

PROMISSORY NOTE
(ASSOCIATION OR ORGANIZATION)

State			
Kentucky			
County			
Pulaski			
Case No.			
21-000-610847213			
FINANCE OFFICE USE ONLY			
F	LN	LC	IA

- KIND OF LOAN:
- ASSOCIATION- ORGANIZATION
 - HOUSING-ORGANIZATION
 - PUBLIC BODY
 - OTHER

Date 02-20-2008

FOR VALUE RECEIVED, Bronston Water Association
(herein called "Borrower") promises to pay to the order of the United States of America, acting through the Rural Housing Service, Rural Business-Cooperative Service, or Rural Utilities Service within the Rural Development Mission Area, the Farm Service Agency, or their successor Agencies, United States Department of Agriculture, (herein called the "Government") at its office in 100 Nami Plaza Suite 3, London, KY 40741, or at such other place as the Government may hereafter designate in writing, the principal amount of Eight Hundred Fifty Thousand dollars (\$ 850,000.00), plus interest on the unpaid principal balance at the rate of Four and 1/8th percent (4.125%) per annum. The said principal and interest shall be paid in the following installments on or before the following dates:

\$ Interest Only on 02-20-2009,
 \$ Interest Only on 02-20-2010,
 \$ 44,685.00 on 02-20-2011,
 \$ 44,685.00 on 02-20-2012, and
 \$ 44,685.00 thereafter on the 20th of each February

until the principal and interest are fully paid except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable Forty (40) years from the date of this note, and except that prepayments may be made as provided below. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this note shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this note and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this note and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder. No assignment of this note shall be effective unless the Borrower is notified in writing of the name and address of the assignee. The Borrower shall thereupon duly note in its records the occurrence of such assignment, together with the name and address of the assignee.

While this note is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment of Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security hereto, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.


Default hereunder shall constitute default under any other instrument evidencing a debt or other obligation of Borrower to the Government or securing such a debt or other obligation and default under any such other instrument shall constitute default hereunder. Upon any such default, the Government at its option may declare all or any part of any such indebtedness immediately due and payable.

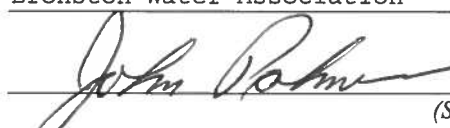
This note is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act if the box opposite "Association" is checked under the heading "KIND OF LOAN," or pursuant to Title V of the Housing Act of 1949 if the box opposite "HOUSING-ORGANIZATION" is checked. This note shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

Presentment, protest, and notice are hereby waived.

(CORPORATE SEAL)

ATTEST:


 (Signature of Attesting Official)
 Secretary
 (Title of Attesting Official)

Bronston Water Association
 (Name of Borrower)

 (Signature of Executive Official)
 President
 (Title of Executive Official)
 P.O. Box 243
 (Post Office Box No. or Street Address)
 Bronston, KY 42518
 (City, State, and Zip Code)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1)\$ 204,570.81	03/13/08	(6)\$ 49,899.19	07/23/2008
(2)\$ 181,806.63	04/01/08	(7)\$ 35,570.86	08/25/2008
(3)\$ 158,205.33	05/02/2008	(8)\$ 51,091.18	09/26/2008
(4)\$ 91,144.04	06/02/2008	(9)\$ 28,000.00	01/27/2009
(5)\$ 49,711.96	06/27/2008	(10)\$	
TOTAL		\$ 850,000.00	\$ 0.00

PAY TO THE ORDER OF _____

UNITED STATES OF AMERICA

 (Name of Agency)

BY _____