

**COMMERCIAL PROMISSORY NOTE**

Farmers Bank  
200 NORTH MAIN STREET  
NICHOLASVILLE, Kentucky 40356  
(859)881-6009  
cmoody@myfarmersbank.net

LOAN NUMBER	NOTE DATE	PRINCIPAL AMOUNT	LOAN TERM	MATURITY DATE	LOAN ID
6012350	March 27, 2025	\$120,221.96	24 Payments	April 1, 2027	6012350

LOAN PURPOSE: Other:

**BORROWER INFORMATION**

JESSAMINE SOUTH ELKHORN WATER DISTRICT  
PO BOX 731  
NICHOLASVILLE, KY 40356

BW  
3/28/25

**NOTE.** This Commercial Promissory Note will be referred to in this document as the "Note."

**LENDER.** "Lender" means Farmers Bank whose address is 200 NORTH MAIN STREET, NICHOLASVILLE, Kentucky 40356, its successors and assigns.

**BORROWER.** "Borrower" means each person or legal entity who signs this Note.

**PROMISE TO PAY.** For value received, receipt of which is hereby acknowledged, on or before April 1, 2027 (the "Maturity Date"), the Borrower promises to pay the principal amount of One Hundred Twenty Thousand Two Hundred Twenty-one and 96/100 Dollars (\$120,221.96) and all interest on the outstanding principal balance and any other charges, including service charges, to the order of Lender at its office at the address noted above or at such other place as Lender may designate in writing. The Borrower will make all payments in lawful money of the United States of America.

**PAYMENT SCHEDULE.** This Note will be paid according to the following schedule: 24 consecutive payments of principal and interest in the amount of \$5,317.03 beginning on May 1, 2025 and continuing on the same day of each month thereafter. The unpaid principal balance of this Note, together with all accrued interest and charges owing in connection therewith, shall be due and payable on the Maturity Date.

**APPLICATION OF PAYMENTS.** All payments received by the Lender from the Borrower for application to this Note may be applied to the Borrower's obligations under this Note in such order as determined by the Lender.

**INTEREST.**

**Interest Rate and Scheduled Payment Changes.** The interest will begin to accrue on 3/27/2025. The interest rate on this Note will be fixed at 5.630 % per annum.

**Compliance with Law.** Nothing contained herein shall be construed as to require the Borrower to pay interest at a greater rate than the maximum allowed by law. If, however, from any circumstances, Borrower pays interest at a greater rate than the maximum allowed by law, the obligation to be fulfilled will be reduced to an amount computed at the highest rate of interest permissible under applicable law and if, for any reason whatsoever, Lender ever receives interest in an amount which would be deemed unlawful under applicable law, such interest shall be automatically applied to amounts owed, in Lender's sole discretion, or as otherwise allowed by applicable law.

**Accrual Method.** Interest on this Note is calculated on an Actual/360 day basis. This calculation method results in a higher effective interest rate than the numeric interest rate stated in this Note.

**LATE PAYMENT CHARGE.** If any required payment is more than 10 days late, then at Lender's option, Lender will assess a late payment charge of \$100.00 or 5% of the amount of the regularly scheduled payment then past due, whichever is lesser.

**PREPAYMENT PENALTY.** This Note may be prepaid, in full or in part, at any time, without penalty.

**SETOFF.** Borrower agrees and authorizes Lender to set off all of Borrower's accounts with or property held by Lender against any and all obligations owed by Borrower to Lender to the fullest extent allowed by law. This right extends to any and all of Borrower's current or future accounts or property with Lender, whether such accounts or property are held in Borrower's name alone or jointly with any other parties. This right does not extend to IRA, Keogh, or similar tax-deferred accounts maintained with Lender. Lender, or Lender's agents or affiliates, may exercise this right at any time. Lender will not be liable for, and Borrower agrees to hold Lender harmless from, any claim, fee, cost, or expense that arises as a result of Lender exercising this right of setoff. Borrower waives any right of setoff against Lender.

**DISHONORED ITEM FEE.** If Borrower makes a payment on the loan with a check or preauthorized charge which is later dishonored, a fee in the amount of \$30.00 will be charged.

**RELATED DOCUMENTS.** The words "Related Documents" mean all promissory notes, security agreements, mortgages, deeds of trust, deeds to secure debt, business loan agreements, construction loan agreements, resolutions, guaranties, environmental agreements, subordination agreements, assignments, and any other documents or agreements executed in connection with the indebtedness evidenced by this Note, whether now or hereafter existing, including any modifications, extensions, substitutions or renewals of any of the foregoing. The Related Documents are hereby made a part of this Note by reference thereto, with the same force and effect as if fully set forth herein.

**DEFAULT.** Upon the occurrence of any one of the following events (each, an "Event of Default" or "default" or "event of default"), Lender's obligations, if any, to make any advances will, at Lender's option, immediately terminate and Lender, at its option, may declare all indebtedness of Borrower to Lender under this Note immediately due and payable without further notice of any kind notwithstanding anything to the contrary in this Note or any other agreement: (a) Borrower's failure to make any payment on time or in the amount due; (b) any default by Borrower under the terms of this Note or any other Related Documents; (c) any default by Borrower under the terms of any other agreement between

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Lender and Borrower; (d) the death, dissolution, or termination of existence of Borrower or any guarantor; (e) Borrower is not paying Borrower's debts as such debts become due; (f) the commencement of any proceeding under bankruptcy or insolvency laws by or against Borrower or any guarantor or the appointment of a receiver; (g) any default under the terms of any other indebtedness of Borrower to any other creditor; (h) any writ of attachment, garnishment, execution, tax lien or similar instrument is issued against any collateral securing the loan, if any, or any of Borrower's property or any judgment is entered against Borrower or any guarantor; (i) any part of Borrower's business is sold to or merged with any other business, individual, or entity; (j) any representation or warranty made by Borrower to Lender in any of the Related Documents or any financial statement delivered to Lender proves to have been false in any material respect as of the time when made or given; (k) if any guarantor, or any other party to any Related Documents terminates, attempts to terminate or defaults under any such Related Documents; (l) Lender has deemed itself insecure or there has been a material adverse change of condition of the financial prospects of Borrower or any collateral securing the obligations owing to Lender by Borrower. Upon the occurrence of an event of default, Lender may pursue any remedy available under any Related Document, at law or in equity.

**GENERAL WAIVERS.** To the extent permitted by law, the Borrower severally waives any required notice of presentment, demand, acceleration, intent to accelerate, protest, and any other notice and defense due to extensions of time or other indulgence by Lender or to any substitution or release of collateral.

**ASSIGNABILITY.** Lender may assign or otherwise transfer any or all of its rights or obligations under this Note without notice to Borrower. Any assignee will have the same rights as Lender. Borrower may not assign this Note or any of its rights or obligations hereunder without the prior express written consent of Lender.

**SURVIVAL.** Lender's rights in this Note will continue in its successors and assigns. This Note is binding on all heirs, executors, personal representatives, administrators, successors, and assigns of the Borrower.

**NOTICES.** Unless otherwise required by applicable law or provided under this Note, any notice or demand given by Lender to any party is considered effective when: (i) it is deposited in the United States Mail with the appropriate postage or with a nationally recognized overnight courier service; (ii) it is sent via electronic mail; (iii) it is sent via facsimile; (iv) it is received if personally delivered; or (v) it is received if delivered through any other commercially reasonable means. Such notice or demand shall be sent to the party at the address contained herein or at an alternative address, e-mail address, or facsimile number as may be provided to Lender in writing. Any notice given to Lender must be addressed to Lender at the address contained herein or at an alternative address as may be provided by Lender in writing.

**NO WAIVER.** No failure or delay of Lender to exercise any right, remedy, power, or privilege hereunder shall affect that right, remedy, power, or privilege nor shall any single or partial exercise thereof preclude the exercise of any right, remedy, power, or privilege. No failure or delay to demand strict adherence to the terms of this Note shall be deemed to constitute a course of conduct inconsistent with Lender's right at any time, before or after an event of default, to demand strict adherence to the terms of this Note. If Lender waives or delays enforcing a right, Lender may still enforce the same right later.

**JOINT AND SEVERAL LIABILITY.** All obligations and liabilities of Borrower under this Note are joint and several.

**SEVERABILITY.** If any term is invalid or unenforceable, the term shall be excluded and ineffective to the extent of such invalidity or unenforceability. All other terms shall remain in full force and effect.

**HEADINGS.** The headings are for reference only and do not define, modify, expand, or limit any of the terms or provisions herein.

**SINGULAR AND PLURAL TERMS.** All words in the singular shall include the plural and the plural shall include the singular.

**ATTORNEY'S FEES, COSTS, AND EXPENSES.** Except to the extent prohibited by law, Borrower agrees to pay all of Lender's fees, costs, and expenses arising out of or related to the enforcement of this Note or the relationship between the parties. Included in the fees that Lender may recover from Borrower are the reasonable attorney's fees that Lender incurs, including all fees incurred in the course of representing Lender before, during, or after any lawsuit, arbitration, or other proceeding and those incurred in appeals, whether the issues arise out of contract, tort, bankruptcy, or any other area of law. Included in the costs and expenses which Lender may recover are all court, alternative dispute resolution or other collection costs, and all expenses incidental to perfecting Lender's security interests and liens, preserving the collateral (including payment of taxes and insurance), records searches, and expenses related to audits, inspection, and copying. All amounts Lender is entitled to recover shall accrue interest at the highest rate provided in any of the Related Documents from the date any such fee, cost, or expense is incurred.

**GOVERNING LAW.** This Note shall be governed by and construed under the laws of the State of Kentucky, except to the extent that federal law controls.

**CHOICE OF VENUE.** If there is a lawsuit, I agree upon Lender's request to submit to the jurisdiction of the courts of Jessamine County, Commonwealth of Kentucky.

**COUNTERPARTS.** This Note may be executed by the parties using any number of copies. All executed copies taken together will be treated as a single Note.

**INTEGRATION AND AMENDMENT.** This Note, along with any of the Related Documents, encompasses the entire understanding and agreement of the parties with respect to the matters set forth in this Note. There is no other promise, understanding, agreement, usage, or course of dealing, either oral or written, that affects it. This Note supersedes all prior oral or written agreements, commitments, and understandings between the parties relating to the subject matter of this Note. Any modifications or alterations to this Note must be in writing and executed by those parties burdened by the modification or alteration.

**ORAL AGREEMENT'S DISCLAIMER.** This Note represents the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

**TRANSFERABLE RECORD.** Borrower agrees that this Note is intended to be and shall be treated as an effective, enforceable, and valid transferable record.

**ADDITIONAL PROVISIONS.**

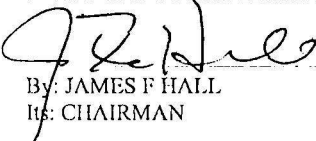
- COLLATERAL SECURING OTHER LOANS MAY ALSO SECURE THIS LOAN. BORROWER MUST PROVIDE THE BANK WITH UPDATED FINANCIALS, INCLUDING BUT NOT LIMITED TO TAX RETURNS, PERSONAL FINANCIAL STATEMENTS AND ANY

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OTHER INFORMATION REQUESTED BY FARMERS BANK. IF ANY ADOPTION OF, OR CHANGE IN LAW OR REGULATION, OR IN THE INTERPRETATION OF ADMINISTRATION THEREOF BY ANY OFFICAL AUTHORITY, SHALL CAUSE BANK TO OBTAIN ONE OR MORE UPDATED APPRAISALS OF ANY COLLATERAL SECURING PAYMENT OF THIS NOTE, CUSTOMER SHALL, PROMPTLY UPON DEMAND BY BANK, REIMBURSE BANK FOR THE COST OF SUCH APPRAISAL.

By signing this Note, Borrower acknowledges reading, understanding, and agreeing to all its provisions and receipt hereof.

JESSAMINE SOUTH ELKHORN WATER DISTRICT

 3-27-25  
By: JAMES F HALL Date  
His: CHAIRMAN