

HARBOR WATERWORKS, INC.

5320 Captains Court * New Port Richey, FL 34652 * Telephone Number: (727) 848 - 8292

120158-SU

RECEIVED-FPSC
12 MAY 17 PM 1:09

COMMISSION
CLERK

Check received with filing and forwarded
to Fiscal for deposit. Fiscal to forward
deposit information to Records.

Initials of person who forwarded check:

May 16, 2012

Ms. Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RE: Application for Original Certificate for an Existing Wastewater System, Requesting Initial Rates and Charges in Lake County, FL

Ms. Cole:

On behalf of Harbor Waterworks, Inc. (HWW), attached is our filing for Original Certificate for an existing wastewater system, requesting initial rates and charges in Lake County, FL.

I have also attached a self addressed envelope with pre-paid postage and an extra copy of this letter.. HWW requests that they receive a returned copy of this letter along with the appropriate information signifying that our application was received and on what date and if possible, the time it was received.

Thank you for your assistance.

Gary Deremer
President, Harbor Waterworks, Inc.
5320 Captains Court
New Port Richey, FL 34652

C: File

COM _____
APA _____
ECR _____
GCL _____
RAD _____
SRC _____
ADM _____
OPC _____
CLK _____

4+ MAPs Forwarded

1-NG

DOCUMENT NUMBER DATE

03140 MAY 17 2012

FPSC-COMMISSION CLERK

HARBOR WATERWORKS, INC.

5320 Captains Court * New Port Richey, FL 34652 * Telephone Number: (727) 848 - 8292

May 16, 2012

120158-50

Ms. Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

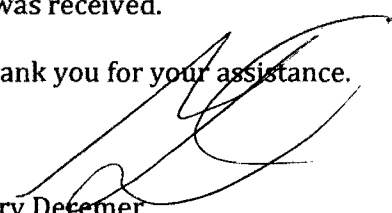
RE: Application for Original Certificate for an Existing Wastewater System, Requesting Initial Rates and Charges in Lake County, FL

Ms. Cole:

On behalf of Harbor Waterworks, Inc. (HWW), attached is our filing for Original Certificate for an Existing Wastewater System and the request for the establishment of initial rates and charges in Lake County, FL.

I have also attached a self addressed envelope with pre-paid postage and an extra copy of this letter.. HWW requests that they receive a returned copy of this letter along with the appropriate information signifying that our application was received and on what date and if possible, the time it was received.

Thank you for your assistance.



Gary Defemer
President, Harbor Waterworks, Inc.
5320 Captains Court
New Port Richey, FL 34652

C: File

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Harbor Waterworks, Inc.'s Application)
for Approval of Transfer, Application for)
Original Certificate for an Existing Wastewater)
System Requesting Initial Rates and Charges)
in Lake County, Florida.)
_____)

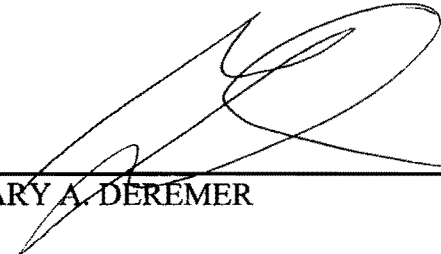
Docket No. 120158-SU
Filed: May 17, 2012

AFFIDAVIT

STATE OF FLORIDA:
COUNTY OF PASCO:

BEFORE ME, the undersigned authority, personally appeared Gary A. Deremer, who after being duly sworn, deposes and says:

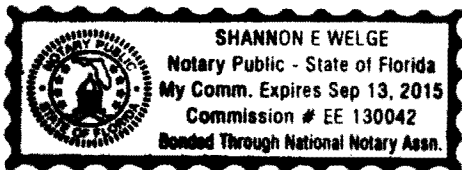
1. That I, Gary A. Deremer, am the President and Chief Operating Officer of Harbor Waterworks, Inc.
2. That I hereby affirm that the facts stated in Harbor Waterworks, Inc.'s Application for Approval of Transfer, Application for Original Certificate for an existing Wastewater System Requesting Initial Rates and Charges in Lake County, Florida, and the attached exhibits thereto are true and correct.
3. Further, Affiant sayeth not.



GARY A. DEREMER

STATE OF FLORIDA:
COUNTY OF PASCO:

Subscribed and sworn to before me this 17th day of May, 2012, by Gary A. Deremer, who is personally known to me.





NOTARY PUBLIC
My Commission Expires:

INFORMATION PACKAGE TO COMPLY WITH
RULE 25-30.034, FLORIDA ADMINISTRATIVE CODE
FOR A UTILITY IN EXISTENCE AND CHARGING RATES
(Pursuant to Section 367.045, Florida Statutes)

To: Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

The undersigned hereby wishes to comply with Rule 25-30.034,
Florida Administrative Code for original certificate(s) to operate
a water _____ and/or wastewater X utility in Lake
_____ County, Florida, and submits the following information:

PART I APPLICANT INFORMATION

- A) The full name (as it appears on the certificate), address
and telephone number of the applicant:

Harbor Water Works, Inc.

Name of utility

(727) 848-8292

Phone No.

(727) 848-7701

Fax No.

5320 Captains Court

Office street address

New Port Richey,

City

FL

State

34652

Zip Code

4939 Cross Bayou Blvd, New Port Richey, FL 34652

Mailing address if different from street address

Internet address if applicable

- B) The name, address and telephone number of the person to
contact concerning this application:

Victoria Penick

Name

(727) 848-8292

Phone No.

4939 Cross Bayou Blvd

Street address

New Port Richey,

City

FL

State

34652

Zip Code

C) Indicate the organizational character of the applicant: (circle one)

Corporation

Partnership

Sole Proprietorship

Other (Specify) Florida corporation

D) If the applicant is a corporation, indicate whether it has made an election under Internal Revenue Code Section 1362 to be an S Corporation:

Yes _____ No x

E) If the applicant is a corporation, list names, titles and addresses of corporate officers, directors, partners, or any other person(s) or entities owning an interest in the applicant's business organization. (Use additional sheet if necessary).

Gary Deremer, President 5320 Captains Court NPR, FL.
Cecil Delcher, V.P. 11702 Forest Hills Dr. Tampa, FL.

F) If the applicant is not a corporation, list names and addresses of all persons or entities owning an interest in the organization. (Use additional sheet if necessary.)

N/A

PART II NEED FOR SERVICE

A) Exhibit B - A statement regarding the need for service in the proposed territory, such as anticipated (or actual) development in the area. Identify any other utilities within the area proposed to be served which could potentially provide such service in the area and the steps the applicant took to ascertain whether such other service is available.

B) Exhibit C - A statement that to the best of the applicant's knowledge, the provision of service will be consistent with the water and wastewater sections of the local comprehensive plan, as approved by the Department of Community Affairs at the time the application is filed. If the provision of service is inconsistent with such plan, provide a statement demonstrating why granting the certificate would be in the public interest.

PART III SYSTEM INFORMATION

A) WATER

(1) Exhibit N/A - A statement describing the proposed type(s) of water service to be provided (i.e., potable, non-potable or both).

(2) Exhibit N/A - The number of equivalent residential connections (ERCs) proposed to be served, by meter size and customer class. If development will be in phases, separate this information by phase. In addition, if the utility is in operation, provide the current number of ERCs by meter size and customer class.

(3) Description of the types of customers anticipated (i.e., single family, mobile homes, clubhouse, commercial, etc.):

N/A

(4) In the case of an existing utility, provide the permit number and the date of approval of facilities by the Department of Environmental Protection (DEP) or the agency designated by DEP to issue permits:

N/A

(5) Indicate the design capacity of the treatment plant in terms of equivalent residential connections (ERCs) and gallons per day (gpd). If development will be in phases, separate this information by phase.

N/A (ERCs) _____ (GPD)

(6) Indicate the type of treatment: N/A _____

(7) Indicate the design capacity of the transmission and distribution lines in terms of ERCs and gpd. If development will be in phases, separate this information by phase.

N/A

(8) Provide the date the applicant began or plans to begin serving customers:

N/A

- (9) Exhibit N/A - Evidence, in the form of a warranty deed, that the utility owns the land where the water facilities are or will be located. If the utility does not own the land, a copy of the agreement which provides for the long term continuous use of the land, such as a 99-year lease. The Commission may consider a written easement or other cost-effective alternative.

The applicant may submit a contract for the purchase and sale of land with an unexecuted copy of the warranty deed provided the applicant files an executed and recorded copy of the deed, or executed copy of the lease, within thirty days after the order granting the certificate.

B) WASTEWATER

- (1) Exhibit D - The number of equivalent residential connections (ERCs) proposed to be served, by meter size and customer class. If development will be in phases, separate this information by phase. In addition, if the utility is in operation, provide the current number of ERCs by meter size and customer class.

- (2) Description of the types of customers anticipated (i.e., single family, mobile homes, clubhouse, commercial, etc.):

Single family residential and three general service.

- (3) In the case of an existing utility, provide the permit number and the date of approval of facilities by the Department of Environmental Protection (DEP) or the agency designated by DEP to issue permits:

#FLA010608

- (4) Indicate separately the design capacity of the treatment plant and effluent disposal system in terms of equivalent residential connections (ERCs) and gallons per day (GPD). If development will be in phases, separate this information by phase.

The capacity of the existing wastewater treatment facilities is 0.040 million gallons per day ("MGD").

- (5) Indicate the method of treatment and disposal (percolation pond, spray field, etc.):

The method of disposal is through percolation ponds.

- (6) Exhibit E - If the applicant does not propose to use reuse as a means of effluent disposal, provide a statement that describes, with particularity, the reasons for not using reuse.
- (7) Indicate the design capacity of the collection lines in terms of ERCs and GDP. If development will be in phases, separate this information by phase.

Existing customers in terms of ERCs - 76
 Future residential customers in ERCs - 69
 Total wastewater customers in ERCs - 145

- (8) Provide the date the applicant began or plans to begin serving customers:
The wastewater system is an existing system that has been providing service since 1989.
- (9) Exhibit F - Evidence, in the form of a warranty deed, that the utility owns the land where the utility treatment facilities are or will be located. If the utility does not own the land, a copy of the agreement which provides for the long term continuous use of the land, such as a 99-year lease.

The Commission may consider a written easement or other cost-effective alternative. The applicant may submit a contract for the purchase and sale of land with an unexecuted copy of the warranty deed, provided the applicant files an executed and recorded copy of the deed, or executed copy of the lease, within thirty days after the order granting the certificate.

PART IV FINANCIAL AND TECHNICAL INFORMATION

- A) Exhibit G - A statement regarding the financial and technical ability of the applicant to provide reasonably sufficient and efficient service.
- B) Exhibit H - A detailed financial statement (balance sheet and income statement), certified if available, of the financial condition of the applicant, showing all assets and liabilities of every kind and character. The income statement shall be for the preceding calendar or fiscal year. If an applicant has not operated for a full year, then the income statement shall be for the lesser period. The financial statement shall be prepared in accordance with Rule 25-30.115, Florida Administrative Code. If available, a statement of the source and application of funds shall also be provided.
- C) Exhibit I - A list of all entities, including affiliates, upon which the applicant is relying to provide funding to the utility, and an explanation of the manner and amount of such funding, which shall include their financial statements and any financial agreements with the utility. This requirement shall not apply to any person or entity holding less than 10 percent ownership interest in the utility.

- D) Exhibit J - A schedule showing the projected cost of the proposed system (or actual cost of the existing system) by uniform system of accounts (USOA) account numbers pursuant to Rule 25-30.115, F.A.C. In addition, provide the capacity of each component of the system in ERCs and gallons per day. If the utility will be built in phases, this schedule shall apply to the design capacity of the first phase only. Provide a separate exhibit for the water and wastewater systems.
- E) Exhibit J - A schedule showing the projected operating expenses of the proposed system by USOA account numbers when 80 percent of the designed capacity of the system is being utilized. If the utility will be built in phases, this schedule shall apply to the design capacity of the first phase only. In addition, if the utility has been in existence for at least one year, provide actual operating expenses for the most recent twelve months. Provide a separate exhibit for the water and wastewater systems.
- F) Exhibit K - A schedule showing the projected capital structure, including the methods of financing the construction and operation of the utility until the utility reaches 80 percent of the designed capacity of the system(s).
- G) Exhibit J - A cost study, including customer growth projections, which supports the proposed rates, miscellaneous service charges, customer deposits and service availability charges. A sample cost study is enclosed with the application package. Provide a separate cost study for the water and wastewater systems.
- H) Exhibit N/A - If the base facility and usage rate structure (as defined in Rule 25-30.437(6), F.A.C.) is not utilized for metered service, provide an alternative rate structure and a statement supporting why the alternative is appropriate.
- I) Exhibit N/A - If a different return on common equity other than the current equity leverage formula established by order of the Public Service Commission pursuant to Section 367.081(4), F.S. is utilized, provide competent substantial evidence supporting the use of a different return on common equity. Information on the current equity leverage formula may be obtained by contacting the accounting section at the listed number.

PART V ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION (AFUDC)

Please note the following:

- A) Utilities obtaining initial certificates pursuant to Rule 25-30.033, F.A.C., are authorized to accrue AFUDC for projects found eligible pursuant to Rule 25-30.116(1), F.A.C.
- B) A discounted monthly AFUDC rate calculated in accordance with Rule 25-30.116(3),

F.A.C., shall be used to insure that the annual AFUDC charged does not exceed authorized levels.

- C) The date the utility shall begin to charge the AFUDC rate shall be the date the certificate of authorization is issued to the utility so that such rate can apply to initial construction of the utility facilities.

PART VI TERRITORY DESCRIPTION AND MAPS

A) TERRITORY DESCRIPTION

Exhibit L - An accurate description, using township, range and section references as specified in Rule 25-30.030(2), Florida Administrative Code. If the water and wastewater service territories are different, provide separate descriptions.

B) TERRITORY MAPS

Exhibit L - One copy of an official county tax assessment map or other map showing township, range and section with a scale such as 1"=200' or 1"=400' on which the proposed territory is plotted by use of metes and bounds or quarter sections and with a defined reference point of beginning. If the water and wastewater service territories are different, provide separate maps.

C) SYSTEM MAPS

Exhibit L - One copy of detailed map(s) showing proposed lines, facilities and the territory proposed. **Additionally, identify any existing lines and facilities.** Map(s) should be of sufficient scale and detail to enable correlation with a description of the territory to be served. Provide separate maps for water and wastewater systems.

PART VII NOTICE OF ACTUAL APPLICATION

- A) Exhibit M - An affidavit that the 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 to the following:

- (1) the governing body of the municipality, county, or counties in which the system or the territory proposed to be served is located;
- (2) the privately owned water and wastewater utilities that hold a certificate granted by the Public Service Commission and that are located within the county in which the utility or the territory proposed to be served is located;

- (3) if any portion of the proposed territory is within one mile of a county boundary, the utility shall notice the privately owned utilities located in the bordering counties and holding a certificate granted by the Commission;
- (4) the regional planning council;
- (5) the Office of Public Counsel;
- (6) the Public Service Commission's Director of the Division of the Commission Clerk and Administrative Services;
- (7) the appropriate regional office of the Department of Environmental Protection; and
- (8) the appropriate water management district.

Copies of the Notice and a list of entities noticed shall accompany the affidavit.
THIS MAY BE A LATE-FILED EXHIBIT

- B) Exhibit N - An affidavit that the notice of actual application was given in accordance with Rule 25-30.030, Florida Administrative Code, by regular mail or personal delivery to each customer of the system. A copy of the notice shall accompany the affidavit. THIS MAY BE A LATE-FILED EXHIBIT.
- C) Exhibit O - Immediately upon completion of publication, an affidavit that the notice of actual application was published once in a newspaper of general circulation in the territory in accordance with Rule 25-30.030, Florida Administrative Code. A copy of the proof of publication shall accompany the affidavit. THIS MAY BE A LATE-FILED EXHIBIT.

PART VIII FILING FEE

Indicate the filing fee enclosed with the application:

\$ N/A (for water) and \$ 750.00 (for wastewater).

Note: Pursuant to Rule 25-30.020, Florida Administrative Code, the amount of the filing fee as follows:

- (1) For applications in which the utility has the capacity to serve up to 500 ERCs, the filing fee shall be **\$750.**
- (2) For applications in which the utility has the capacity to serve from 501 to 2,000 ERCs the filing fee shall be **\$1,500.**

- (3) For applications in which the utility has the capacity to serve from 2,001 to 4,000 ERCs the filing fee shall be **\$2,250**.
- (4) For applications in which the utility has the capacity to serve more than 4,000 ERCs the filing fee shall be **\$3,000**.

PART IX TARIFF

Exhibit P - The original and two copies of water and/or wastewater tariff(s) containing all rates, classifications, charges, rules and regulations. Sample tariffs are enclosed with the application package.

EXHIBIT A

Gary A. Deremer, President , 5320 Captains Court, New Port Richey, FL 34652

Cecil Delcher, Vice President, 11702 Forest hills Dr., Tampa, FL 33612

EXHIBIT B

There is currently an ongoing and immediate need for wastewater service in the service territory described in this Application. The Harbor Hills wastewater system has been operation and continuously providing utility service to customers since 1989. These customers rely on the existing utility system to provide wastewater service and there are no other utility systems in the area that are capable of providing this service.

EXHIBIT C

To the best of Harbor Waterworks, Inc.'s knowledge, the provision of the wastewater service from this facility is consistent with the goals, objectives and policies of the relevant comprehensive plans approved by the Florida Department of Community Affairs.

EXHIBIT D

Harbor Waterworks, Inc. will provide wastewater service to the existing 55 residential customers and 3 commercial customers which equates to 76 ERCs with the potential of 282 additional ERCs based on 80% of the design capacity which is 0.040 million gallons per day.

Residential	Customers	ERCs
5/8 X 3/4"	55	55
General Service		
5/8 X 3/4"	1	1
1 1/2"	1	5
3"	1	15

EXHIBIT E

The wastewater system acquired has been operational and continuously providing utility service to customers since 1989. The wastewater treatment plant was not permitted to provide reuse services. Furthermore, the size of the plant and the wastewater effluent is not adequate to provide reuse to the public access golf course. Golf course irrigation is provided by surface water.

EXHIBIT F

Attached hereto is evidence that Harbor Waterworks, Inc. owns the land where the wastewater facilities reside.



First American Title

Commitment for Title Insurance

ISSUED BY

First American Title Insurance Company

5011612 - 2061-2694250

Schedule A

Agent File Number: 12-030
FAST File Number: 2061-2694250

1. Effective Date: February 17, 2012 @ 8:00 A.M.

2. Policy or Policies to be issued: Proposed Amount of Insurance:

a. Owner's Policy (Identify form used)
ALTA Owner's Policy of Title Insurance (6-17-06) (with Florida modifications) \$260,000.00

Proposed Insured: Harbor Waterworks, Inc., a Florida corporation

b. Loan Policy (Identify form used)
ALTA Loan Policy of Title Insurance (6-17-06) (with Florida modifications) \$

Proposed Insured:

c. \$
(Identify form used)

Proposed Insured:

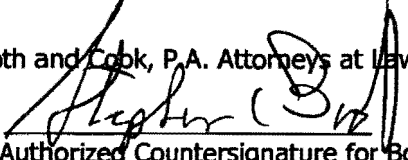
Premium: \$

3. The estate or interest in the land described or referred to in this Commitment is Fee Simple (Identify estate covered, i.e. Fee, Leasehold, etc.)

4. Title to the Fee Simple estate or interest in the land is at the Effective Date vested in: Harbor Hills Country Club, L.P., a Delaware limited partnership, d/b/a as Harbor Hills Country Club, Ltd., as to Parcel 1 and 2 AND Harbor Hills Utilities, L.P., a Delaware limited partnership registered to do business in the State of Florida as Harbor Hills Utilities, Ltd., as to Parcels 3 and 4 AND Harbor Hills Country Club, L.P., a Delaware limited partnership d/b/a Harbor Hills Country Club, Ltd., as to Parcel 5, as to an easement interest

5. The land referred to in this Commitment is described as follows:
See Exhibit "A" attached hereto and made a part hereof

Booth and Cook, P.A. Attorneys at Law

By: 
Authorized Countersignature for Booth and Cook, P.A. Attorneys at Law
(This Schedule A valid only when Schedule B is attached.)



First American Title

ISSUED BY

First American Title Insurance Company

Exhibit A

Agent File Number: 12-030

FAST File Number: 2061-2694250

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF Lake, STATE OF FL, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1

Parcel A:

A portion of Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, being more particularly described as follows:

For a point of reference, begin at the intersection of the South right-of-way line of Lake Griffin Road and the East line of Section 13, Township 18 South, Range 24 East, as shown in the aforementioned Plat Book 30, at Page 25, proceed thence South 00°19'09" East along the East line of said Section 13, 101.58 feet to the Point of Beginning (P.O.B.); from the P.O.B. thence described, thence continue South 00°19'09" East along said East line of Section 13, 106.06 feet; thence South 89°40'51" West 90.29 feet; thence North 21°53'12" East, 114.56 feet; thence North 89°40'51" East to the East line of said Section 13, 46.99 feet, to the Point of Beginning.

All being in Lake County, Florida.

Parcel B:

A portion of Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, being more particularly described as follows:

For a point of reference, begin at the intersection of the South right-of-way line of Lake Griffin Road and the East line of Section 13, Township 18 South, Range 24 East, as shown in the aforementioned Plat Book 30, at Page 25, proceed thence South 00°19'09" East along the East line of said Section 13, 258.82 feet to the Point of Beginning (P.O.B.); from the P.O.B. thence described, thence continue South 00°19'09" East along said East line of Section 13, 45.51 feet; thence South 74°31'53" West 47.68 feet; thence North 15°28'07" West, 43.92 feet; thence North 74°31'53" East to the East line of said Section 13, 59.57 feet to the Point of Beginning.

All being in Lake County, Florida.

PARCEL 2

A portion of Tract "M" (Sewage Treatment Facilities), PLAT OF HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, Public Records of Lake County, Florida, more particularly described as follows:

Commencing at the most Northerly point of tangency of Tract "O" as recorded in Plat Book 30, Page 26, Public Records of Lake County, Florida, and the Southerly right-of-way line of Lake Griffin Road, S. 71°23'35" E. along said right-of-way line, 50.00 feet, to the (P.O.B.) Point of Beginning; thence continue S. 71°23'35" E. along said Southerly right-of-way line 283.66 feet; thence departing said right-of-way line S. 45°42'54" E. to a point on the Northerly projection of the West

right-of-way line of Landings Boulevard, as recorded in Plat Book 32, Page 73, Public Records of Lake County, Florida, 340.43 feet; thence S. 36°29'19" W. along said West right-of-way 207.43 feet, to a point of curvature, of a curve concave Northerly, having a radius of 25.00 feet and a central angle of 90°00'00", thence departing said right-of-way, Southwesterly along the arc of said curve, 39.27 feet to the point of tangency and the South line of the aforementioned Tract "M", said arc having a chord bearing and distance of S. 81°29'19" W, 35.36 feet; thence N. 53°30'41" W. along the South line of said Tract "M" 450.14 feet to the point of curvature of a curve concave Southerly, having a radius of 125.00 feet and a central angle of 31°04'41", thence Northwesterly along the arc of said curve, 67.80 feet to an intersection of the West line of said Tract "M", said arc having a chord bearing and distance of N. 69°02'57" W. 66.96 feet; thence N. 18°36'25" E. along the West line of said Tract "M", to the South right-of-way line of Lake Griffin Road, 220.08 feet, to the (P.O.B.) Point of Beginning.

Together with the North 1/2 of Tract "D", HARBOR HILLS UNIT 2A, as recorded in Plat Book 32, Page 73, Public Records of Lake County, Florida.

All being in Lake County, Florida.

PARCEL 3

Parcel A:

A portion of Well Site No. 2, depicted as Tract "O" and subsequently depicted as Tract "P", as recorded in Plat Book 30, Page 13 through 27, Public Records of Lake County, Florida, corrected by Surveyor's Affidavit in Official Record Book 1014, Page 2259, Public Records of Lake County, Florida, more particularly described as follows:

Commencing at the Northernmost point of tangency of Curve No. 2, as recorded in Plat Book 30, Page 15, Public Records of Lake County, Florida, thence N. 89°47'09" W. along the North line of Tract "P" 85.78 feet; thence departing said North line, S. 09°25'38" W. 54.06 feet to the (P.O.B.) Point of Beginning; thence continue S. 09°25'38" W. 90.00 feet; thence N. 81°33'51" W, 56.00 feet; thence N. 09°25'38" E. 90.00 feet; thence S. 81°33'51" E. 56.00 feet, to the (P.O.B.) Point of Beginning.

All being in Lake County, Florida.

Parcel B:

→ deleted from survey - to be replaced by substitute easement on t. ins.

Together with an easement for ingress and egress over a portion depicted as Tract "O" and subsequently depicted as Tract "P", as recorded in Plat Book 30, Page 15, and a portion of Tract "I", as recorded in Plat Book 56, Page 66 through 71, corrected by Surveyor's Affidavit in Official Record Book 1014, Page 2259-2260, Public Records of Lake County, Florida, more particularly described as follows:

Beginning (P.O.B.) at the Northernmost point of tangency of Curve No. 2, as recorded in Plat Book 30, Page 13, Public Records of Lake County, Florida, thence N. 89°47'09" W. along the North line of Tract "P" 60.46 feet; thence departing said North line, S. 09°25'38" W. 147.70 feet; thence N. 81°33'51" W. 25.00 feet; thence N. 09°25'38" E. to the North line of said Tract "P", 144.08 feet; thence continue N. 09°25'38" E. 25.33 feet; thence S. 89°47'09" E. to an intersection of and Easterly line of said Tract "I", 68.44 feet; thence S. 27°46'55" E. along said Easterly line, 28.31 feet to the Point of Beginning.

PARCEL 4

Well Site No. 1: A portion of Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, being more particularly described as follows:

For a point of reference, begin at the intersection of the South right-of-way line of Lake Griffin Road and the East line of Section 13, Township 18 South, Range 24 East, as shown in the aforementioned Plat Book 30, at Page 25, proceed thence South 00°19'09" East along the East line of said Section 13, 235.00 feet to the Point of Beginning (P.O.B.); from the P.O.B. thus described, proceed South 74°31'53" West 80 feet; thence North 15°28'07" West 50.00 feet; thence North 89°40'51" East to a point on the East line of said Section 13; thence South 00°19'09" East along said East line to the Point of Beginning.

Together with a non-exclusive easement for ingress and egress over, upon and across Tract "K", HARBOR HILLS UNIT 1,

as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, instrument recorded in Official Records Book 1351, Page 1644, Public Records of Lake County, Florida.

PARCEL 5

Easement for utilities over and across the following described property:

A portion of W.R.A. #21 and Lot 50, HARBOR HILLS UNIT 2A, as recorded in Plat Book 32, Pages 73 and 74, Public Records of Lake County, Florida. Said Lot 50 now being a portion of Lot 11 of THE LANDINGS AT HARBOR HILLS, recorded in Plat Book 40, Page 29, Public Records of Lake County, Florida, more particularly described as follows:

Commencing at the most Northeasterly point of tangency of W.R.A. #21, N. 36°29'19" E. along the West right-of-way line of Landings Boulevard, HARBOR HILLS UNIT 2A, as recorded in Plat Book 32, Pages 73 and 74, Public Records of Lake County, Florida, 58.61 feet, to the (P.O.B.) Point of Beginning; thence departing said West right-of-way line, N. 53°30'41" W. to the West line of a 10.00 foot drainage and utility easement as per Note No. 4 Plat Book 32, Page 73, Public Records of Lake County, Florida, 10.00 feet; thence N. 36°29'19" E. along said West line, to an intersection of a 7.50 foot drainage and utility easement of the South line of Lot 50 as per Note No. 2 Plat Book 32, Page 73, Public Records of Lake County, Florida, 18.00 feet; thence S. 53°30'41" E. along said 7.50 foot easement line, to the West right-of-way line of Landing Boulevard, 10.00 feet; thence departing said 7.50 foot easement line, S. 36°29'19" W. along the West right-of-way line of Landing Boulevard, 18.00 feet, to the (P.O.B.) Point of Beginning.

All being in Lake County, Florida.



First American Title

Commitment for Title Insurance

ISSUED BY

First American Title Insurance Company

5011612 - 2061-2694250

Schedule BI

Agent File Number: 12-030
FAST File Number: 2061-2694250

REQUIREMENTS

The following requirements must be met:

1. Pay and/or disburse the agreed amounts for the interest in the land and/or the mortgage to be insured.
2. Pay us the premiums, fees and charges for the policy.
3. Pay all taxes and/or assessments, levied and assessed against the land, which are due and payable.
4. The following documents, satisfactory to us, creating the interest in the land and/or the mortgage to be insured must be signed, delivered and recorded:
 - a. Warranty Deed conveying the land from Harbor Hills Country Club, L.P., a Delaware limited partnership, d/b/a as Harbor Hills Country Club, Ltd. to Harbor Waterworks, Inc., a Florida corporation. In connection with said deed, we will further require:
 - i) Production of a copy of the partnership agreement, with an affidavit affixed thereto that it is a true copy of the partnership agreement and all amendments thereto, and that the partnership has not been dissolved;
 - ii) That said deed be executed by all of the general partners unless said partnership agreement shows no limitation on the authority of one partner to execute a conveyance;
 - iii) Should any partner be other than a natural person, we will require proof of good standing as well as documentation of authority of the person to execute documents on its behalf;
 - iv) The Partnership must have been formed prior to, the date the Limited Partnership acquired title to the land;
 - v) Current Certificate from the Secretary of State of the state of origin that said partnership is active and current;
 - vi) Satisfactory evidence of compliance with all requirements regarding conveying and/or mortgaging partnership property contained in the Partnership Agreement;
 - vii) If any partners are deceased, the Warranty Deed should be from the parties who inherited or succeeded to the interest of the deceased partner, and/or the personal representative, as their interest(s) are determined by the Company, and from the partnership, together with evidence of the written consent to the proposed transfer from the other partners;
 - viii) If the partnership is dissolved, record an affidavit from the general partner signing the deed stating that the partner has not been denied authority to wind up the affairs of the partnership, and that the executing partner is not a debtor in a bankruptcy proceeding, and that the purpose of the conveyance is to wind up the partnership affairs;
 - ix) The Company reserves the right to amend the commitment, including but not limited to, the addition of further requirements and/or exceptions as it deems necessary based upon a review of any of the documentation required above. (as to Parcel 1 and 2)

- b. Warranty Deed conveying the land from Harbor Hills Utilities, L.P., a Delaware limited partnership registered to do business in the State of Florida as Harbor Hills Utilities, Ltd. to Harbor Waterworks, Inc., a Florida corporation. In connection with said deed, we will further require:
- i) Production of a copy of the partnership agreement, with an affidavit affixed thereto that it is a true copy of the partnership agreement and all amendments thereto, and that the partnership has not been dissolved;
 - ii) That said deed be executed by all of the general partners unless said partnership agreement shows no limitation on the authority of one partner to execute a conveyance;
 - iii) Should any partner be other than a natural person, we will require proof of good standing as well as documentation of authority of the person to execute documents on its behalf;
 - iv) The Partnership must have been formed prior to, the date the Limited Partnership acquired title to the land;
 - v) Current Certificate from the Secretary of State of the state of origin that said partnership is active and current;
 - vi) Satisfactory evidence of compliance with all requirements regarding conveying and/or mortgaging partnership property contained in the Partnership Agreement;
 - vii) If any partners are deceased, the Warranty Deed should be from the parties who inherited or succeeded to the interest of the deceased partner, and/or the personal representative, as their interest(s) are determined by the Company, and from the partnership, together with evidence of the written consent to the proposed transfer from the other partners;
 - viii) If the partnership is dissolved, record an affidavit from the general partner signing the deed stating that the partner has not been denied authority to wind up the affairs of the partnership, and that the executing partner is not a debtor in a bankruptcy proceeding, and that the purpose of the conveyance is to wind up the partnership affairs;
 - ix) The Company reserves the right to amend the commitment, including but not limited to, the addition of further requirements and/or exceptions as it deems necessary based upon a review of any of the documentation required above, (as to Parcels 3 and 4)
5. Partial Release of Mortgage, releasing the land to be insured from encumbrance of the Mortgage from Harbor Hills Development, L.P., a Delaware limited partnership doing business in Florida as Harbor Hills Development Ltd. and Harbor Hills Country Club L.P., a Delaware limited partnership doing business in Florida as Harbor Hills Country Club, Ltd. to CNLBank, dated October 24, 2004, recorded November 05, 2004, in Book 2696, Page 729, as modified by Notice of Future Advance and Note and Mortgage Modification Agreement recorded in Book 2903, Page 1919, Second Note and Mortgage Modification and Extension Agreement recorded January 07, 2008 in Book 3564, Page 1606, Third Note and Mortgage Modification and Extension Agreement recorded January 22, 2009 in Book 3722, Page 1711, Fourth Note and Mortgage Modification and Extension Agreement recorded February 04, 2010 in Book 3869, Page 1120, Fifth Note and Mortgage Modification and Extension Agreement recorded April 11, 2011 in Book 4020, Page 1251, and Sixth Note and Mortgage Modification and Extension Agreement recorded September 21, 2011 in Book 4075, Page 1204. (affects Parcels 1, 2, 3 and 4)
6. Release of Financing Statement recorded in Book 2696, Page 786, Continuation Statement recorded in Book 3835, Page 2173. (affects Parcels 1, 2, 3 and 4)
7. Partial release of Assignment of Rents and Leases from Harbor Hills Development, L.P., a Delaware limited partnership doing business in Florida as Harbor Hills Development Ltd. and Harbor Hills Country Club L.P., a Delaware limited partnership, d/b/a as Harbor Hills Country Club, Ltd. to CNLBank recorded in Book 2696, Page 768, as to the property described in Schedule "A" hereof. (affects Parcels 1, 2, 3 and 4)
8. Partial release of Assignment of Permits and Developer's Rights recorded in Book 2696, Page 806. (affects Parcels 1, 2 and 3)

9. Partial release of Assignment of Rents and Leases from Harbor Hills Development, L.P., a Delaware limited partnership doing business in Florida as Harbor Hills Development Ltd. and Harbor Hills Country Club L.P., a Delaware limited partnership, d/b/a as Harbor Hills Country Club, Ltd. to CNLBank recorded in Book 2903, Page 1928, as to the property described in Schedule "A" hereof. (affects Parcels 1, 2, 3 and 4)
10. Proof of payment of taxes and assessments for the year 2011, plus any penalties and interest. Note: Any tax amount(s) shown herein are for information purposes only, and should be verified with the appropriate taxing authority(s). (Tax ID 1318240500-00K-00001) (Parcel 1A and B)
11. Proof of payment of taxes and assessments for the year 2011, plus any penalties and interest. Note: Any tax amount(s) shown herein are for information purposes only, and should be verified with the appropriate taxing authority(s). (Tax ID 1318240500-00M-00000) (Parcel 2)
12. Proof of payment of taxes and assessments for the year 2011, plus any penalties and interest. Note: Any tax amount(s) shown herein are for information purposes only, and should be verified with the appropriate taxing authority(s). (Tax ID 1318240515-00A-00000) (Parcel 2)
13. Proof of payment of taxes and assessments for the year 2011, plus any penalties and interest. Note: Any tax amount(s) shown herein are for information purposes only, and should be verified with the appropriate taxing authority(s). (Tax ID 1318240500-00P-00000) (Parcel 3)
14. Grant of Easement for ingress and egress from Harbor Hills Country Club, L.P., a Delaware limited partnership d/b/a Harbor Hills Country Club, Ltd. to Harbor Waterworks, Inc., a Florida corporation as to that portion of Parcel 3B which lies within Tract I of Harbor Hills Phase 5, Plat Book 56, Page 66, Public Records of Lake County, Florida.
15. Grant of Easement for ingress and egress from Harbor Hills Utilities, L.P., a Delaware limited partnership registered to do business in the State of Florida as Harbor Hills Utilities, Ltd. to Harbor Waterworks Inc., a Florida corporation as to that portion of Parcel 3B which lies within Tract P as recorded in Plat of Harbor Hills Unit 1, Plat Book 30, Page 13, as corrected by Surveyor's Affidavit recorded in O.R. Book 1014, Page 2260.
16. Consent of the Harbor Hills Homeowners Association, Inc. to the Grant of Easement for ingress and egress from Harbor Hills Country Club, L.P., a Delaware limited partnership, d/b/a as Harbor Hills Country Club, Ltd. to Harbor Waterworks, Inc., a Florida corporation over and across that portion of Parcel 3B which lies within Tract I of Harbor Hills Phase 5, Plat Book 56, Page 66, Public Records of Lake County, Florida, together with compliance with Article IV Section 6 of Amendment and Restatement of Declaration of Covenants, Conditions, and Restrictions for Harbor Hills which requires approval of 2/3 of the Owners of Residential Units.
17. Grant of Easement for ingress and egress from Harbor Hills Country Club, L.P., a Delaware limited partnership d/b/a Harbor Hills Country Club, Ltd. to Harbor Waterworks, Inc., a Florida corporation sufficient to provide access to Parcel 1A and 1B, First American Title reserves the right to make additional requirements upon review.
18. Grant of Easement for utilities from Harbor Hills Country Club, L.P., a Delaware limited partnership, d/b/a Harbor Hills Country Club Ltd. to Harbor Waterworks, Inc., a Florida corporation. (as to Parcel 5)
19. Proof of payment of any Condominium Association liens and/or assessments.
20. Written evidence, from appropriate governmental authorities, that Special Taxing District, City and County Special Assessment Liens, MSBU Assessment Liens, Impact Fees, and Water, Sewer and Trash Removal Charges, if any, have been paid.

21. Note: 2011 ad valorem taxes show **PAYABLE** in the gross amount of \$16,464.37 for Tax Identification No. 1318240500-00K-00001. (Parcels 1A and B)
22. Note: 2011 ad valorem taxes show **PAYABLE** in the gross amount of \$191.23 for Tax Identification No. 1318240500-00M-00000. (Parcel 2)
23. Note: 2011 ad valorem taxes show **PAYABLE** in the gross amount of \$30.02 for Tax Identification No. 1318240515-00A-00000. (Parcel 2)
24. Note: 2011 ad valorem taxes show **PAYABLE** in the gross amount of \$2,159.10 for Tax Identification No. 1318240500-00P-00000. (Parcel 3)
25. Note: 2011 ad valorem taxes show **NO TAX DUE** in the gross amount of \$.00 for Tax Identification No. 1318240522-A01-00000. (Parcel 3)
26. Note: 2011 ad valorem taxes show **NO TAX DUE** in the gross amount of \$.00 for Tax Identification No. 1318240500-00K-00000. (Parcel 4)
27. Note: 2011 ad valorem taxes show **NO TAX DUE** in the gross amount of \$.00 for Tax Identification No. 1318240515-000-00000. (Parcel 5)

NOTE: The following conveyance(s) have been recorded within the last 24 months:

NONE



First American Title

Commitment for Title Insurance

ISSUED BY

First American Title Insurance Company

5011612 - 2061-2694250

Schedule BII

Agent File Number: 12-030
FAST File Number: 2061-2694250

PART II

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company:

1. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the Public Records or attaching subsequent to the Effective Date but prior to the date the proposed insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.
2. Any rights, interests, or claims of parties in possession of the land not shown by the public records.
3. Any encroachment, encumbrance, violation, variation or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the land.
4. Any lien, for services, labor, or materials in connection with improvements, repairs or renovations provided before, on, or after Date of Policy, not shown by the public records.
5. Any dispute as to the boundaries caused by a change in the location of any water body within or adjacent to the land prior to Date of Policy, and any adverse claim to all or part of the land that is, at Date of Policy, or was previously under water.
6. Taxes or special assessments not shown as liens in the public records or in the records of the local tax collecting authority, at Date of Policy.
7. Any minerals or mineral rights leased, granted or retained by current or prior owners.
8. Taxes and assessments for the year 2012 and subsequent years, which are not yet due and payable.
9. Restrictions, covenants, conditions, and easements as shown on the Plat of HARBOR HILLS UNIT 1, recorded in Plat Book 30, Pages 13 through 27, inclusive, amended by Surveyer's Affidavits recorded in Book 1014, Page 2259, and Book 1067, Page 239, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).

10. Restrictions, covenants, conditions and easements, which include provisions for a private charge or assessments, as contained in the Declaration of Covenants, Conditions and Restrictions recorded in Book 1010, Page 1830, Amended in Book 1055, Page 1564, Book 1067, Page 243, Book 1067, Page 2274, Book 1125, Page 2244, Book 1125, Page 2251, Book 1328, Page 835, Book 1403, Page 808, Book 1417, Page 706, Book 1696, Page 1695, Book 2879, Page 1260, Book 3014, Page 1265, Book 3866, Page 1812 and Book 3833, Page 2245, as affected by Corporate Resolution of the Harbor Hills Homeowners Association, Inc., recorded in Book 4019, Page 2104, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
11. Right-of-Way Easements in favor of Sumter Electric Cooperative, Inc. recorded in Book 1054, Page 2242.
12. Declaration of Easement and Joint Use Agreement recorded in Book 1696, Page 1701.
13. Ordinance #2010-45 recorded in Book 3949, Page 1649.
14. Restrictions, dedications, conditions, reservations, easements and other matters shown on the plat of HARBOR HILLS UNIT 2A, as recorded in Plat Book 32, Page(s) 73, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
15. Restrictions, dedications, conditions, reservations, easements and other matters shown on the plat of HARBOR HILLS PHASE 5, as recorded in Plat Book 56, Page(s) 66, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
16. Restrictions, dedications, conditions, reservations, easements and other matters shown on the plat of THE LANDINGS AT HARBOR HILLS, as recorded in Plat Book 40, Page(s) 29, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
17. Tract D of Parcel 2 is set forth as a buffer area per the Plat of Harbor Hills Unit 2A, recorded in Plat Book 32, Page 73.
18. Tract I of Parcel 3B is depicted as reserved for Park and Recreation on Plat of Harbor Hills Phase 5, recorded in Plat Book 56, Page 66 through 71.

Agent File Number: 12-030
Issuing Office File Number: 2061-2694250

Note: All of the recording information contained herein refers to the Public Records of Lake County, Florida, unless otherwise indicated. Any reference herein to a Book and Page is a reference to the Official Record Books of said county, unless indicated to the contrary.

Notices - Where Sent

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to the Company, Attention: Claims Department, 1 First American Way, Santa Ana, CA 92707.

Service, Quality and Availability

First American Title Insurance Company cares about its customers and their ability to obtain information and service on a convenient, timely and accurate basis. A qualified staff of service representatives is dedicated to serving you. A toll-free number is available for your convenience in obtaining information about coverage and to provide assistance in resolving complaints at 1-800-929-7186. Office hours are from 8:30 a.m. through 5:30 p.m. Monday through Friday.

02/29/2012

Re: Agent File Number: **12-030**
FAST File Number: **2061-2694250**

Property Address: , , FL

YOU MAY BE ENTITLED TO A REDUCED PREMIUM FOR TITLE INSURANCE IF THIS OFFICE IS PROVIDED WITH A PRIOR OWNER'S POLICY INSURING THE SELLER OR MORTGAGOR IN THE CURRENT TRANSACTION.

An order has been placed with this company for a title insurance policy. The purpose of this letter is to provide you with important information regarding the title insurance premium that has been or will be charged in connection with this transaction.

Eligibility for a discounted title insurance premium will depend on :

REFINANCE TRANSACTIONS:

To qualify for a reduced premium for title insurance you must provide our office with a copy of your prior owner's policy of title insurance insuring your title to the above-referenced property.

SALES TRANSACTIONS:

To qualify for a reduced premium for title insurance you must provide our office with a copy of your (or your seller's) prior owner's policy of title insurance insuring your title to the above-referenced property. The effective date of the prior owner's policy must be less than three years old or the property insured by the policy must be unimproved (except roads, bridges, drainage facilities and utilities are not considered improvements for this purpose).

To qualify for the reduced rate, you or your representative may hand deliver, mail or fax a copy of the prior owner's policy of title insurance to the above address or fax number prior to closing, although we will accept the prior policy up to 5 working days after the closing date of your transaction.



Privacy Information

We Are Committed to Safeguarding Customer Information

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information - particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our subsidiaries we have adopted this Privacy Policy to govern the use and handling of your personal information.

Applicability

This Privacy Policy governs our use of the information that you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its Fair Information Values.

Types of Information

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

Use of Information

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

Former Customers

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

Confidentiality and Security

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American's Fair Information Values. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

Information Obtained Through Our Web Site

First American Financial Corporation is sensitive to privacy issues on the Internet. We believe it is important you know how we treat the information about you we receive on the Internet.

In general, you can visit First American or its affiliates' Web sites on the World Wide Web without telling us who you are or revealing any information about yourself. Our Web servers collect the domain names, not the e-mail addresses, of visitors. This information is aggregated to measure the number of visits, average time spent on the site, pages viewed and similar information. First American uses this information to measure the use of our site and to develop ideas to improve the content of our site.

There are times, however, when we may need information from you, such as your name and email address. When information is needed, we will use our best efforts to let you know at the time of collection how we will use the personal information. Usually, the personal information we collect is used only by us to respond to your inquiry, process an order or allow you to access specific account/profile information. If you choose to share any personal information with us, we will only use it in accordance with the policies outlined above.

Business Relationships

First American Financial Corporation's site and its affiliates' sites may contain links to other Web sites. While we try to link only to sites that share our high standards and respect for privacy, we are not responsible for the content or the privacy practices employed by other sites.

Cookies

Some of First American's Web sites may make use of "cookie" technology to measure site activity and to customize information to your personal tastes. A cookie is an element of data that a Web site can send to your browser, which may then store the cookie on your hard drive.

FirstAm.com uses stored cookies. The goal of this technology is to better serve you when visiting our site, save you time when you are here and to provide you with a more meaningful and productive Web site experience.

Fair Information Values

Fairness We consider consumer expectations about their privacy in all our businesses. We only offer products and services that assure a favorable balance between consumer benefits and consumer privacy.

Public Record We believe that an open public record creates significant value for society, enhances consumer choice and creates consumer opportunity. We actively support an open public record and emphasize its importance and contribution to our economy.

Use We believe we should behave responsibly when we use information about a consumer in our business. We will obey the laws governing the collection, use and dissemination of data.

Accuracy We will take reasonable steps to help assure the accuracy of the data we collect, use and disseminate. Where possible, we will take reasonable steps to correct inaccurate information. When, as with the public record, we cannot correct inaccurate information, we will take all reasonable steps to assist consumers in identifying the source of the erroneous data so that the consumer can secure the required corrections.

Education We endeavor to educate the users of our products and services, our employees and others in our industry about the importance of consumer privacy. We will instruct our employees on our fair information values and on the responsible collection and use of data. We will encourage others in our industry to collect and use information in a responsible manner.

Security We will maintain appropriate facilities and systems to protect against unauthorized access to and corruption of the data we maintain.



First American Title

Commitment for Title Insurance

ISSUED BY

First American Title Insurance Company

5011612 - 2061-2694250

Commitment

FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation (the "Company"), for a valuable consideration, commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest in the Land described or referred to in Schedule A, upon payment of the premiums and charges and compliance with the Requirements; all subject to the provisions of Schedules A and B and to the Conditions of this Commitment.

This Commitment shall be effective only when the identity of the proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A by the Company.

All liability and obligation under this Commitment shall cease and terminate six (6) months after the Effective Date or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue the policy or policies is not the fault of the Company.

The Company will provide a sample of the policy form upon request.

This Commitment shall not be valid or binding until countersigned by an authorized officer of the Company or an agent of the Company.

IN WITNESS WHEREOF, First American Title Insurance Company has caused its corporate name and seal to be affixed by its duly authorized officers on the Effective Date shown in Schedule A.

First American Title Insurance Company



Dennis J. Gilmore
President

Timothy Kemp
Secretary

(This Commitment is valid only when Schedules A and B are attached)

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CONDITIONS

1. The term mortgage, when used herein, shall include deed of trust, trust deed, or other security instrument.
2. If the proposed Insured has or acquired actual knowledge of any defect, lien, encumbrance, adverse claim or other matter affecting the estate or interest or mortgage thereon covered by this Commitment other than those shown in Schedule B hereof, and shall fail to disclose such knowledge to the Company in writing, the Company shall be relieved from liability for any loss or damage resulting from any act of reliance hereon to the extent the Company is prejudiced by failure to so disclose such knowledge. If the proposed Insured shall disclose such knowledge to the Company, or if the Company otherwise acquires actual knowledge of any such defect, lien, encumbrance, adverse claim or other matter, the Company at its option may amend Schedule B of this Commitment accordingly, but such amendment shall not relieve the Company from liability previously incurred pursuant to paragraph 3 of these Conditions.
3. Liability of the Company under this Commitment shall be only to the named proposed Insured and such parties included under the definition of Insured in the form of policy or policies committed for and only for actual loss incurred in reliance hereon in undertaking in good faith (a) to comply with the requirements hereof, or (b) to eliminate exceptions shown in Schedule B, or (c) to acquire or create the estate or interest or mortgage thereon covered by this Commitment. In no event shall such liability exceed the amount stated in Schedule A for the policy or policies committed for and such liability is subject to the insuring provisions and Conditions and the Exclusions from Coverage of the form of policy or policies committed for in favor of the proposed Insured which are hereby incorporated by reference and are made a part of this Commitment except as expressly modified herein.
4. This Commitment is a contract to issue one or more title insurance policies and is not an abstract of title or a report of the condition of title. Any action or actions or rights of action that the proposed Insured may have or may bring against the Company whether or not based on negligence arising out of the status of the title to the estate or interest or the status of the mortgage thereon covered by this Commitment must be based on and are subject to the provisions of this Commitment.
5. The policy to be issued will contain the following arbitration clause: Unless prohibited by applicable law, arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association may be demanded if agreed to by both the Company and the Insured at the time of the controversy or claim. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. Arbitration pursuant to this policy and under the Rules in effect on the date the demand for arbitration is made or, at the option of the Insured, the Rules in effect at Date of Policy shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the land is located permit a court to award attorneys' fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.
The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules. A copy of the Rules may be obtained from the Company upon request.



ISSUED THROUGH THE OFFICE OF:



FIRST AMERICAN
TITLE INSURANCE
COMPANY

Corporate Office
1 First American Way
Santa Ana, CA 92707
(800) 854-3643

BOOTH & COOK, P. A.
ATTORNEYS AT LAW

**Stephen C. Booth
J. Harris Cook**

Damien A. D'Ascenzio

**RIDGEWOOD EXECUTIVE CENTER
7510 Ridge Road
Port Richey, Florida 34668
727/842-9105
FAX: 727/848-7601**

March 6, 2012

Lake County Clerk of Court
Attn: Official Records Recording Dept
Mail Receiving Center (MRC)
32400 C.R. 473
Leesburg FL 34788
(352) 253-2600

RE: Harbor Hills sale to Harbor Waterworks, Inc.
Our # 12-030 scb/cb

Dear Clerk of Court/Recording Dept:

Enclosed find the following documents to be recorded in the order listed and returned to this office using the enclosed SASE.

1. Partial Release of Mortgage
2. Deed from Harbor Hills Country Club
3. Partnership Affidavit of Harbor Hills County Club
4. Deed from Harbor Hills Utilities
5. Partnership Affidavit of Harbor Hills Utilities
6. Assignment of Easements
7. Bill of Sale

Feel free to contact me should further direction or assistance be required.

Sincerely,

Carolyn Bailey
Legal Assistant

Enclosures

45.00

BOOTH & COOK, P.A.
7510 RIDGE ROAD
PORT RICKEY, FL 34883

This Instrument Prepared By:
Martin S. Friedman, Esquire
Sundstrom, Friedman & Fumero, LLP
766 North Sun Drive
Suite 4030
Lake Mary, FL 32746

PARTIAL RELEASE OF MORTGAGE

KNOW ALL MEN BY THESE PRESENTS:

R:

WHEREAS, HARBOR HILLS DEVELOPMENT, L.P., a Delaware limited partnership doing business in Florida as Harbor Hills Development, LTD., and HARBOR HILLS COUNTRY CLUB, L.P., a Delaware limited partnership doing business in Florida as Harbor Hills Country Club, LTD., to CNLBank, dated October 24, 2004, recorded November 05, 2004, in Book 2696, Page 729, as modified by Notice of Future Advance and Note and Mortgage Modification Agreement recorded in Book 2903, Page 1919, Second Note and Mortgage Modification and Extension Agreement recorded January 07, 2008 in Book 3564, Page 1606, Third Note and Mortgage Modification and Extension Agreement recorded January 22, 2009 in Book 3722, Page 1711, Fourth Note and Mortgage Modification and Extension Agreement recorded February 04, 2010 in Book 3869, Page 1120, Fifth Note and Mortgage Modification and Extension Agreement recorded April 11, 2011 in Book 4020, Page 1251, and Sixth Note and Mortgage Modification and Extension Agreement recorded September 21, 2011 in Book 4075, Page 1204; Financing Statement recorded in Book 2696, Page 786; Continuation Statement recorded in Book 3835, Page 2173; Assignment of Rents and Leases from Harbor Hills Development, L.P., a Delaware limited partnership doing business in Florida as Harbor Hills Development Ltd. and Harbor Hills Country Club L.P., a Delaware limited partnership, d/b/a as Harbor Hills Country Club, Ltd. to CNLBank recorded in Book 2696, Page 768, as to the property described in Schedule "A" hereof; Assignment of Permits and Developer's Rights recorded in Book 2696, Page 806; and Assignment of Rents and Leases from Harbor Hills Development, L.P., a Delaware limited partnership doing business in Florida as Harbor Hills Development Ltd., and Harbor Hills Country Club L.P., a Delaware limited partnership, d/b/a as Harbor Hills Country Club, Ltd. to CNLBank recorded in Book 2903, Page 1928.

AND WHEREAS, the said Mortgagors have requested the said Mortgagee to release the premises hereinafter described, being part of said mortgaged premises, from the lien and operation of said Mortgage;

NOW THEREFORE; that the said Mortgagee as well in consideration of the premises as of the sum of Thirty-Two Thousand Dollars (\$32,000.00), to it paid by the said Mortgagors at the time of the execution hereof, the receipt whereof is hereby acknowledged, does remise, release, quitclaim, exonerate and discharge from the lien and operation of said mortgage unto the said Mortgagors, their successors and/or assigns, all that piece, parcel or tract of land lying in Lake County, Florida, being a part of the premises conveyed by said mortgage, to wit:

SEE, COMPOSITE EXHIBIT "A" attached hereto.

TO HAVE AND TO HOLD the same, with the appurtenances, unto the said Mortgagors, their successors and/or assigns forever, freed, exonerated and discharged of and from the lien of said mortgage, and every part thereof; Provided always, nevertheless, that nothing herein contained shall in anywise impair,

alter or diminish the effect, lien or encumbrance of the aforesaid Mortgage on the remaining part of said mortgaged premises not hereby released therefrom, or any of the rights and remedies of the holder thereof.

IN WITNESS WHEREOF, the said Mortgagee has caused these presents to be executed in its name, and its corporate seal to be hereunto affixed, by its proper officers thereunto duly authorized, this 1st day of March, 2012.

Signed, sealed and delivered in the presence of:

CNL BANK

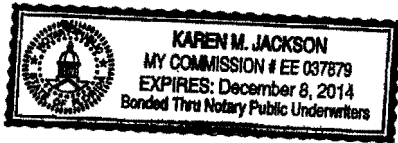
Karen M Jackson
Witness Print Name KAREN M JACKSON
Dorothy Morin
Witness Print Name DOROTHY MORIN

BY: Jessica L. Williams
Print Name: Jessica L. Williams
Its: Vice President

STATE OF FLORIDA
COUNTY OF ORANGE

The forgoing instrument was acknowledged before me this 1 day of March 2012, by Jessica L. Williams, the Vice President of CNL Bank on behalf of the corporation, being known to me or have/has produced _____ as identification.

(Seal)



Karen M Jackson
Notary Public - State of Florida
Notary Printed Name KAREN M JACKSON
My Commission Expires: 12-8-14

EXHIBIT "A"
Legal Description

PARCEL 1

Parcel A:

A portion of Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, being more particularly described as follows:

For a point of reference, begin at the intersection of the South right-of-way line of Lake Griffin Road and the East line of Section 13, Township 18 South, Range 24 East, as shown in the aforementioned Plat Book 30, at Page 25, proceed thence South 00°19'09" East along the East line of said Section 13, 101.58 feet to the Point of Beginning (P.O.B.); from the P.O.B. thence described, thence continue South 00°19'09" East along said East line of Section 13, 106.06 feet; thence South 89°40'51" West 90.29 feet; thence North 21°53'12" East, 114.56 feet; thence North 89°40'51" East to the East line of said Section 13, 46.99 feet, to the Point of Beginning.

Parcel B:

A portion of Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, being more particularly described as follows:

For a point of reference, begin at the intersection of the South right-of-way line of Lake Griffin Road and the East line of Section 13, Township 18 South, Range 24 East, as shown in the aforementioned Plat Book 30, at Page 25, proceed thence South 00°19'09" East along the East line of said Section 13, 258.82 feet to the Point of Beginning (P.O.B.); from the P.O.B. thence described, thence continue South 00°19'09" East along said East line of Section 13, 45.51 feet; thence South 74°31'53" West 47.68 feet; thence North 15°28'07" West, 43.92 feet; thence North 74°31'53" East to the East line of said Section 13, 59.57 feet to the Point of Beginning.

PARCEL 2

A portion of Tract "M" (Sewage Treatment Facilities), PLAT OF HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, Public Records of Lake County, Florida, more particularly described as follows:

Commencing at the most Northerly point of tangency of Tract "O" as recorded in Plat Book 30, Page 26, Public Records of Lake County, Florida, and the Southerly right-of-way line of Lake Griffin Road, S. 71°23'35" E. along said right-of-way line, 50.00 feet, to the (P.O.B.) Point of Beginning; thence continue S. 71°23'35" E. along said Southerly right-of-way line

283.66 feet; thence departing said right-of-way line S. 45°42'54" E. to a point on the Northerly projection of the West right-of-way line of Landings Boulevard, as recorded in Plat Book 32, Page 73, Public Records of Lake County, Florida, 340.43 feet; thence S. 36°29'19" W. along said West right-of-way 207.43 feet, to a point of curvature, of a curve concave Northerly, having a radius of 25.00 feet and a central angle of 90°00'00", thence departing said right-of-way, Southwesterly along the arc of said curve, 39.27 feet to the point of tangency and the South line of the aforementioned Tract "M", said arc having a chord bearing and distance of S. 81°29'19" W, 35.36 feet; thence N. 53°30'41" W. along the South line of said Tract "M" 450.14 feet to the point of curvature of a curve concave Southerly, having a radius of 125.00 feet and a central angle of 31°04'41", thence Northwesterly along the arc of said curve, 67.80 feet to an intersection of the West line of said Tract "M", said arc having a chord bearing and distance of N. 69°02'57" W. 66.96 feet; thence N. 18°36'25" E. along the West line of said Tract "M", to the South right-of-way line of Lake Griffin Road, 220.08 feet, to the (P.O.B.) Point of Beginning.

Together with the North 1/2 of Tract "D", HARBOR HILLS UNIT 2A, as recorded in Plat Book 32, Page 73, Public Records of Lake County, Florida.

PARCEL 3

Parcel A:

A portion of Well Site No. 2, depicted as Tract "O" and subsequently depicted as Tract "P", as recorded in Plat Book 30, Page 13 through 27, Public Records of Lake County, Florida, corrected by Surveyor's Affidavit in Official Record Book 1014, Page 2259, Public Records of Lake County, Florida, more particularly described as follows:

Commencing at the Northernmost point of tangency of Curve No. 2, as recorded in Plat Book 30, Page 15, Public Records of Lake County, Florida, thence N. 89°47'09" W. along the North line of Tract "P" 85.78 feet; thence departing said North line, S. 09°25'38" W. 54.06 feet to the (P.O.B.) Point of Beginning; thence continue S. 09°25'38" W. 90.00 feet; thence N. 81°33'51" W, 56.00 feet; thence N. 09°25'38" E. 90.00 feet; thence S. 81°33'51" E. 56.00 feet, to the (P.O.B.) Point of Beginning.

Parcel B:

Together with an easement for ingress and egress over a portion depicted as Tract "O" and subsequently depicted as Tract "P", as recorded in Plat Book 30, Page 15, and a portion of Tract "I", as recorded in Plat Book 56, Page 66 through 71, corrected by Surveyor's Affidavit in Official Record Book 1014, Page 2259-2260, Public Records of Lake County, Florida, more particularly described as follows:

Beginning (P.O.B.) at the Northernmost point of tangency of Curve No. 2, as recorded in Plat Book 30, Page 13, Public Records of Lake County, Florida, thence N. 89°47'09" W. along the North line of Tract "P" 60.46 feet; thence departing said North line, S. 09°25'38" W. 147.70 feet; thence N. 81°33'51" W. 25.00 feet; thence N. 09°25'38" E. to the North line of said Tract "P", 144.08 feet; thence continue N. 09°25'38" E. 25.33 feet; thence S. 89°47'09" E. to an intersection of and Easterly line of said Tract "I", 68.44 feet; thence S. 27°46'55" E. along said Easterly line, 28.31 feet to the Point of Beginning.

PARCEL 4

Well Site No. 1: A portion of Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, being more particularly described as follows:

For a point of reference, begin at the intersection of the South right-of-way line of Lake Griffin Road and the East line of Section 13, Township 18 South, Range 24 East, as shown in the aforementioned Plat Book 30, at Page 25, proceed thence South 00°19'09" East along the East line of said Section 13, 235.00 feet to the Point of Beginning (P.O.B.); from the P.O.B. thus described, proceed South 74°31'53" West 80 feet; thence North 15°28'07" West 50.00 feet; thence North 89°40'51" East to a point on the East line of said Section 13; thence South 00°19'09" East along said East line to the Point of Beginning.

Together with a non-exclusive easement for ingress and egress over, upon and across Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, instrument recorded in Official Records Book 1351, Page 1644, Public Records of Lake County, Florida.

PARCEL 5

Easement for utilities over and across the following described property:

A portion of W.R.A. #21 and Lot 50, HARBOR HILLS UNIT 2A, as recorded in Plat Book 32, Pages 73 and 74, Public Records of Lake County, Florida. Said Lot 50 now being a portion of Lot 11 of THE LANDINGS AT HARBOR HILLS, recorded in Plat Book 40, Page 29, Public Records of Lake County, Florida, more particularly described as follows:

Commencing at the most Northeasterly point of tangency of W.R.A. #21, N. 36°29'19" E. along the West right-of-way line of Landings Boulevard, HARBOR HILLS UNIT 2A, as recorded in Plat Book 32, Pages 73 and 74, Public Records of Lake County, Florida, 58.61 feet, to the (P.O.B.) Point of Beginning; thence departing said West right-of-way line, N. 53°30'41" W. to the West line of a 10.00 foot drainage and utility easement as per Note No. 4 Plat Book 32, Page 73, Public Records of Lake County, Florida, 10.00 feet; thence N. 36°29'19" E. along said West line, to an intersection of a 7.50 foot drainage and utility easement of the South line of Lot 50 as per Note No. 2 Plat Book 32, Page 73, Public Records of Lake County, Florida, 18.00 feet; thence S. 53°30'41" E. along said 7.50 foot easement line, to the West right-of-way line of Landing Boulevard, 10.00 feet; thence departing said 7.50 foot easement line, S. 36°29'19" W. along the West right-of-way line of Landing Boulevard, 18.00 feet, to the (P.O.B.) Point of Beginning.

297
EIGHTH & CUSK, P.A.
7800 RIDGE ROAD
PAST HARBOR, FL 32708

910.00 D.S.
945.50

Prepared by and return to:
Martin S. Friedman, Esquire
Sundstrom, Friedman & Fumero, LLP
766 N. Sun Drive, Suite 4030
Lake Mary, Florida 32746

Consideration: \$130,000.⁰⁰

WARRANTY DEED

THIS WARRANTY DEED effective the 28th day of February, 2012, by **HARBOR HILLS COUNTRY CLUB, L.P.**, a Delaware limited partnership d/b/a **HARBOR HILLS COUNTRY CLUB, LTD.**, hereinafter called "Grantor," to **HARBOR WATERWORKS, INC.**, a Florida corporation, hereinafter called "Grantee";

WITNESSETH: That Grantor, for and in consideration of the sum of \$10.00 and other valuable considerations, receipt whereof is hereby acknowledged, by these presents does hereby grant, bargain, sell, alien, remise, release, convey and confirm unto Grantee, all that certain land situated in Lake County, Florida as shown and more particularly described on **Exhibit "A"** attached hereto and incorporated herein (the "Property").

TOGETHER with all the tenements, hereditaments and appurtenances thereto of Grantor belonging or in anyway appertaining to the Property, subject to the permitted encumbrances identified on **Exhibit "B"** attached hereto and incorporated herein (the "Permitted Encumbrances").

TO HAVE AND TO HOLD, the same in fee simple forever.

AND except for the Permitted Encumbrances described herein, Grantor, for itself and its successors, hereby covenants with said Grantee and Grantee's successors and assigns that Grantor is lawfully seized of the Property in fee simple; that Grantor has good, right and lawful authority to sell and convey the Property; that Grantor hereby warrants the title to the Property and will defend the same against the lawful claims of all persons claiming by, through or under Grantor, and that the Property is free of all encumbrances, except the Permitted Encumbrances.

IN WITNESS WHEREOF, Grantor has caused this Warranty Deed in favor of Grantee to be executed in its name, and its corporate seal to be hereunto affixed, by its proper officers hereunto duly authorized, the day, month and year first above written.

Signed, sealed and delivered
in the presence of:

HARBOR HILLS COUNTRY CLUB, L.P.
d/b/a **HARBOR HILLS COUNTRY CLUB,**
LTD., by H.H.C.C., Inc., a Delaware
corporation, its general partner

Witness: *Lu Ann Frazee*
Witness Print: Lu Ann Frazee

BY: *Michael A. Rich*
Michael A. Rich, President

Witness: *Reinhold C. Gessner*
Witness Print: Reinhold C. Gessner

EXHIBIT "A"
THE PROPERTY

PARCEL 1

Parcel A:

A portion of Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, being more particularly described as follows:

For a point of reference, begin at the intersection of the South right-of-way line of Lake Griffin Road and the East line of Section 13, Township 18 South, Range 24 East, as shown in the aforementioned Plat Book 30, at Page 25, proceed thence South 00°19'09" East along the East line of said Section 13, 101.58 feet to the Point of Beginning (P.O.B.); from the P.O.B. thence described, thence continue South 00°19'09" East along said East line of Section 13, 106.06 feet; thence South 89°40'51" West 90.29 feet; thence North 21°53'12" East, 114.56 feet; thence North 89°40'51" East to the East line of said Section 13, 46.99 feet, to the Point of Beginning.

Parcel B:

A portion of Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, being more particularly described as follows:

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PARCEL 2

A portion of Tract "M" (Sewage Treatment Facilities), PLAT OF HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, Public Records of Lake County, Florida, more particularly described as follows:

Commencing at the most Northerly point of tangency of Tract "O" as recorded in Plat Book 30, Page 26, Public Records of Lake County, Florida, and the Southerly right-of-way line of Lake Griffin Road, S. 71°23'35" E. along said right-of-way line, 50.00 feet, to the (P.O.B.) Point of Beginning; thence continue S. 71°23'35" E. along said Southerly right-of-way line 283.66 feet; thence departing said right-of-way line S. 45°42'54" E. to a point on the Northerly projection of the West right-of-way line of Landings Boulevard, as recorded in Plat Book 32, Page 73, Public Records of Lake County, Florida, 340.43 feet; thence S. 36°29'19" W. along said West right-of-way 207.43 feet, to a point of curvature, of a curve concave Northerly, having a radius of 25.00 feet and a central angle of 90°00'00", thence departing said right-of-way, Southwesterly along the arc of said curve, 39.27 feet to the point of tangency and the South line of the aforementioned Tract "M", said arc having a chord bearing and distance of S. 81°29'19" W, 35.36 feet; thence N. 53°30'41" W. along the South line of said Tract "M" 450.14 feet to the point of curvature of a curve concave Southerly, having a radius of 125.00 feet and a central angle of 31°04'41", thence Northwesterly along the arc of said curve, 67.80 feet to an intersection of the West line of said Tract "M", said arc having a chord bearing and distance of N. 69°02'57" W. 66.96 feet; thence N. 18°36'25" E. along the West line of said Tract "M", to the South right-of-way line of Lake Griffin Road, 220.08 feet, to the (P.O.B.) Point of Beginning.

Together with the North 1/2 of Tract "D", HARBOR HILLS UNIT 2A, as recorded in Plat Book 32, Page 73, Public Records of Lake County, Florida.

EXHIBIT "B"

THE PERMITTED ENCUMBRANCES

1. Restrictions, covenants, conditions, and easements as shown on the Plat of HARBOR HILLS UNIT 1, recorded in Plat Book 30, Pages 13 through 27, inclusive, amended by Surveyor's Affidavits recorded in Book 1014, Page 2259, and Book 1067, Page 239, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
2. Restrictions, covenants, conditions and easements, which include provisions for a private charge or assessments, as contained in the Declaration of Covenants, Conditions and Restrictions recorded in Book 1010, Page 1830, Amended in Book 1055, Page 1564, Book 1067, Page 243, Book 1067, Page 2274, Book 1125, Page 2244, Book 1125, Page 2251, Book 1328, Page 835, Book 1403, Page 808, Book 1417, Page 706, Book 1696, Page 1695, Book 2879, Page 1260, Book 3014, Page 1265, Book 3866, Page 1812 and Book 3833, Page 2245, as affected by Corporate Resolution of the Harbor Hills Homeowners Association, Inc., recorded in Book 4019, Page 2104, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
3. Right-of-Way Easements in favor of Sumter Electric Cooperative, Inc. recorded in Book 1054, Page 2242.
4. Declaration of Easement and Joint Use Agreement recorded in Book 1696, Page 1701.
5. Ordinance #2010-45 recorded in Book 3949, Page 1649.
6. Restrictions, dedications, conditions, reservations, easements and other matters shown on the plat of HARBOR HILLS UNIT 2A, as recorded in Plat Book 32, Page(s) 73, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
7. Restrictions, dedications, conditions, reservations, easements and other matters shown on the plat of HARBOR HILLS PHASE 5, as recorded in Plat Book 56, Page(s) 66, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
8. Restrictions, dedications, conditions, reservations, easements and other matters shown on the plat of THE LANDINGS AT HARBOR HILLS, as recorded in Plat Book 40, Page(s) 29, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).

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R: BOOTH & COOK, P.A.
7510 RIDGE ROAD
PORT RICHEY, FL 34683

PARTNERSHIP AFFIDAVIT
Harbor Hills Country Club, L.P.
d/b/a Harbor Hills Country Club, Ltd.

State of Florida
County of Lake

The undersigned as President of H.H.C.C., Inc, the general partner of the Partnership, being duly sworn, deposes and says:

That said partnership named Harbor Hills Country Club, L.P., a Delaware limited partnership, dated December 31, 1993 has not been dissolved, and that the Partnership is still in full force and effect and that H.H.C.C., Inc is still the General Partner and has full power to grant, sell, convey, purchase and refinance the real property described on Exhibit "A" hereto.

The Partnership Agreement and all Amendments are attached hereto and are true and correct. Further your affiant sayeth naught.

H.H.C.C., Inc.
Michael A. Rich
Michael Rich, President

The foregoing instrument was sworn to, subscribed and acknowledged before me this 2 day of March, 2012, by Michael Rich, as President of H.H.C.C., Inc., who is personally known to me or who produced a driver's license as identification and who did take an oath.

Lu Ann Frazee
Notary Public
Print Name: Lu Ann Frazee

My Commission expires: May 5, 2015

Notary seal



EXHIBIT "A"
THE PROPERTY

PARCEL 1

Parcel A:

A portion of Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, being more particularly described as follows:

For a point of reference, begin at the intersection of the South right-of-way line of Lake Griffin Road and the East line of Section 13, Township 18 South, Range 24 East, as shown in the aforementioned Plat Book 30, at Page 25, proceed thence South 00°19'09" East along the East line of said Section 13, 101.58 feet to the Point of Beginning (P.O.B.); from the P.O.B. thence described, thence continue South 00°19'09" East along said East line of Section 13, 106.06 feet; thence South 89°40'51" West 90.29 feet; thence North 21°53'12" East, 114.56 feet; thence North 89°40'51" East to the East line of said Section 13, 46.99 feet, to the Point of Beginning.

Parcel B:

A portion of Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, being more particularly described as follows:

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PARCEL 2

A portion of Tract "M" (Sewage Treatment Facilities), PLAT OF HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, Public Records of Lake County, Florida, more particularly described as follows:

Commencing at the most Northerly point of tangency of Tract "O" as recorded in Plat Book 30, Page 26, Public Records of Lake County, Florida, and the Southerly right-of-way line of Lake Griffin Road, S. 71°23'35" E. along said right-of-way line, 50.00 feet, to the (P.O.B.) Point of Beginning; thence continue S. 71°23'35" E. along said Southerly right-of-way line 283.66 feet; thence departing said right-of-way line S. 45°42'54" E. to a point on the Northerly projection of the West right-of-way line of Landings Boulevard, as recorded in Plat Book 32, Page 73, Public Records of Lake County, Florida, 340.43 feet; thence S. 36°29'19" W. along said West right-of-way 207.43 feet, to a point of curvature, of a curve concave Northerly, having a radius of 25.00 feet and a central angle of 90°00'00", thence departing said right-of-way, Southwesterly along the arc of said curve, 39.27 feet to the point of tangency and the South line of the aforementioned Tract "M", said arc having a chord bearing and distance of S. 81°29'19" W, 35.36 feet; thence N. 53°30'41" W. along the South line of said Tract "M" 450.14 feet to the point of curvature of a curve concave Southerly, having a radius of 125.00 feet and a central angle of 31°04'41", thence Northwesterly along the arc of said curve, 67.80 feet to an intersection of the West line of said Tract "M", said arc having a chord bearing and distance of N. 69°02'57" W. 66.96 feet; thence N. 18°36'25" E. along the West line of said Tract "M", to the South right-of-way line of Lake Griffin Road, 220.08 feet, to the (P.O.B.) Point of Beginning.

Together with the North 1/2 of Tract "D", HARBOR HILLS UNIT 2A, as recorded in Plat Book 32, Page 73, Public Records of Lake County, Florida.

910.00
945.00

Prepared by and return to:
Martin S. Friedman, Esquire
Sundstrom, Friedman & Fumero, LLP
766 N. Sun Drive, Suite 4030
Lake Mary, Florida 32746

RECORDED
2012 FEB 28 10 59 AM
LAKE MARY, FL 32746

Consideration: \$130,000.00

WARRANTY DEED

R:

THIS WARRANTY DEED effective as of the 29th day of February, 2012, by **HARBOR HILLS UTILITIES, L.P.**, a Delaware limited partnership d/b/a **HARBOR HILLS UTILITIES LTD.**, hereinafter called "Grantor," to **HARBOR WATERWORKS, INC.**, a Florida corporation, hereinafter called "Grantee";

WITNESSETH: That Grantor, for and in consideration of the sum of \$10.00 and other valuable considerations, receipt whereof is hereby acknowledged, by these presents does hereby grant, bargain, sell, alien, remise, release, convey and confirm unto Grantee, all that certain land situated in Lake County, Florida as shown and more particularly described on **Exhibit "A"** attached hereto and incorporated herein (the "Property").

TOGETHER with all the tenements, hereditaments and appurtenances thereto of Grantor belonging or in anyway appertaining to the Property, subject to the permitted encumbrances identified on **Exhibit "B"** attached hereto and incorporated herein (the "Permitted Encumbrances").

TO HAVE AND TO HOLD, the same in fee simple forever.

AND except for the Permitted Encumbrances described herein, Grantor, for itself and its successors, hereby covenants with said Grantee and Grantee's successors and assigns that Grantor is lawfully seized of the Property in fee simple; that Grantor has good, right and lawful authority to sell and convey the Property; that Grantor hereby warrants the title to the Property and will defend the same against the lawful claims of all persons claiming by, through or under Grantor, and that the Property is free of all encumbrances, except the Permitted Encumbrances.

IN WITNESS WHEREOF, Grantor has caused this Warranty Deed in favor of Grantee to be executed in its name, and its corporate seal to be hereunto affixed, by its proper officers hereunto duly authorized, the day, month and year first above written.

Signed, sealed and delivered
in the presence of:

HARBOR HILLS UTILITIES, L.P., d/b/a
HARBOR HILLS UTILITIES, LTD., by
H.H.C.C., Inc., a Delaware corporation, its
general partner

Sign: [Signature]
Print: Lu Ann France

BY: [Signature]
Michael A. Rich, President

Sign: [Signature]
Print: Reinhold C. Gessner

[NOTARY ATTESTATION ON PAGE 2 HEREOF.]

STATE OF FLORIDA
COUNTY OF Lake

This instrument was acknowledged before me this 2 day of March, 2012 by Michael A. Rich, President of H.H.C.C., Inc., as general partner of Harbor Hills Utilities, L.P., on behalf of said entity. He is personally known to me ~~or has provided~~ _____ as identification.



Lu Ann Frazee
Notary Public, State of Florida
My Commission Expires: May 5, 2015
Printed Name: Lu Ann Frazee

EXHIBIT "A"
THE PROPERTY

PARCEL 3

Parcel A:

A portion of Well Site No. 2, depicted as Tract "O" and subsequently depicted as Tract "P", as recorded in Plat Book 30, Page 13 through 27, Public Records of Lake County, Florida, corrected by Surveyor's Affidavit in Official Record Book 1014, Page 2259, Public Records of Lake County, Florida, more particularly described as follows:

Commencing at the Northernmost point of tangency of Curve No. 2, as recorded in Plat Book 30, Page 15, Public Records of Lake County, Florida, thence N. 89°47'09" W. along the North line of Tract "P" 85.78 feet; thence departing said North line, S. 09°25'38" W. 54.06 feet to the (P.O.B.) Point of Beginning; thence continue S. 09°25'38" W. 90.00 feet; thence N. 81°33'51" W, 56.00 feet; thence N. 09°25'38" E. 90.00 feet; thence S. 81°33'51" E. 56.00 feet, to the (P.O.B.) Point of Beginning. All being in Lake County, Florida.

Parcel B:

Together with an easement for ingress and egress over a portion depicted as Tract "O" and subsequently depicted as Tract "P", as recorded in Plat Book 30, Page 15, and a portion of Tract "I", as recorded in Plat Book 56, Page 66 through 71, corrected by Surveyor's Affidavit in Official Record Book 1014, Page 2259-2260, Public Records of Lake County, Florida, more particularly described as follows:

Beginning (P.O.B.) at the Northernmost point of tangency of Curve No. 2, as recorded in Plat Book 30, Page 13, Public Records of Lake County, Florida, thence N. 89°47'09" W. along the North line of Tract "P" 60.46 feet; thence departing said North line, S. 09°25'38" W. 147.70 feet; thence N. 81°33'51" W. 25.00 feet; thence N. 09°25'38" E. to the North line of said Tract "P", 144.08 feet; thence continue N. 09°25'38" E. 25.33 feet; thence S. 89°47'09" E. to an intersection of and Easterly line of said Tract "I", 68.44 feet; thence S. 27°46'55" E. along said Easterly line, 28.31 feet to the Point of Beginning.

PARCEL 4

Well Site No. 1: A portion of Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, being more particularly described as follows:

For a point of reference, begin at the intersection of the South right-of-way line of Lake Griffin Road and the East line of Section 13, Township 18 South, Range 24 East, as shown in the aforementioned Plat Book 30, at Page 25, proceed thence South 00°19'09" East along the East line of said Section 13, 235.00 feet to the Point of Beginning (P.O.B.); from the P.O.B. thus described, proceed South 74°31'53" West 80 feet; thence North 15°28'07" West 50.00 feet; thence North 89°40'51" East to a point on the East line of said Section 13; thence South 00°19'09" East along said East line to the Point of Beginning.

Together with a non-exclusive easement for ingress and egress over, upon and across Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, instrument recorded in Official Records Book 1351, Page 1644, Public Records of Lake County, Florida.

EXHIBIT "B"

THE PERMITTED ENCUMBRANCES

1. Restrictions, covenants, conditions, and easements as shown on the Plat of HARBOR HILLS UNIT 1, recorded in Plat Book 30, Pages 13 through 27, inclusive, amended by Surveyor's Affidavits recorded in Book 1014, Page 2259, and Book 1067, Page 239, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
2. Restrictions, covenants, conditions and easements, which include provisions for a private charge or assessments, as contained in the Declaration of Covenants, Conditions and Restrictions recorded in Book 1010, Page 1830, Amended in Book 1055, Page 1564, Book 1067, Page 243, Book 1067, Page 2274, Book 1125, Page 2244, Book 1125, Page 2251, Book 1328, Page 835, Book 1403, Page 808, Book 1417, Page 706, Book 1696, Page 1695, Book 2879, Page 1260, Book 3014, Page 1265, Book 3866, Page 1812 and Book 3833, Page 2245, as affected by Corporate Resolution of the Harbor Hills Homeowners Association, Inc., recorded in Book 4019, Page 2104, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
3. Right-of-Way Easements in favor of Sumter Electric Cooperative, Inc. recorded in Book 1054, Page 2242.
4. Declaration of Easement and Joint Use Agreement recorded in Book 1696, Page 1701.
5. Ordinance #2010-45 recorded in Book 3949, Page 1649.
6. Restrictions, dedications, conditions, reservations, easements and other matters shown on the plat of HARBOR HILLS UNIT 2A, as recorded in Plat Book 32, Page(s) 73, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
7. Restrictions, dedications, conditions, reservations, easements and other matters shown on the plat of HARBOR HILLS PHASE 5, as recorded in Plat Book 56, Page(s) 66, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
8. Restrictions, dedications, conditions, reservations, easements and other matters shown on the plat of THE LANDINGS AT HARBOR HILLS, as recorded in Plat Book 40, Page(s) 29, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
9. Tract I of Parcel 3B is depicted as reserved for Park and Recreation on Plat of Harbor Hills Phase 5, recorded in Plat Book 56, Page 66 through 71.

507

PARTNERSHIP AFFIDAVIT
Harbor Hills Utilities, L.P.
d/b/a Harbor Hills Utilities, Ltd.

R- DEATH & COOK, P.A.
7510 RIDGE ROAD
PORT RICHEY, FL 34865

State of Florida
County of Lake

The undersigned as President of H.H.C.C., Inc, the general partner of the Partnership, being duly sworn, deposes and says:

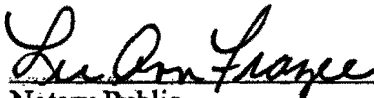
That said partnership named Harbor Hills Utilities, L.P., a Delaware limited partnership, dated December 31, 1993 has not been dissolved, and that the Partnership is still in full force and effect and that H.H.C.C., Inc is still the General Partner and has full power to grant, sell, convey, purchase and refinance the real property described on Exhibit "A" hereto.

The Partnership Agreement and all Amendments are attached hereto and are true and correct. Further your affiant sayeth naught.

H.H.C.C., Inc.

Michael Rich, President

The foregoing instrument was sworn to, subscribed and acknowledged before me this 2 day of March, 2012, by Michael Rich, as President of H.H.C.C., Inc., who is personally known to me or who produced a driver's license as identification and who did take an oath.


Notary Public
Print Name: Lu Ann Frazee

My Commission expires: May 5, 2015

Notary seal



EXHIBIT "A"
THE PROPERTY

PARCEL 3

Parcel A:

A portion of Well Site No. 2, depicted as Tract "O" and subsequently depicted as Tract "P", as recorded in Plat Book 30, Page 13 through 27, Public Records of Lake County, Florida, corrected by Surveyor's Affidavit in Official Record Book 1014, Page 2259, Public Records of Lake County, Florida, more particularly described as follows:

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Parcel B:

Together with an easement for ingress and egress over a portion depicted as Tract "O" and subsequently depicted as Tract "P", as recorded in Plat Book 30, Page 15, and a portion of Tract "I", as recorded in Plat Book 56, Page 66 through 71, corrected by Surveyor's Affidavit in Official Record Book 1014, Page 2259-2260, Public Records of Lake County, Florida, more particularly described as follows:

Beginning (P.O.B.) at the Northernmost point of tangency of Curve No. 2, as recorded in Plat Book 30, Page 13, Public Records of Lake County, Florida, thence N. 89°47'09" W. along the North line of Tract "P" 60.46 feet; thence departing said North line, S. 09°25'38" W. 147.70 feet; thence N. 81°33'51" W. 25.00 feet; thence N. 09°25'38" E. to the North line of said Tract "P", 144.08 feet; thence continue N. 09°25'38" E. 25.33 feet; thence S. 89°47'09" E. to an intersection of and Easterly line of said Tract "I", 68.44 feet; thence S. 27°46'55" E. along said Easterly line, 28.31 feet to the Point of Beginning.

PARCEL 4

Well Site No. 1: A portion of Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, being more particularly described as follows:

For a point of reference, begin at the Intersection of the South right-of-way line of Lake Griffin Road and the East line of Section 13, Township 18 South, Range 24 East, as shown in the aforementioned Plat Book 30, at Page 25, proceed thence South 00°19'09" East along the East line of said Section 13, 235.00 feet to the Point of Beginning (P.O.B.); from the P.O.B. thus described, proceed South 74°31'53" West 80 feet; thence North 15°28'07" West 50.00 feet; thence North 89°40'51" East to a point on the East line of said Section 13; thence South 00°19'09" East along said East line to the Point of Beginning.

Together with a non-exclusive easement for ingress and egress over, upon and across Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, instrument recorded in Official Records Book 1351, Page 1644, Public Records of Lake County, Florida.

EXHIBIT "B"

THE PERMITTED ENCUMBRANCES

1. Restrictions, covenants, conditions, and easements as shown on the Plat of HARBOR HILLS UNIT 1, recorded in Plat Book 30, Pages 13 through 27, inclusive, amended by Surveyor's Affidavits recorded in Book 1014, Page 2259, and Book 1067, Page 239, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
2. Restrictions, covenants, conditions and easements, which include provisions for a private charge or assessments, as contained in the Declaration of Covenants, Conditions and Restrictions recorded in Book 1010, Page 1830, Amended in Book 1055, Page 1564, Book 1067, Page 243, Book 1067, Page 2274, Book 1125, Page 2244, Book 1125, Page 2251, Book 1328, Page 835, Book 1403, Page 808, Book 1417, Page 706, Book 1696, Page 1695, Book 2879, Page 1260, Book 3014, Page 1265, Book 3866, Page 1812 and Book 3833, Page 2245, as affected by Corporate Resolution of the Harbor Hills Homeowners Association, Inc., recorded in Book 4019, Page 2104, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
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5. Ordinance #2010-45 recorded in Book 3949, Page 1649.
6. Restrictions, dedications, conditions, reservations, easements and other matters shown on the plat of HARBOR HILLS UNIT 2A, as recorded in Plat Book 32, Page(s) 73, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
7. Restrictions, dedications, conditions, reservations, easements and other matters shown on the plat of HARBOR HILLS PHASE 5, as recorded in Plat Book 56, Page(s) 66, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
8. Restrictions, dedications, conditions, reservations, easements and other matters shown on the plat of THE LANDINGS AT HARBOR HILLS, as recorded in Plat Book 40, Page(s) 29, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
9. Tract I of Parcel 3B is depicted as reserved for Park and Recreation on Plat of Harbor Hills Phase 5, recorded in Plat Book 56, Page 66 through 71.

69.
4-1, 00
CUTH & COOK, P.A.
7511 RIDGE ROAD
PORT RICHEY, FL 34683

Prepared by and return to:
Martin S. Friedman, Esq.
Sundstrom, Friedman & Fumero, LLP
766 N. Sun Drive, Suite 4030
Lake Mary, Florida 32746

ASSIGNMENT OF EASEMENTS

R:

THIS ASSIGNMENT OF EASEMENTS (this "Assignment") is made as of the 29th day of February, 2012, by **HARBOR HILLS UTILITIES, L.P.**, a Delaware limited partnership d/b/a **HARBOR HILLS UTILITIES, LTD.**, a Florida limited partnership ("Assignor") to **HARBOR WATERWORKS, INC.**, Florida corporation ("Assignee"). Capitalized terms not defined herein shall have the meaning(s) ascribed to them in that certain Asset Purchase Agreement dated February, 2012, (the "Purchase Agreement").

WHEREAS, among the Assets owned by Assignor and intended to be conveyed to Assignee, in accordance with the Purchase Agreement, are the rights of Assignor under all easements, licenses, prescriptive rights, rights-of-way and rights to use public and private roads, highways, canals, streets and other areas owned or used by Assignor for the construction, operation and maintenance of the Utility System, as described and set forth in the Purchase Agreement (the "Easements"); and

WHEREAS, Assignor has agreed to transfer to Assignee any and all of the rights, title and interest of Assignor as grantee under the Easements, including, but not limited to, those certain Easements described in Exhibit "A" attached hereto and made a part hereof.

NOW, THEREFORE, in consideration of the mutual promises, covenants, representations and agreements contained herein, together for \$10.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Assignor hereby quit claims, conveys and assigns unto Assignee, its successors and assigns, all right, title and interest of Assignor, if any, in the Easements, together with all other recorded or unrecorded rights, privileges, easements, licenses, prescriptive rights, rights-of-way, and rights to use public and private roads, highways, canals, streets, and other areas owned or used by Assignor in connection with the construction, reconstruction, installation, expansion, maintenance, and operation of the Utility System or the Assets; provided however that, other than as contained in the Purchase Agreement, Assignor makes no representation or warranty herein regarding the Easements.

2. Assignee hereby accepts the transfer and assignment of the Easements as set forth in Paragraph 1 herein, and assumes the performance, obligations, duties and liabilities of Assignor under such Easements which accrue thereunder from and after the date hereof. As of the date of this Assignment, and pursuant to the Purchase Agreement, Assignor's obligations and

responsibilities to act under such Easements shall cease and terminate. Assignor shall have no liability or obligation with respect to the Easements after the date hereof, other than those which accrued prior to the date hereof.

3. The parties covenant and agree for themselves and their successors and assigns that Assignor will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered any and all such further acts, instruments, papers and documents, as may be necessary, proper or convenient to carry out and effectuate the intent and purposes of this Assignment.

4. This Assignment shall inure to the benefit of Assignee, its successors and permitted assigns, and shall bind Assignor and its successors and permitted assigns. This Assignment is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

5. This Assignment shall be governed in all respects, whether as to validity, construction, capacity, performance or otherwise, by the laws of the State of Florida applicable to contracts made and to be performed within that state.

6. If any term or provision of this Assignment shall, to any extent or for any reason, be held to be invalid or unenforceable, the remainder of this Assignment shall not be affected thereby and shall be construed as if such invalid or unenforceable provision had never been contained herein or been applicable in such circumstances.

7. This Assignment incorporates the Purchase Agreement and by reference all definitions, terms, provisions, conditions and limitations set forth therein. In the event of any conflict or inconsistency between the definitions, terms, provisions, conditions and limitations set forth in the Purchase Agreement and those which are set forth in this Assignment, the definitions, terms, provisions, conditions and limitations set forth in the Purchase Agreement shall supersede and prevail.

8. This Assignment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same Assignment.

Executed as of the day and year first above written.

[SIGNATURES ON FOLLOWING PAGES]

WITNESSED:

HARBOR HILLS UTILITIES, L.P., d/b/a
HARBOR HILLS UTILITIES, LTD., by
H.H.C.C., Inc., a Delaware corporation, its
general partner

Lu Ann Frazee
Print Name: Lu Ann Frazee

By: *Michael A. Rich*
Michael A. Rich, President

Reinhold C. Gessner
Print Name: Reinhold C. Gessner

STATE OF FLORIDA

COUNTY OF Lake

This instrument was acknowledged before me this 2 day of March, 2012, by Michael A. Rich, as President of H.H.C.C., Inc., general partner of Harbor Hills Utilities, L.P., a Florida limited liability partnership, on its behalf.

Lu Ann Frazee
Notary Public State of Florida
Lu Ann Frazee
(Print, Type or Stamp Commissioned Name)

Personally Known OR Produced Identification
Type of Identification Produced _____



WITNESSED:

V. Penick

Print Name: *Victoria Penick*

Carolyn Bailey

Print Name: CAROLYN BAILEY

HARBOR WATERWORKS, INC., a Florida corporation

By: *[Signature]*
Gary A. Deremer, President

STATE OF FLORIDA

COUNTY OF *Pasco*

This instrument was acknowledged before me this *2* day of March, 2012, by Gary A. Deremer, President of Harbor Waterworks, Inc., on its behalf.

Carolyn Bailey

Notary Public, State of Florida

(Print, Type or Stamp Commissioned Name)

Personally Known OR Produced Identification
Type of Identification Produced _____

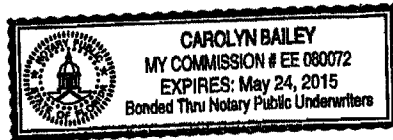


EXHIBIT "A"

EASEMENTS

NON-EXCLUSIVE EASEMENT FOR INGRESS AND EGRESS OVER, UPON AND ACROSS TRACT "K", HARBOR HILLS UNIT 1, AS RECORDED IN PLAT BOOK 30, PAGES 13 THROUGH 27, INCLUSIVE, PUBLIC RECORDS OF LAKE COUNTY, FLORIDA, CORRECTED BY SURVEYOR'S AFFIDAVITS FILED IN OFFICIAL RECORDS BOOK 1014, PAGE 2259-2260, AND OFFICIAL RECORDS BOOK 1067, PAGES 239 THROUGH 242, PUBLIC RECORDS OF LAKE COUNTY, FLORIDA, INSTRUMENT RECORDED IN OFFICIAL RECORDS BOOK 1351, PAGE 1644, PUBLIC RECORDS OF LAKE COUNTY, FLORIDA.

EXHIBIT G

HWW has provided the following statement regarding the financial and technical ability of the applicant to provide reasonably sufficient and efficient service.

The directors of Harbor Waterworks, Inc. have been in the water and wastewater utility management, operations and maintenance related industry for many years and bring a level of Florida specific expertise that is not typical to private utility ownership within the State (resumes attached).

Gary Deremer – President: 27 years of Florida related water and wastewater industry experience; previous private utility ownership has included:

Holiday Utility System – Holiday, FL

Virginia City Utility System – New Port Richey, FL

Dixie Groves Utility System – Holiday, FL

Colonial Manor Utility System – Holiday, FL

Pasco Utilities, Inc. – Zephyrhills, FL

Note: recently filed for Transfer of Harbor Hills Utility LP to Harbor Waterworks, Inc.

Cecil Delcher – Vice President: 35 years of Florida related Operations, Construction, Capital Project Management; previous private utility ownership included:

Pasco Utilities, Inc. – Zephyrhills, FL

Colonial Manor Utility System – Holiday, FL

D&D Wellfield Property

Mr. Deremer and Mr. Delcher have secured the services of U.S. Water Services Corporation to provide contract operating services and billing and collection service to the Harbor Hills Utility System. Both Mr. Deremer and Mr. Delcher have controlled service delivery to more than 450+ facilities within the State of Florida during their careers, including billing/collection and customer service to more than 70,000 customers daily.

EXHIBIT H

HWW provides the following detailed financial statement of the financial condition of the applicant, showing all assets and liability of every kind and character.

Gary and Patricia Deremer

STATEMENT OF ASSETS AND LIABILITIES

**(ESTIMATED VALUE BASIS)
March 23, 2012**

[Faint, illegible text, possibly a signature or stamp]

STATEMENT OF ASSETS AND LIABILITIES
(ESTIMATED VALUE BASIS)
March 23, 2012

ASSETS:

	Total
Cash	
Checking	6,067.00
Gary Deremer Investment Checking/Savings	652,000.00
Savings	126,430.00
Marketable Securities & Retirement Accounts	565,063.00
Real Estate	
Primary Residence - New Port Richey, FL	1,000,000.00
Secondary Residence - Kissimmee, FL	850,000.00
Rental RE 1: Wellington FL	850,000.00
Rental RE 2: Gulf Harbors , NPR FL	550,000.00
Commercial Office Building Cross Bayou NPR, FL	1,900,000.00
Mooring Lots Gulf Harbors	80,000.00
Anclote Property - Acreage, Holiday FL	40,000.00
Developed Lots	
Multi Family Zoned: Seaforest Drive	55,000.00
Multi Family Zoned: Firestation Road	110,000.00
Commercial Zoned: Office Bldg Prop Firestation Road	150,000.00
Personal Effects	300,000.00
Vehicles	
1999 Ferrari F355 Series Fiorano	130,000.00
2002 Ferrari 575m	109,000.00
Watercraft - 4 Vessels	144,000.00
Business Assets	
**U.S. Water Services Corporation	Market Value @ 58.2% Shares Held **
D&D Property Partners, Inc.	Market Value @ 100% Shares Held
Blackhorse Motors, LLC	Asset Value @ 100% Shares Held
	9,312,000.00 **
	75,000.00
	1,538,000.00
Escrow	
Held In Escrow For Future Purpose	0.00
Total Assets:	\$ 18,542,560.00

Liabilities:

Notes Payable	
Personal Residence	584,436.00
Commercial Office Building	724,973.00
Credit Line / Ferrari Purchases / Black Horse Motors	590,000.00
Rental RE 1: Wellington FL	417,000.00
Estimated Taxes Payable	
Estimated Federal Income Tax	0.00
Total Liabilities:	\$ 2,316,409.00
Net Worth: Excess of Assets Over Liabilities	\$ 16,226,151.00
Total Liabilities and Net Worth	18,542,560.00

** Company Value: Estimated Conservative Market Value \$16,000,000.00



Bank

America's Most Convenient Bank[®]

PERSONAL FINANCIAL STATEMENT OF: Cecil Ray Delcher

DATE (AS OF): January 16, 2012

PERSONAL INFORMATION SUPPLIED TO FD BANK

Individual #1 (Name) Cecil Ray Delcher	Individual #2 (Name)
Employer US Water Services	Employer
Address of Employer 4939 Cross Bayou, New Port Richey, FL Business Phone No. 727-639-0155	Address of Employer Business Phone No. Title/Position Vice President
Name of previous employer & position (If with current less than 3 years.) Years with Employer 8	Name of previous employer & position (If with current less than 3 years.) Years with Employer Title/Position
No. of years with previous employer: Home Address 11702 Forest Hills Drive City, State, Zip Tampa, FL 33612	No. of years with previous employer: Home Address City, State, Zip Home Phone No. Social Security No. Date of Birth
Home Phone No. 813-935-9118	Social Security No. Date of Birth 8-31-34
Name & Phone No. of Your Accountant Thomas "Dobie" Page 727-766-2785	Name & Phone No. of Your Accountant
Name & Phone No. of Your Investment Advisor/Broker: Stephen Sepp, RBC Wealth Management, 813-574-4423	Name & Phone No. of Your Investment Advisor/Broker:
Name & Phone No. of Your Attorney	Name & Phone No. of Your Attorney
Name & Phone No. of Your Insurance Advisor	Name & Phone No. of Your Insurance Advisor

Balance Sheet as of:

ASSETS	Amount (\$)	LIABILITIES	Amount (\$)
Cash in This Bank (includes money market accts. (CDs))		Notes Payable to Bank or Other (Schedule E)	
Cash in Other Financial Institutions (same as above)	265,000	Accounts Payable (including credit cards)	
Readily Marketable Securities (Schedule A)	1,518,681	Mortgage Accounts	
Non-Readily Marketable Securities (Schedule A)		Notes Due: Partnership (Schedule D)	
Accounts and Notes Receivable		Texas Payable	
Net Cash Surrender Value of Life Insurance (Schedule B)		Mortgage Debt (Schedule C)	
Residential Real Estate (Schedule C)	374,921	Investment RE Debt (Schedule C)	
Real Estate Investments (Schedule C)	97,440	Life Insurance Loans (Schedule B)	
Partnership/PC Interests (Schedule D)		Other Liabilities (List here and below)	
IRA, Keogh, Profit Sharing, Other Vesting Retirement Accts			
Deferred Income (number of years deferred:)			
Personal Property (including automobiles)			
Other Assets (List here and below)			
Total Assets	2,256,042	Total Liabilities	0
		Net Worth	2,256,042
		Total Liabilities and Net Worth	2,256,042

Contingent Liabilities	YES	NO	AMOUNT \$
Are you a guarantor, co-signer, or endorser for any debt of an individual, corporation, or partnership?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Do you have any outstanding letters of credit or surety bonds?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Are there any suits or legal actions pending against you?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Are you contingently liable on any leases or contracts?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Are any of your tax obligations past due?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
What would be your total estimated tax liability if you were to sell your major assets?		<input checked="" type="checkbox"/>	
If "yes" for any of the above, give details below* (limited to 450 characters; attach a separate schedule if needed.)			

Statement on January 2012

Schedule A - All Securities (including non-money market mutual funds)

NO. OF SHARES (STOCK) OR FACE VALUE (BONDS)	DESCRIPTION	OWNER(S)	WHERE HELD	COST	CURRENT MARKET VALUE	PLEGGED	
						YES	NO
READILY MARKETABLE SECURITIES (including U.S. Governments and Municipals) *							
Managed Investment Account	Members Trust	Cecil and wife Diana	Shorecoast Sch. FCU		245,791	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Brokerage Account	Nimcoast Schools FCU	Cecil and Diana	CUNA Brokerage		211,164	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Wells Fargo	Managed Investment	Cecil and Diana	Wells Fargo Bank		117,389	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Stocks, Bonds,	RBC Wealth Management	Cecil and Diana	RBC		944,341	<input type="checkbox"/>	<input checked="" type="checkbox"/>
NON-READILY MARKETABLE SECURITIES (closely held, thinly traded, or restricted stock)†							
						<input type="checkbox"/>	<input type="checkbox"/>
						<input type="checkbox"/>	<input type="checkbox"/>
If more space is needed, attach separate schedule/brokerage statement and enter totals.					Totals:	1,518,685	

Schedule B Insurance, Life Insurance (use additional sheet if necessary)

Insurance Company	Face Amount of Policy	Type of Policy	Beneficiary	Cash Surrender Value	Amount Borrowed	Ownership
If more space is needed, attach a separate schedule and enter totals in this table.				Totals:		

Disability Insurance

Monthly Distributions if Disabled	Applicant	Co-Applicant
Number of Years Covered	Not Applicable	

Schedule C - Personal Residence & Real Estate Investments, Mortgage Debt (majority ownership only)

Personal Residence Property Address	Legal Owner	Purchase Price		Market Value	Present Loan Balance	Int. Rate	Maturity Date	Monthly Pmts.	Lender
		Year	Price						
Home	Cecil/Diana			197,283	0				
Indian Rocks Beach House	Cecil/Diana			177,638	0				
Totals:				374,921	0				
Investment Property Address	Legal Owner	Purchase Price		Market Value	Present Loan Balance	Int. Rate	Maturity Date	Monthly Pmts.	Lender
		Year	Price						
Lot, Long Industrial Park	Cecil/Diana			97,440	0				
Totals:				97,440	0				

If more space is needed, attach separate schedule and enter totals in table.

Schedule D Partnership (less than majority ownership for real estate partnerships)†

Type of Investment	Date of Initial Investment	Cost	Percent Owned	Current Market Value	Balance Due on Partnership: Notes, Cash Call	Final Contribution Date
<i>Business/Professional (Indicate name):</i>						
<i>Investments (including Tax Shelters):</i>						
If more space is needed, attach a separate schedule and enter totals in this table.				Totals:		

*Note: For investments that represent a material portion of your total assets, please include the relevant financial statements or tax returns, or in the case of partnership investments or S-corporations, Schedule K-1s.

Schedule E - Notes Payable

Due to	Type of Facility	Amount of Line	Secured		Collateral	Int. Rate	Maturity	Unpaid Balance
			Yes	No				
			<input type="checkbox"/>	<input type="checkbox"/>				
			<input type="checkbox"/>	<input type="checkbox"/>				
			<input type="checkbox"/>	<input type="checkbox"/>				
			<input type="checkbox"/>	<input type="checkbox"/>				
			<input type="checkbox"/>	<input type="checkbox"/>				
								Totals:

If more space is needed, attach a separate schedule and enter totals in this table.

Cash Income & Expenditures Statement for Year Ended:

(Omit cents)

ANNUAL INCOME*	Amount (\$)
Salary (applicant)	41,600
Salary (co-applicant)	
Bonuses & Commissions (applicant)	
Bonuses & Commissions (co-applicant)	
Rental Income (after expenses)	20,616
Interest Income	69,000
Dividend Income	19,000
Capital Gains	24,500
Partnership Income	
Other Investment Income	
Other Income (List here and below)	
Social Security	18,274
Navy Retirement	13,467
Marriage Receivable	24,259
S Corp. Distribution (US Water)	275,000
Total Income	505,724

ANNUAL EXPENDITURES	Amount (\$)
Federal Income and Other Taxes	
State Income and Other Taxes	
Rental Payments, Co-op, or Condo Maintenance	
Mortgage Payments Residential	
Mortgage Payments Investment	
Property Taxes Residential	
Property Taxes Investment	
Interest & Principal Payments on Loans	
Insurance	
Investment (including tax shelters)	
Alimony/Child Support	
Tuition	
Other Living Expenses	
Medical Expenses	
Other Expenses (List here and below)	
Total Expenditures	

Any significant changes expected in the next 12 months? Yes No (If yes, attach information.) *Income from alimony, child support or separate maintenance income need not be revealed if the applicant or co-applicant does not wish to have it considered as the basis for repaying this obligation.

Please Answer the Following Questions:

Income tax returns filed through (date) 2009 and 2010

- Are any returns currently being audited or contested? Yes No
If yes, what year(s)?
- Have (either of) you or any firm in which you were a major owner ever declared bankruptcy? Yes No
- Have (either of) you ever been convicted of or pleaded "no contest" to any crime (felony or misdemeanor) involving dishonesty, such as falsification of records, fraud or embezzlement? Yes No
- Have (either of) you ever been convicted of or pleaded "no contest" to a felony? Yes No
- Have (either of) you ever had your license to practice or conduct business suspended or revoked by a licensing agency? Yes No
- Have (either of) you drawn a will? Yes No
If yes, please furnish the name of the executor(s) and your will was drawn. _____
- Number of dependents (excluding self) and relationship to applicant: _____
- Have (either of) you ever had a financial plan prepared for you? Yes No
- Did you include two years federal and state tax returns? Yes No
- Do (either of) you have a line of credit or unused credit facility at any other institution? Yes No
if so, please indicate where, how much and name of banker: unused line of credit at Suncoast Schools FCU
- Do (either of) you anticipate any substantial inheritance? Yes No

If you checked "yes" on questions 2 - 5 or 11, please provide an explanation below.

- _____
- _____
- _____
- _____
- _____
- _____

**Representation, Warranties, Authorizations, and Notices with Regard to the Attached
PERSONAL FINANCIAL STATEMENT OF Cecil Ray Delcher AS OF (Date) January 16th**

Representation, Warranties and Authorization

The attached Personal Financial Statement is provided to TD Bank, N. A. ("the Bank") in support of an application for (check one):

- Business Credit for which the applicant is the sole obligor
- Joint Business Credit (applicant and co-applicant)
- Personal Guarantee of the business obligations of another person or entity

The information contained in this statement is provided to induce the Bank to extend or to continue the extension of credit to the undersigned or to others upon the guarantee of the undersigned. The undersigned acknowledges and understands that the Bank is relying on the information provided herein in deciding to grant or continue credit or to accept a guarantee thereof. Each of the undersigned represents, warrants and certifies that the information provided herein is true, correct and complete. Each of the undersigned agrees to notify the Bank immediately and in writing of any change in name, address, or employment and of any material adverse change (1) in any of the information contained in this statement or (2) in the financial condition of any of the undersigned or (3) in the ability of any of the undersigned to perform its (or their) obligations to the Bank. In the absence of such notice or a new and full written statement, this should be considered as a continuing statement and substantially correct. If the undersigned fail to notify the Bank as required above, or if any of the information herein should prove to be inaccurate or incomplete in any material respect, the Bank may declare the indebtedness of the undersigned or the indebtedness guaranteed by the undersigned, as the case may be, immediately due and payable.

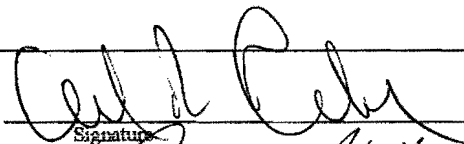
By signing below, you authorize the Bank to make or have made any credit, employment or investigation inquiry that the Bank determines appropriate for the extension of credit, periodic evaluation of your account or the collection of amounts owed to the Bank on the account, or for any other legitimate purposes associated with the account, including without limitation, obtaining one or more credit reports. This authorization will also apply to the Bank's agents, affiliates, successors, and assigns. The Bank may furnish information concerning your account to consumer reporting agencies and others who may properly receive that information. If you ask, you will be informed whether a consumer report was requested, and if a report was requested, you will be informed of the name and address of the consumer reporting agency that furnished the report. Each of the undersigned authorizes the Bank to answer questions about your credit experience with the Bank. As long as any obligation or guarantee of the undersigned to the Bank is outstanding, the undersigned shall supply annually an updated financial statement. This personal financial statement and any other financial or other information that the undersigned give to the Bank shall be the Bank's property.

IMPORTANT NOTICE REGARDING INSURANCE: You are not required to purchase insurance from the Bank or any of its affiliates, but instead have the right to purchase any insurance required for this loan from an agent, broker, or insurer of your choice, whether or not that agent, broker or insurer is affiliated with the Bank. Your choice of an agent, broker or insurer will not affect the Bank's current or future credit decisions or terms in any way. The Bank may not and (except in the case of applications submitted by mail, fax or website) has orally disclosed to you that it may not condition an extension of credit on either: (1) your purchase of an insurance product or annuity from the Bank or from any of its affiliates or (2) your agreement not to obtain, or a prohibition on your obtaining, an insurance product or annuity from an unaffiliated entity. Insurance products are not deposits or other obligations of, or guaranteed by the Bank or any of its affiliates, and are not insured by FDIC or any other federal agency.

NOTICE REGARDING USA PATRIOT ACT: The Bank complies with Section 326 of the USA Patriot Act. This law mandates that we obtain and verify certain information about you, including your name, legal address, date of birth and social security or tax identification number, while processing your account application.

Date:

- Applicant
- Guarantor


Signature

Date:

- Co-Applicant
- Guarantor


Signature



SECRETARY'S CERTIFICATE

The undersigned, Secretary of Harbor Waterworks, Inc., a Florida corporation (the "Corporation"), hereby certifies that at a duly called meeting of the Board of Directors of the Corporation held on _____, 20 ____, at which meeting a quorum of the Directors of the Corporation were present and voting throughout, the following resolution was adopted:

"Resolved: That the Corporation be, and on behalf of the Corporation, the President is authorized and empowered:

To borrow, from time to time, from TD Bank, N.A. ("Bank"), such sum or sums of money as said officer(s) may deem necessary or advisable for the purpose of this Corporation, including without limitation, \$214,989.00 evidenced by that certain Term Note, dated March 9, 2012, by Harbor Waterworks, Inc. in favor of the Bank in the original principal amount of \$214,989.00;

To mortgage, pledge, hypothecate, sell, assign and transfer to Bank and to grant to Bank security interests in, as security for money borrowed and for all other obligations of this Corporation to Bank, all property of this Corporation, whether real, personal, or of whatever kind or nature and wherever situated, and whether now owned or hereafter acquired or arising;

To make, execute, seal, acknowledge and deliver, in the name of this Corporation, promissory notes, loan agreements, credit agreements, construction loan agreements, financing agreements, security agreements, mortgages, deeds of trust, deeds to secure debt, guaranties, and all other instruments, documents and agreements required by Bank (collectively, the "Loan Documents") in connection with, or to give effect to, the foregoing resolutions or any of the powers and authority therein granted and to continue, extend, modify or amend the same from time to time, all such Loan Documents to be in such form and on such terms and conditions as any of the said officer(s) shall, by his, her or their execution and delivery thereof, deem satisfactory; hereby ratifying, approving and confirming all that any of the said officer(s) has done or may do respecting any of the foregoing; and that the Board of Directors may, from time to time, delegate the authority hereinbefore granted to such additional officer(s) or agents of this Corporation as the Board of Directors may determine; and

That all resolutions relative to the authority of any officer or other agent to act on behalf of the Corporation in any dealing or transaction with the Bank shall remain in full force and effect until written notice of modification thereof shall be received by Bank and that the Bank may conclusively rely on the signatures of the officers or agents designated in such resolutions until notified in writing by the Secretary of the Corporation of any change in such officers or agents and thereafter the Bank may conclusively rely on the signatures of the successors in office."

I further certify that the foregoing resolutions have not been altered, amended or rescinded but remain in full force and effect and that the persons currently authorized and empowered to act thereunder and their specimen signatures are as follows:

President



Gary A. Deremer

WITNESS my hand and the seal of the Corporation this March 9, 2012.



Gary A. Deremer, Secretary

Loan Number - Note 1: 13186829001



DISBURSEMENT AUTHORIZATION

DATE: March 9, 2012

BORROWER: Harbor Waterworks, Inc.
5320 Captains Court
New Port Richey, Florida
34652

Bank: TD Bank, N.A.
104 South Main Street
Greenville, South Carolina
29601

LOAN: \$214,989.00 Term Loan (the "Loan")

The undersigned hereby authorizes and directs the Bank, in its discretion pursuant to the terms of the loan documents (the "Loan Documents") between the Bank and the undersigned respecting the Loan, to disburse \$214,989.00 of the loan proceeds available respecting the Loan as set forth below.

Disbursement	Amounts Paid by Customer at Closing	Amount Paid from Loan Proceeds
1. Commitment Fee	\$ 500.00	\$
2. Documentation Fee	\$ 350.00	\$
3. Filing and Bringdown Fees	\$ 51.45	\$
4. Judgment Search	\$ 120.00	\$
5. UCC Search	\$ 26.75	\$
6. Documentary Stamp Tax	\$ 752.46	\$
7. Harbor Waterworks, Inc.	\$	\$ 214,989.00
Total	\$ 1,800.66	\$ 214,989.00

The undersigned represents and warrants to the Bank that there has been no material adverse change in the undersigned's financial condition since the date of the latest financial statements delivered by the undersigned to the Bank. In addition, the undersigned affirms that the representations and warranties contained in the Loan Documents are true and correct as of the date hereof.

The balance of the loan proceeds of \$ 0.00 shall be held by the Bank pending further instruction from the undersigned pursuant to the terms of the Loan Documents.

Wire Instructions (when applicable):

If Wire Transfer - Form of Identification (circle one):

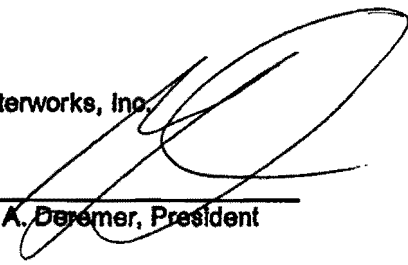
Valid Driver's License / Valid Passport / Known to Lender / See Notary Stamp

By: 
Bank Representative

By your signature below, you agree to the terms and acknowledge receipt of a copy of this Disbursement Authorization.

Harbor Waterworks, Inc.

By:



Gary A. Deremer, President



UNLIMITED GUARANTY

TO: TD Bank, N.A., a National Association (the "Bank")

RE: Harbor Waterworks, Inc., a Florida corporation (the "Borrower")

To induce the Bank to make or continue to make loans, advances, or grant other financial accommodations to the Borrower, in consideration thereof and for loans, advances or financial accommodations heretofore or hereafter granted by the Bank to or for the account of the Borrower, the undersigned Cecil R. Delcher (the "Guarantor") absolutely, unconditionally and irrevocably guarantees the full and punctual payment to the Bank of all sums which may be presently due and owing and of all sums which shall in the future become due and owing to the Bank from the Borrower, whether direct or indirect, whether as a borrower, guarantor, surety or otherwise, including, without limitation, interest, attorneys' fees and other amounts accruing after the filing of a petition in bankruptcy by or against Borrower, notwithstanding the discharge of Borrower from such obligations, together with all costs and expenses incurred by the Bank in connection with such obligations, this Unlimited Guaranty (this "Guaranty") and the enforcement thereof, and also guarantees the due performance by the Borrower of all its obligations under all other present and future contracts and agreements with the Bank, including, without limitation, all rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, forward transactions, currency swap transactions, cross-currency rate swap transactions and currency options. This is a guaranty of payment and not collection.

Guarantor also agrees:

- (1) to indemnify and hold the Bank and its directors, officers, employees, agents and attorneys harmless from and against all claims, obligations, demands and liabilities, by whomsoever asserted, and against all losses in any way suffered, incurred or paid as a result of or in any way arising out of or following or consequential to transactions with the Borrower, except for any claim arising out of the gross negligence or willful misconduct of the Bank;
- (2) that this Guaranty shall not be impaired by any modification, supplement, extension, renewal or amendment of any contract or agreement to which the parties thereto may hereafter agree, nor by any modification, increase, release or other alteration of any of the obligations hereby guaranteed or of any security therefor, nor by any agreements or arrangements whatsoever with the Borrower or anyone else, all of which may be done without notice to or consent by the Guarantor;
- (3) that the liability of the Guarantor hereunder is direct and unconditional and due immediately upon default of the Borrower without demand or notice and without requiring the Bank first to resort to any other right, remedy or security;
- (4) that Guarantor shall have no right of subrogation, reimbursement or indemnity whatsoever until the Bank is indefeasibly paid in full, nor any right of recourse to security for the debts and obligations of the Borrower to the Bank;
- (5) that the liability of the Guarantor is unlimited and shall be joint and several with the liabilities of any other guarantors;

Loan Number - Note 1: 13186829001

- (6) that if the Borrower or the Guarantor or any other guarantor should at any time become insolvent or make a general assignment, or if a petition in bankruptcy or any insolvency or reorganization proceedings shall be filed or commenced by, against or in respect of the Borrower or the Guarantor, or any other guarantor of the obligations guaranteed hereby, any and all obligations of the Guarantor shall be immediately due and payable without notice;
- (7) that the Bank's books and records showing the account between the Bank and the Borrower shall be admissible in any action or proceeding, shall be binding upon the Guarantor for the purpose of establishing the items therein set forth and shall constitute conclusive proof thereof;
- (8) that this Guaranty is, as to the Guarantor, a continuing Guaranty that shall remain effective under successive transactions until the obligations guaranteed hereby are irrevocably paid in full;
- (9) that the death of Guarantor shall not effect the termination of this Guaranty as to Guarantor providing, that in any event within Sixty (60) days after the death of the Guarantor, Borrower or any surviving guarantor shall provide to the Bank evidence that the estate of the Guarantor confirms its obligations to the Bank under this Guaranty;
- (10) that termination, release or limitation of any guaranty of the obligations guaranteed hereby by any other guarantor shall not affect the continuing liability hereunder of the Guarantor;
- (11) that nothing shall discharge or satisfy the liability of the Guarantor hereunder except the full indefeasible payment and performance of all of the Borrower's debts and obligations to the Bank with interest and costs of collection;
- (12) that this Guaranty shall not be affected by the illegality, invalidity or unenforceability of the obligations guaranteed, by any fraudulent, illegal or improper act by the Borrower, the legal incapacity or any other defense of the Borrower, the Guarantor or any other person obligated to the Bank consequential to transactions with the Borrower nor by the invalidation, by operation of law or otherwise, of all or any part of the obligations guaranteed hereby, including but not limited to any interest accruable on the obligations guaranteed hereby during the pendency of any bankruptcy or receivership proceeding of the Borrower;
- (13) that any and all present and future debts and obligations of the Borrower to Guarantor are hereby waived and postponed in favor of and subordinated to the full indefeasible payment and performance of all present and future debts and obligations of the Borrower to the Bank;
- (14) the Guarantor hereby grants to the Bank a continuing lien and security interest in all deposits or other sums at any time credited by or due from the Bank or any Bank Affiliate (as hereinafter defined) to the Guarantor and any property of the Guarantor at any time in the Bank's or any Bank Affiliate's possession whether for safekeeping or otherwise, or in transit to or from the Bank or any Bank Affiliate (regardless of the reason the Bank or Bank Affiliate had received the same or whether the Bank or Bank Affiliate has conditionally released the same) as security for the full and punctual payment and performance of all of the obligations guaranteed hereby, and such deposits and other sums may be applied or set off against such obligations at any time, whether or not such are then due, whether or not demand has been made and whether or not other collateral is then available to the Bank or any Bank Affiliate;
- (15) that if at any time payment of all or any part of the obligations guaranteed hereunder is rescinded or otherwise must be restored by the Bank to the Borrower or to the creditors of the Borrower or any representative of the Borrower or representative of the Borrower's creditors as a voidable preference or fraudulent transfer or conveyance upon the insolvency, bankruptcy or reorganization of the Borrower or the Guarantor, or to the creditors of the Guarantor or any representative of the Guarantor or representative of the creditors of Guarantor upon the

insolvency, bankruptcy or reorganization of the Guarantor or otherwise, this Guaranty shall continue to be effective or be reinstated, as the case may be, as though such payments had not been made, and shall survive as an obligation of the Guarantor, and shall not be discharged or satisfied by said payment or payments, notwithstanding the return of the original of this Guaranty to the Guarantor or to the Borrower, or any other apparent termination of Guarantor's obligations hereunder;

- (16) that any rights and remedies available to the Bank under this Guaranty are cumulative, and not exclusive of any rights and remedies otherwise available to the Bank at law or in equity;
- (17) that the Bank's delay or omission in exercising any of the Bank's rights and remedies shall not constitute a waiver of these rights and remedies, nor shall the Bank's waiver of any right or remedy operate as a waiver of any other right or remedy available to the Bank. The Bank's waiver of any right or remedy on any one occasion shall not be considered a waiver of same on any subsequent occasion, nor shall this be considered to be a continuing waiver;
- (18) that the Guarantor agrees to maintain with the Bank its primary operating and/or deposit accounts;
- (19) that this Guaranty incorporates all discussions and negotiations between the Bank and the Guarantor concerning the guaranty and indemnification provided by the undersigned hereby, and that no such discussions or negotiations shall limit, modify, or otherwise affect the provisions hereof, there are no preconditions to the effectiveness of this Guaranty and that no provision hereof may be altered, amended, waived, canceled or modified, except by a written instrument executed, sealed and acknowledged by the Bank's duly authorized officer;
- (20) that this Guaranty and all documents which have been or may be hereinafter furnished by the Guarantor to the Bank may be reproduced by the Bank by any photographic, photostatic, microfilm, xerographic or similar process, and that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made in the regular course of business); and
- (21) that the Guarantor shall deliver to the Bank simultaneously herewith and 12 months after the last statement and upon request therefor, personal financial statements addressed to the Bank in form satisfactory to the Bank, and the Guarantor represents and warrants the accuracy of any information contained therein and hereby agrees not to encumber or transfer any assets listed on any financial statements without the Bank's prior consent and that so long as this Guaranty remains in effect, Guarantor shall provide the Bank with copies of Guarantor's filed Federal tax returns for the prior year within 15 days after the date that Guarantor's tax returns are actually filed each such year or such other date approved by the Bank.

This Guaranty promotes and furthers the business and interests of the undersigned Guarantor, and the incurrence of any obligations by the Borrower and creation of the obligations hereunder will result in direct financial benefit to the undersigned Guarantor.

Guarantor waives: notice of acceptance hereof, presentment and protest of any instrument and notice thereof, notice of default and all other notices to which the Guarantor might otherwise be entitled; and any and all defenses, including without limitation, any and all defenses which the Borrower or any other party may have to the fullest extent permitted by law, any defense to this Guaranty based on impairment of collateral or on suretyship defenses of every type; any right to exoneration or marshaling. To the maximum extent permitted by law, Guarantor waives and terminates any homestead rights and/or exemptions respecting any premises under the provisions of any applicable homestead law, including without limitation, Section 222.01, Florida Statutes.

Guarantor hereby consents to the issuance of a continuing writ of garnishment or attachment against my disposable earnings, in accordance with section 222.11, Florida Statutes, in order to satisfy in whole or in part any money judgment entered in favor of Bank.

To the extent that it lawfully may, Guarantor hereby further agrees not to invoke any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of the Bank's rights under this Guaranty or otherwise respecting the guaranteed obligations, and to the extent that it lawfully may do so, the Guarantor hereby irrevocably waives the benefits of all such laws. Except as otherwise provided by applicable law, the Bank shall have no duty as to the collection or protection of any collateral, if any, securing the guaranteed obligations beyond the safe custody thereof.

Guarantor will from time to time execute and deliver to the Bank, and take or cause to be taken, all such other further action as the Bank may request in order to effect and confirm or vest more securely in the Bank all the rights contemplated in this Guaranty (including, without limitation, to correct clerical errors) or respecting any of the obligations guaranteed hereby or to comply with applicable statute or law.

This Guaranty, all acts and transactions hereunder, and the rights and obligations of the parties hereto shall be governed, construed and interpreted according to the laws of the State of Florida without giving effect to the conflicts of laws principles thereof, shall be binding upon the heirs, executors, administrators, successors and assigns of the Guarantor and shall inure to the benefit of the Bank's successors and assigns.

If any provision of this Guaranty is found to be invalid, illegal or unenforceable, the validity of the remainder of the Guaranty shall not be affected.

The term "Bank Affiliate" as used in this Guaranty shall mean any "Affiliate" of the Bank. The term "Affiliate" shall mean with respect to any person, (a) any person which, directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such person, or (b) any person who is a director or officer (i) of such person, (ii) of any subsidiary of such person, or (iii) any person described in clause (a) above. For purposes of this definition, control of a person shall mean the power, direct or indirect, (x) to vote 5% or more of the Capital Stock having ordinary voting power for the election of directors (or comparable equivalent) of such person, or (y) to direct or cause the direction of the management and policies of such person whether by contract or otherwise. Control may be by ownership, contract, or otherwise.

Guarantor authorizes the Bank to make any credit inquiries Bank deems necessary and authorizes any person or credit reporting agency to give Bank a copy of the Guarantor's credit report and any other financial information it may have.

If an entity, the Guarantor is organized, validly existing and in good standing under the laws of the state of its formation, and has the power and authority to enter into and perform under this Guaranty.

Guarantor irrevocably submits to the nonexclusive jurisdiction of any Federal or state court sitting in Florida, over any suit, action or proceeding arising out of or relating to this Guaranty. Guarantor irrevocably waives, to the fullest extent it may effectively do so under applicable law, any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Guarantor hereby consents to any and all process which may be served in any such suit, action or proceeding, (i) by mailing a copy thereof by registered and certified mail, postage prepaid, return receipt requested, to the Guarantor's address shown below or as notified to the Bank and (ii) by serving the same upon the Guarantor in any other manner otherwise permitted by law, and agrees that such service shall in every respect be deemed effective service upon the Guarantor.


GUARANTOR AND BANK EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, AND AFTER AN OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL, (A)

Loan Number - Note 1: 13186829001

WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING IN CONNECTION WITH THIS GUARANTY, THE OBLIGATIONS GUARANTEED HEREBY, ALL MATTERS CONTEMPLATED HEREBY AND DOCUMENTS EXECUTED IN CONNECTION HEREWITH AND (B) AGREE NOT TO SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CAN NOT BE, OR HAS NOT BEEN WAIVED. GUARANTOR CERTIFIES THAT NEITHER THE BANK NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WOULD NOT IN THE EVENT OF ANY SUCH PROCEEDING SEEK TO ENFORCE THIS WAIVER OF RIGHT TO TRIAL BY JURY.

Executed as an instrument under seal and dated March 7, 2012.
9 (10)

Guarantor:



Cecil R. Delcher, Individually

Address: 11702 Forest Hills Drive
Tampa, Florida
33612



UNLIMITED GUARANTY

TO: TD Bank, N.A., a National Association (the "Bank")

RE: Harbor Waterworks, Inc., a Florida corporation (the "Borrower")

To induce the Bank to make or continue to make loans, advances, or grant other financial accommodations to the Borrower, in consideration thereof and for loans, advances or financial accommodations heretofore or hereafter granted by the Bank to or for the account of the Borrower, the undersigned Vickie M. Penick (the "Guarantor") absolutely, unconditionally and irrevocably guarantees the full and punctual payment to the Bank of all sums which may be presently due and owing and of all sums which shall in the future become due and owing to the Bank from the Borrower, whether direct or indirect, whether as a borrower, guarantor, surety or otherwise, including, without limitation, interest, attorneys' fees and other amounts accruing after the filing of a petition in bankruptcy by or against Borrower, notwithstanding the discharge of Borrower from such obligations, together with all costs and expenses incurred by the Bank in connection with such obligations, this Unlimited Guaranty (this "Guaranty") and the enforcement thereof, and also guarantees the due performance by the Borrower of all its obligations under all other present and future contracts and agreements with the Bank, including, without limitation, all rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, forward transactions, currency swap transactions, cross-currency rate swap transactions and currency options. This is a guaranty of payment and not collection.

Guarantor also agrees:

- (1) to indemnify and hold the Bank and its directors, officers, employees, agents and attorneys harmless from and against all claims, obligations, demands and liabilities, by whomsoever asserted, and against all losses in any way suffered, incurred or paid as a result of or in any way arising out of or following or consequential to transactions with the Borrower, except for any claim arising out of the gross negligence or willful misconduct of the Bank;
- (2) that this Guaranty shall not be impaired by any modification, supplement, extension, renewal or amendment of any contract or agreement to which the parties thereto may hereafter agree, nor by any modification, increase, release or other alteration of any of the obligations hereby guaranteed or of any security therefor, nor by any agreements or arrangements whatsoever with the Borrower or anyone else, all of which may be done without notice to or consent by the Guarantor;
- (3) that the liability of the Guarantor hereunder is direct and unconditional and due immediately upon default of the Borrower without demand or notice and without requiring the Bank first to resort to any other right, remedy or security;
- (4) that Guarantor shall have no right of subrogation, reimbursement or indemnity whatsoever until the Bank is indefeasibly paid in full, nor any right of recourse to security for the debts and obligations of the Borrower to the Bank;
- (5) that the liability of the Guarantor is unlimited and shall be joint and several with the liabilities of any other guarantors;

Loan Number - Note 1: 13186829001

- (6) that if the Borrower or the Guarantor or any other guarantor should at any time become insolvent or make a general assignment, or if a petition in bankruptcy or any insolvency or reorganization proceedings shall be filed or commenced by, against or in respect of the Borrower or the Guarantor, or any other guarantor of the obligations guaranteed hereby, any and all obligations of the Guarantor shall be immediately due and payable without notice;
- (7) that the Bank's books and records showing the account between the Bank and the Borrower shall be admissible in any action or proceeding, shall be binding upon the Guarantor for the purpose of establishing the items therein set forth and shall constitute conclusive proof thereof;
- (8) that this Guaranty is, as to the Guarantor, a continuing Guaranty that shall remain effective under successive transactions until the obligations guaranteed hereby are irrevocably paid in full;
- (9) that the death of Guarantor shall not effect the termination of this Guaranty as to Guarantor providing, that in any event within Sixty (60) days after the death of the Guarantor, Borrower or any surviving guarantor shall provide to the Bank evidence that the estate of the Guarantor confirms its obligations to the Bank under this Guaranty;
- (10) that termination, release or limitation of any guaranty of the obligations guaranteed hereby by any other guarantor shall not affect the continuing liability hereunder of the Guarantor;
- (11) that nothing shall discharge or satisfy the liability of the Guarantor hereunder except the full indefeasible payment and performance of all of the Borrower's debts and obligations to the Bank with interest and costs of collection;
- (12) that this Guaranty shall not be affected by the illegality, invalidity or unenforceability of the obligations guaranteed, by any fraudulent, illegal or improper act by the Borrower, the legal incapacity or any other defense of the Borrower, the Guarantor or any other person obligated to the Bank consequential to transactions with the Borrower nor by the invalidation, by operation of law or otherwise, of all or any part of the obligations guaranteed hereby, including but not limited to any interest accruable on the obligations guaranteed hereby during the pendency of any bankruptcy or receivership proceeding of the Borrower;
- (13) that any and all present and future debts and obligations of the Borrower to Guarantor are hereby waived and postponed in favor of and subordinated to the full indefeasible payment and performance of all present and future debts and obligations of the Borrower to the Bank;
- (14) the Guarantor hereby grants to the Bank a continuing lien and security interest in all deposits or other sums at any time credited by or due from the Bank or any Bank Affiliate (as hereinafter defined) to the Guarantor and any property of the Guarantor at any time in the Bank's or any Bank Affiliate's possession whether for safekeeping or otherwise, or in transit to or from the Bank or any Bank Affiliate (regardless of the reason the Bank or Bank Affiliate had received the same or whether the Bank or Bank Affiliate has conditionally released the same) as security for the full and punctual payment and performance of all of the obligations guaranteed hereby, and such deposits and other sums may be applied or set off against such obligations at any time, whether or not such are then due, whether or not demand has been made and whether or not other collateral is then available to the Bank or any Bank Affiliate;
- (15) that if at any time payment of all or any part of the obligations guaranteed hereunder is rescinded or otherwise must be restored by the Bank to the Borrower or to the creditors of the Borrower or any representative of the Borrower or representative of the Borrower's creditors as a voidable preference or fraudulent transfer or conveyance upon the insolvency, bankruptcy or reorganization of the Borrower or the Guarantor, or to the creditors of the Guarantor or any representative of the Guarantor or representative of the creditors of Guarantor upon the

Insolvency, bankruptcy or reorganization of the Guarantor or otherwise, this Guaranty shall continue to be effective or be reinstated, as the case may be, as though such payments had not been made, and shall survive as an obligation of the Guarantor, and shall not be discharged or satisfied by said payment or payments, notwithstanding the return of the original of this Guaranty to the Guarantor or to the Borrower, or any other apparent termination of Guarantor's obligations hereunder;

- (16) that any rights and remedies available to the Bank under this Guaranty are cumulative, and not exclusive of any rights and remedies otherwise available to the Bank at law or in equity;
- (17) that the Bank's delay or omission in exercising any of the Bank's rights and remedies shall not constitute a waiver of these rights and remedies, nor shall the Bank's waiver of any right or remedy operate as a waiver of any other right or remedy available to the Bank. The Bank's waiver of any right or remedy on any one occasion shall not be considered a waiver of same on any subsequent occasion, nor shall this be considered to be a continuing waiver;
- (18) that the Guarantor agrees to maintain with the Bank its primary operating and/or deposit accounts;
- (19) that this Guaranty incorporates all discussions and negotiations between the Bank and the Guarantor concerning the guaranty and indemnification provided by the undersigned hereby, and that no such discussions or negotiations shall limit, modify, or otherwise affect the provisions hereof, there are no preconditions to the effectiveness of this Guaranty and that no provision hereof may be altered, amended, waived, canceled or modified, except by a written instrument executed, sealed and acknowledged by the Bank's duly authorized officer;
- (20) that this Guaranty and all documents which have been or may be hereinafter furnished by the Guarantor to the Bank may be reproduced by the Bank by any photographic, photostatic, microfilm, xerographic or similar process, and that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made in the regular course of business); and
- (21) that the Guarantor shall deliver to the Bank simultaneously herewith and 12 months after the last statement and upon request therefor, personal financial statements addressed to the Bank in form satisfactory to the Bank, and the Guarantor represents and warrants the accuracy of any information contained therein and hereby agrees not to encumber or transfer any assets listed on any financial statements without the Bank's prior consent and that so long as this Guaranty remains in effect, Guarantor shall provide the Bank with copies of Guarantor's filed Federal tax returns for the prior year within 15 days after the date that Guarantor's tax returns are actually filed each such year or such other date approved by the Bank.

This Guaranty promotes and furthers the business and interests of the undersigned Guarantor, and the incurrence of any obligations by the Borrower and creation of the obligations hereunder will result in direct financial benefit to the undersigned Guarantor.

Guarantor waives: notice of acceptance hereof, presentment and protest of any instrument and notice thereof, notice of default and all other notices to which the Guarantor might otherwise be entitled; and any and all defenses, including without limitation, any and all defenses which the Borrower or any other party may have to the fullest extent permitted by law, any defense to this Guaranty based on impairment of collateral or on suretyship defenses of every type; any right to exoneration or marshaling. To the maximum extent permitted by law, Guarantor waives and terminates any homestead rights and/or exemptions respecting any premises under the provisions of any applicable homestead law, including without limitation, Section 222.01, Florida Statutes.

Guarantor hereby consents to the issuance of a continuing writ of garnishment or attachment against my disposable earnings, in accordance with section 222.11, Florida Statutes, in order to satisfy in whole or in part any money judgment entered in favor of Bank.

To the extent that it lawfully may, Guarantor hereby further agrees not to invoke any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of the Bank's rights under this Guaranty or otherwise respecting the guaranteed obligations, and to the extent that it lawfully may do so, the Guarantor hereby irrevocably waives the benefits of all such laws. Except as otherwise provided by applicable law, the Bank shall have no duty as to the collection or protection of any collateral, if any, securing the guaranteed obligations beyond the safe custody thereof.

Guarantor will from time to time execute and deliver to the Bank, and take or cause to be taken, all such other further action as the Bank may request in order to effect and confirm or vest more securely in the Bank all the rights contemplated in this Guaranty (including, without limitation, to correct clerical errors) or respecting any of the obligations guaranteed hereby or to comply with applicable statute or law.

This Guaranty, all acts and transactions hereunder, and the rights and obligations of the parties hereto shall be governed, construed and interpreted according to the laws of the State of Florida without giving effect to the conflicts of laws principles thereof, shall be binding upon the heirs, executors, administrators, successors and assigns of the Guarantor and shall inure to the benefit of the Bank's successors and assigns.

If any provision of this Guaranty is found to be invalid, illegal or unenforceable, the validity of the remainder of the Guaranty shall not be affected.

The term "Bank Affiliate" as used in this Guaranty shall mean any "Affiliate" of the Bank. The term "Affiliate" shall mean with respect to any person, (a) any person which, directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such person, or (b) any person who is a director or officer (i) of such person, (ii) of any subsidiary of such person, or (iii) any person described in clause (a) above. For purposes of this definition, control of a person shall mean the power, direct or indirect, (x) to vote 5% or more of the Capital Stock having ordinary voting power for the election of directors (or comparable equivalent) of such person, or (y) to direct or cause the direction of the management and policies of such person whether by contract or otherwise. Control may be by ownership, contract, or otherwise.

Guarantor authorizes the Bank to make any credit inquiries Bank deems necessary and authorizes any person or credit reporting agency to give Bank a copy of the Guarantor's credit report and any other financial information it may have.

If an entity, the Guarantor is organized, validly existing and in good standing under the laws of the state of its formation, and has the power and authority to enter into and perform under this Guaranty.

Guarantor irrevocably submits to the nonexclusive jurisdiction of any Federal or state court sitting in Florida, over any suit, action or proceeding arising out of or relating to this Guaranty. Guarantor irrevocably waives, to the fullest extent it may effectively do so under applicable law, any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Guarantor hereby consents to any and all process which may be served in any such suit, action or proceeding, (i) by mailing a copy thereof by registered and certified mail, postage prepaid, return receipt requested, to the Guarantor's address shown below or as notified to the Bank and (ii) by serving the same upon the Guarantor in any other manner otherwise permitted by law, and agrees that such service shall in every respect be deemed effective service upon the Guarantor.

GUARANTOR AND BANK EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, AND AFTER AN OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL, (A)

WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING IN CONNECTION WITH THIS GUARANTY, THE OBLIGATIONS GUARANTEED HEREBY, ALL MATTERS CONTEMPLATED HEREBY AND DOCUMENTS EXECUTED IN CONNECTION HERewith AND (B) AGREE NOT TO SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CAN NOT BE, OR HAS NOT BEEN WAIVED. GUARANTOR CERTIFIES THAT NEITHER THE BANK NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WOULD NOT IN THE EVENT OF ANY SUCH PROCEEDING SEEK TO ENFORCE THIS WAIVER OF RIGHT TO TRIAL BY JURY.

Executed as an instrument under seal and dated March 9, 2012.

Guarantor:



Vickie M. Penick, Individually

Address: 6043 Fall River Drive
New Port Richey, Florida
34655



UNLIMITED GUARANTY

TO: TD Bank, N.A., a National Association (the "Bank")

RE: Harbor Waterworks, Inc., a Florida corporation (the "Borrower")

To induce the Bank to make or continue to make loans, advances, or grant other financial accommodations to the Borrower, in consideration thereof and for loans, advances or financial accommodations heretofore or hereafter granted by the Bank to or for the account of the Borrower, the undersigned **Bradford K. Labella** (the "Guarantor") absolutely, unconditionally and irrevocably guarantees the full and punctual payment to the Bank of all sums which may be presently due and owing and of all sums which shall in the future become due and owing to the Bank from the Borrower, whether direct or indirect, whether as a borrower, guarantor, surety or otherwise, including, without limitation, interest, attorneys' fees and other amounts accruing after the filing of a petition in bankruptcy by or against Borrower, notwithstanding the discharge of Borrower from such obligations, together with all costs and expenses incurred by the Bank in connection with such obligations, this Unlimited Guaranty (this "Guaranty") and the enforcement thereof, and also guarantees the due performance by the Borrower of all its obligations under all other present and future contracts and agreements with the Bank, including, without limitation, all rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, forward transactions, currency swap transactions, cross-currency rate swap transactions and currency options. This is a guaranty of payment and not collection.

Guarantor also agrees:

- (1) to indemnify and hold the Bank and its directors, officers, employees, agents and attorneys harmless from and against all claims, obligations, demands and liabilities, by whomsoever asserted, and against all losses in any way suffered, incurred or paid as a result of or in any way arising out of or following or consequential to transactions with the Borrower, except for any claim arising out of the gross negligence or willful misconduct of the Bank;
- (2) that this Guaranty shall not be impaired by any modification, supplement, extension, renewal or amendment of any contract or agreement to which the parties thereto may hereafter agree, nor by any modification, increase, release or other alteration of any of the obligations hereby guaranteed or of any security therefor, nor by any agreements or arrangements whatsoever with the Borrower or anyone else, all of which may be done without notice to or consent by the Guarantor;
- (3) that the liability of the Guarantor hereunder is direct and unconditional and due immediately upon default of the Borrower without demand or notice and without requiring the Bank first to resort to any other right, remedy or security;
- (4) that Guarantor shall have no right of subrogation, reimbursement or indemnity whatsoever until the Bank is indefeasibly paid in full, nor any right of recourse to security for the debts and obligations of the Borrower to the Bank;
- (5) that the liability of the Guarantor is unlimited and shall be joint and several with the liabilities of any other guarantors;

- (6) that if the Borrower or the Guarantor or any other guarantor should at any time become insolvent or make a general assignment, or if a petition in bankruptcy or any insolvency or reorganization proceedings shall be filed or commenced by, against or in respect of the Borrower or the Guarantor, or any other guarantor of the obligations guaranteed hereby, any and all obligations of the Guarantor shall be immediately due and payable without notice;
- (7) that the Bank's books and records showing the account between the Bank and the Borrower shall be admissible in any action or proceeding, shall be binding upon the Guarantor for the purpose of establishing the items therein set forth and shall constitute conclusive proof thereof;
- (8) that this Guaranty is, as to the Guarantor, a continuing Guaranty that shall remain effective under successive transactions until the obligations guaranteed hereby are irrevocably paid in full;
- (9) that the death of Guarantor shall not effect the termination of this Guaranty as to Guarantor providing, that in any event within Sixty (60) days after the death of the Guarantor, Borrower or any surviving guarantor shall provide to the Bank evidence that the estate of the Guarantor confirms its obligations to the Bank under this Guaranty;
- (10) that termination, release or limitation of any guaranty of the obligations guaranteed hereby by any other guarantor shall not affect the continuing liability hereunder of the Guarantor;
- (11) that nothing shall discharge or satisfy the liability of the Guarantor hereunder except the full indefeasible payment and performance of all of the Borrower's debts and obligations to the Bank with interest and costs of collection;
- (12) that this Guaranty shall not be affected by the illegality, invalidity or unenforceability of the obligations guaranteed, by any fraudulent, illegal or improper act by the Borrower, the legal incapacity or any other defense of the Borrower, the Guarantor or any other person obligated to the Bank consequential to transactions with the Borrower nor by the invalidation, by operation of law or otherwise, of all or any part of the obligations guaranteed hereby, including but not limited to any interest accruable on the obligations guaranteed hereby during the pendency of any bankruptcy or receivership proceeding of the Borrower;
- (13) that any and all present and future debts and obligations of the Borrower to Guarantor are hereby waived and postponed in favor of and subordinated to the full indefeasible payment and performance of all present and future debts and obligations of the Borrower to the Bank;
- (14) the Guarantor hereby grants to the Bank a continuing lien and security interest in all deposits or other sums at any time credited by or due from the Bank or any Bank Affiliate (as hereinafter defined) to the Guarantor and any property of the Guarantor at any time in the Bank's or any Bank Affiliate's possession whether for safekeeping or otherwise, or in transit to or from the Bank or any Bank Affiliate (regardless of the reason the Bank or Bank Affiliate had received the same or whether the Bank or Bank Affiliate has conditionally released the same) as security for the full and punctual payment and performance of all of the obligations guaranteed hereby, and such deposits and other sums may be applied or set off against such obligations at any time, whether or not such are then due, whether or not demand has been made and whether or not other collateral is then available to the Bank or any Bank Affiliate;
- (15) that if at any time payment of all or any part of the obligations guaranteed hereunder is rescinded or otherwise must be restored by the Bank to the Borrower or to the creditors of the Borrower or any representative of the Borrower or representative of the Borrower's creditors as a voidable preference or fraudulent transfer or conveyance upon the insolvency, bankruptcy or reorganization of the Borrower or the Guarantor, or to the creditors of the Guarantor or any representative of the Guarantor or representative of the creditors of Guarantor upon the

Insolvency, bankruptcy or reorganization of the Guarantor or otherwise, this Guaranty shall continue to be effective or be reinstated, as the case may be, as though such payments had not been made, and shall survive as an obligation of the Guarantor, and shall not be discharged or satisfied by said payment or payments, notwithstanding the return of the original of this Guaranty to the Guarantor or to the Borrower, or any other apparent termination of Guarantor's obligations hereunder;

- (16) that any rights and remedies available to the Bank under this Guaranty are cumulative, and not exclusive of any rights and remedies otherwise available to the Bank at law or in equity;
- (17) that the Bank's delay or omission in exercising any of the Bank's rights and remedies shall not constitute a waiver of these rights and remedies, nor shall the Bank's waiver of any right or remedy operate as a waiver of any other right or remedy available to the Bank. The Bank's waiver of any right or remedy on any one occasion shall not be considered a waiver of same on any subsequent occasion, nor shall this be considered to be a continuing waiver;
- (18) that the Guarantor agrees to maintain with the Bank its primary operating and/or deposit accounts;
- (19) that this Guaranty incorporates all discussions and negotiations between the Bank and the Guarantor concerning the guaranty and indemnification provided by the undersigned hereby, and that no such discussions or negotiations shall limit, modify, or otherwise affect the provisions hereof, there are no preconditions to the effectiveness of this Guaranty and that no provision hereof may be altered, amended, waived, canceled or modified, except by a written instrument executed, sealed and acknowledged by the Bank's duly authorized officer;
- (20) that this Guaranty and all documents which have been or may be hereinafter furnished by the Guarantor to the Bank may be reproduced by the Bank by any photographic, photostatic, microfilm, xerographic or similar process, and that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made in the regular course of business); and
- (21) that the Guarantor shall deliver to the Bank simultaneously herewith and 12 months after the last statement and upon request therefor, personal financial statements addressed to the Bank in form satisfactory to the Bank, and the Guarantor represents and warrants the accuracy of any information contained therein and hereby agrees not to encumber or transfer any assets listed on any financial statements without the Bank's prior consent and that so long as this Guaranty remains in effect, Guarantor shall provide the Bank with copies of Guarantor's filed Federal tax returns for the prior year within 15 days after the date that Guarantor's tax returns are actually filed each such year or such other date approved by the Bank.

This Guaranty promotes and furthers the business and interests of the undersigned Guarantor, and the incurrence of any obligations by the Borrower and creation of the obligations hereunder will result in direct financial benefit to the undersigned Guarantor.

Guarantor waives: notice of acceptance hereof, presentment and protest of any instrument and notice thereof, notice of default and all other notices to which the Guarantor might otherwise be entitled; and any and all defenses, including without limitation, any and all defenses which the Borrower or any other party may have to the fullest extent permitted by law, any defense to this Guaranty based on impairment of collateral or on suretyship defenses of every type; any right to exoneration or marshaling. To the maximum extent permitted by law, Guarantor waives and terminates any homestead rights and/or exemptions respecting any premises under the provisions of any applicable homestead law, including without limitation, Section 222.01, Florida Statutes.

Guarantor hereby consents to the issuance of a continuing writ of garnishment or attachment against my disposable earnings, in accordance with section 222.11, Florida Statutes, in order to satisfy in whole or in part any money judgment entered in favor of Bank.

To the extent that it lawfully may, Guarantor hereby further agrees not to invoke any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of the Bank's rights under this Guaranty or otherwise respecting the guaranteed obligations, and to the extent that it lawfully may do so, the Guarantor hereby irrevocably waives the benefits of all such laws. Except as otherwise provided by applicable law, the Bank shall have no duty as to the collection or protection of any collateral, if any, securing the guaranteed obligations beyond the safe custody thereof.

Guarantor will from time to time execute and deliver to the Bank, and take or cause to be taken, all such other further action as the Bank may request in order to effect and confirm or vest more securely in the Bank all the rights contemplated in this Guaranty (including, without limitation, to correct clerical errors) or respecting any of the obligations guaranteed hereby or to comply with applicable statute or law.

This Guaranty, all acts and transactions hereunder, and the rights and obligations of the parties hereto shall be governed, construed and interpreted according to the laws of the State of Florida without giving effect to the conflicts of laws principles thereof, shall be binding upon the heirs, executors, administrators, successors and assigns of the Guarantor and shall inure to the benefit of the Bank's successors and assigns.

If any provision of this Guaranty is found to be invalid, illegal or unenforceable, the validity of the remainder of the Guaranty shall not be affected.

The term "Bank Affiliate" as used in this Guaranty shall mean any "Affiliate" of the Bank. The term "Affiliate" shall mean with respect to any person, (a) any person which, directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such person, or (b) any person who is a director or officer (i) of such person, (ii) of any subsidiary of such person, or (iii) any person described in clause (a) above. For purposes of this definition, control of a person shall mean the power, direct or indirect, (x) to vote 5% or more of the Capital Stock having ordinary voting power for the election of directors (or comparable equivalent) of such person, or (y) to direct or cause the direction of the management and policies of such person whether by contract or otherwise. Control may be by ownership, contract, or otherwise.

Guarantor authorizes the Bank to make any credit inquiries Bank deems necessary and authorizes any person or credit reporting agency to give Bank a copy of the Guarantor's credit report and any other financial information it may have.

If an entity, the Guarantor is organized, validly existing and in good standing under the laws of the state of its formation, and has the power and authority to enter into and perform under this Guaranty.

Guarantor irrevocably submits to the nonexclusive jurisdiction of any Federal or state court sitting in Florida, over any suit, action or proceeding arising out of or relating to this Guaranty. Guarantor irrevocably waives, to the fullest extent it may effectively do so under applicable law, any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Guarantor hereby consents to any and all process which may be served in any such suit, action or proceeding, (i) by mailing a copy thereof by registered and certified mail, postage prepaid, return receipt requested, to the Guarantor's address shown below or as notified to the Bank and (ii) by serving the same upon the Guarantor in any other manner otherwise permitted by law, and agrees that such service shall in every respect be deemed effective service upon the Guarantor.

GUARANTOR AND BANK EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, AND AFTER AN OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL, (A)

WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING IN CONNECTION WITH THIS GUARANTY, THE OBLIGATIONS GUARANTEED HEREBY, ALL MATTERS CONTEMPLATED HEREBY AND DOCUMENTS EXECUTED IN CONNECTION HERewith AND (B) AGREE NOT TO SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CAN NOT BE, OR HAS NOT BEEN WAIVED. GUARANTOR CERTIFIES THAT NEITHER THE BANK NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WOULD NOT IN THE EVENT OF ANY SUCH PROCEEDING SEEK TO ENFORCE THIS WAIVER OF RIGHT TO TRIAL BY JURY.

Executed as an Instrument under seal and dated March 9, 2012.

Guarantor:


Bradford K. Labella, individually

Address: 16907 Equestrian Trail
Odessa, Florida
33556



UNLIMITED GUARANTY

TO: TD Bank, N.A., a National Association (the "Bank")

RE: Harbor Waterworks, Inc., a Florida corporation (the "Borrower")

To induce the Bank to make or continue to make loans, advances, or grant other financial accommodations to the Borrower, in consideration thereof and for loans, advances or financial accommodations heretofore or hereafter granted by the Bank to or for the account of the Borrower, the undersigned Gary A. Deremer (the "Guarantor") absolutely, unconditionally and irrevocably guarantees the full and punctual payment to the Bank of all sums which may be presently due and owing and of all sums which shall in the future become due and owing to the Bank from the Borrower, whether direct or indirect, whether as a borrower, guarantor, surety or otherwise, including, without limitation, interest, attorneys' fees and other amounts accruing after the filing of a petition in bankruptcy by or against Borrower, notwithstanding the discharge of Borrower from such obligations, together with all costs and expenses incurred by the Bank in connection with such obligations, this Unlimited Guaranty (this "Guaranty") and the enforcement thereof, and also guarantees the due performance by the Borrower of all its obligations under all other present and future contracts and agreements with the Bank, including, without limitation, all rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, forward transactions, currency swap transactions, cross-currency rate swap transactions and currency options. This is a guaranty of payment and not collection.

Guarantor also agrees:

- (1) to indemnify and hold the Bank and its directors, officers, employees, agents and attorneys harmless from and against all claims, obligations, demands and liabilities, by whomsoever asserted, and against all losses in any way suffered, incurred or paid as a result of or in any way arising out of or following or consequential to transactions with the Borrower, except for any claim arising out of the gross negligence or willful misconduct of the Bank;
- (2) that this Guaranty shall not be impaired by any modification, supplement, extension, renewal or amendment of any contract or agreement to which the parties thereto may hereafter agree, nor by any modification, increase, release or other alteration of any of the obligations hereby guaranteed or of any security therefor, nor by any agreements or arrangements whatsoever with the Borrower or anyone else, all of which may be done without notice to or consent by the Guarantor;
- (3) that the liability of the Guarantor hereunder is direct and unconditional and due immediately upon default of the Borrower without demand or notice and without requiring the Bank first to resort to any other right, remedy or security;
- (4) that Guarantor shall have no right of subrogation, reimbursement or indemnity whatsoever until the Bank is indefeasibly paid in full, nor any right of recourse to security for the debts and obligations of the Borrower to the Bank;
- (5) that the liability of the Guarantor is unlimited and shall be joint and several with the liabilities of any other guarantors;

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- (6) that if the Borrower or the Guarantor or any other guarantor should at any time become insolvent or make a general assignment, or if a petition in bankruptcy or any insolvency or reorganization proceedings shall be filed or commenced by, against or in respect of the Borrower or the Guarantor, or any other guarantor of the obligations guaranteed hereby, any and all obligations of the Guarantor shall be immediately due and payable without notice;
- (7) that the Bank's books and records showing the account between the Bank and the Borrower shall be admissible in any action or proceeding, shall be binding upon the Guarantor for the purpose of establishing the items therein set forth and shall constitute conclusive proof thereof;
- (8) that this Guaranty is, as to the Guarantor, a continuing Guaranty that shall remain effective under successive transactions until the obligations guaranteed hereby are irrevocably paid in full;
- (9) that the death of Guarantor shall not effect the termination of this Guaranty as to Guarantor providing, that in any event within Sixty (60) days after the death of the Guarantor, Borrower or any surviving guarantor shall provide to the Bank evidence that the estate of the Guarantor confirms its obligations to the Bank under this Guaranty;
- (10) that termination, release or limitation of any guaranty of the obligations guaranteed hereby by any other guarantor shall not affect the continuing liability hereunder of the Guarantor;
- (11) that nothing shall discharge or satisfy the liability of the Guarantor hereunder except the full indefeasible payment and performance of all of the Borrower's debts and obligations to the Bank with interest and costs of collection;
- (12) that this Guaranty shall not be affected by the illegality, invalidity or unenforceability of the obligations guaranteed, by any fraudulent, illegal or improper act by the Borrower, the legal incapacity or any other defense of the Borrower, the Guarantor or any other person obligated to the Bank consequential to transactions with the Borrower nor by the invalidation, by operation of law or otherwise, of all or any part of the obligations guaranteed hereby, including but not limited to any interest accruable on the obligations guaranteed hereby during the pendency of any bankruptcy or receivership proceeding of the Borrower;
- (13) that any and all present and future debts and obligations of the Borrower to Guarantor are hereby waived and postponed in favor of and subordinated to the full indefeasible payment and performance of all present and future debts and obligations of the Borrower to the Bank;
- (14) the Guarantor hereby grants to the Bank a continuing lien and security interest in all deposits or other sums at any time credited by or due from the Bank or any Bank Affiliate (as hereinafter defined) to the Guarantor and any property of the Guarantor at any time in the Bank's or any Bank Affiliate's possession whether for safekeeping or otherwise, or in transit to or from the Bank or any Bank Affiliate (regardless of the reason the Bank or Bank Affiliate had received the same or whether the Bank or Bank Affiliate has conditionally released the same) as security for the full and punctual payment and performance of all of the obligations guaranteed hereby, and such deposits and other sums may be applied or set off against such obligations at any time, whether or not such are then due, whether or not demand has been made and whether or not other collateral is then available to the Bank or any Bank Affiliate;
- (15) that if at any time payment of all or any part of the obligations guaranteed hereunder is rescinded or otherwise must be restored by the Bank to the Borrower or to the creditors of the Borrower or any representative of the Borrower or representative of the Borrower's creditors as a voidable preference or fraudulent transfer or conveyance upon the insolvency, bankruptcy or reorganization of the Borrower or the Guarantor, or to the creditors of the Guarantor or any representative of the Guarantor or representative of the creditors of Guarantor upon the

insolvency, bankruptcy or reorganization of the Guarantor or otherwise, this Guaranty shall continue to be effective or be reinstated, as the case may be, as though such payments had not been made, and shall survive as an obligation of the Guarantor, and shall not be discharged or satisfied by said payment or payments, notwithstanding the return of the original of this Guaranty to the Guarantor or to the Borrower, or any other apparent termination of Guarantor's obligations hereunder;

- (16) that any rights and remedies available to the Bank under this Guaranty are cumulative, and not exclusive of any rights and remedies otherwise available to the Bank at law or in equity;
- (17) that the Bank's delay or omission in exercising any of the Bank's rights and remedies shall not constitute a waiver of these rights and remedies, nor shall the Bank's waiver of any right or remedy operate as a waiver of any other right or remedy available to the Bank. The Bank's waiver of any right or remedy on any one occasion shall not be considered a waiver of same on any subsequent occasion, nor shall this be considered to be a continuing waiver;
- (18) that the Guarantor agrees to maintain with the Bank its primary operating and/or deposit accounts;
- (19) that this Guaranty incorporates all discussions and negotiations between the Bank and the Guarantor concerning the guaranty and indemnification provided by the undersigned hereby, and that no such discussions or negotiations shall limit, modify, or otherwise affect the provisions hereof, there are no preconditions to the effectiveness of this Guaranty and that no provision hereof may be altered, amended, waived, canceled or modified, except by a written instrument executed, sealed and acknowledged by the Bank's duly authorized officer;
- (20) that this Guaranty and all documents which have been or may be hereinafter furnished by the Guarantor to the Bank may be reproduced by the Bank by any photographic, photostatic, microfilm, xerographic or similar process, and that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made in the regular course of business); and
- (21) that the Guarantor shall deliver to the Bank simultaneously herewith and 12 months after the last statement and upon request therefor, personal financial statements addressed to the Bank in form satisfactory to the Bank, and the Guarantor represents and warrants the accuracy of any information contained therein and hereby agrees not to encumber or transfer any assets listed on any financial statements without the Bank's prior consent and that so long as this Guaranty remains in effect, Guarantor shall provide the Bank with copies of Guarantor's filed Federal tax returns for the prior year within 15 days after the date that Guarantor's tax returns are actually filed each such year or such other date approved by the Bank.

This Guaranty promotes and furthers the business and interests of the undersigned Guarantor, and the incurrence of any obligations by the Borrower and creation of the obligations hereunder will result in direct financial benefit to the undersigned Guarantor.

Guarantor waives: notice of acceptance hereof, presentment and protest of any instrument and notice thereof, notice of default and all other notices to which the Guarantor might otherwise be entitled; and any and all defenses, including without limitation, any and all defenses which the Borrower or any other party may have to the fullest extent permitted by law, any defense to this Guaranty based on impairment of collateral or on suretyship defenses of every type; any right to exoneration or marshaling. To the maximum extent permitted by law, Guarantor waives and terminates any homestead rights and/or exemptions respecting any premises under the provisions of any applicable homestead law, including without limitation, Section 222.01, Florida Statutes.

Guarantor hereby consents to the issuance of a continuing writ of garnishment or attachment against my disposable earnings, in accordance with section 222.11, Florida Statutes, in order to satisfy in whole or in part any money judgment entered in favor of Bank.

To the extent that it lawfully may, Guarantor hereby further agrees not to invoke any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of the Bank's rights under this Guaranty or otherwise respecting the guaranteed obligations, and to the extent that it lawfully may do so, the Guarantor hereby irrevocably waives the benefits of all such laws. Except as otherwise provided by applicable law, the Bank shall have no duty as to the collection or protection of any collateral, if any, securing the guaranteed obligations beyond the safe custody thereof.

Guarantor will from time to time execute and deliver to the Bank, and take or cause to be taken, all such other further action as the Bank may request in order to effect and confirm or vest more securely in the Bank all the rights contemplated in this Guaranty (including, without limitation, to correct clerical errors) or respecting any of the obligations guaranteed hereby or to comply with applicable statute or law.

This Guaranty, all acts and transactions hereunder, and the rights and obligations of the parties hereto shall be governed, construed and interpreted according to the laws of the State of Florida without giving effect to the conflicts of laws principles thereof, shall be binding upon the heirs, executors, administrators, successors and assigns of the Guarantor and shall inure to the benefit of the Bank's successors and assigns.

If any provision of this Guaranty is found to be invalid, illegal or unenforceable, the validity of the remainder of the Guaranty shall not be affected.

The term "Bank Affiliate" as used in this Guaranty shall mean any "Affiliate" of the Bank. The term "Affiliate" shall mean with respect to any person, (a) any person which, directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such person, or (b) any person who is a director or officer (i) of such person, (ii) of any subsidiary of such person, or (iii) any person described in clause (a) above. For purposes of this definition, control of a person shall mean the power, direct or indirect, (x) to vote 5% or more of the Capital Stock having ordinary voting power for the election of directors (or comparable equivalent) of such person, or (y) to direct or cause the direction of the management and policies of such person whether by contract or otherwise. Control may be by ownership, contract, or otherwise.

Guarantor authorizes the Bank to make any credit inquiries Bank deems necessary and authorizes any person or credit reporting agency to give Bank a copy of the Guarantor's credit report and any other financial information it may have.

If an entity, the Guarantor is organized, validly existing and in good standing under the laws of the state of its formation, and has the power and authority to enter into and perform under this Guaranty.

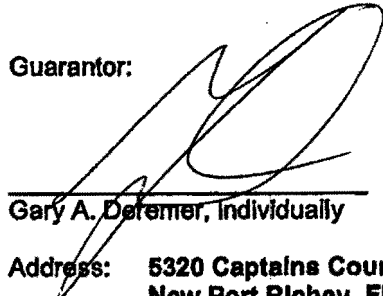
Guarantor irrevocably submits to the nonexclusive jurisdiction of any Federal or state court sitting in Florida, over any suit, action or proceeding arising out of or relating to this Guaranty. Guarantor irrevocably waives, to the fullest extent it may effectively do so under applicable law, any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Guarantor hereby consents to any and all process which may be served in any such suit, action or proceeding, (i) by mailing a copy thereof by registered and certified mail, postage prepaid, return receipt requested, to the Guarantor's address shown below or as notified to the Bank and (ii) by serving the same upon the Guarantor in any other manner otherwise permitted by law, and agrees that such service shall in every respect be deemed effective service upon the Guarantor.

GUARANTOR AND BANK EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, AND AFTER AN OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL, (A)

WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING IN CONNECTION WITH THIS GUARANTY, THE OBLIGATIONS GUARANTEED HEREBY, ALL MATTERS CONTEMPLATED HEREBY AND DOCUMENTS EXECUTED IN CONNECTION HEREWITH AND (B) AGREE NOT TO SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CAN NOT BE, OR HAS NOT BEEN WAIVED. GUARANTOR CERTIFIES THAT NEITHER THE BANK NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WOULD NOT IN THE EVENT OF ANY SUCH PROCEEDING SEEK TO ENFORCE THIS WAIVER OF RIGHT TO TRIAL BY JURY.

Executed as an instrument under seal and dated March 9, 2012.

Guarantor:



Gary A. Defermer, Individually

Address: 5320 Captains Court
New Port Richey, Florida
34652



LOAN AND SECURITY AGREEMENT

This LOAN AND SECURITY AGREEMENT (this "Agreement") is entered into as of March 9, 2012, between Harbor Waterworks, Inc., a Florida corporation, with its chief executive office located at 5320 Captains Court, New Port Richey, Florida 34652 (the "Borrower") and TD Bank, N.A., a National Association, with an address of 104 South Main Street, Greenville, South Carolina 29601 (the "Bank").

FOR VALUE RECEIVED, and in consideration of the granting by the Bank of financial accommodations to or for the benefit of the Borrower, including without limitation respecting the Obligations (as hereinafter defined), the Borrower represents and agrees with the Bank, as of the date hereof and as of the date of each loan, credit and/or other financial accommodation, as follows:

1. THE LOAN

1.1 Loan. Subject to the terms and conditions of this Agreement, the Bank hereby agrees to make a loan to Borrower in the original principal amount of \$214,989.00 (the "Loan"). The Loan shall be evidenced by that certain Term Note, of even date herewith (the "Note") by Harbor Waterworks, Inc. in favor of the Bank in the original principal amount of \$214,989.00. This Agreement, the Note, and any and all other documents, amendments or renewals executed and delivered in connection with any of the foregoing are collectively hereinafter referred to as the "Loan Documents".

2. GRANT OF SECURITY INTEREST

2.1 Grant of Security Interest. In consideration of the Bank's extending credit and other financial accommodations to or for the benefit of the Borrower, the Borrower hereby grants to the Bank a security interest in, a lien on and pledge and assignment of the Collateral (as hereinafter defined). The security interest granted by this Agreement is given to and shall be held by the Bank as security for the payment and performance of all Obligations, including, without limitation, all amounts outstanding pursuant to the Loan Documents.

2.2 Definitions. The following definitions shall apply:

- (a) "Code" shall mean the Florida Uniform Commercial Code, Florida Statutes, Chapter 671.101 et. seq. as amended from time to time.
- (b) "Collateral" shall mean all of the Borrower's present and future right, title and interest in and to any and all of the personal property of the Borrower whether such property is now existing or hereafter created, acquired or arising and wherever located from time to time, including without limitation:
 - (i) accounts;
 - (ii) chattel paper;
 - (iii) goods;

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- (iv) Inventory;
 - (v) equipment;
 - (vi) fixtures
 - (vii) farm products;
 - (viii) Instruments;
 - (ix) Investment property;
 - (x) documents;
 - (xi) commercial tort claims;
 - (xii) deposit accounts;
 - (xiii) letter-of-credit rights;
 - (xiv) general intangibles;
 - (xv) supporting obligations; and
 - (xvi) records of, accession to and proceeds and products of the foregoing.
- (c) "Debtors" shall mean the Borrower's customers who are indebted to the Borrower.
- (d) "Bank Affiliate" shall mean any "Affiliate" of the Bank. The term "Affiliate" shall mean with respect to any Person, (a) any Person which, directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such Person, or (b) any Person who is a director or officer (i) of such Person, (ii) of any subsidiary of such Person, or (iii) any person described in clause (a) above. For purposes of this definition, control of a Person shall mean the power, direct or indirect, (x) to vote 5% or more of the Capital Stock having ordinary voting power for the election of directors (or comparable equivalent) of such Person, or (y) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise. Control may be by ownership, contract, or otherwise.
- (e) "Obligation(s)" shall mean, without limitation, all loans, advances, indebtedness, notes, liabilities, rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, forward transactions, currency swap transactions, cross-currency rate swap transactions, currency options and amounts, liquidated or unliquidated, owing by the Borrower to the Bank or any Bank Affiliate at any time, of each and every kind, nature and description, whether arising under this Agreement or otherwise, and whether secured or unsecured, direct or indirect (that is, whether the same are due directly by the Borrower to the Bank or any Bank Affiliate; or are due indirectly by the Borrower to the Bank or any Bank Affiliate as endorser, guarantor or other surety, or as borrower of obligations due third persons which have been endorsed or assigned to the Bank or any Bank Affiliate, or otherwise), absolute or contingent, due or to become due, now existing or hereafter arising or contracted, including, without limitation, payment when due of all amounts outstanding respecting any of the Loan Documents. Said term shall also include all interest and other charges chargeable to the Borrower or due from the Borrower to the Bank or any Bank Affiliate from time to time and all

costs and expenses referred to in this Agreement, as well as any other debts, liabilities or obligations owing to Bank or any Bank Affiliate in connection with any lockbox, cash management, or other services (including electronic funds transfers or automated clearing house transactions).

- (f) "Person" or "party" shall mean individuals, partnerships, corporations, limited liability companies and all other entities.

All words and terms used in this Agreement other than those specifically defined herein shall have the meanings accorded to them in the Code.

2.3 **Ordinary Course of Business.** The Bank hereby authorizes and permits the Borrower to hold, process, sell, use or consume in the manufacture or processing of finished goods, or otherwise dispose of inventory for fair consideration, all in the ordinary course of the Borrower's business, excluding, without limitation, sales to creditors or in bulk or sales or other dispositions occurring under circumstances which would or could create any lien or interest adverse to the Bank's security interest or other right hereunder in the proceeds resulting therefrom. The Bank also hereby authorizes and permits the Borrower to receive from the Debtors all amounts due as proceeds of the Collateral at the Borrower's own cost and expense, and also liability, if any, subject to the direction and control of the Bank at all times; and the Bank may at any time, without cause or notice, and whether or not an Event of Default has occurred or demand has been made, terminate all or any part of the authority and permission herein or elsewhere in this Agreement granted to the Borrower with reference to the Collateral, and notify Debtors to make all payments due as proceeds of the Collateral to the Bank. Until Bank shall otherwise notify Borrower, all proceeds of and collections of Collateral shall be retained by Borrower and used solely for the ordinary and usual operation of Borrower's business. From and after notice by Bank to Borrower, all proceeds of and collections of the Collateral shall be held in trust by Borrower for Bank and shall not be commingled with Borrower's other funds or deposited in any Bank account of Borrower; and Borrower agrees to deliver to Bank on the dates of receipt thereof by Borrower, duly endorsed to Bank or to bearer, or assigned to Bank, as may be appropriate, all proceeds of the Collateral in the identical form received by Borrower.

2.4 **Allowances.** Absent an Event of Default the Borrower may grant such allowances or other adjustments to Debtors (exclusive of extending the time for payment of any item which shall not be done without first obtaining the Bank's written consent in each instance) as the Borrower may reasonably deem to accord with sound business practice, including, without limiting the generality of the foregoing, accepting the return of all or any part of the inventory (subject to the provisions set forth in this Agreement with reference to returned inventory).

2.5 **Records.** The Borrower shall hold its books and records relating to the Collateral segregated from all the Borrower's other books and records in a manner satisfactory to the Bank; and shall deliver to the Bank from time to time promptly at its request all invoices, original documents of title, contracts, chattel paper, instruments and any other writings relating thereto, and other evidence of performance of contracts, or evidence of shipment or delivery of the merchandise or of the rendering of services; and the Borrower will deliver to the Bank promptly at the Bank's request from time to time additional copies of any or all of such papers or writings, and such other information with respect to any of the Collateral and such schedules of inventory, schedules of accounts and such other writings as the Bank may in its sole discretion deem to be necessary or effectual to evidence any loan hereunder or the Bank's security interest in the Collateral.

2.6 **Legends.** The Borrower shall promptly make, stamp or record such entries or legends on the Borrower's books and records or on any of the Collateral (including, without limitation, chattel paper) as Bank shall request from time to time, to indicate and disclose that Bank has a security interest in such Collateral.

2.7 **Inspection.** The Bank, or its representatives, at any time and from time to time, shall have the right at the sole cost and expense of Borrower, and the Borrower will permit the Bank and/or its representatives: (a) to examine, check, make copies of or extracts from any of the Borrower's books, records and files (including, without limitation, orders and original correspondence); (b) to perform field exams or otherwise inspect and examine the Collateral and to check, test or appraise the same as to quality, quantity, value and condition; and (c) to verify the Collateral or any portion or portions thereof or the Borrower's compliance with the provisions of this Agreement.

2.8 **Purchase Money Security Interests.** To the extent the Borrower uses proceeds of any loans to purchase Collateral, the repayment of such loans shall be on a "first-in-first-out" basis so that the portion of the loan used to purchase a particular item of Collateral shall be repaid in the order in which Borrower purchased such item of Collateral.

2.9 **Search Reports.** Bank shall receive prior to the date of this Agreement UCC search results under all names used by the Borrower during the prior five (5) years, from each jurisdiction where any Collateral is located, from the State, if any, where the Borrower is organized and registered (as such terms are used in the Code), and the State where the Borrower's chief executive office is located. The search results shall confirm that the security interest in the Collateral granted Bank hereunder is prior to all other security interests in favor of any other person.

3. REPRESENTATIONS AND WARRANTIES

3.1 **Organization and Qualification.** Borrower is a duly organized and validly existing corporation under the laws of the State of its incorporation with the exact legal name set forth in the first paragraph of this Agreement. Borrower is in good standing under the laws of said State, has the power to own its property and conduct its business as now conducted and as currently proposed to be conducted, and is duly qualified to do business under the laws of each state where the nature of the business done or property owned requires such qualification.

3.2 **Subsidiaries.** Borrower has no subsidiaries other than as previously specifically consented to in writing by the Bank, if any, and the Borrower has never consolidated, merged or acquired substantially all of the assets of any other entity or person other than as previously specifically consented to in writing by the Bank, if any.

3.3 **Corporate Records.** Borrower's corporate charter, articles or certificate of organization or incorporation and all amendments thereto have been duly filed and are in proper order. All outstanding capital stock issued by the Borrower was and is properly issued and all books and records of the Borrower, including but not limited to its minute books, bylaws and books of account, are accurate and up to date and will be so maintained.

3.4 **Title to Properties: Absence of Liens.** Borrower has good and clear record and marketable title to all of its properties and assets, and all of its properties and assets including the Collateral are free and clear of all mortgages, liens, pledges, charges, encumbrances and setoffs, other than the security interest therein granted to the Bank and those mortgages, deeds of trust, leases of personal property and security interests previously specifically consented to in writing by the Bank.

3.5 **Places of Business.** Borrower's chief executive office is correctly stated in the preamble to this Agreement, and Borrower shall, during the term of this Agreement, keep the Bank currently and accurately informed in writing of each of its other places of business, and shall not change the location of such chief executive office or open or close, move or change any existing or new place of business without giving the Bank at least thirty (30) days prior written notice thereof.

3.6 **Valid Obligations.** The execution, delivery and performance of the Loan Documents have been duly authorized by all necessary corporate action and each represents a legal, valid and binding

obligation of Borrower and is fully enforceable according to its terms, except as limited by laws relating to the enforcement of creditors' rights.

3.7 **Conflicts.** There is no provision in Borrower's organizational or charter documents, if any, or in any indenture, contract or agreement to which Borrower is a party which prohibits, limits or restricts the execution, delivery or performance of the Loan Documents.

3.8 **Governmental Approvals.** The execution, delivery and performance of the Loan Documents does not require any approval of or filing with any governmental agency or authority.

3.9 **Litigation, etc.** There are no actions, claims or proceedings pending or to the knowledge of Borrower threatened against Borrower which might materially adversely affect the ability of Borrower to conduct its business or to pay or perform the Obligations.

3.10 **Financial Statements.** The Borrower has furnished to the Bank one or more financial statements each of which fairly presents the condition of the Borrower at the date thereof and the results of the operations of the Borrower for the period indicated, all in conformity with generally accepted accounting principles, consistently applied.

3.11 **Accounts and Contract Rights.** All accounts arise out of legally enforceable and existing contracts, and represent unconditional and undisputed bona fide indebtedness by a Debtor, and are not and will not be subject to any discount (except such cash or trade discount as may be shown on any invoice, contract or other writing delivered to the Bank). No contract right, account, general intangible or chattel paper is or will be represented by any note or other instrument, and no contract right, account or general intangible is, or will be represented by any conditional or installment sales obligation or other chattel paper, except such instruments or chattel paper as have been or immediately upon receipt by the Borrower will be delivered to the Bank (duly endorsed or assigned), such delivery, in the case of chattel paper, to include all executed copies except those in the possession of the installment buyer and any security for or guaranty of any of the Collateral shall be delivered to the Bank immediately upon receipt thereof by the Borrower, with such assignments and endorsements thereof as the Bank may request.

3.12 **Title to Collateral.** At the date hereof the Borrower is (and as to Collateral that the Borrower may acquire after the date hereof, will be) the lawful owner of the Collateral, and the Collateral and each item thereof is, will be and shall continue to be free of all restrictions, liens, encumbrances or other rights, title or interests (other than the security interest therein granted to the Bank), credits, defenses, recoupments, set-offs or counterclaims whatsoever. The Borrower has and will have full power and authority to grant to the Bank a security interest in the Collateral and the Borrower has not transferred, assigned, sold, pledged, encumbered, subjected to lien or granted any security interest in, and will not transfer, assign, sell (except sales or other dispositions in the ordinary course of business in respect to inventory as expressly permitted in this Agreement), pledge, encumber, subject to lien or grant any security interest in any of the Collateral (or any of the Borrower's right, title or interest therein), to any person other than the Bank. The Collateral is and will be valid and genuine in all respects. The Borrower will warrant and defend the Bank's right to and interest in the Collateral against all claims and demands of all persons whatsoever.

3.13 **Location of Collateral.** Except for sale, processing, use, consumption or other disposition in the ordinary course of business, the Borrower will keep all inventory and equipment only at locations specified in this Agreement or specified to the Bank in writing. The Borrower shall, during the term of this Agreement, keep the Bank currently and accurately informed in writing of each location where the Borrower's records relating to its accounts and contract rights, respectively, are kept, and shall not remove such records or any of them to another location without giving the Bank at least thirty (30) days prior written notice thereof.

3.14 **Third Parties.** The Bank shall not be deemed to have assumed any liability or responsibility to the Borrower or any third person for the correctness, validity or genuineness of any instruments or

documents that may be released or endorsed to the Borrower by the Bank (which shall automatically be deemed to be without recourse to the Bank in any event) or for the existence, character, quantity, quality, condition, value or delivery of any goods purporting to be represented by any such documents; and the Bank, by accepting such security interest in the Collateral, or by releasing any Collateral to the Borrower, shall not be deemed to have assumed any obligation or liability to any supplier or Debtor or to any other third party, and the Borrower agrees to indemnify and defend the Bank and hold it harmless in respect to any claim or proceeding arising out of any matter referred to in this paragraph.

3.15 Payment of Accounts. Each account or other item of Collateral, other than inventory and equipment, will be paid in full on or before the date shown as its due date in the schedule of Collateral, in the copy of the invoice(s) relating to the account or other Collateral or in contracts relating thereto. Upon any suspension of business, assignment or trust mortgage for the benefit of creditors, dissolution, petition in receivership or under any chapter of the Bankruptcy Code as amended from time to time by or against any Debtor, any Debtor becoming insolvent or unable to pay its debts as they mature or any other act of the same or different nature amounting to a business failure, the Borrower will immediately notify the Bank thereof.

3.16 Changes. Since the date of the Financial Statements, there have been no changes in the assets, liabilities, financial condition or business of the Borrower, other than changes in the ordinary course of business, the effect of which have, in the aggregate, been materially adverse.

3.17 Taxes. The Borrower has filed all Federal, state and other tax returns required to be filed (except for such returns for which current and valid extensions have been filed), and all taxes, assessments and other governmental charges due from the Borrower have been fully paid. The Borrower has established on its books reserves adequate for the payment of all Federal, state and other tax liabilities (if any).

3.18 Use of Proceeds. No portion of any loan is to be used for (i) the purpose of purchasing or carrying any "margin security" or "margin stock" as such terms are used in Regulations U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R. 221 and 224 or (ii) primarily personal, family or household purposes. The Collateral is not used or acquired primarily for personal, family or household purposes.

3.19 Anti-Terrorism Laws. (a) Neither Borrower nor any Affiliate of Borrower is in violation of any statute, treaty, law (including common law), ordinance, regulation, rule, order, opinion, release, injunction, writ, decree or award of any Governmental Authority relating to terrorism or money laundering, including Executive Order No. 13224 and the USA Patriot Act (collectively, "Anti-Terrorism Law") or engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law. (b) Neither Borrower nor any Affiliate of Borrower, or to Borrower's knowledge, any of its respective agents acting or benefiting in any capacity in connection with the Loans, Letters of Credit or other transactions hereunder, is any of the following (each a "Blocked Person"): (i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order No. 13224; (ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order No. 13224; (iii) a Person with which Bank is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; (iv) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order No. 13224; (v) a Person that is named as a "specially designated national" on the most current list published by the U.S. Treasury Department Office of Foreign Asset Control at its official website or any replacement website or other replacement official publication of such list; or (vi) a Person who is affiliated with a Person listed above.

3.20 Environmental. As of the date hereof neither the Borrower nor any of Borrower's agents, employees or independent contractors (1) have caused or are aware of a release or threat of release of Hazardous Materials (as defined herein) on any of the premises or personal property owned or controlled by Borrower ("Controlled Property") or any property abutting Controlled Property ("Abutting Property"),

which could give rise to liability under any Environmental Law (as defined herein) or any other Federal, state or local law, rule or regulation; (2) have arranged for the transport of or transported any Hazardous Materials in a manner as to violate, or result in potential liabilities under, any Environmental Law; (3) have received any notice, order or demand from the Environmental Protection Agency or any other Federal, state or local agency under any Environmental Law; (4) have incurred any liability under any Environmental Law in connection with the mismanagement, improper disposal or release of Hazardous Materials; or (5) are aware of any inspection or investigation of any Controlled Property or Abutting Property by any Federal, state or local agency for possible violations of any Environmental Law.

To the best of Borrower's knowledge, neither Borrower, nor any prior owner or tenant of any Controlled Property, committed or omitted any act which caused the release of Hazardous Materials on such Controlled Property which could give rise to a lien thereon by any Federal, state or local government. No notice or statement of claim or lien affecting any Controlled Property has been recorded or filed in any public records by any Federal, state or local government for costs, penalties, fines or other charges as to such property. All notices, permits, licenses or similar authorizations, if any, required to be obtained or filed in connection with the ownership, operation, or use of the Controlled Property, including without limitation, the past or present generation, treatment, storage, disposal or release of any Hazardous Materials into the environment, have been duly obtained or filed.

Borrower agrees to indemnify and hold the Bank harmless from all liability, loss, cost, damage and expense, including attorney fees and costs of litigation, arising from any and all of its violations of any Environmental Law (including those arising from any lien by any Federal, state or local government arising from the presence of Hazardous Materials) or from the presence of Hazardous Materials located on or emanating from any Controlled Property or Abutting Property whether existing or not existing and whether known or unknown at the time of the execution hereof and regardless of whether or not caused by, or within the control of Borrower. Borrower further agrees to reimburse Bank upon demand for any costs incurred by Bank in connection with the foregoing. Borrower agrees that its obligations hereunder shall be continuous and shall survive the repayment of all debts to Bank and shall continue so long as a valid claim may be lawfully asserted against the Bank.

The term "Hazardous Materials" includes but is not limited to any and all substances (whether solid, liquid or gas) defined, listed, or otherwise classified as pollutants, hazardous wastes, hazardous substances, hazardous materials, extremely hazardous wastes, or words of similar meaning or regulatory effect under any present or future Environmental Law or that may have a negative impact on human health or the environment, including but not limited to petroleum and petroleum products, asbestos and asbestos-containing materials, polychlorinated biphenyls, lead, radon, radioactive materials, flammables and explosives.

The term "Environmental Law" means any present and future Federal, state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law, relating to protection of human health or the environment, relating to Hazardous Materials, relating to liability for or costs of remediation or prevention of releases of Hazardous Materials or relating to liability for or costs of other actual or threatened danger to human health or the environment. The term "Environmental Law" includes, but is not limited to, the following statutes, as amended, any successor thereto, and any regulations promulgated pursuant thereto, and any state or local statutes, ordinances, rules, regulations and the like addressing similar issues: the Comprehensive Environmental Response, Compensation and Liability Act; the Emergency Planning and Community Right-to-Know Act; the Hazardous Materials Transportation Act; the Resource Conservation and Recovery Act (including but not limited to Subtitle I relating to underground storage tanks); the Solid Waste Disposal Act; the Clean Water Act; the Clean Air Act; the Toxic Substances Control Act; the Safe Drinking Water Act; the Occupational Safety and Health Act; the Federal Water Pollution Control Act; the Federal Insecticide, Fungicide and Rodenticide Act; the Endangered Species Act; the National Environmental Policy Act; the River and Harbors Appropriation Act; and Florida Statutes, Chapter 403.

4. AFFIRMATIVE COVENANTS

4.1 **Payments and Performance.** Borrower will duly and punctually pay all Obligations becoming due to the Bank and will duly and punctually perform all Obligations on its part to be done or performed under this Agreement.

4.2 **Books and Records: Inspection.** Borrower will at all times keep proper books of account in which full, true and correct entries will be made of its transactions in accordance with generally accepted accounting principles, consistently applied and which are, in the opinion of a Certified Public Accountant acceptable to Bank, adequate to determine fairly the financial condition and the results of operations of Borrower. Borrower will at all reasonable times make its books and records available in its offices for inspection, examination and duplication by the Bank and the Bank's representatives and will permit inspection of the Collateral and all of its properties by the Bank and the Bank's representatives. Borrower will from time to time furnish the Bank with such information and statements as the Bank may request in its sole discretion with respect to the Obligations or the Bank's security interest in the Collateral. Borrower shall, during the term of this Agreement, keep the Bank currently and accurately informed in writing of each location where Borrower's records relating to its accounts and contract rights are kept, and shall not remove such records to another location without giving the Bank at least thirty (30) days prior written notice thereof.

4.3 **Financial Statements.** Borrower will furnish to Bank:

- (a) Borrower's filed Federal tax returns, including all schedules thereto, for the prior year within 15 days after the date that Borrower's tax returns are actually filed each such year or by such other date approved by the Bank;
- (b) from time to time, such financial data and information about Borrower as Bank may reasonably request; and
- (c) any financial data and information about any guarantors of the Obligations as Bank may reasonably request.

4.4 **Conduct of Business.** The Borrower will maintain its existence in good standing and comply with all laws and regulations of the United States and of any state or states thereof and of any political subdivision thereof, and of any governmental authority which may be applicable to it or to its business; provided that this covenant shall not apply to any tax, assessment or charge which is being contested in good faith and with respect to which reserves have been established and are being maintained.

4.5 **Notice to Account Debtors.** The Borrower agrees, at the request of the Bank, to notify all or any of the Debtors in writing of the Bank's security interest in the Collateral in whatever manner the Bank requests and, hereby authorizes the Bank to notify all or any of the Debtors of the Bank's security interest in the Borrower's accounts at the Borrower's expense.

4.6 **Contact with Accountant.** The Borrower hereby authorizes the Bank to directly contact and communicate with any accountant employed by Borrower in connection with the review and/or maintenance of Borrower's books and records or preparation of any financial reports delivered by or at the request of Borrower to Bank.

4.7 **Operating and Deposit Accounts.** The Borrower agrees to maintain with the Bank its primary operating and/or deposit accounts.

4.8 **Taxes.** Borrower will promptly pay all real and personal property taxes, assessments and charges and all franchise, income, unemployment, retirement benefits, withholding, sales and other taxes assessed against it or payable by it before delinquent; provided that this covenant shall not apply to any tax assessment or charge which is being contested in good faith and with respect to which reserves have

been established and are being maintained. The Bank may, at its option, from time to time, discharge any taxes, liens or encumbrances of any of the Collateral, and the Borrower will pay to the Bank on demand or the Bank in its sole discretion may charge to the Borrower all amounts so paid or incurred by it.

4.9 Maintenance. Borrower will keep and maintain the Collateral and its other properties, if any, in good repair, working order and condition. Borrower will immediately notify the Bank of any loss or damage to or any occurrence which would adversely affect the value of any Collateral. The Bank may, at its option, from time to time, take any other action that the Bank may deem proper to repair, maintain or preserve any of the Collateral, and the Borrower will pay to the Bank on demand or the Bank in its sole discretion may charge to the Borrower all amounts so paid or incurred by it.

4.10 Insurance. Borrower will maintain in force property and casualty insurance on all Collateral and any other property of the Borrower, if any, against risks customarily insured against by companies engaged in businesses similar to that of the Borrower containing such terms and written by such companies as may be satisfactory to the Bank, such insurance to be payable to the Bank as its interest may appear in the event of loss and to name the Bank as insured pursuant to a standard loss payee clause; no loss shall be adjusted thereunder without the Bank's approval; and all such policies shall provide that they may not be canceled without first giving at least Thirty (30) days written notice of cancellation to the Bank. In the event that the Borrower fails to provide evidence of such insurance, the Bank may, at its option, secure such insurance and charge the cost thereof to the Borrower. At the option of the Bank, all insurance proceeds received from any loss or damage to any of the Collateral shall be applied either to the replacement or repair thereof or as a payment on account of the Obligations. From and after the occurrence of an Event of Default, the Bank is authorized to cancel any insurance maintained hereunder and apply any returned or unearned premiums, all of which are hereby assigned to the Bank, as a payment on account of the Obligations.

4.11 Notification of Default. Immediately upon becoming aware of the existence of any condition or event which constitutes an Event of Default, or any condition or event which would upon notice or lapse of time, or both, constitute an Event of Default, Borrower shall give Bank written notice thereof specifying the nature and duration thereof and the action being or proposed to be taken with respect thereto.

4.12 Notification of Material Litigation. Borrower will immediately notify the Bank in writing of any litigation or of any investigative proceedings of a governmental agency or authority commenced or threatened against it which would or might be materially adverse to the financial condition of Borrower or any guarantor of the Obligations.

4.13 Pension Plans. With respect to any pension or benefit plan maintained by Borrower, or to which Borrower contributes ("Plan"), the benefits under which are guaranteed, in whole or in part, by the Pension Benefit Guaranty Corporation created by the Employee Retirement Income Security Act of 1974, P.L. 93-406, as amended ("ERISA") or any governmental authority succeeding to any or all of the functions of the Pension Benefit Guaranty Corporation ("Pension Benefit Guaranty Corporation"), Borrower will (a) fund each Plan as required by the provisions of Section 412 of the Internal Revenue Code of 1986, as amended; (b) cause each Plan to pay all benefits when due; (c) furnish Bank (i) promptly with a copy of any notice of each Plan's termination sent to the Pension Benefit Guaranty Corporation (ii) no later than the date of submission to the Department of Labor or to the Internal Revenue Service, as the case may be, a copy of any request for waiver from the funding standards or extension of the amortization periods required by Section 412 of the Internal Revenue Code of 1986, as amended and (iii) notice of any Reportable Event as such term is defined in ERISA; and (d) subscribe to any contingent liability insurance provided by the Pension Benefit Guaranty Corporation to protect against employer liability upon termination of a guaranteed pension plan, if available to Borrower.

5. NEGATIVE COVENANTS

5.1 Limitations on Indebtedness. Borrower shall not issue any evidence of indebtedness or create, assume, guarantee, become contingently liable for, or suffer to exist indebtedness in addition to indebtedness to the Bank, except indebtedness or liabilities of Borrower, other than for money borrowed, incurred or arising in the ordinary course of business.

5.2 Sale of Interest. There shall not be any sale or transfer of ownership of any interest in the Borrower without the Bank's prior written consent unless such transfer shall not result in change in control of Borrower.

5.3 Loans or Advances. Borrower shall not make any loans or advances to any individual, partnership, corporation, limited liability company, trust, or other organization or person, including without limitation its officers and employees; provided, however, that Borrower may make advances to its employees, including its officers, with respect to expenses incurred or to be incurred by such employees in the ordinary course of business which expenses are reimbursable by Borrower; and provided further, however, that Borrower may extend credit in the ordinary course of business in accordance with customary trade practices.

5.4 Dividends and Distributions. Borrower shall not, without prior written consent of the Bank, pay any dividends on or make any distribution on account of any class of Borrower's capital stock in cash or in property (other than additional shares of such stock), or redeem, purchase or otherwise acquire, directly or indirectly, any of such stock, except, so long as Borrower is not in default hereunder, if Borrower is a Subchapter S corporation, under the regulations of the Internal Revenue Service of the United States, distributions to the stockholders of Borrower in such amounts as are necessary to pay the tax liability of such stockholders due as a result of such stockholders' interest in the Borrower.

5.5 Investments. The Borrower shall not make investments in, or advances to, any individual, partnership, corporation, limited liability company, trust or other organization or person other than as previously specifically consented to in writing by the Bank. The Borrower will not purchase or otherwise invest in or hold securities, nonoperating real estate or other nonoperating assets or purchase all or substantially all the assets of any entity other than as previously specifically consented to in writing by the Bank.

5.6 Merger. Borrower will not merge or consolidate or be merged or consolidated with or into any other entity.

5.7 Capital Expenditures. The Borrower shall not, directly or indirectly, make or commit to make capital expenditures by lease, purchase, or otherwise, except in the ordinary and usual course of business for the purpose of replacing machinery, equipment or other personal property which, as a consequence of wear, duplication or obsolescence, is no longer used or necessary in the Borrower's business.

5.8 Sale of Assets. Borrower shall not sell, lease or otherwise dispose of any of its assets, except in the ordinary and usual course of business and except for the purpose of replacing machinery, equipment or other personal property which, as a consequence of wear, duplication or obsolescence, is no longer used or necessary in the Borrower's business, provided that fair consideration is received therefor; provided, however, in no event shall the Borrower sell, lease or otherwise dispose of any equipment purchased with the proceeds of any loans made by the Bank.

5.9 Restriction on Liens. Borrower shall not grant any security interest in, or mortgage of, any of its properties or assets including the Collateral. Borrower shall not enter into any agreement with any person other than the Bank that prohibits the Borrower from granting any security interest in, or mortgage of, any of its properties or assets including the Collateral.

5.10 Other Business. Borrower shall not engage in any business other than the business in which it is currently engaged or a business reasonably allied thereto.

5.11 Change of Name, etc. Borrower shall not change its legal name or the State or the type of its organization, without giving the Bank at least 30 days prior written notice thereof.

6. DEFAULT

6.1 Default. "Event of Default" shall mean the occurrence of one or more of any of the following events:

- (a) default of any liability, obligation, covenant or undertaking of the Borrower or any guarantor of the Obligations to the Bank, hereunder or otherwise, including, without limitation, failure to pay in full and when due any installment of principal or interest or default of the Borrower or any guarantor of the Obligations under any other Loan Document or any other agreement with the Bank continuing for 15 days with respect to any default (other than with respect to the payment of money for which there is no grace period);
- (b) failure of the Borrower or any guarantor of the Obligations to maintain aggregate collateral security value satisfactory to the Bank continuing for 15 days;
- (c) default of any material liability, obligation or undertaking of the Borrower or any guarantor of the Obligations to any other party continuing for 15 days;
- (d) if any statement, representation or warranty heretofore, now or hereafter made by the Borrower or any guarantor of the Obligations in connection with this Agreement or in any supporting financial statement of the Borrower or any guarantor of the Obligations shall be determined by the Bank to have been false or misleading in any material respect when made;
- (e) if the Borrower or any guarantor of the Obligations is a corporation, trust, partnership or limited liability company, the liquidation, termination or dissolution of any such organization, or the merger or consolidation of such organization into another entity, or its ceasing to carry on actively its present business or the appointment of a receiver for its property;
- (f) the death of the Borrower or any guarantor of the Obligations and, if the Borrower or any guarantor of the Obligations is a partnership or limited liability company, the death of any partner or member;
- (g) the institution by or against the Borrower or any guarantor of the Obligations of any proceedings under the Bankruptcy Code 11 USC §101 *et seq.* or any other law in which the Borrower or any guarantor of the Obligations is alleged to be insolvent or unable to pay its debts as they mature, or the making by the Borrower or any guarantor of the Obligations of an assignment for the benefit of creditors or the granting by the Borrower or any guarantor of the Obligations of a trust mortgage for the benefit of creditors;
- (h) the service upon the Bank of a writ in which the Bank is named as trustee of the Borrower or any guarantor of the Obligations;
- (i) a judgment or judgments for the payment of money shall be rendered against the Borrower or any guarantor of the Obligations, and any such judgment shall remain unsatisfied and in effect for any period of thirty (30) consecutive days without a stay of execution;
- (j) any levy, lien (including mechanics lien), seizure, attachment, execution or similar process shall be issued or levied on any of the property of the Borrower or any guarantor of the Obligations;

- (k) the termination or revocation of any guaranty of the Obligations; or
- (l) the occurrence of such a change in the condition or affairs (financial or otherwise) of the Borrower or any guarantor of the Obligations, or the occurrence of any other event or circumstance, such that the Bank, in its sole discretion, deems that it is insecure or that the prospects for timely or full payment or performance of any obligation of the Borrower or any guarantor of the Obligations to the Bank has been or may be impaired.

6.2 Acceleration. If an Event of Default shall occur, at the election of the Bank, all Obligations shall become immediately due and payable without notice or demand, except with respect to Obligations payable on DEMAND, which shall be due and payable on DEMAND, whether or not an Event of Default has occurred.

The Bank is hereby authorized, at its election, after an Event of Default or after Demand, without any further demand or notice except to such extent as notice may be required by applicable law, to take possession and/or sell or otherwise dispose of all or any of the Collateral at public or private sale; and the Bank may also exercise any and all other rights and remedies of a secured party under the Code or which are otherwise accorded to it in equity or at law, all as Bank may determine, and such exercise of rights in compliance with the requirements of law will not be considered adversely to affect the commercial reasonableness of any sale or other disposition of the Collateral. If notice of a sale or other action by the Bank is required by applicable law, unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Borrower agrees that ten (10) days written notice to the Borrower, or the shortest period of written notice permitted by such law, whichever is smaller, shall be sufficient notice; and that to the extent permitted by law, the Bank, its officers, attorneys and agents may bid and become purchasers at any such sale, if public, and may purchase at any private sale any of the Collateral that is of a type customarily sold on a recognized market or which is the subject of widely distributed standard price quotations. Any sale (public or private) shall be without warranty and free from any right of redemption, which the Borrower shall waive and release after default upon the Bank's request therefor, and may be free of any warranties as to the Collateral if Bank shall so decide. No purchaser at any sale (public or private) shall be responsible for the application of the purchase money. Any balance of the net proceeds of sale remaining after paying all Obligations of the Borrower to the Bank shall be returned to such other party as may be legally entitled thereto; and if there is a deficiency, the Borrower shall be responsible for repayment of the same, with interest. Upon demand by the Bank, the Borrower shall assemble the Collateral and make it available to the Bank at a place designated by the Bank which is reasonably convenient to the Bank and the Borrower. The Borrower hereby acknowledges that the Bank has extended credit and other financial accommodations to the Borrower upon reliance of the Borrower's granting the Bank the rights and remedies contained in this Agreement including without limitation the right to take immediate possession of the Collateral upon the occurrence of an Event of Default or after DEMAND with respect to Obligations payable on DEMAND and the Borrower hereby acknowledges that the Bank is entitled to equitable and injunctive relief to enforce any of its rights and remedies hereunder or under the Code and the Borrower hereby waives any defense to such equitable or injunctive relief based upon any allegation of the absence of irreparable harm to the Bank.

The Bank shall not be required to marshal any present or future security for (including but not limited to this Agreement and the Collateral subject to the security interest created hereby), or guarantees of, the Obligations or any of them, or to resort to such security or guarantees in any particular order; and all of its rights hereunder and in respect of such securities and guarantees shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may do so, the Borrower hereby agrees that it will not invoke and irrevocably waives the benefits of any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of the Bank's rights under this Agreement or under any other instrument evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or guaranteed. Except as required by applicable law, the Bank shall have no duty as to the collection or protection of the Collateral or any income thereon, nor as to the preservation of rights against prior parties, nor as to the preservation of any rights pertaining thereto beyond the safe custody thereof.

6.3 **Power of Attorney.** The Borrower hereby irrevocably constitutes and appoints the Bank as the Borrower's true and lawful attorney, with full power of substitution, at the sole cost and expense of the Borrower but for the sole benefit of the Bank, upon the occurrence of an Event of Default or after DEMAND with respect to Obligations payable on DEMAND, to convert the Collateral into cash, including, without limitation, completing the manufacture or processing of work in process, and the sale (either public or private) of all or any portion or portions of the Inventory and other Collateral; to enforce collection of the Collateral, either in its own name or in the name of the Borrower, including, without limitation, executing releases or waivers, compromising or settling with any Debtors and prosecuting, defending, compromising or releasing any action relating to the Collateral; to receive, open and dispose of all mail addressed to the Borrower and to take therefrom any remittances or proceeds of Collateral in which the Bank has a security interest; to notify Post Office authorities to change the address for delivery of mail addressed to the Borrower to such address as the Bank shall designate; to endorse the name of the Borrower in favor of the Bank upon any and all checks, drafts, money orders, notes, acceptances or other instruments of the same or different nature; to sign and endorse the name of the Borrower on and to receive as secured party any of the Collateral, any invoices, freight or express receipts, or bills of lading, storage receipts, warehouse receipts, or other documents of title of the same or different nature relating to the Collateral; to sign the name of the Borrower on any notice of the Debtors or on verification of the Collateral; and to sign, if necessary, and file or record on behalf of the Borrower any financing or other statement in order to perfect or protect the Bank's security interest. The Bank shall not be obliged to do any of the acts or exercise any of the powers hereinabove authorized, but if the Bank elects to do any such act or exercise any such power, it shall not be accountable for more than it actually receives as a result of such exercise of power, and it shall not be responsible to the Borrower except for its own gross negligence or willful misconduct. All powers conferred upon the Bank by this Agreement, being coupled with an interest, shall be irrevocable so long as any obligation of the Borrower or any guarantor or surety to the Bank shall remain unpaid or the Bank is obligated under this Agreement to extend any credit to the Borrower.

6.4 **Nonexclusive Remedies.** All of the Bank's rights and remedies not only under the provisions of this Agreement but also under any other agreement or transaction shall be cumulative and not alternative or exclusive, and may be exercised by the Bank at such time or times and in such order of preference as the Bank in its sole discretion may determine.

6.5 **Reassignment to Borrower.** Whenever the Bank deems it desirable that any legal action be instituted with respect to any Collateral or that any other action be taken in any attempt to effectuate collection of any Collateral, the Bank may reassign the item in question to the Borrower (and if the Bank shall execute any such reassignment, it shall automatically be deemed to be without recourse to the Bank in any event) and require the Borrower to proceed with such legal or other action at the Borrower's sole liability, cost and expense, in which event all amounts collected by the Borrower on such item shall nevertheless be subject to the Bank's security interest.

7. MISCELLANEOUS

7.1 **Waivers.** The Borrower waives notice of intent to accelerate, notice of acceleration, notice of nonpayment, demand, presentment, protest or notice of protest of the Obligations, and all other notices, consents to any renewals or extensions of time of payment thereof, and generally waives any and all suretyship defenses and defenses in the nature thereof.

7.2 **Waiver of Homestead.** To the maximum extent permitted under applicable law, the Borrower hereby waives and terminates any homestead rights and/or exemptions respecting any of its property under the provisions of any applicable homestead laws, including without limitation, Section 222.01, Florida Statutes.

7.3 **Severability.** If any provision of this Agreement or portion of such provision or the application thereof to any person or circumstance shall to any extent be held invalid or unenforceable, the remainder

of this Agreement (or the remainder of such provision) and the application thereof to other persons or circumstances shall not be affected thereby.

7.4 **Deposit Collateral.** The Borrower hereby grants to the Bank a continuing lien and security interest in any and all deposits or other sums at any time credited by or due from the Bank or any Bank Affiliate to the Borrower and any cash, securities, instruments or other property of the Borrower in the possession of the Bank or any Bank Affiliate, whether for safekeeping or otherwise, or in transit to or from the Bank or any Bank Affiliate (regardless of the reason the Bank or Bank Affiliate had received the same or whether the Bank or Bank Affiliate has conditionally released the same) as security for the full and punctual payment and performance of all of the liabilities and obligations of the Borrower to the Bank or any Bank Affiliate and such deposits and other sums may be applied or set off against such liabilities and obligations of the Borrower to the Bank or any Bank Affiliate at any time, whether or not such are then due, whether or not demand has been made and whether or not other collateral is then available to the Bank or any Bank Affiliate.

7.5 **Indemnification.** The Borrower shall indemnify, defend and hold the Bank and its directors, officers, employees, agents and attorneys (each an "Indemnitee") harmless of and from any claim brought or threatened against any Indemnitee by the Borrower, any guarantor or endorser of the Obligations, or any other person (as well as from reasonable attorneys' fees and expenses in connection therewith) on account of the Bank's relationship with the Borrower, or any guarantor or endorser of the Obligations (each of which may be defended, compromised, settled or pursued by the Bank with counsel of the Bank's election, but at the expense of the Borrower), except for any claim arising out of the gross negligence or willful misconduct of the Bank. The within indemnification shall survive payment of the Obligations, and/or any termination, release or discharge executed by the Bank in favor of the Borrower.

7.6 **Costs and Expenses.** The Borrower shall pay to the Bank on demand any and all costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements, court costs, litigation and other expenses) incurred or paid by the Bank in establishing, maintaining, protecting or enforcing any of the Bank's rights or the Obligations, including, without limitation, any and all such costs and expenses incurred or paid by the Bank in defending the Bank's security interest in, title or right to the Collateral or in collecting or attempting to collect or enforcing or attempting to enforce payment of the Obligations. In addition, the Borrower hereby agrees to pay any and all excise or documentary stamp taxes (including intangible taxes) plus any penalties or late charges now due and owing or hereinafter assessed in connection with this Agreement and/or any other loan documents.

7.7 **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which shall constitute but one agreement.

7.8 **Complete Agreement.** This Agreement and the other Loan Documents constitute the entire agreement and understanding between and among the parties hereto relating to the subject matter hereof, and supersedes all prior proposals, negotiations, agreements and understandings among the parties hereto with respect to such subject matter.

7.9 **Binding Effect of Agreement.** This Agreement shall be binding upon and inure to the benefit of the respective heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto, and shall remain in full force and effect (and the Bank shall be entitled to rely thereon) until released in writing by the Bank. The Bank may transfer and assign this Agreement and deliver the Collateral to the assignee, who shall thereupon have all of the rights of the Bank; and the Bank shall then be relieved and discharged of any responsibility or liability with respect to this Agreement and the Collateral. The Borrower may not assign or transfer any of its rights or obligations under this Agreement. Except as expressly provided herein or in the other Loan Documents, nothing, expressed or implied, is intended to confer upon any party, other than the parties hereto, any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

7.10 Further Assurances. Borrower will from time to time execute and deliver to Bank such documents, and take or cause to be taken, all such other or further action, as Bank may request in order to effect and confirm or vest more securely in Bank all rights contemplated by this Agreement and the other Loan Documents (including, without limitation, to correct clerical errors) or to vest more fully in or assure to the Bank the security interest in the Collateral granted to the Bank by this Agreement or to comply with applicable statute or law and to facilitate the collection of the Collateral (including, without limitation, the execution of stock transfer orders and stock powers, endorsement of promissory notes and instruments and notifications to obligors on the Collateral). To the extent permitted by applicable law, Borrower authorizes the Bank to file financing statements, continuation statements or amendments, and any such financing statements, continuation statements or amendments may be filed at any time in any jurisdiction. Bank may at any time and from time to time file financing statements, continuation statements and amendments thereto which contain any information required by the Code for the sufficiency or filing office acceptance of any financing statement, continuation statement or amendment, including whether Borrower is an organization, the type of organization and any organization identification number issued to Borrower. Borrower agrees to furnish any such information to Bank promptly upon request. In addition, Borrower shall at any time and from time to time take such steps as Bank may reasonably request for Bank (i) to obtain an acknowledgment, in form and substance satisfactory to Bank, of any bailee having possession of any of the Collateral that the bailee holds such Collateral for Bank, (ii) to obtain "control" (as defined in the Code) of any Collateral comprised of deposit accounts, electronic chattel paper, letter of credit rights or investment property, with any agreements establishing control to be in form and substance satisfactory to Bank, and (iii) otherwise to insure the continued perfection and priority of Bank's security interest in any of the Collateral and the preservation of its rights therein. Borrower hereby constitutes Bank its attorney-in-fact to execute, if necessary, and file all filings required or so requested for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; and such power, being coupled with an interest, shall be irrevocable until this Agreement terminates in accordance with its terms, all Obligations are irrevocably paid in full and the Collateral is released.

The Borrower agrees to execute, re-execute, cause any Guarantor(s) or other third party(ies) involved in the loan transaction to execute and/or re-execute and to deliver to Bank or its legal counsel, as may be deemed appropriate, any document or instrument signed in connection with the Loan(s) which was incorrectly drafted and/or signed, as well as any document or instrument which should have been signed at or prior to the closing of the Loan(s), but which was not so signed and delivered. Borrower agrees to comply with any written request by Bank within ten (10) days after receipt by Borrower of such request. Failure by Borrower to so comply shall, at the option of Bank, upon notice to Borrower, constitute an event of default under the Loan(s). The Borrower authorizes the Bank to make any credit inquiries Bank deems necessary and authorizes any person or credit reporting agency to give Bank a copy of the Borrower's credit report and any other financial information it may have.

7.11 Amendments and Waivers. This Agreement may be amended and Borrower may take any action herein prohibited, or omit to perform any act herein required to be performed by it, if Borrower shall obtain the Bank's prior written consent to each such amendment, action or omission to act. No course of dealing and no delay or omission on the part of Bank in exercising any right hereunder shall operate as a waiver of such right or any other right and waiver on any one or more occasions shall not be construed as a bar to or waiver of any right or remedy of Bank on any future occasion.

7.12 Terms of Agreement. This Agreement shall continue in full force and effect so long as any Obligations or obligation of Borrower to Bank shall be outstanding, or the Bank shall have any obligation to extend any financial accommodation hereunder, and is supplementary to each and every other agreement between Borrower and Bank and shall not be so construed as to limit or otherwise derogate from any of the rights or remedies of Bank or any of the liabilities, obligations or undertakings of Borrower under any such agreement, nor shall any contemporaneous or subsequent agreement between Borrower and the Bank be construed to limit or otherwise derogate from any of the rights or remedies of Bank or any of the liabilities, obligations or undertakings of Borrower hereunder, unless such other agreement specifically refers to this Agreement and expressly so provides.

7.13 **Notices.** Any notice under or pursuant to this Agreement shall be a signed writing or other authenticated record (within the meaning of Article 9 of the Code). Any notices under or pursuant to this Agreement shall be deemed duly received and effective if delivered in hand to any officer or agent of the Borrower or Bank, or if mailed by registered or certified mail, return receipt requested, addressed to the Borrower or Bank at the address set forth in this Agreement or as any party may from time to time designate by written notice to the other party; notwithstanding the foregoing notices to the Bank with respect to accounting and collateral release and notices to the Trustee pursuant to a Deed of Trust shall be sent to the Bank as follows: Attention: VP Loan Servicing, Loan Services, 6000 Atrium Way, Mt. Laurel NJ 08054.

7.14 **Governing Law.** This Agreement shall take effect as a sealed instrument and has been executed or completed and/or is to be performed in Florida, and it and all transactions thereunder or pursuant thereto shall be governed as to interpretation, validity, effect, rights, duties and remedies of the parties thereunder and in all other respects by the laws of Florida without giving effect to the conflicts of laws principles thereof.

7.15 **Reproductions.** This Agreement and all documents which have been or may be hereinafter furnished by Borrower to the Bank may be reproduced by the Bank by any photographic, photostatic, microfilm, xerographic or similar process, and any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made in the regular course of business).

7.16 **Publicity and Signage.** The Bank, in its sole discretion, shall have the right to announce and publicize the source of financing made pursuant to this Agreement, as it deems appropriate, by means and media selected by the Bank. Such publication shall include all pertinent information relating to such financing, including without limitation, the term, purpose, pricing, loan amount, name of borrowing entity and location of property. The Bank shall also have the right to display a sign at any real property respecting which the Bank has a security interest which indicates that the Bank is providing the financing. If such sign is provided, the Borrower shall cause the sign to be displayed as requested by the Bank and shall maintain such display during the period requested by the Bank. The form and content of the sign and/or published information shall be in the sole discretion of the Bank and shall be considered the sole and exclusive property of the Bank. All expenses related to publicizing the financing shall be the sole responsibility of the Bank.

7.17 **Cancellation Fees.** All fees required to cancel, satisfy or terminate the collateral documents securing this Loan shall be paid by Borrower at the time of payoff of the Loan.

7.18 **Jurisdiction and Venue.** Borrower irrevocably submits to the nonexclusive jurisdiction of any Federal or state court sitting in Florida, over any suit, action or proceeding arising out of or relating to this Agreement. Borrower irrevocably waives, to the fullest extent it may effectively do so under applicable law, any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Borrower hereby consents to any and all process which may be served in any such suit, action or proceeding, (i) by mailing a copy thereof by registered and certified mail, postage prepaid, return receipt requested, to the Borrower's address shown in this Agreement or as notified to the Bank and (ii) by serving the same upon the Borrower in any other manner otherwise permitted by law, and agrees that such service shall in every respect be deemed effective service upon Borrower.

7.19 **JURY WAIVER.** THE BORROWER AND BANK EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, AND AFTER AN OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL, (A) WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING IN CONNECTION WITH THIS AGREEMENT, THE OBLIGATIONS, ALL MATTERS CONTEMPLATED HEREBY AND DOCUMENTS EXECUTED IN CONNECTION HERewith AND (B) AGREE NOT TO SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE, OR HAS NOT BEEN, WAIVED. THE BORROWER CERTIFIES

THAT NEITHER THE BANK NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WOULD NOT IN THE EVENT OF ANY SUCH PROCEEDING SEEK TO ENFORCE THIS WAIVER OF RIGHT TO TRIAL BY JURY.

Executed as an Instrument under seal as of **March 9, 2012.**

Borrower:

Harbor Waterworks, Inc.

By:



Gary A. Deremer, President

Accepted: TD Bank, N.A.

By:



Name: Lauren Fernandez
Title: Duly Authorized Representative



FLORIDA DOCUMENTARY STAMP REQUIRED BY LAW IN THE AMOUNT OF \$752.46 HAS BEEN PAID OR WILL BE PAID DIRECTLY TO THE FLORIDA DEPARTMENT OF REVENUE. CERTIFICATE OF REGISTRATION NO. 78-8014973098-4

TERM NOTE

March 9, 2012

\$214,989.00

For value received, the undersigned Harbor Waterworks, Inc., a Florida corporation, with an address of 5320 Captains Court, New Port Richey, Florida 34652 (the "Borrower"), promises to pay to the order of TD Bank, N.A., a National Association with an address of 104 South Main Street, Greenville, South Carolina 29601 (together with its successors and assigns, the "Bank"), the principal amount of Two Hundred Fourteen Thousand Nine Hundred Eighty-Nine Dollars and Zero Cents (\$214,989.00) on or before March 9, 2019 (the "Maturity Date"), as set forth below, together with interest from the date hereof on the unpaid principal balance from time to time outstanding until paid in full. The Borrower shall pay consecutive monthly installments of principal and interest, as follows: \$1,624.18 commencing on April 9, 2012, and the same amount (except the last installment which shall be the unpaid balance) on the 9th day of each month thereafter, until changed in accordance with this Note. The aggregate principal balance outstanding shall bear interest thereon at a per annum rate equal to One Percent (1.0%) above the Wall Street Journal Prime Rate (as hereinafter defined). Upon any change in the interest rate in accordance with this Note, Bank retains the right to recalculate Borrower's payments to reflect an amortization that ensures the loan will be paid in full by the Maturity Date. Said re-calculation may occur once a year, or more frequently as the Bank may determine in its sole and absolute discretion, regardless of the number of changes in the interest rate charged pursuant to the terms of this Note (the "Note Rate") that occur during the 12-month period between re-calculations. The monthly payments of principal and interest are based upon an assumed interest rate determined by the Bank, in its sole and unfettered discretion, which differs from the Note Rate.

The principal amount of this Note will be amortized over 180 months starting from the date of this Note.

Wall Street Journal Prime Rate means the rate published from time to time by the Wall Street Journal as the U.S. Prime Rate, or, in the event the Wall Street Journal ceases publication of Prime Rates, the base, reference or other rate then designated by the Bank, in its sole discretion, for general commercial loan reference purposes, it being understood that such rate is a reference rate, not necessarily the lowest, established from time to time, which serves as the basis upon which effective interest rates are calculated for loans making reference thereto.

The effective interest rate applicable to the Borrower's loans evidenced hereby shall change on the date of each change in the Wall Street Journal Prime Rate.

Principal and interest shall be payable at the Bank's main office or at such other place as the Bank may designate in writing in immediately available funds in lawful money of the United States of America without set-off, deduction or counterclaim. Interest shall be calculated on the basis of actual number of days elapsed and a 360-day year.

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At the option of the Bank, this Note shall become immediately due and payable without notice or demand upon the occurrence at any time of any of the following events of default (each, an "Event of Default"): (1) default of any liability, obligation, covenant or undertaking of the Borrower, any endorser or any guarantor hereof to the Bank, hereunder or otherwise, including, without limitation, failure to pay in full and when due any installment of principal or interest or default of the Borrower, any endorser or any guarantor hereof under any other loan document delivered by the Borrower, any endorser or any guarantor, or in connection with the loan evidenced by this Note or any other agreement by the Borrower, any endorser or any guarantor with the Bank continuing for 15 days with respect to any default (other than with respect to the payment of money for which there is no grace period); (2) failure of the Borrower, any endorser or any guarantor hereof to maintain aggregate collateral security value satisfactory to the Bank continuing for 15 days; (3) default of any material liability, obligation or undertaking of the Borrower, any endorser or any guarantor hereof to any other party continuing for 15 days; (4) if any statement, representation or warranty heretofore, now or hereafter made by the Borrower, any endorser or any guarantor hereof in connection with the loan evidenced by this Note or in any supporting financial statement of the Borrower, any endorser or any guarantor hereof shall be determined by the Bank to have been false or misleading in any material respect when made; (5) if the Borrower, any endorser or any guarantor hereof is a corporation, trust, partnership or limited liability company, the liquidation, termination or dissolution of any such organization, or the merger or consolidation of such organization into another entity, or its ceasing to carry on actively its present business or the appointment of a receiver for its property; (6) the death of the Borrower, any endorser or any guarantor hereof and, if the Borrower, any endorser or any guarantor hereof is a partnership or limited liability company, the death of any partner or member; (7) the institution by or against the Borrower, any endorser or any guarantor hereof of any proceedings under the Bankruptcy Code 11 USC §101 *et seq.* or any other law in which the Borrower, any endorser or any guarantor hereof is alleged to be insolvent or unable to pay its debts as they mature, or the making by the Borrower, any endorser or any guarantor hereof of an assignment for the benefit of creditors or the granting by the Borrower, any endorser or any guarantor hereof of a trust mortgage for the benefit of creditors; (8) the service upon the Bank of a writ in which the Bank is named as trustee of the Borrower, any endorser or any guarantor hereof; (9) a judgment or judgments for the payment of money shall be rendered against the Borrower, any endorser or any guarantor hereof, and any such judgment shall remain unsatisfied and in effect for any period of thirty (30) consecutive days without a stay of execution; (10) any levy, lien (including mechanics lien) except as permitted under any of the other loan documents between the Bank and the Borrower, seizure, attachment, execution or similar process shall be issued or levied on any of the property of the Borrower, any endorser or any guarantor hereof; (11) the termination or revocation of any guaranty hereof; or (12) the occurrence of such a change in the condition or affairs (financial or otherwise) of the Borrower, any endorser or any guarantor hereof, or the occurrence of any other event or circumstance, such that the Bank, in its sole discretion, deems that it is insecure or that the prospects for timely or full payment or performance of any obligation of the Borrower, any endorser or any guarantor hereof to the Bank has been or may be impaired.

Any payments received by the Bank on account of this Note shall, at the Bank's option, be applied to any accrued unpaid interest, then to outstanding and due amounts of principal; then to any required escrow payment if applicable; then to any debt protection insurance premium if applicable; and then to any fees including late charges and then to any costs. Notwithstanding the foregoing, any payments received after the occurrence and during the continuance of an Event of Default shall be applied in such manner as the Bank may determine. The Borrower hereby authorizes the Bank to charge any deposit account which the Borrower may maintain with the Bank for any payment required hereunder without prior notice to the Borrower.

If pursuant to the terms of this Note, the Borrower is at any time obligated to pay interest on the principal balance at a rate in excess of the maximum interest rate permitted by applicable law for the loan evidenced by this Note, the applicable interest rate shall be immediately reduced to such maximum rate and all previous payments in excess of the maximum rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder.

The Borrower represents to the Bank that the proceeds of this Note will not be used for personal, family or household purposes or for the purpose of purchasing or carrying margin stock

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or margin securities within the meaning of Regulations U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R. Parts 221 and 224.

The Borrower and each endorser and guarantor hereof grant to the Bank a continuing lien on and security interest in any and all deposits or other sums at any time credited by or due from the Bank or any Bank Affiliate (as hereinafter defined) to the Borrower and/or each endorser or guarantor hereof and any cash, securities, instruments or other property of the Borrower and each endorser and guarantor hereof in the possession of the Bank or any Bank Affiliate, whether for safekeeping or otherwise, or in transit to or from the Bank or any Bank Affiliate (regardless of the reason the Bank or Bank Affiliate had received the same or whether the Bank or Bank Affiliate has conditionally released the same) as security for the full and punctual payment and performance of all of the liabilities and obligations of the Borrower and/or any endorser or guarantor hereof to the Bank or any Bank Affiliate and such deposits and other sums may be applied or set off against such liabilities and obligations of the Borrower or any endorser or guarantor hereof to the Bank or any Bank Affiliate at any time, whether or not such are then due, whether or not demand has been made and whether or not other collateral is then available to the Bank or any Bank Affiliate.

No delay or omission on the part of the Bank in exercising any right hereunder shall operate as a waiver of such right or of any other right of the Bank, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or any other right on any future occasion. The Borrower and every endorser or guarantor of this Note, regardless of the time, order or place of signing, waives presentment, demand, protest, notice of Intent to accelerate, notice of acceleration and all other notices of every kind in connection with the delivery, acceptance, performance or enforcement of this Note and assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of collateral, and to the addition or release of any other party or person primarily or secondarily liable and waives all recourse to suretyship and guarantor defenses generally, including any defense based on impairment of collateral. To the maximum extent permitted by law, the Borrower and each endorser and guarantor of this Note waive and terminate any homestead rights and/or exemptions respecting any premises under the provisions of any applicable homestead laws, including without limitation, Section 222.01, Florida Statutes.

The Borrower and each endorser and guarantor of this Note shall indemnify, defend and hold the Bank and the Bank Affiliates and their directors, officers, employees, agents and attorneys (each an "Indemnitee") harmless against any claim brought or threatened against any Indemnitee by the Borrower, by any endorser or guarantor, or by any other person (as well as from attorneys' reasonable fees and expenses in connection therewith) on account of the Bank's relationship with the Borrower or any endorser or guarantor hereof (each of which may be defended, compromised, settled or pursued by the Bank with counsel of the Bank's selection, but at the expense of the Borrower and any endorser and/or guarantor), except for any claim arising out of the gross negligence or willful misconduct of the Bank.

The Borrower and each endorser and guarantor of this Note agree to pay, upon demand, costs of collection of all amounts under this Note including, without limitation, principal and interest, or in connection with the enforcement of, or realization on, any security for this Note, including, without limitation, to the extent permitted by applicable law, reasonable attorneys' fees and expenses. Upon the occurrence and during the continuance of an Event of Default, interest shall accrue at a rate per annum equal to the aggregate of 4.0% plus the rate provided for herein (but not more than the maximum rate permitted under applicable law). If any payment due under this Note is unpaid for 15 days or more, the Borrower shall pay, in addition to any other sums due under this Note (and without limiting the Bank's other remedies on account thereof), a late charge equal to 6.0% of such unpaid amount.

Borrower and each other person liable for the payment of this Note hereby agree to pay any and all excise or documentary stamp taxes (including intangible taxes) plus any penalties or late charges now due and owing or hereinafter assessed in connection with this Note and/or the other loan documents.

This Note shall be binding upon the Borrower and each endorser and guarantor hereof and upon their respective heirs, successors, assigns and legal representatives, and shall inure to the benefit of the

Bank and its successors, endorsees and assigns.

The liabilities of the Borrower and any endorser or guarantor of this Note are joint and several; provided, however, the release by the Bank of the Borrower or any one or more endorsers or guarantors shall not release any other person obligated on account of this Note. Any and all present and future debts of the Borrower to any endorser or guarantor of this Note are subordinated to the full payment and performance of all present and future debts and obligations of the Borrower to the Bank. Each reference in this Note to the Borrower, any endorser, and any guarantor, is to such person individually and also to all such persons jointly. No person obligated on account of this Note may seek contribution from any other person also obligated, unless and until all liabilities, obligations and indebtedness to the Bank of the person from whom contribution is sought have been irrevocably satisfied in full. The release or compromise by the Bank of any collateral shall not release any person obligated on account of this Note.

The Borrower and each endorser and guarantor hereof each authorizes the Bank to complete this Note if delivered incomplete in any respect. A photographic or other reproduction of this Note may be made by the Bank, and any such reproduction shall be admissible in evidence with the same effect as the original itself in any judicial or administrative proceeding, whether or not the original is in existence.

The Borrower will from time to time execute and deliver to the Bank such documents, and take or cause to be taken, all such other further action, as the Bank may request in order to effect and confirm or vest more securely in the Bank all rights contemplated by this Note or any other loan documents related thereto (including, without limitation, to correct clerical errors) or to vest more fully in or assure to the Bank the security interest in any collateral securing this Note or to comply with applicable statute or law.

The Borrower agrees to execute, re-execute, cause any Guarantor(s) or other third party(ies) involved in the loan transaction to execute and/or re-execute and to deliver to Bank or its legal counsel, as may be deemed appropriate, any document or instrument signed in connection with the Loan which was incorrectly drafted and/or signed, as well as any document or instrument which should have been signed at or prior to the closing of the Loan, but which was not so signed and delivered. Borrower agrees to comply with any written request by Bank within ten (10) days after receipt by Borrower of such request. Failure by Borrower to so comply shall, at the option of Bank, upon notice to Borrower, constitute an event of default under the Loan. The Borrower authorizes the Bank to make any credit inquiries Bank deems necessary and authorizes any person or credit reporting agency to give Bank a copy of the Borrower's credit report and any other financial information it may have.

This Note is delivered to the Bank at one of its offices, shall take effect as a sealed instrument and shall be governed by the laws of the State of Florida without giving effect to the conflicts of laws principles thereof.

Any notices under or pursuant to this Note shall be deemed duly received and effective if delivered in hand to any officer or agent of the Borrower or Bank, or if mailed by registered or certified mail, return receipt requested, addressed to the Borrower or Bank at the address set forth in this Note or as any party may from time to time designate by written notice to the other party; notwithstanding the foregoing notices to the Bank with respect to accounting and collateral release and notices to the Trustee pursuant to a Deed of Trust shall be sent to the Bank as follows: Attention: VP Loan Servicing, Loan Services, 6000 Atrium Way, Mt. Laurel NJ 08054.

The term "Bank Affiliate" as used in this Note shall mean any "Affiliate" of the Bank. The term "Affiliate" shall mean with respect to any person, (a) any person which, directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such person, or (b) any person who is a director or officer (i) of such person, (ii) of any subsidiary of such person, or (iii) any person described in clause (a) above. For purposes of this definition, control of a person shall mean the power, direct or indirect, (x) to vote 5% or more of the Capital Stock having ordinary voting power for the election of directors (or comparable equivalent) of such person, or (y) to direct or cause the direction of the management and policies of such person whether by contract or otherwise. Control may be by

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ownership, contract, or otherwise.

The Borrower and each endorser and guarantor of this Note each irrevocably submits to the nonexclusive jurisdiction of any Federal or state court sitting in Florida, over any suit, action or proceeding arising out of or relating to this Note. Each of the Borrower and each endorser and guarantor irrevocably waives, to the fullest extent it may effectively do so under applicable law, any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Each of the Borrower and each endorser and guarantor hereby consents to any and all process which may be served in any such suit, action or proceeding, (I) by mailing a copy thereof by registered and certified mail, postage prepaid, return receipt requested, to the Borrower's, endorser's or guarantor's address shown below or as notified to the Bank and (II) by serving the same upon the Borrower(s), endorser(s) or guarantor(s) in any other manner otherwise permitted by law, and agrees that such service shall in every respect be deemed effective service upon the Borrower or such endorser or guarantor.

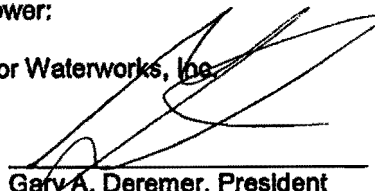
THE BORROWER, EACH ENDORSER AND GUARANTOR AND THE BANK EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, AND AFTER AN OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL, (A) WAIVES ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING IN CONNECTION WITH THIS NOTE, ANY OF THE OBLIGATIONS OF THE BORROWER, EACH ENDORSER AND GUARANTOR TO THE BANK, AND ALL MATTERS CONTEMPLATED HEREBY AND DOCUMENTS EXECUTED IN CONNECTION HERewith AND (B) AGREES NOT TO SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CAN NOT BE, OR HAS NOT BEEN, WAIVED. THE BORROWER, EACH ENDORSER AND GUARANTOR AND THE BANK EACH CERTIFIES THAT NEITHER THE BANK NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WOULD NOT IN THE EVENT OF ANY SUCH PROCEEDING SEEK TO ENFORCE THIS WAIVER OF RIGHT TO TRIAL BY JURY.

Executed as an instrument under seal as of March 9, 2012.

Borrower:

Harbor Waterworks, Inc.

By:



Gary A. Deremer, President

5320 Captains Court
New Port Richey, Florida
34652

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EXHIBIT I

The wastewater system was a cash purchase. Future upgrades financing will be based on the amount of financing needed in order to upgrade the system and/or for expansion.

EXHIBIT J

Attached are the requirements as stated in the Application Part IV (D), (E), and (G).

Schedule A

Summary - Rate Base, Operating Income

Harbor Waterworks, Inc. Application
for Original Certificate and Establishment of
Initial Rates and Charges

Line No.

**Performa
Balance**

1	Utility Plant in Service	\$ 82,500.00
2	Accumulated Depreciation	\$ 2,034.50
3	Net Plant	<u>\$ 84,534.50</u>
4	Allowance for Working Capital	\$ 7,683.74
5	Rate Base	<u>\$ 92,218.24</u>
6	Rate of Return	7.55%
7	Operating Income	<u>\$ 6,962.48</u>

Schedule B
Depreciation

Harbor Waterworks, Inc. Application for
Original Certificate and Establishment of Initial
Rates and Charges

Line No.	NARUC Acct No.	Description	Years In Service	Estimated Original Cost	PSC Depreciation Rate %	Depreciation Expense	Accumulated Depreciation	Capacities	
								Annual ERC's	Annual Gallons
1	351	Organization	0	\$ 5,500.00	2.50%	\$ 137.50	\$ -	912	73,233,600
2	354	Structures & Improvements	2	\$ 32,500.00	3.13%	\$ 1,017.25	\$ 2,034.50	912	73,233,600
3	354	Structures & Improvements	0	\$ 41,500.00	3.13%	\$ 1,298.95	\$ -	912	73,233,600
4	380	Treatment & Disposal Equipment	0	\$ 3,000.00	5.56%	\$ 166.80	\$ -	912	73,233,600
5		Total:		\$ 82,500.00		\$ 2,620.50	\$ 2,034.50		

Schedule D

Harbor Waterworks, Inc. Application for
Original Certificate and Establishment of Initial
Rates and Charges

Detail O&M Budget (based on 80% of Permitted Capacity):

Line No.	NARUC Acct. No.	Description	Estimated Amount
1	615	Purchased Power	\$ 25,986.72
2	618	Chemicals	\$ 4,199.04
3	634	Contractual Services	\$ 39,466.00
4	634	Management Fees	
5	635	Insurance - Property, Casualty & Liability	\$ 13,495.54
6	675	Miscellaneous	
7		Sludge	\$ 17,520.00
		Total Estimated O&M Expenses	<u>\$ 100,667.30</u>

Schedule E

Wastewater Flows:

ERCs: 76

Month	Month Totals(000)	Year	Average Daily Flows (gallons)	Avrg Gallons Per/Day/ERC
Feb	182	2012	6000	78.947
Jan	153	2012	6000	78.947
Dec	157	2011	7000	92.105
Nov	142	2011	7000	92.105
Oct	249	2011	7000	92.105
Sept	164	2011	7000	92.105
Aug	129	2011	7000	92.105
July	181	2011	8000	105.263
June	200	2011	7000	92.105
May	226	2011	7000	92.105
Apr	201	2011	7000	92.105
March	216	2011	7000	92.105
Total				
	2200	Average	6916.7	91.009
Average / ERC/day (76 ERCs)				
Average Monthly:				
	183.33			2.412
Average/ERC (76 ERCs)				

6916.7 average daily
 2,524,595.50 Annual average usage
 76 ERC
 912 Annual ERCs
 2,768.20

Total Annual Flow:	6,308,000
	6,308

30295000 352267.4419

total may - april /nbr of customer * 12 = avrg monthly flow

Proposed Service Availability:

Schedule F

Harbor Waterworks, Inc. Application
for Original Certificate and Establishment of
Initial Rates and Charges

Proposed Main Extension Charge for new Customers Added to the Existing System:

Line No.	Description		
1	Value of all costs associated with providing service to 56 residential and 3 commercial customers:	\$	387,486.00
2	Number of ERCs:		76
3	Cost Per ERC:	\$	5,098.50
4	Proposed Main Extension Charge for New Customers:	\$	<u>5,098.50</u>

Harbor Waterworks, Inc. Application for Original
Certificate and Establishment of Initial Rates and
Charges

Schedule H

Line No.		Estimated Amount	Proforma Adjustments	Proforma Amount	Schedule Reference	Revenue	Rev @50%	Rev @ 50%
1	Operating Revenue	\$ -	\$ 110,603.26	\$ 110,603.26		Total Revenue Requested:	\$ 110,603.26	
2	Operating Expense					50% for BFC:		\$ 55,301.63
3	O&M Expense	\$ 96,046.80		\$ 96,046.80		50% for Volume Charge:		\$ 55,301.63
4	Depreciation	\$ 2,620.50		\$ 2,620.50		ERCs	358	
5	Taxes Other Than Income	\$ 2,000.00	\$ 4,755.94	\$ 6,755.94		No of Months:	<u>12</u>	
6		\$ 100,667.30		\$ 105,423.24		Annual Number of ERCs:	4296	
7	Operating Income (loss)	<u>\$ (100,667.30)</u>	<u>\$ 110,603.26</u>	<u>\$ 6,962.48</u>	BFC:	\$ 12.87		
8	Rate Base	<u>\$ 92,218.24</u>		<u>\$ 92,218.24</u>	Volume:	\$ 8.77		
9	Rate of Return	-109%		7.55%	average bill of 5,000 gallons:	\$ 56.71	Gal - 2016 6308	
10	Total Revenue Requested to Realize a 7.55% rate of return.			<u>\$ 110,603.26</u>				
11	Regulatory Assessment Fees:	<u>\$ 4,755.94</u>						

EXHIBIT K

HWW presents the projected capital structure, including the method of financing the operation of the utility until the utility reached 80 percent of the designed capacity of the system.

Schedule G

Statement Regarding Financing of Utility Operations

Harbor Waterworks, Inc. Application for Original
Certificate and Establishment of Initial Rates and
Charges

Line No.		Estimate Amount	Percent Ration	Cost of Each (%)	Weighted Cost
1	Equity:	\$ 44,458.59	50%	10.85%	5.43%
2	Debt:	\$ 44,458.59	50%	4.25%	2.13%
3	Total:	\$ 88,917.18			7.55%

EXHIBIT L

Attached as Appendix 1 is a detailed system map for wastewater which includes the showing of the township, range, and section. The map also includes the territorial legal description, and the existing lines and facilities of the wastewater system.

Included is the Legal Description of the Proposed Service area and the Domestic Wastewater Facility Permit issued by the Florida Department of Protection.

**Legal Description
for
Harbor Hills wastewater system
in
Lake County**

**Township 18 South, Range 24 East
Section 13**

**Township 18 South, Range 25 East
Sections 7 and 18**

The following described lands located in portions of Section 13, Township 18 South, Range 24 East, and Sections 7 & 18, Township 18 South, Range 25 East, Lake County, Florida:

Begin at the Southeast corner of Section 12, Township 18 South, Range 24 East, for the Point of Beginning; thence run North 00°07'21" West, along the East boundary of said Section 12 a distance of 66.62 feet to the centerline of Lake Griffin Road and a point on a curve having a radial bearing of North 27°13'16" West, said curve being concave Northwesterly having a radius of 615.63 feet; thence run Easterly along said centerline an arc distance of 228.02 feet, said arc having a delta of 21°13'18", a tangent distance of 115.33 feet, a chord bearing of North 52°10'04" East and a chord distance of 226.72 feet to a point of tangency; thence run North 41°33'27" East along said centerline a distance of 403.94 feet to a point of curvature, said curve being concave Northwesterly having a radius of 1,730.29 feet; thence run Northeasterly along said centerline an arc distance of 240.35 feet, said arc having a delta of 07°57'32", a tangent distance of 120.37 feet, a chord bearing of North 37°34'41" East and a chord distance of 240.16 feet to a point of tangency; thence run North 33°35'55" East along said centerline a distance of 88.27 feet to a point of curvature, said curve being concave Southeasterly having a radius of 234.54 feet; thence run Easterly along said centerline an arc distance of 307.05 feet, said arc having a delta of 75°00'30", a tangent distance of 180.00 feet, a chord bearing of North 71°06'10" East and a chord distance of 285.59 feet to a point of tangency; thence run South 71°23'35" East along said centerline a distance of 606.85 feet to a point of curvature, said curve being concave Northeasterly having a radius of 919.44 feet; thence run Easterly along said centerline an arc distance of 249.03 feet, said arc having a delta of 15°31'06", a tangent distance of 125.28 feet, a chord bearing of South 79°09'08" East and a chord distance of 248.27 feet to a point of tangency; thence run South 54°48'39" East a distance of 221.30 feet; thence run South 35°11'21" West a distance of 2,009.33 feet; thence run North 51°43'05" West a distance of 422.00 feet; thence run South 89°55'26" West a distance of 400.37 feet to a point on the East boundary of Section 13; thence run North 00°04'34" West along the East boundary of Section 13 a distance of 165.41 feet; thence run North 89°58'35" West a distance of 526.35 feet; thence run North 66°26'23" West a distance of 357.90 feet; thence run North 00°01'25" East a distance of 634.92 feet to a point on the South boundary of Section 12; thence run North 89°40'50" East a distance of 853.12 feet along the South boundary of Section 12 to the Point of Beginning.



Florida Department of Environmental Protection

Central District
3319 Maguire Boulevard, Suite 232
Orlando, Florida 32803-3767

Rick Scott
Governor

Jennifer Carroll
Lt. Governor

Herschel T. Vinyard Jr.
Secretary

STATE OF FLORIDA DOMESTIC WASTEWATER FACILITY PERMIT

PERMITTEE:

Harbor Hills Development LP

RESPONSIBLE OFFICIAL:

Adam Rich
6538 Lake Griffin Rd
Lady Lake, Florida 32159-2900
(352) 753-7000

PERMIT NUMBER:

FLA010608-004

FILE NUMBER:

FLA010608-004-DW3P

ISSUANCE DATE:

September 22, 2011

EXPIRATION DATE:

September 21, 2021

FACILITY:

Harbor Hills WWTF
38505 Harbor Hills Blvd
Lady Lake, FL 32159
Lake County
Latitude: 28°55' 58.46" N Longitude: 81°51' 3.94" W

This permit is issued under the provisions of Chapter 403, Florida Statutes (F.S.), and applicable rules of the Florida Administrative Code (F.A.C.). This permit does not constitute authorization to discharge wastewater other than as expressly stated in this permit. The above named permittee is hereby authorized to operate the facilities in accordance with the documents attached hereto and specifically described as follows:

WASTEWATER TREATMENT:

An existing 0.04 million gallon per day (mgd) annual average daily flow (AADF) permitted capacity extended aeration domestic wastewater treatment plant consisting of flow equalization, aeration, secondary clarification, chlorination and aerobic digestion of residuals.

REUSE OR DISPOSAL:

Land Application R-001: An existing 0.04 MGD annual average daily flow permitted capacity rapid infiltration basin system. R-001 is a reuse system which consists of two rapid infiltration basins (RIBs) with a total wetted area of 0.351 acres (15,289 square feet) having a capacity of 0.04 MGD located approximately at latitude 28°55' 56" N, longitude 81°51' 2" W.

IN ACCORDANCE WITH: The limitations, monitoring requirements, and other conditions set forth in this cover sheet and Part I through Part IX on pages 1 through 15 of this permit.

PERMITTEE: Harbor Hills Development LP
 FACILITY: Harbor Hills WWTF

PERMIT NUMBER: FLA010608-004
 EXPIRATION DATE: September 21, 2021

1. RECLAIMED WATER AND EFFLUENT LIMITATIONS AND MONITORING REQUIREMENTS

A. Reuse and Land Application Systems

1. During the period beginning on the issuance date and lasting through the expiration date of this permit, the permittee is authorized to direct reclaimed water to Reuse System R-001. Such reclaimed water shall be limited and monitored by the permittee as specified below and reported in accordance with Permit Condition I.B.7.:

Parameter	Units	Max/Min	Reclaimed Water Limitations		Monitoring Requirements			Notes
			Limit	Statistical Basis	Frequency of Monitoring	Sample Type	Monitoring Site Number	
Flow (To RIBs)	MGD	Max Max	0.04 Report	Annual Average Monthly Average	5 Days/Week	Meter	FLW-1	See I.A.3
BOD, Carbonaceous 5 day, 20C	mg/L	Max Max Max Max	20.0 30.0 45.0 60.0	Annual Average Monthly Average Weekly Average Single Sample	Monthly	Grab	EFA-1	
Solids, Total Suspended	mg/L	Max Max Max Max	20.0 30.0 45.0 60.0	Annual Average Monthly Average Weekly Average Single Sample	Monthly	Grab	EFA-1	
Coliform, Fecal	#/100mL	Max Max Max	200 200 800	Annual Average Monthly Geometric Mean Single Sample	Monthly	Grab	EFA-1	See I.A.4
pH	s.u.	Min Max	6.0 8.5	Single Sample Single Sample	5 Days/Week	Grab	EFA-1	
Chlorine, Total Residual (For Disinfection)	mg/L	Min	0.5	Single Sample	5 Days/Week	Grab	EFA-1	See I.A.5
Nitrogen, Nitrate, Total (as N)	mg/L	Max	12.0	Single Sample	Annually	Grab	EFA-1	See I.A.6
Nitrogen, Total	mg/L	Max	Report	Single Sample	Quarterly	Grab	EFA-1	See I.A.7
Phosphorus, Total (as P)	mg/L	Max	Report	Single Sample	Quarterly	Grab	EFA-1	See I.A.7

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FACILITY: Harbor Hills WWTF

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EXPIRATION DATE: September 21, 2021

2. Reclaimed water samples shall be taken at the monitoring site locations listed in Permit Condition I.A.1. and as described below:

Monitoring Site Number	Description of Monitoring Site
FLW-1	Elapsed time meters on pumps
EFA-1	Chlorine contact chamber effluent

3. A meter shall be utilized to measure flow and calibrated at least once every 12 months. *[62-601.200(17) and .500(6)]*
4. The effluent limitation for the monthly geometric mean for fecal coliform is only applicable if 10 or more values are reported. If fewer than 10 values are reported, the monthly geometric mean shall be calculated and reported on the Discharge Monitoring Report. *[62-600.440(4)(c)]*
5. Total residual chlorine must be maintained for a minimum contact time of 15 minutes based on peak hourly flow. *[62-610.510, 62-600.440(4)(b) and (5)(b)]*
6. Nitrate nitrogen (NO₃) concentration in the water discharged to the rapid rate land application system shall not exceed 12.0 mg/L, or as required to comply with Rule 62-610.510, F.A.C. If the facility exceeds this limit, the Department may require future groundwater monitoring or modification to the treatment facility to remove nitrogen. *[62-610.510]*
7. Monitoring for total nitrogen (TN) and total phosphorus (TP) are required as allowed by Rule 62-601.300(6), FAC, to evaluate impacts of reclaimed water to ground and surface waters in an impaired water basin. *[62-601.300(6)]*

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 EXPIRATION DATE: September 21, 2021

B. Other Limitations and Monitoring and Reporting Requirements

1. During the period beginning on the issuance date and lasting through the expiration date of this permit, the treatment facility shall be limited and monitored by the permittee as specified below and reported in accordance with Permit Condition I.B.7.:

Parameter	Units	Max/Min	Limitations		Monitoring Requirements			Notes
			Limit	Statistical Basis	Frequency of Analysis	Sample Type	Monitoring Site Number	
Flow (Total through plant)	MGD	Max Max Max	0.04 Report Report	Annual Average Monthly Average Quarterly Average	5 Days/Week	Meter	FLW-1	See I.B.3
Percent Capacity, (TMADF/Permitted Capacity) x 100	percent	Max	Report	Monthly Average	Monthly	Calculated	CAL-1	
BOD, Carbonaceous 5 day, 20C (Influent)	mg/L	Max	Report	Single Sample	Annually	Grab	INF-1	See I.B.3
Solids, Total Suspended (Influent)	mg/L	Max	Report	Single Sample	Annually	Grab	INF-1	See I.B.3

PERMITTEE: Harbor Hills Development LP
FACILITY: Harbor Hills WWTF

PERMIT NUMBER: FLA010608-004
EXPIRATION DATE: September 21, 2021

2. Samples shall be taken at the monitoring site locations listed in Permit Condition I.B.1. and as described below:

Monitoring Site Number	Description of Monitoring Site
FLW-1	Elapsed time meters on pumps
CAL-1	Calculated from daily flow
INF-1	Raw influent to surge tank

3. Influent samples shall be collected so that they do not contain digester supernatant or return activated sludge, or any other plant process recycled waters. [62-601.500(4)]
4. A meter shall be utilized to measure flow and calibrated at least once every 12 months.
5. The sample collection, analytical test methods and method detection limits (MDLs) applicable to this permit shall be conducted using a sufficiently sensitive method to ensure compliance with applicable water quality standards and effluent limitations and shall be in accordance with Rule 62-4.246, Chapters 62-160 and 62-601, F.A.C., and 40 CFR 136, as appropriate. The list of Department established analytical methods, and corresponding MDLs (method detection limits) and PQLs (practical quantitation limits), which is titled "FAC 62-4 MDL/PQL Table (April 26, 2006)" is available at <http://www.dep.state.fl.us/labs/library/index.htm>. The MDLs and PQLs as described in this list shall constitute the minimum acceptable MDL/PQL values and the Department shall not accept results for which the laboratory's MDLs or PQLs are greater than those described above unless alternate MDLs and/or PQLs have been specifically approved by the Department for this permit. Any method included in the list may be used for reporting as long as it meets the following requirements:
- a. The laboratory's reported MDL and PQL values for the particular method must be equal or less than the corresponding method values specified in the Department's approved MDL and PQL list;
 - b. The laboratory reported MDL for the specific parameter is less than or equal to the permit limit or the applicable water quality criteria, if any, stated in Chapter 62-302, F.A.C. Parameters that are listed as "report only" in the permit shall use methods that provide an MDL, which is equal to or less than the applicable water quality criteria stated in 62-302, F.A.C.; and
 - c. If the MDLs for all methods available in the approved list are above the stated permit limit or applicable water quality criteria for that parameter, then the method with the lowest stated MDL shall be used.

When the analytical results are below method detection or practical quantitation limits, the permittee shall report the actual laboratory MDL and/or PQL values for the analyses that were performed following the instructions on the applicable discharge monitoring report.

Where necessary, the permittee may request approval of alternate methods or for alternative MDLs or PQLs for any approved analytical method. Approval of alternate laboratory MDLs or PQLs are not necessary if the laboratory reported MDLs and PQLs are less than or equal to the permit limit or the applicable water quality criteria, if any, stated in Chapter 62-302, F.A.C. Approval of an analytical method not included in the above-referenced list is not necessary if the analytical method is approved in accordance with 40 CFR 136 or deemed acceptable by the Department. [62-4.246, 62-160]

6. The permittee shall provide safe access points for obtaining representative influent, reclaimed water, and effluent samples which are required by this permit. [62-601.500(5)]
7. Monitoring requirements under this permit are effective on the first day of the second month following permit issuance. Until such time, the permittee shall continue to monitor and report in accordance with previously effective permit requirements, if any. During the period of operation authorized by this permit, the permittee shall complete and submit to the Department Discharge Monitoring Reports (DMRs) in accordance with the frequencies specified by the REPORT type (i.e. monthly, toxicity, quarterly, semiannual, annual, etc.) indicated on the DMR forms attached to this permit. Monitoring results for each monitoring period shall be submitted in accordance with the associated DMR due dates below. DMRs shall be submitted for each required monitoring period including periods of no discharge.

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FACILITY: Harbor Hills WWTF

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EXPIRATION DATE: September 21, 2021

REPORT Type on DMR	Monitoring Period	Due Date
Monthly	first day of month - last day of month	28 th day of following month
Quarterly	January 1 - March 31	April 28
	April 1 - June 30	July 28
	July 1 - September 30	October 28
	October 1 - December 31	January 28
Semiannual	January 1 - June 30	July 28
	July 1 - December 30	January 28
Annual	January 1 - December 31	January 28

The permittee may submit either paper or electronic DMR forms. If submitting paper DMR forms, the permittee shall make copies of the attached DMR forms, without altering the original format or content unless approved by the Department, and shall submit the completed DMR forms to the Department's Central District Office at the address specified in Permit Condition I.B.8. by the twenty-eighth (28th) of the month following the month of operation.

If submitting electronic DMR forms, the permittee shall use the electronic DMR system(s) approved in writing by the Department and shall electronically submit the completed DMR forms to the Department by the twenty-eighth (28th) of the month following the month of operation. Data submitted in electronic format is equivalent to data submitted on signed and certified paper DMR forms.

[62-620.610(18)][62-601.300(1),(2), and (3)]

8. Unless specified otherwise in this permit, all reports and other information required by this permit, including 24-hour notifications, shall be submitted to or reported to, as appropriate, the Department's Central District Office at the address specified below:

Florida Department of Environmental Protection Central District Office
3319 Maguire Blvd
Suite 232
Orlando, Florida 32803-3767

Phone Number - (407)897-4100
FAX Number - (850)412-0496
(All FAX copies and e-mails shall be followed by original copies.)

[62-620.305]

9. All reports and other information shall be signed in accordance with the requirements of Rule 62-620.305, F.A.C. *[62-620.305]*

II. BIOSOLIDS MANAGEMENT REQUIREMENTS

A. Basic Requirements

1. Biosolids generated by this facility may be transferred to 412 Biosolids Treatment Facility or disposed of in a Class I solid waste landfill. Transferring biosolids to an alternative biosolids treatment facility does not require a permit modification. However, use of an alternative biosolids treatment facility requires submittal of a copy of the agreement pursuant to Rule 62-640.880(1)(c), F.A.C., along with a written notification to the Department at least 30 days before transport of the biosolids. *[62-620.320(6), 62-640.880(1)]*
2. The permittee shall monitor and keep records of the quantities of biosolids generated, received from source facilities, treated, distributed and marketed, land applied, used as a biofuel or for bioenergy, transferred to another facility, or landfilled. These records shall be kept for a minimum of five years. *[62-640.650(4)(a)]*

PERMITTEE: Harbor Hills Development LP
 FACILITY: Harbor Hills WWTF

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3. Biosolids quantities shall be monitored by the permittee as specified below. Results shall be reported on the permittee's Discharge Monitoring Report in accordance with Condition I.B.7.

Parameter	Units	Max /Min	Biosolids Limitations		Monitoring Requirements		
			Limit	Statistical Basis	Frequency of Analysis	Sample Type	Monitoring Site Number
Biosolids Quantity (Transferred)	Dry tons	Max	Report	Total Monthly	Monthly	Calculated	RMP-1
Biosolids Quantity (Landfilled)	Dry tons	Max	Report	Total Monthly	Monthly	Calculated	RMP-1

[62-640.650(5)(a)1]

4. Biosolids quantities shall be calculated as listed in Permit Condition II. 3 and as described below:

Monitoring Site Number	Description of Monitoring Site Calculation
RMP-1	Calculated (based on volume and estimated %solids)

5. The treatment, management, transportation, use, land application, or disposal of biosolids shall not cause a violation of the odor prohibition in subsection 62-296.320(2), F.A.C. [62-640.400(6)]
6. Storage of biosolids or other solids at this facility shall be in accordance with the Facility Biosolids Storage Plan. [62-640.300(4)]
7. Biosolids shall not be spilled from or tracked off the treatment facility site by the hauling vehicle. [62-640.400(9)]
8. Disposal of biosolids, septage, and "other solids" in a solid waste disposal facility, or disposal by placement on land for purposes other than soil conditioning or fertilization, such as at a monofill, surface impoundment, waste pile, or dedicated site, shall be in accordance with Chapter 62-701, F.A.C. [62-640.100(6)(b) & (c)]
9. The permittee shall not be held responsible for treatment and management violations that occur after its biosolids have been accepted by a permitted biosolids treatment facility with which the source facility has an agreement in accordance with subsection 62-640.880(1)(c), F.A.C., for further treatment, management, or disposal. [62-640.880(1)(b)]
10. The permittee shall keep hauling records to track the transport of biosolids between facilities. The hauling records shall contain the following information:

Source Facility

1. Date and time shipped
2. Amount of biosolids shipped
3. Degree of treatment (if applicable)
4. Name and ID number of treatment facility
5. Signature of responsible party at source facility
6. Signature of hauler and name of hauling firm

Biosolids Treatment Facility or Treatment Facility

1. Date and time received
2. Amount of biosolids received
3. Name and ID number of source facility
4. Signature of hauler
5. Signature of responsible party at treatment facility

PERMITTEE: Harbor Hills Development LP
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A copy of the source facility hauling records for each shipment shall be provided upon delivery of the biosolids to the biosolids treatment facility or treatment facility. The treatment facility permittee shall report to the Department within 24 hours of discovery any discrepancy in the quantity of biosolids leaving the source facility and arriving at the biosolids treatment facility or treatment facility.

[62-640.880(4)]

11. If the permittee intends to accept biosolids from other facilities, a permit revision is required pursuant to paragraph 62-640.880(2)(d), F.A.C. *[62-640.880(2)(d)]*

2. GROUND WATER REQUIREMENTS

1. Piezometer wells are in-place but not utilized. Section III is not applicable to this facility.

2. ADDITIONAL REUSE AND LAND APPLICATION REQUIREMENTS

A. Part IV Rapid Infiltration Basins

1. Advisory signs shall be posted around the site boundaries to designate the nature of the project area. *[62-610.518]*
2. The maximum annual average loading rate to the two rapid infiltration basins with a total wetted area of 0.351 acres (15,289 square feet) shall be limited to 4.2 inches per day (as applied to the entire bottom area). *[62-610.523(3)]*
3. The two rapid infiltration basins with a total wetted area of 0.351 acres (15,289 square feet) normally shall be loaded for 7 days and shall be rested for 7 days. Infiltration ponds, basins, or trenches shall be allowed to dry during the resting portion of the cycle. *[62-610.523(4)]*
4. Rapid infiltration basins shall be routinely maintained to control vegetation growth and to maintain percolation capability by scarification or removal of deposited solids. Basin bottoms shall be maintained to be level. *[62-610.523(6) and (7)]*
5. Routine aquatic weed control and regular maintenance of storage pond embankments and access areas are required. *[62-610.514 and 62-610.414]*
6. Overflows from emergency discharge facilities on storage ponds or on infiltration ponds, basins, or trenches shall be reported as abnormal events in accordance with Permit Condition IX.20. *[62-610.800(9)]*

3. OPERATION AND MAINTENANCE REQUIREMENTS

A. Staffing Requirements

1. During the period of operation authorized by this permit, the wastewater facilities shall be operated under the supervision of a(n) operator(s) certified in accordance with Chapter 62-602, F.A.C. In accordance with Chapter 62-699, F.A.C., this facility is a Category III, Class C facility and, at a minimum, operators with appropriate certification must be on the site as follows:

A Class C or higher operator 1/2 hour/day for 5 days/week and one visit each weekend. The lead/chief operator must be a Class C operator, or higher.
2. An operator meeting the lead/chief operator class for the plant shall be available during all periods of plant operation. "Available" means able to be contacted as needed to initiate the appropriate action in a timely manner. *[62-699.311(1)]*

B. Capacity Analysis Report and Operation and Maintenance Performance Report Requirements

1. The application to renew this permit shall include an updated capacity analysis report prepared in accordance with Rule 62-600.405, F.A.C. *[62-600.405(5)]*

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2. The application to renew this permit shall include a detailed operation and maintenance performance report prepared in accordance with Rule 62-600.735, F.A.C. [62-600.735(1)]

C. Recordkeeping Requirements

1. The permittee shall maintain the following records and make them available for inspection on the site of the permitted facility.
 - a. Records of all compliance monitoring information, including all calibration and maintenance records and all original strip chart recordings for continuous monitoring instrumentation, including, if applicable, a copy of the laboratory certification showing the certification number of the laboratory, for at least three years from the date the sample or measurement was taken;
 - b. Copies of all reports required by the permit for at least three years from the date the report was prepared;
 - c. Records of all data, including reports and documents, used to complete the application for the permit for at least three years from the date the application was filed;
 - d. Monitoring information, including a copy of the laboratory certification showing the laboratory certification number, related to the residuals use and disposal activities for the time period set forth in Chapter 62-640, F.A.C., for at least three years from the date of sampling or measurement;
 - e. A copy of the current permit;
 - f. A copy of the current operation and maintenance manual as required by Chapter 62-600, F.A.C.;
 - g. A copy of any required record drawings;
 - h. Copies of the licenses of the current certified operators; and
 - i. Copies of the logs and schedules showing plant operations and equipment maintenance for three years from the date of the logs or schedules. The logs shall, at a minimum, include identification of the plant; the signature and license number of the operator(s) and the signature of the person(s) making any entries; date and time in and out; specific operation and maintenance activities, including any preventive maintenance or repairs made or requested; results of tests performed and samples taken, unless documented on a laboratory sheet; and notation of any notification or reporting completed in accordance with Rule 62-602.650(3), F.A.C. The logs shall be maintained on-site in a location accessible to 24-hour inspection, protected from weather damage, and current to the last operation and maintenance performed.

[62-620.350, 62-602.650]

4. SCHEDULES

1. The following improvement actions shall be completed according to the following schedule:

Improvement Action	Completion Date
1. Repair fence around the facility and notify the Department, in writing, when complete	October 31, 2011
2. Repair corroded sides of steel plant and repaint to prevent further deterioration and notify the Department, in writing, when complete	November 12, 2012

[62-620.320(6)]

2. The permittee is not authorized to discharge to waters of the state after the expiration date of this permit, unless:
 - a. The permittee has applied for renewal of this permit at least 180 days before the expiration date of this permit using the appropriate forms listed in Rule 62-620.910, F.A.C., and in the manner established in the Department of Environmental Protection Guide to Permitting Wastewater Facilities or Activities Under Chapter 62-620, F.A.C., including submittal of the appropriate processing fee set forth in Rule 62-4.050, F.A.C.; or

PERMITTEE: Harbor Hills Development LP
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- b. The permittee has made complete the application for renewal of this permit before the permit expiration date.

[62-620.335(1) - (4)]

5. INDUSTRIAL PRETREATMENT PROGRAM REQUIREMENTS

1. This facility is not required to have a pretreatment program at this time. *[62-625.500]*

6. OTHER SPECIFIC CONDITIONS

1. The permittee shall comply with all conditions and requirements for reuse contained in their consumptive use permit issued by the Water Management District, if such requirements are consistent with Department rules. *[62-610.800(10)]*
2. In the event that the treatment facilities or equipment no longer function as intended, are no longer safe in terms of public health and safety, or odor, noise, aerosol drift, or lighting adversely affects neighboring developed areas at the levels prohibited by Rule 62-600.400(2)(a), F.A.C., corrective action (which may include additional maintenance or modifications of the permitted facilities) shall be taken by the permittee. Other corrective action may be required to ensure compliance with rules of the Department. Additionally, the treatment, management, use or land application of residuals shall not cause a violation of the odor prohibition in Rule 62-296.320(2), F.A.C. *[62-600.410(8) and 62-640.400(6)]*
3. The deliberate introduction of stormwater in any amount into collection/transmission systems designed solely for the introduction (and conveyance) of domestic/industrial wastewater; or the deliberate introduction of stormwater into collection/transmission systems designed for the introduction or conveyance of combinations of storm and domestic/industrial wastewater in amounts which may reduce the efficiency of pollutant removal by the treatment plant is prohibited, except as provided by Rule 62-610.472, F.A.C. *[62-604.130(3)]*
4. Collection/transmission system overflows shall be reported to the Department in accordance with Permit Condition IX. 20. *[62-604.550] [62-620.610(20)]*
5. The operating authority of a collection/transmission system and the permittee of a treatment plant are prohibited from accepting connections of wastewater discharges which have not received necessary pretreatment or which contain materials or pollutants (other than normal domestic wastewater constituents):
 - a. Which may cause fire or explosion hazards; or
 - b. Which may cause excessive corrosion or other deterioration of wastewater facilities due to chemical action or pH levels; or
 - c. Which are solid or viscous and obstruct flow or otherwise interfere with wastewater facility operations or treatment; or
 - d. Which result in the wastewater temperature at the introduction of the treatment plant exceeding 40°C or otherwise inhibiting treatment; or
 - e. Which result in the presence of toxic gases, vapors, or fumes that may cause worker health and safety problems.

[62-604.130(5)]

6. The treatment facility, storage ponds for Part II systems, rapid infiltration basins, and/or infiltration trenches shall be enclosed with a fence or otherwise provided with features to discourage the entry of animals and unauthorized persons. *[62-610.518(1) and 62-600.400(2)(b)]*
7. Screenings and grit removed from the wastewater facilities shall be collected in suitable containers and hauled to a Department approved Class I landfill or to a landfill approved by the Department for receipt/disposal of screenings and grit. *[62-701.300(1)(a)]*

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FACILITY: Harbor Hills WWTF

PERMIT NUMBER: FLA010608-004
EXPIRATION DATE: September 21, 2021

8. Where required by Chapter 471 or Chapter 492, F.S., applicable portions of reports that must be submitted under this permit shall be signed and sealed by a professional engineer or a professional geologist, as appropriate. *[62-620.310(4)]*
9. The permittee shall provide verbal notice to the Department's Central District Office as soon as practical after discovery of a sinkhole or other karst feature within an area for the management or application of wastewater, wastewater residuals (sludges), or reclaimed water. The permittee shall immediately implement measures appropriate to control the entry of contaminants, and shall detail these measures to the Department's Central District Office in a written report within 7 days of the sinkhole discovery. *[62-620.320(6)]*
10. The permittee shall provide adequate notice to the Department of the following:
 - a. Any new introduction of pollutants into the facility from an industrial discharger which would be subject to Chapter 403, F.S., and the requirements of Chapter 62-620, F.A.C., if it were directly discharging those pollutants; and
 - b. Any substantial change in the volume or character of pollutants being introduced into that facility by a source which was identified in the permit application and known to be discharging at the time the permit was issued.Adequate notice shall include information on the quality and quantity of effluent introduced into the facility and any anticipated impact of the change on the quantity or quality of effluent or reclaimed water to be discharged from the facility.

[62-620.625(2)]

7. GENERAL CONDITIONS

1. The terms, conditions, requirements, limitations, and restrictions set forth in this permit are binding and enforceable pursuant to Chapter 403, Florida Statutes. Any permit noncompliance constitutes a violation of Chapter 403, Florida Statutes, and is grounds for enforcement action, permit termination, permit revocation and reissuance, or permit revision. *[62-620.610(1)]*
2. This permit is valid only for the specific processes and operations applied for and indicated in the approved drawings or exhibits. Any unauthorized deviations from the approved drawings, exhibits, specifications, or conditions of this permit constitutes grounds for revocation and enforcement action by the Department. *[62-620.610(2)]*
3. As provided in subsection 403.087(7), F.S., the issuance of this permit does not convey any vested rights or any exclusive privileges. Neither does it authorize any injury to public or private property or any invasion of personal rights, nor authorize any infringement of federal, state, or local laws or regulations. This permit is not a waiver of or approval of any other Department permit or authorization that may be required for other aspects of the total project which are not addressed in this permit. *[62-620.610(3)]*
4. This permit conveys no title to land or water, does not constitute state recognition or acknowledgment of title, and does not constitute authority for the use of submerged lands unless herein provided and the necessary title or leasehold interests have been obtained from the State. Only the Trustees of the Internal Improvement Trust Fund may express State opinion as to title. *[62-620.610(4)]*
5. This permit does not relieve the permittee from liability and penalties for harm or injury to human health or welfare, animal or plant life, or property caused by the construction or operation of this permitted source; nor does it allow the permittee to cause pollution in contravention of Florida Statutes and Department rules, unless specifically authorized by an order from the Department. The permittee shall take all reasonable steps to minimize or prevent any discharge, reuse of reclaimed water, or residuals use or disposal in violation of this permit which has a reasonable likelihood of adversely affecting human health or the environment. It shall not be a defense for a permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit. *[62-620.610(5)]*

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FACILITY: Harbor Hills WWTF

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6. If the permittee wishes to continue an activity regulated by this permit after its expiration date, the permittee shall apply for and obtain a new permit. *[62-620.610(6)]*
7. The permittee shall at all times properly operate and maintain the facility and systems of treatment and control, and related appurtenances, that are installed and used by the permittee to achieve compliance with the conditions of this permit. This provision includes the operation of backup or auxiliary facilities or similar systems when necessary to maintain or achieve compliance with the conditions of the permit. *[62-620.610(7)]*
8. This permit may be modified, revoked and reissued, or terminated for cause. The filing of a request by the permittee for a permit revision, revocation and reissuance, or termination, or a notification of planned changes or anticipated noncompliance does not stay any permit condition. *[62-620.610(8)]*
9. The permittee, by accepting this permit, specifically agrees to allow authorized Department personnel, including an authorized representative of the Department and authorized EPA personnel, when applicable, upon presentation of credentials or other documents as may be required by law, and at reasonable times, depending upon the nature of the concern being investigated, to:
 - a. Enter upon the permittee's premises where a regulated facility, system, or activity is located or conducted, or where records shall be kept under the conditions of this permit;
 - b. Have access to and copy any records that shall be kept under the conditions of this permit;
 - c. Inspect the facilities, equipment, practices, or operations regulated or required under this permit; and
 - d. Sample or monitor any substances or parameters at any location necessary to assure compliance with this permit or Department rules.*[62-620.610(9)]*
10. In accepting this permit, the permittee understands and agrees that all records, notes, monitoring data, and other information relating to the construction or operation of this permitted source which are submitted to the Department may be used by the Department as evidence in any enforcement case involving the permitted source arising under the Florida Statutes or Department rules, except as such use is proscribed by Section 403.111, F.S., or Rule 62-620.302, F.A.C. Such evidence shall only be used to the extent that it is consistent with the Florida Rules of Civil Procedure and applicable evidentiary rules. *[62-620.610(10)]*
11. When requested by the Department, the permittee shall within a reasonable time provide any information required by law which is needed to determine whether there is cause for revising, revoking and reissuing, or terminating this permit, or to determine compliance with the permit. The permittee shall also provide to the Department upon request copies of records required by this permit to be kept. If the permittee becomes aware of relevant facts that were not submitted or were incorrect in the permit application or in any report to the Department, such facts or information shall be promptly submitted or corrections promptly reported to the Department. *[62-620.610(11)]*
12. Unless specifically stated otherwise in Department rules, the permittee, in accepting this permit, agrees to comply with changes in Department rules and Florida Statutes after a reasonable time for compliance; provided, however, the permittee does not waive any other rights granted by Florida Statutes or Department rules. A reasonable time for compliance with a new or amended surface water quality standard, other than those standards addressed in Rule 62-302.500, F.A.C., shall include a reasonable time to obtain or be denied a mixing zone for the new or amended standard. *[62-620.610(12)]*
13. The permittee, in accepting this permit, agrees to pay the applicable regulatory program and surveillance fee in accordance with Rule 62-4.052, F.A.C. *[62-620.610(13)]*
14. This permit is transferable only upon Department approval in accordance with Rule 62-620.340, F.A.C. The permittee shall be liable for any noncompliance of the permitted activity until the transfer is approved by the Department. *[62-620.610(14)]*

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15. The permittee shall give the Department written notice at least 60 days before inactivation or abandonment of a wastewater facility or activity and shall specify what steps will be taken to safeguard public health and safety during and following inactivation or abandonment. *[62-620.610(15)]*
16. The permittee shall apply for a revision to the Department permit in accordance with Rules 62-620.300, F.A.C., and the Department of Environmental Protection Guide to Permitting Wastewater Facilities or Activities Under Chapter 62-620, F.A.C., at least 90 days before construction of any planned substantial modifications to the permitted facility is to commence or with Rule 62-620.325(2), F.A.C., for minor modifications to the permitted facility. A revised permit shall be obtained before construction begins except as provided in Rule 62-620.300, F.A.C. *[62-620.610(16)]*
17. The permittee shall give advance notice to the Department of any planned changes in the permitted facility or activity which may result in noncompliance with permit requirements. The permittee shall be responsible for any and all damages which may result from the changes and may be subject to enforcement action by the Department for penalties or revocation of this permit. The notice shall include the following information:
 - a. A description of the anticipated noncompliance;
 - b. The period of the anticipated noncompliance, including dates and times; and
 - c. Steps being taken to prevent future occurrence of the noncompliance.*[62-620.610(17)]*
18. Sampling and monitoring data shall be collected and analyzed in accordance with Rule 62-4.246 and Chapters 62-160, 62-601, and 62-610, F.A.C., and 40 CFR 136, as appropriate.
 - a. Monitoring results shall be reported at the intervals specified elsewhere in this permit and shall be reported on a Discharge Monitoring Report (DMR), DEP Form 62-620.910(10), or as specified elsewhere in the permit.
 - b. If the permittee monitors any contaminant more frequently than required by the permit, using Department approved test procedures, the results of this monitoring shall be included in the calculation and reporting of the data submitted in the DMR.
 - c. Calculations for all limitations which require averaging of measurements shall use an arithmetic mean unless otherwise specified in this permit.
 - d. Except as specifically provided in Rule 62-160.300, F.A.C., any laboratory test required by this permit shall be performed by a laboratory that has been certified by the Department of Health Environmental Laboratory Certification Program (DOH ELCP). Such certification shall be for the matrix, test method and analyte(s) being measured to comply with this permit. For domestic wastewater facilities, testing for parameters listed in Rule 62-160.300(4), F.A.C., shall be conducted under the direction of a certified operator.
 - e. Field activities including on-site tests and sample collection shall follow the applicable standard operating procedures described in DEP-SOP-001/01 adopted by reference in Chapter 62-160, F.A.C.
 - f. Alternate field procedures and laboratory methods may be used where they have been approved in accordance with Rules 62-160.220, and 62-160.330, F.A.C.*[62-620.610(18)]*
19. Reports of compliance or noncompliance with, or any progress reports on, interim and final requirements contained in any compliance schedule detailed elsewhere in this permit shall be submitted no later than 14 days following each schedule date. *[62-620.610(19)]*
20. The permittee shall report to the Department's Central District Office any noncompliance which may endanger health or the environment. Any information shall be provided orally within 24 hours from the time the permittee becomes aware of the circumstances. A written submission shall also be provided within five days of the time the permittee becomes aware of the circumstances. The written submission shall contain: a description of the noncompliance and its cause; the period of noncompliance including exact dates and time, and if the

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noncompliance has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent recurrence of the noncompliance.

- a. The following shall be included as information which must be reported within 24 hours under this condition:
 - (1) Any unanticipated bypass which causes any reclaimed water or effluent to exceed any permit limitation or results in an unpermitted discharge,
 - (2) Any upset which causes any reclaimed water or the effluent to exceed any limitation in the permit,
 - (3) Violation of a maximum daily discharge limitation for any of the pollutants specifically listed in the permit for such notice, and
 - (4) Any unauthorized discharge to surface or ground waters.
- b. Oral reports as required by this subsection shall be provided as follows:
 - (1) For unauthorized releases or spills of treated or untreated wastewater reported pursuant to subparagraph (a)4. that are in excess of 1,000 gallons per incident, or where information indicates that public health or the environment will be endangered, oral reports shall be provided to the STATE WARNING POINT TOLL FREE NUMBER (800) 320-0519, as soon as practical, but no later than 24 hours from the time the permittee becomes aware of the discharge. The permittee, to the extent known, shall provide the following information to the State Warning Point:
 - (a) Name, address, and telephone number of person reporting;
 - (b) Name, address, and telephone number of permittee or responsible person for the discharge;
 - (c) Date and time of the discharge and status of discharge (ongoing or ceased);
 - (d) Characteristics of the wastewater spilled or released (untreated or treated, industrial or domestic wastewater);
 - (e) Estimated amount of the discharge;
 - (f) Location or address of the discharge;
 - (g) Source and cause of the discharge;
 - (h) Whether the discharge was contained on-site, and cleanup actions taken to date;
 - (i) Description of area affected by the discharge, including name of water body affected, if any; and
 - (j) Other persons or agencies contacted.
 - (2) Oral reports, not otherwise required to be provided pursuant to subparagraph b.1 above, shall be provided to the Department's Central District Office within 24 hours from the time the permittee becomes aware of the circumstances.
- c. If the oral report has been received within 24 hours, the noncompliance has been corrected, and the noncompliance did not endanger health or the environment, the Department's Central District Office shall waive the written report.

[62-620.610(20)]

21. The permittee shall report all instances of noncompliance not reported under Permit Conditions IX.17., IX.18., or IX.19. of this permit at the time monitoring reports are submitted. This report shall contain the same information required by Permit Condition IX.20. of this permit. *[62-620.610(21)]*

22. Bypass Provisions.

- a. "Bypass" means the intentional diversion of waste streams from any portion of a treatment works.
- b. Bypass is prohibited, and the Department may take enforcement action against a permittee for bypass, unless the permittee affirmatively demonstrates that:
 - (1) Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage; and
 - (2) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate back-up equipment should have been installed in the exercise of reasonable engineering judgment to prevent a bypass which occurred during normal periods of equipment downtime or preventive maintenance; and
 - (3) The permittee submitted notices as required under Permit Condition IX.22.c. of this permit.
- c. If the permittee knows in advance of the need for a bypass, it shall submit prior notice to the Department, if possible at least 10 days before the date of the bypass. The permittee shall submit notice of an unanticipated bypass within 24 hours of learning about the bypass as required in Permit Condition IX.20. of

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this permit. A notice shall include a description of the bypass and its cause; the period of the bypass, including exact dates and times; if the bypass has not been corrected, the anticipated time it is expected to continue; and the steps taken or planned to reduce, eliminate, and prevent recurrence of the bypass.

- d. The Department shall approve an anticipated bypass, after considering its adverse effect, if the permittee demonstrates that it will meet the three conditions listed in Permit Condition IX.22.b.(1) through (3) of this permit.
- e. A permittee may allow any bypass to occur which does not cause reclaimed water or effluent limitations to be exceeded if it is for essential maintenance to assure efficient operation. These bypasses are not subject to the provisions of Permit Condition IX.22.b. through d. of this permit.

[62-620.610(22)]

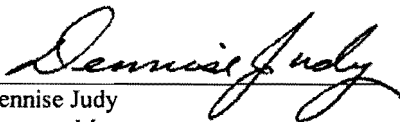
23. Upset Provisions.

- a. "Upset" means an exceptional incident in which there is unintentional and temporary noncompliance with technology-based effluent limitations because of factors beyond the reasonable control of the permittee.
 - (1) An upset does not include noncompliance caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventive maintenance, careless or improper operation.
 - (2) An upset constitutes an affirmative defense to an action brought for noncompliance with technology based permit effluent limitations if the requirements of upset provisions of Rule 62-620.610, F.A.C., are met.
- b. A permittee who wishes to establish the affirmative defense of upset shall demonstrate, through properly signed contemporaneous operating logs, or other relevant evidence that:
 - (1) An upset occurred and that the permittee can identify the cause(s) of the upset;
 - (2) The permitted facility was at the time being properly operated;
 - (3) The permittee submitted notice of the upset as required in Permit Condition IX.20. of this permit; and
 - (4) The permittee complied with any remedial measures required under Permit Condition IX.5. of this permit.
- c. In any enforcement proceeding, the burden of proof for establishing the occurrence of an upset rests with the permittee.
- d. Before an enforcement proceeding is instituted, no representation made during the Department review of a claim that noncompliance was caused by an upset is final agency action subject to judicial review.

[62-620.610(23)]

Executed in Orlando, Florida.

STATE OF FLORIDA DEPARTMENT
OF ENVIRONMENTAL PROTECTION


Dennise Judy
Program Manager
Domestic Waste

Date: September 22, 2011

Attachment(s):
Discharge Monitoring Report

EXHIBIT M

Exhibit M will be a late-filed exhibit consisting of an affidavit that the Notice of Actual Application ("Notice") was given in accordance with Sections 367.045(1)(a), Florida Statutes, and Rule 225-30.030, Florida Administrative Code, by regular mail to the entities on the Notice List attached hereto.

**LIST OF WATER AND WASTEWATER UTILITIES IN LAKE COUNTY
(VALID FOR 60 DAYS)
04/18/2012 - 06/16/2012**

<u>UTILITY NAME</u>	<u>MANAGER</u>
<u>LAKE COUNTY</u>	
AQUA UTILITIES FLORIDA, INC. (WS881) 2228 CAPITAL CIRCLE N.E., SUITE 1A TALLAHASSEE, FL 32308-4306	FROY RENDELL (850) 575-8500
BLACK BEAR RESERVE WATER CORPORATION (WU940) P. O. BOX 13 MOUNT DORA, FL 32757-0013	DEB SPICER (321) 947-4300
BRENDENWOOD UTILITIES, LLC. (WU951) P. O. BOX 350065 GRAND ISLAND, FL 32735-0065	GERARD P. CONNOLLY, JR. (352) 602-4170
CENTURY ESTATES UTILITIES, INC. (WU725) 114 EUCLID AVENUE LEESBURG, FL 34748-7509	JOSEPH LINARTAS (352) 450-1450
COL UTILITY SYSTEMS, L.L.C. (WS946) 5100 WEST LEMON STREET, SUITE 308 TAMPA, FL 33609-1129	JORDAN RUBEN (813) 282-6754
CWS COMMUNITIES I.P. (WU839) 14 CORAL STREET EUSTIS, FL 32726-6710	MICHAEL MATHISEN (352) 589-1190
HARBOR HILLS UTILITIES, L.P. (WU727) 6538 LAKE GRIFFIN ROAD LADY LAKE, FL 32159-2900	ADAM RICH (352) 753-7000
HIDDEN VALLEY SPF LLC D/B/A ORANGE LAKE (WS892) 15840 STATE ROAD 50, LOT 32 CLERMONT, FL 34711-8715	GARY MORSE (352) 382-3414
LAKE UTILITY SERVICES, INC. (WU553) 200 WEATHERSFIELD AVENUE ALTAMONTE SPRINGS, FL 32714-4027	PATRICK C. FLYNN (407) 869-1919 EXT 1359
LAKE UTILITY SERVICES, INC. (WS641) 200 WEATHERSFIELD AVENUE ALTAMONTE SPRINGS, FL 32714-4027	PATRICK C. FLYNN (407) 869-1919 EXT 1359
LAKE YALE TREATMENT ASSOCIATES, INC. (WS823) 38141 MAYWOOD BAY DRIVE LEESBURG, FL 34788-8134	DANNY ELIIS (352) 589-9214

**LIST OF WATER AND WASTEWATER UTILITIES IN LAKE COUNTY
(VALID FOR 60 DAYS)
04/18/2012 - 06/16/2012**

<u>UTILITY NAME</u>	<u>MANAGER</u>
<u>LAKE COUNTY</u>	
MFL UTILITY SYSTEMS, L.L.C. (WS948) 5100 WEST LEMON STREET, SUITE 308 TAMPA, FL 33609-1129	JORDAN RUBEN (813) 282-6754
OAK SPRINGS, LLC (WU875) 1886 CANOVA STREET S. PALM BAY, FL 32909-2931	MICHAEL CAMPBELL (321) 837-0565
PINE HARBOUR WATER UTILITIES, LLC (WU921) P. O. BOX 447 FRUITLAND PARK, FL 34731-0447	SANDRA S. WESSON (352) 787-2944
RAINTREE UTILITIES, INC. (WU663) P. O. BOX 1840 EUSTIS, FL 32727-1840	KEITH J. SHAMROCK (352) 357-0250
SHANGRI-LA BY THE LAKE UTILITIES, INC. (WS728) 1214 WEST IL ROUTE 72 LEAF RIVER, IL 61047-9614	JAY E. WERNER (815) 738-2508
SOUTHLAKE UTILITIES, INC. (WS638) 2215 RIVER BLVD. JACKSONVILLE, FL 32204-4647	WILLIAM J. DEAS (904) 387-9292
SUN COMMUNITIES FINANCE, LLC D/B/A WATER OAK UTILITY (WS755) THE AMERICAN CENTER 27777 FRANKLIN ROAD, SUITE 200 SOUTHFIELD, MI 48034-8205	JIM HOEKSTRA (748) 208-2554
TLP WATER, INC. (WU924) 12315 U.S. HIGHWAY 441 TAVARES, FL 32778-4515	WILLIAM CAREY (352) 450-1706
UTILITIES, INC. OF PENNBROOKE (WS861) 200 WEATHERSFIELD AVENUE ALTAMONTE SPRINGS, FL 32714-4027	PATRICK C. FLYNN (407) 869-1919 EXT 1359
W.B.B. UTILITIES, INC. (WU639) 4223 BAIR AVENUE FRUITLAND PARK, FL 34731-5618	RICHARD S. BAIR (352) 787-3107

**LIST OF WATER AND WASTEWATER UTILITIES IN LAKE COUNTY
(VALID FOR 60 DAYS)
04/18/2012 - 06/16/2012**

UTILITY NAME

MANAGER

GOVERNMENTAL AGENCIES

ADMINISTRATOR, CITY OF UMATILLA
P. O. BOX 2286
UMATILLA, FL 32784-2286

CLERK, BOARD OF COUNTY COMMISSIONERS, LAKE COUNTY
P. O. BOX 7800
TAVARES, FL 32778-7800

DEP CENTRAL DISTRICT
3319 MAGUIRE BLVD., SUITE 232
ORLANDO, FL 32803-3767

DEP SOUTHWEST DISTRICT
13051 N. TELECOM PARKWAY
TEMPLE TERRACE, FL 33637-0926

EAST CENTRAL FLORIDA PLANNING COUNCIL
631 NORTH WYMORE ROAD, SUITE 100
MAITLAND, FL 32751

MAYOR, CITY OF CLERMONT
P. O. BOX 120219
CLERMONT, FL 32712-0219

MAYOR, CITY OF EUSTIS
P. O. DRAWER 68
EUSTIS, FL 32727-0068

MAYOR, CITY OF FRUITLAND PARK
506 WEST BERCKMAN STREET
FRUITLAND PARK, FL 34731-3200

MAYOR, CITY OF GROVELAND
156 SOUTH LAKE AVENUE
GROVELAND, FL 34736-2597

MAYOR, CITY OF LEESBURG
P. O. BOX 490630
LEESBURG, FL 32749-0630

MAYOR, CITY OF MASCOTTE
P. O. BOX 56
MASCOTTE, FL 34753-0056

**LIST OF WATER AND WASTEWATER UTILITIES IN LAKE COUNTY
(VALID FOR 60 DAYS)
04/18/2012 - 06/16/2012**

UTILITY NAME

MANAGER

GOVERNMENTAL AGENCIES

MAYOR, CITY OF MINNEOLA
P. O. BOX 678
MINNEOLA, FL 34755-0678

MAYOR, CITY OF MOUNT DORA
P. O. BOX 176
MOUNT DORA, FL 32756-0176

MAYOR, CITY OF TAVARES
P. O. BOX 1068
TAVARES, FL 32778-1068

MAYOR, TOWN OF ASTATULA
P. O. BOX 609
ASTATULA, FL 34705-0609

MAYOR, TOWN OF HOWEY-IN-THE-HILLS
P. O. BOX 128
HOWEY-IN-THE-HILLS, FL 34737-0128

MAYOR, TOWN OF LADY LAKE
409 FENNELL BLVD.
LADY LAKE, FL 32159-3159

MAYOR, TOWN OF MONTVERDE
P. O. BOX 560008
MONTVERDE, FL 34729-0008

ST. JOHNS RIVER UTILITY, INC.
P.O. BOX 77
ASTOR, FL 32102

ST. JOHNS RIVER WTR MANAGEMENT DISTRICT
P.O. BOX 1429
PALATKA, FL 32178-1429

**LIST OF WATER AND WASTEWATER UTILITIES IN LAKE COUNTY
(VALID FOR 60 DAYS)
04/18/2012 - 06/16/2012**

UTILITY NAME

STATE OFFICIALS

MANAGER

OFFICE OF PUBLIC COUNSEL
111 WEST MADISON STREET
SUITE 812
TALLAHASSEE, FL 32399-1400

OFFICE OF COMMISSION CLERK
FLORIDA PUBLIC SERVICE COMMISSION
2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FL 32399-0850

EXHIBIT N

Exhibit N will be a late-filed Affidavit that the Notice of Actual Application was given in accordance with Rule 35-30.030, Florida Administrative Code, by regular mail or personal delivery to customers of the system.

EXHIBIT O

Exhibit O will be a late-filed Affidavit that the Notice of actual Application was published once in a newspaper of general circulation in the territory in accordance with Rule 25-30.030, Florida Administrative Code.

EXHIBIT P

Exhibit P contains the sample wastewater tariffs containing all rates, classifications, charges, rules and regulations. Additionally, there are a total of two sets provided.

GENERAL SERVICE
RATE SCHEDULE GS

- AVAILABILITY - Available throughout the area served by the Company.
- APPLICABILITY - For water service for all purposes in commercial application
- LIMITATIONS - Subject to all the Rules and Regulations of this Tariff and General Rules and Regulations of the Commission.
- BILLING PERIOD - Monthly
- RATE -
- | Meter Size | Base Facility Charge |
|-------------|----------------------|
| 5/8" x 3/4" | \$ 12.87 |
| 3/4" | \$ 19.31 |
| 1" | \$ 32.175 |
| 1 1/2" | \$ 64.35 |
| 2" | \$ 102.96 |
| 3" | \$ 193.05 |
| 4" | \$ 321.75 |
| 6" | \$ 643.50 |
- BASE FACILITY CHARGE - Per 1,000 gallons of water used \$10.52
- TERMS OF PAYMENTS - Bills are due and payable when rendered and become delinquent if not paid within twenty (20) days. After five (5) working days' written notice is mailed to the customer, separate and apart from any other bill, service may then be disconnected.
- EFFECTIVE DATE -
- TYPE OF FILING - Original Rates

Gary Deremer
ISSUING OFFICER

President
TITLE

GENERAL SERVICE
RATE SCHEDULE RS

AVAILABILITY - Available throughout the area served by the Company.

APPLICABILITY - For water service for all purposes in private residences and individually metered apartment units.

LIMITATIONS - Subject to all the Rules and Regulations of this Tariff and General Rules and Regulations of the Commission.

BILLING PERIOD - Monthly

<u>RATE</u>	Meter Size	Base Facility Charge
	5/8" x 3/4"	\$ 12.87
	3/4"	\$ 19.31
	1"	\$ 32.175
	1 1/2"	\$ 64.35
	2"	\$ 102.96
	3"	\$ 193.05
	4"	\$ 321.75
	6"	\$ 643.50

BASE FACILITY CHARGE - Per 1,000 gallons of water used with a cap at 6,000 gallons: \$8.77

TERMS OF PAYMENTS - Bills are due and payable when rendered and become delinquent if not paid within twenty (20) days. After five (5) working days' written notice is mailed to the customer, separate and apart from any other bill, service may then be disconnected.

EFFECTIVE DATE -

TYPE OF FILING - Transfer

Gary Deremer
ISSUING OFFICER

President
TITLE

GENERAL SERVICE
RATE SCHEDULE GS

- AVAILABILITY - Available throughout the area served by the Company.
- APPLICABILITY - For water service for all purposes in commercial application
- LIMITATIONS - Subject to all the Rules and Regulations of this Tariff and General Rules and Regulations of the Commission.
- BILLING PERIOD - Monthly
- RATE -
- | Meter Size | Base Facility Charge |
|-------------|----------------------|
| 5/8" x 3/4" | \$ 12.87 |
| 3/4" | \$ 19.31 |
| 1" | \$ 32.175 |
| 1 1/2" | \$ 64.35 |
| 2" | \$ 102.96 |
| 3" | \$ 193.05 |
| 4" | \$ 321.75 |
| 6" | \$ 643.50 |
- BASE FACILITY CHARGE - Per 1,000 gallons of water used \$10.52
- TERMS OF PAYMENTS - Bills are due and payable when rendered and become delinquent if not paid within twenty (20) days. After five (5) working days' written notice is mailed to the customer, separate and apart from any other bill, service may then be disconnected.
- EFFECTIVE DATE -
- TYPE OF FILING - Original Rates

Gary Deremer
ISSUING OFFICER

President
TITLE

GENERAL SERVICE
RATE SCHEDULE RS

AVAILABILITY - Available throughout the area served by the Company.

APPLICABILITY - For water service for all purposes in private residences and individually metered apartment units.

LIMITATIONS - Subject to all the Rules and Regulations of this Tariff and General Rules and Regulations of the Commission.

BILLING PERIOD - Monthly

<u>RATE</u>	Meter Size	Base Facility Charge
	5/8" x 3/4"	\$ 12.87
	3/4"	\$ 19.31
	1"	\$ 32.175
	1 1/2"	\$ 64.35
	2"	\$ 102.96
	3"	\$ 193.05
	4"	\$ 321.75
	6"	\$ 643.50

BASE FACILITY CHARGE - Per 1,000 gallons of water used with a cap at 6,000 gallons: \$8.77

TERMS OF PAYMENTS - Bills are due and payable when rendered and become delinquent if not paid within twenty (20) days. After five (5) working days' written notice is mailed to the customer, separate and apart from any other bill, service may then be disconnected.

EFFECTIVE DATE -

TYPE OF FILING - Original Rates

Gary Deremer
ISSUING OFFICER

President
TITLE