Date		
12/01/15	Interest Rate Change	3.500000%	0.00
	11/30/15 Effective Date		
12/31/15	Interest Rate Change	3.750000%	0.00
1/01/16	Interest Rate Change	3.750000%	0.00
	12/31/15 Effective Date		
2/01/16	Interest Rate Change	3.750000%	0.00
	1/29/16 Effective Date		
3/01/16	Interest Rate Change	3.750000%	0.00
	2/29/16 Effective Date		
4/01/16	Interest Rate Change	3.750000%	0.00
•	3/31/16 Effective Date		
4/27/16	Telephone Transfer to DDA	57,000.00	57,000.00
4/29/16	Finance Charge	29.28	57,029.28
5/02/16	Interest Rate Change	3.750000%	57,029.28
5, 55, 15	4/29/16 Effective Date		• •
5/04/16	Principal Payment	57,000.00	29.28
5/06/16	Maintenance Fee Assessed	20.00	29.28
5/12/16	Waive Maintenance Fee Assess	20.00	29.28
3/12/13	5/06/16 Effective Date		
5/12/16	Telephone Transfer from Savi	29.28	29.28
5/12/16	Capitalized Finance Charge P	29.28	0.00
5/31/16	Finance Charge	11.71	11.71
6/01/16	Interest Rate Change	3.750000%	11.71
0/01/10	5/31/16 Effective Date	3.750000	
6/14/16	Automatic Transfer from DDA	11.71	11.71
6/14/16	Capitalized Finance Charge P	11.71	0.00
7/01/16	Interest Rate Change	3.750000%	0.00
//01/16	6/30/16 Effective Date	3.750000	0,00
8/01/16	Interest Rate Change	3.750000%	0.00
8/01/16	7/29/16 Effective Date	3.730000	0.00
9/01/16	Interest Rate Change	3.750000%	0.00
9/01/16	8/31/16 Effective Date	3.750000	3.33
10/07/16	Interest Rate Change	3.750000%	0.00
10/03/16	9/30/16 Effective Date	5.730000	0.00
10- 1	Interest Rate Change	3.750000%	0.00
11/01/16	_	3.7500004	0.00
	10/31/16 Effective Date	3.750000%	0.00
12/01/16	Interest Rate Change	3.750000%	0.00
. / =	11/30/16 Effective Date	3.750000%	0.00
1/01/17	Interest Rate Change	3./200004	0.00
	12/30/16 Effective Date	4.000000%	0.00
1/01/17	Interest Rate Change	4.0000004	0.00
	12/31/16 Effective Date		

2/01/17	Interest Rate Change	4.000000%	0.00
	1/31/17 Effective Date		
3/02/17	Interest Rate Change	4.000000%	0.00
	3/01/17 Effective Date		
3/31/17	Interest Rate Change	4.250000%	0.00
4/03/17	Interest Rate Change	4.250000%	0.00
	3/31/17 Effective Date		
5/01/17	Interest Rate Change	4.250000%	0.00
	4/28/17 Effective Date		
5/08/17	Maintenance Fee Assessed	20.00	0.00
5/31/17	Maintenance Fee	20.00	20.00
6/01/17	Interest Rate Change	4.250000%	20.00
	5/31/17 Effective Date		
6/08/17	Automatic Transfer from DDA	20.00	20.00
6/08/17	Capitalized Monthly/Annual F	20.00	0.00
6/22/17	Telephone Transfer to DDA	13,500.00	13,500.00
6/30/17	Finance Charge	17.56	13,517.56
6/30/17	Interest Rate Change	4.500000%	13,517.56
7/03/17	Interest Rate Change	4.500000%	13,517.56
	6/30/17 Effective Date		
7/07/17	Automatic Transfer from DDA	17.56	13,517.56
7/07/17	Capitalized Finance Charge P	17.56	13,500.00
7/31/17	Finance Charge	48.27	13,548.27
8/01/17	Interest Rate Change	4.500000%	13,548.27
	7/31/17 Effective Date		
8/03/17	Telephone Transfer to DDA	40,000.00	53,548.27
8/07/17	Automatic Transfer from DDA	48.27	53,548.27
8/07/17	Capitalized Finance Charge P	48.27	53,500.00
8/11/17	Telephone Transfer to DDA	10,000.00	63,500.00
8/31/17	Finance Charge	220.50	63,720.50
9/01/17	Interest Rate Change	4.500000%	63,720.50
	8/31/17 Effective Date		
9/07/17	Automatic Transfer from DDA	220.50	63,720.50
9/07/17	Capitalized Finance Charge P	220.50	63,500.00
9/29/17	Finance Charge	242.69	63,742.69
10/02/17	Interest Rate Change	4.500000%	63,742.69
	9/29/17 Effective Date		
10/05/17	Automatic Transfer from DDA	242.69	63,742.69
10/05/17	Capitalized Finance Charge P	242.69	63,500.00
10/31/17	Finance Charge	234.87	63,734.87
11/01/17	Interest Rate Change	4.500000%	63,734.87
	10/31/17 Effective Date		
11/07/17	Automatic Transfer from DDA	234.87	63,734.87
11/07/17	Capitalized Finance Charge P	234.87	63,500.00
11/14/17	Telephone Transfer to DDA	20,000.00	83,500.00
11/24/17	Increase Principal Balance	5.00	83,505.00
11/30/17	Finance Charge	276.78	83,781.78

JONATHAN CREEK WATER DISTRICT 7564 US HWY 68 E PO BOX 414 BENTON KY 42025-0414

12/01/17	Interest Rate Change	4.500000%	83,781.78
	11/30/17 Effective Date		
12/08/17	Automatic Transfer from DDA	276.78	83,781.78
12/08/17	Capitalized Finance Charge P	276.78	83,505.00
12/29/17	Finance Charge	319.15	83,824.15
1/01/18	Interest Rate Change	4.500000%	83,824.15
	12/29/17 Effective Date		
1/01/18	Interest Rate Change	4.750000%	83,824.15
	12/31/17 Effective Date		
1/01/18	Effective Date Debit Interes	0.57	83,824.15
	12/31/17 Effective Date		
1/05/18	Automatic Transfer from DDA	319.15	83,824.15
1/05/18	Capitalized Finance Charge P	319.15	83,505.00
1/29/18	Telephone Transfer to DDA	16,000.00	99,505.00
1/31/18	Finance Charge	343.70	99,848.70
2/01/18	Interest Rate Change	4.750000%	99,848.70
	1/31/18 Effective Date		
2/09/18	Automatic Transfer from DDA	343.70	99,848.70
2/09/18	Capitalized Finance Charge P	343.70	99,505.00

YTD/PYTD/LTD AMOUNTS & COUNTERS

	Year-to-Date	Previous YTD	Life-to-Date
Interest Paid	662.85	1,040.67	1,906.93
Principal Paid	0.00	N/A	N/A
Late Charges Paid	0.00	0.00	N/A
Prepayment Penalties	0.00	0.00	0.00
Origination Fees	0.00	0.00	0.00
Extension Fees	0.00		0.00
IRS Interest Reported		1,040.67	1,244.08
Times Past Due 10-29	0	0	1
Times Past Due 30-59	0	0	0
Times Past Due 60-89	0	0	0
Times Past Due 90-119	0	0	0
Times Past Due 120-149	0	0	0
Times Past Due 150-179	0	0	0
Times Past Due 180+	0	0	0
Number of Payments Extend	0 É	0	0
Number of Times Renewed	0	0	0
Number of Months Extended	f		0
Number of Extensions			0

CFSB PO Box 467 Benton KY 42025-0467 PH# (270) 527-4600

Page Date Account No.

6 2/27/18

JONATHAN CREEK WATER DISTRICT 7564 US HWY 68 E PO BOX 414 BENTON KY 42025-0414

Number of Right to Cures	0	0
Number of Bad Checks Received		0

Thank you for banking with us.

GOVERNMENTAL CERTIFICATE

Principal Loan Date Maturity Loan No Call / Coll Account Officer In \$500,000.00 04-02-2015 04-15-2021 10M / 015 J000458 ***	itials -	
References in the hoves shows 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.

Entity:

JONATHAN CREEK WATER DISTRICT 7564 US HWY 68 E BENTON, KY 42025-8174 Lender:

COMMUNITY FINANCIAL SERVICES BANK CALLOWAY COUNTY BANKING CENTER 1721 N 12TH ST MURRAY, KY 42071-3594

WE, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

THE ENTITY'S EXISTENCE. The complete and correct name of the governmental entity is JONATHAN CREEK WATER DISTRICT ("Entity"). The Entity is a governmental entity which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws and regulations of the Commonwealth of Kentucky. The Entity has the full power and authority to own its properties and to transact the business and activities in which it is presently engaged or presently proposes to engage. The Entity maintains an office at 7564 US HWY 68 E, BENTON, KY 42025-8174. The Entity 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 the Entity and any other governmental or quasi-governmental authority or court applicable to the Entity and the Entity's business activities.

CERTIFICATES ADOPTED. At a meeting of the appropriate governing body of the Entity, duly called and held on April 2, 2015, at which a quorum was present and voting, or by other duly authorized action in fleu of a meeting, the resolutions set forth in this Certificate were adopted.

OFFICIALS. The following named persons is an Officials of JONATHAN CREEK WATER DISTRICTY:

NAMES TITLES AUTHORIZED CTUAL SIGNATURES

MIKE EDWARDS Secretary Y X

DAVID LOVETT Superintendent Y X

ACTIONS AUTHORIZED. Any one (1) of the authorized persons listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Entity. Specifically, but without limitation, any one (1) of such authorized persons is authorized, empowered, and directed to do the following for and on behalf of the Entity:

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 Entity and Lender, such sum or sums of money as in their judgment should be borrowed; however, not exceeding at any one time the amount of Five Hundred Thousand & 00/100 Dollars (\$500,000.00), in addition to such sum or sums of money as may be currently borrowed by the Entity from Lender.

Execute Notes. To execute and deliver to Lender the promissory note or notes, or other evidence of the Entity'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 Entity'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 Entity or in which the Entity now or hereafter may have an interest, including without limitation all of the Entity's real property and all of the Entity's personal property (tangible or intangible), as security for the payment of any loans or credit accommodations so obtained, any promissory notes so executed fincluding any amendments to or modifications, renewals, and extensions of such promissory notes), or any other or further indebtedness of the Entity 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 partaining to the giving of the liens and encumbrances. Notwithstanding the foregoing, any one of the above authorized persons may execute, deliver, or record financing statements.

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 Entity or in which the Entity may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Entity's account with Lender, or to cause such other disposition of the proceeds derived therefrom as they 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 Officials may in their discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Certificate.

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

NOTICES TO LENDER. The Entity will promptly notify Lander 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 Entity's name; (B) change in the Entity's assumed business name(s); (C) change in the structure of the Entity; (D) change in the authorized signer(s); (E) change in the Entity's principal office address; (F) change in the Entity is principal residence; or (G) change in any other aspect of the Entity that directly or indirectly relates to any agreements between the Entity and Lender.

CERTIFICATION CONCERNING OFFICIALS AND CERTIFICATES. The Officials named above is duly elected, appointed, or employed by or for the Entity, as the case may be, and occupy the positions set opposite their respective names. This Certificate now stands of record on the books of the Entity, is in full force and affect, and has not been modified or revoked in any manner whatsoever.

CONTINUING VALIDITY. Any and all acts authorized pursuant to this Certificate and performed prior to the passage of this Certificate are hereby ratified and approved. This Certificate 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 Entity's agreements or commitments in effect at the time notice is given.

IN TESTIMONY WHEREOF, we have hereunto set our hand and attest that the signatures set opposite the names listed above is their genuine signatures.

We each have read all the provisions of this Certificate, and we each personally and on behalf of the Entity certify that all statements and representations made in this Certificate are true and correct. This Governmental Certificate is dated April 2, 2015.

CERTIFIED TO AND ATTESTED BY:

Authorized Signer for JONATHAN CREEK WATER

DISTRICT

BUSINESS LOAN AGREEMENT

Principal Loan Date Maturity Loan No Cal / Col Account Officer In \$500,000.00 04-02-2015 04-18-2021	itieis
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 orditted due to text length limitations.	i.

Borrower:

JONATHAN CREEK WATER DISTRICT 7584 US HWY 68 E BENTON, KY 42025-8174 Lender:

COMMUNITY FINANCIAL SERVICES BANK CALLOWAY COUNTY BANKING CENTER 1721 N 12TH \$T MURRAY, KY 42071-3594

THIS BUSINESS LOAN AGREEMENT dated April 2, 2015, is made and executed between JONATHAN CREEK WATER DISTRICT ("Borrower") and COMMUNITY FINANCIAL SERVICES BANK ("Lender") on the following tarms and conditions. Sorrower has received prior commercial loans from Lender or has applied to Lender for a commercial loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement. Borrower understands and agrees that: (A) in granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; [8] the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

TERM. This Agreement shall be effective as of April 2, 2015, and shall continue in full force and effect until such time as all of Borrower's Losss in favor of Lander have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until April 15, 2021.

CONDITIONS PRECEDENT TO EACH ADVANCE. Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

Loan Documents. Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) Security Agreements granting to Lender security interests in the Collateral; (3) financing statements and all other documents perfecting Lender's Security Interests; (4) evidence of insurance as required below; (5) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender's coursel.

Borrower's Authorization. Borrower shall have provided in form and substance satisfactory to Lender properly certified resolutions, duly authorizing the execution and delivery of this Agreement, the Note and the Related Documents. In addition, Borrower shall have provided such other resolutions, authorizations, documents and instruments as Lender or its counsel, may require.

Payment of Fees and Expenses. Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Document.

Representations and Werranties. The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lander under this Agreement are true and correct.

No Event of Default. There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Document.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lander, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and et all times any indebtedness exists:

Organization. Borrower is a governmental entity which is, and at all times shall be, duly organized, validly existing, and in good stending under and by virtue of the laws of the Commonwealth of Kentucky. Borrower is duly authorized to transact business in all other states in which Borrower is doing business. Specifically, Borrower is, and at all times shall be, duly qualified as a foreign in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Borrower 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. Borrower maintains an office at 7564 US HWY 68 E, BENTON, KY 42025-8174. Unless Borrower has dasignated otherwise in writing, the principal office is the office at which Borrower keeps its books and records including its records concerning the Collateral. Borrower will notify Lender prior to any change in the location of Borrower's state of organization or any change in Borrower's name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights end privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower's Borrower's business activities.

Assumed Business Names. Borrower has filled or recorded all documents or fillings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete fist of all assumed business names under which Borrower does business: None:

Authorization. Borrower's execution, delivery, and performance of this Agreement and eli the Related Documents have been duty authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (1) any provision of any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

Financial Information. Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lander. Borrower has no material contingent obligations except as disclosed in such financial statements.

Legal Effect. This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

Properties. Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and psyable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

Hexardous Substances. Except as disclosed to and acknowledged by Lender in writing, Borrower represents and warrants that: (1) During the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, arrange, treatment, disposal, release of threatened release of any Hexardous Substance by any person on, under, about or from any of the Collateral. (2) Borrower has no knowledge of, or reason to believe that there has been (a) any breech or violation of any Emironmental Laws; (b) any uso, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hexardous Substance on, under, about or from the Collateral by any prior owners or occupants of any of the Collateral; or (c) any actual or threatened Bilgation or claims of any kind by any person relating to such matters. (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral and under a substance on, under, about or from atty of the Collateral; and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes bender and lits agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lander's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hezardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for Indemnity or contribution in the eyent Borrower becomes liable for cleanup or other costs under any such laws, and claims, lossers, liabilities, damages

Litigation and Claims. No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid texes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely effect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lendar in

writing.

Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

Lien Priority. Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Colleteral.

Binding Effect. This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective forms.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower writ:

Notices of Claims and Litigation. Promptly inform Lander in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

Financial Records. Maintain its books and records in accordance with GAAP, applied on a consistent basis, and permit Lender to examina and audit Borrower's books and records at all reasonable times.

Financial Statements, Furnish Lender with the following:

Annual Statements. As soon as available, but in no event later than sixty (60) days after the end of each fiscal year, Borrower's belance sheet and income etatement for the year ended, compiled by a certified public accountant satisfactory to Lander.

Tax Returns. As acon as evallable, but in no event later than sixty (60) days after the applicable filing date for the tax reporting period ended, Borrower's Federal and other governmental tax returns, prepared by a certified public accountant satisfactory to Lender.

All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, applied on a consistent basis, and certified by Borrower as being true and correct.

Additional information. Furnish such additional information and stataments, as Lander may request from time to time.

Insurance. Meintain fire and other risk insurance, public fability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, covarages and with insurance compenies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form setisfactory to Lender, including stipulations that covarages will not be canceded or diminished without at least thirty (30) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that covarage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covaring assets in which Lender holds or is offered a security interest for the Losns, Borrower will provide Lender with such lender's loss psychie or other endorsements as Lender may require.

Insurance Reports. Furnish to Lender, upon request of Lender, reports on each existing insurance policy aboving such information as Lander may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy: (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Colleteral. The cost of such appraisal shall be paid by Borrower.

Other Agreements. Comply with all terms and conditions of all other agreements, whother now or hareafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

Loan Proceeds. Use sill Loan proceeds solely for Borrower's business operations, unless specifically consented to the contrary by Lender in writing.

Taxes, Charges and Liens. Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and illans, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lewful claims that, if unpeld, night become a lien or charge upon any of Borrower's properties, income, or profits. Provided however, Borrower will not be required to pay and discharge any such assessment, tax, charge, levy, lien or claim so long as (1) the legality of the same shall be contested in good faith by appropriate proceedings, and (2) Borrower shall have established on Borrower's books adequate reserves with respect to such contested assessment, tax, charge, levy, lien, or claim in accordance with GAAP.

Performance. Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lander. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

Operations. Maintain executive and management paramonal with substantially the same qualifications and experience as the present executive and management paramonal; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

Environmental Studies. Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental suthority relative to any substance, or any weste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, lessed or used by Borrower.

Compliance with Governmental Requirements. Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Colleteral, including without finitiation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lander's sole opinion, Lender's interests in the Colleteral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender's interest.

Inspection. Permit employees or agents of Lender at any reasonable time to inspect any and all Colleteral for the Loan or Loans and Borrower's other properties and to make copies and memorands of Borrower's books, accounts, and records. If Borrower now or at any time hereafter mainteins any records finctuding without limitation computer generated records and computer software programs for the generation of such records in this possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender fine access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

Compliance Certificates. Unless waived in writing by Lender, provide Londer at least annuality, with a certificate executed by Borrowar's chief financial officer, or other officer or person acceptable to Lender, certifying that the representations and warrentles set forth in this Agreement are true and correct as of the date of the certificate and further certifying that, as of the date of the certificate, no Event of Default exists under this Agreement.

Environmental Compliance and Reports. Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to axist, as a result of an intentional or unknestional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where demage may result to the anvironment, unless such environmental activity is pursuant to and in compliance with the conditions of a parmit issued by the appropriate federal, state or local governmental authorities; shall furnish to Lander promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lient clatton, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

Additional Assurances. Make, execute and deliver to Lander such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lander or its attorneys may reasonably request to evidence and secure the Losne and to perfect all Security interests.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially effect Lender's Interest in the Colleteral or if Borrower falls to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower's behalf may just shall not be obligated to) take any action that Lander deems appropriate, including but not finited to discharging or

paying ell taxes, lians, security interests, encumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for insuring, maintaking and preserving any Collateral. All such expenditures incurred or paid by Lander for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lander to the date of repayment by Borrower. All such expenses will become a part of the indebtedness and, at Lander's option, will (A) be payable on demand; (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 matunity.

NEGATIVE COVENANTS. Borrower covenants and agrees with Landar that while this Agreement is in effect, Borrower shall not, without the prior written consent of Landar;

Indebtedness and Liens. (1) Except for trade debt incurred in the normal course of business and indebtedness to Lendar contemplated by this Agreement, create, incur or assume indebtedness for borrowed money, including capital lasses, (2) sell, transfer, mortgage, assign, plodgs, lease, grant a security interest in, or encumber eny of Borrower's except as allowed as Permitted Liens), or (3) soil with recourse any of Borrower's accounts, except to Lendar,

Continuity of Operations. (1) Engage in any business activities substantially different than those in which Borrower is presently engaged, (2) casse operations, liquidate, merge, transfer, acquire or consolidate with any other entity, change its name, dissolve or transfer or sell Collateral out of the ordinary course of business, or (3) make any distribution with respect to any capital account, whether by reduction of capital or otherwise.

Loans, Acquisitions and Guaranties. (1) Loan, invest in or advance money or assets to any other person, enterprise or entity. (2) purchase, create or acquire any interest in any other enterprise or entity, or (3) incur any obligation as surety or guaranter other than in the ordinary course of business.

Agreements. Enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

CESSATION OF ADVANCES. If Lander has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender; (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, tikes a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt; (C) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan; or (D) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender; or (E) Lander in good faith deems itself insecure, even though no Event of Detault shall have occurred.

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

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

Payment Default. Borrower fails to make any payment when due under the Loan.

Other Defaults. Borrower falls 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 Borrower.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement 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.

Death or insolvency. The death of Borrower or the dissolution or termination of Borrower's existence as a going business, 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 bankruptory or insolvency laws by or against Borrower.

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

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 governments algebrey against any collateral securing the Loan. This includes a gamishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good feith dispute by Borrower as to the validity or ressonableness 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 Lander monies or a ewery 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 of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the indebtedness.

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

Insecurity. Lender in good faith believes itself insecure.

Right to Cure. If any default, other than a default on indebtedness, is curable and if Borrower or Grantor, as the case may be, has not been given a notice of a similar default within the preceding twelve (12) months, it may be cured if Borrower or Grantor, as the case may be, after Lender sends written notice to Borrower or Grantor, as the case may be, demanding cure of such default: (11) cure the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiate steps which Lander deems in Lender's sole discretion to be sufficient to cure the default and thereafter continue and complete all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

EFFECT OF AN EVENT OF DEFAULT. If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or dispursements), and, at Lender's option, all Indebdenses immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's right and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or emendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the elteration or smandment.

Attorneys' Peez: Expenses. Sorrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' (see and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone size to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lewest, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any enticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Ception headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Consent to Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any

limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby walves any rights to privacy Borrower may have with respect to such matters. Borrower additionally walves any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further valves all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or incoverncy of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

Governing Law. This Agreement will be governed by federal law applicable to Lander 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 Agreement has been accepted by Lender in the Commonwealth of Kentucky.

No Waiver by Lender. Lander shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lander in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of tender's right otherwise to demand strict compliance with that provision or eny other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or botween Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future 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 sill 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 telefacalmile (unless otherwise required by law), when deposited in the Instead overnight courier, or, it melled, when deposited in the United States mail, as first class, cartified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any perty 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 perty's address. For notice purposes, Borrower agrees to keep Lander Informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

Severability. If a court of competent jurisdiction finds any provision of this Agraement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision längal, invalid, or unenforceable as to any other circumstance. If fassible, 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 Agraement. Unless otherwise required by law, the fliegality, invalidity, or unenforceability of any provision of this Agraement shall not affect the legality, validity or enforceability of any other provision of this Agraement.

Subsidiaries and Affiliates of Borrower. To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenent, the word "Borrower" as used in this Agreement shall include all of Borrower's subsidiaries and affiliates. Notwithstanding the foregoing however, under no circumstances shall this Agreement be construed to require Lander to make any Loan or other financial accommodation to gny of Borrower's subsidiaries or affiliates.

Successors and Assigns. All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall blind Borrower's successors and easigns and shall inure to the benefit of Lender and its successors and sasigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lander.

Stardval of Representations and Warranties. Borrower understands and agrees that in making the Loan, Lander is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lander under this Agreement or the Related Documents. Borrower truther agrees that regardless of any investigation made by Lander, all such representations, warranties and covenants will survive the making of the Loan and delivery to Lander of the Related Documents, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's indebtedness shall be paid in full or until this Agreement shall be terminated in the mammar provided above, whichever is the last to occur.

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

Waive Jury. All parties to this Agreement hereby weive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

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 iswful money of the United States of America. Words and terms used in the singular shall include the plurel, and the plural shall include the singular shall include the plural, as the context may require. Words and terms not observise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

Advance. The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Agreement.

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

Borrower. The word "Borrower" means JONATHAN CREEK WATER DISTRICT and includes all co-signers and co-meters signing the Note and all their successors and assigns.

Colleteral. The word "Colleteral" means all property and essets granted as colleteral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, colleteral mortgage, deed of trust, assignment, piedge, crop piedge, chattel mortgage, colleteral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

Emvironmental Lews. The words "Environmental Lews" 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 Usbility Act of 1980, as emended, 42 U.S.C. Section 8601, et seq. ("CERCLA"), the Superfund Amendments and Resultionization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hezerdous Materials Transportation Act. 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuent thereto.

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

GAAP. The word "GAAP" means generally accepted accounting principles.

Grantor. The word "Grantor" means each and all of the persons or entities granting a Security Interest in any Collateral for the Loan, including without limitation all Borrowers granting such a Security Interest.

Guarantor. The word "Quarantor" means any guarantor, surety, or accommodation party of any or all of the Loan.

Gueranty. The word "Gueranty" means the guaranty from Guerantor to Lender, including without limitation a gueranty 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 infactious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposad of, generated, manufactured, transported or otherwise handred. 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" site includes, without limitation, petrolaum and petrolaum 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 costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means COMMUNITY FINANCIAL SERVICES BANK, its successors and assigns.

BUSINESS LOAN AGREEMENT (Continued)

d) Page 5

Loan. The word *Loan* means any and all loans and financial accommodations from Lander to Borrower whether now or hareefter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

Note. The word "Note" meens the Note dated April 2, 2015 and executed by JONATHAN CREEK WATER DISTRICT in the principal amount of \$600,000.00, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Parmitted Liens. The words "Parmitted Liens" mean. (1) liens and security interests securing indebtedness owed by Borrower to Lender; (2) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith; (3) liens of materialmen, mechanics, warshousemen, or carriers, or other like liens string in the ordinary course of business and securing obligations which are not yet delinquent; (4) purchase money liens or purchase money security interests upon or in any property acquired or held by Borrower in the ordinary course of business to secure indebtedness outstending on the date of this Agreement or permitted to be incurred under the paragraph of this Agreement titled "Indebtedness and Liens"; (5) liens and security interests which, as of the date of this Agreement, have been disclosed to and approved by the Lender in writing; and (6) those liens and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower's assets.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, accurity agreements, mortgages, deeds of trust, accurity deeds, collegest mortgages, and all other instruments, agreements and documents, whether now or hereafter adulting, executed in connection with the Loan.

Security Agreement. The words "Security Agreement" mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

Beought Interest. The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a Ken, charge, encumbrance, mortgage, deed of trust, security deed, sealignment, piedge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title rotention contract, lesse or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT IS DATED APRIL 2, 2015.

BORROWER:

Loan No:

JONATHAN CREEK WATER DISTRIC

MIKE EDWARDS, Secretary of JONATHAN CREEK WATER DISTRICT

DAVIS LOVETY, Superintendent of JONATHAN

CREEK WATER DISTRICT

LENDER:

COMMUNITY MANCIAL SERVICES BANK

Committee, No. 110 Mary Com. Bird Sale Empress 1997, 2006 - Na Report Reserves - SY F-978092780492545 Th 1712 Third

PROMISSORY NOTE

Date of Note: April 2, 2015

Principal Loan Date Maturity Loan No Cell Col Account Officer Int	lais
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:

JONATHAN CREEK WATER DISTRICT

7584 US HWY 88 E BENTON, KY 42025-8174

Lender:

COMMUNITY FINANCIAL SERVICES BANK CALLOWAY COUNTY BANKING CENTER 1721 N 12TH ST

MURRAY, KY 42071-3894

Principal Amount: \$500,000.00

PROMISE TO PAY. JONATHAN CREEK WATER DISTRICT ("Borrower") promises to pay to COMMUNITY FINANCIAL SERVICES BANK (1 Ender), or order, in lawful money of the United States of America, the principal amount of Rive Hundred Thousand & 00/100 Doffars (9800,000.00) or so much as may be outstanding, together with interest on the original dustranding principal balance of each advance. Interest shall be calculated from the date of each advance until repsyment of each advance.

PAYMENT. Borrower will pay this loan in accordance with the following payment schedule: 12 monthly consecutive interest payments, beginning May 2, 2018, with interest calculated on the unpaid principal belances at an interest rate of 3.125% per annum based on a year of 360 days; 59 monthly consecutive principal and interest payments of 89,032.49 each, beginning May 15, 2016, with interest calculated on the unpaid principal belances at an interest rate of 3.125% per annum based on a year of 360 days; and one principal and interest payment of 89,032.71 on April 15, 2021, with interest calculated on the unpaid principal belances at an interest rate of 3.125% per annum based on a year of 360 days. This estimated final payment is based on the sesumption that all payments will be made exactly as scheduled; the actual final payment will be for all principal and accrued interest not yet paid, together with any other unpeid emounts under this Note. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpeid interest; then to principal; then to any unpeid collection opera; and then to any late charges. Borrower will pay Lander at Lender's address shown above or at such other place as Lander may

PREPAYMENT. Borrower agrees that all loan fees and other prepaid finance charges are serned 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 penelty 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 commune to make payments under the payment achedule. Rether, 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 loaing 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 tandered with other conditions or lamitations or as full satisfaction of a disputed amount must be meiled or delivered to: COMMUNITY FINANCIAL SERVICES BANK, PO BOX 457 BENTON, KY 42028-0467.

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 total sum dua under this Note will continue to accrue Interest at the interest rate under this Note, with the final interest rate described in this Note applying after maturity, or after maturity would have accurred had there been no default. 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 falls 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, obfigation, covenant or condition contained in any other agreement between Lander and Borrower.

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.

Death or insolvency. The death of Borrower or the dissolution or termination of Borrower's existence as a going business, 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 Forfetture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, Creditor of rorientals proceedings. Commencement of indexisties of fortestate proceedings, whether by publish proceedings, 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 besis 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 surary 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 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 velicity of, or flability 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.

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, after Lender sends written notice to Borrower demanding cure of such default. (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) 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, Lander may declare the entire ungeld 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 else to help collect this Note if Borrower does not pay. Borrower will pay Lender that smount. This includes, subject to any Rmits under applicable law, Lender'r ressonable attorneys' fees and Lender's legal expenses whether or not there is a lawsett, including reasonable attorneys' fees and legal expenses for benkruptcy proceedings fluctuating afforts 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 Lander

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

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$50.00 if Borrower makes a payment on Borrower's loan and the check or presutherized charge with which Borrower pays is later dishonored

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

COLLATERAL. Borrower acknowledges this Note is secured by 2ND COMM R/E MTG DTD 04/02/16 ON Resi Property located at 7564 US HWY 68 E, BENTON, MARSHALL CO., KY 42025-8174 and ALL INVENTORY, EQUIPMENT, ACCOUNTS (INCLUDING BUT NOT LIMITED TO

ALL HEALTH-CARE-INSURANCE RECEIVABLES), CHATTEL PAPER, INSTRUMENTS(INCLUDING BUT NOT LIMITED TO ALL PROMISSORY NOTES), LETTER-OF-CREDIT RIGHTS, LETTERS OF CREDIT, DOCUMENTS, DEPOSIT ACCOUNTS, INVESTMENT PROPERTY, MONEY, OTHER RIGHTS TO PAYMENT AND PERFORMANCE, AND GENERAL INTANGIBLES (INCLUDING BUT NOT LIMITED TO ALL SOFTWARE AND ALL PAYMENT INTANGIBLES; ALL DIA, GAS, AND OTHER MINERALS BEFORE EXTRACTION; ALL OR, GAS, OTHER MINERALS AND ACCOUNTS CONSTITUTING AS-EXTRACTED COLLATERAL; ALL FATURES; ALL TIMBER TO 8E CUT; ALL ATTACHMENTS, ACCESSIONS, ACCESSORIES, FITTINGS, INCREASES, TOOLS, PARTS, REPAIRS, SUPPLIES, AND COMMINGLED GOODS RELATING TO THE FOREGOING PROPERTY; AND ALL ADDITIONS, REPLACEMENTS OF AND SUBSTITUTIONS FOR ALL OR ANY PART OF THE FOREGOING PROPERTY; ALL INSURANCE REFUNDS RELATING TO THE FOREGOING PROPERTY; ALL GOOD WILL RELATING TO THE FOREGOING PROPERTY; ALL RECORDS AND DATA AND EMBEDDED SOFTWARE RELATING TO THE FOREGOING PROPERTY AND ALL SUPPORTING OBLIGATIONS RELATING TO THE FOREGOING PROPERTY; ALL WHETHER NOW EXISTING OR HEREAFTER ARBISING, WHETHER NOW OWNED OR HEREAFTER ACQUIRED OR WHETHER NOW OR HEREAFTER SUBJECT TO ANY RIGHTS IN THE FOREGOING PROPERTY; AND ALL SUPPORTING TO THE FOREGOING BUT NOT LIMITED TO ALL INSURANCE PAYMENTS) OF OR RELATING TO THE FOREGOING PROPERTY; AND ALL SUPPORTIONS AND PROCEEDS (INCLUDING BUT NOT LIMITED TO ALL INSURANCE PAYMENTS) OF OR RELATING TO THE FOREGOING PROPERTY INCLUDING BUT NOT LIMITED TO ALL INSURANCE PAYMENTS) OF OR RELATING TO THE FOREGOING PROPERTY INCLUDING STATEMENT FILED 2/14/2013 WITH KY SOS, FILE #2013-2824580-01

LINE OF CREDIT. This Note evidences a straight line of credit. Once the total amount of principal has been edvanced, Borrower is not entitled to further loan advances. Advances under this Note may be requisted either orally or in writing by Borrower or as provided in this paragraph. Lender may, but need not, require that all oral requests be confirmed in writing. All communications, instructions, or directions by telephone or otherwise to Lender are to be directed to Lender's office shown abovs. Borrower agrees to be liable for all sums either: (A) advanced in eccordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender. The unpaid principal belance owing on this Note at any time may be evidenced by endorsaments on this Note or by Lander's internal records, including daily computer print-outs.

BANK QUALIFIED TAX EXEMPT OBLIGATIONS. THE BORROWER HEREBY DESIGNATES IN ITS CAPACITY AS ISSUER AND PURSUANT TO INTERNAL REVENUE CODE SECTION 265(b)(3)(B)(B)), THIS LOAN BETWEEN BORROWER AND COMMUNITY FINANCIAL SERVICES BANK IS A "QUALIFIED TAX-EXEMPT OBLIGATION" AS DESCRIBED IN INTERNAL REVENUE CODE SECTION 265(b)(3). IN THIS REGARD, BORROWER REPRESENTS THAT IT DOES NOT ANTICIPATE THAT IT WILL ISSUE "QUALIFIED TAX-EXEMPT OBLIGATIONS" DURING THE CALENDAR YEAR IN AMOUNTS EXCEEDING \$10,000,000 IN THE AGGREGATE.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, end upon Borrower's helirs, personal representatives, auccessors and essigns, and shall inure to the benefit of Lender and its successors and essigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Borrower may notify Lender if Lender reports any inaccurate information about Borrower's account(s) to a consumer reporting agency. Borrower's written notice describing the specific inaccuracytes) should be sent to Lender at the following eddress: COMMUNITY FINANCIAL BERVICES BANK LOAN OPERATIONS DEPARTMENT PO BOX 467 BENTON, KY 42026-0487.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this feet 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 endorses this Note, to the extent ellowed by lew, water 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, whather as maker, guarantor, eccommodation maker or endorses, shall be released from liability. All such parties agree that Lander may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or colleteral; or impair, fall to realize upon or perfect Lender's escurity interest in the oblitateral and take any other action deemed necessary by Lander without the consent of or notice to snyone. 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:

JONATHAN CREEK WATER DISTRICT

MIRE EDWARDS, Secretary of JONATHAN CREEK WATER DISTRICT

DAVID LOVETY, Superintendent of JONATHAN CREEK WATER DISTRICT

LENDER:

COMMUNITY PHANCIAL SERVICES BARRY

territo Ter. (13.19.00) Capi B. H. MA Compresso 1997. 2018. All Report Reports. L. CY Full PERFERNANCIAL IN-LAIS PA

COMMERCIAL SECURITY AGREEMENT

Principal Loss Date Maturity Loss No. Call Cot Account Officer Initials 6500,000,000 04-02-2015 04-15-2021
References in the boxes above ere for Lander's use only and do not limit the applicability of this document to any particular loan or item.

Grantor:

JONATHAN CREEK WATER DISTRICT

7564 US HWY 68 E BENTON, KY 42025-8174 Lender:

COMMUNITY FINANCIAL SERVICES BANK CALLOWAY COUNTY BANKING CENTER 1721 N 12TH ST MURRAY, KY 42071-3594

THIS COMMERCIAL SECURITY AGREEMENT dated April 2, 2015, is made and executed between JONATHAN CREEK WATER DISTRICT ("Grandor") and COMMUNITY FRANCIAL SERVICES BANK ("Lender").

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

COLLATERAL DESCRIPTION. The word "Collateral" as used in this Agreement means the following described property, whether now owned or hereafter acquired, whether now existing or hereafter existing, and wherever located, 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:

ALL MYENTORY, EQUIPMENT, ACCOUNTS INCLUDING BUT NOT LIMITED TO ALL HEALTH-CARE-INSURANCE RECEIVABLES), CHATTEL PAPER, INSTRUMENTS(INCLUDING BUT NOT LIMITED TO ALL HEALTH-CARE-INSURANCE RECEIVABLES), CHATTEL PAPER, INSTRUMENTS(INCLUDING BUT NOT LIMITED TO ALL PROMISSORY NOTES), LETTER-OF-CREDIT RIGHTS, LETTERS OF CREDIT, DOCUMENTS, DEPOSIT ACCOUNTS, INVESTMENT PROPERTY, MONEY, OTHER RIGHTS TO PAYMENT AND PERFORMANCE, AND GENERAL INTANGBLES (INCLUDING BUT NOT LIMITED TO ALL SOFTWARE AND ALL PAYMENT INTANGBLES; ALL COMMINGINES), ALL OIL, GAS, AND OTHER MINERALS BEFORE EXTRACTION; ALL OIL, GAS, OTHER MINERALS AND ACCOUNTS CONSTITUTING AS-EXTRACTED COLLATERAL; ALL FIXTURES; ALL TIMBER TO BE CUT; ALL ATTACHMENTS, ACCESSIONS, ACCESSORIES, FITTINGS, INCREASES, TOOLS, PARTS, REPAIRS, SUPPLIES, AND COMMINGIED GOODS RELATING TO THE FOREGOING PROPERTY, AND ALL ADDITIONS, REPLACEMENTS OF AND SUBSTITUTIONS FOR ALL OR ANY PART OF THE POREGOING PROPERTY, AND ALL ADDITIONS, REPLACEMENTS OF AND SUBSTITUTIONS FOR ALL OR ANY PART OF THE POREGOING PROPERTY, ALL INSURANCE REFUNDS RELATING TO THE FOREGOING PROPERTY; ALL GOOD WILL RELATING TO THE FOREGOING PROPERTY; ALL RECORDS AND DATA AND EMBEDDED SOFTWARE RELATING TO THE FOREGOING PROPERTY, AND ALL GUIPMENT, INVENTORY, AND SOFTWARE TO UTILIZE, CREATE, MAINTAIN, AND PROCESS ANY SUCH RECORDS AND DATA ON ELECTRONIC MEDIA; AND ALL SUPPORTING OBLIGATIONS RELATING TO THE FOREGOING PROPERTY; ALL WHETHER NOW EXISTING OR HEREAFTER ARISING, WHETHER NOW OWNED OR HEREAFTER AQUIRED OR WHETHER NOW ON HEREAFTER SUBJECT TO ANY HIGHTS IN THE FOREGOING PROPERTY; AND ALL PRODUCTS AND PROCEEDS (INCLUDING BUT NOT LIMITED TO ALL INSURANCE PAYMENTS) OF OR RELATING TO THE FOREGOING PROPERTY SED DATA ON HIGHTS AND ATTACHED SCHEDULE I AS EVIDENCED BY UCC FINANCING STATEMENT FILED 2/14/2013 WITH KY SOS, FILE #2013-2624580-01

In addition, the word "Collaterel" siso includes all the following, whether now owned or hereafter acquired, whether now existing or hereafter srising, and wherever located:

- (A) All accessions, attachments, accessories, replacements of and additions to any of the collateral described herein, whether added now or leter.
- (B) All products and produce of any of the property described in this Colleteral section.
- (C) All accounts, general intengibles, instruments, rents, monies, payments, and all other rights, erising out of a sale, lease, consignment or other disposition of any of the property described in this Collateral section.
- (D) AB proceeds linduding insurance proceeds) from the sele, destruction, lose, or other disposition of any of the property described in this Codisteral section, and sums due from a third party who has demaged or destroyed the Colleteral 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, microfilme, or electronic media, together with all of Grantor'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.

AIGHT OF SETOFF. To the extent permitted by applicable law, Lander reserves a right of setoff in all Granter's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Granter holds jointly with someone size and all accounts Granter may open in the future. However, this does not include any IRA or Keeph accounts, or any trust accounts for which setoff would be prohibited by law. Granter 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, and, at Lander's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and satoff rights provided in this paragraph.

GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. With respect to the Collateral, Grantor represents and promises to Lander 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 Collecteral. Upon request of Lender, Grantor will deliver to Lender sny and all of the documents evidencing or constituting the Collecteral, and Grantor will note Lender's interest upon any and all chattel paper and instruments if not delivered to Lender for possession by Lender.

Notices to Lendar. Grantor will promptly notify Lendar in writing at Lendar's address shown above (or such other addresses as Lendar may designate from time to time) prior to any (1) change in Grantor's name; (2) change in Grantor's assumed business name(s); (3) change in the structure of the entity Grantor; (4) change in the structure of the entity Grantor; (4) change in the authorized signarie; (5) change in Grantor's principal residence; (7) conversion of Grantor to a new or different type of business entity; or (8) change in any other aspect of Grantor that directly or indirectly relates to any agreements between Grantor and Lendar. No change in Grantor's name will take effect until after Lendar has received notice.

No Violation. The execution and delivery of this Agreement will not violate any law or agreement governing Granter or to which Granter 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 compiles with all applicable laws and regulations concerning form, content and anner of preparation and execution, and all persons appearing to be obligated 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 Colleteral. Except in the ordinary course of Grantor's business, Grantor agrees to keep the Colleteral at Grantor's address shown above or at such other locations as are acceptable to Lender. Upon Lender's request, Grantor will daliver to Lender in form satisfactory to Lender a schedule of real properties and Colleteral 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 Grantor owns, rents, leases, or uses; and (4) all other properties where Colleteral is or may be located.

Removal of the Collateral. Except in the ordinary course of Grantor's business. Grantor shall not remove the Collateral from its existing location without Lender's prior written consent. Grantor shall, whenever requested, advise Lender of the exact location of the Collateral.

Transactions involving Collateral. Except for inventory sold or accounts collected in the ordinary course of Grantor's business, or as otherwise provided for in this Agreement, Grantor shall not sail, offer to sell, or otherwise transfer or dispose of the Collateral. Grantor shall not piedge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other than the security interest provided for in this Agreement, without the prior written consent of Lender. This includes security interests even if justor in right to the security interests granted under this Agreement. Unless weived by Lender, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for Lender and shall not be comminged with any other funds; provided however, this requirement shall not constitute consent by Lender to any sale or other disposition. Upon receipt, Grantor shall immediately deliver any such proceeds to Lender.

Title. Grantor represents and warrants to Lander that Grantor holds good and marketable title to the Collateral, free and clear of all Rens and oncumbrances except for the Ben of this Agreement. No financing statement covering any of the Collateral is on file in any public

office other than those which reflect the security interest created by this Agreement or to which Lender has specifically concented. Grantor shall defend Lender's rights in the Collateral against the claims and demands of all other persons.

Repairs and Maintenance. Grantor agrees to keep and maintain, and to cause others to keep and maintain, the Collateral in good order, repair and condition at all times while this Agreement remains in effect. Grantor further agrees to pay when due all claims for work done on, or services condered or material furnished in connection with the Collateral so that no lien or encumbrance may ever attach to or be filed against the Collateral.

inspection of Collateral. Lender and Lender's designated representatives and egents shall have the right at all ressonable times to exemine and inspect the Collateral wherever located.

Texes. Assessments and Liens. Grantor will pay when due all texes, assessments and flens upon the Collateral, its use or operation, upon this Agreement, upon any promissory note or notes evidencing the indebtedness, or upon any of the other Related Documents. Grantor may withhold any such payment or may elect to contest say flen if Germor is in Good fath conducting an appropriate proceeding to contest the obligation to pay and so long as Lander's interest in the Collateral is not jeopardized in Lander's sole opinion. If the Collateral is subjected to a lien which is not discharged within fifteen (15) days, Grantor shall deposit with Lender cash, a sufficient corporate surery bond or other security satisfactory to Lender in an amount adequate to provide for the discharge of the lien plus any interest, costs, reasonable attorneys' fees or other charges that could occrue as a result of foreclosure or sale of the Collateral. In any contest Grantor shall defend itself and Lender and shall satisfy any finel odversa judgment before enforcement against the Collateral. Grantor shall name Lander as an additional obligos under any surety bond furnished in the contest proceedings. Grantor further agrees to furnish Lender with evidence that such taxes, assessments, and governmental and other charges have been paid in full and in a timely manner. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral le not jeopardized.

Compliance with Governmental Requirements. Grantor shall comply promptly with all laws, ordinances, rules and regulations of all governmental authorities, now or hereafter in affect, applicable to the ownership, production, disposition, or use of the Cotesteral, including all laws or regulations relating to the undus erosion of highly-erodible land or relating to the conversion of wellands for the production of an agricultural product or commodity. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Lender's interest in the Collateral, in Lender's opinion, is not jeopardized.

Hazardous Substances. Grantor represents and warrants that the Collateral never has been, and never will be so long as this Agreement remains a lien on the Collateral, used in violation of any Environmental Lews or for the generation, manufacture, storage, transportation, treatment, disposal, release or threatened release of any Hazardous Substances. The representations and warranties contained herein ere based on Grantor's due difigence in investigating the Collateral for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lander for Indemnity or contribution in the event Grantor becomes Bable for cleanup or other costs under any Environmental Laws, and (2) agrees to indemnity, defend, and hold harmless Lender against any and all claims and losses resulting from a breach of this provision of this Agreement. This obligation to indemnity and defend shall survive the payment of the Indebtedness and the satisfaction of this Agreement.

Maintenance of Castralty insurance. Grantor shall procure and maintain all risks insurance, including without famitation firs, theft and liability coverage together with such other fraurance as Lander may require with respect to the Collateral, in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lander from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days' prior written notice to Lander and not including any discisioner of the insurance's flability for fallure to give such a notice. Each insurance policy also shall include an endorsoment providing that coverage in favor of Lender with not be impaired in any way by any sot, omission or default of Grantor or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest, Grantor will provide Lender with such loss payable or other endorsoments as Lender may require. If Grantor at any time fails to obtain or maintain any insurance as required under this Agraement, Lender may four shall not be obligated to) obtain such insurance as Lender deems appropriate, including if Lender so chooses "single interest in the Collateral.

Application of Insurance Proceeds. Grantor shell promptly notify Lender of any loss or damage to the Collateral, whether or not such casualty or loss is covered by insurance. Lender may make proof of loss if Grantor fails to do so within fifteen (16) days of the casualty. All proceeds of any insurance on the Collateral, including accrued proceeds thereon, shall be held by Lender as part of the Collateral, lander or peak or replacement of the damaged or destroyed Collateral, Lender shall, upon satisfactory proof of expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration. If Lander doss not consent to repair or replacement of the Collateral, Lender shall retain a sufficient amount of the proceeds to pay all of the Indebtedness, and shall pay the balance to Grantor. Any proceeds which have not been disbursed within six (6) months after their receipt and which Grantor has not committed to the repair or restoration of the Collateral shall be used to propey the Indebtedness.

Insurance Reserves. Lender may require Grantor to maintain with Lender reserves for payment of insurance premiums, which reserves shall be created by monthly payments from Grantor of a sum estimated by Lender to be sufficient to produce, at least fifteen (15) days before the premium due date, amounts at least equal to the insurance premiums to be paid. If fifteen (15) days before payment is due, the reserve funds are insufficient, Grantor shall upon demend pay any deficiency to Lender. The reserve funds shall be held by Lender as a general deposit and shall constitute a non-interest-bearing account which Lender may satisfy by payment of the insurance premiums required to be 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 bests of which insurance has been obtained and the manner of determining that value; and (8) the expiration date of the policy. In addition, Grantor shall upon request by Lender (however not more often than annually) have an Independent appraisar satisfactory to Lander determine, as applicable, the cash value or replacement cost of the Collettral.

Financing Statements. Grentor authorizes Lender to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect Lender's security 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 suffiling fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor travocably 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.

GRANTOR'S RIGHT TO POSSESSION. Until default, Grantor may have possession of the tengible personal property and baneficial 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 shell not apply to any Collateral where possession of the Collateral by tender is required by law to perfect Lender's security interest in such Collateral. If Lender at eny time has possession of any Collateral, whether before or efter an Event of Default, Lender shell be deamed 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 fellure 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 stops not include the property of the collateral against prior parties, nor to protect, preserve or meintain any security interest given to secure the indebtodress.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Colleteral or it frantor 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 (but shall not be obligated to) take any action that Lander deems appropriate, including but not limited to discharging or paying all texas, Rens, security interests, encumbrances and other claims, at lander or placed on the Collateral and paying all costs for insuring, melocaling and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then beer 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 indebtadness and, at Lender's option, will (A) be payable on demand; (B) be added to the belance 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 sto 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:

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

Other Defaults. Grantor falls to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or

In any of the Related Documents or to comply with or to perform any term, obligation, coverant or condition contained in any other agreement between Lender and Grantor.

Falsa 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 misheading in any material respect, either now or at the time made or furnished or becomes false or misheading at any time sharester.

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

Insolvency. The insolvency of Grentor, the appointment of a receiver for any part of Grentor'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 Grantor.

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 Grantor or by any governmental agency against any collateral securing the Indebtedness. This includes a gardishment 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 forfaiture proceeding and if Grantor gives Lender written notice of the creditor or forfaiture proceeding and deposits with Lender motion 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 Guaranter. Any of the praceding events occurs with respect to any guaranter, endorser, surety, or accommodation party of any of the indebtedness or guaranter, endorser, surety, or accommodation party dies or becomes incompetent or revokes or disputes the validity of, or Rability under, any Guaranty of the indebtedness.

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

Insecurity. Lendar 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 Lender sends written notice to Grantor damending cure of such default. (1) cures the default within fifteen (15) days; or (2) If the cure requires more than tifteen (15) days, immediately initiates steps which Lender deems in Lander'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.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Agreement, at any time thereafter, Lander shall have all the rights of a secured party under the Kentucky Uniform Commercial Code. In addition and without fimitation, Lander may exercise any one or more of the following rights and remedies:

Accelerate indebtedness. Lender may decise the entire indebtedness, including any prepayment penalty which Grantor would be required to pay, immediately due and payable, without notice of any kind to Grantor.

Assemble Collateral. Lander may require Grantor to deliver to Lander all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Lander may require Grantor to assemble the Collateral and make it available to Lander at a place to be designated by Lander. Lander also shall have full power to enter upon the property of Grantor to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Grantor agrees Lander may take such other goods, provided that Lander makes reasonable efforts to return them to Grantor after repossession.

Self the Collateral. Lender shall have full power to sell, lease, transfer, or otherwise deal with the Collateral or proceeds thereof in Lander's own name or that of Grantor. Lender may self the Collateral at public auction or private sale. Unless the Collateral threatens to decline speedily in value or is of a type customarity sold on a recognized market, Lender will give Grantor, and other persons as required by law, reasonable notice of the time and place of any public sale, or the time after which any private sale or any other disposition of the Collateral is to be made. However, no notice need be provided to any person who, after Event of Default occurs, enters into and authenticates an agreement waiving that person's right to notification of sale. The requirements of reasonable notice shall be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Collateral, including without limitation the expenses of retaking, holding, insuring, preparing for sale and selfing the Collateral, shall become a part of the indebtedness secured by this Agreement and shall be payable on demand, with interest at the Note rate from date of expenditure until repaid.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Collateral, with the power to protect and preserve the Collateral, to operate the Collateral preceding foreclosure or sale, and to collect the rents from the Collateral and apply the proceeds, over and above the cost of the receivership, against the indebtackers. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Collateral exceeds the Indebtackers by a substantial smount. Employment by Lender shall not disqualify a person from serving as a receiver.

Collect Revenues, Apply Accounts. Lender, either itself or through a receiver, may collect the payments, rents, income, and revenues from the Collecteral. Lender may at any time in Lander's discretion transfer any Collecteral into Lender's own name or that of Lender's nominee and receive the payments, rents, income, and revenues therefrom and hold the same as security for the indebtedness or apply if to payment of the indebtedness in such order of preference as Lender may determine. Insofer as the Collecteral consists of accounts, general intengibles, insurance policies, instruments, chattel paper, choses in action, or similar property, Lander may demand, collect, receipt for, settle, compromise, adjust, sue for, forecidee, or realize on the Collecteral as Lander may determine, whether or not indebtedness or Collecteral is then due. For these purposes, Lander may, on behalf of and in the name of Grantor, receive, open and dispose of mail addressed to Grantor; change any address to which mall and payments are to be sent; and endorse notes, checks, drafts, money orders, documents of title, instruments and items partaining to payment, shipment, or storage of any Collecteral. To facilitate collection, Lender may notify account debtors and obligors on any Collecteral to make payments directly to Lender.

Obtain Deficiency. If Lander chooses to sell any or all of the Collateral, Lander may obtain a judgmant against Grantor for any deficiency remaining on the indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this Agresmant. Grantor shall be liable for a deficiency even if the transaction described in this subsection is a sale of accounts or chattel paper.

Other Rights and Remedies. Lender shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Lender shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or otherwise.

Election of Remedies. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement, the Related Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attornays' Fees; Expenses. Grantor agrees to pay upon demand all of Lander's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hise or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lander's reasonable attorneys' fees and legal expenses whether or not there is a lieuwait, including reasonable attorneys' fees and legal expenses of a bankruptcy proceedings (including efforts to modify or vacate any sutomatic stay or injunction), appeals, and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only end are not to be used to interpret or define the provisions of this Agreement.

Governing Law. This Agreement 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 Agreement has been accepted by Lender in the Commonwealth of Kentucky.

No Waiver by Lender, Lender shall not be deemed to have welved any rights under this Agreement unless such welver is given in writing

and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a weiver of such right or any other right. A weiver by Lender of a provision of this Agreement shall not prejudice or constitute a weiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior weiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a weiver of any of Lender's rights or of any of Grantor's obligations as to any future 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 test-acsimize (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if melled, when deposited in the United States mail, as first class, carrifted 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 parties, 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 Lander to any Grantor to deemed to be notice given to all Grantors.

Power of Attornay. Grantor hereby appoints Lender 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 filings of other secured parties. Lender 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 Colleters.

Severability. If a court of competent 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 Regality, invalidity, or unenforceablity of any provision of this Agreement shall not affact the legality, validity or enforceability of any other provision of this Agreement.

Buccessors 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 Colleteral becomes vasted 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 forbearance or extension without releasing Grantor from the obligations of this Agreement or habitity under the Indebtedness.

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

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

Waive Jury. All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

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 smounts 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 should not be the plural. So the policy and the plural shall include the singular shall 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 ettached to this Commercial Security Agreement from time to time.

Borrower. The word "Borrower" means JONATHAN CREEK WATER DISTRICT and includes all co-signers and co-makers signing the Note and all their successors and essigns.

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 Agreement.

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

Environmental Laws. The words "Environmental Laws" mass 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 Liebtility Act of 1980, as amended, 42 U.S.C. Section 9601, at eqq. ("CERCLA"), the Superlund Amendments and Resultiorization Act of 1988, 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" meen any of the events of default set forth in this Agreement in the default section of this Agreement.

Grantor. The word "Grantor" means JONATHAN CREEK 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 anvironment 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 hezardous 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 svidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expanses for which Grantor is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means COMMUNITY FINANCIAL SERVICES BANK, its successors and sasigns.

Note. The word "Note" meens the Note dated April 2, 2015 and executed by JONATHAN CREEK WATER DISTRICT in the principal amount of #500,000.00, together with all renewals of, extensions of, modifications of, refinencings of, consolidations of, and substitutions for the note or credit agreement.

Property. The word "Property" means sit 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, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deads of trust, security deeds, collatorel mortgages, and all other instruments, agreements and documents, whether now or harsafter existing, executed in connection with the indebtedness.

GRANTOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS COMMERCIAL SECURITY AGREEMENT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED APRIL 2, 2015.

GRANTOR:

By: EDWARDS, Secretary of JONATHAN CREEK

DAVID LOVETT, Superintendent of JONATHAN CREEK WATER DISTRICT

COMMERCIAL SECURITY AGREEMENT (Continued)

LENDER:

COMPRESS (Continued)

Pege 5

LENDER:

COMPRESS FITMAN, SCEPHESIDEN

SCHEDULE I

The "Collateral" includes all of the Debtor's fixtures, personal property, goods, accounts, chattel paper, documents, instruments, general intangibles, inventory, machinery, equipment and such other property described below, which it now owns or shall hereafter acquire or create immediately upon the acquisition or creation thereof, and including, but not limited to, the following:

- 1. Personal Property. All personal property now owned or hereafter acquired by Debtor whether located on the real property described in Exhibit A attached hereto and incorporated herein by this reference (the "Real Property") or not, including, without limitation, Debtor's rural water distribution system (the "Facility") including water distribution lines, water lines, water wells, storage tanks, water conditioning facilities, any and all water mains, gate values, curb stops, casings, meter and assemblies, signs, air release valves, pumps, controls, buildings, construction materials, machinery, appliances, supplies, tools, books, records, files, engines, power systems, and all other additions thereto or fixtures or facilities appurtenant thereto or associated therewith;
- 2. Rights. All of Debtor's rights whether now or in the future existing with respect to any and all agreements pertaining to the Facility including, without limitation, any and all Water User Agreements which have been or are in the future entered into between Debtor and the members or customers of Debtor's water supply corporation or cooperative; any and all water, water rights, rights of way, easements, permits, licenses, franchises, bonds, resolutions, ordinances, all accounts, contracts, rights, general intangibles, instruments, documents, chattel paper, building permits, certificates, utilities, rights to reimbursements, rights to the present or future use of utilities, consents, authorizations, exemptions and licenses, engineering, construction and other contracts, plans, warranties, guaranties, payment, performance or other bonds, leases and any other contracts or agreements;
- 3. Revenues. Any and all income, receivables, accounts receivable, revenue or other monies received from whatever source by Debtor, whether or not related to Debtor's Facility, including without limitation, any and all hookup, tap or similar fees, any subscription, reservation or similar fees, any assessments charged to members or customers of Debtor's water supply corporation or cooperative, any funds now or hereafter held in any accounts, including, without limitation, the Revenue Fund Account, the Debt Service Account, the Operation and Maintenance Account and the Reserve Account;
- 4. Equipment. All machinery, equipment, furniture, fixtures, trade fixtures, and other personal property used in connection with the operation of the Facility, now owned or hereafter acquired by Debtor, together with all accessions, additions, parts, attachments, accessories, or appurtenances thereto;
- 5. <u>Proceeds.</u> Proceeds and products of any sale, exchange, collection or other disposition of the Collateral including, without limitation, proceeds of hazard or other insurance policies and eminent domain or condemnation awards.

Pd. \$ 38.00 Roc. lee \$ Tax

Date Filed 4-8-15 Time 10:20 Am

Tim York, Clerk

By D.C.

RECORDATION
REQUESTED BY:
COMMUNITY FINANCIAL
SERVICES BANK
CALLOWAY COUNTY
BANKING CENTER
1721 N 12TH ST
MURRAY, KY
42071-3394

WHEN RECORDED MAIL
TO:

COMMUNITY FINANCIAL
SERVICES BANK
ATTN DOCUMENT
CONTROL CLERK
PO BOX 487
BENTON, KY 42028-0457

STATE OF KENTUCKY, COUNTY OF MARSHALL I, Tim York, Clerk of the County Court for the County and State aforesaid, certify that the foregoing Moutous was on the day of April, 2015 at 6:20° clock AM, todged for record, whereupon the same, the foregoing and this certificate have duly recorded in my said office in MAR Book 872 Page 350 Given under my hand this day of April, 2015.

Tim York, CLERK DAY D.C.

FOR RECORDER'S USE ONLY

CONSTRUCTION MORTGAGE

(This Mortgage Secures a Construction Loan.)

MATURITY DATE. The meturity date of the Note is April 15, 2021.

THIS MORTGAGE dated April 2, 2015, is made and executed between JONATHAN CREEK WATER DISTRICT, A KENTUCKY RURAL WATER DISTRICT, whose address is 7564 US HWY 68 E, BENTON, KY 42025-8174 (referred to below as "Grantor") and COMMUNITY FINANCIAL SERVICES BANK, whose address is 1721 N 12TH ST, MURRAY, CALLOWAY County, KY 42071-3594 (referred to below as "Lender").

GRANT OF MORTGAGE. For valuable consideration, Grantor mortgages, grants, and conveys to Lander with covenant of GENERAL WARRANTY a security interest in and lien on all of Grantor's right, title, and interest in end to the following described real property, together with all existing or subsequently eracted or affixed buildings, improvements and lixtures; all easements, rights of way, and appurtenences; all water, water rights, watercourses and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royeities, and profits relating to the real property, including without limitation all minerats, oil, gas, geothermal and similar matters, (the "Real Property") located in MARSHALL County, Commonwealth of Kentucky;

See EXHIBIT "A", which is attached to this Mortgage and made a part of this Mortgage as if fully set forth harein.

The Real Property or its address is commonly known as 7564 US HWY 68 E, BENTON, KY 42025-8174.

Grantor presently assigns to Lender all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security Interest in the Personal Property and Rents.

THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (IA) PAYMENT OF THE INDESTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS MORTGAGE. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Mortgage, Grantor shall pay to Lender sill amounts secured by this Mortgage as they become due and shall strictly perform all of Grantor's obligations under this Mortgage.

CONSTRUCTION MORTGAGE. This Mortgage is taken to secure a loan made for the purpose of erecting, improving or adding to a building; see KRS 376.050. This Mortgage is a "construction mortgage" for the purposes of Sections 9-334 and 2A-309 of the Uniform Commercial Code, as those sections have been adopted by the State of Kentucky.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property.

Duty to Maintain. Grantor shall maintain the Property in tanentable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Compliance With Environmental Laws. Grantor represents and warrants to Lender that: (1) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actust or threatened fligation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, spent or other

authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hezerdous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and focal laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deam appropriate to determine compliance of the Property with this section of the Mortgage. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and werranties contained herein are based on Grantor's due difigence in investigating the Property for Hazardous Substances. Grantor hereby (11) releases and waives any future claims against Lender for Indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (2) agrees to indemnity, defend, and hold harmless Lender against any and ell claims, losses, flabilities, damages, pensities, and expenses which Lender may directly or indirectly custain or suffer resulting from a breach of this section of the Mortgage or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provision of this section of the Mortgage, including the obligation to Indemnity and defend, shall survive the payment of the Indebtedness and the attisfaction and reconveyance of the lian of this Mortgage and shall survive the payment of the Indebtedness and the attisfaction and reconveyance of the lian of this Mortgage and shall not be affected by Lender's acquisition of envi interest in

Nutrance. Wests. Grantor shall not cause, conduct or permit any nutrance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals sincluding oil and gast, coat, clay, sooris, soil, gravel or rock products without Lender's prior written consent.

Removal of Improvements. Grantor shall not demolish or remove any Improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such improvements with Improvements of at least equal value.

Lender's Right to Enter. Londer and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lander's interests and to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Mortgage.

Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contast in good feith any auch law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's eole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Grenter agrees neither to abandon or leave unattended the Property. Grenter shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserves the Property.

CONSTRUCTION LOAN. The improvements shall be completed no later than the maturity date of the Note (or such sarkar date as Lender may reasonably establish) and Grantor shall pay in full all costs and expenses in connection with the work. Lender will disburse loan processes under such terms and conditions as Lender may deam reasonably necessary to insure that the interest created by this Mortgage shall have priority over all possible lians, including those of material suppliers and workmen. Lendor may require, among other things, that disbursement requests be supported by receipted bills, expense affidavits, walvers of liens, construction progress reports, and such other documentation as Lender may reasonably request.

DUE ON SALE - CONSENT BY LENDER. Lender may, at Lender's option, declare immediately due and payable all sums secured by this Mortgage upon the sale or transfer, without Lander's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; whether legal, beneficial or equitable; whather wountery or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, lessehold interest with a term greater than three (3) years, lesse-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. However, this option shall not be exercised by Lander if such exercise is prohibited by federal law or by Kentucky law.

TAXES AND LIEMS. The following provisions releting to the taxes and liene on the Property are part of this Mortgage:

Payment. Grantor shall pay when due (and in all avents prior to delinquency) all taxes, payroll taxes, special taxes, assessments, water charges and sever service charges levide against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of any flens having priority over or equal to the interest of Lender under this Mortgage, except for the Existing Indebtedness referred to in this Mortgage or those liens specifically agreed to in writing by Lender, and except for the lien of taxes and assessments not due as further specified in the Right to Contest paragraph.

Right to Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lander's interest in the Property is not jeopardized. If a lian arises or is filled as a result of nonpayment, Grantor shall within filteen (15) days after the lien erises or, if a lian is filled, within filteen (15) days after Grantor has notice of the filing, secure the discharge of the filen, or if requested by Lender, deposit with Lender cash or a sufficient corporate autrety bond or other security estisfactory to Lender in an amount sufficient to discharge the lien plus any costs and reasonable attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the fien. In any context, Grantor shell defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as a additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon domand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

Notice of Cenetruction. Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's flen, materialmen's flen, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this

Mortgage:

Maintenance of insurance. Grantor shell procure and maintain policies of fire insurance with standard extended coverage endersements on a replacement basis for the full insurable value covering ell improvements on the Real Property in an amount sufficient to evoid application of any colinavance clause, and with a standard mortgage clause in favor of Lender. Grantor shall also procure and meintain comprehensive general liability insurance in such coverage amounts as Lander may request with Lender being named as additional insurance to such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption and boiler insurance as Lender may require. Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Lender. Grantor shall deliver to Lander certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of thirty (30) days' prior written notice to Lender and not containing any discisiner of the insurer's Rebitty for failure to give such notice. Each insurance policy also shall include an endorsement providing that coverage in tavor of Lendar will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Administrator of the Federal Emergency Management Agency as a special flood hazard area, Grantor egrees to obtain and maintain Federal Food Insurance, if available, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood insurance Program, or as otherwise required by Lander, and to maintain such insurance for the term of the loan.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within lifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lander's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the Indebtedness, payment of any Ran affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lander. Lender shall, upon satisfactory proof of such expanditure, pay or relimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Mortgage. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lander under this Mortgage, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the Indebtedness. If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds after payment in full of the Indebtedness, such proceeds after

Compilence with Existing Indebtedness. During the period in which any Existing Indebtedness described below is in affect, compilence with the insurence provisions contained in the instrument evidencing such Existing Indebtedness shall constitute compilence with the Insurance provisions under this Mortgage, to the extent compilence with the terms of this Mortgage would constitute a duplication of insurence requirement. If any proceeds from the insurance become payable on loss, the provisions in this Mortgage for division of proceeds shall apply only to that portion of the proceeds not payable to the holder of the Existing Indebtedness.

Grantor's Report on Insurance. Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of Insurance showing: (1) the name of the insuran; (2) the risks insured; (3) the amount of the policy; (4) the property insured; other current replacement value of such property, and the manner of determining that value; and (5) the expiration date of the policy. Grantor shell, upon request of Lender, have an independent appraisar antisfactory to Lender determine the cash value replacement cost of the Property.

LENDER'S EXPENDITURES. If any action or proceeding is commonced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Mortgage or any Related Documents, including but not limited to Grantor's failure to comply with any obligation to maintain Existing indebtedness in good standing as required below, or to discharge or pay when due any amounts Grantor is required to discharge or pay under this Mortgage or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deams 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 Property and paying all costs for insuring, maintaining and preserving the Property. As 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 (A) be payable on demand; (B) be added to the balance of the Note and be apportioned enrops and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (C) be treated as a belicon payment which will be due and payable at the Note's maturity. The Mortgage 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.

WARRAKTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Mortosca:

Title. Granter warrants that: (a) Granter holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in the Existing indebtedness section below or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Mortgage, and (b) Granter has the full right, power, and sutherity to execute and deliver this Mortgage to Lender.

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Lender under this Morragae, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to participation.

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

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

EXISTING INDESTEDNESS. The following provisions concerning Edisting Indebtedness are a part of this Mortgage

Existing Lien. The Ren of this Mortgage securing the indebtedness may be secondary and inferior to an existing lien. Grantor expressly covenants and agrees to pay, or see to the payment of, the Existing Indebtedness and to prevent my default on such indebtedness, any default under the instruments evidencing such Indebtedness, or any default under any security documents for such indebtedness.

No Modification. Grantor shall not enter into any agreement with the holder of any mortgage, deed of trust, or other security agreement which has priority over this Mortgage by which that agreement is modified, amended, extended, or renewed without the prior written consent of Lender. Grantor shall notitive request not accept any future advances under any such security agreement without the prior written consent of Lender.

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Mortgage:

Proceedings. If any proceeding in condamnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal perty in such proceeding, but Lander shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lander such instruments and documentation as may be requested by Lender from time to time to permit such participation.

Application of Net Proceeds. If all or any part of the Property is condemned by aminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Landor may at its election require that all or any portion of the net proceeds of the award be applied to the indebtedness or the repair or restoration of the Property. The not proceeds of the award shall make the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Lender in connection with the condemnation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Mortgage:

Current Taxes, Fees and Charges. Upon request by Lender, Grantor shall execute such documents in addition to this Mortgage and take whatever other action is requested by Lender to perfect and continue Lender's Ren on the Real Property. Grantor shall relimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Mortgage, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Mortgage.

Taxes. The following shall constitute taxes to which this section applies: (1) a specific tax upon this type of Mortgage or upon all or any part of the Indebtedness secured by this Mortgage; (2) a specific tax on Grantor which Grantor is authorized or required to deduct from payments on the indebtedness secured by this type of Mortgage; (3) a tax on this type of Mortgage; (3) a tax on this type of Mortgage chargeable against the Lender or the holder of the Note; and (4) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Mortgage, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its available remadles for an Event of Default as provided below unless Grantor either (1) pays the tax before it becomes definquent, or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

SECURITY AGREEMENT: FINANCING STATEMENTS. The following provisions relating to this Mortgage as a security agreement are a part of this Mortgage:

Security Agreement. This instrument shell constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lander shell have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Grentor shall take whatever action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Mortgage in the real property records, Lender may, at say time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Mortgage as a financing statement. Grantor shall relimbure Lender for all expenses incurred in perfecting or continuing this security interest. Upon defaut, Grantor shall not remove, sever or detach the Personal Property income the Property. Upon defaut, Grantor shall assemble any Porsonal Property not efforce to the Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lander within three (3) days after receipt of written demand from Lander to the extent permitted by spoilcable law.

Addresses. The mailing addresses of Grantor (debtor) and Lander (secured party) from which information concerning the security interest granted by this Mortgage may be obtained (such as required by the Uniform Commercial Code) are as stated on the first page of this Mortgage.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further essurances and attorney-in-fact are a part of this Mortgage;

Further Assurances. At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lander or to Lander's designee, and when requested by Lender, cause to be filled, recorded, refilled, or rerecorded, as the case may be, a such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deads of trust, security deeds, security agreements, financing statements, continuation statements, instruments of turnter assurance, contificates, and other documents as may, in the sole opinion of Lander, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Grantor's obligations under the Note, this Mortgage, and the Related Documents, and (2) the Bens and security interests created by this Mortgage on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lander agrees to the contrary in writing, Grantor shall reimburse Lander for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact. If Grantor fails to do any of the things referred to in the proceeding paragraph, Londor may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irravocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lander's sole opinion, to accomplish the matters referred to in the proceeding paragraph.

FULL PERFORMANCE. If Grantor pays all the indebtedness when due, and otherwise performs all the obligations imposed upon Grantor under this Mortgage, Lender shall execute and deliver to Grantor a suitable satisfaction of this Mortgage and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Grantor will pay, if permitted by applicable law, any reasonable termination fee as determined by Lender from time to time.

EVENTS OF DEFAULT. Each of the following, at Lender's option, shall constitute an Event of Default under this Mortgage:

Payment Default. Grantor fails to make any payment when due under the indebtedness.

Default on Other Payments. Feiture of Grantor within the time required by this Mortgage to make any payment for taxes or insurance, or any other payment necessary to prevent filling of or to effect discharge of any Sen.

Other Defeates. Grantor fells to comply with or to perform any other term, obligation, covenant or condition contained in this Mortgage 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.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Mortgage 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.

Defective Collateralization. This Mortgage or any of the Related Documents casses to be in full force and affect [uncluding failure of any collateral document to create a valid and perfected security interest or files) at any time and for any reason.

Death or Insolvency. The death of Grantor, 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 Iswa by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or torfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any property securing the Indebtachess. This includes a garnishment of eny 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 velidiny or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the graditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Editing Indebtedness. The payment of any installment of principal or any interest on the Existing Indebtedness is not made within the time required by the promissory note evidencing such indebtedness, or a default occurs under the instrument securing such indebtedness and is not cured during any applicable grace period in such instrument, or any author other action is commenced to forectose any existing item on the Property.

Breach of Other Agreement. Any breach by Grantor under the terms of any other agreement between Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Grantor to Lender, whether existing pow or later.

Evants 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.

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

Insecurity. Lender in good faith believes itself insecure.

Right to Cure. 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 Mortgage within the preceding twelve [12] months, it may be cured if Grantor, after Lender sends written notice to Grantor demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender derms 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.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of an Evant of Default and at any time thereafter, Lender, at Lander's option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate indebtedness. Lender shall have the right at its option without notice to Grantor to declare the entire indebtedness immediately due and payable, including any prepayment penalty that Grantor would be required to pay.

UCC Remedies. With respect to six or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Lender in Possession. Upon acceleration of the Indebtedness or ebendomment of the Property and at any time prior to the expiration of any period of redemption following judicial sale, Lender may, without regard to the adequacy of the security for the Indebtedness, enter into possession of and manage and operate, by itself or through a receiver, the Property and collect the Rents, including those past due. Lander may exercise sit rights and powers of Lender with respect to the Property either in the name of Grantor or otherwise as Lender shall deem best. Lender shall be entitled to make, enforce, modify or accept surrender of any lease or lesses of the Property. Any Rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of Rents, including but not limited to receiver's fess, premisms on the receiver's bonds and reasonable attorneys' fees and then to the other indebtedness secured by this Mortgage.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a

Judicial Foreclosure. Lander may obtain a judicial decree foreclosing Granter's interest in all or any part of the Property.

Deficiency Judgment. If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this section.

Tenancy at Sufferance. If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (1) pay a reasonable rental for the use of the Property, or (2) vecaté the Property immediately upon the demand of Lender.

Other Remedies. Lender, at Lander's option, may take such steps to protect and enforce Lender's rights as Lander deem appropriate, whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Note or in this Mortgage, or in aid of the execution of any power granted.

In this Mortgage, or for the enforcement of any other appropriate legal or equity remedy, or otherwise as Lender may elect, including the appointment of a receiver for the Property.

Sale of the Property. To the extent permitted by applicable law, Grantor hereby waives any and all right to have the Property marshalled. In exercising its rights and remedies, Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

Notice of Sale. Lander shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least fifteen (15) days before the time of the sale or disposition. Any sale of the Personal Property may be made in conjunction with any sale of the Real Property.

Election of Remedies. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor and this Mortgage, after Grantor's refluer to perform, shall not affect Lender's right to declare a default and exercise its remedies. Nothing under this Mortgage or otherwise shall be construed so as to limit or restrict the rights and remedies available to Lender following an Event of Default, or in any way to limit or restrict the rights and ability of Lender to proceed directly against Grantor and/or against any other co-maker, guarentor, surety or endorser and/or to proceed against any other collected directly or indirectly securing the indebtedness.

Attorneys' Fees; Expenses. If Lender Institutes any sult or action to enforce any of the terms of this Mortgage, Lender shall be entitled to recover such aum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall beer interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this perseptable lockled, without fimitation, however 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 exasonable attorneys' fees and expenses for bankruptcy proceedings finctuding efforts to modify or vacate any suttentials stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports finctuding foreclosure reports, surveyors' reports, and appraisal less and title insurance, to the axtent permitted by applicable law. Grantor slao will pay any court costs, in addition to all other sums provided by law.

NOTICES. Any notice required to be given under this Mortgage, including without limitation any notice of default and any notice of asia shall be given in writing, and shall be effective when actually delivered, when actually recognized overright courier, or, if malled, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Mortgage. All copies of notices of foreclosure from the holder of any fear which has priority over this Mortgage shall be sent to Lender's address, as shown near the beginning of this Mortgage. Any party may change its address for notices under this Mortgage by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lander 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 Lander to any Grantor is deemed to be notice given to all Grantors.

ADDITIONAL INSURANCE REQUIRED. MORTGAGOR SHALL MAINTAIN EARTHQUAKE INSURANCE COVERAGE ON ALL IMPROVED PROPERTY IN ADDITION TO THAT REQUIRED BY, AND SUBJECT TO THE COVENANTS AND CONDITIONS OF, PARAGRAPH ITILED "MAINTENANCE OF INSURANCE.".

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Mortgage

Amendments. This Mortgage, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Mortgage. No siteration of or amendment to this Mortgage shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the siteration or amendment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a cartified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expanditures made in connection with the operation of the Property.

Caption Headings. Caption headings in this Mortgage are for convenience purposes only and are not to be used to interpret or define the provisions of this Mortgage.

Governing Law. This Mortgage 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 Mortgage has been accepted by Lender in the Commonwealth of Kentucky.

No Waiver by Lender. Lender shall not be decread to have waived any rights under this Mortgage unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or sny other right. A waiver by Lender o provision of this Mortgage shall not prejudice or constitute a waiver of Lender's right otherwise to demand striot compliance with that provision or any other provision of this Mortgage. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Mortgage, 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 sola discretion of Lender.

Severability. If a court of competent jurisdiction finds any provision of this Mortgage to be Begal, kwalid, or unanforceable as to any circumatence, that finding shall not make the offending provision Regal, invalid, or unenforceable as to any other circumatence. 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 Mortgage. Unless otherwise required by taw, the Biggality, invalidity, or unenforceability of any provision of this Mortgage shall not affect the legality, validity or enforceability of any other provision of this Mortgage.

Marger. There shall be no merger of the interest or eatate created by this Mortgage with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

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

Time is of the Essence. Time is of the essence in the performance of this Mortgage,

Walve Jury. All parties to this Mortgage hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

Waiver of Dower/Homestead Rights. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the Kentucky as to all indebtedness secured by this Mortgege.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Mortgage. 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 Mortgage shall have the meanings attributed to such terms in the Uniform Commercial Code:

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

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

Environmental Laws. The words "Environmental Laws" mean any and all state, lederal 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 9801, at seq. ("CERCLA"), the Superfund Amendments and Resulthorization Act of 1988, Pub. L. No. 99-499 ("SARA"), the Hazardous Meterials 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 Mortgage in the events of default section of this Mortgage.

Existing indebtedness. The words "Existing Indebtedness" mean the indebtedness described in the Existing Lions provision of this Mortgage.

Grantor. The word "Grantor" means JONATHAN CREEK WATER DISTRICT.

Quaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, 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, stored, disposed of, generated, menufactured, 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 asbestoe.

Improvements. The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes effixed on the Real Property, facilities, additions, replacements end other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of modifications of, consolidations of and substitutions for the Note or Related Documents and eny amounts expended or edvanced by Lender to discharge Grantor's obligations or expenses incurred by Lender to enforce Grantor's obligations under this Mortgage, together with interest on such amounts as provided in this Mortgage.

Lender. The word "Lender" means COMMUNITY FINANCIAL SERVICES BANK, its successors and assigns.

Mortgage. The word "Mortgage" means this Mortgage between Grantor and Lander.

Note. The word "Note" means the promissory note dated April 2, 2015, in the original principal amount of \$500,000.00 from Grantor to Lander, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement. The maturity date of the Note is April 15, 2021.

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hareafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Parsonal Property.

Real Property. The words "Real Property" mean the real property, Interests and rights, as further described in this Mortgage.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, servicements, servicements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness.

Rents. The word "Rents" meens all present and future rents, revenues, income, lasues, royalities, profits, and other benefits derived from the Property.

Loan No:	(Continued)	Page 8
TO ITS TERMS. GRANTOR: JONATHAN CREEK WATER BY: MIKE EDWARDS, Secr. By:	STATE OF THE PROPERTY OF THE P	SE, AND GRANTOR AGREES
DAYBY LOVETT, Supported by	y: X 1 2 JOHATHAN CREEK WATER Y: X 1 A JOHNSON JOHNSON & MATHIS), ATTORNEY PO BOX 450 BENTON, KY 42025-0450	'S AT LAW
	GOVERNMENT ACKNOWLEDGMENT	
COMMONWEALTH OF RE	Way 1	a.e.a.?
	VETT. Superintendent of JONATHAN CREEK WATER DISTRICT	eking A & Consultation of the Consultation of

EXHIBIT "A"

TRACT

Beginning at a point on the southeastern right-of-way of Kentucky Highway 952, said point being at a cross fence; said cross fence being 340 feet northeast of the intersection of Kentucky Highway 952 and Nelson Road; thance with said southeastern right-of-way of Kentucky Highway 952 northeasterly for 100.0 feet to a point; thence perpendicular to said right-of-way in a southeasterly direction 100.0 feet to a point; thence parallel to and 100 feet from said Highway 952 in a southwesterly direction for 100.0 feet to the aforesaid cross fence; thence with the cross fence in a northwesterly direction for 100.00 feet to the place of beginning, being a 100 foot x 100 foot square of the tract of Gilbert Baker.

TRACT

Beginning at an iron pin located in the Southerly right-of-way line of U.S. Highway 68, which iron pin is also located 2,639 feet West of the intersection of said U.S. 60 with Kentucky Highway 962; thence, along the line of Charles Edwards South 55° 40′ West 436.1 feet to an iron pin; thence, South 69° 40′ West 350.4 feet to an iron pin located in fence line between property herein conveyed and Londal York; thence, along said fence line North 15° 30′ East 427.6 feet to an iron pin in right-of-way line of U.S. 68; thence, along said right-of-way South 75° 30′ East 513.5 feet to the point of beginning and containing 3.01 acres as per survey of Elmer Y. Hollis, Surveyor, dated October 27, 1970.

TRACTIN

A 1.00 acre tract of land as surveyed by Kenar Architectural and Engineering of Benton, Kentucky, in October 1988, and being generally located on the west side of the Capps Springs Road, approximately 0.25 mile North of said road's intersection with U.S. Highway 68 and approximately 1 mile West of the Fairdealing Community of Marshall County, Kentucky, and being more particularly described as follows:

Beginning at the southeast corner of the property herein described, said corner being a ½ inch rebar iron pin set in the West right-of-way of Capps Springs Road (30 feet West of centerline), said rebar iron pin also being 97.8 feet South of a power pole; thence, North 87° 34′ 46″ West = 200.00 feet, along a new line with the remaining Bob Melton property (Deed Book 221, page 599), to a ½ inch rebar iron pin (set); thence, North 5° 00′ 00″ East = 218.00 feet, continuing with a new line and the remaining Bob Melton property, to a ½ inch rebar kon pin (set), said rebar iron pin being at the southwest corner of the Jeffrey Henson property (Deed Book 222, page 228); thence, South 87° 34′ 46″ East = 200.00 feet, with the south boundary of the said Jeffrey Henson property, to a ½ inch rebar lon pin set in the west right-of-way of Capps Springs Road (30 feet west of centerline), and being at the southeast corner of the said Jeffrey Henson property, said ½ inch rebar iron pin also being 653 feet South of an existing steel fence post and 120.5 feet North of a power pole; thence, South 5° 00′ 00″ West = 218.00 feet, along the west right-of-way of the said Capps Springs Road to the point of beginning.

The above described property is subject to any easements or right-of-ways previously conveyed or in existence.

TRACT IV

Beginning at the northwest corner of the property conveyed to Jasse Leonard Bath, Jr. et ux by James E. Gober et us dated 9/7/1965 of record in Deed Book 119, page 5, Marshall County Court Clerk's Office, thence East and with the North line of the Balth property 20 feet; thence, South and parallel with the West line of the Balth property 150.28 feet to a roadway; thence, West and with said roadway 20 feet to the west line of the Balth property; thence, north and with the West line of the Balth property 150.28 feet to the place of beginning.

TRACT V

PARCELA

Beginning at a TVA marker located at the Northeast corner of the Leonard Balth property (Cedar Point Resort), said beginning point also being the Southeast corner of the original Dr. King tract of land; thence, North 7" 20' East and along the Westerly line of the TVA property for a distance of 119.0 feet to a point; thence, continuing along the TVA's Westerly property line and North 38" 35' West for a distance of 130.0 feet to a point in the center line of a drain; thence, with the meanders of the said center line of the drain and in a Southwesterly direction as follows: South 60" 45' West 38.5 feet, South 67" 10' West 200.0 feet to a point; thence, South 1" 00' West for a distance of 118.00 feet to a point in the original Southerly line of the Dr. King property; thence, South 89" 00' East and along the said Southerly line of the Dr. King property for a distance of 285.0 feet to the point of beginning.

PARCEL B

Beginning at the Southeast corner of the R.W. King property, said beginning point also being located in a Southerly direction and 15.06 feet from the centerline of the Old Olive and Aurora Road, which point being in a Westerly direction and 350.0 feet from the intersection of the centerline of the Old Olive and Aurora Road with U.S. Highway 68; thence, from the point of beginning and along King's Westerly line and South 0° 30′ West for distance of 193.55 feet to point marking the Northeast corner of the Needmore Higgins property; thence, South 63° 26′ West and along the said Northerly line of the Higgins tract for a distance of 75.0 feet to a point; thence, North 0° 30′ East for a distance of 75.0 feet to a point; thence, North 0° 30′ East for a distance of 130.33 feet to a point; thence, North 0° 30′ East for a distance of 130.33 feet to a point in the Southerly right-of-way line of the Old Olive and Aurora Road; thence, North 85° 20′ East and along the said Southerly right-of-way line of the Old Olive and Aurora Road for a distance of 28.11 feet to the point of beginning.

TRACT VI

A permanent easement and right of way, subject to the exception, reservations, restrictions and conditions hereinafter set forth, for the following purposes, namely: the right to enter upon the hereinafter described land and in accordance with plans approved in advance and in writing by the Authority to lay, construct, maintain, after, repair, excavate, replace and remove a water pipeline on, over, across, through and under said land, together with the right to excavate and refill ditches and/or trenches for the location of said water pipeline and to cut and keep clear of all trees, bushes, undergrowth and other obstructions that may injure or endanger said line of may interfere with the construction, maintenance and use of said pipeline on, over and across a strip of land lying in the First Magisterial District of Marshall County, Commonwealth of Kentucky, on the west shore of Kentucky Lake, approximately ½ mile south of the mouth of the lonathan Creek Embayment of the lake, the said strip being 20 feet wide, lying 10 feet on each side of the center line of the pipeline location, the center line and end boundaries of the said strip being described as follows:

Beginning at a point where the center line intersects the boundary line between the lands of the United State of America and R.L. Jones, said point being N. 5° 20′ E., 51 ft. from a stone (Coordinates: N. 180, 309; E 1,296,635) at a metal marker, a corner of the land of the United States of America, the land in dispute between O.B. Trimble and Hobert McNeely, and the lands of O.B. Trimble and R.L. Jones, the strip being bounded on the west end by said boundary line; thence, N. 89° 16′ E., 174 ft. to a point in the 375-foot contour on the shore of the lake, at which contour the strip terminates.

The strip of land described above contains 0.08 acre, more or less.

The positions of corners and directions of lines are referred to the Kentucky (South) Coordinate System. The contour elevation is based on MSL Datum as established by the US.C. & G.S. 1929 General Adjustment.

Subject to all covenants, easements, restrictions, and reservations contained in the above deed from Tennessee Valley Authority.

Being the same property conveyed to the Jonathan Creek Water District, a Kentucky Rural Water District, by virtue of a deed from Jonathan Creek Water Association, Inc., dated September 7, 1992 and of record in Deed Book 259, Page 152, Marshall County Court Clerk's Office.



244799 Filed on14/9/2015 9:09:41 At Sook: M/G Number: 312 Dages: Ed: - 359 Tim York ,Harshall County DC: HULLY NEWE Beed Tar:84,80

DISBURSEMENT REQUEST AND AUTHORIZATION

	nitted due to text langth limitations.	
JONATHAN CREEK WATER DISTRICT L 7564 US HWY 85 E BENTON, KY 42025-8174	ender: COMMUNITY FINANCIAL GERVICES BANK CALLOWAY COUNTY BANKING CENTER 1721 N 12TH ST MURRAY, KY 42071-3594	
This is a Fixed Rate (3.125% initial rate) Nondisclosable Loan	to a Government Entity for \$500,000.00 due on April 15	, 2021.
RPOSE OF LOAN. The primary purpose of this loan is for:		
Personal, Family, or Household Purposes or Personal investme	nt.	
Business (Including Real Estate Investment),		
NPOSE. The specific purpose of this loan is: EQUIPMENT UP	RADE & CONSOLIDATION.	
		making the
Undishureed Funds:	\$241,518.78	
Amount paid on Borrower's account: 9211,038.65 Payment on Losn # 947,444.69 Payment on Losn #	\$258,481.24 	
Note Principal:	6500,000.00	
AID IN CASH. Borrower has paid or will pay in cash as agreed	the following charges:	
Prepaid Finance Charges Paid in Cash: •8.50 PLOOD CERTIFICATE •150.00 CFSB UNDERWRITING FEE •450.00 CFSB PROCESSING FEE	0608.50	
Other Charges Paid in Cash: ### ### ### ### #####################	\$66.00	
Total Charges Paid in Cash:	\$874.50	
ON PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THE	TERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BO	RROWER'S
ı		
CREEK MATER DISTRICT	A DV	
	This is a Fixed Resa (3.125% initial rate) Nondisclosable Loan RPOSE OF LOAN. The primary purpose of this loan is for: Personal, Family, or Household Purposes or Personal Investme Business (Including Real Estate investment). RPOSE. The specific purpose of this loan is: EQUIPMENT UPG INT INSTRUCTIONS. Borrower understands that no loan process satisfied. Please disburse the loan proceeds of \$500,000.00 Undisbursed Funds: Amount patid on Borrower's account: \$211,038,68 Payment on Loan \$21,038,68 Payment on Loan \$47,444.59 Payment on Loan \$47,444.59 Payment on Loan \$450.00 CFSB PROCESSING FEE Other Charges Paid in Cash: \$8,50 FLOOD CERTIFICATE \$150,00 CFSB UNDERWRITING FEE \$450,00 CFSB PROCESSING FEE Other Charges Paid in Cash: \$38,00 MTG RECORDING \$13,00 MTG RECASE \$15,00 MTG PREPARATION Total Charges Paid in Cash: CONDITION. BY SIGNING THIS AUTHORIZATION, BORR SIM PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THE CONDITION AS ORSCLOSED IN BORROWER'S MOST RECENT	CALLOWAY COUNTY BANKING CENTER BENTON, KY 42025-8174 CALLOWAY COUNTY BANKING CENTER 1721 IN 12TH ST MURRAY, KY 42071-3594 This is a Fixed Rate (3.125% inhitial rate) Nondisclosable Loan to a Government Entity for \$500,000.00 due on April 15, RPOSE OF LOAN. The primary purpose of this loan is for: Personal, Family, or Household Purposes or Personal Investment. Business (Including Real Estata Investment). RPOSE. The specific purpose of this loan is: EQUIPMENT UPGRADE & CONSOLIDATION. ENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lander's conditions for a satisfied. Please disburse the loan proceeds of \$500,000.00 as follows: Undisbursed Funds: Amount paid on Borrower's account: \$211,038.68 Payment on Loan \$2241,518.78 Amount paid on Borrower's account: \$211,038.68 Payment on Loan \$2258,481.24 \$47,444.69 Payment on Loan \$2258,481.24 \$47,444.69 Payment on Loan \$2258,481.24 \$47,444.69 Payment on Loan \$2258,481.24 \$450.00 CFSB UNDERWRITING FEE \$450.00 CFSB UNDERWRITING FEE \$450.00 CFSB UNDERWRITING FEE \$450.00 CFSB UNDERWRITING FEE \$450.00 MTG RECEASE \$150.00 MTG RECEASE \$150.00 MTG RECEASE \$150.00 MTG RELEASE \$150.

DISCHARGE OF MORTGAGE - short		
The Mortgage, Dated	April 2, 2015	executed by
JONATHAN CREEK WATER DISTRICT, A KI	ENTUCKY RURAL WATER DISTRICT	
to Community Financial Services Bank		
and recorded in the Office of the Register of D Liber 812 of mortgages,		Kentucky
or mortgages,	on Page350	
lo pold and la bandard discharged		
is paid and is hereby discharged. WITNESS my hand and seal this	16 day of	May-16
Signed, Sealed and Delivered in presence of	Alson All	Ac
	- gamaga	[LS.]
	There is a	NON, UP
, c	CORPORATE ACKNOWLEDGEMENT	
State of Kentucky		
County of Marshall ss.		
On this 16 day of	May-16 , before me, a Notary Pu	blic within and for said
County, personally appeared	Grant A Orr and	Catherine M Hart
to me personally known, who, being each by	me duly sworn, did say that they are respectively	y the
Assistant Cashier	Vice President et Con	nmunity Financial Services Bank
the Corporation named in the foregoing instru	ument and that the seal affixed to said instrumen	it is the corporate
seal of said Corporation and that said instrum	nent was signed and sealed in behalf of said Co	rporation by
authority of its Board of Directors, and said	Grant A Orr and	Catherine M Hart
acknowledged said instrument to be the free	act of said Corporation.	
This document prepared by:	Vi:u	× 000 (1.12)
Kister Indich man	VI)VIII Name F	Change Control Change
Kristen Inglish, Document Control Clerk		05509
Community Financial Services Bank	My Com	mission Expires 2-12-18
PO Box 467, Benton, KY 42025		
DISCHA	ARGE OF MORTGAGE	
	SHORT FORM TO	
Register's Office,	· ·	
County ofss.		_
10	day of MOLL A.D. 1U	2ato'clock <u>M., and</u>
Recorded in Liber Mu of	153 on page 347	
1 100		Register

Return to: JONATHAN CREEK WATER DISTRICT 7564 US HWY 68 E

PO BOX 414 BENTON KY 42025-0414

Page Date

9/14/17

Loan History from origination until paid off

JONATHAN CREEK WATER DISTRICT 7564 US HWY 68 E PO BOX 414 BENTON KY 42025-0414

GENERAL INFORMATION

Loan Officer Sammy Jason Pittman #501098

Collateral Cd 015 MUNICIPALS

Call Report Cd 10M TAX FREE MUNICIPAL Purpose Code 19 Tax-Free Municipals

BALANCE & PAYMENT INFORMATION

Original Amount	500,000.00	Payment Due Date	6/15/19
Current Balance	0.00	Payment Amount	9,032.49
Accrued Interest	0.00	Principal/Interest	9,032.49
Daily Per Diem	0.00	Payment Type Interest	Included

LOAN HISTORY 4/02/15 to 5/31/16

Posting Date	Description of Transactions	Transaction Amount	Principal Balance
4/02/15	Interest Rate Change	3.125000%	0.00
4/07/15	Effective Date Debit Interes 4/02/15 Effective Date	112.19	0.00
4/07/15	Advance 4/02/15 Effective Date	258,481.24	258,481.24
4/07/15	Telephone Transfer to DDA	20,000.00	278,481.24
4/23/15	Automatic Transfer from Savi	9,032.49	278,481.24
4/23/15	Allocated Interest Pmt.	498.96	278,481.24
4/23/15	Principal Payment	8,533.53	269,947.71
5/14/15	Automatic Transfer from Savi	9,032.49	269,947.71
5/14/15	Allocated Interest Pmt.	492.10	269,947.71
5/14/15	Principal Payment	8,540.39	261,407.32
6/12/15	Automatic Transfer from DDA	9,032.49	261,407.32
6/12/15	Allocated Interest Pmt.	658.05	261,407.32

6/12/15	Principal Payment	8,374.44	253,032.88
7/06/15	Telephone Transfer to DDA	15,683.36	268,716.24
7/09/15	Telephone Transfer to DDA	23,000.00	291,716.24
7/13/15	Automatic Transfer from Savi	9,032.49	291,716.24
7/13/15	Allocated Interest Pmt.	698.42	291,716.24
7/13/15	Principal Payment	8,334.07	283,382.17
8/13/15	Telephone Transfer to DDA	10,000.00	293,382.17
8/14/15	Automatic Transfer from Savi	9,032.49	293,382.17
8/14/15	Allocated Interest Pmt.	788.04	293,382.17
8/14/15	Principal Payment	8,244.45	285,137.72
9/14/15	Automatic Transfer from Saví	9,032.49	285,137.72
9/14/15	Allocated Interest Pmt.	767.30	285,137.72
9/14/15	Principal Payment	8,265.19	276,872.53
9/29/15	Telephone Transfer to DDA	26,766.00	303,638.53
10/05/15	Telephone Transfer to DDA	82,720.00	386,358.53
10/14/15	Automatic Transfer from Savi	9,032.49	386,358.53
10/14/15	Allocated Interest Pmt.	820.50	386,358.53
10/14/15	Principal Payment	8,211.99	378,146.54
11/03/15	Principal Payment	15,027.00	363,119.54
11/13/15	Automatic Transfer from Savi	9,032.49	363,119.54
11/13/15	Allocated Interest Pmt.	971.71	363,119.54
11/13/15	Principal Payment	8,060.78	355,058.76
12/14/15	Automatic Transfer from Savi	9,032.49	355,058.76
12/14/15	Allocated Interest Pmt.	955.46	355,058.76
12/14/15	Principal Payment	8,077.03	346,981.73
1/14/16	Automatic Transfer from Savi	9,032.49	346,981.73
1/14/16	Allocated Interest Pmt.	933.71	346,981.73
1/14/16	Principal Payment	8,098.78	338,882.95
1/21/16	Telephone Transfer to DDA	25,000.00	363,882.95
2/12/16	Automatic Transfer from Savi	9,032.49	363,882.95
2/12/16	Allocated Interest Pmt.	900.84	363,882.95
2/12/16	Principal Payment	8,131.65	355,751.30
3/14/16	Automatic Transfer from Savi	9,032.49	355,751.30
3/14/16	Allocated Interest Pmt.	957.32	355,751.30
3/14/16	Principal Payment	8,075.17	347,676.13
4/14/16	Automatic Transfer from Savi	9,032.49	347,676.13
4/14/16	Allocated Interest Pmt.	935.58	347,676.13
4/14/16	Principal Payment	8,096.91	339,579.22
5/04/16	Regular Payment	339,57 9.2 2	339,579.22
	5/03/16 Effective Date		
5/04/16	Allocated Interest Pmt.	560.07	339,579.22
	5/03/16 Effective Date		
5/04/16	Principal Payment	8,472.42	331,106.80
	5/03/16 Effective Date		
5/04/16	Effective Date Credit Intere	0.74	331,106.80
	5/03/16 Effective Date		
5/04/16	Principal Payment	330,546.73	560.07
	5/03/16 Effective Date		

JONATHAN CREEK WATER DISTRICT 7564 US HWY 68 E PO BOX 414 BENTON KY 42025-0414

5/04/16	Effective Date Credit Intere 5/03/16 Effective Date	28.69	560.07
5/05/16	Generated Accrual Adjustment 5/03/16 Effective Date	0.09	560.07
5/05/16	Generated Accrual Adjustment 5/03/16 Effective Date	0.01	560.07
5/05/16	Principal Payment 5/03/16 Effective Date	560.07	0.00

YTD/PYTD/LTD AMOUNTS & COUNTERS

Y	(ear-to-Date	Previous YTD	Life-to-Date
Interest Paid	0.00	4,287.52	10,938.06
Principal Paid	0.00	N/A	N/A
Late Charges Paid	0.00	0.00	N/A
Prepayment Penalties	0.00	0.00	0.00
Origination Fees	0.00	0.00	0.00
Extension Fees	0.00		0.00
IRS Interest Reported		4,287.52	10,938.06
Times Past Due 10-29	0	0	0
Times Past Due 30-59	0	0	0
Times Past Due 60-89	0	0	0
Times Past Due 90-119	0	0	0
Times Past Due 120-149	0	0	0
Times Past Due 150-179	0	0	0
Times Past Due 180+	0	0	0
Number of Payments Extend	0	0	0
Number of Times Renewed	0	0	0
Number of Months Extended			0
Number of Extensions			0
Number of Right to Cures	0		0
Number of Bad Checks Rece	ived		0

Thank you for banking with us.