

USDA
Form RD 440-22
(Rev. 6-06)

PROMISSORY NOTE
(ASSOCIATION OR ORGANIZATION)

State			
Kentucky			
County			
Montgomery			
Case No.			
20-087-*****6993			
FINANCE OFFICE USE ONLY			
F	LN	LC	IA

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

Date 03-25-2021

FOR VALUE RECEIVED, Levee Road Water Association
 (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Rural Housing Service, Rural Business-Cooperative Service, or Rural Utilities Service within the Rural Development Mission Area, the Farm Service Agency, or their successor Agencies, United States Department of Agriculture, (herein called the "Government") at its office in _____
Morehead, KY 40351, or at such other place as the Government may hereafter designate in writing, the principal amount of One Million Fifty Thousand & 00 100 dollars (\$ 1,050,000), plus interest on the unpaid principal balance at the rate of One and 3/4 percent (1.750 %) per annum. The said principal and interest shall be paid in the following installments on or before the following dates:

- \$ 36,729.00 on 03-25-2022,
- \$ 36,729.00 on 03-25-2023,
- \$ 36,729.00 on 03-25-2024,
- \$ 36,729.00 on 03-25-2025, and
- \$ 36,729.00 thereafter on the 25TH of each MARCH

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.

Levee Road Water Association

 (Name of Borrower)

Arthur Gibson

 (Signature of Executive Official)

(CORPORATE SEAL)

ATTEST:

Brenda M. Murphy

 (Signature of Attesting Official)

Arthur Gibson, Chairman

 (Title of Executive Official)

4969 Levee Road, PO Box 770

 (Post Office Box No. or Street Address)

Brenda Murphy, Secretary-Treas

 (Title of Attesting Official)

Mt. Sterling, KY 40353-

 (City, State, and Zip Code)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$ 230,304.64	3-25-21 T.Shields	(6) \$ 171,542.50	10-25-21 T.Shields
(2) \$ 146,468.98	5-13-21 T.Shields	(7) \$ 49,998.16	11-29-21 T.Shields
(3) \$ 96,568.43	6-17-21 T.Shields	(8) \$ 69,998.59	12-17-21 T.Shields
(4) \$ 114,285.50	7-8-21 T.Shields	(9) \$	
(5) \$ 170,833.20	8-12-21 T.Shields	(10) \$	
	TOTAL	\$1,050,000.00	T.Shields 12/22/21

PAY TO THE ORDER OF Levee Water Association, Inc.

UNITED STATES OF AMERICA
 USDA Rural Development

 (Name of Agency)

BY *Jeresa Shields*

 USDA RD Field Specialist

DATE: 3/25/2021

SUBJECT: Loan Closing Information

TO: USDA Rural Development, National Financial and Accounting Operations Center
ATTN: Community Services Branch; FC-1312;
Building 104; 4300 Goodfellow Blvd.; St. Louis, MO 63120

Enclosed please find debt instrument(s) for the following borrower:

NAME Levee Road Water Association, Inc.

CASE NUMBER 20-087-610736993 FUND CODE 91 LOAN NUMBER 06

AMOUNT OF OBLIGATION AMOUNT OF LOAN/ADVANCE AMOUNT OF CANCELLATION
1,050,000.00

TYPE OF DEBT INSTRUMENT: Copy of Promissory Note Copy of Single Bond
 Original Serial Bonds Copy of Initial Temporary Debt Instrument

BOND NUMBERS (SERIAL) _____ BOND AMOUNTS (SERIAL) _____

BORROWER'S ADDRESS **4969 Levee Road, PO Box 770 Mt. Sterling, KY 40353-**

CATEGORY: (Check the purpose for which majority of funds are used)

FUND CODE 91:

- WATER
- WATER-EZ/EC (41)

FUND CODE 92 OR 93:

- WATER (51)
- SANITARY SEWER (52)
- SOLID WASTE (53)
- STORM DRAINAGE (54)
- WATER-EZ/EC (61)
- SANITARY SEWER-EZ/EC (62)
- SOLID WASTE-EZ/EC (63)
- STORM DRAINAGE-EZ/EC (64)

FUND CODE 97:

- HOSPITALS (01)
- NURSING HOMES (02)
- CLINICS (03)
- CLINICS HHS (04)
- OTHER HEALTH CARE (14)
- PUBLIC SAFETY (05)
- PUBLIC SERVICE (06)
- CULTURAL & EDUCATIONAL (07)
- TRANSPORTATION (08)
- ALL OTHER (09)
- HOSPITALS-EZ/EC (21)
- NURSING HOMES-EZ/EC (22)
- CLINICS-EZ/EC (23)
- CLINICS HHS-EZ/EC (24)
- OTHER HEALTH CARE-EZ/EC (25)
- PUBLIC SAFETY-EZ/EC (26)
- PUBLIC SERVICE-EZ/EC (27)
- CULTURAL & EDUCATIONAL-EZ/EC (28)
- TRANSPORTATION-EZ/EC (29)
- ALL OTHER-EZ/EC (30)

If we can be of further assistance, please advise.

TERESA SHIELDS

Digitally signed by TERESA SHIELDS
Date: 2021.03.25 16:09:44 -04'00'

NAME Teresa Shields
TITLE Loan Specialist
PHONE: 606-784-6447 x105

EXT:

Shields, Teresa - RD, Morehead, KY

From: Shields, Teresa - RD, Morehead, KY
Sent: Thursday, March 25, 2021 4:20 PM
To: 314-457-4284@fax2mail.com
Subject: Loan Closing Information for Levee Road Water Association, Inc.
Attachments: LEVEE WATER ASSOC. INC. LOAN 91-06 LOAN CLOSING INFORMATION.pdf

Good Afternoon:

Attached please find the Loan Closing Information for the Levee Road Water Association, Inc. Attached is a copy of the Cover Sheet and the Promissory Note. This loan was closed today (3/25/2021) and the first draw of funds was requested through NITC.

Please advise if you have any questions or need any further information.

Thank You!

Teresa 😊

Teresa Shields
Field Specialist
Morehead Office
Rural Development
United States Department of Agriculture
220 West First Street
Morehead, KY 40351
Phone: 606-784-6447, Extension 105 | Fax: 855.770.7590
Cell Phone: 606-260-5091
www.rd.usda.gov
"Together, America Prospers"
USDA is an equal opportunity provider, employer, and lender.

UNITED STATES DEPARTMENT OF AGRICULTURE

SECURITY AGREEMENT

I. THIS SECURITY AGREEMENT IS MADE THIS 25TH day of MARCH, 2021, between the United States of America acting through the United States Department of Agriculture (herein called Secured Party) and LEVEE ROAD WATER ASSOCIATION, INC. a corporation organized and existing under the laws of the State of Kentucky, whose mailing address is PO BOX 770, 4969 LEVEE ROAD, MT. STERLING, KY 40353, County of MONTGOMERY State of Kentucky (herein called Debtor).

II. WHEREAS, Debtor is justly indebted to Secured Party as evidenced by a certain promissory note, herein called the note, dated MARCH 25, 2021, for the principal sum of ONE MILLION FIFTY THOUSAND Dollars (\$1,050,000.00), with interest at the rate of ONE AND 3/4 per cent (1.750 %), per annum, executed by Debtor and payable to the Order of Secured Party; and

WHEREAS, the note evidences a loan to Debtor in the principal amount specified therein, made with the purpose and intention that Secured Party, at any time, may assign the note and insure the payment thereof pursuant to the Consolidated Farm and Rural Development Act or Title V of the Housing Act of 1949, as amended, or any other statute administered by the United States Department of the Agriculture; and

WHEREAS, when payment of the note is insured by Secured Party, it may be assigned from time to time and each holder of the insured note, in turn, will be the insured lender; and

WHEREAS, when payment of the note is insured by Secured Party, Secured Party will execute and deliver to the insured lender along with the note an insurance endorsement insuring the payment of the note fully as to the principal and interest; and

WHEREAS, at all times when payment of the note is insured by Secured Party, Secured Party by agreement with the insured lender set forth in the insurance endorsement will be entitled to a specified portion of the interest payments on the note, to be designated the "annual charge"; and

WHEREAS, a condition of the insurance of payment of the note will be that the holder will forego its rights and remedies against Debtor and any others in connection with said loan, as well as any benefits of this instrument, it will accept the benefits of such insurance in lieu thereof, and upon Secured Party's request will assign the note to Secured Party; and

WHEREAS, it is the purpose and intent of this instrument that, among other things, at all times when the note is held by Secured Party, or in the event Secured Party 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 lender, 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 insurance endorsement by reason of any default by Debtor;

NOW, THEREFORE, in consideration of said loan and (a) at all times when the note is held by Secured Party, or in the event Secured Party 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, (b) at all times when the note is held by an insured lender, to secure performance of Debtor's agreement herein to indemnify and save harmless Secured Party against loss under its insurance endorsement by reason of any default by Debtor and (c) in any event and at all times to secure the prompt payment of all advances and expenditures made by Secured Party, with interest, as hereinafter described, and the performance of every covenant and agreement of Debtor contained herein or in any supplementary agreement;

DEBTOR HEREBY GRANTS to Secured Party a security interest in its interest in the following collateral, including the proceeds thereof, located or to be located in the County of MONTGOMERY State of Kentucky.

All of the personal property, equipment, fixtures, revenues, fees, charges, assessments, all income from whatever source derived, accounts receivable and other choses in action of whatever nature in connection with the operation of the facilities of the Debtor.

Disposition of such collateral is not hereby authorized

III. DEBTOR WARRANTS, COVENANTS, AND AGREES THAT:

A. Debtor is the absolute and exclusive owner of the above-described collateral, and such collateral is free from all liens, encumbrances, security and other interests except (1) any existing liens, encumbrances, security or other interests in favor of Secured Party which shall remain in full force and effect, and (2) other liens, encumbrances, security or other interests as follows:

None.

and Debtor will defend the collateral against the claims and demands of all other persons. Reference to the above liens, encumbrances, security and other interests is for warranty purposes only and does not indicate their priority.

B. Statements contained in Debtor's loan application(s) are true and correct; and Debtor will (1) use the loan funds for the purpose for which they are advanced, (2) care for and maintain the collateral in a good and husbandlike manner, (3) insure the collateral in such amounts and manner as may be required by Secured Party, and if Debtor fails to do so, Secured Party, at its option, may procure such insurance, (4) permit Secured Party to inspect the collateral at any reasonable time, (5) not abandon the collateral or encumber, conceal, remove, sell or otherwise dispose of it or of any interest therein, or permit others to do so, without the prior written consent of Secured Party, and (6) not permit the collateral to be levied upon, injured or destroyed, or its value to be impaired.

C. Debtor will pay promptly when due all (1) indebtedness to Secured Party secured hereby, (2) rents, taxes, insurance premiums, levies, assessments, liens, and other encumbrances, and costs of lien searches and maintenance and other charges now or hereafter attaching to, levied on, or otherwise pertaining to the collateral of this security interest, (3) filing or recording fees for instruments necessary to perfect, continue, service, or terminate this security interest, and (4) fees for inspection and appraisal and delinquency charges now or hereafter required by regulations of the United States Department of Agriculture. At all times when the note is held by an Insured lender, Debtor shall continue to make payments on the note to Secured Party, as collection agent for the holder of the note.

D. Debtor will indemnify and save harmless Secured Party against any loss under its insurance of payment of the note by reason of any default by Debtor.

E. Secured Party is authorized to file financing statements describing the collateral, to file amendments to the financing statements and to file continuation statements.

F. At all times when the note is held by an insured lender, any amount due and unpaid under the terms of the note, less the amount of the annual charge, may be paid by Secured Party to the holder of the note as provided in the note and insurance endorsement for the account of Debtor. Any amount due and unpaid under the terms of the note, whether it is held by Secured Party or by an insured lender, may be credited by Secured Party for the account of the Debtor. Any advance by Secured Party as described in this paragraph shall bear interest set at the note rate from the date on which the amount of the advance was due to the date of payment to Secured Party.

G. Whether or not the note is insured by Secured Party, Secured Party may at any time pay any other amounts required herein to be paid by Debtor and not paid by it when due, including any costs and expenses for the preservation or protection of the collateral or this security interest, as advances for the account of the Debtor. All such advances shall bear interest at the note rate until paid to Secured Party.

H. All advances by Secured Party as described in this instrument, with interest, shall be immediately due and payable by Debtor to Secured Party without demand at the place designated in the note and shall be secured hereby. No such advance by Secured Party shall relieve Debtor from breach of its covenant to pay. Such advances, with interest, shall be repaid from the first available collections received from Debtor. Otherwise, any payment made by Debtor may be applied on the note or any indebtedness to Secured Party secured hereby, in any order Secured Party determines.

I. In order to secure or better secure the aforesaid obligations or indebtedness, Debtor will execute and deliver to Secured Party at any time, upon demand, such additional security instruments on such real and personal property as Secured Party may require.

IV. IT IS FURTHER AGREED THAT:

A. Until default Debtor may retain possession of the collateral.

B. Default shall exist hereunder if Debtor fails to perform or discharge any obligation or to pay promptly any indebtedness hereby secured or to observe or perform any covenants or agreements herein contained, or if any of Debtor's representations or warranties herein prove false or misleading, or upon the dissolution, bankruptcy, insolvency or incompetency of Debtor. Upon any such default:

1. Secured Party, at its option, may (a) declare the unpaid balance on the note and any indebtedness secured hereby immediately due and payable, (b) enter upon the premises and take possession of, repair, improve, use, and operate the collateral or make equipment unusable, for the purpose of protecting or preserving the collateral of this lien, or preparing or processing the collateral for sale, and (c) exercise any sale or other rights accorded by law.

2. Debtor hereby (a) agrees to assemble the collateral and make it available to Secured Party at such time(s) and places(s) as designated by Secured Party, and (b) waives all notices, exemptions, compulsory disposition and redemption rights.

3. A default shall exist under any other security instrument held or insured by Secured Party and executed or assumed by Debtor on real or personal property. Likewise, default under any such other security instrument shall constitute default hereunder.

C. Proceeds from disposition of collateral shall be applied first on expenses of retaking, holding, preparing for sale, selling and the like and for payment of reasonable attorneys' fees and legal expenses incurred by Secured Party, second to the satisfaction of indebtedness secured hereby, third to the satisfaction of subordinate security interests to the extent required by law, fourth to any other obligations of Debtor owing to or insured by Secured Party, and fifth

to Debtor. Any proceeds collected under insurance policies shall be applied first on advances and expenditures made by Secured Party, with interest, as hereinabove provided, second on the debt evidenced by the note, unless Secured Party consents in writing to their use by Debtor under Secured Party's direction for repair or replacement of collateral, third on any other obligation of Debtor owing to or insured by Secured Party, and any balance shall be paid to Debtor unless otherwise provided in the insurance contract. Debtor will be liable for any deficiency owed to Security Party after such disposition of proceeds of collateral and insurance.

D. It is the intent of Debtor and Secured Party that to the extent permitted by law and for the purpose of the Agreement, no collateral covered hereby is or shall become realty or accessioned to other goods.

E. This Agreement is subject to the present regulations of the United States Department of Agriculture, and to its future regulations not inconsistent with the expense provisions hereof.

F. If any provision of this Agreement is held invalid or unenforceable, it shall not affect any other provisions hereof, but this Agreement shall be construed as if it had never contained such invalid or unenforceable provision.

G. The rights and privileges of Secured Party under this Agreement shall inure to the benefit of its successors and assigns. All covenants, warranties, representations, and agreements of Debtor contained in this Agreement are joint and several and shall bind its representatives, successors, and assigns.

H. If at any time it shall appear to Secured Party that Debtor may be able to obtain a loan from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time, Debtor will, upon Secured Party's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured thereby.

I. Secured Party shall have the sole and exclusive rights as the secured party hereunder, including but not limited to the power to grant or issue any consent, release, subordination, continuation statement or termination statement, and no insured lender shall have any right, title, or interest in or to the security interest created by this Agreement or any benefits thereof.

LEVEE ROAD WATER ASSOCIATION, INC.

Name of Corporation

By:

[Signature]
President

Attest:

[Signature]
Secretary

(Seal)