

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

Position 5

REAL ESTATE MORTGAGE FOR KENTUCKY

THIS MORTGAGE is made and entered into by May 25, 2023  
LAKE VILLAGE WATER ASSOCIATION, INC., BY AND THROUGH ITS BOARD OF DIRECTORS,  
AS EVIDENCED BY THE SIGNATURES BY ITS VICE-PRESIDENT AND SECRETARY, ACTING ON ITS BEHALF

BOYLE AND MERCER COUNTIES  
residing in \_\_\_\_\_ County, Kentucky, whose post office  
address is PO BOX 303, BURGIN, Kentucky 40310,  
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>
05/25/2023	2,089,290.00	2.375%	05/25/2063

(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 BOYLE AND MERCER COUNTIES

DOCUMENT NO: 9621574  
RECORDED: August 23, 2023 01:18:00 PM  
TOTAL FEES: \$80.00  
COUNTY CLERK: CASEY MCCOY  
DEPUTY CLERK: BECKY *Palmer de*  
COUNTY: BOYLE COUNTY  
BOOK: M838 PAGES: 297 - 304

See Exhibit A

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.

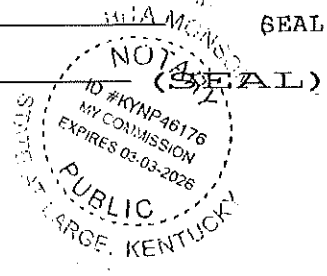
(23) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, and addressed, unless and until some other address is designated in a notice so given, in the case of the Government to,

65 BRIGHTON BLVD, SHELBYVILLE, 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.

Given under the hands and seals of Borrower this 25TH day of MAY, 2023

Kenny Carey  
[Signature] (SEAL)



STATE OF KENTUCKY }  
COUNTY OF MERCER } ss:

Before me, Rita Manson, a Notary Public in and for  
the County of Mercer personally appeared KENNY CAREY, VICE PRESIDENT OF THE BOARD OF  
DIRECTORS OF LAKE VILLAGE AND ANDREA GROSS, SECRETARY and "

who acknowledged that they executed the foregoing instrument on the 25th  
day of MAY, 2023, as their free act and deed.

WITNESS my hand and official seal this 25th day of MAY, 2023.

Rita Manson  
Notary Public

(SEAL)  
My commission expires: 3/3/2026

**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

CHRISTOPHER J. TUCKER

(name),  
114 SOUTH FOURTH STREET, DANVILLE, KY 40422

(address) [Signature]  
(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 \_\_\_\_\_, 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*

**PARCEL NO. 1:**

Beginning at an iron pin set (5/8" iron rebar with an aluminum survey cap bearing PLS #3118 typical for all set corner monuments), said point being approximately 1.10 miles from the intersection of US 127 and Adams Lane and being on the edge of a 30' Right-of-Way of Adams Lane and the Southeast Corner of Tract 10 of the I.C. James, IV, and Elizabeth James LeBlanc Subdivision Plat (Plat Cab. B, Slide 503) and being the Northeast Corner of Emily Braden (D.B. 91, Pg. 28); thence with the division line of Emily Braden (D.B. 91, Pg. 28) and Tract 10 (Plat Cab. B, Slide 109) N 88° 30' 08" W- 2325.00' to and iron pin set, said point being the Southeast Corner of the Tract being created and being on the division line of Emily Braden and being the POINT OF BEGINNING for this description; thence leaving Emily Braden (D.B. 91, Pg. 28) and with a new line to the Parent Tract of Tract 10 N 01° 29' 52" E- 250.00', to an iron pin set, said point being the Northeast Corner of the tract being created; thence with a new line to the Parent Tract, N 88° 30' 08" W- 200.00' to an iron pin set, said point being the Northwest corner of the tract being created; thence with a new line to the Parent Tract, S 09° 29' 52" W- 250.00' to an iron pin set, said point being the Southwest Corner of the tract being created and being on the division line of Emily Braden; thence with the division line of Emily Braden and the Parent Tract, S 88° 30' 08" E- 200.00' to the POINT OF BEGINNING. Containing 1.148 acres by survey.

There is also created this day, a 30' permanent access easement through the parent tract for the benefit of the property being conveyed and is more particularly described as follows:

BEGINNING at an iron pin set (5/8" iron rebar with an aluminum survey cap bearing PLS #3118 typical for all set corner monuments), said point being on the edge of a 30' Right-of-Way of Adams Lane and the Southeast corner of Tract 10 of the I.C. James IV and Elizabeth James LeBlanc Subdivision Plat (Plat Cab. B, Slide 503), and being the Northeast Corner of Emily Braden (D.B. 91, Pg. 28), and being the POINT OF BEGINNING for the description; thence with the division line of Emily Braden (D.B. 91, Pg. 28) and Tract 10 (Plat Cab. B, Slide 109) N 88° 30' 08" W- 2325.00 to an iron pin set; thence leaving Emily Braden (D.B. 91, Pg. 28) and with the East Edge of the Parcel being conveyed, N 01° 29' 52" E- 30.00' to a point on the line of the Tract being created; thence S 88° 30' 08" E- 2327.66' to a point on the Right-of-Way of Adams Lane; thence S 06° 33' 44" W- 30.12' to the POINT OF BEGINNING for the description.

Being the same real property conveyed to Lake Village Water Association, Inc., by deed of I. C. James, IV, et al. dated the 10th day of January, 2002, and of record in Deed Book 290, page 240, in the office of the Mercer County Clerk.

**PARCEL NO. 2:**

Beginning at a point in the east margin of an existing gravel drive, which point is S 02E 45' 00" W, 2,573.88 feet from KY Hwy 152; thence from this point of beginning along a new division line of Waggener S 87E 00' 00" E, 100.19 feet to an iron pin; thence continuing along the new division line of Waggener S 02E 45' 00" W, 100.44 feet to an iron pin in the line of Montgomery; thence with the line of Montgomery N 87E 00' 00" W, 100.19 feet to the corner of Waggener and Montgomery; thence N 02E 45' 00" E, 100.44 feet to the point of beginning and

containing 0.23 acres, more or less, as per survey of Howard W. Cruse, II, R.L.S. #3115, dated the 22nd day of December, 1992.

Being the same real property conveyed to the Lake Village Water Association, Inc., a Kentucky corporation, by deed of James W. Waggener and Peggy Waggener, his wife, dated the 19th day of July, 1993, and of record in Deed Book 245, page 443, in the office of the Mercer County Clerk of December, 1992.

**PARCEL NO. 3:**

Beginning at a point in the centerline of Moores Lane, corner to J.W. Isham and the northwest corner of the property of the Grantors; thence S 87E 30' 00" W, along the north property line of Grantors a distance of 16.6 feet, more or less, across the county right-of-way, to an iron pin and being the point of beginning; thence along the west right-of-way of Moores Lane S 9E 06' 35" W, 50.33 feet to an iron pin; thence along a new division line of the Grantors N 87E 30' 00" W, 50.33 feet to an iron pin; thence continuing along a new division line of the Grantors N 9E 06' 35" E, 50.33 feet to an iron pin in the line of Isham; thence with Isham S 87E 30' 00" E, 50.33 feet to the point of beginning and contains 0.058 acres, more or less, as per survey of Howard W. Cruse, II, R.L.S. #3115, dated the 21st day of December, 1992.

Being the same real property conveyed to the Lake Village Water Association, Inc., a Kentucky corporation, by deed of Joe Hurt and Ellen Cunningham Hurt, his wife, dated the 12th day of July, 1993, and of record in Deed Book 245, page 381, in the office of the Mercer County Clerk.

**PARCEL NO. 4:**

Beginning at a point in the centerline of Ison Road, which point is South 06<sup>E</sup> 51' 00" West 182.40 feet from the Southwest corner of the Lake Village Estates Subdivision; thence from this point of beginning, South 07<sup>E</sup> 23' 57" West along the centerline of Ison Road a distance of 208.72 feet to an iron pin; thence North 83E 09' 00" West a distance of 208.72 feet to an iron pin; thence North 07<sup>E</sup> 23' 57" East a distance of 208.72 feet to an iron pin; thence South 83<sup>E</sup> 09' 00" East a distance of 208.72 feet to the point of beginning, containing one (1) acre, more or less, as per survey of Jeff S. Ransdell, RLS #2982, dated the 1st day of August, 1990.

Being the same real property conveyed to the Lake Village Water Association, Inc., a Kentucky corporation, by deed of William O. May et al., dated the 10th day of December, 1990, and of record in Deed Book 233, page 523, in the office of the Mercer County Clerk.

**PARCEL NO. 5:**

Beginning at the intersection of the east right-of-way line of Kentucky Highway 33 and the center line of Old Kentucky Highway 33 corner to Brown; thence with the east margin of Kentucky Highway 33 North 49E 38' W 138.9 feet to a point; thence N 62E 58' W 100 feet to a point; thence N 68E 05' W 150 feet to a point; thence N 57E 58' W 100 feet to a point in the south right-of-way line of the Southern Railway System; thence with the south right-of-way of the Southern Railway System N 63E 33' E 266.6 feet to a point in the center line of Old

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Kentucky Highway 33 corner to Brown; thence with the center line of Old Kentucky Highway 33 south 30E 45' E 172.5 feet to a point; thence S 23E 10' E 234.0 feet to the point of beginning and containing 1.19 acres more or less as per survey of Charles Thomas R.L.S. #1918 dated the 19th day of November, 1979.

There is EXCEPTED, however, from said Parcel No. 5 those three tracts of land conveyed to the Commonwealth of Kentucky ex rel. Transportation Cabinet by deed of the Mortgagor dated the 7th day of April, 1998, and of record in Deed Book 270, page 690, in the office of the Mercer County Clerk

Being the same real property conveyed to the Lake Village Water Association, Inc., a Kentucky corporation, by deed of Truman C. Bridges and Joan L. Bridges, his wife, dated the 4th day of December, 1979, and of record in Deed Book 200, page 302, in the office of the Mercer County Clerk.

**PARCEL NO. 6:**

Beginning at an iron pin at the intersection of the northwest right-of-way of Kentucky Highway 33 and the south right-of-way of Cheatman Lane; thence N 56 degrees 29 minutes W 33' to an iron pin in the south right-of-way of Cheatman Lane; thence S 52 degrees 51 minutes West 85' to an iron pin, new corner to Duncan; thence S 56 degrees 29 minutes E 33' to an iron pin in the northwest right-of-way line of Kentucky Highway 33; thence with the northwest right-of-way line of Kentucky Highway 33 N 52 degrees 51 minutes E 85' to the point of beginning and containing 0.055 acres, more or less, as per survey of J.B. Curlis, Jr., R.L.S. No. 2292, dated the 19th day of November, 1984.

Being the same real property conveyed to the Lake Village Water Association, Inc., a Kentucky corporation, by deed of Harvey D. Duncan and Alice Juanita Duncan, his wife, dated the 10th day of February, 1986, and of record in Deed Book 217, page 354, in the office of the Mercer County Clerk.

**PARCEL NO. 7:**

A parcel of land 130 feet by 50 feet, located adjacent to Kentucky Highway 33, and extending Westward into the property of the Grantors, said parcel being more fully described as beginning at a point in the West right-of-way line of Kentucky Highway 33, said point being 175 feet South of a fence corner and 1160 feet, more or less, South from the intersection of Kentucky Highway 33, with Hogue Road; thence for the following calls: South 5 degrees 0 minutes West 50 feet, more or less, along the West right-of-way of Kentucky Highway 33; thence North 85 degrees 0 minutes West 130 feet, more or less; thence North 5 degrees 0 minutes East 50 feet, more or less; thence South 85 degrees 0 minutes East 130 feet, more or less, to the point of the beginning, said parcel containing .10 acres

Being the same real property conveyed to the Lake Village Water Association, Inc., a Kentucky corporation, by deed of James L. Campbell and Blanche Campbell, his wife, dated the 28th day of July, 1969, and of record in Deed Book 166, page 599, in the office of the Mercer County Clerk

**PARCELS NOS. 8 & 9:**

Permanent easements with all rights to ingress and egress over the following described property in Mercer County, Kentucky, located on the West side of Highway 33:

**LV143**

A strip of land, 10 feet wide, lying 5 feet either side of a centerline, which centerline begins at a point designated as Station 0+00 and which point is located 20 feet West of the James L. Campbell East property line and 35 feet North of the centerline extended of Hogue Road; thence parallel to and 20 feet West of the James L. Campbell East property line, a distance of 1,195 feet, more or less, to a point in the North property line of the parcel of real estate above described, which point is designated Station 11+95 on said centerline, and which point is located 20 feet West of the Northeast property corner of the parcel of real estate above described.

**LV144**

A strip of land 10 feet wide lying 5 feet either side of a centerline, which centerline begins at a point in the South property line of the parcel of real estate above described, which point is designated as Station 12+45 on such centerline, and is located 20 feet West of the Southeast property corner of the parcel of real estate above described; thence parallel to and West of the James L. Campbell East property line a distance of 960 feet, more or less, to a point in the James L. Campbell South property line designated as Station 22+05 on said centerline, which point is located 20 feet West of James L. Campbell Southeast property corner.

Parcels 7 & 8 being the same property as described in the conveyance recorded in Deed Book 166, page 599, in the Office of the Clerk of Court of Mercer County, Kentucky.

**IN ADDITION:**

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, pipeline, 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 Counties of Mercer and Boyle, 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.

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UNITED STATES DEPARTMENT OF AGRICULTURE

SECURITY AGREEMENT

I. THIS SECURITY AGREEMENT IS MADE THIS 25th day of May,  
2023, between the United States of America acting through the  
United States Department of Agriculture (herein called Secured Party)  
and Lake Village Water Association a corporation organized and  
existing under the laws of the State of Kentucky, whose mailing  
address is 801 Pleasant Hill Drive, Burgin, KY 40330,  
County of Mercer 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 May 25th, 2023, for the principal sum  
of two million eighty-nine thousand two hundred ninety Dollars  
(\$2,089,290), with interest at the rate of two and three-eighths  
per cent (2.375 %), 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 Mercer 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.

Lake Village Water Association

\_\_\_\_\_  
Name of Corporation

By: \_\_\_\_\_

  
Vice President

Attest: \_\_\_\_\_

  
Secretary

(Seal)

CERTIFICATE OF NO-LITIGATION AND OF  
OUTSTANDING INDEBTEDNESS

We, Kenny Carey, Vice-President, Andrea Gross, Secretary, do hereby certify that we are the officers respectively indicated above of the Association constituting the governing body of the Lake Village Water Association in Mercer County, Kentucky, and that in pursuance of law and the resolution adopted by said Association on June 9, 2020, there have been heretofore lawfully authorized an indebtedness in the aggregate amount of \$ 2,089,290, bearing date hereafter to be established.

We further certify that no controversy of litigation is pending, prayed or threatened, involving the creation, organization, existence or boundaries of said Association or the titles of any of its officers to their respective positions, or the power and duty of said Association, to construct, own and operate Water Distribution System, as a revenue producing undertaking, and to provide and apply adequate revenues therefrom for the full and prompt payment of the principal and interest of the indebtedness herein before described and that none of the proceedings or authority for the undertaking of said indebtedness has been repealed, revoked, rescinded, modified, changed or altered in any manner.

We further certify that the indebtedness herein before described represents the only indebtedness or other obligations of said Association outstanding which by its terms are in any manner secured by or payable from the revenues of said Water Distribution System this 25th day of May, 2023, except for the following described outstanding indebtedness:

Payable to	<u>NONE</u>	Unpaid Balance \$	<u>0</u> .
Payable to	_____	Unpaid Balance \$	_____.
Payable to	_____	Unpaid Balance \$	_____.

IN WITNESS WHEREOF, We have hereunto affixed our respective official signatures and the corporate seal of said Association this 25th day of May, 2023.

Kenny Carey  
Vice-President

Andrea Gross  
Secretary

(SEAL)

\_\_\_\_\_

**RIGHT- OF - WAY CERTIFICATE**

The undersigned, Lake Village Water Association,  
hereby certifies except as noted in item 4 below:

1. That the undersigned has acquired and presently holds continuous and adequate rights-of-way on private lands needed for the construction, operation, and maintenance of the facilities to be installed, repaired, or enlarged with the proceeds of a loan made or insured by, and/or a grant from, United States Department of Agriculture and such omissions, defects, or restrictions as may exist will in no substantial way or manner endanger the value or the operation of the facilities.
2. That the undersigned has acquired the necessary permits, franchises, and authorizations or other instruments by whatsoever name designated, from public utilities and public bodies, commissions, or agencies authorizing the construction, operation, and maintenance of the facilities upon, along or across streets, roads, highways, and public utilities.
3. That the attached "Right-of-way Map" shows the location and description of all land and rights-of-way acquired by right of use or adverse possession and by legal conveyances such as right-of-way or easement deeds, permits, or other instruments.
4. Exceptions:

WITNESS WHEREOF, applicant hereunto affixes its name and corporate seal this \_\_\_\_\_ 25th \_\_\_\_\_ day of  
\_\_\_\_\_ May \_\_\_\_\_, 2023 .

Kenny Carey

By Kenny Carey

Title Vice-President

Attest: [Signature]  
(Secretary)

(Affix Corporate Seal Here)

*Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to U.S. Department of Agriculture, Clearance Officer, OIRM, AG Box 7630, Washington, D.C. 20250 Please DO NOT RETURN this form to this address. Forward to the local USDA office only. You are not required to respond to this collection of information unless it displays a currently valid OMB control number.*

CERTIFICATE OF THE OFFICIAL SEAL  
AND SIGNATURE IDENTIFICATION

We, the undersigned, Vice-President and Secretary, of the Lake Village Water Association (Association), Mercer County, Kentucky, do hereby certify that the seal affixed below is the official seal of said Association.

(SEAL)

We further certify that we are the duly elected, qualified and acting officers of the Association and that the following signatures are true and genuine signatures:

		Beginning of Term Date	Expiration of Term Date
Vice-President	<u>Kenny Carey</u> <i>Kenny Carey</i>	<u>5/25/23</u>	<u>April 2025</u>
Secretary	<u>Andrea Gross</u> <i>Andrea Gross</i>	<u>4/12/22</u>	<u>April 2025</u>

I, the undersigned, Mike Sanford of Mercer County, Kentucky, do hereby certify that I am personally acquainted with the persons whose signatures, each known to be genuine, are signed to the foregoing certificate, and that I know that the persons aforesaid are the officers of the Lake Village Water Association (Association), Mercer County, Kentucky, named in said certificate, indicated respectively by the titles prefacing their signatures.

WITNESS my official signature.

Mike D. Sanford

Date this 25th day of May, 2023, at Mercer County, Kentucky.



**UCC FINANCING STATEMENT**

**2023-3272423-90.01**  
 Kentucky Secretary of State  
 File Date 7/17/2023 11:39:17 AM  
 Status Active  
 Fee \$5.00

Name and address of filer:  
 Sheehan, Barnett, Dean, Pennington, Dexter &  
 Tucker  
 114 South Fourth St  
 Danville, KY 40422

This document is a representation of a  
 filing made electronically at the  
 Kentucky Secretary of State's web site

**DEBTOR'S EXACT FULL LEGAL NAME**

a. ORGANIZATION'S NAME <b>Lake Village Water Association, Inc</b>				
b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX
c. MAILING ADDRESS P.O. Box 303	CITY <b>Burgin</b>	KY	POSTAL CODE 40330	COUNTRY US

**SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY)**

a. ORGANIZATION'S NAME <b>USDA Rural Development</b>				
b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX
c. MAILING ADDRESS 65 Brighton Blvd	CITY <b>Shelbyville</b>	KY	POSTAL CODE 40065	COUNTRY US

**4. This FINANCING STATEMENT covers the following collateral:**

The Association pledges all assets including cash on hand, accounts receivable, and all property owned by the Association.