

Mail to: Central Bank + Trust Co

## COMMERCIAL MORTGAGE AND ASSIGNMENT OF LEASES AND RENTS

KNOW ALL MEN BY THESE PRESENTS: That Jessamine-South Elkhorn Water District, with an address at 802 South Main Street, Nicholasville, Kentucky, 40356 (individually and collectively, "Mortgagor"), in consideration of the extension of credit by **CENTRAL BANK & TRUST CO.** ("Mortgagee") with a principal place of business at 300 West Vine Street, Lexington, Fayette County, Kentucky 40507, and other good and valuable consideration, the receipt whereof is hereby acknowledged, does hereby grant, bargain, sell and convey to Mortgagee the real property located in Jessamine, Kentucky, and described on the attached Exhibit A, which is incorporated by reference as if fully set forth herein (the "Property"), and all the estate, title and interest of Mortgagor, either in law or equity of, in and to the said Property and all improvements and fixtures thereon, together with all the privileges and appurtenances to the same belonging, and all the rents, issues and profits thereof.

1. **Grant.** This conveyance is made to secure: (i) the payment of the promissory note of Mortgagor of even date herewith payable to the order of Mortgagee in the original principal amount of \$411,000.00 (the "Note"), which Note has a maturity date of September 29, 2019 and all extensions, renewals, reamortizations, modifications, and amendments thereof and thereto; (ii) all additional indebtedness as set forth more fully in Section 7, hereof and all advances or expenses of any kind made by Mortgagee pursuant to the provisions of this Mortgage; and (iii) all advances or expenses of any kind made by Mortgagee pursuant to the provisions of any document executed in connection with the Note, whether now existing or hereafter arising (the foregoing collectively referred to as the "Indebtedness"). All references to the Note will mean the Note, and any amendments, modifications, or restatements thereof or thereto from time to time.
2. **Representations, Warranties, and Covenants of Mortgagor.**
  1. **Good Title.** Mortgagor represents and warrants to Mortgagee: that Mortgagor is the true and lawful owner of the Property and Mortgagor has full power to convey the same; that the title so conveyed is clear, free and unencumbered, subject only to the following: **NONE**, and easements and restrictions of record, real estate taxes, and assessments not yet due and payable and that Mortgagor will defend the same against any claim or claims of all persons.
  2. **Payment of Indebtedness.** Mortgagor agrees to pay when due and payable the Indebtedness and all taxes, rates, charge and assessments that may now or hereafter be levied, charged or assessed against the Property, or any part thereof.

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3. **Insurance.** Mortgagor shall keep any and all improvements now existing or hereafter located on the Property insured with responsible insurance companies against loss or damage by fire, windstorm and other hazards which are commonly insured against in an extended coverage endorsement in an amount equal to not less than 90% of the insurable value thereof on a replacement cost basis and also maintain public liability insurance in a reasonable amount, and pay promptly, when due, any and all premiums for such insurance. All certificates of insurance and renewals thereof shall be delivered to Mortgagee and have attached thereto loss payable clauses in favor of and in form acceptable to Mortgagee. In the event of loss, Mortgagor shall give immediate written notice sent postage prepaid by certified mail, return receipt requested, to Mortgagee. Mortgagee may make proof of loss if not made promptly by Mortgagor. Each insurance company concerned is authorized and directed to make payment for such loss directly to Mortgagee, instead of to Mortgagor and Mortgagee jointly. All or any part of the insurance proceeds may, at the option of Mortgagee, be applied by Mortgagee either to the reduction of the Indebtedness secured hereby, or the restoration of the Property. In the event of foreclosure of this Mortgage, or other transfer of title to the Property in extinguishment of the Indebtedness secured hereby, then all right, title and interest of Mortgagor in and to any insurance policies then in force and the proceeds thereof shall pass to the Mortgagee to the extent of the sums secured by this Mortgage immediately prior to any such transfer. Unless Mortgagor and Mortgagee otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of any payment due or to become due under the Note.
4. **No Waste; Repairs.** Mortgagor agrees to keep the Property and all buildings and other improvements thereon in good condition and repair; to comply with all laws, ordinances and regulations of all public authorities relating to the Property; to not suffer any waste to be committed thereon; and to not remove, demolish or alter any buildings thereon or any other mortgaged property situated therein without the consent of Mortgagee.
5. **Protection of Mortgagee's Security.** If Mortgagor fails to perform Mortgagor's obligations under this Mortgage, Mortgagee may pay such taxes, rates, charges and assessments, insure improvements, and make repairs to the Property, for its own protection, the costs and expenses thereof, with interest at the highest rate permitted by law, to be repaid by Mortgagor to Mortgagee on demand; and that if Mortgagor should be in default of such repayment, the amount of such advances, with interest, will become a lien upon the Property, secured by this Mortgage.
6. **Transfer of Property.** Mortgagor agrees not to further mortgage, sell or convey grant a deed of trust, pledge, grant a security interest in, contract to do any of the foregoing, execute a land contract or installment sales contract, enter into a lease with option to purchase or otherwise dispose of, further encumber or suffer the

encumbrance of, whether by operation of law or otherwise, any or all of their interest in the Property.

7. **Attorney's Fees.** In the event of any suit or legal proceeding wherein Mortgagee will be made a party thereto by reason of this Mortgage, all costs and expenses, and the reasonable fees and charges of all attorneys in such suit or proceeding, will be a further lien and charge upon the Property and all such costs and expenses will become additional indebtedness secured hereby.
8. **Other Liens.** No other mortgage, lien or equity position, other than this Mortgage, whether superior or inferior to the lien of this Mortgage, shall be placed or allowed to exist on the Property without the prior written approval of Mortgagee.
3. **Events of Default; Rights after Mortgagor's Default.** Upon the occurrence of any of the following (herein referred to as an "Event of Default"): (i) any Event of Default (as defined in any of the documents evidencing the Indebtedness), (ii) any default under any of such documents that do not have a defined set of "Events of Default", (iii) any representation or warranty made by Mortgagor to Mortgagee in this Mortgage is false or erroneous in any material respect, or (iv) the failure of Mortgagor to observe or perform any covenant or other agreement with Mortgagee under this Mortgage, Mortgagee may exercise any one or more of the rights and remedies granted pursuant to this Mortgage or given to a secured party under applicable law, as it may be amended from time to time, including but not limited to the right, in person, by agent or by a court-appointed receiver, at the option of Mortgagee, (a) to enter upon the Property and to take over and assume the management, operation and maintenance of the Property, (b) to expend such amounts as, in the sole discretion of Mortgagee, may be necessary in connection therewith, and (c) to effect new leases, to cancel or surrender existing Leases, as such term is defined below, to alter or amend the terms, covenants and conditions of existing Leases, to renew existing Leases, to make concessions to tenants or to otherwise deal with the tenants and the Property to the same extent as Mortgagor heretofore could do. In the event Mortgagee elects to seek the appointment of a receiver for the Property upon the occurrence of an Event of Default hereunder, Mortgagor expressly consents to the appointment of such receiver, who will be entitled to a reasonable fee for so managing the Property. Mortgagor releases any and all claims against Mortgagee arising out of such management, operation and maintenance of the Property, whether such claims are made directly by Mortgagor, by anyone claiming under or through Mortgagor or by any other person or entity claiming an interest in the Property. Mortgagor will indemnify and hold harmless Mortgagee, its officers, directors, employees, attorneys and agents, from and against any and all liability, loss, damage or expense (including attorneys' fees, costs and expenses) which it may or might incur under or by reason of this Mortgage or actions taken pursuant thereto, or by reason or in defense of any and all claims and demands whatsoever which may be asserted against Mortgagee directly or indirectly related to the Property or arising out of the Leases. Should Mortgagee incur any such liability, loss, damage or expense, the amount thereof (including attorneys' fees) with interest thereon at the rate set

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forth in the Note, will be payable by Mortgagor immediately without demand, and will be secured hereby and by the Mortgage. Mortgagor will pay the reasonable attorneys' fees and expenses incurred by Mortgagee hereunder or in connection herewith, whether or not an Event of Default has occurred or been declared, to the extent such attorneys' fees and expenses are actually paid or agreed to be paid by Mortgagee. Mortgagee is authorized by Mortgagor to deduct such attorneys' fees and expenses from the Rents, as such term is defined below, collected hereunder by Mortgagee.

4. **Environmental Matters.** Mortgagor represents and warrants to Mortgagee that it has no actual knowledge (a) of the presence of any Hazardous Substances (as herein defined) on the Property; (b) of any spills, releases, discharges, or disposal of Hazardous Substances that have occurred or are presently occurring on or onto the Property; (c) of any spills, releases, discharges or disposal of Hazardous Substances that have occurred or are occurring off the Property as a result of any construction on or operation and use of the Property, or (d) of any failure of the Mortgagor to comply with all applicable local, state and federal environmental laws, regulations, ordinances and administrative and judicial orders relating to the generation, recycling, reuse, sale, storage, handling, transport or disposal of any Hazardous Substances. Mortgagor hereby agrees to indemnify and hold Mortgagee harmless from and against any and all claims, demands, damages, losses, liens, liabilities, penalties, fines, lawsuits and other proceedings, costs and expenses (including, without limitation, reasonable attorneys' fees) arising directly or indirectly from, or out of, or in any way connected with (a) the presence of any Hazardous Substances on the Property; (b) any violation or alleged violation of any local, state or federal environmental law, regulation, ordinance or administrative or judicial order relating to Hazardous Substances on the Property, whether attributable to events occurring before or after Mortgagor's acquisition of the Property; or (c) any inaccuracy in the representations and warranties contained in this section. Notwithstanding anything to the contrary herein, in the event that the Mortgagee, its successors or assigns, purchases the Property through foreclosure on its liens securing the Indebtedness, or purchases the Property at a trustee's, judicial or other sale, or is a mortgagee in possession, or otherwise comes into possession of the Property by virtue of its mortgage lien, or the Property is under the control of a receiver, then the indemnifications and representations made in this section shall survive any termination or expiration of this Mortgage, it being understood that the representations and warranties made in this section are independent of the Indebtedness secured by this Mortgage. As used in this section, "Hazardous Substances" shall mean: Any substance or material defined or designated as hazardous or toxic waste, hazardous or toxic material, a hazardous or toxic substance, or other similar term, by any federal, state or local environmental statute, regulation, order or ordinance presently in effect, including, without limitation, asbestos in friable form and petroleum products, as well as any substance or material defined or designated as hazardous or toxic waste, hazardous or toxic material, a hazardous or toxic substance, or other similar term, by any future amendment to any existing federal, state or local environmental statute, regulation, order or ordinance that may be enacted or promulgated in the future as such statutes, regulations, orders and/or ordinances may be amended from time to time.

5. **Assignment of Leases.** Mortgagor hereby sells, assigns, transfers and sets over unto Mortgagee all of the leases ("Leases") for all or any part of the Property, whether now existing or hereafter made, and all of the earnings, revenue, income, rents, issues and profits from the Property, including, without limitation, the rents from the Leases (the "Rents"). It is a condition of this Mortgage, however, that as long as Mortgagor is not in default in the payment of any Indebtedness or the performance of any obligation secured hereby, then Mortgagor shall have the right to collect all of the Rents from the Property; **provided, however,** that upon the happening of any such default Mortgagee may, at its option, receive and collect the Rents as provided herein and exercise such other rights as are granted herein.
6. **General.**
- 6.1 **Survival.** The terms, covenants, and conditions of this Mortgage will remain in full force and effect as long as all or any part of the Indebtedness remains unpaid.
- 6.2 **Benefit and Binding Effect.** The terms, covenants, and conditions of this Mortgage will inure to the benefit of, and will be binding upon, Mortgagor, Mortgagee, and their respective heirs, legal representatives, successors and assigns.
- 6.3 **Definitions.** "Mortgagor" will mean any one or more persons or parties who are holders of the legal title or equity of redemption to or in the Property. "Mortgagee" will include Mortgagee's successors and assigns.
9. **Waiver of Homestead.** Mortgagor hereby waives all rights of homestead exemption in the Property.
- 6.4 **Governing Law.** This Mortgage has been delivered and accepted at and will be deemed to have been made at Lexington, Kentucky and will be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws of the Commonwealth of Kentucky, without regard to conflicts of law principles.
- 6.5 **Jurisdiction.** *Mortgagor hereby irrevocably agrees and submits to the exclusive jurisdiction of any state or federal court located within Fayette County, Kentucky; provided that nothing contained in this Agreement will prevent Mortgagee from bringing any action, enforcing any award or judgment or exercising any rights against Mortgagor individually, against any security or against any property of Mortgagor within any other county, state, or other foreign or domestic jurisdiction. Mortgagee and Mortgagor agree that the venue provided above is the most convenient forum for both Mortgagee and Mortgagor. Mortgagor waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Agreement.*

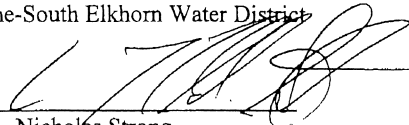
6.6 **Waiver of Jury Trial.** THE PARTIES HERETO EACH WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS AGREEMENT, OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. MORTGAGOR AND MORTGAGEE ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.

*Mortgagor acknowledges that Mortgagor has read and understood all the provisions of this Agreement, including the waiver of jury trial, and has been advised by counsel as necessary or appropriate.*

7. **Additional Indebtedness.** This Mortgage shall secure any additional Indebtedness, not to exceed the amount of Six Hundred Twelve Thousand Five Hundred and 00/100 Dollars (\$612,500.00), in addition to and over and above the original principal amount of the Note, which Mortgagor, or any one of them, may owe to Mortgagee, whether direct, indirect, existing, future, contingent or otherwise and whether arising under this Mortgage or otherwise. Notwithstanding any of the foregoing to the contrary, to the extent that any improvements on the Property were located in a zone requiring that Mortgagor provide evidence of flood insurance at the time of the extension of the original Indebtedness, or, at the time of the extension of any additional indebtedness are located in a zone requiring Mortgagor to provide evidence of flood insurance, then this Mortgage will secure only the amount of the Indebtedness (not including any additional Indebtedness pursuant to this Section), unless Mortgagee concludes that Mortgagor had no obligation to procure additional flood insurance.
8. **Special Provisions.** The following special provisions shall apply to this Mortgage as indicated below:
- Line of Credit or Revolving Credit Plan.** If this box is marked, the parties hereto intend that this Mortgage secure a line of credit or revolving credit plan, within the meaning of KRS 382.385. The maximum principal amount of credit which may be extended under the line of credit or the maximum credit limit of the revolving credit plan which, in each case, may be outstanding at any time or times, and which is secured by this Mortgage, is a sum equal to the face amount of the Note.
  - Construction Loan.** If this box is marked, this Mortgage is made for the purpose of erecting, improving or adding to a building on the Property, all as prescribed by KRS 376.050(1). It is further agreed that, in the event that the construction located on the Property should cease or progress of the construction be so slow that for all intents and purposes the construction may be said to have ceased, the determination of whether or not construction has ceased being entirely with Mortgagee, then Mortgagee may, at its option, as an alternative remedy, enter into and upon the Property and complete the construction, as Mortgagor gives Mortgagee full power

and authority to make such entry, and to enter into such contracts or arrangements as may be necessary to complete the construction. The moneys expended by Mortgagee in connection with such completion of construction shall be (a) added to the principal of the Note, (b) secured by this Mortgage, and (c) payable by Mortgagor on demand, with interest thereon at the rate specified in the Note, with every interest, right, lien and security held by Mortgagee continued in full force and effect.

IN WITNESS WHEREOF, Mortgagor has executed this Mortgage on 29.

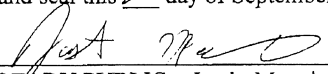
Jessamine-South Elkhorn Water District  
By:   
L. Nicholas Strong  
Chairman of the Board of Commissioners

For an entity:

STATE OF KENTUCKY )  
  )  
COUNTY OF JESSAMINE )

Acknowledged, subscribed, and sworn before me, a Notary Public in and for the State and County aforesaid, by L. Nicholas Strong, Chairman of the Board of Commissioners for Jessamine-South Elkhorn Water District, a Kentucky rural water district, on behalf of said water district.

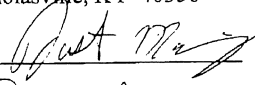
IN WITNESS WHEREOF, I have set my hand and seal this 29 day of September, 2014.

  
NOTARY PUBLIC – Justin Manning  
Commonwealth of Kentucky  
State-at-Large  
My commission expires: 3/12/2015

SEAL

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This instrument was prepared by:  
The Law Offices of  
William Miles Arvin  
108 West Maple Street  
Nicholasville, KY 40356

By:   
Justin Manning, Attorney

COMMERCIAL LOAN DOCUMENTS-PLEDGE AND SECURITY DOCUMENTS-OPEN-END MORTGAGE-SHORT FORM-KENTUCKY

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## EXHIBIT A

### LEGAL DESCRIPTION OF PROPERTY

All that certain lot or parcel of land lying and being located in Jessamine County, Kentucky, and being known and designated as Lot No. 19, of Section 3, Edgewood East Estates, to the City of Nicholasville, Kentucky, as shown by Amended Plat of record in Plat Cabinet 7, Page 102B (formerly known as Plat Book No. 5, Page 59), in the Office of the Clerk of the Jessamine County Clerk, and to which reference is hereby made for a more particular description of said lot.

Being the same property conveyed to Jessamine-South Elkhorn Water District, a Kentucky rural water district, by Deed dated March 28, 2008 and recorded in Deed Book 600, page 421, in the Jessamine County Clerk's office.

COMMERCIAL LOAN DOCUMENTS-CENTRAL BANK & TRUST-COMMERCIAL MORTGAGE-SHORT FORM-KENTUCKY

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DOCUMENT NO: 321978  
RECORDED: September 29, 2014 04:38:00 PM  
TOTAL FEES: \$35.00  
COUNTY CLERK: EVA L MCDANIEL, CJC  
DEPUTY CLERK: ANNA M FLOYD  
COUNTY: JESSAMINE COUNTY  
BOOK: M1195 PAGES: 14 - 22