

SUBMIT ORIGINAL AND FIVE ADDITIONAL COPIES, UNLESS FILING ELECTRONICALLY

**APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION**

For Small Utilities Pursuant to 807 KAR 5:076
(Alternative Rate Filing)

(Name of Utility)

(Business Mailing Address - Number and Street, or P.O. Box)

(Business Mailing Address - City, State, and Zip)

(Telephone Number)

BASIC INFORMATION

NAME, TITLE, ADDRESS, TELEPHONE NUMBER and E-MAIL ADDRESS of the person to whom correspondence or communications concerning this application should be directed:

(Name)

(Address - Number and Street or P.O. Box)

(Address - City, State, Zip)

(Telephone Number)

(Email Address)

**(For each statement below, the Applicant should check either "YES", "NO", or
"NOT APPLICABLE" (N/A))**

YES NO N/A

1. a. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue.
- b. Applicant operates two or more divisions that provide different types of utility service. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue from the division for which a rate adjustment is sought.
2. a. Applicant has filed an annual report with the Public Service Commission for the past year.
- b. Applicant has filed an annual report with the Public Service Commission for the two previous years.
3. Applicant's records are kept separate from other commonly-owned enterprises.

YES NO N/A

4. a. Applicant is a corporation that is organized under the laws of the state of _____, is authorized to operate in, and is in good standing in the state of Kentucky.
- b. Applicant is a limited liability company that is organized under the laws of the state of _____, is authorized to operate in, and is in good standing in the state of Kentucky.
- c. Applicant is a limited partnership that is organized under the laws of the state of _____, is authorized to operate in, and is in good standing in the state of Kentucky.
- d. Applicant is a sole proprietorship or partnership.
- e. Applicant is a water district organized pursuant to KRS Chapter 74.
- f. Applicant is a water association organized pursuant to KRS Chapter 273.
5. a. A paper copy of this application has been mailed to Office of Rate Intervention, Office of Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601-8204.
- b. An electronic copy of this application has been electronically mailed to Office of Rate Intervention, Office of Attorney General at rateintervention@ag.ky.gov.
6. a. Applicant has 20 or fewer customers and has mailed written notice of the proposed rate adjustment to each of its customers no later than the date this application was filed with the Public Service Commission. A copy of this notice is attached to this application. **(Attach a copy of customer notice.)**
- b. Applicant has more than 20 customers and has included written notice of the proposed rate adjustment with customer bills that were mailed by the date on which the application was filed. A copy of this notice is attached to this application. **(Attach a copy of customer notice.)**
- c. Applicant has more than 20 customers and has made arrangements to publish notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in its service area, the first publication having been made by the date on which this Application was filed. A copy of this notice is attached to this application. **(Attach a copy of customer notice.)**
7. Applicant requires a rate adjustment for the reasons set forth in the attachment entitled "Reasons for Application." **(Attach completed "Reasons for Application" Attachment.)**

This application does not include a rate increase; Customer Notice not required.

YES NO N/A

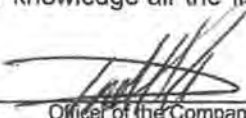
8. Applicant proposes to charge the rates that are set forth in the attachment entitled "Current and Proposed Rates." **(Attach completed "Current and Proposed Rates" Attachment.)** No rate increase is proposed.
9. Applicant proposes to use its annual report for the immediate past year as the test period to determine the reasonableness of its proposed rates. This annual report is for the 12 months ending December 31,_____.
10. Applicant has reason to believe that some of the revenue and expense items set forth in its most recent annual report have or will change and proposes to adjust the test period amount of these items to reflect these changes. A statement of the test period amount, expected changes, and reasons for each expected change is set forth in the attachment "Statement of Adjusted Operations." **(Attach a completed copy of appropriate "Statement of Adjusted Operations" Attachment and any invoices, letters, contracts, receipts or other documents that support the expected change in costs.)**
11. Based upon test period operations, and considering any known and measurable adjustments, Applicant requires additional revenues of \$ _____ and total revenues from service rates of \$ _____. The manner in which these amounts were calculated is set forth in "Revenue Requirement Calculation" Attachment. **(Attach a completed "Revenue Requirement Calculation" Attachment.)**
12. As of the **date of the filing of this application**, Applicant had _____customers.
13. A billing analysis of Applicant's current and proposed rates is attached to this application. **(Attach a completed "Billing Analysis" Attachment.)** Current Billing Analysis Only
14. Applicant's depreciation schedule of utility plant in service is attached. **(Attach a schedule that shows per account group: the asset's original cost, accumulated depreciation balance as of the end of the test period, the useful lives assigned to each asset and resulting depreciation expense.)**
15. a. Applicant has outstanding evidences of indebtedness, such as mortgage agreements, promissory notes, or bonds.
- b. Applicant has attached to this application a copy of each outstanding evidence of indebtedness (e.g., mortgage agreement, promissory note, bond resolution).
- c. Applicant has attached an amortization schedule for each outstanding evidence of indebtedness.

YES NO N/A

- 16. a. Applicant is not required to file state and federal tax returns.
- b. Applicant is required to file state and federal tax returns.
- c. Applicant's most recent state and federal tax returns are attached to this Application.
(Attach a copy of returns.)
- 17. Approximately \$0.00 (Insert dollar amount or percentage of total utility plant) of Applicant's total utility plant was recovered through the sale of real estate lots or other contributions.
- 18. Applicant has attached a completed Statement of Disclosure of Related Party Transactions for each person who 807 KAR 5:076, §4(h) requires to complete such form.

By submitting this application, the Applicant consents to the procedures set forth in 807 KAR 5:076 and waives any right to place its proposed rates into effect earlier than six months from the date on which the application is accepted by the Public Service Commission for filing.

I am authorized by the Applicant to sign and file this application on the Applicant's behalf, have read and completed this application, and to the best of my knowledge all the information contained in this application and its attachments is true and correct.

Signed 
 Officer of the Company/Authorized Representative
 Title General Manager
 Date 09-14-22

COMMONWEALTH OF KENTUCKY
COUNTY OF Shelby

Before me appeared David Hedges, General Manager, who after being duly sworn, stated that he/she had read and completed this application, that he/she is authorized to sign and file this application on behalf of the Applicant, and that to the best of his/her knowledge all the information contained in this application and its attachments is true and correct.

Anna Hedges
 Notary Public
 My commission expires: 9-11-2024



LIST OF ATTACHMENTS
(Indicate all documents submitted by checking box)

Customer Notice of Proposed Rate Adjustment

“Reasons for Application” Attachment”

Current and Proposed Rates” Attachment

“Statement of Adjusted Operations” Attachment

“Revenue Requirements Calculation” Attachment

Attachment Billing Analysis” Attachment

Depreciation Schedules

Outstanding Debt Instruments (i.e., Bond Resolutions, Mortgages, Promissory Notes, Amortization Schedules.)

State Tax Return

Federal Tax Return

Statement of Disclosure of Related Party Transactions - ARF Form 3

LIST OF ATTACHMENTS
North Shelby Water Company

1. Customer Notice of Proposed Rate Adjustments (*Not applicable – no rate change is proposed*)
2. Reasons for Application
3. Current and Proposed Rates (*Current only – no rate change is proposed*)
4. Statement of Adjusted Operations and Revenue Requirements with the following attachments:
 - i. References
 - ii. Table A - Depreciation Expense Adjustments
 - iii. Table B - Debt Service Schedule
5. Current Billing Analysis
6. Proposed Billing Analysis (*No applicable – no rate change is proposed*)
7. Depreciation Schedule
8. Outstanding Debt Instruments
 - i. RD Note 91-07
 - ii. RD Note 91-08
 - iii. RD Note 91-10
 - iv. RD Note 91-12
 - v. RD Note 91-13
 - vi. RD Note 91-14
 - vii. RD Note 91-15
9. Amortization Schedules
10. Statements of Disclosure of Related Party Transactions
11. Board Resolution

Attachment #1

No rate change is included in this Application; therefore, Customer Notice is not required.

Attachment #2

Reasons for Application

North Shelby Water Company (“the Company”) is filing this application in accordance with the Public Service Commission’s Order dated July 19, 2021, in Case No. 2021-00249. The Company is not seeking a change in rates with the current application.

Attachment #3

CURRENT AND PROPOSED RATES

NORTH SHELBY WATER COMPANY

5/8 Inch Meter

		<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
First	2,000 gallons	\$22.88 per month	\$22.88 per month	\$0.00	0.00%
Next	3,000 gallons	\$0.00774 per gallon	\$0.00774 per gallon	\$0.00000	0.00%
Next	5,000 gallons	\$0.00636 per gallon	\$0.00636 per gallon	\$0.00000	0.00%
Next	40,000 gallons	\$0.00567 per gallon	\$0.00567 per gallon	\$0.00000	0.00%
Over	50,000 gallons	\$0.00499 per gallon	\$0.00499 per gallon	\$0.00000	0.00%

1 Inch Meter

		<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
First	5,000 gallons	\$46.10 per month	\$46.10 per month	\$0.00	0.00%
Next	5,000 gallons	\$0.00636 per gallon	\$0.00636 per gallon	\$0.00000	0.00%
Next	40,000 gallons	\$0.00567 per gallon	\$0.00567 per gallon	\$0.00000	0.00%
Over	50,000 gallons	\$0.00499 per gallon	\$0.00499 per gallon	\$0.00000	0.00%

1 1/2 Inch Meter

		<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
First	10,000 gallons	\$77.90 per month	\$77.90 per month	\$0.00	0.00%
Next	40,000 gallons	\$0.00567 per gallon	\$0.00567 per gallon	\$0.00000	0.00%
Over	50,000 gallons	\$0.00499 per gallon	\$0.00499 per gallon	\$0.00000	0.00%

2 Inch Meter

		<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
First	15,000 gallons	\$106.25 per month	\$106.25 per month	\$0.00	0.00%
Next	35,000 gallons	\$0.00567 per gallon	\$0.00567 per gallon	\$0.00000	0.00%
Over	50,000 gallons	\$0.00499 per gallon	\$0.00499 per gallon	\$0.00000	0.00%

3 Inch Meter

		<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
First	35,000 gallons	\$219.65 per month	\$219.65 per month	\$0.00	0.00%
Next	15,000 gallons	\$0.00567 per gallon	\$0.00567 per gallon	\$0.00000	0.00%
Over	50,000 gallons	\$0.00499 per gallon	\$0.00499 per gallon	\$0.00000	0.00%

Attachment #4

SCHEDULE OF ADJUSTED OPERATIONS
NORTH SHELBY WATER COMPANY

	<u>Test Year</u>	<u>Adjustments</u>	<u>Ref.</u>	<u>Proforma</u>
<u>Operating Revenues</u>				
Total Metered Retail Sales	3,408,671	(4,987)	A	3,403,684
Private Fire Protection	-	-		-
Public Fire Protection	3,210	-		3,210
Sales for Resale	-	-		-
Interdepartmental Sales	-	-		-
Other Water Revenues:		-		
Forfeited Discounts	35,435	-		35,435
Miscellaneous Service Revenues	234,423	-		234,423
Rents from Water Property	85,212	-		85,212
Other Water Revenues	13,401	-		13,401
Total Operating Revenues	<u>3,780,352</u>	<u>(4,987)</u>		<u>3,775,365</u>
<u>Operating Expenses</u>				
Operation and Maintenance				
Salaries and Wages - Employees	494,157	111,637	B	
				605,794
Salaries and Wages - Officers	36,400	-		36,400
Employee Pensions and Benefits	319,128	14,826	C	
		(129,887)	D	
		(45,757)	E	
		-		158,310
Purchased Water	1,262,161	(21,257)	F	1,240,904
Purchased Power	85,713	(1,444)	F	84,269
Fuel for Power Production	-	-		-
Chemicals	-	-		-
Materials and Supplies	259,100	-		259,100
Contractual Services	71,897	-		71,897
Rental of Equipment	-	-		-
Rental of Building/Real Property	-	-		-
Transportation Expenses	52,186	-		52,186
Insurance - Vehicle	-	-		-
Insurance - Gen. Liab. & Workers Comp.	63,462	-		63,462
Insurance - Other	-	-		-
Bad Debt	-	-		-
Miscellaneous Expenses	40,414	-		40,414
Total Operation and Mnt. Expenses	<u>2,684,618</u>	<u>(71,883)</u>		<u>2,612,735</u>
Depreciation Expense	747,182	-		
		(72,355)	G	674,827
Taxes Other Than Income	54,324	(867)	H	53,457
Total Operating Expenses	<u>3,486,124</u>	<u>(145,105)</u>		<u>3,341,019</u>
Total Utility Operating Income	294,228	140,118		434,346

REVENUE REQUIREMENTS USING DEBT SERVICE COVERAGE METHOD

Pro Forma Operating Expenses			3,341,019
Plus:	Average Annual Principal and Interest Payments	I	400,942
	Additional Working Capital	I	<u>80,188</u>
Total Revenue Requirement			3,822,150
Less:	Other Operating Revenue		368,471
	Public Fire Protection		<u>3,210</u>
Revenue Required From Sales of Water			3,450,469
Less:	Revenue from Sales with Present Rates		<u>3,403,684</u>
Required Revenue Increase			46,784
Percent Increase			1.37%

REVENUE REQUIREMENTS USING OPERATING RATIO METHOD

Pro Forma Operating Expenses			3,341,019
Divided by: Operating Ratio			<u>88%</u>
Subtotal			3,796,613
Plus:	Interest Expense	J	<u>217,931</u>
Total Revenue Requirement			4,014,543
Less:	Other Operating Revenue		368,471
	Public Fire Protection		<u>3,210</u>
Revenue Required From Sales of Water			3,642,862
Less:	Revenue from Sales with Present Rates		<u>3,403,684</u>
Required Revenue Increase			239,178
Percent Increase			7.03%

REFERENCES

- A. The Current Billing Analysis results in pro forma metered sales revenue of \$3,403,684. This reflects a full year at the retail rates that were effective in 2021 and indicates a decrease to reported Metered Sales of \$4,987 is required.
- B. Since 2021, there have been increases in wage rates resulting in an annual wage increase of \$111,637.
- C. The increase in wages results in higher employee pensions of \$14,826.
- D. The non-cash portion of pension expenses was removed, resulting in a decrease of \$129,887.
- E. The Company pays 100 percent of its employees' health and dental insurance premiums. The PSC requires that expenses associated with this level of employer-funded premiums be adjusted to be consistent with the Bureau of Labor Statistics' national average for an employer's share of health insurance premiums. Average employer shares from BLS are currently 79 percent for single coverage and 66 percent for families. The PSC also limits expenses associated with dental insurance premiums to 60 percent for single and family coverages. Applying those percentages to premiums to be paid in the current year results in a deduction from 2021 benefits expense of \$45,757.
- F. The Company's test year water loss was 16.68 percent. The PSC's maximum allowable loss for rate-making purposes is 15.0 percent. Therefore, the expenses for Purchased Water and Power related to water purchased and pumped above the 15 percent limit are not allowed in the rate base and must be deducted. Purchased Water was decreased by \$21,257 and Purchased Power was decreased by \$1,444.
- G. The PSC requires adjustments to a water utility's depreciation expense when asset lives fall outside the ranges recommended by NARUC in its publication titled "Depreciation Practices for Small Utilities". Therefore, adjustments are included to bring asset lives to the midpoint of the recommended ranges, with Depreciation Expense reduced by \$72,355. See Table A.
- H. The increase in wages results in lower payroll taxes of \$867.
- I. Revenue requirements were computed using the Debt Service Coverage Method. Annual debt service payments for the Company's debt are shown in Table B. The five-year average of these payments \$400,942 is added in the revenue requirement calculation. The amount shown in Table B for coverage on long term debt is required by the Company's loan documents. This amount of \$80,188 is included in the revenue requirement as Additional Working Capital.
- J. Revenue requirements were also computed using the Operating Ratio Method. Average interest over the next five years of \$217,931 were added to the revenue requirement calculation.

Table A
DEPRECIATION EXPENSE ADJUSTMENTS
North Shelby Water Company

<u>Asset</u>	<u>Date in Service</u>	<u>Original Cost *</u>	<u>Life</u>	<u>Reported Depr. Exp.</u>	<u>Life</u>	<u>Proforma Depr. Exp.</u>	<u>Depreciation Expense Adjustment</u>
<u>General Plant</u>							
Structures & Improvements	various	454,562	varies	15,984	37.5	12,122	(3,862)
Communication & Computer Eqmt.					10.0	-	-
Office Furniture & Equipment	various	100,107	varies	14,744	22.5	4,449	(10,295)
Power Operated Equipment					12.5	-	-
Tools, Shop, & Garage Equipment	various	159,712	varies	18,870	17.5	9,126	(9,744)
Tank Repairs & Painting					15.0	-	-
<u>Pumping Plant</u>							
Structures & Improvements					37.5	-	-
Telemetry					10.0	-	-
Pumping Equipment	various	2,239,521	varies	130,347	20.0	111,976	(18,371)
<u>Transmission & Distribution Plant</u>							
Hydrants	various	288,829	varies	5,777	50.0	5,777	-
Transmission & Distribution Mains	various	15,620,670	varies	312,413	62.5	249,931	(62,483)
Meter Installations	various	615,869	varies	18,704	45.0	13,686	(5,018)
Meter Change-outs	various	1,234,448	varies	35,252	15.0	82,297	47,045
Pump Equipment					20.0	-	-
Tank Fence					37.5	-	-
Services	various	670,337	varies	21,576	40.0	16,758	(4,817)
Reservoirs & Tanks	various	4,980,129	varies	101,116	45.0	110,670	9,554
Tank Painting & Repairs					15.0	-	-
<u>Transportation Equipment</u>							
Entire Group	various	403,513	varies	72,106	7.0	57,645	(14,462)
<u>Water Treatment Plant</u>							
Water Treatment Equipment					27.5	-	-
Structures & Improvements	various	14,666	varies	293	37.5	391	98
TOTALS		\$ 26,782,363		\$ 747,182		\$ 674,827	\$ (72,355)

* Includes only costs associated with assets that contributed to depreciation expense in the test year.

Table B
DEBT SERVICE SCHEDULE
North Shelby Water Company
CY 2023 - 2027

	CY 2023		CY 2024		CY 2025		CY 2026		CY 2027		TOTALS
	Principal	Interest & Fees	Principal	Interest & Fees	Principal	Interest & Fees	Principal	Interest & Fees	Principal	Interest & Fees	
RD Note 91-07	10,489	8,555	11,078	7,966	11,702	7,342	12,360	6,684	13,055	5,989	\$ 95,220
RD Note 91-08	7,945	8,041	8,303	7,683	8,676	7,310	9,067	6,919	9,475	6,511	79,930
RD Note 91-10	14,324	16,604	14,951	15,977	15,605	15,323	16,287	14,641	17,000	13,928	154,640
RD Note 91-12	18,240	33,110	18,878	32,472	19,539	31,811	20,223	31,127	20,931	30,419	256,750
RD Note 91-13	35,552	59,641	36,663	58,530	37,809	57,384	38,990	56,203	40,209	54,984	475,965
RD Note 91-14	50,144	60,745	51,335	59,554	52,554	58,335	53,802	57,087	55,080	55,809	554,445
RD Note 91-15	35,244	42,308	36,081	41,471	36,938	40,614	37,815	39,737	38,713	38,839	387,760
TOTALS	171,938	229,004	177,289	223,653	182,823	218,119	188,544	212,398	194,463	206,479	\$ 2,004,710
Average Annual Principal & Interest											\$ 400,942
Average Annual Coverage											\$ 80,188

Interest Only 1,089,653

Average Interest Only 217,931

Attachment #5

**CURRENT BILLING ANALYSIS WITH 2021 USAGE & EXISTING RATES
NORTH SHELBY WATER COMPANY**

SUMMARY

COMPONENT	BILLS	GALLONS	REVENUE
Total Retail Sales	64,254	425,447,200	\$ 3,442,939
Less Adjustments			\$ (39,255)
Total			\$ 3,403,684
From PSC Annual Report			\$ 3,408,671
Difference			\$ (4,987) Adjustment to SAO Billed Revenues
Percent			-0.15%

CONSUMPTION BY RATE INCREMENT

5/8 X 3/4 INCH METER

	USAGE	BILLS	GALLONS	First 2,000	Next 3,000	Next 5,000	Next 40,000	Over 50,000	Total
First	2,000	16,103	14,808,900	14,808,900					14,808,900
Next	3,000	27,521	91,121,700	55,042,000	36,079,700				91,121,700
Next	5,000	13,676	92,199,800	27,352,000	41,028,000	23,819,800			92,199,800
Next	40,000	5,394	96,275,500	10,788,000	16,182,000	26,970,000	42,335,500		96,275,500
Over	50,000	296	29,435,700	592,000	888,000	1,480,000	11,840,000	14,635,700	29,435,700
		62,990	323,841,600	108,582,900	94,177,700	52,269,800	54,175,500	14,635,700	323,841,600

REVENUE BY RATE INCREMENT

5/8 X 3/4 INCH METER

	USAGE	BILLS	GALLONS	RATE	REVENUE
First	2,000	62,990	108,582,900	\$22.88 per month	\$ 1,441,211.00
Next	3,000		94,177,700	\$0.00774 per gallon	\$ 728,935.00
Next	5,000		52,269,800	\$0.00636 per gallon	\$ 332,436.00
Next	40,000		54,175,500	\$0.00567 per gallon	\$ 307,175.00
Over	50,000		14,635,700	\$0.00499 per gallon	\$ 73,032.00
			323,841,600		\$ 2,882,789.00

CONSUMPTION BY RATE INCREMENT

1 INCH METER

	USAGE	BILLS	GALLONS	First 5,000	Next 5,000	Next 40,000	Over 50,000	Total
First	5,000	506	937,500	937,500				937,500

Next	5,000	238	1,663,000	1,190,000	473,000			1,663,000
Next	40,000	161	3,089,200	805,000	805,000	1,479,200		3,089,200
Over	50,000	23	<u>2,198,000</u>	<u>115,000</u>	<u>115,000</u>	<u>920,000</u>	<u>1,048,000</u>	<u>2,198,000</u>
		928	7,887,700	3,047,500	1,393,000	2,399,200	1,048,000	7,887,700

REVENUE BY RATE INCREMENT

1 INCH METER

	USAGE	BILLS	GALLONS	RATE	REVENUE
First	5,000	928	3,047,500	\$46.10 per month	\$ 42,781.00
Next	5,000		1,393,000	\$0.00636 per gallon	\$ 8,859.00
Next	40,000		2,399,200	\$0.00567 per gallon	\$ 13,603.00
Over	50,000		<u>1,048,000</u>	\$0.00499 per gallon	<u>\$ 5,230.00</u>
			7,887,700		\$ 70,473.00

CONSUMPTION BY RATE INCREMENT

1 1/2 INCH METER

	USAGE	BILLS	GALLONS	First 10,000	Next 40,000	Over 50,000	Total
First	10,000	58	117,000	117,000			117,000
Next	40,000	14	328,400	140,000	188,400		328,400
Over	50,000	<u>41</u>	<u>7,297,800</u>	<u>410,000</u>	<u>1,640,000</u>	<u>5,247,800</u>	<u>7,297,800</u>
		113	7,743,200	667,000	1,828,400	5,247,800	7,743,200

REVENUE BY RATE INCREMENT

1 1/2 INCH METER

	USAGE	BILLS	GALLONS	RATE	REVENUE
First	10,000	113	667,000	\$77.90 per month	\$ 8,803.00
Next	40,000		1,828,400	\$0.00567 per gallon	\$ 10,367.00
Over	50,000		<u>5,247,800</u>	\$0.00499 per gallon	<u>\$ 26,187.00</u>
			7,743,200		\$ 45,357

CONSUMPTION BY RATE INCREMENT

2 INCH METER

	USAGE	BILLS	GALLONS	First 15,000	Next 35,000	Over 50,000	Total
First	15,000	51	328,700	328,700			328,700
Next	35,000	38	1,081,900	570,000	511,900		1,081,900
Over	50,000	<u>74</u>	<u>11,679,300</u>	<u>1,110,000</u>	<u>2,590,000</u>	<u>7,979,300</u>	<u>11,679,300</u>
		163	13,089,900	2,008,700	3,101,900	7,979,300	13,089,900

REVENUE BY RATE INCREMENT

2 INCH METER

	USAGE	BILLS	GALLONS	RATE	REVENUE
--	-------	-------	---------	------	---------

First	15,000	163	2,008,700	\$106.25 per month	\$	17,319.00
Next	35,000		3,101,900	\$0.00567 per gallon	\$	17,588.00
Over	50,000		<u>7,979,300</u>	\$0.00499 per gallon	\$	<u>39,817.00</u>
			13,089,900		\$	74,724

CONSUMPTION BY RATE INCREMENT

3 INCH METER

	USAGE	BILLS	GALLONS	First	Next	Over	Total
				35,000	15,000	50,000	
First	35,000	18	72,700	72,700			72,700
Next	15,000	1	37,400	35,000	2,400		37,400
Next	50,000	<u>41</u>	<u>72,774,700</u>	<u>1,435,000</u>	<u>615,000</u>	<u>70,724,700</u>	<u>72,774,700</u>
		60	72,884,800	1,542,700	617,400	70,724,700	72,884,800

REVENUE BY RATE INCREMENT

3 INCH METER

	USAGE	BILLS	GALLONS	RATE	REVENUE
First	35,000	60	1,542,700	\$219.65 per month	\$ 13,179.00
Next	15,000		617,400	\$0.00567 per gallon	\$ 3,501.00
Over	50,000		<u>70,724,700</u>	\$0.00499 per gallon	<u>\$ 352,916.00</u>
			72,884,800		\$ 369,596

Attachment #6

This application does not include a rate
Increase; therefore, a Proposed Billing
Analysis is not required.

Attachment #7

**NORTH SHELBY WATER COMPANY
DEPRECIATION SCHEDULE
SUMMARY SHEET
DECEMBER 31, 2021**

	12/31/2021	2021
	ENDING	Anticipated
	BALANCE	Depreciation
STRUCTURES & IMPROVEMENTS # 105	22,159.23	1,570.42
STANDPIPES # 107	4,980,129.27	101,115.95
WATER TREATMENT PLANT # 108	14,666.42	293.33
WATER DISTRIBUTION MAINS # 109	15,620,669.72	312,413.40
SERVICES # 110	670,336.94	21,575.82
METERS # 111	1,234,448.12	35,251.64
METER INSTALLATION # 112	615,868.52	18,703.72
HYDRANTS # 113	288,828.96	5,776.60
PUMPING STATION EQUIP # 115	2,239,520.92	130,346.64
WATER SALES STATION # 116	-	0.00
BUILDING # 149	432,403.22	14,413.44
OFFICE EQUIPMENT # 150	100,107.47	14,744.15
TRANSPORTATION EQUIPMENT # 155	403,512.50	72,106.48
SHOP EQUIPMENT # 157	159,711.97	18,870.24
	26,782,363.26	747,181.82

Attachment #8

PROMISSORY NOTE
(ASSOCIATION OR ORGANIZATION)

State			
KY.			
County			
SHELBY			
Case No.			
21-06-237115869			
FINANCE OFFICE USE ONLY			
F	LN	LC	IA
91	07		

KIND OF LOAN:

- ASSOCIATION - ORGANIZATION
- HOUSING - ORGANIZATION
- PUBLIC BODY
- OTHER

Date April 20, 19 93

FOR VALUE RECEIVED, NORTH SHELBY WATER COMPANY
 (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, (herein called the "Government") at its office in Box 1227, Shelbyville, Kentucky 40066-3227, or at such other place as the Government may hereafter designate in writing, the principal amount of THREE HUNDRED THOUSAND SIX HUNDRED AND NO/100 dollars (\$ 300,600.00), plus interest on the unpaid principal balance at the rate of FIVE & FIVE EIGHTS percent (5.625%) per annum. The said principal and interest shall be paid in the following installments on or before the following dates:

\$ 19,044. on April 20, 19 94,
 \$ _____ on _____, 19 _____,
 \$ _____ on _____, 19 _____,
 \$ _____ on _____, 19 _____, and
 \$ 19,044 thereafter on the 20th. of each April

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 Farmers Home Administration 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 Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

Presentment, protest, and notice are hereby waived.

(CORPORATE SEAL)

NORTH SHELBY WATER COMPANY

(Name of Borrower)

Duncan LeCompte
(Signature of Executive Official)

President

(Title of Executive Official)

P.O. Box 97
Bagdad, Kentucky 40003

(Post Office Box No. or Street Address)

(City, State, and Zip Code)

ATTEST:

William L. Tingle
William L. Tingle (Signature of Attesting Official)
Secretary
(Title of Attesting Official)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$ 300,600.	April 20, 1993	(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	
TOTAL		300,600.	

PAY TO THE ORDER OF _____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

BY _____

009052

REAL ESTATE MORTGAGE FOR KENTUCKY

THIS MORTGAGE is made and entered into by North Shelby Water Company

residing in Shelby County, Kentucky, whose post office address is P.O. Box 97, Bagdad, Kentucky 40003, herein called "Borrower," and:

WHEREAS Borrower is indebted to the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, herein called the "Government," as evidenced by one or more promissory note(s) or assumption agreement(s) or any shared appreciation or recapture agreement, herein called "note," which has been executed by Borrower, is payable to the order of the Government, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is described as follows:

<u>Date of Instrument</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Due Date of Final Installment</u>
April 20, 1993	\$300,600.00	5.625%	April 20, 2033
April 25, 1983	650,000.00	9.125%	April 25, 2023
July 31, 1979	230,000.00	5.00%	July 31, 2019
July 21, 1971	1,500,000.00	5.00%	July 21, 2011

(The interest rate for limited resource farm ownership or limited resource operating loan(s) secured by this instrument may be increased as provided in the Farmers Home Administration regulations and the note.)

And the note evidences a loan to Borrower, and the Government, at any time, may assign the note and insure the payment thereof pursuant to the Consolidated Farm and Rural Development Act, Title V of the Housing Act of 1949 or any other statute administered by the Farmers Home Administration.

And it is the purpose and intention of this instrument that, among other things, at all times when the note is held by the Government, or in the event the Government should assign this instrument without insurance of the note, this instrument shall secure payment of the note; but when the note is held by an insured holder this instrument shall not secure payment of the note or attach to the debt evidenced thereby, but as to the note and such debt shall constitute an indemnity mortgage to secure the Government against loss under its insurance contract by reason of any default by Borrower.

And this instrument also secures the recapture of any interest credit or subsidy which may be granted to the Borrower by the Government pursuant to 42 U.S.C. §1490a, or any amounts due under any Shared Appreciation Agreement/Recapture Agreement entered into pursuant to 7 U.S.C. 2001.

NOW, THEREFORE, in consideration of the loan(s) and (a) at all times when the note is held by the Government, or in the event the Government should assign this instrument without insurance of the payment of the note, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, including any provision for the payment of an insurance or other charge, (b) at all times when the note is held by an insured holder, to secure performance of Borrower's agreement herein to indemnify and save harmless the Government against loss under its insurance contract by reason of any default by Borrower, and (c) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described, and the performance of every covenant and agreement of Borrower contained herein or in any supplementary agreement, Borrower does hereby sell, convey, and assign, with general warranty, unto the Government the following property situated in the State of Kentucky,

County(ies) of Shelby and Franklin

SEE EXHIBIT A ATTACHED HERETO FOR REAL ESTATE DESCRIPTION

SEE EXHIBIT B ATTACHED HERETO FOR ADDITIONAL GRANTING CLAUSE

being the same (or part of the same) land conveyed*

together with all rights (including the rights to mining products, gravel, oil, gas, coal or other minerals), interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues and profits thereof and revenues and income therefrom, all improvements and personal property now or later attached thereto or reasonably necessary to the use thereof, including, but not limited to, ranges, refrigerators, clothes washers clothes dryers, or carpeting purchased or financed in whole or in part with loan funds, all water, water rights, and water stock pertaining thereto, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance, or condemnation of any part thereof or interest therein-all of which are herein called "the property"; All rents, profits and income from the property covered by this mortgagee are hereby assigned to the mortgagee for the purpose of discharging the debt hereby secured. Permission is hereby given to the mortgagor, so long as no default exist hereunder, to collect such rents, profits and income for use in accordance with Farmers Home Administration regulations.

TO HAVE AND TO HOLD the property unto the Government and its assigns forever in fee simple.

BORROWER for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns WARRANTS THE TITLE to the property to the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, and COVENANTS AND AGREES as follows:

(1) To pay promptly when due any indebtedness to the Government hereby secured and to indemnify and save harmless the Government against any loss under its insurance of payment of the note by reason of any default by Borrower. At all times when the note is held by an insured holder, Borrower shall continue to make payments on the note to the Government, as collection agent for the holder.

(2) To pay to the Government such fees and other charges as may now or hereafter be required by regulations of the Farmers Home Administration.

(3) If required by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges upon the mortgaged premises.

(4) Whether or not the note is insured by the Government, the Government may at any time pay any other amounts required herein to be paid by Borrower and not paid by Borrower when due, as well as any costs and expenses for the preservation, protection, or enforcement of this lien, as advances for the account of Borrower. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.

(5) All advances by the Government as described in this instrument, with interest, shall be immediately due and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured hereby. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Any payment made by Borrower may be applied on the note or any indebtedness to the Government secured hereby, in any order the Government determines.

(6) To use the loan evidenced by the note solely for purposes authorized by the Government.

(7) To pay when due all taxes, liens, judgments encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.

(8) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.

(9) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as the Government from time to time may prescribe, and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property. Upon termination of this mortgage, after payment in full, the mortgagee, at the mortgagor's expense, shall execute and file or record such instruments of release, satisfaction and termination in proper form pursuant to the requirements contained in KRS 382.365.

(12) Except as otherwise provided by the Farmers Home Administration regulations, neither the property nor any portion thereof or interest therein shall be leased, assigned, sold, transferred, or encumbered voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as mortgagee hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction, and no insured holder shall have any right, title or interest in or to the lien or any benefits hereof.

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

(14) The Government may (a) adjust the interest rate, payment, terms or balance due on the loan, (b) increase the mortgage by an amount equal to deferred interest on the outstanding principal balance, (c) extend or defer the maturity of, and renew and reschedule the payments on, the debt evidenced by the note or any indebtedness to the Government secured by this instrument, (d) release any party who is liable under the note or for the debt from liability to the Government, (e) release portions of the property and subordinate its lien and (f) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument unless the Government says otherwise in writing. HOWEVER, any forbearance by the Government--whether once or often--in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

(15) If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, upon the Government's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

(16) Default hereunder shall constitute default under any other real estate, or under any personal property, or other security instrument held or insured by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(17) SHOULD DEFAULT occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should any one of the parties named as Borrower die or be declared an incompetent, or should any one of the parties named as Borrower be discharged in bankruptcy or declared an insolvent, or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, (d) foreclose this instrument as provided herein or by law, and (e) enforce any and all other rights and remedies provided herein or by present or future law.

(18) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) any prior liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all indebtedness to the Government secured hereby, (d) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness of Borrower owing to or insured by the Government, and (f) any balance to Borrower. At foreclosure or other sale of all or any part of the property, the Government and its agents may bid and purchase as a stranger and may pay the Government's share of the purchase price by crediting such amount on any debts of Borrower owing to or insured by the Government, in the order prescribed above.

(19) Borrower agrees that the Government will not be bound by any present or future State laws, (a) providing for valuation, appraisal, homestead or exemption of the property, (b) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action may be brought, (c) prescribing any other statute of limitations, (d) allowing any right of redemption or possession following any foreclosure sale, or (e) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State law. Borrower hereby relinquishes, waives, and conveys all rights, inchoate or consummate, of descent, dower, and curtesy.

(20) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower will, after receipt of a bona fide offer, refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex, handicap, familial status, age or national origin, and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex, handicap, familial status, age or national origin.

(21) Borrower further agrees that the loan(s) secured by this instrument will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 CFR Part 1940, Subpart G, Exhibit M.

(22) This instrument shall be subject to the present regulations of the Farmers Home Administration, and to its future regulations not inconsistent with the express provisions hereof.

(23) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, addressed, unless and until some other address is designated in a notice so given in the case of the Government to Farmers Home Administration at 333 Waller Avenue, Lexington, Kentucky 40504, and in the case of Borrower at the address shown in the Farmers Home Administration Finance Office records (which normally will be the same as the post office address shown above).

(24) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

Given under the hand(s) and seal(s) of Borrower this 20th day of April, 19 93.

Duncan S Longle, President (SEAL)
William S Tingle, Secretary (SEAL)

STATE OF KENTUCKY }
COUNTY OF SHELBY } ss:

Before me, Don Prather, a Notary Public in and for
the County of Shelby personally appeared Duncan S Longle, President

and William S Tingle, Secretary, his wife,

who acknowledged that they executed the foregoing instrument on the 20th
day of April, 19 93, as their free act and deed.

WITNESS my hand and official seal this 20th day of April, 1993.

Don Prather

(SEAL)

Notary Public

My commission expires 2/1/95

PREPARER'S STATEMENT

The form of this instrument was drafted by the Office of the General Counsel of the United States Department of Agriculture, and the material in the blank spaces in the form was inserted by or under the direction of Donald T. Prather:

Mathis, Riggs, Prather & Dean, P.S.C., P.O. Box 1059, Shelbyville, KY 40066,

Don Prather

(Signature)

RECORDER'S CERTIFICATE

STATE OF KENTUCKY }
COUNTY OF Shelby } ss:

I, Sue Carole Perry, Clerk of the County Court for the County aforesaid, do certify
that the foregoing mortgage was on the 20th day of April, 19 93, lodged for record
at 3:11 o'clock P.M., whereupon the same, with the foregoing and this certificate, have been duly recorded in my office.

Given under my hand this 20th day of April, 19 93

Sue Carole Perry
Clerk of Shelby County Court
By Theresa Chavitt, D.C.

EXHIBIT A**TRACT NO. 1:**

All that tract or parcel of land situated southwest of St. Johns Road (S.R. 1570) east of Bryant-Benson Road and west of U. S. 421 approximately 5.5 miles north west of Frankfort in Franklin County, Kentucky and more fully described and bounded as follows to-wit:

BEGINNING at a point in the center line of St. Johns Road, said point being in the northwest corner of the Alan C. Moore property and corner to E. W. Toppass; thence measuring eastwardly along the center line of the St. Johns Road as it meanders approximately 412 feet to the extension of an existing interior fence on the Alan C. Moore property; thence with the fence S 83° 13' W 105.7 feet, more or less, to a steel cap in a concrete monument, this being the beginning corner of the North Shelby Water Company tank property; thence for four new calls with Alan C. Moore N 13° 46' W 100 feet to a steel cap in a concrete monument, S 83° 13' W 100 feet to a steel cap in a concrete monument, S 13° 46' E 100 feet to a steel cap in a concrete monument placed in the line of the previously described existing interior fence and N 83° 13' E 100 feet to the beginning and containing 0.23 acre and being subject to easements and rights-of-way of record and in existence.

ALSO, in addition to the above, there is a permanent easement for construction and maintenance of a roadway and water line and for ingress and egress twenty (20) feet wide located adjacent to the north side of the previously described existing interior fence extending from the center line of St. Johns Road to the above described tank property for a distance of approximately 105.7 feet.

BEING the same property conveyed to North Shelby Water Company by deed from Alan C. Moore, dated August 16, 1979, of record in Franklin County Clerk's office in Deed Book 299, Page 290.

TRACT NO. 2:

Located on the south side of Dry Ridge Road in Shelby County, Kentucky, near the Franklin County line and is described as follows:

BEGINNING at a point in the Grantors' present line with the E. W. Kessler property, said point located approximately 560 feet west of the Franklin County line Highway sign, and approximately 30 feet south of the center of Dry Ridge Road; thence with the existing fence between the grantors and Kessler in a southerly direction 25 feet to a point in the fence; thence in a westerly direction 30 feet to a point; thence in a northerly direction to a point located approximately 30 feet south of the center of Dry Ridge Road; thence parallel with the center of Dry Ridge Road in an easterly direction 30 feet to the point of beginning, containing approximately 0.02 acre, more or less, together with a perpetual easement 10 feet in width and extending along the aforesaid fenceline to the Dry Ridge Road with the right to erect, install, use and maintain a waterline and also to use said easement for purposes of ingress and egress from the above described pumping station site.

Earl Webster land, 100.0' to a 1" iron pipe set in concrete, a corner common to said Webster land and land of Vernon Johnson; thence 2 lines with said Vernon Johnson land, N 83° 47' W, 100.0' to a 1" iron pipe set in concrete, and N 16° 39' 20" W, 100.0' to a 1" iron pipe set in concrete, a point S 16° 39' 20" E, 34.9' from the centerline of said Dry Ridge Road; thence S 83° 47' E, more or less parallel to the centerline of said Dry Ridge Road, 100.0' to the point of beginning and containing 0.212 acre of land, more or less, according to survey by Joseph N. Swanson, RLS #2085, dated May 17, 1982.

BEING the same property conveyed to the North Shelby Water Company by deed dated November 9, 1982, of record in the Shelby County Clerk's office in Deed Book 220, Page 457.

TRACT NO. 4:

Located on the east side of St. Johns Road (Ky. Highway #1570) in Franklin County, Kentucky, and thus described:

BEGINNING at a point in the line of land of Charles Wiley S 82° 30' E 23.25' from a nail in the centerline of St. Johns Road (Ky. Route 1570); said point witnessed by a 1" iron pipe set in concrete which bears S 82° 30' E, 3.72' from said point; thence S 82° 30' E. with the line of said Charles Wiley land, 40.0 feet to a 1" iron pipe set in concrete, a corner common to land of Charles Wiley and land of Rita S. Moore; thence 2 lines with said Moore land, N 07° 30' E, 40.0' to a 1" iron pipe set in concrete, and N 82° 30' W, 40.0' to a 1" iron pipe set in concrete on the easterly side of St. Johns Road; thence, S 07° 30' W, more or less parallel with said St. Johns Road, 40.0' to the point of beginning and containing 0.037 acre of land, more or less, according to survey of September 2, 1982, by Joseph N. Swanson, PLS KYLS #2085.

BEING the same property conveyed to North Shelby Water Company by deed dated February 2, 1983, of record in the Franklin County Clerk's office in Deed Book 319, Page 508.

TRACT NO. 5:

Located on the East of U. S. 421 in Franklin County, Kentucky, and described as follows:

BEGINNING at a 1" iron pipe set in concrete N 89° 30' E, 33' from a stone fence on the west side of the old Benson Road at a point 115' northerly from the intersection of said old Benson Road with the northerly line of land now owned by Devil Goins thence N 89° 30' E with land of Melvin W. and Marie S. Ramsey 40.0' to a 1" iron pipe set in concrete; thence N 00° 30' W, continuing with said Ramsey land, 40.0' to a 1" iron pipe set in concrete; thence S 89° 30' W, continuing with said Ramsey land 40.0' to a 1" iron pipe set in concrete; thence S 00° 30' E, more or less parallel with the old Benson Road and the aforementioned stone fence 40.0' to the point of beginning and containing 0.037 acre of land, more or less, according to survey of April 14, 1983 by Joseph N. Swanson, PLS KYLS #2085.

BEING that property conveyed to the North Shelby Water Company by deed dated April 21, 1983 of record in the Franklin County Clerk's

N 86° 07' 10" W 75.00 feet to an iron pin (set),
 N 03° 52' 50" E 75.00 feet to an iron pin (set),
 S 86° 07' 10" E 75.00 feet to an iron pin (set), and
 S 03° 52' 50" W 75.00 feet to the point of beginning and containing
 0.13 acre (5, 625 S.F.).

Also a perpetual easement to use for ingress and egress over the following described fourteen-foot (14 ft.) wide strip:

BEGINNING at an existing iron pin located in the North right-of-way of Kentucky Highway 362 corner to the tract conveyed to John Williams (Deed Book 192, Page 617); thence with the North right-of-way of Kentucky Highway 362 N 72° 25' 50" E 83.85 feet to an iron pin (set) and N 87° 18' 50" E 79.90 feet to an iron pin (set), said iron pin being the point of beginning for this described easement; thence along the East line of said easement and through the property of Grantors N 03° 52' 50" E 176.04 feet to an iron pin (set), said pin being the Southeast corner of the proposed water tower site and the Northeast corner of this easement; thence with the South line of the proposed water tower site N 86° 07' 10" W 14.00 feet to an iron pin; thence through the property of Grantors S 03° 52' 50" W 177.65 feet to an iron pin set in the North right-of-way of Kentucky Highway 362; thence with said right-of-way N 87° 18' 50" E 14.09 feet to the point of beginning.

BEING the same property conveyed to North Shelby Water Company by deed from Robert R. Cook, Sr. and Betty C. Cook, his wife, dated July 3, 1986, and recorded in the Shelby County Clerk's office in Deed Book 238, Page 102.

TRACT NO. 7:

The following described property situated in Bagdad, Shelby County, Kentucky, and thus described:

BEGINNING at an iron pin at the intersection of the right of ways of the Shelbyville and Bagdad road and the Bagdad and Jacksonville road, said iron pin being 20 feet from the centerline of each said road; thence westernly with the Bagdad and Shelbyville Road right-of-way 147 feet to an iron pin corner to Harrison; thence Harrison's line in a northernly direction 103.5 feet corner to Harrison and Cox's heirs; thence Easternly with Cox's line 147 feet to the right of Bagdad and Jacksonville Road; thence with the said right of way in a Southernly direction 103.5 feet to the beginning.

BEING the same property conveyed to North Shelby Water Company, from Crume Hundley Oil Company, Inc., a Kentucky corporation, by deed dated November 11, 1983, of record in Deed Book 224, Page 553.

TRACT NO. 8:

A tract of land situated in Shelby County, Kentucky near the Jefferson County line on the East side of the Long Run Road and more particularly described as follows:

BEGINNING at the Northeast corner of M. H. Satterly and the Northwest corner of Catlett in the new right-of-way of Long Run Road; thence with said new right of way line N 32° 14' 25" E, 25.00 feet to a new corner of Catlett; thence with a new line of Catlett

EXHIBIT B TO REAL ESTATE MORTGAGE

GRANTING CLAUSE TWO

All right, title and interest of the Borrower in any property, real, personal, mixed, tangible, or intangible, of every nature and kind whatsoever consisting of sites, tanks, pumping stations, pipelines, meters, and all fixed equipment and appurtenances thereto including easements, permits, franchises and licenses obtained or to be obtained from private, public, or semi-public agencies, bodies or individuals in the County of Franklin & Shelby, State of Kentucky, and all such properties and assets that the Borrower may hereafter acquire, with like effect as though now owned by the Borrower and as though covered and conveyed hereby by specific and apt descriptions, together with all revenues and service charges which may arise or be had from the operation of the business of the Borrower and any and all extensions and additions thereto.

2wtr\ns\opinio93.ExB

BY  SUE CAROLE PERRY
SHELBY COUNTY CLERK
D.C.

1993 APR 20 P 3: 11

FORWARD ST. CLERK
SHELBY COUNTY CLERK

2002 4 15

9103 -

USDA
Form RD 440-22
(Rev. 6-98)

PROMISSORY NOTE
(ASSOCIATION OR ORGANIZATION)

State	KENTUCKY		
County	SHELBY		
Case No.	21-06-237115869		
FINANCE OFFICE USE ONLY			
F	LN	LC	IA
91	08		

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

Date October 16, 1998

FOR VALUE RECEIVED, NORTH SHELBY WATER COMPANY
 (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 1900 Midland Trail, Shelbyville, KY 40065, or at such other place as the Government may hereafter designate in writing, the principal amount of TWO HUNDRED EIGHTY-EIGHT THOUSAND FIVE HUNDRED AND NO/100'S dollars (\$ 288,500.00), plus interest on the unused principal balance at the rate of FOUR AND ONE-HALF percent (4.5 %) per annum. The said principal and interest shall be paid in the following installments on or before the following dates:

\$ INTEREST ONLY on OCTOBER 16, 1999,
 \$ INTEREST ONLY on OCTOBER 16, 2000,
 \$ _____ on _____,
 \$ _____ on _____, and
 \$ 15,986.00 thereafter on the 16TH OF OCTOBER of each YEAR

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.

NORTH SHELBY WATER COMPANY

(Name of Borrower)

(CORPORATE SEAL)

ATTEST:

William L. Tingle
 William L. Tingle
 Secretary-Treasurer
 (Title of Attesting Official)

Duncan LeCompte
 Duncan LeCompte
 President
 (Title of Executive Official)
 P. O. Box 97
 (Post Office Box No. or Street Address)
 Bagdad, KY 40003
 (City, State, and Zip Code)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$ 288,500.00	10/16/1998	(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(3) \$		(9) \$	
(5) \$		(10) \$	
	TOTAL	288,500.00	

PAY TO THE ORDER OF _____

UNITED STATES OF AMERICA

(Name of Agency)

BY _____

REAL ESTATE MORTGAGE FOR KENTUCKY

THIS MORTGAGE is made and entered into by _____

NORTH SHELBY WATER COMPANY

residing in SHELBY County, Kentucky, whose post office

address is P. O. Box 97 Bagdad, Kentucky 40003,

herein called "Borrower," and:

WHEREAS Borrower is indebted to the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, herein called the "Government," as evidenced by one or more promissory note(s) or assumption agreement(s) or any shared appreciation or recapture agreement, herein called "note," which has been executed by Borrower, is payable to the order of the Government, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is described as follows:

<u>Date of Instrument</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Due Date of Final Installment</u>
October 16, 1998	\$288,500.00	4.50%	October 16, 2033
April 20, 1993	\$300,600.00	5.625%	April 20, 2033
July 31, 1979	\$230,000.00	5.00%	July 31, 2019
December 30, 1971	\$500,000.00	5.00%	December 30, 2011
June 15, 1972	\$500,000.00	5.00%	June 15, 2012
July 21, 1971	\$500,000.00	5.00%	July 21, 2011

(The interest rate for limited resource farm ownership or limited resource operating loan(s) secured by this instrument may be increased as provided in the Farmers Home Administration regulations and the note.)

And the note evidences a loan to Borrower, and the Government, at any time, may assign the note and insure the payment thereof pursuant to the Consolidated Farm and Rural Development Act, Title V of the Housing Act of 1949 or any other statute administered by the Farmers Home Administration.

And it is the purpose and intention of this instrument that, among other things, at all times when the note is held by the Government, or in the event the Government should assign this instrument without insurance of the note, this instrument shall secure payment of the note; but when the note is held by an insured holder this instrument shall not secure payment of the note or attach to the debt evidenced thereby, but as to the note and such debt shall constitute an indemnity mortgage to secure the Government against loss under its insurance contract by reason of any default by Borrower.

And this instrument also secures the recapture of any interest credit or subsidy which may be granted to the Borrower by the Government pursuant to 42 U.S.C. §1490a, or any amounts due under any Shared Appreciation Agreement/Recapture Agreement entered into pursuant to 7 U.S.C. 2001.

NOW, THEREFORE, in consideration of the loan(s) and (a) at all times when the note is held by the Government, or in the event the Government should assign this instrument without insurance of the payment of the note, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, including any provision for the payment of an insurance or other charge, (b) at all times when the note is held by an insured holder, to secure performance of Borrower's agreement herein to indemnify and save harmless the Government against loss under its insurance contract by reason of any default by Borrower, and (c) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described, and the performance of every covenant and agreement of Borrower contained herein or in any supplementary agreement, Borrower does hereby sell, convey, and assign, with general warranty, unto the Government the following property situated in the State of Kentucky,

County(ies) of Shelby and Franklin :

SEE EXHIBIT A ATTACHED HERETO FOR REAL ESTATE DESCRIPTION
SEE EXHIBIT B ATTACHED HERETO FOR ADDITIONAL GRANTING CLAUSE

being the same (or part of the same) land conveyed*

together with all rights (including the rights to mining products, gravel, oil, gas, coal or other minerals), interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues and profits thereof and revenues and income therefrom, all improvements and personal property now or later attached thereto or reasonably necessary to the use thereof, including, but not limited to, ranges, refrigerators, clothes washers clothes dryers, or carpeting purchased or financed in whole or in part with loan funds, all water, water rights, and water stock pertaining thereto, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance, or condemnation of any part thereof or interest therein-all of which are herein called "the property"; All rents, profits and income from the property covered by this mortgagee are hereby assigned to the mortgagee for the purpose of discharging the debt hereby secured. Permission is hereby given to the mortgagor, so long as no default exist hereunder, to collect such rents, profits and income for use in accordance with Farmers Home Administration regulations.

TO HAVE AND TO HOLD the property unto the Government and its assigns forever in fee simple.

BORROWER for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns WARRANTS THE TITLE to the property to the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, and COVENANTS AND AGREES as follows:

(1) To pay promptly when due any indebtedness to the Government hereby secured and to indemnify and save harmless the Government against any loss under its insurance of payment of the note by reason of any default by Borrower. At all times when the note is held by an insured holder, Borrower shall continue to make payments on the note to the Government, as collection agent for the holder.

(2) To pay to the Government such fees and other charges as may now or hereafter be required by regulations of the Farmers Home Administration.

(3) If required by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges upon the mortgaged premises.

(4) Whether or not the note is insured by the Government, the Government may at any time pay any other amounts required herein to be paid by Borrower and not paid by Borrower when due, as well as any costs and expenses for the preservation, protection, or enforcement of this lien, as advances for the account of Borrower. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.

(5) All advances by the Government as described in this instrument, with interest, shall be immediately due and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured hereby. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Any payment made by Borrower may be applied on the note or any indebtedness to the Government secured hereby, in any order the Government determines.

(6) To use the loan evidenced by the note solely for purposes authorized by the Government.

(7) To pay when due all taxes, liens, judgments encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.

(8) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.

(9) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as the Government from time to time may prescribe, and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property. Upon termination of this mortgage, after payment in full, the mortgagee, at the mortgagor's expense, shall execute and file or record such instruments of release, satisfaction and termination in proper form pursuant to the requirements contained in KRS 382.365.

(12) Except as otherwise provided by the Farmers Home Administration regulations, neither the property nor any portion thereof or interest therein shall be leased, assigned, sold transferred, or encumbered voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as mortgagee hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction, and no insured holder shall have any right, title or interest in or to the lien or any benefits hereof.

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

(14) The Government may (a) adjust the interest rate, payment, terms or balance due on the loan, (b) increase the mortgage by an amount equal to deferred interest on the outstanding principal balance, (c) extend or defer the maturity of, and renew and reschedule the payments on, the debt evidenced by the note or any indebtedness to the Government secured by this instrument, (d) release any party who is liable under the note or for the debt from liability to the Government, (e) release portions of the property and subordinate its lien and (f) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument unless the Government says otherwise in writing. HOWEVER, any forbearance by the Government--whether once or often--in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

(15) If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, upon the Government's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

(16) Default hereunder shall constitute default under any other real estate, or under any personal property, or other security instrument held or insured by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(17) SHOULD DEFAULT occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should any one of the parties named as Borrower die or be declared an incompetent, or should any one of the parties named as Borrower be discharged in bankruptcy or declared an insolvent, or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, (d) foreclose this instrument as provided herein or by law, and (e) enforce any and all other rights and remedies provided herein or by present or future law.

(18) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) any prior liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all indebtedness to the Government secured hereby, (d) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness of Borrower owing to or insured by the Government, and (f) any balance to Borrower. At foreclosure or other sale of all or any part of the property, the Government and its agents may bid and purchase as a stranger and may pay the Government's share of the purchase price by crediting such amount on any debts of Borrower owing to or insured by the Government, in the order prescribed above.

(19) Borrower agrees that the Government will not be bound by any present or future State laws, (a) providing for valuation, appraisal, homestead or exemption of the property, (b) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action may be brought, (c) prescribing any other statute of limitations, (d) allowing any right of redemption or possession following any foreclosure sale, or (e) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State law. Borrower hereby relinquishes, waives, and conveys all rights, inchoate or consummate, of descent, dower, and curtesy.

(20) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower will, after receipt of a bona fide offer, refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex, handicap, familial status, age or national origin, and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex, handicap, familial status, age or national origin.

(21) Borrower further agrees that the loan(s) secured by this instrument will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 CFR Part 1940, Subpart G, Exhibit M.

(22) This instrument shall be subject to the present regulations of the Farmers Home Administration, and to its future regulations not inconsistent with the express provisions hereof.

(23) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, addressed, unless and until some other address is designated in a notice so given in the case of the Government to Farmers Home Administration at 333 Waller Avenue, Lexington, Kentucky 40504, and in the case of Borrower at the address shown in the Farmers Home Administration Finance Office records (which normally will be the same as the post office address shown above).

(24) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

SCHEDULE A

TRACT NO. 1:

All that tract or parcel of land situated southwest of St. Johns Road (S.R. 1570) east of Bryant-Benson Road and west of U. S. 421 approximately 5.5 miles north west of Frankfort in Franklin County, Kentucky and more fully described and bounded as follows to-wit:

BEGINNING at a point in the center line of St. Johns Road, said point being in the northwest corner of the Alan C. Moore property and corner to E. W. Toppass; thence measuring eastwardly along the center line of the St. Johns Road as it meanders approximately 412 feet to the extension of an existing interior fence on the Alan C. Moore property; thence with the fence S 83° 13' W 105.7 feet, more or less, to a steel cap in a concrete monument, this being the beginning corner of the North Shelby Water Company tank property; thence for four new calls with Alan C. Moore N 13° 46' W 100 feet to a steel cap in a concrete monument, S 83° 13' W 100 feet to a steel cap in a concrete monument, S 13° 46' E 100 feet to a steel cap in a concrete monument placed in the line of the previously described existing interior fence an N 83° 13' E 100 feet to the beginning and containing 0.23 acre and being subject to easements and rights-of-way of record and in existence.

ALSO, in addition to the above, there is a permanent easement for construction and maintenance of a roadway and water line and for ingress and egress twenty (20) feet wide located adjacent to the north side of the previously described existing interior fence extending from the center line of St. Johns Road to the above described tank property for a distance of approximately 105.7 feet.

BEING the same property conveyed to North Shelby Water Company by deed from Alan C Moore, dated August 16, 1979, of record in Franklin County Clerk's office in Deed Book 299, Page 290.

TRACT NO. 2:

Located on the south side of Dry Ridge Road in Shelby County, Kentucky, near the Franklin County line and is described as follows:

BEGINNING at a point in the Grantors' present line with the E. W. Kessler property said point located approximately 560 feet west of the Franklin County line Highway sign, and approximately 30 feet south of the center of Dry Ridge Road; thence with the existing fence between the grantors and Kessler in a southerly direction 25 feet to a point in the fence; thence in a westerly direction 30 feet to a point; thence in a northerly direction to a point located approximately 30 feet south of the center of Dry Ridge Road; thence parallel with the center of Dry Ridge Road in an easterly direction 30 feet to the point of beginning, containing approximately 0.02 acre, more or less, together with a perpetual easement 10 feet in width and extending along the aforesaid fenceline to the Dry Ridge Road with the right to erect, install, use and maintain a waterline and also to use said easement for purposes of ingress and egress from the above described pumping station site.

BEING the same property conveyed to North Shelby Water company by deed from Mary Burton Pulliam, et al., dated March 19, 1979, of record in the Shelby County Clerk's office in Deed Book 208, Page 533.

concrete, a corner common to said Webster land and land of Vernon Johnson; thence lines with said Vernon Johnson land, N 83° 47' W, 100.0' to a 1" iron pipe set in concrete, and N 16° 39' 20" W, 100.0' to a 1" iron pipe set in concrete, a point S 16° 39' 20" E, 34.9' from the centerline of said Dry Ridge Road; thence S 83° 47' E, more or less parallel to the centerline of said Dry Ridge Road, 100.0' to the point of beginning and containing 0.212 acre of land, more or less, according to survey by Joseph N. Swanson, RLS #2085, dated May 17, 1982.

BEING the same property conveyed to the North Shelby Water Company by deed dated November 9, 1982, of record in the Shelby County Clerk's office in Deed Book 220, Page 457.

TRACT NO. 4:

Located on the east side of St. Johns Road (Ky. Highway #1570) in Franklin County, Kentucky, and thus described:

BEGINNING at a point in the line of land of Charles Wiley S 82° 30' E 23.25' from a nail in the centerline of St. Johns Road (Ky. Route 1570); said point witnessed by a 1" iron pipe set in concrete which bears S 82° 30' E, 3.72' from said point; thence S 82° 30' E. with the line of said Charles Wiley land, 40.0 feet to a 1" iron pipe set in concrete, a corner common to land of Charles Wiley and land of Rita S. Moore; thence 2 lines with said Moore land, N 07° 30' E, 40.0' to a 1" iron pipe set in concrete, and N 82° 30' W, 40.0' to a 1" iron pipe set in concrete on the easterly side of St. Johns Road; thence, S 07° 30' W, more or less parallel with said St. Johns Road, 40.0' to the point of beginning and containing 0.037 acr of land, more or less, according to survey of September 2, 1982, by Joseph N. Swanson, PLS KYLS #2085.

BEING the same property conveyed to North Shelby Water Company by deed dated February 2, 1983, of record in the Franklin County Clerk's office in Deed Book 319 Page 508.

TRACT NO. 5:

Located on the East of U. S. 421 in Franklin County, Kentucky, and described as follows:

BEGINNING at a 1" iron pipe set in concrete N 89° 30' E, 33' from a stone fence on the west side of the old Benson Road at a point 115' northerly from the intersection of said old Benson Road with the northerly line of land now owned by Devil Goins thence N 89° 30' E with land of Melvin W. and Marie S. Ramsey 40.0' to a 1" iron pipe set in concrete; thence N 00° 30' W, continuing with said Ramsey land, 40.0' to a 1" iron pipe set in concrete; thence S 89° 30' W, continuing with said Ramsey land 40.0' to a 1" iron pipe set in concrete; thence S 00° 30' E, more or less parallel with the old Benson Road and the aforementioned stone fence 40.0' to the point of beginning and containing 0.037 acre of land, more or less, according to survey of April 14, 1983 by Joseph N. Swanson, PLS KYLS #2085.

BEING that property conveyed to the North Shelby Water Company by deed dated April 21, 1983 of record in the Franklin County Clerk's office in Deed Book 319, at Page 507.

TRACT NO. 6:

N 86° 07' 10" W 75.00 feet to an iron pin (set),
N 03° 52' 50" E 75.00 feet to an iron pin (set),
S 86° 07' 10" E 75.00 feet to an iron pin (set), and
S 03° 52' 50" W 75.00 feet to the point of beginning and containing 0.13 acre (5,625 S.F.).

Also a perpetual easement to use for ingress and egress over the following described fourteen-foot (14 ft.) wide strip:

BEGINNING at an existing iron pin located in the North right-of-way of Kentucky Highway 362 corner to the tract conveyed to John Williams (Deed Book 192, Page 617); thence with the North right-of-way of Kentucky Highway 362 N 72° 25' 50" E 83.85 feet to an iron pin (set) and N 87° 18' 50" E 79.90 feet to an iron pin (set), said iron pin being the point of beginning for this described easement; thence along the East line of said easement and through the property of Grantors N 03° 52' 50" E 176.04 feet to an iron pin (set), said pin being the Southeast corner of the proposed water tower site and the Northeast corner of this easement; thence with the South line of the proposed water tower site N 86° 07' 10" W 14.00 feet to an iron pin; thence through the property of Grantors S 03° 52' 50" W 177.65 feet to an iron pin set in the North right-of-way of Kentucky Highway 362; thence with said right-of-way N 87° 18' 50" E 14.09 feet to the point of beginning.

BEING the same property conveyed to North Shelby Water Company by deed from Robert R. Cook, Sr. and Betty C. Cook, his wife, dated July 3, 1986, and recorded in the Shelby County Clerk's office in Deed Book 238, Page 102.

TRACT NO. 7:

The following described property situated in Bagdad, Shelby County, Kentucky, and thus described:

BEGINNING at an iron pin at the intersection of the right of ways of the Shelbyville and Bagdad road and the Bagdad and Jacksonville road, said iron pin being 20 feet from the centerline of each said road; thence westernly with the Bagdad and Shelbyville Road right-of-way 147 feet to an iron pin corner to Harrison; thence Harrison's line in a northerly direction 103.5 feet corner to Harrison and Cox's heirs; thence Easternly with Cox's line 147 feet to the right of Bagdad and Jacksonville Road; thence with the said right of way in a Southernly direction 103.5 feet to the beginning.

BEING the same property conveyed to North Shelby Water Company, from Crume Hundley Oil Company, Inc., a Kentucky corporation, by deed dated November 11, 1983, of record in Deed Book 224, Page 553 in the Shelby County Clerk's Office.

TRACT NO. 8:

A tract of land situated in Shelby County, Kentucky near the Jefferson County line on the East side of the Long Run Road and more particularly described as follows:

BEGINNING at the Northeast corner of M. H. Satterly and the Northwest corner of Catlett in the new right-of-way of Long Run Road; thence with said new right of way line N 32° 14' 25" E, 25.00 feet to a new corner of Catlett; thence with a new line of Catlett as follows: S 60° 27' 05" E, 25.00 feet; thence S 32° 14' 25" W, 25.00 feet to the line of Satterly; thence with the line of Satterly N 60° 27' 05" W, 25.00 feet to the point of beginning. The above described tract contains 624 square feet, according to survey of George R. Best, Registered Land Surveyor.

EXHIBIT B TO REAL ESTATE MORTGAGEGRANTING CLAUSE TWO

All right, title and interest of the Borrower in any property, real, personal, mixed, tangible, or intangible, of every nature and kind whatsoever consisting of sites, tanks, pumping stations, pipelines, meters, and all fixed equipment and appurtenances thereto including easements, permits, franchises and licenses obtained or to be obtained from private, public, or semi-public agencies, bodies or individuals in the County of Franklin & Shelby, State of Kentucky, and all such properties and assets that the Borrower may hereafter acquire, with like effect as though now owned by the Borrower and as though covered and conveyed hereby by specific and apt descriptions, together with all revenues and service charges which may arise or be had from the operation of the business of the Borrower and any and all extensions and additions thereto.

2wtr\ns\opinio93.ExB

Given under the hand(s) and seal(s) of Borrower this 16th day of October, 19 98.

Duncan LeCompte, Sr. (SEAL)
William L. Tingle, Sec. (SEAL)

STATE OF KENTUCKY }
COUNTY OF Shelby } ss:

Before me, Donald T. Prather, a Notary Public in and for
the County of Shelby personally appeared Duncan LeCompte
President and William L. Tingle, Secretary, his wife,-

who acknowledged that they executed the foregoing instrument on the 16th
day of October, 19 98, as their free act and deed.

WITNESS my hand and official seal this 16th day of October, 19 98.

[Signature]

(SEAL) Notary Public
My commission expires: 2/1/99

PREPARER'S STATEMENT

The form of this instrument was drafted by the Office of the General Counsel of the United States Department of
Agriculture, and the material in the blank spaces in the form was inserted by or under the direction of

Donald T. Prather (name)
Mathis, Riggs & Prather, P.S.C., 500 Main Street, Shelbyville, KY 40066 (address)

[Signature] (Signature)

RECORDER'S CERTIFICATE

STATE OF KENTUCKY }
COUNTY OF _____ } ss:

I, _____, Clerk of the County Court for the County aforesaid, do certify
that the foregoing mortgage was on the _____ day of _____, 19 _____, lodged for record
at _____ o'clock _____ M., whereupon the same, with the foregoing and this certificate, have been duly recorded in my office.

Given under my hand this _____ day of _____, 19 _____.

Clerk of _____ County Court
By _____, D.C.

DOCUMENT NO: 149676
RECORDED ON: OCTOBER 16, 1998 01:34:17PM
TOTAL FEES: \$22.00
COUNTY CLERK: SUE CAROLE PERRY
COUNTY: SHELBY COUNTY
DEPUTY CLERK: SUSAN CURRY

PROMISSORY NOTE
(ASSOCIATION OR ORGANIZATION)

State KENTUCKY			
County SHELBY			
Case No. 21-06-237115869			
FINANCE OFFICE USE ONLY			
F 91	LN 10	LC	IA

KIND OF LOAN:

- ASSOCIATION- ORGANIZATION
- HOUSING-ORGANIZATION
- PUBLIC BODY
- OTHER

Date MAY 2, 2000

FOR VALUE RECEIVED, NORTH SHELBY WATER COMPANY
(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 _____

1900 Midland Trail Shelbyville, KY, or at such other place as the Government may hereafter designate in writing, the principal amount of FIVE HUNDRED SIXTY-EIGHT THOUSAND AND NO/100'S _____ dollars (\$ 568,000.00), plus interest on the unused principal balance at the rate of FOUR AND THREE EIGHTHS percent (4.3750 %) per annum. The said principal and interest shall be paid in the following installments on or before the following dates:

- \$ INTEREST ONLY on MAY 2, 2001,
- \$ INTEREST ONLY on MAY 2, 2002,
- \$ _____ on _____,
- \$ _____ on _____, and
- \$ 30,928.00 thereafter on the 2ND DAY OF MAY of each YEAR

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.

NORTH SHELBY WATER COMPANY

(Name of Borrower)

Duncan LeCompte

Duncan LeCompte

(Signature of Executive Official)

President

(Title of Executive Official)

P. O. Box 97

(Post Office Box No. or Street Address)

Bagdad, KY 40003

(City, State, and Zip Code)

(CORPORATE SEAL)

ATTEST:

William L. Tingle
 William L. Tingle (Signature of Attesting Official)

Secretary-Treasurer

(Title of Attesting Official)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$ 55,000.00	May 2, 2000	(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(3) \$		(9) \$	
(5) \$		(10) \$	
	TOTAL		

PAY TO THE ORDER OF _____

UNITED STATES OF AMERICA

(Name of Agency)

BY _____

USDA-FmHA
Form FmHA 427-1 KY
(Rev. 6-91)

000021

REAL ESTATE MORTGAGE FOR KENTUCKY

THIS MORTGAGE is made and entered into by _____

NORTH SHELBY WATER COMPANY

residing in SHELBY County, Kentucky, whose post office

address is P.O. Box 97 Bagdad, Kentucky 40003

herein called "Borrower," and:

WHEREAS Borrower is indebted to the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, herein called the "Government," as evidenced by one or more promissory note(s) or assumption agreement(s) or any shared appreciation or recapture agreement, herein called "note," which has been executed by Borrower, is payable to the order of the Government, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is described as follows:

<u>Date of Instrument</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Due Date of Final Installment</u>
See Attached Exhibit "C"			

BY Car
 GUY R. ZIGLER
 O.F.C.O.
 MAY 2 12 10 PM '00
 FILED

(The interest rate for limited resource farm ownership or limited resource operating loan(s) secured by this instrument may be increased as provided in the Farmers Home Administration regulations and the note.)

And the note evidences a loan to Borrower, and the Government, at any time, may assign the note and insure the payment thereof pursuant to the Consolidated Farm and Rural Development Act, Title V of the Housing Act of 1949 or any other statute administered by the Farmers Home Administration.

And it is the purpose and intention of this instrument that, among other things, at all times when the note is held by the Government, or in the event the Government should assign this instrument without insurance of the note, this instrument shall secure payment of the note; but when the note is held by an insured holder this instrument shall not secure payment of the note or attach to the debt evidenced thereby, but as to the note and such debt shall constitute an indemnity mortgage to secure the Government against loss under its insurance contract by reason of any default by Borrower.

And this instrument also secures the recapture of any interest credit or subsidy which may be granted to the Borrower by the Government pursuant to 42 U.S.C. §1490a, or any amounts due under any Shared Appreciation Agreement/Recapture Agreement entered into pursuant to 7 U.S.C. 2001.

NOW, THEREFORE, in consideration of the loan(s) and (a) at all times when the note is held by the Government, or in the event the Government should assign this instrument without insurance of the payment of the note, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, including any provision for the payment of an insurance or other charge, (b) at all times when the note is held by an insured holder, to secure performance of Borrower's agreement herein to indemnify and save harmless the Government against loss under its insurance contract by reason of any default by Borrower, and (c) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described, and the performance of every covenant and agreement of Borrower contained herein or in any supplementary agreement, Borrower does hereby sell, convey, and assign, with general warranty, unto the Government the following property situated in the State of Kentucky,

County(ies) of Shelby and Franklin

See Exhibit "A" attached hereto for real estate description

See Exhibit "B" attached hereto for additional granting clause

being the same (or part of the same) land conveyed*

together with all rights (including the rights to mining products, gravel, oil, gas, coal or other minerals), interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues and profits thereof and revenues and income therefrom, all improvements and personal property now or later attached thereto or reasonably necessary to the use thereof, including, but not limited to, ranges, refrigerators, clothes washers clothes dryers, or carpeting purchased or financed in whole or in part with loan funds, all water, water rights, and water stock pertaining thereto, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance, or condemnation of any part thereof or interest therein-all of which are herein called "the property"; All rents, profits and income from the property covered by this mortgagee are hereby assigned to the mortgagee for the purpose of discharging the debt hereby secured. Permission is hereby given to the mortgagor, so long as no default exist hereunder, to collect such rents, profits and income for use in accordance with Farmers Home Administration regulations.

TO HAVE AND TO HOLD the property unto the Government and its assigns forever in fee simple.

BORROWER for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns WARRANTS THE TITLE to the property to the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, and COVENANTS AND AGREES as follows:

(1) To pay promptly when due any indebtedness to the Government hereby secured and to indemnify and save harmless the Government against any loss under its insurance of payment of the note by reason of any default by Borrower. At all times when the note is held by an insured holder, Borrower shall continue to make payments on the note to the Government, as collection agent for the holder.

(2) To pay to the Government such fees and other charges as may now or hereafter be required by regulations of the Farmers Home Administration.

(3) If required by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges upon the mortgaged premises.

(4) Whether or not the note is insured by the Government, the Government may at any time pay any other amounts required herein to be paid by Borrower and not paid by Borrower when due, as well as any costs and expenses for the preservation, protection, or enforcement of this lien, as advances for the account of Borrower. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.

(5) All advances by the Government as described in this instrument, with interest, shall be immediately due and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured hereby. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Any payment made by Borrower may be applied on the note or any indebtedness to the Government secured hereby, in any order the Government determines.

(6) To use the loan evidenced by the note solely for purposes authorized by the Government.

(7) To pay when due all taxes, liens, judgments encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.

(8) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.

(9) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as the Government from time to time may prescribe, and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property. Upon termination of this mortgage, after payment in full, the mortgagee, at the mortgagor's expense, shall execute and file or record such instruments of release, satisfaction and termination in proper form pursuant to the requirements contained in KRS 382.365.

(12) Except as otherwise provided by the Farmers Home Administration regulations, neither the property nor any portion thereof or interest therein shall be leased, assigned, sold transferred, or encumbered voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as mortgagee hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction, and no insured holder shall have any right, title or interest in or to the lien or any benefits hereof.

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

(14) The Government may (a) adjust the interest rate, payment, terms or balance due on the loan, (b) increase the mortgage by an amount equal to deferred interest on the outstanding principal balance, (c) extend or defer the maturity of, and renew and reschedule the payments on, the debt evidenced by the note or any indebtedness to the Government secured by this instrument, (d) release any party who is liable under the note or for the debt from liability to the Government, (e) release portions of the property and subordinate its lien and (f) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument unless the Government says otherwise in writing. HOWEVER, any forbearance by the Government--whether once or often--in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

(15) If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, upon the Government's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

(16) Default hereunder shall constitute default under any other real estate, or under any personal property, or other security instrument held or insured by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(17) SHOULD DEFAULT occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should any one of the parties named as Borrower die or be declared an incompetent, or should any one of the parties named as Borrower be discharged in bankruptcy or declared an insolvent, or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, (d) foreclose this instrument as provided herein or by law, and (e) enforce any and all other rights and remedies provided herein or by present or future law.

(18) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) any prior liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all indebtedness to the Government secured hereby, (d) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness of Borrower owing to or insured by the Government, and (f) any balance to Borrower. At foreclosure or other sale of all or any part of the property, the Government and its agents may bid and purchase as a stranger and may pay the Government's share of the purchase price by crediting such amount on any debts of Borrower owing to or insured by the Government, in the order prescribed above.

(19) Borrower agrees that the Government will not be bound by any present or future State laws, (a) providing for valuation, appraisal, homestead or exemption of the property, (b) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action may be brought, (c) prescribing any other statute of limitations, (d) allowing any right of redemption or possession following any foreclosure sale, or (e) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State law. Borrower hereby relinquishes, waives, and conveys all rights, inchoate or consummate, of descent, dower, and curtesy.

(20) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower will, after receipt of a bona fide offer, refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex, handicap, familial status, age or national origin, and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex, handicap, familial status, age or national origin.

(21) Borrower further agrees that the loan(s) secured by this instrument will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 CFR Part 1940, Subpart G, Exhibit M.

(22) This instrument shall be subject to the present regulations of the Farmers Home Administration, and to its future regulations not inconsistent with the express provisions hereof.

(23) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, addressed, unless and until some other address is designated in a notice so given in the case of the Government to Farmers Home Administration at 333 Waller Avenue, Lexington, Kentucky 40504, and in the case of Borrower at the address shown in the Farmers Home Administration Finance Office records (which normally will be the same as the post office address shown above).

(24) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

000024

Given under the hand(s) and seal(s) of Borrower this 2nd day of May, ~~19~~ 2000

Duncan LeCompte (SEAL)

William L. Tingle (SEAL)

STATE OF KENTUCKY

COUNTY OF SHELBY } ss:

Before me, Donald T. Prather, a Notary Public in and for the County of Shelby personally appeared Duncan LeCompte President and William L. Tingle, Secretary ~~his wife~~,

who acknowledged that they executed the foregoing instrument on the 2nd day of May, ~~19~~ 2000, as their free act and deed.

WITNESS my hand and official seal this 2nd day of May, ~~19~~ 2000.



(SEAL) _____ Notary Public

My commission expires: 2/1/03

PREPARER'S STATEMENT

The form of this instrument was drafted by the Office of the General Counsel of the United States Department of Agriculture, and the material in the blank spaces in the form was inserted by or under the direction of

Donald T. Prather

(name)

Mathis, Riggs & Prather, PSC, 500 Main St., Shelbyville, KY 40065

(address)



(Signature)

RECORDER'S CERTIFICATE

STATE OF KENTUCKY

COUNTY OF _____ } ss:

I, _____, Clerk of the County Court for the County aforesaid, do certify that the foregoing mortgage was on the _____ day of _____, 19 ____, lodged for record at ____ o'clock ____ M., whereupon the same, with the foregoing and this certificate, have been duly recorded in my office.

Given under my hand this _____ day of _____, 19 ____.

Clerk of _____ County Court

By _____, D.C.

000025

EXHIBIT A TO REAL ESTATE MORTGAGE**TRACT NO. 1:**

All that tract or parcel of land situated southwest of St. Johns Road (S.R. 1570) east of Bryant-Benson Road and west of U. S. 421 approximately 5.5 miles north west of Frankfort in Franklin County, Kentucky and more fully described and bounded as follows to-wit:

BEGINNING at a point in the center line of St. Johns Road, said point being in the northwest corner of the Alan C. Moore property and corner to E. W. Toppass; thence measuring eastwardly along the center line of the St. Johns Road as it meanders approximately 412 feet to the extension of an existing interior fence on the Alan C. Moore property; thence with the fence S 83E 13' W 105.7 feet, more or less, to a steel cap in a concrete monument, this being the beginning corner of the North Shelby Water Company tank property; thence for four new calls with Alan C. Moore N 13E 46' W 100 feet to a steel cap in a concrete monument, S 83E 13' W 100 feet to a steel cap in a concrete monument, S 13E 46' E 100 feet to a steel cap in a concrete monument placed in the line of the previously described existing interior fence and N 83E 13' E 100 feet to the beginning and containing 0.23 acre and being subject to easements and rights-of-way of record and in existence.

ALSO, in addition to the above, there is a permanent easement for construction and maintenance of a roadway and water line and for ingress and egress twenty (20) feet wide located adjacent to the north side of the previously described existing interior fence extending from the center line of St. Johns Road to the above described tank property for a distance of approximately 105.7 feet.

BEING the same property conveyed to North Shelby Water Company by deed from Alan C. Moore, dated August 16, 1979, of record in Franklin County Clerk's office in Deed Book 299, Page 290.

TRACT NO. 2:

Located on the south side of Dry Ridge Road in Shelby County, Kentucky, near the Franklin County line and is described as follows:

BEGINNING at a point in the Grantors' present line with the E. W. Kessler property, said point located approximately 560 feet west of the Franklin County line Highway sign, and approximately 30 feet south of the center of Dry Ridge Road; thence with the existing fence between the grantors and Kessler in a southerly direction 25 feet to a point in the fence; thence in a westerly direction 30 feet to a point; thence in a northerly direction to a point located approximately 30 feet south of the center of Dry Ridge Road; thence parallel with the center of Dry Ridge Road in an easterly direction 30 feet to the point of beginning, containing approximately 0.02 acre, more or less, together with a perpetual easement 10 feet in width and extending along the aforesaid fenceline to the Dry Ridge

000026

Road with the right to erect, install, use and maintain a waterline and also to use said easement for purposes of ingress and egress from the above described pumping station site.

BEING the same property conveyed to North Shelby Water company by deed from Mary Burton Pulliam, et al., dated March 19, 1979, of record in the Shelby County Clerk's office in Deed Book 208, Page 533.

TRACT NO. 3:

Located on the south side of Kentucky Highway #12 in Shelby County, Kentucky, and thus described:

BEGINNING at a 1" iron pipe set in concrete in the line of Earl Webster S 16E 39' 20" E, 35.2' from the centerline of Dry Ridge Road (KY Route 12); thence S 16E 39' 20" E, with the line of said Earl Webster land, 100.0' to a 1" iron pipe set in concrete, a corner common to said Webster land and land of Vernon Johnson; thence 2 lines with said Vernon Johnson land, N 83E 47' W, 100.0' to a 1" iron pipe set in concrete, and N 16E 39' 20" W, 100.0' to a 1" iron pipe set in concrete, a point S 16E 39' 20" E, 34.9' from the centerline of said Dry Ridge Road; thence S 83E 47' E, more or less parallel to the centerline of said Dry Ridge Road, 100.0' to the point of beginning and containing 0.212 acre of land, more or less, according to survey by Joseph N. Swanson, RLS #2085, dated May 17, 1982.

BEING the same property conveyed to the North Shelby Water Company by deed dated November 9, 1982, of record in the Shelby County Clerk's office in Deed Book 220, Page 457.

TRACT NO. 4:

Located on the east side of St. Johns Road (Ky. Highway #1570) in Franklin County, Kentucky, and thus described:

BEGINNING at a point in the line of land of Charles Wiley S 82E 30' E 23.25' from a nail in the centerline of St. Johns Road (Ky. Route 1570); said point witnessed by a 1" iron pipe set in concrete which bears S 82E 30' E, 3.72' from said point; thence S 82E 30' E, with the line of said Charles Wiley land, 40.0 feet to a 1" iron pipe set in concrete, a corner common to land of Charles Wiley and land of Rita S. Moore; thence 2 lines with said Moore land, N 07E 30' E, 40.0' to a 1" iron pipe set in concrete, and N 82E 30' W, 40.0' to a 1" iron pipe set in concrete on the easterly side of St. Johns Road; thence, S 07E 30' W, more or less parallel with said St. Johns Road, 40.0' to the point of beginning and containing 0.037 acre of land, more or less, according to survey of September 2, 1982, by Joseph N. Swanson, PLS KYLS #2085.

BEING the same property conveyed to North Shelby Water Company by deed dated February 2, 1983, of record in the Franklin County Clerk's office in Deed Book 319, Page 508.

000027

TRACT NO. 5:

Located on the East of U. S. 421 in Franklin County, Kentucky, and described as follows:

BEGINNING at a 1" iron pipe set in concrete N 89E 30' E, 33' from a stone fence on the west side of the old Benson Road at a point 115' northerly from the intersection of said old Benson Road with the northerly line of land now owned by Devil Goins thence N 89E 30' E with land of Melvin W. and Marie S. Ramsey 40.0' to a 1" iron pipe set in concrete; thence N 00E 30' W, continuing with said Ramsey land, 40.0' to a 1" iron pipe set in concrete; thence S 89E 30' W, continuing with said Ramsey land 40.0' to a 1" iron pipe set in concrete; thence S 00E 30' E, more or less parallel with the old Benson Road and the aforementioned stone fence 40.0' to the point of beginning and containing 0.037 acre of land, more or less, according to survey of April 14, 1983 by Joseph N. Swanson, PLS KYLS #2085.

BEING that property conveyed to the North Shelby Water Company by deed dated April 21, 1983 of record in the Franklin County Clerk's office in Deed Book 319, at Page 507.

TRACT NO. 6:

The following described real property located near Todds Point in Shelby County, Kentucky;

BEGINNING at an iron pin (set) at the Southeast corner of the proposed water tower site and also the Northeast corner of the hereinafter described easement providing access to and from the tower site to Ky. Highway #362; thence with the remaining property of Grantors the following calls:

N 86E 07' 10" W 75.00 feet to an iron pin (set),
 N 03E 52' 50" E 75.00 feet to an iron pin (set),
 S 86E 07' 10" E 75.00 feet to an iron pin (set), and
 S 03E 52' 50" W 75.00 feet to the point of beginning and containing 0.13 acre (5, 625 S.F.).

Also a perpetual easement to use for ingress and egress over the following described fourteen-foot (14 ft.) wide strip:

BEGINNING at an existing iron pin located in the North right-of-way of Kentucky Highway 362 corner to the tract conveyed to John Williams (Deed Book 192, Page 617); thence with the North right-of-way of Kentucky Highway 362 N 72E 25' 50" E 83.85 feet to an iron pin (set) and N 87E 18' 50" E 79.90 feet to an iron pin (set), said iron pin being the point of beginning for this described easement; thence along the East line of said easement and through the property of Grantors N 03E 52' 50" E 176.04 feet to an iron pin (set), said pin being the Southeast corner of the proposed water tower site and the Northeast corner of this easement; thence with the South line of the proposed water tower site N 86E 07' 10" W 14.00 feet to an iron pin; thence through the property of Grantors

000028

S 03E 52' 50" W 177.65 feet to an iron pin set in the North right-of-way of Kentucky Highway 362; thence with said right-of-way N 87E 18' 50" E 14.09 feet to the point of beginning.

BEING the same property conveyed to North Shelby Water Company by deed from Robert R. Cook, Sr. and Betty C. Cook, his wife, dated July 3, 1986, and recorded in the Shelby County Clerk's office in Deed Book 238, Page 102.

TRACT NO. 7:

The following described property situated in Bagdad, Shelby County, Kentucky, and thus described:

BEGINNING at an iron pin at the intersection of the right of ways of the Shelbyville and Bagdad road and the Bagdad and Jacksonville road, said iron pin being 20 feet from the centerline of each said road; thence westernly with the Bagdad and Shelbyville Road right-of-way 147 feet to an iron pin corner to Harrison; thence Harrison's line in a northerly direction 103.5 feet corner to Harrison and Cox's heirs; thence Easternly with Cox's line 147 feet to the right of Bagdad and Jacksonville Road; thence with the said right of way in a Southernly direction 103.5 feet to the beginning.

BEING the same property conveyed to North Shelby Water Company, from Crume Hundley Oil Company, Inc., a Kentucky corporation, by deed dated November 11, 1983, of record in Deed Book 224, Page 553.

TRACT NO. 8:

A tract of land situated in Shelby County, Kentucky near the Jefferson County line on the East side of the Long Run Road and more particularly described as follows:

BEGINNING at the Northeast corner of M. H. Satterly and the Northwest corner of Catlett in the new right-of-way of Long Run Road; thence with said new right of way line N 32E 14' 25" E, 25.00 feet to a new corner of Catlett; thence with a new line of Catlett as follows: S 60E 27' 05" E, 25.00 feet; thence S 32E 14' 25" W, 25.00 feet to the line of Satterly; thence with the line of Satterly N 60E 27' 05" W, 25.00 feet to the point of beginning. The above described tract contains 624 square feet, according to survey of George R. Best, Registered Land Surveyor.

BEING the same property conveyed to North Shelby Water Company by deed from John T. Catlett and Priscilla M. Catlett dated July 26, 1988 and recorded in Deed Book 251, Page 440, Shelby County Clerk's Office.

TRACT NO. 9:

BEGINNING at an iron pin in the east right-of-way of LaGrange Road (KY 53), said iron pin being the corner of Shelby County Board of Education and McGinnis; thence along School Board's north boundary south 79 degrees 15 minutes 56 seconds east a distance of approximately 1300 feet to an iron pin (set), the true point of

000029

beginning; thence south 10 degrees 44 minutes 04 seconds west a distance of 100 feet to an iron pin (set); thence south 79 degrees 15 minutes 56 seconds east a distance of 100 feet to an iron pin (set); thence north 79 degrees 15 minutes 56 seconds west a distance of 100 feet to the iron pin first set above at the true point of beginning, containing 0.23 acres more or less.

BEING the same property conveyed to North Shelby Water Company, by deed dated August 4, 1999, from Shelby County Board of Education, of record in the Shelby County Clerk's Office in Deed Book 372, Page 304.

BEING a permanent 25 foot wide easement allowing Grantee, its successors, assigns, employees, lessees, and contractors unobstructed ingress and egress from Warrior Way to the property conveyed by Grantor and Grantee by deed dated August 4, 1999 and of record in the office of the Shelby County Clerk in Deed Book 372, Page 304, which easement is specifically subject to the terms of paragraph 19 of the Contract of Sale entered between the parties on October 28, 1998.

BEING one of the easements conveyed to North Shelby Water Company, by Deed of Easement dated August 4, 1999, of record in the Shelby County Clerk's Office in Deed Book 372, Page 314.

2wtr\ns\mortgage.oxh

EXHIBIT B TO REAL ESTATE MORTGAGE
000030
GRANTING CLAUSE TWO

All right, title and interest of the Borrower in any property, real, personal, mixed, tangible, or intangible, of every nature and kind whatsoever consisting of sites, tanks, pumping stations, pipelines, meters, and all fixed equipment and appurtenances thereto including easements, permits, franchises and licenses obtained or to be obtained from private, public, or semi-public agencies, bodies or individuals in the County of Franklin & Shelby, State of Kentucky, and all such properties and assets that the Borrower may hereafter acquire, with like effect as though now owned by the Borrower and as though covered and conveyed hereby by specific and apt descriptions, together with all revenues and service charges which may arise or be had from the operation of the business of the Borrower and any and all extensions and additions thereto.

EXHIBIT C TO REAL ESTATE MORTGAGE

000031

<u>Date of Instrument</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Due Date of Final Installment</u>
May 2, 2000	\$568,000.00	4.375%	May 2, 2040
October 16, 1998	\$288,500.00	4.50%	October 16, 2038
April 20, 1993	\$300,600.00	5.625%	April 20, 2033
July 31, 1979	\$230,000.00	5.00%	July 31, 2019
December 30, 1971	\$500,000.00	5.00%	December 30, 2011
June 15, 1972	\$500,000.00	5.00%	June 15, 2012
July 21, 1971	\$500,000.00	5.00%	July 21, 2011

2wtr\ns\mortgage.exC

STATE OF KENTUCKY COMPTROLLER GENERAL

I, GUY R. ZEIGLER, CLERK OF SAID COUNTY, HEREBY CERTIFY THAT THE FOREGOING INSTRUMENT HAS BEEN DULY RECORDED IN MY SAID OFFICE

MTL BOOK 687 PAGE 21
 GUY R. ZEIGLER, CLERK OF SAID COUNTY - GZ - 5-2-00

PROMISSORY NOTE
(ASSOCIATION OR ORGANIZATION)

State Kentucky			
County Shelby			
Case No. 21-006-0237115869			
FINANCE OFFICE USE ONLY			
F 91	LN 12	LC	IA

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

Date November 21, 2012

FOR VALUE RECEIVED, North Shelby Water Company, Inc.
(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 _____

Shelbyville, KY, or at such other place as the Government may hereafter designate in writing, the principal amount of ONE MILLION SEVENTY THOUSAND AND NO/100'S dollars (\$ 1,070,000.00), plus interest on the unused principal balance at the rate of Three and One-Half percent (3.5 %) per annum. The said principal and interest shall be paid in the following installments on or before the following dates:

\$ INTEREST ONLY on NOV 21, 2013 ,
 \$ INTEREST ONLY on NOV 21, 2014 ,
 \$ _____ on _____ ,
 \$ _____ on _____ , and
 \$ 51,350.00 thereafter on the 21ST OF NOVEMBER of each YEAR

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.

NORTH SHELBY WATER COMPANY, INC

(Name of Borrower)

[Handwritten Signature]

(Signature of Executive Official)

PRESIDENT

(Title of Executive Official)

P O BOX 97

(Post Office Box No. or Street Address)

BAGDAD, KY 40003

(City, State, and Zip Code)

(CORPORATE SEAL)

ATTEST:

[Handwritten Signature]

(Signature of Attesting Official)

SECRETARY

(Title of Attesting Official)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$23,040.00	11 / 21 / 12	(6) \$	/ /
(2) \$	/ /	(7) \$	/ /
(3) \$	/ /	(8) \$	/ /
(4) \$	/ /	(9) \$	/ /
(5) \$	/ /	(10) \$	/ /
TOTAL			

PAY TO THE ORDER OF _____

UNITED STATES OF AMERICA

(Name of Agency)

BY _____

USDA
Form RD 1927-1 KY
(Rev. 1-97)

REAL ESTATE MORTGAGE FOR KENTUCKY

THIS MORTGAGE is made and entered into by NORTH SHELBY WATER COMPANY, a non-profit
Kentucky corporation

residing in _____ County, Kentucky, whose post office
address is P.O. Box 97, 4596 Bagdad Road, Bagdad, Kentucky 40003,
herein called "Borrower," and:

WHEREAS Borrower is indebted to the United States of America, acting through the United States Department of Agriculture, herein called the "Government," as evidenced by one or more promissory notes or assumption agreements or any shared appreciation or recapture agreement, herein called "note," which has been executed by Borrower, is payable to the order of the Government, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is described as follows:

<u>Date of Instrument</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Due Date of Final Installment</u>
11/21/2012	\$1,070,000.00	3.5%	11/21/2052

(The interest rate for limited resource farm ownership or limited resource operating loans secured by this instrument may be increased as provided in the Government regulations or the note.)

And the note evidences a loan to Borrower, and the Government, at any time, may assign the note pursuant to the Consolidated Farm and Rural Development Act, Title V of the Housing Act of 1949 or any other statute administered by the Government;

And it is the purpose and intention of this instrument that, among other things, at all times when the note is held by the Government, or in the event the Government should assign this instrument, this instrument shall secure payment of the note;

And this instrument also secures the recapture of any interest credit or subsidy which may be granted to the Borrower by the Government pursuant to 42 U.S.C. §1490a, or any amounts due under any Shared Appreciation Agreement/Recapture Agreement entered into pursuant to 7 U.S.C. §2001.

NOW, THEREFORE, in consideration of the loans and (a) at all times when the note is held by the Government, or in the event the Government should assign this instrument, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, including any provision and (b) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described, and the performance of every covenant and agreement of Borrower contained herein or in any supplementary agreement, Borrower does hereby sell, convey, and assign, with general warranty, unto the Government the following property situated in the State of Kentucky,-

County or Counties of SHELBY

"All easements now owned and/or hereafter acquired."

See Exhibit "A" attached hereto and incorporated herein

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

(14) The Government may (a) adjust the interest rate, payment, terms or balance due on the loan, (b) increase the mortgage by an amount equal to deferred interest on the outstanding principal balance, (c) extend or defer the maturity of, and renew and reschedule the payments on, the debt evidenced by the note or any indebtedness to the Government secured by this instrument, (d) release any party who is liable under the note or for the debt from liability to the Government, (e) release portions of the property and subordinate its lien and (f) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument unless the Government says otherwise in writing. HOWEVER, any forbearance by the Government—whether once or often—in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

(15) If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, upon the Government's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

(16) Default hereunder shall constitute default under any other real estate, or under any personal property, or other security instrument held by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(17) SHOULD DEFAULT occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should any one of the parties named as Borrower die or be declared an incompetent, or should any one of the parties named as Borrower be discharged in bankruptcy or declared an insolvent, or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, (d) foreclose this instrument as provided herein or by law, and (e) enforce any and all other rights and remedies provided herein or by present or future law.

(18) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) any prior liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all indebtedness to the Government secured hereby, (d) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness of Borrower owing to the Government, and (f) any balance to Borrower. At foreclosure or other sale of all or any part of the property, the Government and its agents may bid and purchase as a stranger and may pay the Government's share of the purchase price by crediting such amount on any debts of Borrower owing to the Government, in the order prescribed above.

(19) Borrower agrees that the Government will not be bound by any present or future State laws, (a) providing for valuation, appraisal, homestead or exemption of the property, (b) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action may be brought, (c) prescribing any other statute of limitations, (d) allowing any right of redemption or possession following any foreclosure sale, or (e) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State law. Borrower hereby relinquishes, waives, and conveys all rights, inchoate or consummate, of descent, dower, and curtesy.

(20) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower will, after receipt of a bona fide offer, refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex, handicap, familial status, age or national origin, and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex, handicap, familial status, age or national origin.

(21) Borrower further agrees that the loans secured by this instrument will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as prohibited by 7 C.F.R. part 1940, subpart G.

(22) This instrument shall be subject to the present Government regulations and to its future regulations not inconsistent with the express provisions hereof.

(23) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, and addressed, unless and until some other address is designated in a notice so given, in the case of the Government to, 65 Brighton Blvd., Ste. 3, Shelbyville, KY 40065 and in the case of Borrower to the address shown in the Government's Finance Office records (which normally will be the same as the post office shown above).

(24) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

SHELBY COUNTY
M899 PG682

being the same (or part of the same) land conveyed*

together with all rights (including the rights to mining products, gravel, oil, gas, coal or other minerals), interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues and profits thereof and revenues and income therefrom, all improvements, all water, water rights, and water stock pertaining thereto, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance, or condemnation of any part thereof or interest there in all of which are herein called "the property"; All rents, profits and income from the property covered by this mortgagee are hereby assigned to the mortgagee for the purpose of discharging the debt hereby secured. Permission is hereby given to the mortgagor, so long as no default exist hereunder, to collect such rents, profits and income for use in accordance with regulations.

TO HAVE AND TO HOLD the property unto the Government and its assigns forever in fee simple.

BORROWER for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns WARRANTS THE TITLE to the property to the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, and COVENANTS AND AGREES as follows:

(1) To pay promptly when due any indebtedness to the Government hereby secured less the Government against any loss under its insurance of payment of the note by reason of any default by Borrower.

(2) To pay to the Government such fees and other charges as may now or hereafter be required by Government regulations.

(3) If required by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges upon the mortgaged premises.

(4) The Government, may at any time pay any other amounts required herein to be paid by Borrower and not paid by Borrower when due, as well as any costs and expenses for the preservation, protection, or enforcement of this lien, as advances for the account of Borrower. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.

(5) All advances by the Government as described in this instrument, with interest, shall be immediately due and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured hereby. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Any payment made by Borrower may be applied on the note or any indebtedness to the Government secured hereby, in any order the Government determines.

(6) To use the loan evidenced by the note solely for purposes authorized by the Government.

(7) To pay when due all taxes, liens, judgments encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.

(8) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.

(9) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as the Government from time to time may prescribe, and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property. Upon termination of this mortgage, after payment in full, the mortgagee, at the mortgagor's expense, shall execute and file or record such instruments of release, satisfaction and termination in proper form pursuant to the requirements contained in KRS 382.365.

(12) Except as otherwise provided by Government regulations, neither the property nor any portion thereof or interest therein shall be leased, assigned, sold transferred, or encumbered voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as mortgagee hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction, and no insured holder shall have any right, title or interest in or the lien or any benefits hereof.

Given under the hands and seals of Borrower this 21st day of November, 2012.

Jerry Ruble (SEAL)
Jerry Ruble, President
Tom McGinnis (SEAL)
Tom McGinnis, Secretary

STATE OF KENTUCKY

COUNTY OF SHELBY } ss:

Before me, Donald T. Prather, a Notary Public in and for
the County of Shelby personally appeared Jerry Ruble, President and
Tom McGinnis, Secretary, on behalf of North Shelby Water Company

who acknowledged that they executed the foregoing instrument on the 21st
day of November, 2012 as their free act and deed.

WITNESS my hand and official seal this 21st day of November, 2012.

Notary Public

(SEAL)

My commission expires: 2/1/15

I.D. #: 434455

PREPARER'S STATEMENT

The form of this instrument was drafted by the Office of the General Counsel of the United States Department of Agriculture, and the material in the blank spaces in the form was inserted by or under the direction of

Donald T. Prather, attorney-at-law
(name),
500 Main Street, Ste. 5, Shelbyville, KY 40065

(address)

(Signature)

RECORDER'S SIGNATURE

: :

STATE OF KENTUCKY

COUNTY OF _____ } ss:

I, _____, Clerk of the County Court for the County aforesaid, do certify
that the foregoing mortgage was on the _____ day of _____, 2012, lodged for record
at _____ o'clock _____ M., whereupon the same, with the foregoing and this certificate, have been duly recorded in my office.

Given under my hand this _____ day of _____, 2012.

Clerk of

County Court

By _____, D.C.

**EXHIBIT A TO REAL ESTATE MORTGAGE
(Shelby County)**

TRACT NO. S-1:

Located on the south side of Dry Ridge Road in Shelby County, Kentucky, near the Franklin County line and is described as follows:

BEGINNING at a point in the Grantors' present line with the E. W. Kessler property, said point located approximately 560 feet west of the Franklin County line Highway sign, and approximately 30 feet south of the center of Dry Ridge Road; thence with the existing fence between the grantors and Kessler in a southerly direction 25 feet to a point in the fence; thence in a westerly direction 30 feet to a point; thence in a northerly direction to a point located approximately 30 feet south of the center of Dry Ridge Road; thence parallel with the center of Dry Ridge Road in an easterly direction 30 feet to the point of beginning, containing approximately 0.02 acre, more or less, together with a perpetual easement 10 feet in width and extending along the aforesaid fenceline to the Dry Ridge Road with the right to erect, install, use and maintain a waterline and also to use said easement for purposes of ingress and egress from the above described pumping station site.

BEING the same property conveyed to North Shelby Water company by deed from Mary Burton Pulliam, et al., dated March 19, 1979, of record in the Shelby County Clerk's office in Deed Book 208, Page 533.

TRACT NO. S-2:

Located on the south side of Kentucky Highway #12 in Shelby County, Kentucky, and thus described:

BEGINNING at a 1" iron pipe set in concrete in the line of Earl Webster S 16° 39' 20" E, 35.2' from the centerline of Dry Ridge Road (KY Route 12); thence S 16° 39' 20" E, with the line of said Earl Webster land, 100.0' to a 1" iron pipe set in concrete, a corner common to said Webster land and land of Vernon Johnson; thence 2 lines with said Vernon Johnson land, N 83° 47' W, 100.0' to a 1" iron pipe set in concrete, and N 16° 39' 20" W, 100.0' to a 1" iron pipe set in concrete, a point S 16° 39' 20" E, 34.9' from the centerline of said Dry Ridge Road; thence S 83° 47' E, more or less parallel to the centerline of said Dry Ridge Road, 100.0' to the point of beginning and containing 0.212 acre of land, more or less, according to survey by Joseph N. Swanson, RLS #2085, dated May 17, 1982.

BEING the same property conveyed to the North Shelby Water Company by deed dated November 9, 1982, of record in the Shelby County Clerk's office in Deed Book 220, Page 457.

TRACT NO. S-3:

The following described real property located near Todds Point in Shelby County, Kentucky;

BEGINNING at an iron pin (set) at the Southeast corner of the proposed water tower site and also the Northeast corner of the hereinafter described easement providing access to and from the

tower site to Ky. Highway #362; thence with the remaining property of Grantors the following calls:

N 86° 07' 10" W 75.00 feet to an iron pin (set),
N 03° 52' 50" E 75.00 feet to an iron pin (set),
S 86° 07' 10" E 75.00 feet to an iron pin (set), and
S 03° 52' 50" W 75.00 feet to the point of beginning and containing 0.13 acre (5, 625 S.F.).

Also a perpetual easement to use for ingress and egress over the following described fourteen-foot (14 ft.) wide strip:

BEGINNING at an existing iron pin located in the North right-of-way of Kentucky Highway 362 corner to the tract conveyed to John Williams (Deed Book 192, Page 617); thence with the North right-of-way of Kentucky Highway 362 N 72° 25' 50" E 83.85 feet to an iron pin (set) and N 87° 18' 50" E 79.90 feet to an iron pin (set), said iron pin being the point of beginning for this described easement; thence along the East line of said easement and through the property of Grantors N 03° 52' 50" E 176.04 feet to an iron pin (set), said pin being the Southeast corner of the proposed water tower site and the Northeast corner of this easement; thence with the South line of the proposed water tower site N 86° 07' 10" W 14.00 feet to an iron pin; thence through the property of Grantors S 03° 52' 50" W 177.65 feet to an iron pin set in the North right-of-way of Kentucky Highway 362; thence with said right-of-way N 87° 18' 50" E 14.09 feet to the point of beginning.

BEING the same property conveyed to North Shelby Water Company by deed from Robert R. Cook, Sr. and Betty C. Cook, his wife, dated July 3, 1986, and recorded in the Shelby County Clerk's office in Deed Book 238, Page 102.

TRACT NO. S-4:

A tract of land situated in Shelby County, Kentucky near the Jefferson County line on the East side of the Long Run Road and more particularly described as follows:

BEGINNING at the Northeast corner of M. H. Satterly and the Northwest corner of Catlett in the new right-of-way of Long Run Road; thence with said new right of way line N 32° 14' 25" E, 25.00 feet to a new corner of Catlett; thence with a new line of Catlett as follows: S 60° 27' 05" E, 25.00 feet; thence S 32° 14' 25" W, 25.00 feet to the line of Satterly; thence with the line of Satterly N 60° 27' 05" W, 25.00 feet to the point of beginning. The above described tract contains 624 square feet, according to survey of George R. Best, Registered Land Surveyor.

BEING the same property conveyed to North Shelby Water Company by deed from John T. Catlett and Priscilla M. Catlett dated July 26, 1988 and recorded in Deed Book 251, Page 440, Shelby County Clerk's Office.

TRACT NO. S-5:

BEGINNING at an iron pin in the east right-of-way of LaGrange Road (KY 53), said iron pin being the corner of Shelby County Board of Education and McGinnis; thence along School

Board's north boundary south 79 degrees 15 minutes 56 seconds east a distance of approximately 1300 feet to an iron pin (set), the true point of beginning; thence south 10 degrees 44 minutes 04 seconds west a distance of 100 feet to an iron pin (set); thence south 79 degrees 15 minutes 56 seconds east a distance of 100 feet to an iron pin (set); thence north 79 degrees 15 minutes 56 seconds west a distance of 100 feet to the iron pin first set above at the true point of beginning, containing 0.23 acres more or less.

BEING the same property conveyed to North Shelby Water Company, by deed dated August 4, 1999, from Shelby County Board of Education, of record in the Shelby County Clerk's Office in Deed Book 372, Page 304.

BEING a permanent 25 foot wide easement allowing Grantee, its successors, assigns, employees, lessees, and contractors unobstructed ingress and egress from Warrior Way to the property conveyed by Grantor and Grantee by deed dated August 4, 1999 and of record in the office of the Shelby County Clerk in Deed Book 372, Page 304, which easement is specifically subject to the terms of paragraph 19 of the Contract of Sale entered between the parties on October 28, 1998.

BEING one of the easements conveyed to North Shelby Water Company, by Deed of Easement dated August 4, 1999, of record in the Shelby County Clerk's Office in Deed Book 372, Page 314.

TRACT NO. S-6:

SITUATED in Bagdad, Shelby County, Kentucky, in the High School Court Addition to said Town of Bagdad, and thus bounded and described, to-wit:

BEING Block No. One of said High School Court Addition and fronting 158 feet on Mulberry Street of said Addition, and running back a distance of 425 feet to Railroad Street, as shown by the plat of said Addition recorded in the Office of the Clerk of Shelby County Court, in Deed Book J#4, at Page 587.

BEING the same property conveyed to North Shelby Water Company from Anna T. LeCompte Estate, by and through Carolyn Joyce Brown, Executrix, by deed dated February 19, 2004, of record in Deed Book 451, Page 108, Shelby County Clerk's Office.

This Instrument Prepared by:
MATHIS, RIGGS & PRATHER, P.S.C.
500 Main Street, Ste. 5
Shelbyville, KY 40065

DOCUMENT NO: 386511
RECORDED: November 26, 2012 11:24:00 AM
TOTAL FEES: \$29.00
COUNTY CLERK: SUE CAROLE PERRY
DEPUTY CLERK: SUE CAROLE PERRY
COUNTY: SHELBY COUNTY

By: 
Donald T. Prather

BOOK: M899 PAGES: 686 - 686

PROMISSORY NOTE
(ASSOCIATION OR ORGANIZATION)

State Kentucky			
County Shelby			
Case No. 21-006-237115869			
FINANCE OFFICE USE ONLY			
F 91	LN 13	LC	IA

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

Date 09-04-2014

FOR VALUE RECEIVED, North Shelby Water Company
(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 _____

Shelbyville, KY, or at such other place as the Government may hereafter designate in writing, the principal amount of TWO MILLION ONE HUNDRED THOUSAND AND NO/100'S dollars (\$ 2,100,000.00), plus interest on the unpaid principal balance at the rate of _____ percent (3.1250 %) per annum. The said principal and interest shall be paid in the following installments on or before the following dates:

\$ INTEREST ONLY on 09-04-2015 ,
 \$ INTEREST ONLY on 09-04-2016 ,
 \$ _____ on _____ ,
 \$ _____ on _____ , and
 \$ 95,193.00 thereafter on the 4TH DAY OF SEPT of each YEAR

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.

NORTH SHELBY WATER COMPANY

(Name of Borrower)

Cervy Ruble

(Signature of Executive Official)

(CORPORATE SEAL)

PRESIDENT

(Title of Executive Official)

ATTEST:

[Signature]

(Signature of Attesting Official)

P O BOX 97

(Post Office Box No. or Street Address)

[Signature]

(Title of Attesting Official)

BAGDAD, KY 40003

(City, State, and Zip Code)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1)\$		(6)\$	
(2)\$		(7)\$	
(3)\$		(8)\$	
(4)\$		(9)\$	
(5)\$		(10)\$	
	TOTAL	\$0.00	

PAY TO THE ORDER OF _____

UNITED STATES OF AMERICA

(Name of Agency)

BY _____

Mtg 6
Franklin 25
5/39

REAL ESTATE MORTGAGE FOR KENTUCKY

THIS MORTGAGE is made and entered into by North Shelby Water Company, a non-profit Kentucky
corporation

residing in _____ County, Kentucky, whose post office address is P.O. Box 97, 4596 Bagdad Road, Bagdad, Kentucky 40003, herein called "Borrower", and:

WHEREAS Borrower is indebted to the United States of America, acting through the United States Department of Agriculture, herein called the "Government", as evidenced by one or more promissory notes or assumption agreements or any shared appreciation or recapture agreement, herein called "note", which has been executed by Borrower, is payable to the order of Government, authorized acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is described as follows:

<u>Date of Instrument</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Due Date of Final Installment</u>
09/04/2014	\$2,100,000.00	3.125%	09/04/2054

(The interest rate for limited resource farm ownership or limited resource operating loans secured by this instrument may be increased as provided in the Government regulations or the note.)

And the note evidences a loan to Borrower, and the Government, at any time, may assign the note pursuant to the Consolidated Farm and Rural Development Act, Title V of the Housing Act of 1949 or any other statute administered by the Government;

And it is the purpose and intention of this instrument that, among other things, at all times when the note is held by the Government, or in the event the Government should assign this instrument, this instrument shall secure payment of the note;

And this instrument also secures the recapture of any interest credit or subsidy which may be granted to the Borrower by the Government pursuant to 42 U.S.C. § 1490a, or any amounts due under any Shared Appreciation Agreement/Recapture Agreement entered into pursuant to 7 U.S.C. § 2001.

NOW THEREFORE, in consideration of the loans and (a) at all times when the note is held by the Government, or in the event the Government should assign this instrument, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, including any provision and (b) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described, and the performance of every covenant and agreement of Borrower contained herein or in any supplementary agreement, Borrower does hereby sell, convey, and assign, with general warranty, unto the Government the following property situated in the State of Kentucky.

County or Counties of Franklin

See "Exhibit A" attached hereto and incorporated herein.

being the same (or part of the same) land conveyed*

together with all rights (including the rights to mining products, gravel, oil, gas, coal or other minerals), interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues and profits thereof and revenues and income therefrom, all improvements, all water, water rights, and water stock pertaining thereto, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance, or condemnation of any part thereof or interest there in all of which are herein called "the property"; All rents, profits and income from the property covered by this mortgagee are hereby assigned to the mortgagee for the purpose of discharging the debt hereby secured. Permission is hereby given to the mortgagor, so long as no default exist hereunder, to collect such rents, profits and income for use in accordance with regulations.

TO HAVE AND TO HOLD the property unto the Government and its assigns forever in fee simple.

BORROWER for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns WARRANTS THE TITLE to the property to the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, and COVENANTS AND AGREES as follows:

(1) To pay promptly when due any indebtedness to the Government hereby secured less the Government against any loss under its insurance of payment of the note by reason of any default by Borrower.

(2) To pay to the Government such fees and other charges as may now or hereafter be required by Government regulations.

(3) If required by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges upon the mortgaged premises.

(4) The Government, may at any time pay any other amounts required herein to be paid by Borrower and not paid by Borrower when due, as well as any costs and expenses for the preservation, protection, or enforcement of this lien, as advances for the account of Borrower. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.

(5) All advances by the Government as described in this instrument, with interest, shall be immediately due and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured hereby. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Any payment made by Borrower may be applied on the note or any indebtedness to the Government secured hereby, in any order the Government determines.

(6) To use the loan evidenced by the note solely for purposes authorized by the Government.

(7) To pay when due all taxes, liens, judgments encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.

(8) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.

(9) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as the Government from time to time may prescribe, and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property. Upon termination of this mortgage, after payment in full, the mortgagee, at the mortgagor's expense, shall execute and file or record such instruments of release, satisfaction and termination in proper form pursuant to the requirements contained in KRS 382.365.

(12) Except as otherwise provided by Government regulations, neither the property nor any portion thereof or interest therein shall be leased, assigned, sold transferred, or encumbered voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as mortgagee hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction, and no insured holder shall have any right, title or interest in or the lien or any benefits hereof.

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

(14) The Government may (a) adjust the interest rate, payment, terms or balance due on the loan, (b) increase the mortgage by an amount equal to deferred interest on the outstanding principal balance, (c) extend or defer the maturity of, and renew and reschedule the payments on, the debt evidenced by the note or any indebtedness to the Government secured by this instrument, (d) release any party who is liable under the note or for the debt from liability to the Government, (e) release portions of the property and subordinate its lien and (f) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument unless the Government says otherwise in writing. HOWEVER, any forbearance by the Government—whether once or often—in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

~~(15) If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a production credit association, a Federal bank or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, upon the Government's request, apply for and accept such loan in sufficient amounts to pay the note and any indebtedness secured hereby and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.~~

(16) Default hereunder shall constitute default under any other real estate, or under any personal property, or other security instrument held by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(17) SHOULD DEFAULT occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should any one of the parties named as Borrower die or be declared an incompetent, or should any one of the parties named as Borrower be discharged in bankruptcy or declared an insolvent, or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, (d) foreclose this instrument as provided herein or by law, and (e) enforce any and all other rights and remedies provided herein or by present or future law.

(18) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) any prior liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all indebtedness to the Government secured hereby, (d) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness of Borrower owing to the Government, and (f) any balance to Borrower. At foreclosure or other sale of all or any part of the property, the Government and its agents may bid and purchase as a stranger and may pay the Government's share of the purchase price by crediting such amount on any debts of Borrower owing to the Government, in the order prescribed above.

(19) Borrower agrees that the Government will not be bound by any present or future State laws, (a) providing for valuation, appraisal, homestead or exemption of the property, (b) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action may be brought, (c) prescribing any other statute of limitations, (d) allowing any right of redemption or possession following any foreclosure sale, or (e) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State law. Borrower hereby relinquishes, waives, and conveys all rights, inchoate or consummate, of descent, dower, and curtesy.

(20) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower will, after receipt of a bona fide offer, refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex, handicap, familial status, age or national origin, and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex, handicap, familial status, age or national origin.

(21) Borrower further agrees that the loans secured by this instrument will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as prohibited by 7 C.F.R. part 1940, subpart G.

(22) This instrument shall be subject to the present Government regulations and to its future regulations not inconsistent with the express provisions hereof.

(23) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, and addressed, unless and until some other address is designated in a notice so given, in the case of the Government to, 90 Howard Drive, Shelbyville, KY 40065 or such other address as Government may designate in the future and in the case of Borrower to the address shown in the Government's Finance Office records (which normally will be the same as the post office shown above).

(24) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

Given under the hands and seals of Borrower this 4th day of September, 2014.

Jerry Ruble (SEAL)
Jerry Ruble, President

Tom McGinnis (SEAL)
Tom McGinnis, Secretary

STATE OF KENTUCKY }
 }
COUNTY OF SHELBY }

Before me, Donald T. Prather, a Notary Public in and for the County of Shelby, personally appeared Jerry Ruble, President and Tom McGinnis, Secretary, on behalf of North Shelby Water Company, who acknowledged that they executed the foregoing instrument on the 4th day of September, 2014, as their free act and deed.

WITNESS my hand and official seal this 4th day of September, 2014.



Donald T. Prather

Notary Public

My Commission Expires: 2/1/15 ID: 434455

PREPARER'S STATEMENT

The form of this instrument was drafted by the Office of the General Counsel of the United States Department of Agriculture, and the material in the blank spaces of the form was inserted by or under the direction of

Donald T. Prather, Attorney-at-Law
(name),
500 Main Street, Suite 5, Shelbyville, Kentucky 40065
(address)

Donald T. Prather

(signature)

RECORDER'S SIGNATURE

STATE OF KENTUCKY }
 }
COUNTY OF _____ }

I, _____, Clerk of the County Court for the County aforesaid, do certify that the foregoing mortgage was on the _____ day of _____, 2014 lodged for record at _____ o'clock _____ .m., whereupon the same, with the foregoing and this certificate, have been duly recorded in my office.

Given under my hand his _____ day of _____, 2014.

Clerk of County Court
By _____, D.C.

EXHIBIT A TO REAL ESTATE MORTGAGE
(Franklin County)

TRACT NO. F-1:

All that tract or parcel of land situated southwest of St. Johns Road (S.R. 1570) east of Bryant-Benson Road and west of U. S. 421 approximately 5.5 miles north west of Frankfort in Franklin County, Kentucky and more fully described and bounded as follows to-wit:

BEGINNING at a point in the center line of St. Johns Road, said point being in the northwest corner of the Alan C. Moore property and corner to E. W. Toppass; thence measuring eastwardly along the center line of the St. Johns Road as it meanders approximately 412 feet to the extension of an existing interior fence on the Alan C. Moore property; thence with the fence S 83° 13' W 105.7 feet, more or less, to a steel cap in a concrete monument, this being the beginning corner of the North Shelby Water Company tank property; thence for four new calls with Alan C. Moore N 13° 46' W 100 feet to a steel cap in a concrete monument, S 83° 13' W 100 feet to a steel cap in a concrete monument, S 13° 46' E 100 feet to a steel cap in a concrete monument placed in the line of the previously described existing interior fence and N 83° 13' E 100 feet to the beginning and containing 0.23 acre and being subject to easements and rights-of-way of record and in existence.

ALSO, in addition to the above, there is a permanent easement for construction and maintenance of a roadway and water line and for ingress and egress twenty (20) feet wide located adjacent to the north side of the previously described existing interior fence extending from the center line of St. Johns Road to the above described tank property for a distance of approximately 105.7 feet.

BEING the same property conveyed to North Shelby Water Company by deed from Alan C. Moore, dated August 16, 1979, of record in Franklin County Clerk's office in Deed Book 299, Page 290.

TRACT NO. F-2:

Located on the east side of St. Johns Road (Ky. Highway #1570) in Franklin County, Kentucky, and thus described:

BEGINNING at a point in the line of land of Charles Wiley S 82° 30' E 23.25' from a nail in the centerline of St. Johns Road (Ky. Route 1570); said point witnessed by a 1" iron pipe set in concrete which bears S 82° 30' E, 3.72' from said point; thence S 82° 30' E. with the line of said Charles Wiley land, 40.0 feet to a 1" iron pipe set in concrete, a corner common to land of Charles Wiley and land of Rita S. Moore; thence 2 lines with said Moore land, N 07° 30' E, 40.0' to a 1" iron pipe set in concrete, and N 82° 30' W, 40.0' to a 1" iron pipe set in concrete on the easterly side of St. Johns Road; thence, S 07° 30' W, more or less parallel with said St. Johns Road, 40.0' to the point of beginning and containing 0.037 acre of land, more or less, according to survey of September 2, 1982, by Joseph N. Swanson, PLS KYLS #2085.

BEING the same property conveyed to North Shelby Water Company by deed dated February 2, 1983, of record in the Franklin County Clerk's office in Deed Book 319, Page 508.

TRACT NO. F-3:

Located on the East of U. S. 421 in Franklin County, Kentucky, and described as follows:

BEGINNING at a 1" iron pipe set in concrete N 89° 30' E, 33' from a stone fence on the west side of the old Benson Road at a point 115' northerly from the intersection of said old Benson Road with the northerly line of land now owned by Devil Goins thence N 89° 30' E with land of Melvin W. and Marie S. Ramsey 40.0' to a 1" iron pipe set in concrete; thence N 00° 30' W, continuing with said Ramsey land, 40.0' to a 1" iron pipe set in concrete; thence S 89° 30' W, continuing with said Ramsey land 40.0' to a 1" iron pipe set in concrete; thence S 00° 30' E, more or less parallel with the old Benson Road and the aforementioned stone fence 40.0' to the point of beginning and containing 0.037 acre of land, more or less, according to survey of April 14, 1983 by Joseph N. Swanson, PLS KYLS #2085.

BEING that property conveyed to the North Shelby Water Company by deed dated April 21, 1983 of record in the Franklin County Clerk's office in Deed Book 319, at Page 507.

This Instrument Prepared by:

MATHIS, RIGGS, PRATHER & RATLIFF, P.S.C.
500 Main Street, Suite 5
Shelbyville, KY 40065

By 
Donald T. Prather

DOCUMENT NO: 422454
RECORDED: September 05, 2014 11:43:09 AM
TOTAL FEES: \$25.00
COUNTY CLERK: GUY ZEIBLER
DEPUTY CLERK: ANITA WHITTNER
COUNTY: FRANKLIN COUNTY

BOOK: M1322 PAGE: 99

5/39

USDA
FORM RD 1927-1 KY
(Rev. 1-97)

REAL ESTATE MORTGAGE FOR KENTUCKY

THIS MORTGAGE is made and entered into by North Shelby Water Company, a non-profit Kentucky
corporation

residing in _____ County, Kentucky, whose post office address is P.O. Box 97, 4596 Bagdad Road, Bagdad, Kentucky 40003, herein called "Borrower", and:

WHEREAS Borrower is indebted to the United States of America, acting through the United States Department of Agriculture, herein called the "Government", as evidenced by one or more promissory notes or assumption agreements or any shared appreciation or recapture agreement, herein called "note", which has been executed by Borrower, is payable to the order of Government, authorized acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is described as follows:

<u>Date of Instrument</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Due Date of Final Installment</u>
09/04/2014	\$2,100,000.00	3.125%	09/04/2054

(The interest rate for limited resource farm ownership or limited resource operating loans secured by this instrument may be increased as provided in the Government regulations or the note.)

And the note evidences a loan to Borrower, and the Government, at any time, may assign the note pursuant to the Consolidated Farm and Rural Development Act, Title V of the Housing Act of 1949 or any other statute administered by the Government;

And it is the purpose and intention of this instrument that, among other things, at all times when the note is held by the Government, or in the event the Government should assign this instrument, this instrument shall secure payment of the note;

And this instrument also secures the recapture of any interest credit or subsidy which may be granted to the Borrower by the Government pursuant to 42 U.S.C. § 1490a, or any amounts due under any Shared Appreciation Agreement/Recapture Agreement entered into pursuant to 7 U.S.C. § 2001.

NOW THEREFORE, in consideration of the loans and (a) at all times when the note is held by the Government, or in the event the Government should assign this instrument, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, including any provision and (b) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described, and the performance of every covenant and agreement of Borrower contained herein or in any supplementary agreement, Borrower does hereby sell, convey, and assign, with general warranty, unto the Government the following property situated in the State of Kentucky.

County or Counties of Franklin

See "Exhibit A" attached hereto and incorporated herein.

SHELBY COUNTY
M954 PG520

being the same (or part of the same) land conveyed*

together with all rights (including the rights to mining products, gravel, oil, gas, coal or other minerals), interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues and profits thereof and revenues and income therefrom, all improvements, all water, water rights, and water stock pertaining thereto, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance, or condemnation of any part thereof or interest there in all of which are herein called "the property"; All rents, profits and income from the property covered by this mortgagee are hereby assigned to the mortgagee for the purpose of discharging the debt hereby secured. Permission is hereby given to the mortgagor, so long as no default exist hereunder, to collect such rents, profits and income for use in accordance with regulations.

TO HAVE AND TO HOLD the property unto the Government and its assigns forever in fee simple.

BORROWER for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns WARRANTS THE TITLE to the property to the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, and COVENANTS AND AGREES as follows:

(1) To pay promptly when due any indebtedness to the Government hereby secured less the Government against any loss under its insurance of payment of the note by reason of any default by Borrower.

(2) To pay to the Government such fees and other charges as may now or hereafter be required by Government regulations.

(3) If required by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges upon the mortgaged premises.

(4) The Government, may at any time pay any other amounts required herein to be paid by Borrower and not paid by Borrower when due, as well as any costs and expenses for the preservation, protection, or enforcement of this lien, as advances for the account of Borrower. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.

(5) All advances by the Government as described in this instrument, with interest, shall be immediately due and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured hereby. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Any payment made by Borrower may be applied on the note or any indebtedness to the Government secured hereby, in any order the Government determines.

(6) To use the loan evidenced by the note solely for purposes authorized by the Government.

(7) To pay when due all taxes, liens, judgments encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.

(8) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.

(9) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as the Government from time to time may prescribe, and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property. Upon termination of this mortgage, after payment in full, the mortgagee, at the mortgagor's expense, shall execute and file or record such instruments of release, satisfaction and termination in proper form pursuant to the requirements contained in KRS 382.365.

(12) Except as otherwise provided by Government regulations, neither the property nor any portion thereof or interest therein shall be leased, assigned, sold transferred, or encumbered voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as mortgagee hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction, and no insured holder shall have any right, title or interest in or the lien or any benefits hereof.

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

(14) The Government may (a) adjust the interest rate, payment, terms or balance due on the loan, (b) increase the mortgage by an amount equal to deferred interest on the outstanding principal balance, (c) extend or defer the maturity of, and renew and reschedule the payments on, the debt evidenced by the note or any indebtedness to the Government secured by this instrument, (d) release any party who is liable under the note or for the debt from liability to the Government, (e) release portions of the property and subordinate its lien and (f) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument unless the Government says otherwise in writing. HOWEVER, any forbearance by the Government—whether once or often—in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

~~(15) If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will upon the Government's request apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.~~

(16) Default hereunder shall constitute default under any other real estate, or under any personal property, or other security instrument held by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(17) SHOULD DEFAULT occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should any one of the parties named as Borrower die or be declared an incompetent, or should any one of the parties named as Borrower be discharged in bankruptcy or declared an insolvent, or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, (d) foreclose this instrument as provided herein or by law, and (e) enforce any and all other rights and remedies provided herein or by present or future law.

(18) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) any prior liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all indebtedness to the Government secured hereby, (d) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness of Borrower owing to the Government, and (f) any balance to Borrower. At foreclosure or other sale of all or any part of the property, the Government and its agents may bid and purchase as a stranger and may pay the Government's share of the purchase price by crediting such amount on any debts of Borrower owing to the Government, in the order prescribed above.

(19) Borrower agrees that the Government will not be bound by any present or future State laws, (a) providing for valuation, appraisal, homestead or exemption of the property, (b) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action may be brought, (c) prescribing any other statute of limitations, (d) allowing any right of redemption or possession following any foreclosure sale, or (e) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State law. Borrower hereby relinquishes, waives, and conveys all rights, inchoate or consummate, of descent, dower, and curtesy.

(20) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower will, after receipt of a bona fide offer, refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex, handicap, familial status, age or national origin, and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex, handicap, familial status, age or national origin.

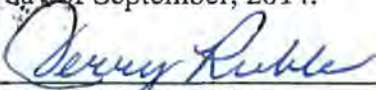
(21) Borrower further agrees that the loans secured by this instrument will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as prohibited by 7 C.F.R. part 1940, subpart G.

(22) This instrument shall be subject to the present Government regulations and to its future regulations not inconsistent with the express provisions hereof.


(23) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, and addressed, unless and until some other address is designated in a notice so given, in the case of the Government to, 90 Howard Drive, Shelbyville, KY 40065 or such other address as Government may designate in the future and in the case of Borrower to the address shown in the Government's Finance Office records (which normally will be the same as the post office shown above).

(24) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

Given under the hands and seals of Borrower this 4th day of September, 2014.



Jerry Ruble, President (SEAL)



Tom McGinnis, Secretary (SEAL)

STATE OF KENTUCKY }
 }
COUNTY OF SHELBY }

Before me, Donald T. Prather, a Notary Public in and for the County of Shelby, personally appeared Jerry Ruble, President and Tom McGinnis, Secretary, on behalf of North Shelby Water Company, who acknowledged that they executed the foregoing instrument on the 4th day of September, 2014, as their free act and deed.

WITNESS my hand and official seal this 4th day of September, 2014.



Notary Public

(SEAL)

My Commission Expires: 2/1/15

ID: 434455

PREPARER'S STATEMENT

The form of this instrument was drafted by the Office of the General Counsel of the United States Department of Agriculture, and the material in the blank spaces of the form was inserted by or under the direction of

Donald T. Prather, Attorney-at-Law

(name),
500 Main Street, Suite 5, Shelbyville, Kentucky 40065

(address)



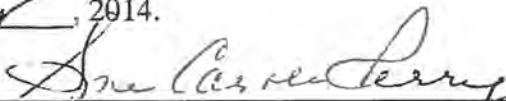
(signature)

RECORDER'S SIGNATURE

STATE OF KENTUCKY }
 }
COUNTY OF Shelby }

I, SUE CAROLE PERRY, Clerk of the County Court for the County aforesaid, do certify that the foregoing mortgage was on the 5th day of September, 2014 lodged for record at 2:46 o'clock P.m., whereupon the same, with the foregoing and this certificate, have been duly recorded in my office.

Given under my hand his 5th day of September, 2014.



Clerk of County Court
By _____, D.C.

EXHIBIT A TO REAL ESTATE MORTGAGE
(Shelby County)

TRACT NO. S-1:

Located on the south side of Dry Ridge Road in Shelby County, Kentucky, near the Franklin County line and is described as follows:

BEGINNING at a point in the Grantors' present line with the E. W. Kessler property, said point located approximately 560 feet west of the Franklin County line Highway sign, and approximately 30 feet south of the center of Dry Ridge Road; thence with the existing fence between the grantors and Kessler in a southerly direction 25 feet to a point in the fence; thence in a westerly direction 30 feet to a point; thence in a northerly direction to a point located approximately 30 feet south of the center of Dry Ridge Road; thence parallel with the center of Dry Ridge Road in an easterly direction 30 feet to the point of beginning, containing approximately 0.02 acre, more or less, together with a perpetual easement 10 feet in width and extending along the aforesaid fenceline to the Dry Ridge Road with the right to erect, install, use and maintain a waterline and also to use said easement for purposes of ingress and egress from the above described pumping station site.

BEING the same property conveyed to North Shelby Water company by deed from Mary Burton Pulliam, et al., dated March 19, 1979, of record in the Shelby County Clerk's office in Deed Book 208, Page 533.

TRACT NO. S-2:

Located on the south side of Kentucky Highway #12 in Shelby County, Kentucky, and thus described:

BEGINNING at a 1" iron pipe set in concrete in the line of Earl Webster S 16° 39' 20" E, 35.2' from the centerline of Dry Ridge Road (KY Route 12); thence S 16° 39' 20" E, with the line of said Earl Webster land, 100.0' to a 1" iron pipe set in concrete, a corner common to said Webster land and land of Vernon Johnson; thence 2 lines with said Vernon Johnson land, N 83° 47' W, 100.0' to a 1" iron pipe set in concrete, and N 16° 39' 20" W, 100.0' to a 1" iron pipe set in concrete, a point S 16° 39' 20" E, 34.9' from the centerline of said Dry Ridge Road; thence S 83° 47' E, more or less parallel to the centerline of said Dry Ridge Road, 100.0' to the point of beginning and containing 0.212 acre of land, more or less, according to survey by Joseph N. Swanson, RLS #2085, dated May 17, 1982.

BEING the same property conveyed to the North Shelby Water Company by deed dated November 9, 1982, of record in the Shelby County Clerk's office in Deed Book 220, Page 457.

TRACT NO. S-3:

The following described real property located near Todds Point in Shelby County, Kentucky;

BEGINNING at an iron pin (set) at the Southeast corner of the proposed water tower site and also the Northeast corner of the hereinafter described easement providing access to and from the

SHELBY COUNTY
M954 PG524

tower site to Ky. Highway #362; thence with the remaining property of Grantors the following calls:

N 86° 07' 10" W 75.00 feet to an iron pin (set),
N 03° 52' 50" E 75.00 feet to an iron pin (set),
S 86° 07' 10" E 75.00 feet to an iron pin (set), and
S 03° 52' 50" W 75.00 feet to the point of beginning and containing 0.13 acre (5, 625 S.F.).

Also a perpetual easement to use for ingress and egress over the following described fourteen-foot (14 ft.) wide strip:

BEGINNING at an existing iron pin located in the North right-of-way of Kentucky Highway 362 corner to the tract conveyed to John Williams (Deed Book 192, Page 617); thence with the North right-of-way of Kentucky Highway 362 N 72° 25' 50" E 83.85 feet to an iron pin (set) and N 87° 18' 50" E 79.90 feet to an iron pin (set), said iron pin being the point of beginning for this described easement; thence along the East line of said easement and through the property of Grantors N 03° 52' 50" E 176.04 feet to an iron pin (set), said pin being the Southeast corner of the proposed water tower site and the Northeast corner of this easement; thence with the South line of the proposed water tower site N 86° 07' 10" W 14.00 feet to an iron pin; thence through the property of Grantors S 03° 52' 50" W 177.65 feet to an iron pin set in the North right-of-way of Kentucky Highway 362; thence with said right-of-way N 87° 18' 50" E 14.09 feet to the point of beginning.

BEING the same property conveyed to North Shelby Water Company by deed from Robert R. Cook, Sr. and Betty C. Cook, his wife, dated July 3, 1986, and recorded in the Shelby County Clerk's office in Deed Book 238, Page 102.

TRACT NO. S-4:

A tract of land situated in Shelby County, Kentucky near the Jefferson County line on the East side of the Long Run Road and more particularly described as follows:

BEGINNING at the Northeast corner of M. H. Satterly and the Northwest corner of Catlett in the new right-of-way of Long Run Road; thence with said new right of way line N 32° 14' 25" E, 25.00 feet to a new corner of Catlett; thence with a new line of Catlett as follows: S 60° 27' 05" E, 25.00 feet; thence S 32° 14' 25" W, 25.00 feet to the line of Satterly; thence with the line of Satterly N 60° 27' 05" W, 25.00 feet to the point of beginning. The above described tract contains 624 square feet, according to survey of George R. Best, Registered Land Surveyor.

BEING the same property conveyed to North Shelby Water Company by deed from John T. Catlett and Priscilla M. Catlett dated July 26, 1988 and recorded in Deed Book 251, Page 440, Shelby County Clerk's Office.

TRACT NO. S-5:

BEGINNING at an iron pin in the east right-of-way of LaGrange Road (KY 53), said iron pin being the corner of Shelby County Board of Education and McGinnis; thence along School

Board's north boundary south 79 degrees 15 minutes 56 seconds east a distance of approximately 1300 feet to an iron pin (set), the true point of beginning; thence south 10 degrees 44 minutes 04 seconds west a distance of 100 feet to an iron pin (set); thence south 79 degrees 15 minutes 56 seconds east a distance of 100 feet to an iron pin (set); thence north 79 degrees 15 minutes 56 seconds west a distance of 100 feet to the iron pin first set above at the true point of beginning, containing 0.23 acres more or less.

BEING the same property conveyed to North Shelby Water Company, by deed dated August 4, 1999, from Shelby County Board of Education, of record in the Shelby County Clerk's Office in Deed Book 372, Page 304.

BEING a permanent 25 foot wide easement allowing Grantee, its successors, assigns, employees, lessees, and contractors unobstructed ingress and egress from Warrior Way to the property conveyed by Grantor and Grantee by deed dated August 4, 1999 and of record in the office of the Shelby County Clerk in Deed Book 372, Page 304, which easement is specifically subject to the terms of paragraph 19 of the Contract of Sale entered between the parties on October 28, 1998.

BEING one of the easements conveyed to North Shelby Water Company, by Deed of Easement dated August 4, 1999, of record in the Shelby County Clerk's Office in Deed Book 372, Page 314.

TRACT NO. S-6:

SITUATED in Bagdad, Shelby County, Kentucky, in the High School Court Addition to said Town of Bagdad, and thus bounded and described, to-wit:

BEING Block No. One of said High School Court Addition and fronting 158 feet on Mulberry Street of said Addition, and running back a distance of 425 feet to Railroad Street, as shown by the plat of said Addition recorded in the Office of the Clerk of Shelby County Court, in Deed Book J#4, at Page 587.

BEING the same property conveyed to North Shelby Water Company from Anna T. LeCompte Estate, by and through Carolyn Joyce Brown, Executrix, by deed dated February 19, 2004, of record in Deed Book 451, Page 108, Shelby County Clerk's Office.

TRACT NO. S-7:

BEGINNING at a post corner to the First Christian Church property and the Mulberry Hill Revocable Trust property; thence with the line of the Mulberry Hill Revocable Trust property south 04 deg. 10' 50" West 47.76 feet to a post corner to the Randall and Rebecca Kirts property; thence with the line of the Randall and Rebecca Kirts property North 85 deg. 16' 26" West 60.53 feet to a 1/2 inch rebar with ID cap stamped 2269 set this survey at a new corner to the remaining property of Melvin Moffett and Ernestine Moffett; thence with a new line of Melvin and Ernestine Moffett (DB 177 Pg. 291) North 04 deg. 10' 50" East 45.18 feet to a 1/2 inch rebar with ID cap stamped 2269 set this survey and South 87 deg. 42' 39" East 60.56 feet to the point of beginning and containing .06 acre according to a survey made in March, 2014 by Charles B. Moody, PLS 2269, with McGinnis and Associates, and being Parcel A as shown on the Plat known as "A Part of the Moffett Property Wedgewood Drive" attached hereto as Exhibit A.

BEING the same property conveyed to North Shelby Water Company from Melvin and Ernestine Moffett, husband and wife, by Deed dated June 11, 2014 of record in Deed Book 587, Page 838, Shelby County Clerk's office.

This Instrument Prepared by:

MATHIS, RIGGS, PRATHER & RATLIFF, P.S.C.
500 Main Street, Suite 5
Shelbyville, KY 40065

By: 

Donald T. Prather

DOCUMENT NO: 404674
RECORDED: September 05, 2014 02:46:00 PM
TOTAL FEES: \$32.00
COUNTY CLERK: SUE CAROLE PERRY
DEPUTY CLERK: SHELLEY MITCHELL
COUNTY: SHELBY COUNTY

BOOK: M954 PAGE: 519 - 526

Jeff. 5/30
5/30
5

REAL ESTATE MORTGAGE FOR KENTUCKY

THIS MORTGAGE is made and entered into by North Shelby Water Company, a non-profit Kentucky
corporation

residing in _____ County, Kentucky, whose post office
address is P.O. Box 97, 4596 Bagdad Road, Bagdad, Kentucky 40003, herein called "Borrower", and:

WHEREAS Borrower is indebted to the United States of America, acting through the United States Department of Agriculture, herein called the "Government", as evidenced by one or more promissory notes or assumption agreements or any shared appreciation or recapture agreement, herein called "note", which has been executed by Borrower, is payable to the order of Government, authorized acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is described as follows:

<u>Date of Instrument</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Due Date of Final Installment</u>
09/04/2014	\$2,100,000.00	3.125%	09/04/2054

(The interest rate for limited resource farm ownership or limited resource operating loans secured by this instrument may be increased as provided in the Government regulations or the note.)

And the note evidences a loan to Borrower, and the Government, at any time, may assign the note pursuant to the Consolidated Farm and Rural Development Act, Title V of the Housing Act of 1949 or any other statute administered by the Government;

And it is the purpose and intention of this instrument that, among other things, at all times when the note is held by the Government, or in the event the Government should assign this instrument, this instrument shall secure payment of the note;

And this instrument also secures the recapture of any interest credit or subsidy which may be granted to the Borrower by the Government pursuant to 42 U.S.C. § 1490a, or any amounts due under any Shared Appreciation Agreement/Recapture Agreement entered into pursuant to 7 U.S.C. § 2001.

NOW THEREFORE, in consideration of the loans and (a) at all times when the note is held by the Government, or in the event the Government should assign this instrument, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, including any provision and (b) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described, and the performance of every covenant and agreement of Borrower contained herein or in any supplementary agreement, Borrower does hereby sell, convey, and assign, with general warranty, unto the Government the following property situated in the State of Kentucky.

County or Counties of Franklin

See "Exhibit A" attached hereto and incorporated herein.

being the same (or part of the same) land conveyed*

together with all rights (including the rights to mining products, gravel, oil, gas, coal or other minerals), interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues and profits thereof and revenues and income therefrom, all improvements, all water, water rights, and water stock pertaining thereto, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance, or condemnation of any part thereof or interest there in all of which are herein called "the property"; All rents, profits and income from the property covered by this mortgagee are hereby assigned to the mortgagee for the purpose of discharging the debt hereby secured. Permission is hereby given to the mortgagor, so long as no default exist hereunder, to collect such rents, profits and income for use in accordance with regulations.

TO HAVE AND TO HOLD the property unto the Government and its assigns forever in fee simple.

BORROWER for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns WARRANTS THE TITLE to the property to the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, and COVENANTS AND AGREES as follows:

(1) To pay promptly when due any indebtedness to the Government hereby secured less the Government against any loss under its insurance of payment of the note by reason of any default by Borrower.

(2) To pay to the Government such fees and other charges as may now or hereafter be required by Government regulations.

(3) If required by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges upon the mortgaged premises.

(4) The Government, may at any time pay any other amounts required herein to be paid by Borrower and not paid by Borrower when due, as well as any costs and expenses for the preservation, protection, or enforcement of this lien, as advances for the account of Borrower. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.

(5) All advances by the Government as described in this instrument, with interest, shall be immediately due and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured hereby. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Any payment made by Borrower may be applied on the note or any indebtedness to the Government secured hereby, in any order the Government determines.

(6) To use the loan evidenced by the note solely for purposes authorized by the Government.

(7) To pay when due all taxes, liens, judgments encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.

(8) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.

(9) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as the Government from time to time prescribe, and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property. Upon termination of this mortgage, after payment in full, the mortgagee, at the mortgagor's expense, shall execute and file or record such instruments of release, satisfaction and termination in proper form pursuant to the requirements contained in KRS 382.365.

(12) Except as otherwise provided by Government regulations, neither the property nor any portion thereof or interest therein shall be leased, assigned, sold transferred, or encumbered voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as mortgagee hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction, and no insured holder shall have any right, title or interest in or the lien or any benefits hereof.

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

(14) The Government may (a) adjust the interest rate, payment, terms or balance due on the loan, (b) increase the mortgage by an amount equal to deferred interest on the outstanding principal balance, (c) extend or defer the maturity of, and renew and reschedule the payments on, the debt evidenced by the note or any indebtedness to the Government secured by this instrument, (d) release any party who is liable under the note or for the debt from liability to the Government, (e) release portions of the property and subordinate its lien and (f) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument unless the Government says otherwise in writing. HOWEVER, any forbearance by the Government—whether once or often—in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

~~(15) If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a production credit association, a Federal land bank or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, upon the Government's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.~~

(16) Default hereunder shall constitute default under any other real estate, or under any personal property, or other security instrument held by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(17) SHOULD DEFAULT occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should any one of the parties named as Borrower die or be declared an incompetent; or should any one of the parties named as Borrower be discharged in bankruptcy or declared an insolvent, or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, (d) foreclose this instrument as provided herein or by law, and (e) enforce any and all other rights and remedies provided herein or by present or future law.

(18) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) any prior liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all indebtedness to the Government secured hereby, (d) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness of Borrower owing to the Government, and (f) any balance to Borrower. At foreclosure or other sale of all or any part of the property, the Government and its agents may bid and purchase as a stranger and may pay the Government's share of the purchase price by crediting such amount on any debts of Borrower owing to the Government, in the order prescribed above.

(19) Borrower agrees that the Government will not be bound by any present or future State laws, (a) providing for valuation, appraisal, homestead or exemption of the property, (b) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action may be brought, (c) prescribing any other statute of limitations, (d) allowing any right of redemption or possession following any foreclosure sale, or (e) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State law. Borrower hereby relinquishes, waives, and conveys all rights, inchoate or consummate, of descent, dower, and curtesy.

(20) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower will, after receipt of a bona fide offer, refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex, handicap, familial status, age or national origin, and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex, handicap, familial status, age or national origin.

(21) Borrower further agrees that the loans secured by this instrument will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as prohibited by 7 C.F.R. part 1940, subpart G.

(22) This instrument shall be subject to the present Government regulations and to its future regulations not inconsistent with the express provisions hereof.

(23) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, and addressed, unless and until some other address is designated in a notice so given, in the case of the Government to, 90 Howard Drive, Shelbyville, KY 40065 or such other address as Government may designate in the future and in the case of Borrower to the address shown in the Government's Finance Office records (which normally will be the same as the post office shown above).

(24) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

Given under the hands and seals of Borrower this 40 day of September, 2014. 13867PG 066

Jerry Ruble (SEAL)
Jerry Ruble, President

Tom McGinnis (SEAL)
Tom McGinnis, Secretary

STATE OF KENTUCKY }
 }
COUNTY OF SHELBY }

Before me, Donald T. Prather, a Notary Public in and for the County of Shelby, personally appeared Jerry Ruble, President and Tom McGinnis, Secretary, on behalf of North Shelby Water Company, who acknowledged that they executed the foregoing instrument on the 40 day of September, 2014, as their free act and deed.

WITNESS my hand and official seal this 40 day of September, 2014.

[Signature]

Notary Public

(SEAL)

My Commission Expires: 2/1/15

ID: 434455

PREPARER'S STATEMENT

The form of this instrument was drafted by the Office of the General Counsel of the United States Department of Agriculture, and the material in the blank spaces of the form was inserted by or under the direction of

Donald T. Prather, Attorney-at-Law
(name),
500 Main Street, Suite 5, Shelbyville, Kentucky 40065
(address)

[Signature]

(signature)

RECORDER'S SIGNATURE

STATE OF KENTUCKY }
 }
COUNTY OF _____ }

I, _____, Clerk of the County Court for the County aforesaid, do certify that the foregoing mortgage was on the _____ day of _____, 2014 lodged for record at _____ o'clock _____ m., whereupon the same, with the foregoing and this certificate, have been duly recorded in my office.

Given under my hand his _____ day of _____, 2014.

Clerk of County Court
By _____, D.C.

**EXHIBIT A TO REAL ESTATE MORTGAGE
(Jefferson County)**

TRACT NO. J-1:

BEING a tract of land situated on the North and West side of Long Run Road 190 feet northeast of the entrance to Long Run Park in Jefferson County, Kentucky, and being more particularly described as follows:

BEGINNING at a found concrete right of way marker in the north and west right of way of Long Run road, said marker being the southwest corner of the Rhonda E. McBride parcel (Deed Book 8824, Page 692); thence with said right of way, South 62° 00' 11" East, a distance of 28.24 feet to a found right of way marker; thence continuing with said right of way South 34° 12' 46" West, a distance of 148.32 feet to a set ½ inch rebar, 18 inches in length with a plastic cap stamped PLS 2123 and being typical this survey, and being the True Point of Beginning; thence continuing with said right of way South 34° 12' 46" West, a distance of 109.63 feet to a set rebar, said rebar being a new corner to the remaining property of Jefferson County Long Run Park; thence with the new division line of the Park North 55° 47' 14" West, a distance of 90.00 feet to a set rebar; thence North 34° 12' 46" East, a distance of 26.75 feet to a set rebar on line set as a witness; thence North 34° 12' 46" East, a distance of 32.00 feet to a point center of drain; thence with the meanders of the drain South 82° 16' 33" East, a distance of 18.03 feet to a point; thence North 82° 10' 05" East, a distance of 36.66 feet to a point; thence North 53° 49' 17" East, a distance of 25.30 feet to a point at the mouth of the drain; thence South 47° 30' 13" East, a distance of 38.55 feet to the True Point of Beginning and containing 0.19 acre as surveyed by Larry G. Tingle and Tingle Surveys, Inc. in July 2011. The basis for bearings was obtained from GPS observation in July 2011. This parcel of land is subject to all easements apparent or of record

BEING the same property leased to North Shelby Water Company, a Kentucky non-profit corporation, from Louisville/Jefferson County Metro Government, a governmental successor to Jefferson County, Kentucky, by 99-year Ground Lease dated June 29, 2012, of record in Deed Book 9913, Page 189, Jefferson County Clerk's Office.

This Instrument Prepared by:

MATHIS, RIGGS, PRATHER & RATLIFF, P.S.C.
500 Main Street, Suite 5
Shelbyville, KY 40065

By: 
Donald T. Prather

Document No.: 0N2014116647
 Lodged By: MATHIS RIGGS PRATHER
 Recorded On: 09/11/2014 08:27:02
 Total Fees: 19.00
 Transfer Tax: .00
 County Clerk: BOBBIE HOLSCLOW-JEFF CO KY
 Deputy Clerk: TERHIG

PROMISSORY NOTE
(ASSOCIATION OR ORGANIZATION)

State			
Kentucky			
County			
Shelby			
Case No			
21-006-*****5869			
FINANCE OFFICE USE ONLY			
F	LN	LC	IA
91	14		

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

Date 10-24-2016

FOR VALUE RECEIVED, North Shelby Water Company
(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 _____
Lexington, KY 40503, or at such other place as the Government may hereafter designate in writing, the principal amount of Two Million Seven Hundred Fifty-five Thousand dollars (\$ 2,755,000), plus interest on the unpaid principal balance at the rate of two & three-eighths percent (2.375%) per annum. The said principal and interest shall be paid in the following installments on or before the following dates:

\$ Interest Only on 10-24-2017,
 \$ Interest Only on 10-24-2018,
 \$ _____ on _____,
 \$ _____ on _____, and
 \$ 110,889 thereafter on the 24th day of Oct of each Year

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 40 (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.

North Shelby Water Company

(Name of Borrower)

Jerry Ruble

(Signature of Executive Official)

(CORPORATE SEAL)

Jerry Ruble, President

(Title of Executive Official)

ATTEST:

John M. Turner
(Signature of Attesting Official)

P. O. Box 97

(Post Office Box No. or Street Address)

John M. Turner
(Title of Attesting Official)

Bagdad, KY 40003-

(City, State, and Zip Code)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1)\$		(6)\$	
(2)\$		(7)\$	
(3)\$		(8)\$	
(4)\$		(9)\$	
(5)\$		(10)\$	
		TOTAL	\$0.00

PAY TO THE ORDER OF _____

UNITED STATES OF AMERICA
USDA Rural Development
(Name of Agency)

BY _____

MK
574-9

Position 5

USDA
Form RD 1927-1 KY
(Rev. 1-97)

REAL ESTATE MORTGAGE FOR KENTUCKY

THIS MORTGAGE is made and entered into by _____
North Shelby Water Company, a non-profit corporation

residing in Shelby _____ County, Kentucky, whose post office
address is PO Box 97, 4596 Bagdad Road, Bagdad, Kentucky _____, Kentucky 40003,
herein called "Borrower," and:

WHEREAS Borrower is indebted to the United States of America, acting through the United States Department of Agriculture, herein called the "Government," as evidenced by one or more promissory notes or assumption agreements or any shared appreciation or recapture agreement, herein called "note," which has been executed by Borrower, is payable to the order of the Government, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is described as follows:

<i>Date of Instrument</i>	<i>Principal Amount</i>	<i>Annual Rate of Interest</i>	<i>Due Date of Final Installment</i>
10/24/2016	\$2,755,000.00	2.375%	10/24/2016

(The interest rate for limited resource farm ownership or limited resource operating loans secured by this instrument may be increased as provided in the Government regulations or the note.)

And the note evidences a loan to Borrower, and the Government, at any time, may assign the note pursuant to the Consolidated Farm and Rural Development Act, Title V of the Housing Act of 1949 or any other statute administered by the Government;

And it is the purpose and intention of this instrument that, among other things, at all times when the note is held by the Government, or in the event the Government should assign this instrument, this instrument shall secure payment of the note;

And this instrument also secures the recapture of any interest credit or subsidy which may be granted to the Borrower by the Government pursuant to 42 U.S.C. §1490a, or any amounts due under any Shared Appreciation Agreement/Recapture Agreement entered into pursuant to 7 U.S.C. §2001.

NOW, THEREFORE, in consideration of the loans and (a) at all times when the note is held by the Government, or in the event the Government should assign this instrument, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, including any provision and (b) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described, and the performance of every covenant and agreement of Borrower contained herein or in any supplementary agreement, Borrower does hereby sell, convey, and assign, with general warranty, unto the Government the following property situated in the State of Kentucky,

County or Counties of Franklin _____

being the same (or part of the same) land conveyed* together with all rights (including the rights to mining products, gravel, oil, gas, coal or other minerals), interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues and profits thereof and revenues and income therefrom, all improvements, all water, water rights, and water stock pertaining thereto, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance, or condemnation of any part thereof or interest there in all of which are herein called "the property"; all rents, profits and income from the property covered by this mortgagee are hereby assigned to the mortgagee for the purpose of discharging the debt hereby secured. Permission is hereby given to the mortgagor, so long as no default exist hereunder, to collect such rents, profits and income for use in accordance with regulations.

TO HAVE AND TO HOLD the property unto the Government and its assigns forever in fee simple.

BORROWER for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns WARRANTS THE TITLE to the property to the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, and COVENANTS AND AGREES as follows:

(1) To pay promptly when due any indebtedness to the Government hereby secured less the Government against any loss under its insurance of payment of the note by reason of any default by Borrower.

(2) To pay to the Government such fees and other charges as may now or hereafter be required by Government regulations.

(3) If required by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges upon the mortgaged premises.

(4) The Government, may at any time pay any other amounts required herein to be paid by Borrower and not paid by Borrower when due, as well as any costs and expenses for the preservation, protection, or enforcement of this lien, as advances for the account of Borrower. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.

(5) All advances by the Government as described in this instrument, with interest, shall be immediately due and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured hereby. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Any payment made by Borrower may be applied on the note or any indebtedness to the Government secured hereby, in any order the Government determines.

(6) To use the loan evidenced by the note solely for purposes authorized by the Government.

(7) To pay when due all taxes, liens, judgments encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.

(8) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.

(9) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as the Government from time to time may prescribe, and not to abandon the property, or cause or permit waste, lessening or impairment of the

security covered hereby, or without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property. Upon termination of this mortgage, after payment in full, the mortgagee, at the mortgagor's expense, shall execute and file or record such instruments of release, satisfaction and termination in proper form pursuant to the requirements contained in KRS 382.365.

(12) Except as otherwise provided by Government regulations, neither the property nor any portion thereof or interest therein shall be leased, assigned, sold transferred, or encumbered voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as mortgagee hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction, and no insured holder shall have any right, title or interest in or the lien or any benefits hereof.

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

(14) The Government may (a) adjust the interest rate, payment, terms or balance due on the loan, (b) increase the mortgage by an amount equal to deferred interest on the outstanding principal balance, (c) extend or defer the maturity of, and renew and reschedule the payments on, the debt evidenced by the note or any indebtedness to the Government secured by this instrument, (d) release any party who is liable under the, note or for the debt from liability to the Government, (e) release portions of the property and subordinate its lien and (f) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument unless the Government says otherwise in writing. HOWEVER, any forbearance by the Government ---whether once or often --- in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

(15) Default hereunder shall constitute default under any other real estate, or under any personal property, or other security instrument held by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(16) SHOULD DEFAULT occur in the performance or discharge of any obligation this instrument or secured by this instrument, or should any one of the parties named as Borrower die or be declared an incompetent; or should any one of the parties named as Borrower be discharged in bankruptcy or declared an insolvent, or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, (d) foreclose this instrument as provided herein or by law, and (e) enforce any and all other rights and remedies provided herein or by present or future law.

(17) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) any prior liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all indebtedness

to the Government secured hereby, (d) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness of Borrower owing to the Government, and (f) any balance to Borrower at foreclosure or other sale of all or any part of the property, the Government and its agents may bid and purchase as a stranger and may pay the Government's share of the purchase price by crediting such amount on any debts of Borrower owing to the Government, in the order prescribed above.

(18) Borrower agrees that the Government will not be bound by any present or future State laws, (a) providing for valuation appraisal, homestead or exemption of the property, (b) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action may be brought, (c) prescribing any other statute of limitations, (d) allowing any right of redemption or possession following any foreclosure sale, or (e) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State law. Borrower hereby relinquishes, waives, and conveys all rights, inchoate or consummate, of descent, dower, and curtesy.

(19) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower will, after receipt of a bona fide offer, refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex, handicap, familial status, age or national origin, and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex, handicap, familial status, age or national origin.

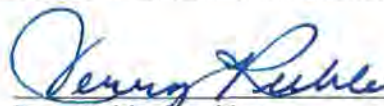
(20) Borrower further agrees that the loans secured by this instrument will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as prohibited by 7 C.F.R. part 1940, subpart G.

(21) This instrument shall be subject to the present Government regulations and to its future regulations not inconsistent with the express provisions hereof.

(22) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, and addressed, unless and until some other address is designated in a notice so given, in the case of the Government to, 65 Brighton Blvd., Shelbyville, KY 40065, or such other address as Government may designate in the future and in the case of Borrower to the address shown in the Government's Finance Office records (which normally will be the same as the post office shown above).

(23) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

Given under the hands and seals of Borrower this 24 day of October, 2016.


Jerry Ruble, President


Tom McGinnis, Secretary

STATE OF KENTUCKY }
 }
COUNTY OF SHELBY }

Before me, Donald T. Prather, a Notary Public in and for the County of Shelby, personally appeared Jerry Ruble, President, and Tom McGinnis, Secretary, on behalf of North Shelby Water Company, who acknowledged that they executed the foregoing instrument on the 24 day of October, 2016.



Notary Public

(SEAL)
My Commission Expires: 2/1/19

I.D. 525440

PREPARER'S STATEMENT

The form of this instrument was drafted by the Office of the General Counsel of the United States Department of Agriculture, and the material in the blank spaces in the form was inserted by or under the direction of

Donald T. Prather, Attorney-at-Law 
(name),

500 Main Street, Ste. 5, Shelbyville, KY 40065
(address)

RECORDER'S SIGNATURE

STATE OF KENTUCKY }
 }
COUNTY OF FRANKLIN }

I, _____, Clerk of the County Court for the County aforesaid, do certify that the foregoing mortgage was on the _____ day of _____, 2016, lodged for record at _____ o'clock _____ m., whereupon the same, with the foregoing and this certificate, have been duly recorded in my office.

Given under my hand this _____ day of _____, 2016.

Clerk of Franklin County Court

By: _____, D.C.

EXHIBIT A TO REAL ESTATE MORTGAGE
(Franklin County)

TRACT NO. F-1:

All that tract or parcel of land situated southwest of St. Johns Road (S.R. 1570) east of Bryant-Benson Road and west of U. S. 421 approximately 5.5 miles north west of Frankfort in Franklin County, Kentucky and more fully described and bounded as follows to-wit:

BEGINNING at a point in the center line of St. Johns Road, said point being in the northwest corner of the Alan C. Moore property and corner to E. W. Toppass; thence measuring eastwardly along the center line of the St. Johns Road as it meanders approximately 412 feet to the extension of an existing interior fence on the Alan C. Moore property; thence with the fence S 83° 13' W 105.7 feet, more or less, to a steel cap in a concrete monument, this being the beginning corner of the North Shelby Water Company tank property; thence for four new calls with Alan C. Moore N 13° 46' W 100 feet to a steel cap in a concrete monument, S 83° 13' W 100 feet to a steel cap in a concrete monument, S 13° 46' E 100 feet to a steel cap in a concrete monument placed in the line of the previously described existing interior fence and N 83° 13' E 100 feet to the beginning and containing 0.23 acre and being subject to easements and rights-of-way of record and in existence.

ALSO, in addition to the above, there is a permanent easement for construction and maintenance of a roadway and water line and for ingress and egress twenty (20) feet wide located adjacent to the north side of the previously described existing interior fence extending from the center line of St. Johns Road to the above described tank property for a distance of approximately 105.7 feet.

BEING the same property conveyed to North Shelby Water Company by deed from Alan C. Moore, dated August 16, 1979, of record in Franklin County Clerk's office in Deed Book 299, Page 290.

TRACT NO. F-2:

Located on the east side of St. Johns Road (Ky. Highway #1570) in Franklin County, Kentucky, and thus described:

BEGINNING at a point in the line of land of Charles Wiley S 82° 30' E 23.25' from a nail in the centerline of St. Johns Road (Ky. Route 1570); said point witnessed by a 1" iron pipe set in concrete which bears S 82° 30' E, 3.72' from said point; thence S 82° 30' E. with the line of said Charles Wiley land, 40.0 feet to a 1" iron pipe set in concrete, a corner common to land of Charles Wiley and land of Rita S. Moore; thence 2 lines with said Moore land, N 07° 30' E, 40.0' to a 1" iron pipe set in concrete, and N 82° 30' W, 40.0' to a 1" iron pipe set in concrete on the easterly side of St. Johns Road; thence, S 07° 30' W, more or less parallel with said St. Johns Road, 40.0' to the point of beginning and containing 0.037 acre of land, more or less, according to survey of September 2, 1982, by Joseph N. Swanson, PLS KYLS #2085.

BEING the same property conveyed to North Shelby Water Company by deed dated February 2, 1983, of record in the Franklin County Clerk's office in Deed Book 319, Page 508.

TRACT NO. F-3:

Located on the East of U. S. 421 in Franklin County, Kentucky, and described as follows:

BEGINNING at a 1" iron pipe set in concrete N 89° 30' E, 33' from a stone fence on the west side of the old Benson Road at a point 115' northerly from the intersection of said old Benson Road with the northerly line of land now owned by Devil Goins thence N 89° 30' E with land of Melvin W. and Marie S. Ramsey 40.0' to a 1" iron pipe set in concrete; thence N 00° 30' W, continuing with said Ramsey land, 40.0' to a 1" iron pipe set in concrete; thence S 89° 30' W, continuing with said Ramsey land 40.0' to a 1" iron pipe set in concrete; thence S 00° 30' E, more or less parallel with the old Benson Road and the aforementioned stone fence 40.0' to the point of beginning and containing 0.037 acre of land, more or less, according to survey of April 14, 1983 by Joseph N. Swanson, PLS KYLS #2085.

BEING that property conveyed to the North Shelby Water Company by deed dated April 21, 1983 of record in the Franklin County Clerk's office in Deed Book 319, at Page 507.

This Instrument Prepared by:

MATHIS, RIGGS, PRATHER & RATLIFF, P.S.C.
500 Main Street, Suite 5
Shelbyville, KY 40065

By 

Donald T. Prather

PROMISSORY NOTE
(ASSOCIATION OR ORGANIZATION)

State Kentucky			
County Shelby			
Case No 21-006-*****5869			
FINANCE OFFICE USE ONLY			
F 91	LN 15	LC	IA

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

Date 10-12-2017

FOR VALUE RECEIVED, North Shelby Water Company
(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 _____
Lexington, KY 40503, or at such other place as the Government may hereafter designate in writing, the principal amount of One Million Nine Hundred Eighty-eight Thousand dollars (\$ 1,988,000), plus interest on the unpaid principal balance at the rate of two & three-eighths percent (2.375 %) per annum. The said principal and interest shall be paid in the following installments on or before the following dates:

\$ 77,552 on 10-12-2018,
\$ _____ on _____,
\$ _____ on _____,
\$ _____ on _____, and
\$ 77,552 thereafter on the 12th day of Oct of each Year

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 40 (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)

North Shelby Water Company

(Name of Borrower)

Jerry Ruble

(Signature of Executive Official)

ATTEST:

Jerry Ruble, President

(Title of Executive Official)

John T. McGinnis

(Signature of Attesting Official)

P. O. Box 97

(Post Office Box No. or Street Address)

John T. McGinnis, Secretary

(Title of Attesting Official)

Bagdad, KY 40003-

(City, State, and Zip Code)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1)\$		(6)\$	
(2)\$		(7)\$	
(3)\$		(8)\$	
(4)\$		(9)\$	
(5)\$		(10)\$	
	TOTAL	\$0.00	

PAY TO THE ORDER OF _____

UNITED STATES OF AMERICA
USDA Rural Development

(Name of Agency)

BY _____

USDA
Form RD 1927-1 KY
(Rev. 1-97)

REAL ESTATE MORTGAGE FOR KENTUCKY

THIS MORTGAGE is made and entered into by _____
North Shelby Water Company

residing in Shelby County, Kentucky, whose post office
address is PO Box 97, 4596 Bagdad Road, Bagdad, Kentucky, Kentucky 40003,
herein called "Borrower," and:

WHEREAS Borrower is indebted to the United States of America, acting through the United States Department of Agriculture, herein called the "Government," as evidenced by one or more promissory notes or assumption agreements or any shared appreciation or recapture agreement, herein called "note," which has been executed by Borrower, is payable to the order of the Government, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is described as follows:

<i>Date of Instrument</i>	<i>Principal Amount</i>	<i>Annual Rate of Interest</i>	<i>Due Date of Final Installment</i>
10/12/2017	\$1,988,000.00	2.375%	10/12/2057

(The interest rate for limited resource farm ownership or limited resource operating loans secured by this instrument may be increased as provided in the Government regulations or the note.)

And the note evidences a loan to Borrower, and the Government, at any time, may assign the note pursuant to the Consolidated Farm and Rural Development Act, Title V of the Housing Act of 1949 or any other statute administered by the Government;

And it is the purpose and intention of this instrument that, among other things, at all times when the note is held by the Government, or in the event the Government should assign this instrument, this instrument shall secure payment of the note;

And this instrument also secures the recapture of any interest credit or subsidy which may be granted to the Borrower by the Government pursuant to 42 U.S.C. §1490a, or any amounts due under any Shared Appreciation Agreement/Recapture Agreement entered into pursuant to 7 U.S.C. §2001.

NOW, THEREFORE, in consideration of the loans and (a) at all times when the note is held by the Government, or in the event the Government should assign this instrument, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, including any provision and (b) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described, and the performance of every covenant and agreement of Borrower contained herein or in any supplementary agreement, Borrower does hereby sell, convey, and assign, with general warranty, unto the Government the following property situated in the State of Kentucky,

County or Counties of Shelby

SHELBY COUNTY
M1060 PG810

Being the same (or part of the same) land conveyed*

together with all rights (including the rights to mining products, gravel, oil, gas, coal or other minerals), interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues and profits thereof and revenues and income therefrom, all improvements, all water, water rights, and water stock pertaining thereto, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance, or condemnation of any part thereof or interest there in all of which are herein called "the property"; All rents, profits and income from the property covered by this mortgagee are hereby assigned to the mortgagee for the purpose of discharging the debt hereby secured. Permission is hereby given to the mortgagor, so long as no default exists hereunder, to collect such rents, profits and income for use in accordance with regulations. *

TO HAVE AND TO HOLD the property unto the Government and its assigns forever in fee simple.

BORROWER for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns WARRANTS THE TITLE to the property to the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, and COVENANTS AND AGREES as follows:

(1) To pay promptly when due any indebtedness to the Government hereby secured less the Government against any loss under its insurance of payment of the note by reason of any default by Borrower.

(2) To pay to the Government such fees and other charges as may now or hereafter be required by Government regulations.

(3) If required by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges upon the mortgaged premises.

(4) The Government, may at any time pay any other amounts required herein to be paid by Borrower and not paid by Borrower when due, as well as any costs and expenses for the preservation, protection, or enforcement of this lien, as advances for the account of Borrower. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.

(5) All advances by the Government as described in this instrument, with interest, shall be immediately due and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured hereby. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Any payment made by Borrower may be applied on the note or any indebtedness to the Government secured hereby, in any order the Government determines.

(6) To use the loan evidenced by the note solely for purposes authorized by the Government.

(7) To pay when due all taxes, liens, judgments encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.

(8) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.

(9) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as the Government from time to time may prescribe, and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property. Upon termination of this mortgage, after payment in full, the mortgagee, at the mortgagor's expense, shall execute and file or record such instruments of release, satisfaction and termination in proper form pursuant to the requirements contained in KRS 382.365.

(12) Except as otherwise provided by Government regulations, neither the property nor any portion thereof or interest therein shall be leased, assigned, sold transferred, or encumbered voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as mortgagee hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction, and no insured bolder shall have any right, title or interest in or the lien or any benefits hereof.

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

(14) The Government may (a) adjust the interest rate, payment, terms or balance due on the loan, (b) increase the mortgage by an amount equal to deferred interest on the outstanding principal balance, (c) extend or defer the maturity of, and renew and reschedule the payments on, the debt evidenced by the note or any indebtedness to the Government secured by this instrument, (d) release any party who is liable under the note or for the debt from liability to the Government, (e) release portions of the property and subordinate its lien and (f) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument unless the Government says otherwise in writing. HOWEVER, any forbearance by the Government-whether once or often-in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

(15) If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, upon the Government's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

(16) Default hereunder shall constitute default under any other real estate, or under any personal property, or other security instrument held by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(17) SHOULD DEFAULT occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should any one of the parties named as Borrower die or be declared an incompetent, or should any one of the parties named as Borrower be discharged in bankruptcy or declared an insolvent, or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, (d) foreclose this instrument as provided herein or by law, and (e) enforce any and all other rights and remedies provided herein or by present or future law.

(18) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) any prior liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all indebtedness to the Government secured hereby, (d) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness of Borrower owing to the Government, and (f) any balance to Borrower. At foreclosure or other sale of all or any part of the property, the Government and its agents may bid and purchase as a stranger and may pay the Government's share of the purchase price by crediting such amount on any debts of Borrower owing to the Government, in the order prescribed above.

(19) Borrower agrees that the Government will not be bound by any present or future State laws, (a) providing for valuation, appraisal, homestead or exemption of the property, (b) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action may be brought, (c) prescribing any other statute of limitations, (d) allowing any right of redemption or possession following any foreclosure sale, or (e) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State law. Borrower hereby relinquishes, waives, and conveys all rights, inchoate or consummate, of descent, dower, and curtesy.

(20) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower will, after receipt of a bona fide offer, refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex, handicap, familial status, age or national origin, and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex, handicap, familial status, age or national origin.

(21) Borrower further agrees that the loans secured by this instrument will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as prohibited by 7 C.F.R. part 1940, subpart G.

(22) This instrument shall be subject to the present Government regulations and to its future regulations not inconsistent with the express provisions hereof.

(23) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, and addressed, unless and until some other address is designated in a notice so given, in the case of the Government to,

65 Brighton Blvd, Shelbyville, Kentucky 40065 and in the case of Borrower to the address shown in the Government's Finance Office records (which normally will be the same as the post office shown above).

(24) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

Given under the hands and seals of Borrower this 12 day of October, 2017.

Jerry Ruble Jerry Ruble, President (SEAL)
John T. McGinnis John T. McGinnis, Secretary (SEAL)

STATE OF KENTUCKY }
COUNTY OF Shelby } ss:

Before me, Donald T. Prather, a Notary Public in and for
the County of Shelby personally appeared Jerry Ruble, President and John T. McGinnis
on behalf of North Shelby Water Company and N/A, his wife,
who acknowledged that they executed the foregoing instrument on the 12th
day of October, 2017, as their free act and deed.

WITNESS my hand and official seal this 12th day of October, 2017.

[Signature]

Notary Public

(SEAL)
My commission expires: 2/1/19

PREPARER'S STATEMENT

The form of this instrument was drafted by the Office of the General Counsel of the United States Department of Agriculture, and the material in the blank spaces in the form was inserted by or under the direction of

Donald T. Prather, Attorney
(name),

Riggs, Prather, Ratliff & Bullock, PSC, 500 Main Street, Suite 5, Shelbyville, Kentucky 40065

[Signature]
(address)

(Signature)

RECORDER'S SIGNATURE

STATE OF KENTUCKY }
COUNTY OF Shelby } ss:

I, Sue Carol Perry, Clerk of the County Court for the County aforesaid, do certify
that the foregoing mortgage was on the _____ day of _____, 20____, lodged for record at _____
o'clock __M., whereupon the same, with the foregoing and this certificate, have been duly recorded in my office.

Given under my hand this _____ day of _____, 20____

Clerk of _____ County Court

BY _____

EXHIBIT A TO REAL ESTATE MORTGAGE
(Shelby County)

TRACT NO. S-1:

Located on the south side of Dry Ridge Road in Shelby County, Kentucky, near the Franklin County line and is described as follows:

BEGINNING at a point in the Grantors' present line with the E. W. Kessler property, said point located approximately 560 feet west of the Franklin County line Highway sign, and approximately 30 feet south of the center of Dry Ridge Road; thence with the existing fence between the grantors and Kessler in a southerly direction 25 feet to a point in the fence; thence in a westerly direction 30 feet to a point; thence in a northerly direction to a point located approximately 30 feet south of the center of Dry Ridge Road; thence parallel with the center of Dry Ridge Road in an easterly direction 30 feet to the point of beginning, containing approximately 0.02 acre, more or less, together with a perpetual easement 10 feet in width and extending along the aforesaid fence line to the Dry Ridge Road with the right to erect, install, use and maintain a waterline and also to use said easement for purposes of ingress and egress from the above described pumping station site.

BEING the same property conveyed to North Shelby Water company by deed from Mary Burton Pulliam, et al., dated March 19, 1979, of record in the Shelby County Clerk's office in Deed Book 208, Page 533.

TRACT NO. S-2:

Located on the south side of Kentucky Highway #12 in Shelby County, Kentucky, and thus described:

BEGINNING at a 1" iron pipe set in concrete in the line of Earl Webster S $16^{\circ}39'20''$ E, 35.2' from the centerline of Dry Ridge Road (KY Route 12); thence S $16^{\circ}39'20''$ E, with the line of said Earl Webster land, 100.0' to a 1 inch iron pipe set in concrete, a corner common to said Webster land and land of Vernon Johnson; thence 2 lines with said Vernon Johnson land, N $83^{\circ}47'$ W, 100.0' to a 1 inch iron pipe set in concrete, and N $16^{\circ}39'20''$ W, 100.0' to a 1 inch iron pipe set in concrete, a point S $16^{\circ}39'20''$ E, 34.9 feet from the centerline of said Dry Ridge Road; thence S $83^{\circ}47'$ E, more or less parallel to the centerline of said Dry Ridge Road, 100.0' to the point of beginning and containing 0.212 acre of land, more or less, according to survey by Joseph N. Swanson, RLS #2085, dated May 17, 1982.

BEING the same property conveyed to the North Shelby Water Company by deed dated November 9, 1982, of record in the Shelby County Clerk's office in Deed Book 220, Page 457.

TRACT NO. S-3:

A tract of land situated in Shelby County, Kentucky near the Jefferson County line on the East side of the Long Run Road and more particularly described as follows:

BEGINNING at the Northeast corner of M. H. Satterly and the Northwest corner of Catlett in the new right-of-way of Long Run Road; thence with said new right of way line N 32⁰ 14' 25" E, 25.00 feet to a new corner of Catlett; thence with a new line of Catlett as follows: S 60⁰ 27' 05" E, 25.00 feet; thence S 32⁰ 14' 25" W, 25.00 feet to the line of Satterly; thence with the line of Satterly N 60⁰ 27' 05" W, 25.00 feet to the point of beginning. The above described tract contains 624 square feet, according to survey of George R. Best, Registered Land Surveyor.

BEING the same property conveyed to North Shelby Water Company by deed from John T. Catlett and Priscilla M. Catlett dated July 26, 1988 and recorded in Deed Book 251, Page 440, Shelby County Clerk's Office.

TRACT NO. S-4:

BEGINNING at an iron pin in the east right-of-way of LaGrange Road (KY 53), said iron pin being the corner of Shelby County Board of Education and McGinnis; thence along School Board's north boundary south 79 degrees 15 minutes 56 seconds east a distance of approximately 1300 feet to an iron pin (set), the true point of beginning; thence south 10 degrees 44 minutes 04 seconds west a distance of 100 feet to an iron pin (set); thence south 79 degrees 15 minutes 56 seconds east a distance of 100 feet to an iron pin (set); thence north 79 degrees 15 minutes 56 seconds west a distance of 100 feet to the iron pin first set above at the true point of beginning, containing 0.23 acres more or less.

BEING the same property conveyed to North Shelby Water Company, by deed dated August 4, 1999, from Shelby County Board of Education, of record in the Shelby County Clerk's Office in Deed Book 372, Page 304.

Also, a perpetual easement to use for ingress and egress from Warrior Way:

BEING a permanent 25 foot wide easement allowing Grantee, its successors, assigns, employees, lessees, and contractors unobstructed ingress and egress from Warrior Way to the property conveyed by Grantor and Grantee by deed dated August 4, 1999 and of record in the office of the Shelby County Clerk in Deed Book 372, Page 304, which easement is specifically subject to the terms of paragraph 19 of the Contract of Sale entered between the parties on October 28, 1998.

BEING one of the easements conveyed to North Shelby Water Company, by Deed of Easement dated August 4, 1999, of record in the Shelby County Clerk's Office in Deed Book 372, Page 314.

TRACT NO. S-5:

SITUATED in Bagdad, Shelby County, Kentucky, in the High School Court Addition to said Town of Bagdad, and thus bounded and described, to-wit:

BEING Block No. One of said High School Court Addition and fronting 158 feet on Mulberry Street of said Addition, and running back a distance of 425 feet to Railroad Street, as shown by the plat of said Addition recorded in the Office of the Clerk of Shelby County Court, in Deed Book J#4, at Page 587.

BEING the same property conveyed to North Shelby Water Company from Anna T. LeCompte Estate, by and through Carolyn Joyce Brown, Executrix, by deed dated February 19, 2004, of record in Deed Book 451, Page 108, Shelby County Clerk's Office.

TRACT NO. S-6:

BEGINNING at a post corner to the First Christian Church property and the Mulberry Hill Revocable Trust property; thence with the line of the Mulberry Hill Revocable Trust property south 04 deg. 10' 50" West 47.76 feet to a post corner to the Randall and Rebecca Kirts property; thence with the line of the Randall and Rebecca Kirts property North 85 deg. 16' 26" West 60.53 feet to a 1/2 inch rebar with ID cap stamped 2269 set this survey at a new corner to the remaining property of Melvin Moffett and Ernestine Moffett; thence with a new line of Melvin and Ernestine Moffett (DB 177 Pg. 291) North 04 deg. 10' 50" East 45.18 feet to a 1/2 inch rebar with ID cap stamped 2269 set this survey and South 87 deg. 42' 39" East 60.56 feet to the point of beginning and containing .06 acre according to a survey made in March, 2014 by Charles B. Moody, PLS 2269, with McGinnis and Associates, and being Parcel A as shown on the Plat known as "A Part of the Moffett Property Wedgewood Drive" attached hereto as Exhibit A.

BEING the same property conveyed to North Shelby Water Company from Melvin and Ernestine Moffett, husband and wife, by Deed dated June 11, 2014, of record in Deed Book 587, Page 838, Shelby County Clerk's Office.

TRACT NO. S-7:

BEING a tract of land situated on the North side of Aiken Road and on the West side of Cooper Lane in Shelby County, Kentucky, and being more particularly described as follows:

BEGINNING at a set 1/2 inch rebar 18 inches in length with a plastic cap stamped PLS 2123 and being typical of all set rebar this survey, said rebar being the northeast corner of the Abraham L. and Anita L. Rutledge parcel recorded in Deed Book 528, Page 548 in the Shelby County Clerk's Office, and also a corner to the remaining property of Garry K. and Shelia Reese recorded in Deed Book 276, Page 4 in the aforesaid clerk's office, and being 180 feet north of the intersection of Cooper and Aiken Road; thence with the line of Reese North 86 deg. 00' 38" West, a distance of 279.94 feet to a set rebar in the north line of the Albert and Lillie Duncan parcel recorded in Deed Book 187, Page 200 in the clerk's office and being the TRUE POINT OF BEGINNING for Parcel "A;" thence continuing with the line of Duncan North 86 deg. 00' 38" West, a distance of 25.00 feet to a set rebar in the Northwest corner of Duncan and the Northeast corner of the Donald R. Bryant property recorded in Deed Book 267, Page 636 in the clerk's office; thence with the line of Bryant North 86 deg. 00' 38" West, a distance

SHELBY COUNTY
M1060 PG816

of 75.00 feet to a set rebar being a new corner to the remaining property of the aforementioned Reese; thence with the new division line of Reese North 03 deg. 59' 22" East, a distance of 100.00 feet to a set rebar; thence South 86 deg. 00' 38" East, a distance of 100.00 feet to a set rebar; thence South 03 deg. 59' 22" West, a distance of 100.00 feet to the Point of Beginning, and containing 0.23 acre.

BEING the same property conveyed to North Shelby Water Company from Garry K. Reese and Shelia Reese, husband and wife, by Deed dated August 7, 2015, of record in Deed Book 601, Page 116, Shelby County Clerk's Office.

TRACT NO. S-8:

BEGINNING at a one-half inch rebar with ID cap stamped 2269 set this survey at a corner to the property conveyed to The Bagdad Ruritan Club, Inc., by Deed Book 268, Page 246 (see Plat Cabinet 2, Slide 333); thence with the line of the other property of the Bagdad Roller Mills, Inc., (Deed Book 279, Page 311) North 04 deg 18' 00" West 20.01 feet to a one-half inch rebar with ID cap stamped 2269 set this survey corner to the remaining property of the Bagdad Roller Mills, Inc.; thence leaving the other property of the Bagdad Roller Mills, Inc. (Deed Book 279, Page 311) and with new lines of the Bagdad Roller Mills, Inc. property the following courses: North 85 deg 42' 00" East 100.00 feet to a one-half inch rebar with ID cap stamped 2269 set this survey, and South 4 deg. 18' 00" East 100.00 feet to a one-half inch rebar with ID cap stamped 2269 set this survey, and South 85 deg 42' 00" West 100.00 feet to a one-half inch rebar with ID cap stamped 2269 set this survey in the line of The Bagdad Ruritan Club, Inc. property (Deed Book 268, Page 246); thence with The Bagdad Ruritan Club, Inc., North 04 deg 18' 00" West 28.66 feet to a one-half inch rebar with ID cap stamped 2269 set this survey, and North 04 deg 18' 00" West 51.33 feet to the point of beginning, containing 0.23 acre, according to a survey made in June, 2014 by Charles B. Moody, PLS 2269, with McGinnis & Associates, and being Parcel 2 as shown on the plat of survey of the Bagdad elevated tank site.

Also, a perpetual easement for use for ingress and egress for the following described property:

BEGINNING at an existing ½ inch rebar in concrete with ID cap stamped 2269 located in the east right of way of Elmburg Road (KY 395) corner to the Bagdad Ruritan Club, Inc. property (see DB 268, PG 246 and PC 2, Slide 333); thence along the east right of way of Elmburg Road (30 feet and parallel to the center) North 48 deg. 17' 20" east 12.20 feet to the TRUE POINT OF BEGINNING; thence continuing along said east right of way of Elmburg Road North 48 deg. 17' 20" East 21.69 feet to a point; thence leaving Elmburg Road crossing through property conveyed to Karen B. Foxworth and A. Lynne Bowman (DB 584, PG 622) and through property conveyed to the Bagdad Roller Mills, Inc. (DB 279, PG 311 and DB 251, PG 553) the following courses: South 64 deg. 27' 42" East 21.19 feet to a point; North 87 deg. 12' 50" East 36.15 feet to a point; North 83 deg. 04' 13" East 25.99 feet to a point; South 88 deg. 32' 31" East 35.10 feet to a point; North 78 deg. 05' 10" East 24.79 feet to a point; North 80 deg. 32' 34" East 36.81 feet to a point; North 89 deg. 25' 06" East 22.38 feet to a point; South 78 deg. 37' 03" East 124.76 feet to a point; North 85 deg. 42' 00" East 60.71 feet to a point; and South 04 deg. 18' 00" East 20.00 feet to a point in the line of Parcel 2, the proposed elevated tank site; thence with the line of Parcel 2 the proposed elevated tank site, South 85 deg. 42' 00" West 50.00 feet to a ½ inch rebar with ID cap stamped 2269 set this survey; thence leaving Parcel 2, the proposed elevated tank site, crossing through property conveyed to the North Shelby Water Company (DB 279, PG 311) and property conveyed to Karen B. Foxworth and A. Lynn Bowman (DB 584, PG 622) the following calls: South 84 deg. 12' 06" West 12.32 feet to a point; North 78 deg. 37' 03" West 126.62 feet to a point; South 89 deg. 25' 06" West 18.74 feet to a point; South 80 deg. 32' 34" West 34.83 feet to a point; South 78 deg. 05' 10" West 26.70 feet to a point; North 88 deg. 32' 31" West 35.98 feet

to a point; South 83 deg. 04' 13" West 25.25 feet to a point; South 87 deg. 12' 50" West 41.92 feet to a point; and North 64 deg. 27' 42" West 34.62 feet to the point of beginning and containing 0.18 acre.

Also, a temporary construction easement described as follows:

BEGINNING at a ½ inch rebar with ID cap stamped 2269 set this survey at the northeast corner of Parcel 2, the proposed elevated water tank site; thence with the line of Parcel 2, the proposed elevated water tank site, South 85 deg. 42' 00" West 50.00 feet to a point; thence leaving the line of Parcel 2, the proposed elevated water tank site, North 04 deg. 18' 00" West 20.00 feet to a point; North 53 deg. 25' 28" East 112.36 feet to a point; North 04 deg. 18' 00" West 25.00 feet to a point; North 85 deg. 42' 00" East 95.00 feet to a point; South 04 deg. 18' 00" East 120.00 feet to a point; South 85 deg. 42' 00" West 140.00 feet to a point in the east line of Parcel 2, the proposed elevated water tank site; thence with the line of Parcel 2 North 04 deg. 18' 00" West 15.00 feet to the point of beginning and containing 0.39 acre.

BEING the same property conveyed to North Shelby Water Company from Bagdad Roller Mills, Inc., a Kentucky corporation, by deed dated November 20, 2014, of record in Deed Book 593, Page 625, Shelby County Clerk's Office.

Also, a perpetual easement to use for ingress and egress over the following described property:

BEGINNING at an existing ½ inch rebar in concrete with ID cap stamped 2269 located in the east right of way of Elmburg Road (KY 395) corner to the Bagdad Ruritan Club, Inc. property (see DB 268, PG 246 and PC 2, Slide 333); thence along the east right of way of Elmburg Road (30 feet and parallel to the center) North 48 deg. 17' 20" east 12.20 feet to the TRUE POINT OF BEGINNING; thence continuing along said east right of way of Elmburg Road North 48 deg. 17' 20" East 21.69 feet to a point; thence leaving Elmburg Road crossing through property conveyed to Karen B. Foxworth and A. Lynne Bowman (DB 584, PG 622) and through property conveyed to the Bagdad Roller Mills, Inc. (DB 279, PG 311 and DB 251, PG 553) the following courses: South 64 deg. 27' 42" East 21.19 feet to a point; North 87 deg. 12' 50" East 36.15 feet to a point; North 83 deg. 04' 13" East 25.99 feet to a point; South 88 deg. 32' 31" East 35.10 feet to a point; North 78 deg. 05' 10" East 24.79 feet to a point; North 80 deg. 32' 34" East 36.81 feet to a point; North 89 deg. 25' 06" East 22.38 feet to a point; South 78 deg. 37' 03" East 124.76 feet to a point; North 85 deg. 42' 00" East 60.71 feet to a point; and South 04 deg. 18' 00" East 20.00 feet to a point in the line of Parcel 2, the proposed elevated tank site; thence with the line of Parcel 2 the proposed elevated tank site, South 85 deg. 42' 00" West 50.00 feet to a ½ inch rebar with ID cap stamped 2269 set this survey; thence leaving Parcel 2, the proposed elevated tank site, crossing through property conveyed to the North Shelby Water Company (DB 279, PG 311) and property conveyed to Karen B. Foxworth and A. Lynn Bowman (DB 584, PG 622) the following calls: South 84 deg. 12' 06" West 12.32 feet to a point; North 78 deg. 37' 03" West 126.62 feet to a point; South 89 deg. 25' 06" West 18.74 feet to a point; South 80 deg. 32' 34" West 34.83 feet to a point; South 78 deg. 05' 10" West 26.70 feet to a point; North 88 deg. 32' 31" West 35.98 feet to a point; South 83 deg. 04' 13" West 25.25 feet to a point; South 87 deg. 12' 50" West 41.92 feet to a point; and North 64 deg. 27' 42" West 34.62 feet to the point of beginning and containing 0.18 acre.

SHELBY COUNTY
M1060 PG818

BEING the easement conveyed to North Shelby Water Company by ingress and egress easement from Karen B. Foxworth and A. Lynn Bowman dated December 15, 2014. of record in Deed Book 593, Page 633, Shelby County Clerk's Office.

This instrument prepared by:

RIGGS, PRATHER, RATLIFF & BULLOCK, PSC
500 Main Street, Suite 5
Shelbyville, Kentucky 40065

By: 

Donald T. Prather

DOCUMENT NO: 435057
RECORDED October 12, 2017 10:52:00 AM
TOTAL FEES: \$38.00
COUNTY CLERK: SUE CAROLE PERRY
DEPUTY CLERK: NICOLE L PALMER
COUNTY: SHELBY COUNTY
BOOK M1060 PAGES 809 - 818

Attachment #9

**NORTH SHELBY WATER COMPANY
DECEMBER 31, 2021**

	\$230,000 91-04		\$300,600 91-07		\$288,500 91-08		\$568,000 91-10		\$1,069,757.89 91-12		\$2,100,000 91-13		\$3,550,000 91-14		\$1,988,000 91-15		TOTAL		Total Principal	Total Interest					
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL REQUIREMENT	Requirement	Requirement				
2013	9,382	4,178	6,068	12,976	5,116	10,870	9,335	21,593									29,901	49,617	79,518	29,901	49,617	29,901	49,617	79,518	
2014	9,851	3,709	6,409	12,635	5,347	10,639	9,743	21,185		38,057							31,350	86,225	117,575	31,350	86,225	31,350	86,225	117,575	
2015	10,343	3,217	6,770	12,274	5,587	10,399	10,169	20,759		12,224		39,126					45,093	124,034	169,127	45,093	124,034	45,093	124,034	169,127	
2016	10,861	2,699	7,151	11,893	5,839	10,147	10,614	20,314		14,336		37,014					48,801	147,118	195,919	48,801	147,118	48,801	147,118	195,919	
2017	11,404	2,156	7,553	11,491	6,101	9,885	11,079	19,849		14,838		36,512					80,543	189,486	270,029	80,543	189,486	80,543	189,486	270,029	
2018	11,974	1,586	7,978	11,066	6,376	9,610	11,563	19,365		15,357		35,993					147,476	216,711	364,187	147,476	216,711	147,476	216,711	364,187	
2019	12,573	988	8,427	10,618	6,535	9,451	12,069	18,859		15,895		35,455					166,828	247,674	414,502	166,828	247,674	166,828	247,674	414,502	
2020	7,178	359	8,900	10,144	7,081	8,905	12,597	18,331		16,451		34,899					50,166	60,723	179,695	179,695	228,784	179,695	228,784	408,479	
2021			9,401	9,643	7,276	8,710	13,148	17,780		17,027		34,323					47,844	60,045	400,942	400,942	239,188	161,754	239,188	400,942	
2022			9,930	9,114	7,603	8,383	13,724	17,205		17,623		34,475					48,980	61,909	166,761	166,761	234,182	166,761	234,182	400,943	
2023			10,489	8,555	7,945	8,041	14,324	16,604		18,240		33,110					50,144	60,745	171,938	171,938	229,004	171,938	229,004	400,942	
2024			11,078	7,966	8,303	7,683	14,951	15,977		18,878		32,472					51,335	59,554	177,289	177,289	223,653	177,289	223,653	400,942	
2025			11,702	7,342	8,676	7,310	15,605	15,323		19,539		31,811					52,554	58,335	182,823	182,823	218,119	182,823	218,119	400,942	
2026			12,360	6,684	9,067	6,919	16,287	14,641		20,223		31,127					53,802	57,087	188,544	188,544	212,398	188,544	212,398	400,942	
2027			13,055	5,989	9,475	6,511	17,000	13,928		20,931		30,419					55,080	55,809	194,463	194,463	206,479	194,463	206,479		
2028			13,790	5,255	9,901	6,085	17,744	13,184		21,663		29,687					56,388	54,501	200,584	200,584	200,359	200,584	200,359		
2029			14,565	4,479	10,347	5,639	18,520	12,408		22,421		28,929					57,727	53,162	206,915	206,915	194,027	206,915	194,027		
2030			15,384	3,659	10,812	5,174	19,330	11,598		23,206		28,144					59,098	51,996	213,465	213,465	187,476	213,465	187,476		
2031			16,250	2,794	11,299	4,687	20,176	10,752		24,018		27,332					60,502	50,387	220,244	220,244	180,698	220,244	180,698	969,039	
2032			17,164	1,880	11,807	4,179	21,059	9,869		24,859		26,491					61,939	48,950	227,258	227,258	173,684	227,258	173,684	2,004,710	
2033			16,261	915	12,339	3,648	21,980	8,948		25,729		25,621					63,410	47,479	232,649	232,649	166,426	232,649	166,426		
2034					12,893	3,093	22,941	7,986		26,630		24,720					64,916	45,973	222,879	222,879	159,018	222,879	159,018		
2035					13,473	2,512	23,945	6,983		27,562		23,788					66,457	44,432	229,579	229,579	152,318	229,579	152,318		
2036					14,080	1,906	24,993	5,935		28,526		22,824					68,036	42,853	236,493	236,493	145,405	236,493	145,405	796,851	
2037					14,714	1,272	26,086	4,842		29,525		21,825					69,652	41,237	243,628	243,628	138,270	243,628	138,270	1,945,709	
2038					13,555	610	27,227	3,700		30,558		20,792					71,306	39,583	249,170	249,170	130,906	249,170	130,906		
2039							28,419	2,509		31,628		19,722					72,999	37,890	242,522	242,522	123,390	242,522	123,390		
2040							28,935	1,267		32,735		18,615					74,733	36,156	248,916	248,916	116,270	248,916	116,270		
2041										33,880		17,470					76,508	34,381	226,023	226,023	108,961	226,023	108,961	617,797	
2042										35,066		16,284					78,325	32,564	232,236	232,236	102,748	232,236	102,748	1,828,056	
2043										36,293		15,057					80,185	30,704	238,624	238,624	96,360	238,624	96,360		
2044										37,564		13,786					82,090	28,799	245,194	245,194	89,790	245,194	89,790		
2045										38,878		12,472					84,039	26,850	251,948	251,948	83,036	251,948	83,036		
2046										40,239		11,111					86,035	24,854	258,894	258,894	76,090	258,894	76,090	448,024	
2047										41,647		9,702					88,079	22,810	266,037	266,037	68,946	266,037	68,946	1,674,920	
2048										43,105		8,245					90,171	20,718	273,383	273,383	61,601	273,383	61,601		
2049										44,614		6,736					92,312	18,577	280,935	280,935	54,049	280,935	54,049		
2050										46,175		5,175					94,505	16,384	288,703	288,703	46,281	288,703	46,281		
2051										47,792		3,559					96,749	14,140	296,692	296,692	38,293	296,692	38,293	269,170	
2052										49,464		1,886					99,047	11,842	304,907	304,907	30,077	304,907	30,077	1,405,750	
2053												4,417					101,399	9,490	266,577	266,577	21,629	266,577	21,629		
2054										92,288		2,905					103,807	7,082	269,057	269,057	14,577	269,057	14,577		
2055																	106,273	4,616	181,632	181,632	7,493	181,632	7,493		
2056																	88,093	2,092	133,713	133,713	3,176	133,713	3,176	1,232,838	
TOTAL	0	0	162,028	64,632	186,289	83,652	393,246	193,659	963,628	632,794	1,942,988	1,199,065	2,606,675	1,253,736	1,815,821	867,651	8,070,675	4,295,189	12,365,864	8,070,675	4,295,189	8,070,675	4,295,189	12,365,864	
	83,566	18,892	230,685	167,372	241,547	172,268	493,563	371,694	1,069,756	924,173	2,100,000	1,621,328	2,755,000	1,542,619	1,987,999	1,005,680	8,962,116	5,824,026	14,786,142	8,962,116	5,824,026	8,962,116	5,824,026	14,786,142	
Long Term	0	0	152,098	55,518	178,686	75,269	379,522	176,454	946,005	599,067	1,908,513	1,138,347	2,557,695	1,191,827	1,781,395	824,525	7,903,914	4,061,007	11,964,921	7,903,914	4,061,007				
Current	0	0	9,930	9,114	7,603	8,383	13,724	17,205	17,623	33,727	34,475	60,718	48,980	61,909	34,426	43,126	166,761	234,182	400,943	166,761	234,182				
Total	0	0	162,028	64,632	186,289	83,652	393,246	193,659	963,628	632,794	1,942,988	1,199,065	2,606,675	1,253,736	1,815,821	867,651									

Attachment #10

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between North Shelby Water Co. ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Jim Smith
(Print Name)


(Signed)

Director
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Shelby

Subscribed and sworn to before me by Tom McGinnis
(Name)

this 13th day of September, 2022.

Anna Hedges
NOTARY PUBLIC
State-at-Large



**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between North Shelby Water Co. ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

HERBERT H McCOWN JR
(Print Name)

Herbert H. McCown Jr.
(Signed)

Director
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Shelby

Subscribed and sworn to before me by Tom McGinnis
(Name)

this 13th day of September, 2022.

Anna Hedges
NOTARY PUBLIC
State-at-Large



**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between North Shelby Water Co. ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Howard Leo Young
(Print Name)

Howard Leo Young
(Signed)

Director
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Shelby

Subscribed and sworn to before me by Tom McGinnis
(Name)

this 13th day of September, 20 22.

Anna Hedges
NOTARY PUBLIC
State-at-Large




**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between North Shelby Water Co. ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

David Hedges
(Print Name)


(Signed)

General Manager
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Shelby

Subscribed and sworn to before me by Tom McGinnis
(Name)

this 13th day of September, 2022.

Anna Hedges
NOTARY PUBLIC
State-at-Large



**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between North Shelby Water Co. ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Steven Bryan Franklin
(Print Name)

Steven Bryan Franklin
(Signed)

President
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Shelby

Subscribed and sworn to before me by Tom McGinnis
(Name)

this 13th day of September, 2022.

Anna Hedges
NOTARY PUBLIC
State-at-Large



**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between North Shelby Water Co ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Jimmy Anglin
(Print Name)

Jimmy Anglin
(Signed)

Director
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Shelby

Subscribed and sworn to before me by Tom McGinnis
(Name)

this 13th day of September, 2022.

Anna Hedges
NOTARY PUBLIC
State-at-Large



**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between North Shelby Water Co. ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

JOHN T. McLENNIS
(Print Name)

John T. McLennis
(Signed)

Sec. TREAS.
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Shelby

Subscribed and sworn to before me by Tom McGinnis
(Name)

this 13th day of September, 2022.

Anna Hedges
NOTARY PUBLIC
State-at-Large



Attachment #11

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE
NORTH SHELBY WATER COMPANY AUTHORIZING ITS
CHAIRMAN TO FILE AN APPLICATION WITH THE PSC**

WHEREAS, North Shelby Water Company (“Company”) is a water authority created and organized under the provisions of KRS Chapter 273. The Company is subject to the jurisdiction of Kentucky Public Service Commission (“PSC”);

WHEREAS, the Order from the PSC in Case No. 2021-00249 the July 19, 2021 required the Company to file an application; and

WHEREAS, KRS 278.180 and 807 KAR 5:076 provide the legal mechanism for the Company to propose adjustments to its water rates and charges;

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF NORTH SHELBY WATER COMPANY AS FOLLOWS:

Section 1. The facts, recitals, and statements contained in the foregoing preamble of this Resolution are true and correct and are hereby affirmed and incorporated as a part of this Resolution.

Section 2. The Company does not propose to adjust its monthly water rates and charges with the subject application.

Section 3. The Chairman and Manager are hereby authorized and directed to prepare, execute, and file with the PSC, by utilizing the Alternative Rate Adjustment Procedure for Small Utilities set forth in 807 KAR 5:076, an Alternative Rate Filing (“ARF”) Application, Tariff Sheets, and all other documents that may be required by the PSC.

Section 4. The Chairman, Manager, and all others to whom the Chairman may delegate

certain responsibilities are hereby further authorized and directed to take any and all other actions and to execute and deliver any and all other documents as may be reasonably necessary to implement this Resolution.

Section 5. This Resolution shall take effect upon its adoption.

ADOPTED BY THE COMMISSION OF NORTH SHELBY WATER COMPANY at a meeting held on September 8, 2022, signed by the Chairman, and attested by the Secretary.



CHAIRMAN

ATTEST:



SECRETARY

CERTIFICATION

I, Secretary of the North Shelby Water Company ("Company"), do hereby certify that the foregoing is a true copy of a Resolution duly adopted by the Company at a meeting properly held on September 8, 2022, signed by the Chairman of the Association, attested by me as Secretary, and now in full force and effect.

WITNESS my hand this 8th day of September 2022.



SECRETARY