

Residential Water Systems, Inc.  
1732 W.E. 25th Ave  
Ocala, Fl 34470  
352-622-4949  
FAX 352-732-4366

ORIGINAL  
FILE COPY

February 4, 1997

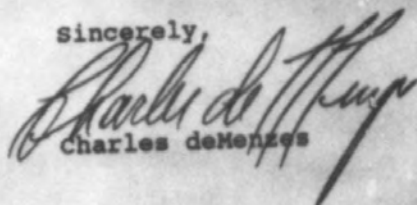
Ms. Martha Golden  
2540 Shumard Oak Blvd  
Tallahassee, Fl 32399-0850

961310.WU

Dear Ms. Golden,

Enclosed please find the information you requested. I would appreciate if processing can be done as soon as possible.

Sincerely,

  
Charles deMenezes

ACK \_\_\_\_\_

AFA \_\_\_\_\_

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DOCUMENT NUMBER-DATE

01338 FEB-55

FPSC-RECORDS/REPORTING

# PROOF OF PUBLICATION

STAR-BANNER

Published — Daily

OCALA, MARION COUNTY, FLORIDA

STATE OF FLORIDA,  
COUNTY OF MARION

Before me the undersigned authority personally appeared Lola A. Casey

\_\_\_\_\_ , who on oath says that he is Display Manager

of the Star-Banner, a daily newspaper published at Ocala, in Marion County, Florida; that

the attached copy of advertisement, being a notice in the matter of \_\_\_\_\_

#1D008 APPLICATION FOR A TRANSFER

\_\_\_\_\_ in the \_\_\_\_\_ Court,

was published in said newspaper in the issues of \_\_\_\_\_

January 16, 1997

Affiant further says that the said STAR-BANNER is a daily newspaper published at Ocala, in said Marion County, Florida, and that the said newspaper has heretofore been continuously published in said Marion County, Florida, daily, and has been entered as second class mail matter at the post office in Ocala, in said Marion County, Florida, for a period of one year next preceding the first publication of the attached copy of advertisement; and affiant further says that he has neither paid nor promised any person, firm or corporation any discount, rebate, commission or refund for the purpose of securing this advertisement for publication in the said newspaper.

Lola A. Casey

Sworn to and subscribed before me this 24th day

of January, A.D., 19 97

Gloria Thomas  
Notary Public

(Seal)

**GLORIA THOMAS**

(Print, Type or Stamp Commissioned Name of Notary Public)

GLORIA THOMAS  
Notary Public, State of Florida  
My Comm. Expires Nov. 22, 2000  
Comm. No. CC 592990

LEGAL NOTICE  
Notice is hereby given on January 16, 1997 pursuant to Section 367.071, Florida Statutes, of the application for a transfer of property organizational system of Sea-Stream Water Systems, Inc. from NANCY S. FINNEY and C. ELAINE FINNEY to CHARLES GUARDINOZES, providing service to the following described property in MARION COUNTY, FLORIDA:  
DESCRIPTION OF 199810888 SERVED

The following subdivisions within Section 02 and Section 11 of Township 16 South - Range 22 East, Section 2 COMMENCE AT THE SW CORNER OF SE 1/4 OF SAID SECTION 2 AT A POINT ON THE CENTERLINE OF SAID 41ST COURSE THEN S 89 DEGREES 58 MINUTES 28 SECONDS EAST ALONG SAID SOUTH BOUNDARY LINE OF SAID SECTION 2 A DISTANCE OF 40 FEET TO THE POINT OF BEGINNING, THEN CONTINUE ALONG THE SAID BOUNDARY SAID BEARING A DISTANCE OF 240.78 FEET TO A POINT ON SAID BOUNDARY THEN NORTH 28 DEGREES 33 MINUTES 30 SECONDS EAST A DISTANCE OF 545.96 FEET, THEN NORTH 51 DEGREES 26 MINUTES 30 SECONDS WEST A DISTANCE OF 400 FEET THEN NORTH 38 DEGREES 32 MINUTES 30 SECONDS EAST A DISTANCE OF 400 FEET, THEN SOUTH 51 DEGREES 26 MINUTES 30 SECONDS EAST A DISTANCE OF 400 FEET, THEN NORTH 38 DEGREES 32 MINUTES 30 SECONDS EAST A DISTANCE OF 2142.06 FEET, THEN NORTH 89 DEGREES 48 MINUTES 19 SECONDS WEST A DISTANCE OF 2426.18 FEET, THEN SOUTH 00 DEGREES 27 MINUTES 30 SECONDS EAST A DISTANCE OF 2457.15 FEET TO THE POINT OF BEGINNING, A/R/A HIGHPOINTS SUBDIVISION.

AND THE SOUTH 600 FEET OF THE SE 1/4 A/R/A SUNTREE SUBDIVISION AND THE NW 1/4 OF THE SE 1/4 OF THE NE 1/4 AND SW 1/4 OF NW 1/4 OF NE 1/4 A/R/A COUNTY ESTATES BURNINGTON ADDITION SUBDIVISION.

AND THE N 1/4 OF SW 1/4 A/R/A WINDBERRY SUBDIVISION SECTION 11

THE NW 1/4 OF THE SE 1/4 LESS THE SOUTH 230 FEET A/R/A EGGWORTH SUBDIVISION

Any objection to this application must be made in writing within thirty (30) days from this date to the Director, Division of Records and Reporting, Florida Public Service Commission, 2540 Thurgood Cook Blvd., Tallahassee, Florida 32399-0650. Any objection must include a specific request for a hearing pursuant to Section 120.57, Florida Statutes. A copy of the objection must also be mailed to the applicant whose address is: Charles Guardinozes, PO Box 3320, Ocala, FL 34478-3220, 352-232-0949 No. 10098 — January 16, 1997

DOCUMENT NUMBER-DATE

01338 FEB-55

FPSC-RECORDS/REPORTING

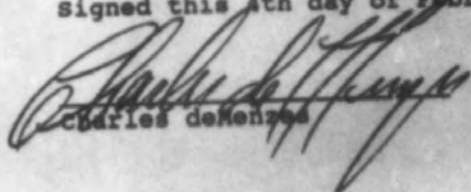
Affidavit

I, Charles deMenzes, do hereby solemnly swear and affirm that notice of actual application was given in accordance with Section 367.045(1) (a), Florida Statutes, and Rule 25 - 30.030, Florida Administrative Code, by regular mail on January 16, 1997 to the following: the governing body of Marion County, the privately owned water and wastewater utilities located in Marion County, the regional planning council, the office of Public Counsel, the PSC's Director of Records and Reporting, the Department of Environmental Protection and the Saint Johns Water Management District. A copy of the Legal Notice is attached and a list of entities notified is attached.

I, Charles deMenzes, do hereby solemnly swear and affirm that notice of actual application was given in accordance with Rule 25 - 30.030, Florida Administrative Code, by regular mail on January 16, 1997 to each customer of the system being transferred. A copy of the Legal Notice is attached.

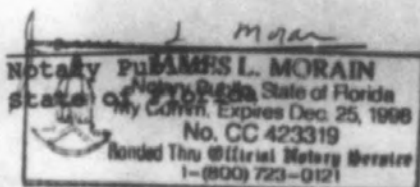
I, Charles deMenzes, do hereby solemnly swear and affirm that the actual application was published once in a newspaper of general circulation in the territory in accordance with Rule 25 - 30.030, Florida Administrative Code. Attached is proof of publication.

Signed this 4th day of February, 1997.

  
Charles deMenzes

State of Florida  
County of Marion

Before me this day personally appeared Charles deMenzes who, being duly sworn, deposes and affirmed the above. Sworn to and subscribed before me this 4th day of February, 1997.



\$90,000.00

July 16, 1996

LENDER: FIRST BANK OF THE VILLAGES, ("hereinafter termed "LENDER"), 903 Avenida Central, Lady Lake, FL 32159

BORROWER: RESIDENTIAL WATER SYSTEMS, INC., ELAINE FINNEY and NANCY E. FINNEY, ("hereinafter collectively and severally termed "BORROWER"), Post Office Box 4230, Ocala, FL 34478

BORROWER REPRESENTS HERewith THAT THE LOAN EVIDENCED HEREBY IS BEING OBTAINED FOR THE FOLLOWING PRIMARY PURPOSE:

BUSINESS;  PERSONAL;  FAMILY OR HOUSEHOLD;  AGRICULTURE

FOR VALUE RECEIVED, to wit, money loaned, BORROWER, jointly and severally (if more than one); promises to pay to the order of LENDER at its Lady Lake, Florida office set forth above, or wherever else LENDER may specify, the principal sum of NINETY THOUSAND AND NO/100 DOLLARS (\$90,000.00), together with interest on the principal balance from time to time remaining unpaid in lawful money of the United States of America which shall be legal tender in payment of all debts at the time of payment, said principal and interest to be paid over a term, at the rate, and in the manner following, to wit:

**CONTRACT RATE OF INTEREST:**

Interest shall accrue on the unpaid balance at the rate of EIGHT AND SEVEN-FIVE PERCENT (8.75%) per annum.

**REPAYMENT TERMS:**

(4) Interest only payments on the loan proceeds actually disbursed beginning on August 16, 1996 and monthly thereafter through and including November 16, 1996, thereafter 56 monthly principal and interest payments of \$795.34 commencing on December 16, 1996 and continuing on the 16th day of each month thereafter until July 16, 2001, at which time the entire principal balance and all accrued, unpaid interest shall be paid in full.

Privilege is reserved to prepay this Note in whole or in part without penalty, premium or fee.

Anything contained herein to the contrary notwithstanding, if for any reason the effective rate of interest on this Note should exceed the maximum lawful rate, the effective rate shall be deemed reduced to and shall be such maximum lawful rate, and any sums of interest which have been collected in excess of such maximum lawful rate shall be applied as a credit against the unpaid balance due hereunder.

BORROWER agrees to pay a late charge equal to 5% of each payment of principal and/or interest which is not paid within 10 days of the date on which it is due. At LENDER'S option, the "Contract Rate of Interest" shall become the highest rate allowed by the law of the state of LENDER'S office as set forth herein commencing with and continuing for so long as the loan or any portion thereof is in Default (as hereinafter defined). Further, upon BORROWER'S default and where LENDER deems it necessary or proper to employ an attorney to enforce collection of any unpaid balance or to otherwise protect its interests hereunder, then BORROWER agrees to pay LENDER'S reasonable attorneys' fees (including appellate costs, if any) and collection costs. Liability for reasonable attorneys' fees and costs shall exist whether or not any suit or proceeding is commenced. If Borrower is the head of a family, Borrower waives the exemption of Borrower's wages from garnishment pursuant to the provisions of Section 222.11(2)(b), Florida Statutes.

The term "OBLIGATIONS" when used herein shall mean and refer to the obligations of BORROWER to pay all sums and perform all obligations of BORROWER required under this Note, the Security Documents, and the Loan Agreement (as hereafter defined), and any other loan document executed by BORROWER in connection with this transaction.

Interest is computed on the basis of a 360 day year for the actual number of days in the interest period ("Actual/360 Computation") unless indicated below. All payments received during normal banking hours after 2:00 P.M. shall be deemed received at the opening of the next banking day. In the event that the monthly payment is not sufficient to pay accumulated unpaid interest in any month, then the monthly payment for such month shall be increased so that the entire amount of accrued but unpaid interest is paid in full.

LENDER'S Actual/360 Computation determines the annual effective interest yield by taking the stated (nominal) interest rate for a year's period and then dividing said rate by 360 to determine the daily periodic rate to be applied for each day in the interest period. Application of such computation produces an annualized effective interest rate exceeding that of the nominal rate.

At LENDER'S option, any repayments of this Note, other than by U.S. currency, will not be credited to the outstanding loan balance until LENDER receives collected funds.

In the event any provision(s) of this instrument shall be left blank or incomplete, BORROWER hereby authorizes and empowers LENDER to supply and complete the necessary information as a ministerial task consistent with the understanding between the parties.

BORROWER warrants that BORROWER does not have either a "record" or reputation for violating Laws of the United States or of any State relating to liquor (as referred to in 18 U.S.C.A. 3617, et seq.) or narcotics and/or any commercial crimes.

As further inducement to LENDER to make such a loan to BORROWER, BORROWER has executed and delivered to LENDER a Mortgage, Financing Statements, and other documents (hereinafter together referred to as the "Security Documents") encumbering certain real property located in Marion County, Florida described thereon, and other property. The Security Documents set forth terms and provisions which may constitute grounds for acceleration of the indebtedness represented by the Note, and additional remedies in the event of a Default hereunder.

The Collateral provided by BORROWER to secure this Note shall at all times be at BORROWER'S risk. The loss, injury to, or destruction of the Collateral shall not release BORROWER from payment or other performance hereof.

BORROWER agrees to obtain and keep in force Physical Damage and/or Property Damage Insurance on the Collateral and any other insurance required by LENDER. Such insurance is to be in form and amounts satisfactory to LENDER, with the same payable to LENDER. All such policies shall provide for thirty (30) days written minimum cancellation notice to LENDER. BORROWER shall furnish to LENDER the original policies or certificate or other evidence satisfactory to LENDER of compliance with the foregoing provisions. LENDER is authorized, but not obligated, to purchase any or all of said insurance or "single interest insurance" protecting only its security interest, all at BORROWER'S expense. In such event, BORROWER agrees to reimburse LENDER for the cost of such insurance to the extent that the same is not included in the principal amount of this Note.

BORROWER hereby assigns to LENDER the proceeds of all such insurance to the extent of the unpaid balance hereunder, and directs any insurer to make payments directly to LENDER. BORROWER further hereby grants to LENDER its Power of Attorney, which shall

be irrevocable for so long as any amount is unpaid hereunder. Said Power of Attorney give LENDER the sole right to file Proof of Loss and/or any other forms required to collect from any insurer any amount due from any loss, damage or destruction of the Collateral; to agree to and bind BORROWER as to the amount of said recovery; to designate Payee(s) of such recovery; to grant releases to payor-insurers of their liability; to grant subrogation rights to any such payor-insurer; to endorse any settlement check or draft. BORROWER further agrees not to exercise any of the foregoing powers granted to LENDER, without the LENDER'S written consent. In the event of any Default hereunder, LENDER is authorized in its sole discretion to cancel any insurance and credit any premium refund against the unpaid balance due on BORROWER'S Obligations.

If, with respect to any security pledged hereunder, a stock dividend is declared or any stock split-up made or right to subscribe is issued, all certificates for the shares representing such stock dividend or stock split-up right to subscribe will be immediately delivered, duly endorsed to the LENDER as additional Collateral security.

At its option, LENDER may discharge taxes, liens, security interests or other encumbrances at any time levied or placed on the Collateral, may pay for insurance and for the maintenance and preservation of same. BORROWER agrees to reimburse LENDER, on demand, for any such payment made, or any such expense incurred by LENDER pursuant to the foregoing authorization. Until Default, as hereinafter defined, BORROWER shall have the right to retain possession of the Collateral, unless otherwise agreed by the parties hereto, and to use it in any lawful manner not inconsistent with this Note, the Mortgage, or the Loan Agreement and with any policy of insurance thereon.

BORROWER shall be liable for all documentary and intangible taxes assessed at closing or from time to time during the life of the transaction.

LENDER may, to the extent permitted by law, with or without notice, before or after maturity of this Note, transfer or register in the name of its nominee(s) all or any part of the Collateral and also exercise any or all rights of collection, conversion or exchange and other similar rights, privileges and options pertaining to the Collateral. LENDER shall have no duty to exercise any rights, remedies, privileges or options or otherwise realize upon the Collateral or to preserve the same, and shall not be responsible for any failure to do so or delay in so doing. As to any Collateral consisting of instruments or chattel paper, it is agreed that LENDER shall not be required to take any steps whatever to preserve any rights against any guarantor, nor against any third party whatsoever.

LENDER shall have no custodial or ministerial duties to perform with regard to the Collateral pledged except for its safekeeping; and by way of explanation and not by way of limitation thereof, LENDER shall incur no liability for any of the following: loss or depreciation of the Collateral unless caused by its willful misconduct; failure to present any draw request or demand for payment or protest or to protest or give notice of non-payment or any other notice with respect to any paper or Collateral; or its failure to present or surrender for redemption or conversion or to exchange any bond, stock, paper or other security whether in connection with any merger, consolidation, recapitalization, reorganization or arising out of the indentment or refunding of the original security or its failure to notify any party hereto that the Collateral should be so presented or surrendered.

Upon any transfer of this Note, the LENDER may deliver the Collateral, or any part thereof, to the transferee, as well as any subsequent holder hereof who shall thereupon become vested with all the power and rights herein given to the LENDER in respect to the property so transferred and delivered; and the LENDER shall thereafter be forever relieved and fully discharged from any liability or responsibility with respect to the Collateral so

transferred but with respect to any portion of the Collateral not so transferred, the LENDER shall retain all rights and powers hereby given.

With prior written consent of LENDER, which LENDER may withhold in its sole and absolute direction, other Collateral may be substituted for the original Collateral herein, in which event all rights, duties, obligations, remedies and interests provided for, created or granted shall apply fully to such substitute Collateral.

Upon the occurrence of any of the "EVENTS OF DEFAULT", as hereinafter defined, LENDER is herewith expressly authorized to exercise its right of Set-Off or Bank Lien as to any monies deposited in demand, checking, time, savings or other accounts of any nature maintained in and with it by BORROWER, without advance notice. Said right of Set-Off may also be exercised and applicable where LENDER is indebted to any signer hereof by reason of any Certificate of Deposit, Note or otherwise.

#### EVENTS OF DEFAULT

BORROWER shall be in default (herein referred to as a "Default") under this Note upon the happening of any of the following events, circumstances or conditions, namely:

(1) Default in the payment or performance of any of the Obligations provided hereunder or in connection herewith or any other obligations of BORROWER or any affiliate (as defined in 11 U.S.C. 101(2), hereinafter "Affiliate") of BORROWER or any endorser, guarantor or surety for BORROWER to LENDER or any affiliate of LENDER, howsoever created, primary or secondary, whether direct or indirect, absolute or contingent now or hereafter existing, due or to become due, or of any other covenant, warranty, or undertaking expressed herein, therein, or in any other document establishing said endorsement, guaranty or surety; or any other document executed by BORROWER in conjunction herewith; or

(2) Any warranty, representation or statement made or furnished to LENDER by or on behalf of BORROWER, or any guarantor, endorser, or surety for BORROWER in connection with the Note or to induce LENDER to make a loan to BORROWER which was false in any material respect when made or furnished or has become materially false, if such warranty of BORROWER or guarantor, endorser or surety for BORROWER was ongoing in nature; or

(3) Dissolution, termination of existence, insolvency, business failure, appointment of a receiver, custodian, or trustee for any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against BORROWER or any endorser, guarantor, or surety for BORROWER; or

(4) BORROWER, or any guarantor, endorser, or surety for BORROWER shall allow the acquisition of (i) substantially all of the business or assets of BORROWER, or of any guarantor or endorser or surety for BORROWER, or (ii) a material portion of BORROWER'S business assets if such a sale is outside BORROWER'S ordinary course of business, or (iii) more than 50% of the outstanding stock or voting power of BORROWER in a single transaction or a series of transactions; or BORROWER [or BORROWER'S general partner] shall acquire substantially all of the business or assets or more than 50% of the outstanding stock or voting power of any other entity, or enter into any transaction of merger or consolidation without prior written consent of LENDER; or

(5) Failure of BORROWER or any endorser, guarantor or surety for BORROWER to maintain its partnership or corporate (as the case may be) existence in good standing; or

(6) Upon the entry of any monetary judgment or the assessment and/or filing of any tax lien against BORROWER, or any endorser,

surety, or guarantor, exceeding \$50,000.00 in amount or upon the issuance of any writ of garnishment, judicial seizure of, or attachment against any property of, debts due or rights of BORROWER, or any endorser, surety or guarantor, to specifically include commencement of any action or proceeding to seize monies of BORROWER, or any endorser, surety or guarantor on deposit in any bank account with LENDER; or

(7) The BORROWER, or any endorser, guarantor, or surety for BORROWER shall be a debtor, either voluntarily or involuntarily, under (and as the term debtor is defined in) the Bankruptcy Code or should the BORROWER be generally not paying its debts as such debts become due; or

(8) Failure of said BORROWER, or endorsers, guarantors or sureties to furnish financial statements or other financial information reasonably requested by LENDER; or

(9) Loss, theft, substantial damage, destruction, sale or encumbrance to or of any Collateral or the assertion or making of any levy, seizure, mechanic's or materialmen's lien or attachment thereof or thereon.

(10) If LENDER should otherwise deem itself or the debt created hereunder unsafe or insecure; or should LENDER, in good faith, believe that the prospect of payment or other performance is impaired.

#### NOTICE AND CURE PERIOD (Non-Monetary Defaults Only)

If BORROWER shall be in default under any of the Loan Documents; and if such default is (i) non-monetary in nature (i.e. not curable by the payment of money), and (ii) reasonably capable of being cured within thirty (30) days; and if BORROWER shall undertake to begin its cure of such default promptly after notice of such default and thereafter diligently pursues the cure of such default; and if BORROWER is not then in default in the payment of principal, interest or any other sums due to LENDER under the Loan Documents; then, if all such conditions shall occur and continue to exist, the LENDER agrees that prior to exercising its rights to accelerate the indebtedness represented by this Note or to sue or bring any cause of action against BORROWER on account of this Note or any of the Loan Documents, due to such non-monetary default, LENDER shall give BORROWER notice of such default and opportunity for a period of thirty (30) days after such notice to cure such default. During such thirty (30) day period, LENDER may exercise any other remedy permitted under the Loan Documents as a result of such non-monetary default, including without limitation the right to withhold all or any part of any requested loan advances. If BORROWER fails to diligently pursue the cure of such default or to effect a full and complete cure of such default within such thirty (30) days, LENDER may thereupon accelerate the debt and exercise any and all remedies allowed to LENDER under Florida law and the Loan documents.

#### REMEDIES ON DEFAULT

Upon the occurrence of any of the foregoing events, circumstances or conditions of Default, and subject to any applicable notice and cure period provided in this Note, all of the Obligations evidenced herein and secured hereby shall at the option of the LENDER, immediately be due and payable without notice. Further, LENDER shall then have all the rights and remedies of a "secured party" under the Uniform Commercial Code, as adopted by the State of LENDER'S office as set forth herein.

Without limitation thereof, and subject to any applicable notice and cure period provided in this Note, LENDER shall have the following specific rights and remedies:

(1) To take immediate possession of the Collateral without notice or resort to legal process; and for such purpose, to enter upon any premises on which the Collateral or any part thereof may



be situated and remove the same therefrom; or at its option, to render the Collateral unusable. Further, also at its option, to dispose of the Collateral on BORROWER'S premises.

(2) To require BORROWER to assemble the Collateral and make it available to LENDER at a place to then be designated by LENDER, which is reasonably convenient to both parties.

(3) To dispose of Collateral as allowed by the Uniform Commercial Code, as adopted by the State of LENDER'S office as set forth herein, in any County or place selected by LENDER, at either private or public sale (at which public sale LENDER may be the purchaser) with or without having the Collateral physically present at said site.

(4) To make or have made any repairs deemed necessary or desirable at time of repossession or sale, the cost of which is to be charged against BORROWER.

(5) To foreclose the Mortgage.

(6) To exercise its rights of Set-Off by applying any monies of BORROWER on deposit with LENDER toward payment of the Obligations evidenced or referred to herein or secured hereby, without notice. If any process is issued or ordered to be served on LENDER, seeking to seize BORROWER'S rights and/or interest in any bank account maintained with LENDER, the balance in any said account shall immediately be deemed to have been and shall be set-off against any and all Obligations of BORROWER to LENDER, as of the time of issuance of any such writ or process, whether or not BORROWER and/or LENDER shall then have been served therewith.

(7) To apply the proceeds realized from the disposition of the Collateral to satisfy the following items, in the order here listed:

(a) The cost of reimbursing any person whose interest in the premises is physically damaged by the entry and removal of the Collateral, upon BORROWER'S failure to do so; next to

(b) The expenses of taking, removing, holding for sale, repairing or otherwise preparing for sale and selling of said Collateral specifically including the LENDER'S reasonable attorneys' fees (including appellate costs, if any) and both legal and collection expenses; next to

(c) The expense of liquidating any liens, security interests attachments or encumbrances superior to the security interests herein created or described; next to

(d) All accrued but unpaid late charges and interest; and finally to

(e) The unpaid principal hereunder and any other debt owed to LENDER by any signer hereof.

Any surplus, after the satisfaction of the foregoing items (a) through (e) shall be paid to BORROWER or to any other party lawfully entitled thereto and known to LENDER. Further, if proceeds realized from the disposition of Collateral shall fail to satisfy any of the foregoing items (a) through (e), BORROWER shall forthwith pay the deficiency balance to LENDER.

No waivers, amendments or modifications of this Note shall be valid unless in writing. Further, this Note shall be governed by and construed under the laws of the State of the LENDER'S office as set forth herein. All terms and expressions contained herein which are defined in the Uniform Commercial Code of the State of LENDER'S office set forth herein shall have the same meaning herein as in said Articles of said Code. No waiver by LENDER of any default(s) shall operate as a waiver of any other default or the same default on a future occasion. All rights of LENDER hereunder shall inure to the benefit of its successors and assigns; and all obligations

of BORROWER shall bind his heirs, executors, administrators, successors and/or assigns.

If more than one person has signed this instrument, such parties are jointly and severally obligated hereunder. Further, use of the masculine pronoun herein shall include the feminine and neuter and also the plural. If any provision of this instrument shall be prohibited or invalid under applicable law, such provision shall be ineffective but only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note. "Note" refers to the entire PROMISSORY NOTE herein. In the case of conflict between the terms of this Note and the Security Documents, or any Commitment Letter issued in connection herewith, the priority of controlling terms shall be first this Note, the Security Documents and then the Commitment Letter.

If default be made in the payment of any installment under this Note or if the BORROWER violates any of the terms or breaches any of the conditions of this Note or the Security Documents, or if any event, or if any event, occurrence or condition of Default as described herein shall otherwise exist, the entire principal sum and accrued interest shall become due and payable without notice at the option of the LENDER. Failure to exercise this option shall not constitute a waiver of the right to exercise the same at any other time. Upon such Default, the principal of the Note and any part thereof, and accrued unpaid interest, if any, shall bear interest after Default until paid at the then highest legal rate permissible by law. All parties liable for the payment of this Note agree to pay the LENDER reasonable attorneys' fees for the services and expenses of counsel employed after maturity or Default to collect this Note (including any appeals relating to such enforcement proceedings), or to protect or enforce the security hereto, whether or not suit be brought.

The remedies of LENDER as provided herein and in any of the Security Documents shall be cumulative and concurrent, and may be pursued singly, successively or together, at the sole discretion of LENDER and may be exercised as often as occasion therefor shall arise. No act of omission or commission of LENDER, including specifically any failure to exercise any right, remedy or recourse, shall be effective as a waiver thereof unless it is set forth in a written document executed by LENDER and then only to the extent specifically recited therein. A waiver or release with reference to one event shall not be construed as continuing, as a bar to, or as a waiver or release of, any subsequent right, remedy or recourse as to any subsequent event.

BORROWER and all sureties, endorsers and guarantors of this Note hereby (a) waive demand, presentment for payment, notice of nonpayment, protest, notice of protest and all other notice (except as may be expressly set forth in this Note or any Guaranty), filing of suit and diligence in collecting this Note, in enforcing any of the security rights or in proceeding against the Collateral; (b) agree to any substitution, exchange, addition or release of any of the Collateral, or the addition or release of any party or person primarily or secondarily liable hereon; (c) agree that LENDER shall not be required first to institute any suit, or to exhaust his, their or its remedies against BORROWER or any other person or party to become liable hereunder or any Collateral in order to enforce payment of this Note; (d) consent to any extension, rearrangement, renewal or postponement of time of payment of this Note and to any other indulgence with respect hereto without notice, consent or consideration to any of the foregoing (except the express written release by LENDER of any such person), they shall be and remain jointly and severally, directly and shall be primarily, liable for all sums due under this Note.

As used herein, the words, "BORROWER" and "LENDER" shall be deemed to include BORROWER and LENDER as defined herein and their respective heirs, personal representatives, successors and assigns.

This Note is executed and delivered at the LENDER'S address

specified above and shall be construed and enforced in accordance with the laws of the State of Florida.

WAIVER OF JURY TRIAL. BY THE EXECUTION HEREOF, BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY AGREES, THAT:

A. NEITHER THE BORROWER NOR ANY ASSIGNEE, SUCCESSOR, HEIR OR LEGAL REPRESENTATIVE OF BORROWER SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM, OR ANY OTHER LITIGATION PROCEDURE ARISING FROM OR BASED UPON THIS PROMISSORY NOTE OR ANY LOAN DOCUMENT EVIDENCING, SECURING OR RELATING TO THE OBLIGATIONS OR TO THE DEALINGS OR RELATIONSHIP BETWEEN OR AMONG THE PARTIES THERETO;

B. NEITHER THE BORROWER NOR LENDER WILL SEEK TO CONSOLIDATE ANY SUCH ACTION, IN WHICH A JURY TRIAL HAS BEEN WAIVED, WITH ANY OTHER ACTION IN WHICH A JURY TRIAL HAS NOT BEEN OR CANNOT BE WAIVED;

C. THE PROVISIONS OF THIS PARAGRAPH HAVE BEEN FULLY NEGOTIATED BY THE PARTIES HERETO, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS;

D. NEITHER THE BORROWER NOR LENDER HAS IN ANY WAY AGREED WITH OR REPRESENTED TO ANY OTHER PARTY THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES; AND

E. THIS PROVISION IS A MATERIAL INDUCEMENT FOR LENDER TO ENTER INTO THIS TRANSACTION.

IN WITNESS WHEREOF, the BORROWER, on the day and year first above written, has caused this Note to be executed under seal.

RESIDENTIAL WATER SYSTEMS, INC.

By: Elaine Finney  
Elaine Finney, President.

Attest: Nancy E. Finney  
Nancy E. Finney, Vice President

Elaine Finney  
Elaine Finney, Individually

Nancy E. Finney  
Nancy E. Finney, Individually

Documentary stamps in the amount of \$115.00 have been affixed to the original Mortgage recorded at Official Record Book \_\_\_\_\_, Page \_\_\_\_\_, Public Records of Marion County, Florida.

michelle\rcsi\note.cs

D-315.00  
I-180.00

Mortgage Stamps 315.00 PAID  
Intangible Tax 180.00 PAID

THIS INSTRUMENT PREPARED BY/RETURN TO:  
Richard P. Newman/mh  
McLin, Burnsed, Morrison, Johnson,  
Newman & Roy, P.A.  
Post Office Box 491387  
Gainesburg, Florida 34749-1357

07/23/96 MARION COUNTY - *M. Hooker* CLERK

THOMAS P. KLINKER, CLERK OF CIRCUIT COURT  
FILE: 96054313  
07/23/96 10:03  
OR BOOK/PAGE: 2270/818  
MARION COUNTY - *A. J. [unclear]* DC

THIS IS A BALLOON MORTGAGE AND THE FINAL PAYMENT OR THE BALANCE DUE UPON MATURITY IS \$84,380.62, TOGETHER WITH ACCRUED INTEREST, IF ANY, AND ALL ADVANCEMENTS MADE BY THE MORTGAGE UNDER THE TERMS OF THIS MORTGAGE.

**MORTGAGE**

THIS MORTGAGE made this 16th day of July, 1996, by and between RESIDENTIAL WATER SYSTEMS, INC., a Florida corporation, herein the "Mortgagor," whose address is Post Office Box 4230, Ocala, FL 34478, and FIRST BANK OF THE VILLAGES, a Florida banking corporation, herein the "Mortgagee," whose address is 903 Avenida Central, Lady Lake, FL 32159,

WITNESSETH, that for and in consideration of the aggregate sum named in the promissory note of even date herewith, in the principal amount of \$90,000.00, with a final payment due July 16, 2001, as well as other good and valuable considerations, Mortgagor hereby grants, bargains, sells, conveys and confirms unto Mortgagee all that certain parcel of land of which Mortgagor is now seized and possessed, in the County of Marion and the State of Florida, described as follows:

Tract A, HIGH POINTE, as per plat thereof recorded in Plat Book W, Pages 31, 32 and 33, Public Records of Marion County, Florida. EXCEPT the South 42.00 feet of Tract A, HIGH POINTE, as per plat thereof recorded in Plat Book W, Pages 31, 32 and 33, Public Records of Marion County, Florida, being more particularly described as follows: Commencing at the NW corner, go East 147.61 feet to Arc, South 46.52 feet; thence West 129.89 feet; thence North 42.00 feet to the point of beginning.

AND  
Tract A, SUN TREE, as per plat thereof recorded in Plat Book X, Pages 3 and 4, Public Records of Marion County, Florida.

TOGETHER WITH all structures and improvements now or hereafter located on such land, and all the fixtures attached thereto, and the rents, issues and profits of the above described property (this mortgage to constitute a full and unconditional assignment of rents and profits under Section 697.07, Fla. Stat.), to have and to hold the same, together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in any way appertaining, in fee simple.

MORTGAGOR COVENANTS and agrees with Mortgagee that Mortgagor is indefeasibly seized of said land in fee simple and has the right to mortgage, grant and convey the property, that Mortgagor will make and deliver such further assurances as may be necessary to perfect the title of Mortgagee in the property, and Mortgagor warrants and will defend the title to the property against the lawful claims of all persons whomsoever, excepting only the following encumbrances to which title is subject:

PROVIDED ALWAYS that if Mortgagor pays unto Mortgagee or the holder of the note and this Mortgage the sums called for to be paid in the note referenced above, and duly performs and abides by each and every agreement, stipulation, condition and covenant of the note and this Mortgage, then the estate hereby created shall be null and void, otherwise it shall remain in full force and effect.

MORTGAGOR further covenants and agrees as follows:

1. Mortgagor shall pay promptly, when due, the principal and interest due on the note, any late charges provided therein or in this mortgage, and the principal and interest on any future advances made to Mortgagor under this mortgage.
2. All payments received from Mortgagor shall be applied first to any amounts advanced by Mortgagee under Paragraph 9 hereof, second to any costs and attorney's fees expended by Mortgagee in the enforcement of any right or duty hereunder or under the note, third to interest payable on the note, and last to principal on the note.

3. Mortgagor shall pay all taxes, assessments, fines, impositions and other charges of any nature attributable to the property, excepting only charges as Mortgagor may be contesting in good faith in legal proceedings which operate to prevent the enforcement of the lien or charge, or the forfeiture of the property or any portion thereof.

4. Mortgagor shall keep the property in good repair and shall not commit waste or permit impairment or deterioration of the property. Mortgagor shall perform all of the obligations imposed by any restrictive covenants, declarations of condominium, the by-laws or regulations of a homeowner's association, or any other covenants or restrictions applicable to the property.

5. Mortgagee may make reasonable entries upon and inspections of the property, upon providing Mortgagor with prior written notice specifying a reasonable cause for such inspection.

6. The proceeds of any award as a result of any condemnation or other taking in lieu of condemnation are hereby assigned and shall be paid to Mortgagee. In a total taking, all proceeds shall be applied first to the sums due hereunder, with any excess paid to Mortgagor. In a partial taking, there shall be applied to the sums due hereunder such proportion of the proceeds as is equal to that proportion which the amount of the sums secured hereby, immediately prior to the taking, bears to the fair market value of the property on the same date, with the balance of the proceeds paid to Mortgagor. Unless otherwise agreed in writing, any such application of proceeds to the sums due hereunder shall not extend or postpone the due date of any monthly instalments under the note or any future advances, or change the amount of those instalments.

7. This mortgage secures such additional or future advances as may be made by the holder of this mortgage at its option to the Mortgagor, or his successors in title, for any purpose, provided that all such advances are to be made within 20 years from the date of this mortgage, or within such lesser period of time as may be provided hereafter by law as a prerequisite for the sufficiency of actual notice or record notice of such optional or additional advances as against the rights of creditors or subsequent purchasers for valuable consideration. The total amount of indebtedness secured by this mortgage may increase or decrease from time to time, but the total unpaid balance so secured at any time shall not exceed the maximum principal amount of \$180,000.00, plus interest, and any disbursements made for the payment of taxes, levies, or insurance on the property covered by the lien of this mortgage, with interest on such disbursements.

8. If at any time prior to the full payment of all sums due hereunder, Mortgagor conveys or transfers, whether by deed, agreement for deed, or similar instruments, or by lease with a term greater than one year, with or without option to purchase, any legal or equitable interest in the property, or if Mortgagor is not a natural person and any shares of stock, partnership interests, or other equitable interests in Mortgagor are sold or transferred, then at Mortgagee's option all sums due hereunder may be declared payable in full immediately, provided that Mortgagee may waive such acceleration at Mortgagee's sole option, if Mortgagee approves the conveyance or transfer and this mortgage is assumed by the transferee, and if the interest rate on the sums payable hereunder is adjusted to such rate as Mortgagee may in its sole discretion determine. Mortgagee reserves the absolute right to increase the interest rate as a condition of the approval of any such conveyance or transfer and the assumption of this mortgage, without regard to the impairment of security or any other factor.

9. If Mortgagor fails to perform any of the covenants and agreements contained herein or in the note, or if any action or proceeding is commenced which affects materially Mortgagee's interest in the property, then Mortgagee may, at its option, make such appearances, disburse such sums, and take such action as is necessary to protect Mortgagee's interests, including without limitation payment of taxes, liens or assessments, payment on or procurement of hazard insurance, disbursement of reasonable attorney's fees, and entry on the property to make repairs. All amounts expended by Mortgagee pursuant to this paragraph, with interest thereon at the rate then charged on other sums due hereunder, shall become an additional debt of Mortgagor secured by this mortgage. Any such amounts shall be payable in full upon notice to Mortgagor from Mortgagee, and no right exercised under this paragraph shall be deemed a waiver by Mortgagee of any other rights hereunder. Nothing in this paragraph shall require Mortgagee to incur any expense or take any action hereunder.

10. No extension of time or modification of payment hereunder shall release in any manner the original Mortgagor or any successor in interest, nor shall the same operate as a waiver of any rights hereunder.

11. Any forbearance by Mortgagee in exercising any right or remedy hereunder, or otherwise afforded by law, shall not be a waiver of or preclude the exercise of any such right or remedy. All remedies provided herein are distinct and cumulative, as to any other right or remedy, whether provided hereunder or at law or in equity. All such remedies may be exercised concurrently, independently, or successively.

12. Upon breach by mortgagor of any covenant or agreement hereunder or under the note, or any failure to pay any sum secured hereby within 15 days of the date such sum becomes due, then the entire sum secured hereby shall, at Mortgagee's sole option, become due and payable immediately, without notice, anything to the contrary herein or in the note notwithstanding, and Mortgagee may proceed to foreclose this mortgage. In any such proceeding, or in any attempt to collect the sums due hereunder or enforce the terms hereof or of the note, whether by judicial proceeding or otherwise, Mortgagee shall recover, in addition to any other sums, all costs expended in such collection or enforcement attempts, including without limitation reasonable attorney's fees and the cost of any abstract or title report. Mortgagor agrees that a reasonable attorney's fee shall constitute the greater of 10% of the unpaid principal balance at the time of acceleration, or such other amount as the court may deem reasonable, and that if the attorney for Mortgagee does not seek a fee in excess of 10% of the unpaid principal, the court shall not be required to determine the reasonableness of the fee. Upon acceleration, along with all advances made hereby and the unpaid, accrued interest at the date of acceleration, shall together bear interest at the highest rate allowed by law until paid in full. Mortgagor waives the right to a jury trial in any litigation commenced by or against Mortgagee in connection with this mortgage or any other aspect of the loan transaction of which this mortgage is a part.

13. If there are other mortgages on the property which are prior in dignity to this mortgage, then any breach or default under such mortgage or mortgages shall constitute a breach or default hereunder. This clause shall not be construed to imply the existence of any such prior mortgages, and the existence thereof shall constitute a breach of this mortgage unless the same is listed herein as an encumbrance to which title is subject.

14. Except where applicable law requires another means of notice, any notice to Mortgagor hereunder shall be by certified mail, return receipt requested, addressed to Mortgagor at the mortgaged property or such other address as may be designated by Mortgagor in writing. Notice to Mortgagee shall be by certified mail, return receipt requested, addressed to Mortgagee at the address where payments are to be made under the note, or such other address as Mortgagee may designate in writing. Notice so mailed, postage prepaid in full, shall be deemed given three days following mailing, whether or not received.

15. All covenants, conditions and agreements herein shall be binding on and inure to the benefit of the respective successors and assigns of Mortgagor and Mortgagee, pursuant to the terms of this mortgage. All covenants and agreements of Mortgagor shall be joint and several. The terms Mortgagor and Mortgagee, as used herein, refer to masculine, feminine or neuter gender, and shall be deemed either singular or plural, as circumstances require.

16. Upon acceleration under Paragraph 12, or upon any abandonment of the property by Mortgagor, Mortgagee shall be entitled to have a receiver appointed by the court, to enter upon, take possession of and manage the property and to collect the rents and profits of the property, including those past due. All sums collected by the receiver shall be applied first to the cost of management of the property including receiver's fees, premiums on any receivers certificates, and reasonable attorney's fees, and then to the sums secured hereby. The receiver shall be accountable only for those sums actually received.

17. In the event any covenant or provision hereof or of the note shall be held invalid, such finding of invalidity shall not affect the application of the remaining provisions, to the extent they may be applied and given effect without the invalid provision. To this end, the provisions of this mortgage and of the note shall be deemed severable.

18. Upon payment of all sums secured hereby, Mortgagee shall provide a fully executed satisfaction of this mortgage in recordable form, at Mortgagee's cost, with the cost of recording this satisfaction to be borne by Mortgagor.

19. Mortgagor represents and warrants for the benefit of Mortgagee that there are no hazardous or toxic wastes or substances stored at the premises, or otherwise on the premises in any manner, and that the premises have not been used in the past to manufacture, store, transport, utilize or dispose of any such toxic or hazardous wastes or substances and are free of contamination thereby. Mortgagor agrees to keep the property free and clear of all such toxic or hazardous substances, and to comply with all Federal, State and local laws, rules and regulations regarding the handling, storage, transportation or disposition of such substances. Mortgagor will keep the property free and clear of any lien for the disposition or cleanup of any toxic or hazardous wastes or substances, and agrees to indemnify Mortgagee and hold Mortgagee harmless from and against any and all costs, damages, and attorney's fees which may be incurred by Mortgagee as a result of the presence of any toxic or hazardous wastes or substances on the premises, or any improper handling, transportation or disposal of such wastes or substances by Mortgagor, or any of Mortgagor's predecessors in title to the property.

20. This Mortgage and the note it secures are cross-collateralized with all other loans from Mortgagee to Mortgagor, and a default under any other loan or obligation owed by Mortgagor to Mortgagee shall also constitute a default under this Mortgage and note, and shall entitle Mortgagee to exercise any and all rights and remedies available to it hereunder as if the default had occurred hereunder, whether or not Mortgagor is actually in default on the obligations imposed by this note and Mortgage. A default under this mortgage shall also constitute a default under all other loans from Mortgagee to Mortgagor, allowing Mortgagee the right to exercise its rights under all mortgages and security agreements securing such other loans, whether or not such other loans are actually in default.

21. Mortgagor and all other obligors on the note shall submit, within 60 days after the close of their respective tax years, financial statements reflecting the financial condition of each party, prepared in accordance with generally acceptable accounting principles and in a form reasonably acceptable to Mortgagee, for the immediately preceding fiscal period. In the event Mortgagee determines that any such financial statement discloses any material, adverse change in the financial condition of the reporting party, in comparison to that party's condition as shown by the previous year's statement, that shall be considered an event of default hereunder which will entitle Mortgagee to exercise any or all of the rights and remedies provided in this mortgage, the note, or any other document executed and delivered to Mortgagee in connection with this loan.

22. Nothing contained herein or in the promissory note secured hereby shall be construed to entitle Mortgagee to receive, collect or apply as interest on the obligation secured hereby any amount in excess of the maximum rate of interest permitted to be charged by applicable law. In the event the holder hereof ever receives, demands, collects or applies as interest any such excess, such amount which would constitute excessive interest shall be applied to reduction of the principal due hereunder, and if such application results in payment in full of the principal, any remaining excess shall forthwith be refunded to Mortgagor.

23. In addition to any other occurrence which would be considered a default under this mortgage, the note it secures, or any of the other loan documents, it shall constitute a default hereunder if any warranty, representation or statement made or furnished to Mortgagee for the purpose of inducing Mortgagee to make this loan or accept this mortgage as security proves to have been false in any material respect when made or furnished, or if foreclosure of any other lien or mortgage against the property described herein is initiated, whether such lien or mortgage is inferior or subordinate in dignity hereto.

IN WITNESS WHEREOF, Mortgagor executes this mortgage the day and year first above written.

THIS IS A BALLOON MORTGAGE AND THE FINAL PAYMENT OR THE BALANCE DUE UPON MATURITY IS \$84,380.62, TOGETHER WITH ACCRUED INTEREST, IF ANY, AND ALL ADVANCEMENTS MADE BY THE MORTGAGEE UNDER THE TERMS OF THIS MORTGAGE.

MORTGAGOR:

RESIDENTIAL WATER SYSTEMS, INC.

By: Elaine Finney  
Elaine Finney, President  
Attest: Nancy E. Finney  
Nancy E. Finney, Vice President

Ben Mc  
Witness  
Ben Mc  
Print Name of Witness  
Charles de Menzes  
Witness  
CHARLES DE MENZES  
Print Name of Witness

STATE OF FLORIDA  
COUNTY OF LAKE

Execution of the foregoing instrument was acknowledged before me this 16 day of July, 1996, by Elaine Finney and Nancy E. Finney, the President and Vice President of Residential Water Systems, Inc., a Florida corporation on behalf of the corporation, for the purposes expressed herein, and such person was either [CHECK ONE]  (a) personally known to me, or  (b) produced \_\_\_\_\_ as identification.

  
NOTARY PUBLIC

Printed or typed name of Notary

CE 446372  
Serial/Commission Number  
6-18-99  
Commission expiration date



FILE: 96054313  
OR BOOK/PAGE: 2270/022

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NOTE: This is a two-part form. Send both parts to the Department of State for filing. If a copy of this form is needed prior to filing, make photocopies for your records.  
IMPORTANT: Read instructions on back before filling out form.

R-19.50

UNIFORM COMMERCIAL CODE

STATE OF FLORIDA  
FINANCING STATEMENT

FORM UCC-1 (REV. 1993)

This Financing Statement is presented to a filing officer for filing pursuant to the Uniform Commercial Code:

1. Debtor (Last Name First if an individual) <u>Residential Water Systems, Inc.</u>		1a. Date of Birth or FEID <u>59-2393057</u>	
1b. Mailing Address <u>Post Office Box 4230</u>		1c. City, State <u>Ocala, FL</u>	1d. Zip Code <u>34478</u>
2. Additional Debtor or Trade Name (Last Name First if an individual)		2a. Date of Birth or FEID	
2b. Mailing Address		2c. City, State	2d. Zip Code
3. Secured Party (Last Name First if an individual) <u>First Bank of the Villages</u>		3a. Mailing Address <u>903 Avenida Central</u>	
3b. City, State <u>Lady Lake, FL</u>		3c. Zip Code <u>32159</u>	
4. Assignee of Secured Party (Last Name First if an individual)		4a. Mailing Address	
4b. City, State		4c. Zip Code	

5. This Financing Statement covers the following types or items or property (include description of real property on which located and owner of record when required. If more space is required, attach additional sheet(s)).

All of that property described in Exhibit "B" and located on or used in connection with the real property described in Exhibit "A" attached, located in Marion County.

THOMAS P. KLINKER, CLERK OF CIRCUIT COURT  
FILE: 96054312  
07/23/96 10:03  
OR BOOK/PAGE: 2270/814  
MARION COUNTY - *A Jutt* DC

Filed with the Clerk of Circuit Court, Marion County, Florida

6. Check only if Applicable:  Products of collateral are also covered.  Proceeds of collateral are also covered.  Debtor is transmitting utility.

7. Check appropriate box: (One box must be marked)  All documentary stamp taxes due and payable or to become due and payable pursuant to s. 201.22 F.S., have been paid.  Florida Documentary Stamp Tax is not required.

8. In accordance with s. 679.402(2), F.S., this statement is filed without the Debtor's signature to perfect a security interest in collateral:

- already subject to a security interest in another jurisdiction when it was brought into this state or debtor's location changed to this state.
- which is proceeds of the original collateral described above in which a security interest was perfected.
- as to which the filing has lapsed. Date filed \_\_\_\_\_ and previous UCC-1 file number \_\_\_\_\_
- acquired after a change of name, identity, or corporate structure of the debtor.

9. Number of additional sheets presented: 3

This Space for Use of Filing Officer

10. Signature(s) of Debtor(s)

See Exhibit "c" attached

11. Signature(s) of Secured Party or if Assigned, by Assignee(s)

See Exhibit "c" attached

12. Return Copy to:

Name: Richard P. Newman/mh  
 Address: McLin, Burnsed, Morrison, Johnson,  
Newman & Roy, P.A.  
 Address: Post Office Box 4230



EXHIBIT "A"

Tract A, HIGH POINTE, as per plat thereof recorded in Plat Book W, Pages 31, 32 and 33, Public Records of Marion County, Florida. EXCEPT the South 42.00 feet of Tract A, HIGH POINTE, as per plat thereof recorded in Plat Book W, Pages 31, 32 and 33, Public Records of Marion County, Florida, being more particularly described as follows:

Commencing at the NW corner, go East 147.61 feet to Arc, South 46.52 feet; thence West 129.89 feet; thence North 42.00 feet to the point of beginning.

AND

Tract A, SUN TREE, as per plat thereof recorded in Plat Book X, Pages 3 and 4, Public Records of Marion County, Florida.

FILE: 96054312

OR BOOK/PAGE: 2270/815

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EXHIBIT "B"

Any and all construction materials, improvements, structures, goods, chattels, furniture, furnishings, fixtures, equipment, inventory, water and sewer capacity and tangible or intangible personal property of any kind, nature or description (including, without limitation, any and all accounts, contract rights, franchises, licenses, permits, documents, instruments and general intangibles) of Debtor whether now owned of hereafter acquired, or in which Debtor now has or shall hereafter acquire any right, title or interest whatsoever, whether by bill of sale, lease, conditional sales contract, or otherwise, which is, are or shall be located upon or used or useful, either directly or indirectly, in the operations of enterprises of Debtor carried out upon the Property, together with any and all replacements or substitutions thereof or therefrom regardless of form.

FILE: 96054312  
OR BOOK/PAGE: 2270/816

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EXHIBIT "C"

10. Signature(s) of Debtor(s)

By: Elaine Finney  
Elaine Finney, President

Attest: Nancy E. Finney  
Nancy E. Finney Vice President

11. Signature of Secured Party

FIRST BANK OF THE VILLAGES

By: Ben McMillan  
Ben McMillan  
Title: Vice President

FILE: 96054312  
OR BOOK/PAGE: 2270/B17

4 of 4

michelle\resi\exhibit.ucc

**CLOSING STATEMENT**

**BORROWER:** RESIDENTIAL WATER SYSTEMS, INC.

**LENDER:** FIRST BANK OF THE VILLAGES

**DATE:** July 16, 1996

**AMOUNT OF LOAN:** \$90,000.00

**COSTS:**

1.	First Bank of The Villages	1,500.00
a.	Rhodes, Covert & Rickolt - Appraisal	6.00
b.	Future Satisfaction Fee	900.00
c.	Loan Origination Fee 1.00%	
2.	Florida Title Ocala	850.00
a.	Title Insurance	
3.	Clerk of Circuit Court	24.00
a.	Record Mortgage	315.00
b.	Documentary Stamp Tax	180.00
c.	Intangible Tax	19.50
d.	Record UCC-1	15.00
f.	Record Assignment of Leases and Rents	13.50
g.	Record Notice of Commencement with Certified Copy	
4.	McLin, Burns, Morrison, Johnson, Newman & Roy, P.A.	600.00
a.	Attorney Fee	
<b>TOTAL COSTS:</b>		<u>\$ 4,423.00</u>
<b>LIP CONSTRUCTION ACCOUNT:</b>		<u>\$85,577.00</u>

**RESIDENTIAL WATER SYSTEMS, INC.**

By: Elaine Finney  
Elaine Finney, President

Attest: Nancy E. Finney  
Nancy E. Finney, Vice President

Elaine Finney  
Elaine Finney, Individually

Nancy E. Finney  
Nancy E. Finney, Individually

FB0154