

GUARANTY AGREEMENT

Guarantors' Names	Name of Borrower
Robert W. Kenison Frances E. Kenison 35 Woodson Bend Bronston, KY 42518	South Fork Development, Inc. 711 Colyer Road Bronston, KY 42518

FOR GOOD CONSIDERATION, and as an inducement for Citizens National Bank ("Bank"), of P.O. Box 760, Somerset, KY 42502 to continue to extend credit to South Fork Development, Inc. ("Borrower"), it is hereby agreed that the undersigned do guaranty to the Bank the prompt and punctual payment of \$125,000.00 (one hundred twenty-five thousand dollars and no cents), toward payment of Loan numbers 12028900 and 12370700, arising out of two certain promissory notes dated May 24, 2004, between the Bank and the Borrower, by which Borrower originally borrowed the total principal sum of \$3,923,000.00, which borrowing is also secured by a real estate mortgage dated April 24, 2002.

Until termination, this guaranty is limited to \$125,000.00, but is not limited in duration and shall remain in full force and effect notwithstanding any extension, compromise, adjustment, forbearance, waiver, release or discharge of any party obligor or guarantor, or release in whole or part of any security granted for such indebtedness or compromise or adjustment thereto, and the undersigned waive all notices thereto.

The obligation of the undersigned shall be at the election of the Bank, shall be primary and Bank shall not be required to exhaust its remedies as against Borrower prior to enforcing Bank's right under this guaranty against the undersigned.

The guaranty hereunder shall be unconditional and absolute. The undersigned waive all rights of subrogation and set-off until all sums under this guaranty are fully paid.

In the event payments due under this guaranty are not paid upon demand, the undersigned shall pay all reasonable costs and attorney's fees necessary for collection, and enforcement of this guaranty.

The obligations of this guaranty are joint and several and are binding upon and inure to the benefit of the parties, their successors, assigns and personal representatives.

If Guarantors elect to receive one lot located at the Villas at Woodson Bend, pursuant to the terms of a Consulting Services Agreement entered into between the Guarantors and South Fork Development, Inc. then this guaranty shall not be terminated for

at least three years unless Borrower has satisfied all of Borrower's indebtedness to Bank referenced above. Bank shall release this guaranty after three years but only if the Borrower has made substantial progress on completion of the development of residential property in Bronston, Kentucky known as the Villas at Woodson Bend, which decision shall be made at the Bank's discretion. Under this paragraph if the Borrower has not made substantial progress on completion of the development of such residential property then this guaranty shall remain in full force and effect.

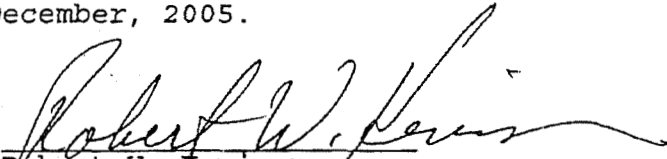
If Guarantors elect to purchase one of the following Units 433, 434, 442 or 443 and such purchase is made pursuant to the terms of a Consulting Services Agreement entered into between Guarantors and South Fork Development, Inc. (and therefore Guarantors shall not receive a lot located at the Villas at Woodson Bend) then this guaranty shall be terminated as soon as possible after Guarantors complete the purchase of one of the four Units referenced in this paragraph.

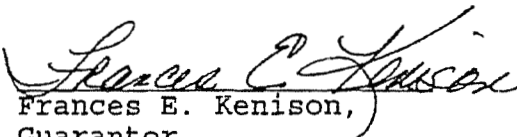
Each of the undersigned warrants and represents that they have full authority to enter into this guaranty.

This guaranty shall be binding upon and inure to the benefit of the parties, their successors, assigns and personal representatives.

This guaranty shall be construed and enforced under the laws of the Commonwealth of Kentucky.

Signed this 13th day of December, 2005.


Robert W. Kenison,
Guarantor


Frances E. Kenison,
Guarantor



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BUSINESS LOAN AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$1,323,000.00	10-29-2007	10-29-2008	12678400	133	S001221	CJC	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "****" has been omitted due to text length limitations.

Borrower: SOUTH FORK DEVELOPMENT INC
PO BOX 222
BRONSTON, KY 42518

Lender: CITIZENS NATIONAL BANK
MAIN BRANCH
44 PUBLIC SQ
PO BOX 760
SOMERSET, KY 42502-0760

THIS BUSINESS LOAN AGREEMENT dated October 29, 2007, is made and executed between SOUTH FORK DEVELOPMENT INC ("Borrower") and CITIZENS NATIONAL BANK ("Lender") on the following terms and conditions. Borrower has received prior commercial loans from Lender and has applied to Lender for a commercial loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement ("Loan"). Borrower understands and agrees that: (A) In granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; (B) the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

TERM. This Agreement shall be effective as of October 29, 2007, and shall continue in full force and effect until such time as all of Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until October 29, 2008.

CONDITIONS PRECEDENT TO EACH ADVANCE. Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

Loan Documents. Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) Security Agreements granting to Lender security interests in the Collateral; (3) financing statements and all other documents perfecting Lender's Security Interests; (4) evidence of insurance as required below; (5) guaranties; (6) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender's counsel.

Borrower's Authorization. Borrower shall have provided in form and substance satisfactory to Lender properly certified resolutions, duly authorizing the execution and delivery of this Agreement, the Note and the Related Documents. In addition, Borrower shall have provided such other resolutions, authorizations, documents and instruments as Lender or its counsel, may require.

Payment of Fees and Expenses. Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Document.

Representations and Warranties. The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

No Event of Default. There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Document.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any Indebtedness exists:

Organization. Borrower is a corporation for profit which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the Commonwealth of Kentucky. Borrower is duly authorized to transact business in all other states in which Borrower is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Borrower is doing business. Specifically, Borrower is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Borrower maintains its principal office at 711 COLYER ROAD, BRONSTON, KY. Unless Borrower has designated otherwise in writing, this is the principal office at which Borrower keeps its books and records including its records concerning the Collateral. Borrower will notify Lender prior to any change in the location of Borrower's state of organization or any change in Borrower's name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

Assumed Business Names. Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower does business: **None.**

Authorization. Borrower's execution, delivery, and performance of this Agreement and all the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (1) any provision of (a) Borrower's articles of incorporation or organization, or bylaws, or (b) any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

Financial Information. Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

Legal Effect. This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

Properties. Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

Hazardous Substances. Except as disclosed to and acknowledged by Lender in writing, Borrower represents and warrants that: (1) During the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from any of the Collateral. (2) Borrower has no knowledge of, or reason to believe that there has been (a) any breach or violation of any Environmental Laws; (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Collateral by any prior owners or occupants of any of the Collateral; or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters. (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from any of the Collateral; and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes Lender and its agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hazardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal,

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release or threatened release of a hazardous waste or substance on the Collateral. The provisions of this section of the Agreement, including the obligation to indemnify and defend, shall survive the payment of the Indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise.

Litigation and Claims. No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

Lien Priority. Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

Binding Effect. This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

Notices of Claims and Litigation. Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

Financial Records. Maintain its books and records in accordance with GAAP, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

Financial Statements. Furnish Lender with the following:

Annual Statements. As soon as available, but in no event later than sixty (60) days after the end of each fiscal year, Borrower's balance sheet and income statement for the year ended, compiled by a certified public accountant satisfactory to Lender.

Interim Statements. As soon as available, but in no event later than thirty (30) days after the end of each fiscal quarter, Borrower's balance sheet and profit and loss statement for the period ended, compiled by a certified public accountant satisfactory to Lender.

Tax Returns. As soon as available, but in no event later than thirty (30) days after the applicable filing date for the tax reporting period ended, Federal and other governmental tax returns, prepared by a certified public accountant satisfactory to Lender.

Additional Requirements. PERSONAL FINANCIAL STATEMENTS AND FEDERAL TAX RETURNS WITH ALL SUPPORTING SCHEDULES MUST BE PROVIDED ANNUALLY BY ALL GUARANTORS ON DEBT.

All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, applied on a consistent basis, and certified by Borrower as being true and correct.

Additional Information. Furnish such additional information and statements, as Lender may request from time to time.

Insurance. Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loans, Borrower will provide Lender with such lender's loss payable or other endorsements as Lender may require.

Insurance Reports. Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

Guaranties. Prior to disbursement of any Loan proceeds, furnish executed guaranties of the Loans in favor of Lender, executed by the guarantors named below, on Lender's forms, and in the amounts and under the conditions set forth in those guaranties.

<u>Names of Guarantors</u>	<u>Amounts</u>
JANICE M GROSS	\$1,323,000.00
TIMOTHY L GROSS	\$1,323,000.00
THE JANICE M GROSS REVOCABLE LIVING TRUST	\$1,323,000.00

Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

Loan Proceeds. Use all Loan proceeds solely for the following specific purposes: PROCEEDS ONLY TO BE USED FOR INFRASTRUCTURE COSTS AND ALL DRAW REQUESTS MUST BE ACCOMPANIED BY INVOICES FOR LABOR OR MATERIALS ASSOCIATED WITH THE PROPERTY KNOWN AS THE VILLAS AT WOODSON BEND BRONSTON KY.

Taxes, Charges and Liens. Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits.

Performance. Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

Operations. Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

Environmental Studies. Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, leased or used by Borrower.

Compliance with Governmental Requirements. Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Inspection. Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

Compliance Certificates. Unless waived in writing by Lender, provide Lender at least annually, with a certificate executed by Borrower's

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chief financial officer, or other officer or person acceptable to Lender, certifying that the representations and warranties set forth in this Agreement are true and correct as of the date of the certificate and further certifying that, as of the date of the certificate, no Event of Default exists under this Agreement.

Environmental Compliance and Reports. Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities; shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

Additional Assurances. Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for insuring, maintaining and preserving any Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity.

NEGATIVE COVENANTS. Borrower covenants and agrees with Lender that while this Agreement is in effect, Borrower shall not, without the prior written consent of Lender:

Indebtedness and Liens. (1) Except for trade debt incurred in the normal course of business and indebtedness to Lender contemplated by this Agreement, create, incur or assume indebtedness for borrowed money, including capital leases, (2) sell, transfer, mortgage, assign, pledge, lease, grant a security interest in, or encumber any of Borrower's assets (except as allowed as Permitted Liens), or (3) sell with recourse any of Borrower's accounts, except to Lender.

Additional Financial Restrictions. ALL COMPENSATION TO OFFICERS, DIRECTORS, OR GUARANTORS MUST BE APPROVED BY LENDER. NO BONUSES, DIRECTORS FEES, OR DIVIDENDS TO BE PAID WITHOUT APPROVAL OF LENDER. ADDITIONALLY, AS FUTURE UNITS ARE SOLD A MINIMUM OF \$30,000.00 OF THE PROCEEDS MUST BE APPLIED TO THIS LOAN. ALSO, NO SHAREHOLDER LOAN OR LOAN TO ROBERT W KENSON TO BE REPAYED WITHOUT LENDER APPROVAL. ALSO, ANY PAYMENTS ON LOANS TO SHAREHOLDERS ARE SUBORDINATED TO LOANS TO CITIZENS NATIONAL BANK.

Continuity of Operations. (1) Engage in any business activities substantially different than those in which Borrower is presently engaged, (2) cease operations, liquidate, merge, transfer, acquire or consolidate with any other entity, change its name, dissolve or transfer or sell Collateral out of the ordinary course of business, or (3) pay any dividends on Borrower's stock (other than dividends payable in its stock), provided, however that notwithstanding the foregoing, but only so long as no Event of Default has occurred and is continuing or would result from the payment of dividends, if Borrower is a "Subchapter S Corporation" (as defined in the Internal Revenue Code of 1986, as amended), Borrower may pay cash dividends on its stock to its shareholders from time to time in amounts necessary to enable the shareholders to pay income taxes and make estimated income tax payments to satisfy their liabilities under federal and state law which arise solely from their status as Shareholders of a Subchapter S Corporation because of their ownership of shares of Borrower's stock, or purchase or retire any of Borrower's outstanding shares or alter or amend Borrower's capital structure.

Loans, Acquisitions and Guaranties. (1) Loan, invest in or advance money or assets to any other person, enterprise or entity, (2) purchase, create or acquire any interest in any other enterprise or entity, or (3) incur any obligation as surety or guarantor other than in the ordinary course of business.

Agreements. Borrower will not enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

CESSATION OF ADVANCES. If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender; (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt; (C) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan; or (D) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender; or (E) Lender in good faith deems itself insecure, even though no Event of Default shall have occurred.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Borrower fails to make any payment when due under the Loan.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or any Grantor's property or Borrower's or any Grantor's ability to repay the Loans or perform their respective obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness. In the event of a death, Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

Change in Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

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Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Loan is impaired.

Insecurity. Lender in good faith believes itself insecure.

Right to Cure. If any default, other than a default on Indebtedness, is curable and if Borrower or Grantor, as the case may be, has not been given a notice of a similar default within the preceding twelve (12) months, it may be cured if Borrower or Grantor, as the case may be, after receiving written notice from Lender demanding cure of such default: (1) cure the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiate steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continue and complete all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

EFFECT OF AN EVENT OF DEFAULT. If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all Indebtedness immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Consent to Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the Commonwealth of Kentucky without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the Commonwealth of Kentucky.

Choice of Venue. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Pulaski County, Commonwealth of Kentucky.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Subsidiaries and Affiliates of Borrower. To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenant, the word "Borrower" as used in this Agreement shall include all of Borrower's subsidiaries and affiliates. Notwithstanding the foregoing however, under no circumstances shall this Agreement be construed to require Lender to make any Loan or other financial accommodation to any of Borrower's subsidiaries or affiliates.

Successors and Assigns. All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

Survival of Representations and Warranties. Borrower understands and agrees that in extending Loan Advances, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the extension of Loan Advances and delivery to Lender of the Related Documents, shall be continuing in nature, shall be deemed made and redated by Borrower at the time each Loan Advance is made, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

Advance. The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Agreement.

**BUSINESS LOAN AGREEMENT
(Continued)**

Loan No: 12678400

Page 5

Agreement. The word "Agreement" means this Business Loan Agreement, as this Business Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement from time to time.

Borrower. The word "Borrower" means SOUTH FORK DEVELOPMENT INC and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all property and assets granted as collateral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

GAAP. The word "GAAP" means generally accepted accounting principles.

Grantor. The word "Grantor" means each and all of the persons or entities granting a Security Interest in any Collateral for the Loan, including without limitation all Borrowers granting such a Security Interest.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Loan.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means CITIZENS NATIONAL BANK, its successors and assigns.

Loan. The word "Loan" means any and all loans and financial accommodations from Lender to Borrower whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

Note. The word "Note" means the Note executed by SOUTH FORK DEVELOPMENT-INC in the principal amount of \$1,323,000.00 dated October 29, 2007, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Permitted Liens. The words "Permitted Liens" mean (1) liens and security interests securing Indebtedness owed by Borrower to Lender; (2) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith; (3) liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent; (4) purchase money liens or purchase money security interests upon or in any property acquired or held by Borrower in the ordinary course of business to secure indebtedness outstanding on the date of this Agreement or permitted to be incurred under the paragraph of this Agreement titled "Indebtedness and Liens"; (5) liens and security interests which, as of the date of this Agreement, have been disclosed to and approved by the Lender in writing; and (6) those liens and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower's assets.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

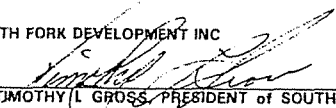
Security Agreement. The words "Security Agreement" mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

Security Interest. The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT IS DATED OCTOBER 29, 2007.

BORROWER:

SOUTH FORK DEVELOPMENT INC

By: 
TIMOTHY L. GROSS, PRESIDENT of SOUTH FORK DEVELOPMENT INC

LENDER:

CITIZENS NATIONAL BANK

By: 
Authorized Signer



0000000001267840095510292007

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Col	Account	Officer	Initials
\$1,323,000.00	10-29-2007	10-29-2008	12678400	133	S001221	CJC	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing ***** has been omitted due to text length limitations.

Borrower: SOUTH FORK DEVELOPMENT INC
PO BOX 222
BRONSTON, KY 42518

Lender: CITIZENS NATIONAL BANK
MAIN BRANCH
44 PUBLIC SQ
PO BOX 760
SOMERSET, KY 42502-0760

Principal Amount: \$1,323,000.00 **Initial Rate:** 8.750% **Date of Note:** October 29, 2007

PROMISE TO PAY. SOUTH FORK DEVELOPMENT INC ("Borrower") promises to pay to CITIZENS NATIONAL BANK ("Lender"), or order, in lawful money of the United States of America, the principal amount of One Million Three Hundred Twenty-three Thousand & 00/100 Dollars (\$1,323,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance.

PAYMENT. Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on October 29, 2008. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; and then to any late charges. The annual interest rate for this Note is computed on a 365/360 basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the Highest New York Prime Rate as Published Daily in The Wall Street Journal (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current index rate upon Borrower's request. The interest rate change will not occur more often than each time Prime changes. Borrower understands that Lender may make loans based on other rates as well. The Index currently is 7.750% per annum. The interest rate to be applied to the unpaid principal balance during this Note will be at a rate of 1.000 percentage point over the Index, adjusted if necessary for any minimum and maximum rate limitations described below, resulting in an initial rate of 8.750% per annum. **NOTICE:** Under no circumstances will the interest rate on this Note be less than 4.000% per annum or more than the lesser of 24.000% per annum or the maximum rate allowed by applicable law.

PREPAYMENT; MINIMUM INTEREST CHARGE. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a minimum interest charge of \$10.00. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: CITIZENS NATIONAL BANK, MAIN BRANCH, 44 PUBLIC SQ, PO BOX 760, SOMERSET, KY 42502-0760.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the unpaid portion of the regularly scheduled payment or \$10.00, whichever is less.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the total sum due under this Note will continue to accrue interest at the interest rate under this Note. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note. In the event of a death, Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

Change In Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured if Borrower, after receiving written notice from Lender demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to

PROMISSORY NOTE
(Continued)

Loan No: 12678400

Page 2

modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the Commonwealth of Kentucky without regard to its conflicts of law provisions. This Note has been accepted by Lender in the Commonwealth of Kentucky.

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Pulaski County, Commonwealth of Kentucky.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts.

COLLATERAL. Borrower acknowledges this Note is secured by OPEN END MTG DTD 04/24/2002 BK 710 PG 264 #12028900; OPEN END CORRECTED MORTGAGE DATED 12/14/2005 BK 989 PG 248; S/A DTD 4/24/2002 FILE#2002-1832897-32; R/E MTG ON TOWNHOUSE LOCATED AT 551 CANTERBURY DR, BRONSTON, KY 42518; PERSONAL GUARANTY-TIMOTHY L. GROSS, JANICE M. GROSS AND THE JANICE M. GROSS REVOCABLE LIVING TRUST.

LINE OF CREDIT. This Note evidences a revolving line of credit. Advances under this Note, as well as directions for payment from Borrower's accounts, may be requested orally or in writing by Borrower or by an authorized person. Lender may, but need not, require that all oral requests be confirmed in writing. Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs.

CROSS-COLLATERALIZATION. Any present or future agreement securing any other debt I owe you also will secure the payment of this loan. Property securing another debt will not secure this loan:

(1) If and to the extent such property is in household goods; (2) If such property is my principal dwelling and you fail to provide any required notice of right of rescission; and (3) If this loan is made under Kentucky Revised Statutes, Chapter 287, and the security is a first lien or first mortgage on real estate. However, the property securing another debt will apply to this loan if the security is a first lien or first mortgage on unimproved real estate not over 10 acres in size or is on real estate on which there is located or to be located a residential mobile home.

PRIOR NOTE. PAYING OFF LOAN #12370700.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

SOUTH FORK DEVELOPMENT INC

By: 
TIMOTHY L. GROSS, PRESIDENT of SOUTH FORK DEVELOPMENT INC

LENDER:

CITIZENS NATIONAL BANK

x 
Authorized Signer

2/05/09
SOUTH FORK DEVELOPMENT INC
100 THE VILLAS
BRONSTON KY 42518

Loan Inquiry

CIF number..... S001221 0
Home phone no... (606) 561-8458
Business phone.. (000) 000-0000
Tax ID number... 61-1269015
Type.... CV REVOLVING COMM 360
Account number.. 12678400

PAST DUE! Non-accrual Severity Message Messages 1 of 2

Original loan amt 1,323,000.00
Current balance 1,160,977.75
Accrued interest 5.74
Late charges due 10.00

Officer/collection off. CJC CJC
Original loan date 10/29/07
Loan term 12 M
Maturity date 10/29/08

Current payoff 1,160,993.49
Payoff is good thru 11/02/07
Payoff w/ sec acc 1,262,865.49
Revolving line amt 1,323,000.00
Interest base 360 actual
Interest rate 4.2500
Per diem 137.05987

Last payment date 12/05/08
Next payment due date 10/29/08
Amt partially paid
Amount past due 1,160,993.49
Payment amount .00
Payment type Single pay
Payment frequency 12 M

More...

F2=Image F3=Exit F12=Previous F4,F5=History F6=Messages F7=Addresses
F8=Maintenance F9=Relationships F10=Pmt sched F11=Escrow F24=More keys

2/05/09

Loan Inquiry

Page 2 of 7

12:23:13

SOUTH FORK DEVELOPMENT INC

Account number..

12678400

Bank discount		Interest rebate	
Dealer discount		Dealer rebate	
Credit life ins.		Credit life rebate	
A & H insurance		A & H rebate	
Misc.		Misc. Reb	
Dealer/participation no.		Next review date	
Branch number	1	Collateral ins exp date	
Call report code	1A	UCC expiration date	
Collateral code	112	First payment date	10/29/08
Purpose code	55	Interest paid-to date	10/29/07
GL group code	001	Last maintenance date	11/24/08
Class	LOAN	Last renewed/extended	
		Original maturity date	10/29/08
Y-T-D interest paid	.00	Date of loan setup	11/01/07
Secondary accrual	101,872.00	Last right-to-cure date	0/00/00
Dealer accrual		Maturity rate	
Dealer rate		Minimum interest	

More...

F2=Image F3=Exit F12=Previous F4,F5=History F6=Messages
 F8=Maintenance F9=Relationships F10=Pmt sched F11=Escrow F24=More keys



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COMMERCIAL GUARANTY

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
				133		CJC	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing ***** has been omitted due to text length limitations.							

Borrower: SOUTH FORK DEVELOPMENT INC
 PO BOX 222
 BRONSTON, KY 42518

Lender: CITIZENS NATIONAL BANK
 MAIN BRANCH
 44 PUBLIC SQ
 PO BOX 760
 SOMERSET, KY 42502-0760

Guarantor: THE JANICE M GROSS REVOCABLE LIVING TRUST
 10345 APPLE PARK CT
 CENTERVILLE, OH 45458

GUARANTEE OF PAYMENT AND PERFORMANCE. For good and valuable consideration, Guarantor absolutely and unconditionally guarantees full and punctual payment and satisfaction of the Indebtedness of Borrower to Lender, and the performance and discharge of all Borrower's obligations under the Note and the Related Documents. This is a guaranty of payment and performance and not of collection, so Lender can enforce this Guaranty against Guarantor even when Lender has not exhausted Lender's remedies against anyone else obligated to pay the Indebtedness or against any collateral securing the Indebtedness, this Guaranty or any other guaranty of the Indebtedness. Guarantor will make any payments to Lender or its order, on demand, in legal tender of the United States of America, in same-day funds, without set-off or deduction or counterclaim, and will otherwise perform Borrower's obligations under the Note and Related Documents.

INDEBTEDNESS. The word "Indebtedness" as used in this Guaranty means all of the principal amount outstanding from time to time and at any one or more times, accrued unpaid interest thereon and all collection costs and legal expenses related thereto permitted by law, reasonable attorneys' fees, arising from any and all debts, liabilities and obligations that Borrower individually or collectively or interchangeably with others, owes or will owe Lender under the Note and Related Documents and any renewals, extensions, modifications, refinancings, consolidations and substitutions of the Note and Related Documents.

If Lender presently holds one or more guaranties, or hereafter receives additional guaranties from Guarantor, Lender's rights under all guaranties shall be cumulative. This Guaranty shall not (unless specifically provided below to the contrary) affect or invalidate any such other guaranties. Guarantor's liability will be Guarantor's aggregate liability under the terms of this Guaranty and any such other unexpired guaranties.

CONTINUING GUARANTY. THIS GUARANTY ENCOMPASSES A LINE OF CREDIT AND GUARANTOR UNDERSTANDS AND AGREES THAT THIS GUARANTY SHALL BE OPEN AND CONTINUOUS UNTIL THE INDEBTEDNESS IS PAID IN FULL AND THE LENDER DECLARES THAT THE LINE OF CREDIT IS FULLY SATISFIED, PERFORMED AND TERMINATED.

DURATION OF GUARANTY. This Guaranty will take effect when received by Lender without the necessity of any acceptance by Lender, or any notice to Guarantor or to Borrower, and will continue in full force until all the Indebtedness shall have been fully and finally paid and satisfied and all of Guarantor's other obligations under this Guaranty shall have been performed in full. Release of any other guaranty or termination of any other guaranty of the Indebtedness shall not affect the liability of Guarantor under this Guaranty. A revocation Lender receives from any one or more Guarantors shall not affect the liability of any remaining Guarantors under this Guaranty. This Guaranty covers a revolving line of credit and it is specifically anticipated that fluctuations will occur in the aggregate amount of the Indebtedness. Guarantor specifically acknowledges and agrees that fluctuations in the amount of the Indebtedness, even to zero dollars (\$ 0.00), shall not constitute a termination of this Guaranty. Guarantor's liability under this Guaranty shall terminate only upon (A) termination in writing by Borrower and Lender of the line of credit, (B) payment of the Indebtedness in full in legal tender, and (C) payment in full in legal tender of all of Guarantor's other obligations under this Guaranty.

GUARANTOR'S AUTHORIZATION TO LENDER. Guarantor authorizes Lender, without notice or demand and without lessening Guarantor's liability under this Guaranty, from time to time: (A) to make one or more additional secured or unsecured loans to Borrower, to lease equipment or other goods to Borrower, or otherwise to extend additional credit to Borrower; (B) to alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of the Indebtedness or any part of the Indebtedness, including increases and decreases of the rate of interest on the Indebtedness; extensions may be repeated and may be for longer than the original loan term; (C) to take and hold security for the payment of this Guaranty or the Indebtedness, and exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any such security, with or without the substitution of new collateral; (D) to release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; (E) to determine how, when and what application of payments and credits shall be made on the Indebtedness; (F) to apply such security and direct the order or manner of sale thereof, including without limitation, any nonjudicial sale permitted by the terms of the controlling security agreement or deed of trust, as Lender in its discretion may determine; (G) to sell, transfer, assign or grant participations in all or any part of the Indebtedness; and (H) to assign or transfer this Guaranty in whole or in part.

GUARANTOR'S REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants to Lender that (A) no representations or agreements of any kind have been made to Guarantor which would limit or qualify in any way the terms of this Guaranty; (B) this Guaranty is executed at Borrower's request and not at the request of Lender; (C) Guarantor has full power, right and authority to enter into this Guaranty; (D) the provisions of this Guaranty do not conflict with or result in a default under any agreement or other instrument binding upon Guarantor and do not result in a violation of any law, regulation, court decree or order applicable to Guarantor; (E) Guarantor has not and will not, without the prior written consent of Lender, sell, lease, assign, encumber, hypothecate, transfer, or otherwise dispose of all or substantially all of Guarantor's assets, or any interest therein; (F) upon Lender's request, Guarantor will provide to Lender financial and credit information in form acceptable to Lender, and all such financial information which currently has been, and all future financial information which will be provided to Lender is and will be true and correct in all material respects and fairly present Guarantor's financial condition as of the dates the financial information is provided; (G) no material adverse change has occurred in Guarantor's financial condition since the date of the most recent financial statements provided to Lender and no event has occurred which may materially adversely affect Guarantor's financial condition; (H) no litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Guarantor is pending or threatened; (I) Lender has made no representation to Guarantor as to the creditworthiness of Borrower; and (J) Guarantor has established adequate means of obtaining from Borrower on a continuing basis information regarding Borrower's financial condition. Guarantor agrees to keep adequately informed from such means of any facts, events, or circumstances which might in any way affect Guarantor's risks under this Guaranty, and Guarantor further agrees that, absent a request for information, Lender shall have no obligation to disclose to Guarantor any information or documents acquired by Lender in the course of its relationship with Borrower.

GUARANTOR'S WAIVERS. Except as prohibited by applicable law, Guarantor waives any right to require Lender (A) to continue lending money or to extend other credit to Borrower; (B) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of the Indebtedness or of any nonpayment related to any collateral, or notice of any action or nonaction on the part of Borrower, Lender, any surety, endorser, or other guarantor in connection with the Indebtedness or in connection with the creation of new or additional loans or obligations; (C) to resort for payment or to proceed directly or at once against any person, including Borrower or any other guarantor; (D) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (E) to give notice of the terms, time, and place of any public or private sale of personal property security held by Lender from Borrower or to comply with any other applicable provisions of the Uniform Commercial Code; (F) to pursue any other remedy within Lender's power; or (G) to commit any act or omission of any kind, or at any time, with respect to any matter whatsoever.

Guarantor also waives any and all rights or defenses based on suretyship or impairment of collateral including, but not limited to, any rights or defenses arising by reason of (A) any "one action" or "anti-deficiency" law or any other law which may prevent Lender from bringing any action, including a claim for deficiency, against Guarantor, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale; (B) any election of remedies by Lender which destroys or otherwise adversely affects Guarantor's subrogation rights or Guarantor's rights to proceed against Borrower for reimbursement, including without limitation, any loss of rights Guarantor may suffer by reason of any law limiting, qualifying, or discharging the Indebtedness; (C) any disability or other defense of Borrower, of any other guarantor, or of any other person, or by reason of the cessation of Borrower's liability from any cause whatsoever, other than payment in full in legal tender, of the Indebtedness; (D) any right to claim discharge of the Indebtedness on the basis of unjustified impairment of any collateral for the Indebtedness; (E) any statute of limitations, if at any time any action or suit brought by Lender against Guarantor is commenced, there is outstanding Indebtedness which is not barred by any applicable statute of limitations; or (F) any defenses given to guarantors at law or in equity other than actual payment and performance of the Indebtedness. If payment is made by Borrower,

**COMMERCIAL GUARANTY
(Continued)**

Loan No: 12678400

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whether voluntarily or otherwise, or by any third party, on the indebtedness and thereafter Lender is forced to remit the amount of that payment to Borrower's trustee in bankruptcy or to any similar person under any federal or state bankruptcy law or law for the relief of debtors, the indebtedness shall be considered unpaid for the purpose of the enforcement of this Guaranty.

Guarantor further waives and agrees not to assert or claim at any time any deductions to the amount guaranteed under this Guaranty for any claim of setoff, counterclaim, counter demand, recoupment or similar right, whether such claim, demand or right may be asserted by the Borrower, the Guarantor, or both.

GUARANTOR'S UNDERSTANDING WITH RESPECT TO WAIVERS. Guarantor warrants and agrees that each of the waivers set forth above is made with Guarantor's full knowledge of its significance and consequences and that, under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the extent permitted by law or public policy.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Guarantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Guarantor holds jointly with someone else and all accounts Guarantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Guarantor authorizes Lender, to the extent permitted by applicable law, to hold these funds if there is a default, and Lender may apply the funds in these accounts to pay what Guarantor owes under the terms of this Guaranty.

SUBORDINATION OF BORROWER'S DEBTS TO GUARANTOR. Guarantor agrees that the indebtedness, whether now existing or hereafter created, shall be superior to any claim that Guarantor may now have or hereafter acquire against Borrower, whether or not Borrower becomes insolvent. Guarantor hereby expressly subordinates any claim Guarantor may have against Borrower, upon any account whatsoever, to any claim that Lender may now or hereafter have against Borrower. In the event of insolvency and consequent liquidation of the assets of Borrower, through bankruptcy, by an assignment for the benefit of creditors, by voluntary liquidation, or otherwise, the assets of Borrower applicable to the payment of the claims of both Lender and Guarantor shall be paid to Lender and shall be first applied by Lender to the indebtedness. Guarantor does hereby assign to Lender all claims which it may have or acquire against Borrower or against any assignee or trustee in bankruptcy of Borrower; provided however, that such assignment shall be effective only for the purpose of assuring to Lender full payment in legal tender of the indebtedness. If Lender so requests, any notes or credit agreements now or hereafter evidencing any debts or obligations of Borrower to Guarantor shall be marked with a legend that the same are subject to this Guaranty and shall be delivered to Lender. Guarantor agrees, and Lender is hereby authorized, in the name of Guarantor, from time to time to file financing statements and continuation statements and to execute documents and to take such other actions as Lender deems necessary or appropriate to perfect, preserve and enforce its rights under this Guaranty.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Guaranty:

Amendments. This Guaranty, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Guaranty. No alteration of or amendment to this Guaranty shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Guarantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Guaranty. Lender may hire or pay someone else to help enforce this Guaranty, and Guarantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Guarantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Guaranty are for convenience purposes only and are not to be used to interpret or define the provisions of this Guaranty.

Governing Law. This Guaranty will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the Commonwealth of Kentucky without regard to its conflicts of law provisions.

Choice of Venue. If there is a lawsuit, Guarantor agrees upon Lender's request to submit to the jurisdiction of the courts of Pulaski County, Commonwealth of Kentucky.

Integration. Guarantor further agrees that Guarantor has read and fully understands the terms of this Guaranty; Guarantor has had the opportunity to be advised by Guarantor's attorney with respect to this Guaranty; the Guaranty fully reflects Guarantor's intentions and parol evidence is not required to interpret the terms of this Guaranty. Guarantor hereby indemnifies and holds Lender harmless from all losses, claims, damages, and costs (including Lender's attorneys' fees) suffered or incurred by Lender as a result of any breach by Guarantor of the warranties, representations and agreements of this paragraph.

Interpretation. In all cases where there is more than one Borrower or Guarantor, then all words used in this Guaranty in the singular shall be deemed to have been used in the plural where the context and construction so require; and where there is more than one Borrower named in this Guaranty or when this Guaranty is executed by more than one Guarantor, the words "Borrower" and "Guarantor" respectively shall mean all and any one or more of them. The words "Guarantor," "Borrower," and "Lender" include the heirs, successors, assigns, and transferees of each of them. If a court finds that any provision of this Guaranty is not valid or should not be enforced, that fact by itself will not mean that the rest of this Guaranty will not be valid or enforced. Therefore, a court will enforce the rest of the provisions of this Guaranty even if a provision of this Guaranty may be found to be invalid or unenforceable. If any one or more of Borrower or Guarantor are corporations, partnerships, limited liability companies, or similar entities, it is not necessary for Lender to inquire into the powers of Borrower or Guarantor or of the officers, directors, partners, managers, or other agents acting or purporting to act on their behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Guaranty.

Notices. Any notice required to be given under this Guaranty shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Guaranty. Any party may change its address for notices under this Guaranty by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Guarantor agrees to keep Lender informed at all times of Guarantor's current address. Unless otherwise provided or required by law, if there is more than one Guarantor, any notice given by Lender to any Guarantor is deemed to be notice given to all Guarantors.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Guaranty unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Guaranty shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Guaranty. No prior waiver by Lender, nor any course of dealing between Lender and Guarantor, shall constitute a waiver of any of Lender's rights or of any of Guarantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Guaranty, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Successors and Assigns. Subject to any limitations stated in this Guaranty on transfer of Guarantor's interest, this Guaranty shall be binding upon and inure to the benefit of the parties, their successors and assigns.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Guaranty. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Guaranty shall have the meanings attributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means SOUTH FORK DEVELOPMENT INC and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Guarantor. The word "Guarantor" means everyone signing this Guaranty, including without limitation THE JANICE M GROSS REVOCABLE LIVING TRUST, and in each case, any signer's successors and assigns.

Guaranty. The word "Guaranty" means this guaranty from Guarantor to Lender.

Indebtedness. The word "Indebtedness" means Borrower's indebtedness to Lender as more particularly described in this Guaranty.

Lender. The word "Lender" means CITIZENS NATIONAL BANK, its successors and assigns.

Note. The word "Note" means the promissory note dated October 29, 2007, in the original principal amount of \$1,323,000.00 from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for

COMMERCIAL GUARANTY
(Continued)

Loan No: 12678400

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the promissory note or agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness.

EACH UNDERSIGNED GUARANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, EACH GUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY TO LENDER AND THAT THE GUARANTY WILL CONTINUE UNTIL TERMINATED IN THE MANNER SET FORTH IN THE SECTION TITLED "DURATION OF GUARANTY". NO FORMAL ACCEPTANCE BY LENDER IS NECESSARY TO MAKE THIS GUARANTY EFFECTIVE. THIS GUARANTY IS DATED OCTOBER 29, 2007.

GUARANTOR:

THE JANICE M GROSS REVOCABLE LIVING TRUST

By: Janice M. Gross, Trustee
JANICE M GROSS, Trustee of THE JANICE M
GROSS REVOCABLE LIVING TRUST

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STATE OF OHIO
COUNTY OF Madison ...SCT

The foregoing instrument was acknowledged before me this 30 day of October, 2007
Janice M. Gross.

Deborah C. Stafford
NOTARY PUBLIC
MY COMM. EXPIRES: DEBORAH C. STAFFORD
Notary Public, State of Ohio
My Commission Expires Oct. 28, 2009



00000000012678400022010292007

COMMERCIAL GUARANTY

Principal	Loan Date	Maturity	Loan No	Call / Coll 133	Account	Officer CJC	Initials
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

Borrower: SOUTH FORK DEVELOPMENT INC
PO BOX 222
BRONSTON, KY 42518

Lender: CITIZENS NATIONAL BANK
MAIN BRANCH
44 PUBLIC SQ
PO BOX 760
SOMERSET, KY 42502-0760

Guarantor: JANICE M GROSS
10345 APPLE PARK CT
CENTERVILLE, OH 45452

GUARANTEE OF PAYMENT AND PERFORMANCE. For good and valuable consideration, Guarantor absolutely and unconditionally guarantees full and punctual payment and satisfaction of the Indebtedness of Borrower to Lender, and the performance and discharge of all Borrower's obligations under the Note and the Related Documents. This is a guaranty of payment and performance and not of collection, so Lender can enforce this Guaranty against Guarantor even when Lender has not exhausted Lender's remedies against anyone else obligated to pay the Indebtedness or against any collateral securing the Indebtedness, this Guaranty or any other guaranty of the Indebtedness. Guarantor will make any payments to Lender or its order, on demand, in legal tender of the United States of America, in same-day funds, without set-off or deduction or counterclaim, and will otherwise perform Borrower's obligations under the Note and Related Documents.

INDEBTEDNESS. The word "Indebtedness" as used in this Guaranty means all of the principal amount outstanding from time to time and at any one or more times, accrued unpaid interest thereon and all collection costs and legal expenses related thereto permitted by law, reasonable attorneys' fees, arising from any and all debts, liabilities and obligations that Borrower individually or collectively or interchangeably with others, owes or will owe Lender under the Note and Related Documents and any renewals, extensions, modifications, refinancings, consolidations and substitutions of the Note and Related Documents.

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**COMMERCIAL GUARANTY
(Continued)**

Loan No: 12678400

Page 2

to Borrower's trustee in bankruptcy or to any similar person under any federal or state bankruptcy law or law for the relief of debtors. the indebtedness shall be considered unpaid for the purpose of the enforcement of this Guaranty.

Guarantor further waives and agrees not to assert or claim at any time any deductions to the amount guaranteed under this Guaranty for any claim of setoff, counterclaim, counter demand, recoupment or similar right, whether such claim, demand or right may be asserted by the Borrower, the Guarantor, or both.

GUARANTOR'S UNDERSTANDING WITH RESPECT TO WAIVERS. Guarantor warrants and agrees that each of the waivers set forth above is made with Guarantor's full knowledge of its significance and consequences and that, under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the extent permitted by law or public policy.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Guarantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Guarantor holds jointly with someone else and all accounts Guarantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Guarantor authorizes Lender, to the extent permitted by applicable law, to hold these funds if there is a default, and Lender may apply the funds in these accounts to pay what Guarantor owes under the terms of this Guaranty.

SUBORDINATION OF BORROWER'S DEBTS TO GUARANTOR. Guarantor agrees that the Indebtedness, whether now existing or hereafter created, shall be superior to any claim that Guarantor may now have or hereafter acquire against Borrower, whether or not Borrower becomes insolvent. Guarantor hereby expressly subordinates any claim Guarantor may have against Borrower, upon any account whatsoever, to any claim that Lender may now or hereafter have against Borrower. In the event of insolvency and consequent liquidation of the assets of Borrower, through bankruptcy, by an assignment for the benefit of creditors, by voluntary liquidation, or otherwise, the assets of Borrower applicable to the payment of the claims of both Lender and Guarantor shall be paid to Lender and shall be first applied by Lender to the Indebtedness Guarantor does hereby assign to Lender all claims which it may have or acquire against Borrower or against any assignee or trustee in bankruptcy of Borrower; provided however, that such assignment shall be effective only for the purpose of assuring to Lender full payment in legal tender of the Indebtedness. If Lender so requests, any notes or credit agreements now or hereafter evidencing any debts or obligations of Borrower to Guarantor shall be marked with a legend that the same are subject to this Guaranty and shall be delivered to Lender. Guarantor agrees, and Lender is hereby authorized, in the name of Guarantor, from time to time to file financing statements and continuation statements and to execute documents and to take such other actions as Lender deems necessary or appropriate to perfect, preserve and enforce its rights under this Guaranty.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Guaranty:

Amendments. This Guaranty, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Guaranty. No alteration of or amendment to this Guaranty shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Guarantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Guaranty. Lender may hire or pay someone else to help enforce this Guaranty, and Guarantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Guarantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Guaranty are for convenience purposes only and are not to be used to interpret or define the provisions of this Guaranty.

Governing Law. This Guaranty will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the Commonwealth of Kentucky without regard to its conflicts of law provisions.

Choice of Venue. If there is a lawsuit, Guarantor agrees upon Lender's request to submit to the jurisdiction of the courts of Pulaski County, Commonwealth of Kentucky.

Integration. Guarantor further agrees that Guarantor has read and fully understands the terms of this Guaranty; Guarantor has had the opportunity to be advised by Guarantor's attorney with respect to this Guaranty; the Guaranty fully reflects Guarantor's intentions and parol evidence is not required to interpret the terms of this Guaranty. Guarantor hereby indemnifies and holds Lender harmless from all losses, claims, damages, and costs (including Lender's attorneys' fees) suffered or incurred by Lender as a result of any breach by Guarantor of the warranties, representations and agreements of this paragraph.

Interpretation. In all cases where there is more than one Borrower or Guarantor, then all words used in this Guaranty in the singular shall be deemed to have been used in the plural where the context and construction so require; and where there is more than one Borrower named in this Guaranty or when this Guaranty is executed by more than one Guarantor, the words "Borrower" and "Guarantor" respectively shall mean all and any one or more of them. The words "Guarantor," "Borrower," and "Lender" include the heirs, successors, assigns, and transferees of each of them. If a court finds that any provision of this Guaranty is not valid or should not be enforced, that fact by itself will not mean that the rest of this Guaranty will not be valid or enforced. Therefore, a court will enforce the rest of the provisions of this Guaranty even if a provision of this Guaranty may be found to be invalid or unenforceable. If any one or more of Borrower or Guarantor are corporations, partnerships, limited liability companies, or similar entities, it is not necessary for Lender to inquire into the powers of Borrower or Guarantor or of the officers, directors, partners, managers, or other agents acting or purporting to act on their behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Guaranty.

Notices. Any notice required to be given under this Guaranty shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Guaranty. Any party may change its address for notices under this Guaranty by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Guarantor agrees to keep Lender informed at all times of Guarantor's current address. Unless otherwise provided or required by law, if there is more than one Guarantor, any notice given by Lender to any Guarantor is deemed to be notice given to all Guarantors.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Guaranty unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Guaranty shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Guaranty. No prior waiver by Lender, nor any course of dealing between Lender and Guarantor, shall constitute a waiver of any of Lender's rights or of any of Guarantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Guaranty, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Successors and Assigns. Subject to any limitations stated in this Guaranty on transfer of Guarantor's interest, this Guaranty shall be binding upon and inure to the benefit of the parties, their successors and assigns.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Guaranty. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Guaranty shall have the meanings attributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means SOUTH FORK DEVELOPMENT INC and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Guarantor. The word "Guarantor" means everyone signing this Guaranty, including without limitation JANICE M GROSS, and in each case, any signer's successors and assigns.

Guaranty. The word "Guaranty" means this guaranty from Guarantor to Lender.

Indebtedness. The word "Indebtedness" means Borrower's indebtedness to Lender as more particularly described in this Guaranty.

Lender. The word "Lender" means CITIZENS NATIONAL BANK, its successors and assigns.

Note. The word "Note" means the promissory note dated October 29, 2007, in the original principal amount of \$1,323,000.00 from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement.

Loan No: 12678400

COMMERCIAL GUARANTY
(Continued)

Page 3

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

EACH UNDERSIGNED GUARANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, EACH GUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY TO LENDER AND THAT THE GUARANTY WILL CONTINUE UNTIL TERMINATED IN THE MANNER SET FORTH IN THE SECTION TITLED "DURATION OF GUARANTY". NO FORMAL ACCEPTANCE BY LENDER IS NECESSARY TO MAKE THIS GUARANTY EFFECTIVE. THIS GUARANTY IS DATED OCTOBER 29, 2007.

GUARANTOR:

x Janice M Gross
JANICE M GROSS

LASER PRO Lender: Ver. 3.28 10.001 Copy: Hardland Financial Solutions, Inc. 1997-2007. All Rights Reserved. KY LIC#PL1120 FC TR-14200 PR-23

STATE OF OHIO
COUNTY OF Montgomery ...SCT

The foregoing instrument was acknowledged before me this 30 day of October, 2007 by Janice M. Gross.

Deborah C. Stafford
NOTARY PUBLIC
MY COMM. EXPIRES: DEBORAH C. STAFFORD
Notary Public, State of Ohio
My Commission Expires Oct. 25, 2010



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COMMERCIAL GUARANTY

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
				133		CJC	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing ***** has been omitted due to text length limitations.							

Borrower: SOUTH FORK DEVELOPMENT INC
 PO BOX 222
 BRONSTON, KY 42518

Lender: CITIZENS NATIONAL BANK
 MAIN BRANCH
 44 PUBLIC SQ
 PO BOX 760
 SOMERSET, KY 42502-0760

Guarantor: TIMOTHY L GROSS
 10345 APPLE PARK CT
 CENTERVILLE, OH 45458

GUARANTEE OF PAYMENT AND PERFORMANCE. For good and valuable consideration, Guarantor absolutely and unconditionally guarantees full and punctual payment and satisfaction of the Indebtedness of Borrower to Lender, and the performance and discharge of all Borrower's obligations under the Note and the Related Documents. This is a guaranty of payment and performance and not of collection, so Lender can enforce this Guaranty against Guarantor even when Lender has not exhausted Lender's remedies against anyone else obligated to pay the Indebtedness or against any collateral securing the Indebtedness, this Guaranty or any other guaranty of the Indebtedness. Guarantor will make any payments to Lender or its order, on demand, in legal tender of the United States of America, in same-day funds, without set-off or deduction or counterclaim, and will otherwise perform Borrower's obligations under the Note and Related Documents.

INDEBTEDNESS. The word "Indebtedness" as used in this Guaranty means all of the principal amount outstanding from time to time and at any one or more times, accrued unpaid interest thereon and all collection costs and legal expenses related thereto permitted by law, reasonable attorneys' fees, arising from any and all debts, liabilities and obligations that Borrower individually or collectively or interchangeably with others, owes or will owe Lender under the Note and Related Documents and any renewals, extensions, modifications, refinancings, consolidations and substitutions of the Note and Related Documents.

If Lender presently holds one or more guaranties, or hereafter receives additional guaranties from Guarantor, Lender's rights under all guaranties shall be cumulative. This Guaranty shall not (unless specifically provided below to the contrary) affect or invalidate any such other guaranties. Guarantor's liability will be Guarantor's aggregate liability under the terms of this Guaranty and any such other unexpired guaranties.

CONTINUING GUARANTY. THIS GUARANTY ENCOMPASSES A LINE OF CREDIT AND GUARANTOR UNDERSTANDS AND AGREES THAT THIS GUARANTY SHALL BE OPEN AND CONTINUOUS UNTIL THE INDEBTEDNESS IS PAID IN FULL AND THE LENDER DECLARES THAT THE LINE OF CREDIT IS FULLY SATISFIED, PERFORMED AND TERMINATED.

DURATION OF GUARANTY. This Guaranty will take effect when received by Lender without the necessity of any acceptance by Lender, or any notice to Guarantor or to Borrower, and will continue in full force until all the Indebtedness shall have been fully and finally paid and satisfied and all of Guarantor's other obligations under this Guaranty shall have been performed in full. Release of any other guarantor or termination of any other guaranty of the Indebtedness shall not affect the liability of Guarantor under this Guaranty. A revocation Lender receives from any one or more Guarantors shall not affect the liability of any remaining Guarantors under this Guaranty. This Guaranty covers a revolving line of credit and it is specifically anticipated that fluctuations will occur in the aggregate amount of the Indebtedness. Guarantor specifically acknowledges and agrees that fluctuations in the amount of the Indebtedness, even to zero dollars (\$ 0.00), shall not constitute a termination of this Guaranty. Guarantor's liability under this Guaranty shall terminate only upon (A) termination in writing by Borrower and Lender of the line of credit, (B) payment of the Indebtedness in full in legal tender, and (C) payment in full in legal tender of all of Guarantor's other obligations under this Guaranty.

GUARANTOR'S AUTHORIZATION TO LENDER. Guarantor authorizes Lender, without notice or demand and without lessening Guarantor's liability under this Guaranty, from time to time: (A) to make one or more additional secured or unsecured loans to Borrower, to lease equipment or other goods to Borrower, or otherwise to extend additional credit to Borrower; (B) to alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of the Indebtedness or any part of the Indebtedness, including increases and decreases of the rate of interest on the Indebtedness; extensions may be repeated and may be for longer than the original loan term; (C) to take and hold security for the payment of this Guaranty or the Indebtedness, and exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any such security, with or without the substitution of new collateral; (D) to release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; (E) to determine how, when and what application of payments and credits shall be made on the Indebtedness; (F) to apply such security and direct the order or manner of sale thereof, including without limitation, any nonjudicial sale permitted by the terms of the controlling security agreement or deed of trust, as Lender in its discretion may determine; (G) to sell, transfer, assign or grant participations in all or any part of the Indebtedness; and (H) to assign or transfer this Guaranty in whole or in part.

GUARANTOR'S REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants to Lender that (A) no representations or agreements of any kind have been made to Guarantor which would limit or qualify in any way the terms of this Guaranty; (B) this Guaranty is executed at Borrower's request and not at the request of Lender; (C) Guarantor has full power, right and authority to enter into this Guaranty; (D) the provisions of this Guaranty do not conflict with or result in a default under any agreement or other instrument binding upon Guarantor and do not result in a violation of any law, regulation, court decree or order applicable to Guarantor; (E) Guarantor has not and will not, without the prior written consent of Lender, sell, lease, assign, encumber, hypothecate, transfer, or otherwise dispose of all or substantially all of Guarantor's assets, or any interest therein; (F) upon Lender's request, Guarantor will provide to Lender financial and credit information in form acceptable to Lender, and all such financial information which currently has been, and all future financial information which will be provided to Lender is and will be true and correct in all material respects and fairly present Guarantor's financial condition as of the dates the financial information is provided; (G) no material adverse change has occurred in Guarantor's financial condition since the date of the most recent financial statements provided to Lender and no event has occurred which may materially adversely affect Guarantor's financial condition; (H) no litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Guarantor is pending or threatened; (I) Lender has made no representation to Guarantor as to the creditworthiness of Borrower; and (J) Guarantor has established adequate means of obtaining from Borrower on a continuing basis information regarding Borrower's financial condition. Guarantor agrees to keep adequately informed from such means of any facts, events, or circumstances which might in any way affect Guarantor's risks under this Guaranty, and Guarantor further agrees that, absent a request for information, Lender shall have no obligation to disclose to Guarantor any information or documents acquired by Lender in the course of its relationship with Borrower.

GUARANTOR'S WAIVERS. Except as prohibited by applicable law, Guarantor waives any right to require Lender (A) to continue lending money or to extend other credit to Borrower; (B) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of the Indebtedness or of any nonpayment related to any collateral, or notice of any action or nonaction on the part of Borrower, Lender, any surety, endorser, or other guarantor in connection with the Indebtedness or in connection with the creation of new or additional loans or obligations; (C) to resort for payment or to proceed directly or at once against any person, including Borrower or any other guarantor; (D) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (E) to give notice of the terms, time, and place of any public or private sale of personal property security held by Lender from Borrower or to comply with any other applicable provisions of the Uniform Commercial Code; (F) to pursue any other remedy within Lender's power; or (G) to commit any act or omission of any kind, or at any time, with respect to any matter whatsoever.

Guarantor also waives any and all rights or defenses based on suretyship or impairment of collateral including, but not limited to, any rights or defenses arising from reason of (A) any "one action" or "anti-deficiency" law or any other law which may prevent Lender from bringing any action, including a claim for deficiency, against Guarantor, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale; (B) any election of remedies by Lender which destroys or otherwise adversely affects Guarantor's subrogation rights or Guarantor's rights to proceed against Borrower for reimbursement, including without limitation, any loss of rights Guarantor may suffer by reason of any law limiting, qualifying, or discharging the Indebtedness; (C) any disability or other defense of Borrower, of any other guarantor, or of any other person, or by reason of the cessation of Borrower's liability from any cause whatsoever, other than payment in full in legal tender, of the Indebtedness; (D) any right to claim discharge of the Indebtedness on the basis of unjustified impairment of any collateral for the Indebtedness; (E) any statute of limitations, if at any time any action or suit brought by Lender against Guarantor is commenced, there is outstanding Indebtedness which is not barred by any applicable statute of limitations; or (F) any defenses given to guarantors at law or in equity other than actual payment and performance of the Indebtedness. If payment is made by Borrower, whether voluntarily or otherwise, or by any third party, on the Indebtedness and thereafter Lender is forced to remit the amount of that payment

**COMMERCIAL GUARANTY
(Continued)**

Loan No: 12678400

Page 2

to Borrower's trustee in bankruptcy or to any similar person under any federal or state bankruptcy law or law for the relief of debtors, the indebtedness shall be considered unpaid for the purpose of the enforcement of this Guaranty.

Guarantor further waives and agrees not to assert or claim at any time any deductions to the amount guaranteed under this Guaranty for any claim of setoff, counterclaim, counter demand, recoupment or similar right, whether such claim, demand or right may be asserted by the Borrower, the Guarantor, or both.

GUARANTOR'S UNDERSTANDING WITH RESPECT TO WAIVERS. Guarantor warrants and agrees that each of the waivers set forth above is made with Guarantor's full knowledge of its significance and consequences and that, under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the extent permitted by law or public policy.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Guarantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Guarantor holds jointly with someone else and all accounts Guarantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Guarantor authorizes Lender, to the extent permitted by applicable law, to hold these funds if there is a default, and Lender may apply the funds in these accounts to pay what Guarantor owes under the terms of this Guaranty.

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Amendments. This Guaranty, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Guaranty. No alteration or amendment to this Guaranty shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Guarantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Guaranty. Lender may hire or pay someone else to help enforce this Guaranty, and Guarantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Guarantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Guaranty are for convenience purposes only and are not to be used to interpret or define the provisions of this Guaranty.

Governing Law. This Guaranty will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the Commonwealth of Kentucky without regard to its conflicts of law provisions.

Choice of Venue. If there is a lawsuit, Guarantor agrees upon Lender's request to submit to the jurisdiction of the courts of Pulaski County, Commonwealth of Kentucky.

Integration. Guarantor further agrees that Guarantor has read and fully understands the terms of this Guaranty; Guarantor has had the opportunity to be advised by Guarantor's attorney with respect to this Guaranty; the Guaranty fully reflects Guarantor's intentions and parol evidence is not required to interpret the terms of this Guaranty. Guarantor hereby indemnifies and holds Lender harmless from all losses, claims, damages, and costs (including Lender's attorneys' fees) suffered or incurred by Lender as a result of any breach by Guarantor of the warranties, representations and agreements of this paragraph.

Interpretation. In all cases where there is more than one Borrower or Guarantor, then all words used in this Guaranty in the singular shall be deemed to have been used in the plural where the context and construction so require; and where there is more than one Borrower named in this Guaranty or when this Guaranty is executed by more than one Guarantor, the words "Borrower" and "Guarantor" respectively shall mean all and any one or more of them. The words "Guarantor," "Borrower," and "Lender" include the heirs, successors, assigns, and transferees of each of them. If a court finds that any provision of this Guaranty is not valid or should not be enforced, that fact by itself will not mean that the rest of this Guaranty will not be valid or enforced. Therefore, a court will enforce the rest of the provisions of this Guaranty even if a provision of this Guaranty may be found to be invalid or unenforceable. If any one or more of Borrower or Guarantor are corporations, partnerships, limited liability companies, or similar entities, it is not necessary for Lender to inquire into the powers of Borrower or Guarantor or of the officers, directors, partners, managers, or other agents acting or purporting to act on their behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Guaranty.

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No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Guaranty unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Guaranty shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Guaranty. No prior waiver by Lender, nor any course of dealing between Lender and Guarantor, shall constitute a waiver of any of Lender's rights or of any of Guarantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Guaranty, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Successors and Assigns. Subject to any limitations stated in this Guaranty on transfer of Guarantor's interest, this Guaranty shall be binding upon and inure to the benefit of the parties, their successors and assigns.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Guaranty. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Guaranty shall have the meanings attributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means SOUTH FORK DEVELOPMENT INC and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Guarantor. The word "Guarantor" means everyone signing this Guaranty, including without limitation TIMOTHY L GROSS, and in each case, any signer's successors and assigns.

Guaranty. The word "Guaranty" means this guaranty from Guarantor to Lender.

Indebtedness. The word "Indebtedness" means Borrower's indebtedness to Lender as more particularly described in this Guaranty.

Lender. The word "Lender" means CITIZENS NATIONAL BANK, its successors and assigns.

Note. The word "Note" means the promissory note dated October 29, 2007, in the original principal amount of \$1,323,000.00 from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement.

Loan No: 12678400

**COMMERCIAL GUARANTY
(Continued)**

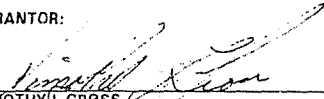
Page 3

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness.

EACH UNDERSIGNED GUARANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, EACH GUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY TO LENDER AND THAT THE GUARANTY WILL CONTINUE UNTIL TERMINATED IN THE MANNER SET FORTH IN THE SECTION TITLED "DURATION OF GUARANTY". NO FORMAL ACCEPTANCE BY LENDER IS NECESSARY TO MAKE THIS GUARANTY EFFECTIVE. THIS GUARANTY IS DATED OCTOBER 29, 2007.

GUARANTOR:

X



TIMOTHY L GROSS

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MAILED TO: 246733
~~XXXXXX~~
WFHM FINAL DOCS X9999-01M
1000 BLUE GENTIAN ROAD
EAGAN, MN 55121

Prepared By: SOUTHERN OHIO MORTGAGE, LLC PREPARED BY: JAY MCSHURLEY, LAWYER
126 North Maple Street
P. O. Box 1827
Somerset, KY 42502

912 SENATE DRIVE,, DAYTON, OH 454590000

Jay McShurley
Preparer

[Space Above This Line For Recording Data]

MORTGAGE

DEC 28 12:12
SILVER

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined in Sections 3, 11, 13, 18, 20 and 21. Certain rules regarding the usage of words used in this document are also provided in Section 16.

- (A) "Security Instrument" means this document, which is dated DECEMBER 22, 2006 together with all Riders to this document.
- (B) "Borrower" is TIMOTHY L. GROSS, A MARRIED PERSON and JANICE M. GROSS, his spouse

Borrower is the mortgagor under this Security Instrument.
0071733844

KENTUCKY - Single Family - Fannie Mae/Freddie Mac UNIFORM INSTRUMENT Form 3018 1/01 (rev. 10/01)

VRMP-6(KY) 104051

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VMP Mortgage Solutions (800)521-7281

Initials: *JL JS*

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(C) "Lender" is SOUTHERN OHIO MORTGAGE, LLC

Lender is a LIMITED LIABILITY COMPANY organized and existing under the laws of THE STATE OF DELAWARE Lender's address is P.O. BOX 11701, NEWARK, NJ 071014701

Lender is the mortgagee under this Security Instrument.

(D) "Note" means the promissory note signed by Borrower and dated DECEMBER 22, 2006 The Note states that Borrower owes Lender THREE HUNDRED THOUSAND AND 00/100

Dollars (U.S. \$****300,000.00) plus interest. Borrower has promised to pay this debt in regular Periodic Payments and to pay the debt in full not later than JANUARY 01, 2037 This Security Instrument secures 150% of the principal amount of the Note, but any amount secured in excess of the amount stated in the second sentence of this paragraph must be a "Protective Advance" as defined by Section 26 hereof (or, if the rate of interest is adjustable, may be interest added to principal, commonly called "negative amortization").

(E) "Property" means the property that is described below under the heading "Transfer of Rights in the Property."

(F) "Loan" means the debt evidenced by the Note, plus interest, any prepayment charges and late charges due under the Note, and all sums due under this Security Instrument, plus interest.

(G) "Riders" means all Riders to this Security Instrument that are executed by Borrower. The following Riders are to be executed by Borrower [check box as applicable]:

- Adjustable Rate Rider
- Condominium Rider
- Second Home Rider
- Balloon Rider
- Planned Unit Development Rider
- 1-4 Family Rider
- VA Rider
- Biweekly Payment Rider
- Other(s) [specify]

(H) "Applicable Law" means all controlling applicable federal, state and local statutes, regulations, ordinances and administrative rules and orders (that have the effect of law) as well as all applicable final, non-appealable judicial opinions.

(I) "Community Association Dues, Fees, and Assessments" means all dues, fees, assessments and other charges that are imposed on Borrower or the Property by a condominium association, homeowners association or similar organization.

(J) "Electronic Funds Transfer" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account. Such term includes, but is not limited to, point-of-sale transfers, automated teller machine transactions, transfers initiated by telephone, wire transfers, and automated clearinghouse transfers.

(K) "Escrow Items" means those items that are described in Section 3.

(L) "Miscellaneous Proceeds" means any compensation, settlement, award of damages, or proceeds paid by any third party (other than insurance proceeds paid under the coverages described in Section 5) for: (i) damage to, or destruction of, the Property; (ii) condemnation or other taking of all or any part of the Property; (iii) conveyance in lieu of condemnation; or (iv) misrepresentations of, or omissions as to, the value and/or condition of the Property.

(M) "Mortgage Insurance" means insurance protecting Lender against the nonpayment of, or default on, the Loan.

(N) "Periodic Payment" means the regularly scheduled amount due for (i) principal and interest under the Note, plus (ii) any amounts under Section 3 of this Security Instrument.

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(O) "RESPA" means the Real Estate Settlement Procedures Act (12 U.S.C. Section 2601 et seq.) and its implementing regulation, Regulation X (24 C.F.R. Part 3500), as they might be amended from time to time, or any additional or successor legislation or regulation that governs the same subject matter. As used in this Security Instrument, "RESPA" refers to all requirements and restrictions that are imposed in regard to a "federally related mortgage loan" even if the Loan does not qualify as a "federally related mortgage loan" under RESPA.

(P) "Successor in Interest of Borrower" means any party that has taken title to the Property, whether or not that party has assumed Borrower's obligations under the Note and/or this Security Instrument.

TRANSFER OF RIGHTS IN THE PROPERTY

This Security Instrument secures to Lender: (i) the repayment of the Loan, and all renewals, extensions and modifications of the Note; and (ii) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, grant and convey to Lender and Lender's successors and assigns, with power of sale, the following described property located in the COUNTY of PULASKI [Type of Recording Jurisdiction] [Name of Recording Jurisdiction]:

SEE EXHIBIT A

Tax Parcel ID Number:
551 CANTERBURY ST
BRONSTON
("Property Address"):

which currently has the address of
[Street]
[City], Kentucky 42518 [Zip Code]

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

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UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. Payment of Principal, Interest, Escrow Items, Prepayment Charges, and Late Charges.

Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note and any prepayment charges and late charges due under the Note. Borrower shall also pay funds for Escrow Items pursuant to Section 3. Payments due under the Note and this Security Instrument shall be made in U.S. currency. However, if any check or other instrument received by Lender as payment under the Note or this Security Instrument is returned to Lender unpaid, Lender may require that any or all subsequent payments due under the Note and this Security Instrument be made in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality, or entity; or (d) Electronic Funds Transfer.

Payments are deemed received by Lender when received at the location designated in the Note or at such other location as may be designated by Lender in accordance with the notice provisions in Section 15. Lender may return any payment or partial payment if the payment or partial payments are insufficient to bring the Loan current. Lender may accept any payment or partial payment insufficient to bring the Loan current, without waiver of any rights hereunder or prejudice to its rights to refuse such payment or partial payments in the future, but Lender is not obligated to apply such payments at the time such payments are accepted. If each Periodic Payment is applied as of its scheduled due date, then Lender need not pay interest on unapplied funds. Lender may hold such unapplied funds until Borrower makes payment to bring the Loan current. If Borrower does not do so within a reasonable period of time, Lender shall either apply such funds or return them to Borrower. If not applied earlier, such funds will be applied to the outstanding principal balance under the Note immediately prior to foreclosure. No offset or claim which Borrower might have now or in the future against Lender shall relieve Borrower from making payments due under the Note and this Security Instrument or performing the covenants and agreements secured by this Security Instrument.

2. Application of Payments or Proceeds. Except as otherwise described in this Section 2, all payments accepted and applied by Lender shall be applied in the following order of priority: (a) interest due under the Note; (b) principal due under the Note; (c) amounts due under Section 3. Such payments shall be applied to each Periodic Payment in the order in which it became due. Any remaining amounts shall be applied first to late charges, second to any other amounts due under this Security Instrument, and then to reduce the principal balance of the Note.

If Lender receives a payment from Borrower for a delinquent Periodic Payment which includes a sufficient amount to pay any late charge due, the payment may be applied to the delinquent payment and the late charge. If more than one Periodic Payment is outstanding, Lender may apply any payment received from Borrower to the repayment of the Periodic Payments if, and to the extent that, each payment can be paid in full. To the extent that any excess exists after the payment is applied to the full payment of one or more Periodic Payments, such excess may be applied to any late charges due. Voluntary prepayments shall be applied first to any prepayment charges and then as described in the Note.

Any application of payments, insurance proceeds, or Miscellaneous Proceeds to principal due under the Note shall not extend or postpone the due date, or change the amount, of the Periodic Payments.

3. Funds for Escrow Items. Borrower shall pay to Lender on the day Periodic Payments are due under the Note, until the Note is paid in full, a sum (the "Funds") to provide for payment of amounts due for: (a) taxes and assessments and other items which can attain priority over this Security Instrument as a lien or encumbrance on the Property; (b) leasehold payments or ground rents on the Property, if any; (c) premiums for any and all insurance required by Lender under Section 5; and (d) Mortgage Insurance premiums, if any, or any sums payable by Borrower to Lender in lieu of the payment of Mortgage Insurance premiums in accordance with the provisions of Section 10. These items are called "Escrow

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Items." At origination or at any time during the term of the Loan, Lender may require that Community Association Dues, Fees, and Assessments, if any, be escrowed by Borrower, and such dues, fees and assessments shall be an Escrow Item. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Section. Borrower shall pay Lender the Funds for Escrow Items unless Lender waives Borrower's obligation to pay the Funds for any or all Escrow Items. Lender may waive Borrower's obligation to pay to Lender Funds for any or all Escrow Items at any time. Any such waiver may only be in writing. In the event of such waiver, Borrower shall pay directly, when and where payable, the amounts due for any Escrow Items for which payment of Funds has been waived by Lender and, if Lender requires, shall furnish to Lender receipts evidencing such payment within such time period as Lender may require. Borrower's obligation to make such payments and to provide receipts shall for all purposes be deemed to be a covenant and agreement contained in this Security Instrument, as the phrase "covenant and agreement" is used in Section 9. If Borrower is obligated to pay Escrow Items directly, pursuant to a waiver, and Borrower fails to pay the amount due for an Escrow Item, Lender may exercise its rights under Section 9 and pay such amount and Borrower shall then be obligated under Section 9 to repay to Lender any such amount. Lender may revoke the waiver as to any or all Escrow Items at any time by a notice given in accordance with Section 15 and, upon such revocation, Borrower shall pay to Lender all Funds, and in such amounts, that are then required under this Section 3.

Lender may, at any time, collect and hold Funds in an amount (a) sufficient to permit Lender to apply the Funds at the time specified under RESPA, and (b) not to exceed the maximum amount a lender can require under RESPA. Lender shall estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with Applicable Law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is an institution whose deposits are so insured) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items no later than the time specified under RESPA. Lender shall not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and Applicable Law permits Lender to make such a charge. Unless an agreement is made in writing or Applicable Law requires interest to be paid on the Funds, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender can agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds as required by RESPA.

If there is a surplus of Funds held in escrow, as defined under RESPA, Lender shall account to Borrower for the excess funds in accordance with RESPA. If there is a shortage of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the shortage in accordance with RESPA, but in no more than 12 monthly payments. If there is a deficiency of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the deficiency in accordance with RESPA, but in no more than 12 monthly payments.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender.

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property which can attain priority over this Security Instrument, leasehold payments or ground rents on the Property, if any, and Community Association Dues, Fees, and Assessments, if any. To the extent that these items are Escrow Items, Borrower shall pay them in the manner provided in Section 3.

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Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender, but only so long as Borrower is performing such agreement; (b) contests the lien in good faith by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of the lien while those proceedings are pending, but only until such proceedings are concluded; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which can attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Within 10 days of the date on which that notice is given, Borrower shall satisfy the lien or take one or more of the actions set forth above in this Section 4.

Lender may require Borrower to pay a one-time charge for a real estate tax verification and/or reporting service used by Lender in connection with this Loan.

5. Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage," and any other hazards including, but not limited to, earthquakes and floods, for which Lender requires insurance. This insurance shall be maintained in the amounts (including deductible levels) and for the periods that Lender requires. What Lender requires pursuant to the preceding sentences can change during the term of the Loan. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's right to disapprove Borrower's choice, which right shall not be exercised unreasonably. Lender may require Borrower to pay, in connection with this Loan, either: (a) a one-time charge for flood zone determination, certification and tracking services; or (b) a one-time charge for flood zone determination and certification services and subsequent charges each time remappings or similar changes occur which reasonably might affect such determination or certification. Borrower shall also be responsible for the payment of any fees imposed by the Federal Emergency Management Agency in connection with the review of any flood zone determination resulting from an objection by Borrower.

If Borrower fails to maintain any of the coverages described above, Lender may obtain insurance coverage, at Lender's option and Borrower's expense. Lender is under no obligation to purchase any particular type or amount of coverage. Therefore, such coverage shall cover Lender, but might or might not protect Borrower, Borrower's equity in the Property, or the contents of the Property, against any risk, hazard or liability and might provide greater or lesser coverage than was previously in effect. Borrower acknowledges that the cost of the insurance coverage so obtained might significantly exceed the cost of insurance that Borrower could have obtained. Any amounts disbursed by Lender under this Section 5 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

All insurance policies required by Lender and renewals of such policies shall be subject to Lender's right to disapprove such policies, shall include a standard mortgage clause, and shall name Lender as mortgagee and/or as an additional loss payee. Lender shall have the right to hold the policies and renewal certificates. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. If Borrower obtains any form of insurance coverage, not otherwise required by Lender, for damage to, or destruction of, the Property, such policy shall include a standard mortgage clause and shall name Lender as mortgagee and/or as an additional loss payee.

In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower. Unless Lender and Borrower otherwise agree in writing, any insurance proceeds, whether or not the underlying insurance was required by Lender, shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such insurance proceeds until Lender has had an opportunity to inspect such Property to ensure the

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work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such insurance proceeds, Lender shall not be required to pay Borrower any interest or earnings on such proceeds. Fees for public adjusters, or other third parties, retained by Borrower shall not be paid out of the insurance proceeds and shall be the sole obligation of Borrower. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such insurance proceeds shall be applied in the order provided for in Section 2.

If Borrower abandons the Property, Lender may file, negotiate and settle any available insurance claim and related matters. If Borrower does not respond within 30 days to a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may negotiate and settle the claim. The 30-day period will begin when the notice is given. In either event, or if Lender acquires the Property under Section 22 or otherwise, Borrower hereby assigns to Lender (a) Borrower's rights to any insurance proceeds in an amount not to exceed the amounts unpaid under the Note or this Security Instrument, and (b) any other of Borrower's rights (other than the right to any refund of unearned premiums paid by Borrower) under all insurance policies covering the Property, insofar as such rights are applicable to the coverage of the Property. Lender may use the insurance proceeds either to repair or restore the Property or to pay amounts unpaid under the Note or this Security Instrument, whether or not then due.

6. **Occupancy.** Borrower shall occupy, establish, and use the Property as Borrower's principal residence within 60 days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control.

7. **Preservation, Maintenance and Protection of the Property; Inspections.** Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate or commit waste on the Property. Whether or not Borrower is residing in the Property, Borrower shall maintain the Property in order to prevent the Property from deteriorating or decreasing in value due to its condition. Unless it is determined pursuant to Section 5 that repair or restoration is not economically feasible, Borrower shall promptly repair the Property if damaged to avoid further deterioration or damage. If insurance or condemnation proceeds are paid in connection with damage to, or the taking of, the Property, Borrower shall be responsible for repairing or restoring the Property only if Lender has released proceeds for such purposes. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. If the insurance or condemnation proceeds are not sufficient to repair or restore the Property, Borrower is not relieved of Borrower's obligation for the completion of such repair or restoration.

Lender or its agent may make reasonable entries upon and inspections of the Property. If it has reasonable cause, Lender may inspect the interior of the improvements on the Property. Lender shall give Borrower notice at the time of or prior to such an interior inspection specifying such reasonable cause.

8. **Borrower's Loan Application.** Borrower shall be in default if, during the Loan application process, Borrower or any persons or entities acting at the direction of Borrower or with Borrower's knowledge or consent gave materially false, misleading, or inaccurate information or statements to Lender (or failed to provide Lender with material information) in connection with the Loan. Material representations include, but are not limited to, representations concerning Borrower's occupancy of the Property as Borrower's principal residence.

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9. Protection of Lender's Interest in the Property and Rights Under this Security Instrument. If (a) Borrower fails to perform the covenants and agreements contained in this Security Instrument, (b) there is a legal proceeding that might significantly affect Lender's interest in the Property and/or rights under this Security Instrument (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture, for enforcement of a lien which may attain priority over this Security Instrument or to enforce laws or regulations), or (c) Borrower has abandoned the Property, then Lender may do and pay for whatever is reasonable or appropriate to protect Lender's interest in the Property and rights under this Security Instrument, including protecting and/or assessing the value of the Property, and securing and/or repairing the Property. Lender's actions can include, but are not limited to: (a) paying any sums secured by a lien which has priority over this Security Instrument; (b) appearing in court; and (c) paying reasonable attorneys' fees to protect its interest in the Property and/or rights under this Security Instrument, including its secured position in a bankruptcy proceeding. Securing the Property includes, but is not limited to, entering the Property to make repairs, change locks, replace or board up doors and windows, drain water from pipes, eliminate building or other code violations or dangerous conditions, and have utilities turned on or off. Although Lender may take action under this Section 9, Lender does not have to do so and is not under any duty or obligation to do so. It is agreed that Lender incurs no liability for not taking any or all actions authorized under this Section 9.

Any amounts disbursed by Lender under this Section 9 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

10. Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan, Borrower shall pay the premiums required to maintain the Mortgage Insurance in effect. If, for any reason, the Mortgage Insurance coverage required by Lender ceases to be available from the mortgage insurer that previously provided such insurance and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the Mortgage Insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the Mortgage Insurance previously in effect, from an alternate mortgage insurer selected by Lender. If substantially equivalent Mortgage Insurance coverage is not available, Borrower shall continue to pay to Lender the amount of the separately designated payments that were due when the insurance coverage ceased to be in effect. Lender will accept, use and retain these payments as a non-refundable loss reserve in lieu of Mortgage Insurance. Such loss reserve shall be non-refundable, notwithstanding the fact that the Loan is ultimately paid in full, and Lender shall not be required to pay Borrower any interest or earnings on such loss reserve. Lender can no longer require loss reserve payments if Mortgage Insurance coverage (in the amount and for the period that Lender requires) provided by an insurer selected by Lender again becomes available, is obtained, and Lender requires separately designated payments toward the premiums for Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to maintain Mortgage Insurance in effect, or to provide a non-refundable loss reserve, until Lender's requirement for Mortgage Insurance ends in accordance with any written agreement between Borrower and Lender providing for such termination or until termination is required by Applicable Law. Nothing in this Section 10 affects Borrower's obligation to pay interest at the rate provided in the Note.

Mortgage Insurance reimburses Lender (or any entity that purchases the Note) for certain losses it may incur if Borrower does not repay the Loan as agreed. Borrower is not a party to the Mortgage Insurance.

Mortgage insurers evaluate their total risk on all such insurance in force from time to time, and may enter into agreements with other parties that share or modify their risk, or reduce losses. These agreements are on terms and conditions that are satisfactory to the mortgage insurer and the other party (or parties) to

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these agreements. These agreements may require the mortgage insurer to make payments using any source of funds that the mortgage insurer may have available (which may include funds obtained from Mortgage Insurance premiums).

As a result of these agreements, Lender, any purchaser of the Note, another insurer, any reinsurer, any other entity, or any affiliate of any of the foregoing, may receive (directly or indirectly) amounts that derive from (or might be characterized as) a portion of Borrower's payments for Mortgage Insurance, in exchange for sharing or modifying the mortgage insurer's risk, or reducing losses. If such agreement provides that an affiliate of Lender takes a share of the insurer's risk in exchange for a share of the premiums paid to the insurer, the arrangement is often termed "captive reinsurance." Further:

(a) Any such agreements will not affect the amounts that Borrower has agreed to pay for Mortgage Insurance, or any other terms of the Loan. Such agreements will not increase the amount Borrower will owe for Mortgage Insurance, and they will not entitle Borrower to any refund.

(b) Any such agreements will not affect the rights Borrower has - if any - with respect to the Mortgage Insurance under the Homeowners Protection Act of 1998 or any other law. These rights may include the right to receive certain disclosures, to request and obtain cancellation of the Mortgage Insurance, to have the Mortgage Insurance terminated automatically, and/or to receive a refund of any Mortgage Insurance premiums that were unearned at the time of such cancellation or termination.

11. Assignment of Miscellaneous Proceeds; Forfeiture. All Miscellaneous Proceeds are hereby assigned to and shall be paid to Lender.

If the Property is damaged, such Miscellaneous Proceeds shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such Miscellaneous Proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may pay for the repairs and restoration in a single disbursement or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such Miscellaneous Proceeds, Lender shall not be required to pay Borrower any interest or earnings on such Miscellaneous Proceeds. If the restoration or repair is not economically feasible or Lender's security would be lessened, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such Miscellaneous Proceeds shall be applied in the order provided for in Section 2.

In the event of a total taking, destruction, or loss in value of the Property, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the Miscellaneous Proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the partial taking, destruction, or loss in value divided by (b) the fair market value of the Property immediately before the partial taking, destruction, or loss in value. Any balance shall be paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is less than the amount of the sums secured immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the Opposing Party (as defined in the next sentence) offers to make an award to settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the Miscellaneous Proceeds either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due. "Opposing Party" means the third party that owes Borrower Miscellaneous Proceeds or the party against whom Borrower has a right of action in regard to Miscellaneous Proceeds.

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Borrower shall be in default if any action or proceeding, whether civil or criminal, is begun that, in Lender's judgment, could result in forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. Borrower can cure such a default and, if acceleration has occurred, reinstate as provided in Section 19, by causing the action or proceeding to be dismissed with a ruling that, in Lender's judgment, precludes forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. The proceeds of any award or claim for damages that are attributable to the impairment of Lender's interest in the Property are hereby assigned and shall be paid to Lender.

All Miscellaneous Proceeds that are not applied to restoration or repair of the Property shall be applied in the order provided for in Section 2.

12. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to Borrower or any Successor in Interest of Borrower shall not operate to release the liability of Borrower or any Successors in Interest of Borrower. Lender shall not be required to commence proceedings against any Successor in Interest of Borrower or to refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or any Successors in Interest of Borrower. Any forbearance by Lender in exercising any right or remedy including, without limitation, Lender's acceptance of payments from third persons, entities or Successors in Interest of Borrower or in amounts less than the amount then due, shall not be a waiver of or preclude the exercise of any right or remedy.

13. Joint and Several Liability; Co-signers; Successors and Assigns Bound. Borrower covenants and agrees that Borrower's obligations and liability shall be joint and several. However, any Borrower who co-signs this Security Instrument but does not execute the Note (a "co-signer"): (a) is co-signing this Security Instrument only to mortgage, grant and convey the co-signer's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower can agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without the co-signer's consent.

Subject to the provisions of Section 18, any Successor in Interest of Borrower who assumes Borrower's obligations under this Security Instrument in writing, and is approved by Lender, shall obtain all of Borrower's rights and benefits under this Security Instrument. Borrower shall not be released from Borrower's obligations and liability under this Security Instrument unless Lender agrees to such release in writing. The covenants and agreements of this Security Instrument shall bind (except as provided in Section 20) and benefit the successors and assigns of Lender.

14. Loan Charges. Lender may charge Borrower fees for services performed in connection with Borrower's default, for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument, including, but not limited to, attorneys' fees, property inspection and valuation fees. In regard to any other fees, the absence of express authority in this Security Instrument to charge a specific fee to Borrower shall not be construed as a prohibition on the charging of such fee. Lender may not charge fees that are expressly prohibited by this Security Instrument or by Applicable Law.

If the Loan is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the Loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge (whether or not a prepayment charge is provided for under the Note). Borrower's acceptance of any such refund made by direct payment to Borrower will constitute a waiver of any right of action Borrower might have arising out of such overcharge.

15. Notices. All notices given by Borrower or Lender in connection with this Security Instrument must be in writing. Any notice to Borrower in connection with this Security Instrument shall be deemed to have been given to Borrower when mailed by first class mail or when actually delivered to Borrower's notice address if sent by other means. Notice to any one Borrower shall constitute notice to all Borrowers

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unless Applicable Law expressly requires otherwise. The notice address shall be the Property Address unless Borrower has designated a substitute notice address by notice to Lender. Borrower shall promptly notify Lender of Borrower's change of address. If Lender specifies a procedure for reporting Borrower's change of address, then Borrower shall only report a change of address through that specified procedure. There may be only one designated notice address under this Security Instrument at any one time. Any notice to Lender shall be given by delivering it or by mailing it by first class mail to Lender's address stated herein unless Lender has designated another address by notice to Borrower. Any notice in connection with this Security Instrument shall not be deemed to have been given to Lender until actually received by Lender. If any notice required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument.

16. Governing Law; Severability; Rules of Construction. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. All rights and obligations contained in this Security Instrument are subject to any requirements and limitations of Applicable Law. Applicable Law might explicitly or implicitly allow the parties to agree by contract or it might be silent, but such silence shall not be construed as a prohibition against agreement by contract. In the event that any provision or clause of this Security Instrument or the Note conflicts with Applicable Law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision.

As used in this Security Instrument: (a) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender; (b) words in the singular shall mean and include the plural and vice versa; and (c) the word "may" gives sole discretion without any obligation to take any action.

17. Borrower's Copy. Borrower shall be given one copy of the Note and of this Security Instrument.

18. Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

19. Borrower's Right to Reinstate After Acceleration. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earliest of: (a) five days before sale of the Property pursuant to any power of sale contained in this Security Instrument; (b) such other period as Applicable Law might specify for the termination of Borrower's right to reinstate; or (c) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees, property inspection and valuation fees, and other fees incurred for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument; and (d) takes such action as Lender may reasonably require to assure that Lender's interest in the Property and rights under this Security Instrument, and Borrower's obligation to pay the sums secured by this Security Instrument, shall continue unchanged. Lender may require that Borrower pay such reinstatement sums and expenses in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c)

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certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality or entity; or (d) Electronic Funds Transfer. Upon reinstatement by Borrower, this Security Instrument and obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under Section 18.

20. Sale of Note; Change of Loan Servicer; Notice of Grievance. The Note or a partial interest in the Note (together with this Security Instrument) can be sold one or more times without prior notice to Borrower. A sale might result in a change in the entity (known as the "Loan Servicer") that collects Periodic Payments due under the Note and this Security Instrument and performs other mortgage loan servicing obligations under the Note, this Security Instrument, and Applicable Law. There also might be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change which will state the name and address of the new Loan Servicer, the address to which payments should be made and any other information RESPA requires in connection with a notice of transfer of servicing. If the Note is sold and thereafter the Loan is serviced by a Loan Servicer other than the purchaser of the Note, the mortgage loan servicing obligations to Borrower will remain with the Loan Servicer or be transferred to a successor Loan Servicer and are not assumed by the Note purchaser unless otherwise provided by the Note purchaser.

Neither Borrower nor Lender may commence, join, or be joined to any judicial action (as either an individual litigant or the member of a class) that arises from the other party's actions pursuant to this Security Instrument or that alleges that the other party has breached any provision of, or any duty owed by reason of, this Security Instrument, until such Borrower or Lender has notified the other party (with such notice given in compliance with the requirements of Section 15) of such alleged breach and afforded the other party hereto a reasonable period after the giving of such notice to take corrective action. If Applicable Law provides a time period which must elapse before certain action can be taken, that time period will be deemed to be reasonable for purposes of this paragraph. The notice of acceleration and opportunity to cure given to Borrower pursuant to Section 22 and the notice of acceleration given to Borrower pursuant to Section 18 shall be deemed to satisfy the notice and opportunity to take corrective action provisions of this Section 20.

21. Hazardous Substances. As used in this Section 21: (a) "Hazardous Substances" are those substances defined as toxic or hazardous substances, pollutants, or wastes by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials; (b) "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection; (c) "Environmental Cleanup" includes any response action, remedial action, or removal action, as defined in Environmental Law; and (d) an "Environmental Condition" means a condition that can cause, contribute to, or otherwise trigger an Environmental Cleanup.

Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances, or threaten to release any Hazardous Substances, on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property (a) that is in violation of any Environmental Law, (b) which creates an Environmental Condition, or (c) which, due to the presence, use, or release of a Hazardous Substance, creates a condition that adversely affects the value of the Property. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property (including, but not limited to, hazardous substances in consumer products).

Borrower shall promptly give Lender written notice of (a) any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge, (b) any

[Handwritten Signature]

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Environmental Condition, including but not limited to, any spilling, leaking, discharge, release or threat of release of any Hazardous Substance, and (c) any condition caused by the presence, use or release of a Hazardous Substance which adversely affects the value of the Property. If Borrower learns, or is notified by any governmental or regulatory authority, or any private party, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Nothing herein shall create any obligation on Lender for an Environmental Cleanup.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

22. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under Section 18 unless Applicable Law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument, foreclosure by judicial proceeding and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the non-existence of a default or any other defense of Borrower to acceleration and foreclosure. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may foreclose this Security Instrument by judicial proceeding. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 22, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

23. Release. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument. Borrower shall pay any recordation costs. Lender may charge Borrower a fee for releasing this Security Instrument, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under Applicable Law.

24. Waiver of Homestead. Borrower waives all right of homestead exemption in the Property.

25. Taxes and Assessments on Mortgage Insurance Premiums. If mortgage insurance premiums are required to be paid by Borrower pursuant to Section 10, then in addition to such premiums, Borrower shall pay all taxes and assessments thereon for so long as Borrower is required by Lender to pay the premiums. All taxes and assessments on premiums due and payable by Borrower shall be considered an Escrow Item and shall be paid by Borrower to Lender in the manner provided for Escrow Items in Section 3.

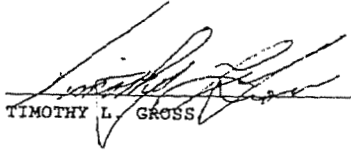
26. Protective Advances. This Security Instrument secures not only the initial advance under the Note, but also all Protective Advances. "Protective Advances" mean any advances to maintain and protect the Property and/or protect Lender's rights in the Property made by Lender or by any successors or assigns of Lender, including, without limitation, any sums, with interest, advanced under Sections 5, 9, or 14 hereof: (a) to pay any Escrow Items; (b) to pay any sums secured by a lien or encumbrance on the Property without which payment the secured position of Lender, including the priority of this Security Instrument, or any successor or assign of Lender might be jeopardized; (c) to secure, repair, maintain, protect or preserve the Property, or Lender's interest in the Property and rights under this Security Instrument; or (d) to pay any and all expenses incident to the collection of the indebtedness secured by this Security Instrument and the foreclosure thereof by judicial proceedings, or otherwise, pursuant to Applicable Law, whether the Property is still owned by the Borrower or is owned by a Successor in Interest of Borrower.

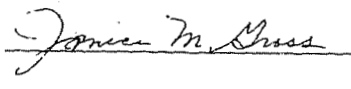
To the extent that any Protective Advances are deemed to be "future advances" or "additional indebtedness" within the meaning of KRS 382.520, this Security Instrument secures such future advances or additional indebtedness, provided that the total indebtedness at any one time outstanding shall not exceed 150% of the original principal amount of the Note, with interest thereon, and whether or not evidenced by notes, accounts or obligations of any kind whatsoever. It shall be a default under this Security Instrument if Borrower requests a release, in the manner provided by KRS 382.520, of any portion of the lien securing any of the additional indebtedness secured by this Security Instrument pursuant to KRS 382.520 prior to the date that all of the obligations secured by this Security Instrument have been paid and discharged and the Note and this Security Instrument have been terminated, and Borrower hereby waives any and all right to request such a release to the maximum extent permitted by Applicable Law.

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BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any Rider executed by Borrower and recorded with it.

Witnesses:


TIMOTHY L. GROSS (Seal)
-Borrower


Janice M. Gross (Seal)
-Borrower

_____ (Seal)
-Borrower

_____ (Seal)
-Borrower

_____ (Seal)
-Borrower

_____ (Seal)
-Borrower

_____ (Seal)
-Borrower

_____ (Seal)
-Borrower

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OHIO
STATE OF ~~KENTUCKY~~, Montgomery County ss:

The foregoing instrument was acknowledged before me this DECEMBER 22, 2006
by TIMOTHY L. GROSS and JANICE M. GROSS, HIS SPOUSE

known to me (or satisfactorily proven) to be the person(s) whose name(s) is/are subscribed to the within
instrument and acknowledged that he/she (they) executed the same for the purposes therein contained.

My Commission Expires:

Kathleen M. Hansen
Notary Public



KATHLEEN M. HANSEN, Notary Public
In and for the State of Ohio
My Commission Expires July 27, 2009

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EXHIBIT A

Being Condominium Unit No. 551, Building No. 55, of the Villas at Woodson Bend Horizontal Property Regime, a Condominium established under the Kentucky Horizontal Property law, a plan of which is contained completely in file of said plan, which is recorded in Apartment Ownership Deed Book No. 14, Page No. 514, Pulaski County Court Clerk's Office, Kentucky, and all amendments recorded from time to time; the location of Building No. 55 being shown on plat recorded in Plat Cabinet 1, Slide 226, and the plat of Building No. 55 being recorded in Plat Cabinet 1, Slide 231, which plats are incorporated into the Horizontal Property Regime by reference.

Being the same property conveyed to Timothy J. Gross by deed dated August 31, 2006 from Southfork Development, Inc. of record in Apartment Ownership Deed Book 17, Page 396, Pulaski County Court Clerk's Office, Kentucky.



0023-199

CONDOMINIUM RIDER

THIS CONDOMINIUM RIDER is made this 22ND day of DECEMBER, 2006 and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note to SOUTHERN OHIO MORTGAGE, LLC

(the "Lender") of the same date and covering the Property described in the Security Instrument and located at: 551 CANTERBURY ST, BRONSTON, KY 42518

[Property Address]

The Property includes a unit in, together with an undivided interest in the common elements of, a condominium project known as: VILLAS AT WOODSEN BEND

[Name of Condominium Project]

(the "Condominium Project"). If the owners association or other entity which acts for the Condominium Project (the "Owners Association") holds title to property for the benefit or use of its members or shareholders, the Property also includes Borrower's interest in the Owners Association and the uses, proceeds and benefits of Borrower's interest.

CONDOMINIUM COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. Condominium Obligations. Borrower shall perform all of Borrower's obligations under the Condominium Project's Constituent Documents. The "Constituent Documents" are the: (i) Declaration or any other document which creates the Condominium Project; (ii) by-laws; (iii) code of regulations; and (iv) other equivalent documents. Borrower shall promptly pay, when due, all dues and assessments imposed pursuant to the Constituent Documents.

B. Property Insurance. So long as the Owners Association maintains, with a generally accepted insurance carrier, a "master" or "blanket" policy on the Condominium Project which is satisfactory to Lender and which provides insurance coverage in the amounts (including deductible levels), for the periods, and against loss by fire, hazards included within the term "extended coverage," and any other hazards, including, but not limited to, earthquakes and floods, from which Lender requires insurance, 0071733844

MULTISTATE CONDOMINIUM RIDER-Single Family-Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

VMP-9R (0008) Form 3140 1/01

Page 1 of 3 Initials: *JAS*
VMP MORTGAGE FORMS
(800)921-7291



0023-200

then: (i) Lender waives the provision in Section 3 for the Periodic Payment to Lender of the yearly premium installments for property insurance on the Property; and (ii) Borrower's obligation under Section 5 to maintain property insurance coverage on the Property is deemed satisfied to the extent that the required coverage is provided by the Owners Association policy.

What Lender requires as a condition of this waiver can change during the term of the loan.

Borrower shall give Lender prompt notice of any lapse in required property insurance coverage provided by the master or blanket policy.

In the event of a distribution of property insurance proceeds in lieu of restoration or repair following a loss to the Property, whether to the unit or to common elements, any proceeds payable to Borrower are hereby assigned and shall be paid to Lender for application to the sums secured by the Security Instrument, whether or not then due, with the excess, if any, paid to Borrower.

C. Public Liability Insurance. Borrower shall take such actions as may be reasonable to insure that the Owners Association maintains a public liability insurance policy acceptable in form, amount, and extent of coverage to Lender.

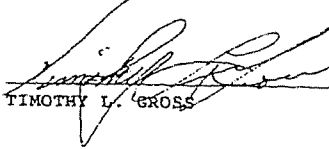
D. Condemnation. The proceeds of any award or claim for damages, direct or consequential, payable to Borrower in connection with any condemnation or other taking of all or any part of the Property, whether of the unit or of the common elements, or for any conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender. Such proceeds shall be applied by Lender to the sums secured by the Security Instrument as provided in Section 11.

E. Lender's Prior Consent. Borrower shall not, except after notice to Lender and with Lender's prior written consent, either partition or subdivide the Property or consent to: (i) the abandonment or termination of the Condominium Project, except for abandonment or termination required by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain; (ii) any amendment to any provision of the Constituent Documents if the provision is for the express benefit of Lender; (iii) termination of professional management and assumption of self-management of the Owners Association; or (iv) any action which would have the effect of rendering the public liability insurance coverage maintained by the Owners Association unacceptable to Lender.

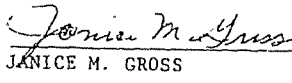
F. Remedies. If Borrower does not pay condominium dues and assessments when due, then Lender may pay them. Any amounts disbursed by Lender under this paragraph F shall become additional debt of Borrower secured by the Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

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BY SIGNING BELOW, Borrower accepts and agrees to the terms and provisions contained in this Condominium Rider.


TIMOTHY L. GROSS (Seal)
-Borrower

(Seal)
-Borrower


JANICE M. GROSS (Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

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SECOND HOME RIDER

THIS SECOND HOME RIDER is made this 22ND day of DECEMBER, 2006 and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower" whether there are one or more persons undersigned) to secure Borrower's Note to SOUTHERN OHIO MORTGAGE, LLC

(the "Lender") of the same date and covering the Property described in the Security Instrument (the "Property"), which is located at:
551 CANTERBURY ST, BRONSTON, KY 42518

[Property Address]

In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree that Sections 6 and 8 of the Security Instrument are deleted and are replaced by the following:

6. **Occupancy.** Borrower shall occupy, and shall only use, the Property as Borrower's second home. Borrower shall keep the Property available for Borrower's exclusive use and enjoyment at all times, and shall not subject the Property to any timesharing or other shared ownership arrangement or to any rental pool or agreement that requires Borrower either to rent the Property or give a management firm or any other person any control over the occupancy or use of the Property.

8. **Borrower's Loan Application.** Borrower shall be in default if, during the Loan application process, Borrower or any persons or entities acting at the direction of Borrower or with Borrower's knowledge or consent gave materially false, misleading, or inaccurate information or statements to Lender (or failed to provide Lender with material information) in connection with the Loan. Material representations include, but are not limited to, representations concerning Borrower's occupancy of the Property as Borrower's second home.

0071733844

MULTISTATE SECOND HOME RIDER - Single Family -
Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

Page 1 of 2

Form 2890 1/01

Initials: *[Signature]*

VMP-365R (0011)

VMP MORTGAGE FORMS - (800)521-7291



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BY SIGNING BELOW, Borrower accepts and agrees to the terms and provisions contained in this Second Home Rider.

Timothy L. Gross (Seal) _____ (Seal)
TIMOTHY L. GROSS - Borrower - Borrower

Janice M. Gross (Seal) _____ (Seal)
JANICE M. GROSS - Borrower - Borrower

_____ (Seal) _____ (Seal)
- Borrower - Borrower

_____ (Seal) _____ (Seal)
- Borrower - Borrower

STATE OF KENTUCKY, COUNTY OF PULASKI, SCT 1
TRUDY DENHAM, CLERK OF THE PULASKI COUNTY, DO
CERTIFY THAT THE FOREGOING INSTRUMENT WAS ON
THE 28 DAY OF December AT 11:15 AM, LODGED FOR
RECORD, AND THAT IT HAS BEEN DULY RECORDED IN MY SAID
OFFICE, TOGETHER WITH THIS AND THE CERTIFICATE THEREON
ENDORSED, GIVEN UNDER MY HAND THIS 28 DAY
OF December A.P. BOOK 23 PAGE 183.
ATTEST TRUDY DENHAM, CLERK
BY *Trudy Denham* D.C.

BOOK PAGE
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10

**MASTER DEED
(And By-Laws)**

160674

Establishing the Villas at Woodson Bend, Bronston, Pulaski County, Kentucky, pursuant to the Horizontal Property Law of the Commonwealth of Kentucky.

NAME: VILLAS AT WOODSON BEND

DECLARANT: SOUTHFORK DEVELOPMENT, INC.
711 Colyer Road Suite A
Bronston, Ky 42518

DATE OF MASTER DEED: 1 April 2002

MASTER DEED Establishing VILLAS AT WOODSON BEND

THIS MASTER DEED (the "master deed") has been prepared at the direction of and caused to be recorded by SOUTHFORK DEVELOPMENT, INC. (hereinafter referred to as the "declarant"), a having an office at 711 Colyer Road Suite A, Bronston, Kentucky, 42518.

WITNESSETH:

WHEREAS, declarant is the owner in fee simple of the land (the "land") described on exhibit A attached hereto and made a part hereof; and

WHEREAS, declarant wishes to create a residential condominium project by submitting the land, together with the improvements and structures now existing and hereafter erected by or at the direction of declarant thereon, and all easements, rights, and appurtenances belonging thereto (said land, improvements, structures, easements, rights, and appurtenances are together referred to hereinafter as the "property") to the provisions of the Horizontal Property Law of the Commonwealth of Kentucky, KRS 381.805 to KRS 381.910 (the "Horizontal Property Law");

NOW, THEREFORE, declarant hereby submits said property to the provisions of the Horizontal Property Law and declares that said property shall be a condominium project (hereinafter referred to as the "condominium project") as defined in and pursuant to said Horizontal Property Law, and pursuant to the following provisions:

ARTICLE I: Definitions

The words listed in this article I when used in this master deed shall have the meanings set forth for each in this article I:

(A) "Articles of Incorporation" means the articles of incorporation of the council, a nonstock, nonprofit corporation, which shall govern and control, in part, the affairs and administration of the condominium project.

(B) "Board of directors" means the board of directors of the council who shall be elected and serve and shall have the powers and duties provided herein and in the articles of incorporation and the bylaws.

(C) "Buildings" means, collectively, the condominium units, apartment buildings, and any single family dwellings included in the Master Plat to be constructed on the land, containing all of the units in the condominium project. The location of the buildings on the land, the number by which each building shall be designated, and the area of each of the buildings are as set forth on the plans.

(D) "Bylaws" means the bylaws of the council, approved and adopted by the board of directors, which shall govern and control, in part, the affairs and administration of the condominium project.

(E) "Common elements" means all of the property, except the units, including without limitation the outside walls and roofs of the buildings, the foundations and structural members of the buildings and all columns, girders, beams, and supports, the land and improvements on the property (including the land under the units), all utility or other pipes and material located outside of the units except such as are part of the units, all central installations for the furnishing of utilities and other services to the units, all driveways, roadways, grass areas, and sidewalks, all recreational facilities available in whole or in part for use by the unit owners, and the lobbies, halls, stairs, stairwells, and utility rooms in the buildings to the extent the same are not a part of any unit and as more fully described in article III below.

(F) "Condominium documents" means, collectively, the master deed, articles of incorporation, bylaws, and rules and regulations.

(G) "Council" means Villas at Woodson Bend Condominium Association, Inc, a Kentucky nonstock, nonprofit corporation, the members of which shall be each an owner of record of a unit in the condominium project.

(H) "Villas at Woodson Bend" means the name by which the condominium project shall be known.

(I) "General common elements" means all of the common elements except for any limited common elements as more fully described in article III below.

(J) "Limited common elements" means and includes those common elements (if any) designated by this master deed to be reserved for the exclusive use of a particular unit or combination of units as more fully described in article IV below.

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(K) "Person" means any natural person, firm, corporation, partnership, association, trust, or other legal entity or any combination thereof.

(L) "Plans" means the plans and specifications for the condominium project, including the floor plans for the buildings dated 05/02/02, prepared by EMHT Engineers, showing the layout, location, unit numbers and dimensions of the units, and recorded in condominium and apartment ownership book ^{plat} 607, pages 150 through 153, in the office of the county court clerk of Pulaski County, Kentucky, simultaneously with the recording of this master deed.

(M) "Rules and regulations" means the rules and regulations promulgated by the board of directors and governing, in part, the use and occupancy of the units.

(N) "Unit" means an enclosed space (KRS 381.810(1)) within the buildings measured from interior unfinished surfaces of walls, ceilings, and floors, having a direct exit to a thoroughfare or to a common element leading to a thoroughfare. It is acknowledged that under the Horizontal Property Law a unit must be an "enclosed space."

Each unit shall include the interior unfinished surface of any doors, windows, vents, and other structural elements as ordinarily are regarded as enclosures of space, and any wallpaper, paint, carpets, tile, and all other decorating or finishing materials affixed or installed as part of the physical structure of the unit; and all closets, cabinets, storage areas, and visible fixtures, mechanical systems, and equipment installed in and for the sole and exclusive use of an individual unit; provided however, that neither pipes, wires, conduits, or other public utility lines or installations constituting part of the overall systems designed for the general service of an entire building, nor property of any kind which is not removable without jeopardizing the soundness and safety of the remainder of an entire building, shall be deemed to be included within any unit. "Entire building," as used in the preceding sentence, shall include any other unit and any common element, whether general or limited.

(O) "Unit owner" means any person or permitted entity having record title to a unit.

ARTICLE II: Units

(A) Number, location, designation, and plans for units

There shall be not more than 200 and not less than 48 units within the condominium project. For purposes of identification, each unit has been assigned a number and designated as indicated on exhibit B attached hereto and made a part hereof. No unit bears the same identification number as any other unit. The plans set forth the layout, location within the applicable building, unit number designation, and dimensions of each unit. Upon completion of construction of all units, the declarant shall be and hereby is authorized, without any requirement to obtain the consent of any unit owner or other person, to amend this master deed and the plans to the extent necessary in order that the area in square feet and percentage interest of each unit as disclosed on exhibit B attached hereto shall conform to the area in square feet and percentage interest of those units as built.

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(B) Ownership of units

Each unit owner shall obtain fee simple ownership of the unit acquired, the appurtenant undivided interest in the general common elements of the condominium project, and, if applicable, any limited common elements appurtenant to the unit. Each unit owner shall be a member of the council. The form of ownership of a unit may be individual, corporate, in partnership, joint with right of survivorship, a tenancy in common, a tenancy by the entireties, or (subject to the other provisions of the condominium documents) any other estate in real property recognized by law and which may be conveyed and encumbered. All deeds to each unit shall describe such unit by reference to this master deed, the plans, the name of this condominium project, and the identifying number of the unit followed by the words "a condominium unit." No unit shall be subdivided, and no action for partition of a unit shall lie, except in the manner provided in the Horizontal Property Law of Kentucky and upon the prior written approval of the holder(s) of any mortgage(s) on such unit and approved by a majority vote of the council. Any conveyance of a unit shall be deemed also to convey the undivided interest of the unit owner in the general common elements and any limited common elements appurtenant to the unit, whether or not the instrument evidencing such conveyance expressly shall so state.

(C) Taxation of units

The owner of each unit shall be responsible for any and all ad valorem or real estate taxes and special assessments that may be assessed against the unit and its percentage of ownership in the common elements by any governmental authority with jurisdiction over the unit. Nothing contained in this master deed shall be construed as giving to any unit owner any right of contribution or adjustment against any other unit owner on account of any deviation by any governmental authority from the percentages of ownership set forth in any valuation or assessment against the unit owned by such unit owner.

(D) Use of units

Unless otherwise permitted by the board of directors (who shall take into consideration the interests of all unit owners), each unit (except for one or more unsold units which declarant may use as a sales office or model) shall be occupied (1) as a residence by only one family at a time (though two families or couples may own a particular unit), and (2) in the case of unit owners which are businesses, to house business guests from time to time for stays of temporary duration, provided the remuneration, if any, received by such unit owner for any such stay is not a material inducement for permitting such use, and for incidental business meetings so long as such use is not the primary purpose of ownership and occupancy of the unit. The units shall be used for no other purpose. The word "family," as used in subsection (1) of the preceding sentence, shall mean (a) one or more natural persons related by blood, adoption, or marriage, living together as a single housekeeping unit, or (b) no more than two persons (plus any children of either of them) living together as a single housekeeping unit though not related by blood, adoption, or marriage.

No industry, trade, business, or profession of any kind (other than incidental business meetings as set forth above or as permitted by the board of directors as set forth above) shall be conducted,

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maintained, or permitted on any part of the condominium project except that the declarant may use unsold units and the common elements appurtenant to them as a sales office, model unit, or otherwise as reasonably necessary to facilitate the sale of other unsold units, such as erecting and storing signs and billboards within the units and distributing promotional materials in and around the condominium project. Use of a unit as a model or sales office for the development shall not constitute a violation and is specifically permitted.

(E) Maintenance and repair of units and common elements

It shall be the responsibility of the council to maintain, repair, or replace:

- (1) The buildings (except to the extent of the units comprising a part of the same), including the roofs, and the grounds and parking lots.
- (2) All portions of any unit which contribute to the support of any building, including main bearing walls (but excluding painting, wallpapering, decorating, or other work on the interior surfaces of walls, ceilings, and floors within the unit, which shall be the unit owner's responsibility).
- (3) All portions of the unit which constitute a part of the exterior of any building.
- (4) All common elements.
- (5) All incidental damage caused by work done at the direction of the board of directors.

It shall be the responsibility of each unit owner with respect to the unit owned by such unit owner:

- (1) To maintain, repair, and replace at the expense of such unit owner all portions of the unit except the portions to be maintained, repaired, and replaced by the council, including all decorating and redecorating, painting, tiling, carpeting, waxing, papering, plastering, or varnishing which may be necessary to maintain the good appearance and condition of the unit. Where the limited common elements appurtenant to a particular unit include a porch or balcony or patio, the unit owner who has the right to exclusive use of said porch or balcony or patio shall be responsible for the maintenance, preservation, and care of the porch or balcony or patio, the fixed or sliding glass doors in the entrance thereto, and the replacement of any light bulbs, wiring, electrical outlets, or any other fixtures thereon. Such maintenance, repair, and replacement shall be done without disturbing the rights of other unit owners, and such maintenance, repair, and replacement shall not change the appearance of any portion of the exterior of a building or unit without prior approval of the board of directors.
- (2) To maintain, repair, and replace at the expense of such unit owner the appliances and fixtures located in the unit, or located in the limited common elements appurtenant to the unit, or located in the general common elements but benefitting the unit to the exclusion of any other unit, including, but not limited to, any plumbing fixtures, water heaters, air conditioning equipment,

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lighting fixtures, refrigerators, dishwashers, disposals, ranges, range hoods and fans, sinks, lamps, doors, windows, telephones, or any electric, gas, or water pipes or lines or wires or conduits or ducts serving any such appliances and fixtures.

(3) To report promptly to the council any defect or need for repairs for which the council is responsible.

(4) To maintain, repair, or replace at the expense of such unit owner all portions of the unit which may cause injury or damage to the other units or to the common elements.

(5) To perform the responsibilities of such unit owner in such a manner and at such reasonable hours so as not to unreasonably disturb other unit owners in the buildings.

(F) Liability of unit owner for certain repairs

A unit owner shall be liable for the entire expense of any maintenance, repair, or replacement of any part of the condominium project, whether part of a unit or part of the general common elements or limited common elements, if such maintenance, repair, or replacement is rendered necessary by any negligent act or omission of the unit owner, or any member of the family, or guests, employees, agents, or lessees of such unit owner. If any unit owner fails to undertake any such maintenance, repair, or replacement within 10 days after the board of directors notifies such unit owner in writing that the board of directors has determined that such maintenance, repair, or replacement is the responsibility of such unit owner under this section, the board of directors may undertake such maintenance, repair, or replacement, and the cost thereof shall be a lien on the unit owned by such unit owner until paid by the unit owner, and such lien shall be subject to the same remedies as are provided in this master deed for nonpayment by a unit owner of common charges and assessments.

(G) Alteration or improvement of units

No alteration or improvement to the unit which would alter or affect the common elements or any other unit may be made by any unit owner other than the declarant without the prior written consent of the board of directors. No application shall be filed by any unit owner other than declarant with any governmental authority for a permit covering an addition, alteration, or improvement to be made in a unit which alters or affects the common elements or other units, unless approved and executed by the board of directors. Such approval and execution shall not evidence any consent to any liability on the part of the board of directors, or any individual member of the board of directors, to any contractor, subcontractor, materialman, architect, or engineer by reason of such addition, alteration, or improvement or to any person having any claim for injury to person or damage to property arising therefrom. Consent shall be requested in writing through the manager or the managing agent, if any, or through the president or secretary of the council if no manager or management agent is employed. The board of directors shall have the obligation to answer within 30 days. The board of directors may require that the unit owner making such improvement, alteration, or addition obtain such insurance coverages and in such amounts as the board of directors deems proper.

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ARTICLE III: Common Elements

(A) General common element

The general common elements of the condominium project include the land and all other areas, and all structures and improvements, within the boundaries of the condominium project not included within the units and the limited common elements. The general common elements include, but are not necessarily limited to, the land, the foundations, structural columns, walls and floors and ceilings and roofs (other than the interior decorated surfaces thereof located within the boundaries of individual units) of the buildings; the gardens, outside walks, and outside driveways, breezeways, automobile parking spaces (other than those designated as limited common elements pursuant to the article of this master deed entitled "Limited Common Elements"), outside retaining walls and landscaping, any recreational facilities located on the land, laundry facilities, and compartments or installations of central services such as pipes, ducts, electrical wiring and conduits, and public utility lines. The sewage system outside the interior walls of each unit shall not be deemed common area and shall be a part of a separate corporation for the operation of sewage removal or disposal. Easements are hereby granted for the purpose of providing sewage facilities.

(B) Interest in common elements

Each unit shall have appurtenant to it that percentage interest in the common elements which the floor area of the unit bears to the sum of the floor area for all units (which percentage interest is set forth on exhibit B attached and made a part of this master deed), and each unit owner shall bear the same percentage of the common expenses of the condominium project. KRS 381.830(1)(a).

The undivided interest in the common elements shall not be separated from the unit to which it appertains and shall be deemed conveyed or encumbered with the unit even though such interest is not expressly mentioned or described in the instrument of such conveyance.

(C) Common elements to remain undivided

The common elements shall remain undivided and no unit owner shall bring any action for partition or division unless otherwise provided by law. Any covenant to the contrary shall be void.

(D) Adjustments in percentage of ownership

Except as provided in section III(A), and article XIII of this master deed and as otherwise may be expressly provided herein, the percentages of ownership in the common elements set forth in exhibit B attached to this master deed shall remain constant regardless of the purchase price paid for any unit at any time. Except as provided in section III(A), and article XIII of this master deed and as otherwise may be expressly provided herein, no adjustment in percentages of ownership shall be made without the prior written approval of all unit owners, and all holders of record of first mortgages on all units in the condominium project for which the percentages of

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ownership are being adjusted.

(E) Use of common elements

The common elements shall be used for the benefit of the unit owners, the furnishing of services and facilities for which the same are reasonably intended, and for the enjoyment to be derived from such proper and reasonable use. Each unit owner may use the general common elements in accordance with the purposes for which they are intended so long as such use does not hinder the exercise of or encroach upon the rights of other unit owners. The board of directors shall, if any question arises, determine the purpose for which a common element is intended to be used. The board of directors shall have the right to promulgate the rules and regulations which may limit the use of the common elements to unit owners, their guests, permitted tenants, and invitees.

(F) Maintenance of common elements

The maintenance and operation, including landscaping, gardening, snow removal, cleaning, painting and all other repair, of the common elements shall be the responsibility and expense of the council, unless and except as otherwise expressly provided in the condominium documents.

(G) Alteration and improvement of common elements

The board of directors shall have the right to make or cause to be made such alterations and improvements to the common elements as in the opinion of the board of directors may be beneficial and necessary. The cost of any such alterations and improvements to the common elements shall constitute a part of the common expenses. When in the sole opinion of the board of directors the costs therefor shall be exclusively or substantially exclusively for the benefit of unit owner(s) that requested the alteration or improvement, the cost shall be assessed against such unit owner(s) in such proportion as the board of directors, in its discretion, reasonably shall determine is fair and equitable.

ARTICLE IV: Limited Common Elements

(A) Limited common elements

The limited common elements of the condominium project are areas which are reserved for the use of unit owners of a certain unit or units to the exclusion of the unit owners and/or occupants of other units. The limited common elements of the condominium project include any patios and balconies adjacent to or associated with a particular unit and intended for use exclusively by occupants of that particular unit, and shall also include automobile parking spaces and storage areas designated as being intended for the exclusive use of a unit or units pursuant to the plans.

(B) Limited common elements to remain undivided

The limited common elements shall remain undivided and no unit owner shall bring any action for partition or division unless otherwise provided by law. Any covenant to the contrary shall be void.

(C) Parking spaces

Any parking spaces not a part of a unit and not expressly designated on the plans as being appurtenant to any unit as a limited common element shall remain general common elements and shall be available for use generally by all unit owners, their tenants, or guests without reservation or restriction, other than any reasonable restrictions imposed by the board of directors and applicable to all unit owners; provided, however, that the council may, but shall not be required to, rent such parking spaces to any unit owners who make application therefor, at such rates and for such periods as the board of directors deems advisable, and any such unassigned parking spaces that are rented to unit owners shall be reserved for the exclusive use of those unit owners for the period during which they are rented.

ARTICLE V: Assessments

The making and collection of assessments against unit owners for common expenses of the condominium project, including but not limited to maintenance and repair of, and insurance charges and utility expenses related to, the common elements, shall be pursuant to the bylaws and subject to the following provisions:

(A) Share of common expense

Each unit owner shall be personally liable for the proportionate share of the common expenses and shall share in the common surplus (after due allowance for the retention of any reserve to cover future common expenses), such shares being the same as the unit owner's undivided share in the common elements as set forth in exhibit B to this master deed. No unit owner shall be exempt from contributing toward such expenses by waiver of the use or enjoyment of the common elements or by abandonment of the unit owned by such unit owner or by claiming that the quantity or quality of services does not warrant such payment or is not as contemplated by such unit owner as of the time of purchase; provided, however, the board of directors may, but is not required to, abate or reduce a unit owner's contribution for a reasonable period of time during which the unit owned by such unit owner is uninhabitable as the result of damage or destruction.

(B) Interest; application of payments

Assessments and installments on such assessments paid on or before 10 days after the day when due shall not bear interest, but all sums not paid on or before 10 days after the date when due, including any sums due as a result of acceleration of unpaid assessments as may be provided in the bylaws, shall bear interest from the date when due until paid at the rate of interest per annum provided in the bylaws. All payments upon account shall be first applied to interest and then to the assessment payment first due.

(C) Lien for assessments

Except as provided in section V(E) of this master deed, any unpaid common expenses assessed to a unit owner shall constitute a lien against the unit owned by such unit owner and against such unit owner's interest in the condominium project prior to all other liens except the lien of a first mortgage on the unit and tax or assessment liens on the unit by the taxing subdivision of any governmental authority, including but not limited to state, county, city, and school district taxing agencies.

The lien created by this section shall be deemed to be incorporated by reference in and reserved by each deed or other instrument conveying any interest in a unit whether or not such deed or instrument by its express terms refers to said lien. In addition to any other remedies or liens provided by law, if any unit owner is in default in the payment of any common expenses assessed to such unit owner for 30 days, including any sums due as a result of acceleration of unpaid assessments as may be provided in any of the condominium documents, the council may bring suit for and on behalf of itself and as representative of all unit owners to enforce collection of the assessment and all costs of collection thereof, including reasonable attorney fees, and to foreclose the aforesaid lien in accordance with the laws of the Commonwealth of Kentucky, in like manner as a mortgage on real property. The lien for unpaid assessments shall also secure legal interest and reasonable attorney fees incurred by the council incident to the collection of such assessment or enforcement of such lien. In the event the proceeds of the foreclosure sale are not sufficient to pay such unpaid common charges, the unpaid balance shall be charged to all unit owners as a common expense.

(D) Transfer of units

A unit owner shall not be liable for any common expenses accruing after the sale of his unit and the recording of a deed to the purchaser. The purchaser of a unit subject to any lien arising under this master deed prior to the date of purchase and the recording of the deed shall take title to the unit subject to the lien; provided, however, that at the request of any unit owner or a prospective purchaser of the unit, the board of directors shall provide a statement disclosing whether the unit owner is then in default under any of the obligations hereunder and whether and in what amount a lien exists against the unit owned by the unit owner under the section hereof entitled "Lien for Assessments," which statement shall be conclusive as to the facts stated therein as against the council and the other unit owners and may be relied upon by a prospective purchaser or mortgagee or assignee of any mortgage upon the unit of such unit owner.

(E) Limitation on mortgagee liabilities

Where the mortgagee of a first mortgage of record, or the purchaser or purchasers of a unit obtains title to the unit as a result of foreclosure of a first mortgage, or by voluntary conveyance in lieu of such foreclosure, said mortgagee or purchaser shall not be liable for the shares of common expenses or assessments by the council pertaining to such unit or chargeable to a former unit owner of such unit which became due prior to acquisition of title by said mortgagee or purchaser as a result of the foreclosure or voluntary conveyance in lieu of said foreclosure.

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Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the other unit owners of units, including a successor or assign of the mortgagee. The waiver of liability granted herein for the payment of past due assessments shall not apply to a unit owner who takes back a purchase money mortgage, or to any other mortgagee which is not an "institutional mortgagee." The term "institutional mortgagee" herein used shall mean a first mortgage holder which is a bank, savings and loan association, life insurance company, pension fund, trust company, credit union, or other similar institutional lender.

(F) Rental pending foreclosure

In any foreclosure of a lien for assessments, the unit owner of the unit subject to the lien shall be required to pay a reasonable rental for the unit, and the council shall be entitled to the appointment of a receiver to collect the same.

ARTICLE VI: Council of Co-owners

(A) Council manages condominium project

The management and operation of the condominium project shall be the responsibility of the council, acting through the board of directors and the elected officers thereof, and the council shall fulfill its functions pursuant to the provisions of the condominium documents.

(B) Bylaws

The bylaws adopted by the council from time to time shall be the bylaws of the condominium project.

(C) Rules and regulations

Each unit owner's ownership and use of the unit(s) owned by such unit owner shall be subject to the rules and regulations promulgated by the board of directors from time to time, applicable to all unit owners including declarant. A copy of the rules and regulations, including any amendments thereto, shall be furnished by the council to all unit owners and residents of the condominium project upon request.

(D) Limitation upon liability of council

Notwithstanding the duty of the council to manage, operate, maintain, and repair the condominium project, subject to and in accordance with the provisions of the condominium documents, the council shall not be liable to unit owners for injury or damage, other than the cost of maintenance and repair, caused by any latent condition of the condominium project required to be maintained and repaired by the council, or caused by the weather or other elements, or by other unit owners or persons, including, but not limited to, defects which are the result of characteristics common to the materials used, damage due to ordinary wear and tear and normal use, and damage due to wind, rain, snow, hail, and condensation on or expansion or contraction of

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materials due to weather.

(E) Board of directors

The members of the board of directors shall be elected and serve and shall have the duties and powers as provided in the articles of incorporation and bylaws. The board of directors shall have the right to delegate its duties to a managing agent. The board of directors shall be the final arbiter of any dispute concerning the operation of the condominium project, and the interpretation and effect of the condominium documents.

(F) Declarant's written consent necessary for certain actions

Anything to the contrary contained in any of the condominium documents notwithstanding, during the interval (the "declarant's marketing interval") from the date of recordation of this master deed until the earlier of such time as (1) declarant or its designee(s) shall cease to own any units in the condominium project, or (2) four years from the date of recording this master deed, the board of directors may not, without the declarant's prior written consent (1) amend any of the condominium documents; (2) make any addition, alteration, or improvement to the common elements or to any unit; (3) assess any common charges for the creation of, addition to, or replacement of all or part of a reserve, contingency, or surplus fund if the effect of such assessment would be to increase the amount of such reserve, contingency, or surplus fund in excess of an amount equal to that proportion of the then existing budget which the amount of reserves in the initial budget of estimated expenses for the condominium project bears to the total amount of such initial budget of estimated expenses; (4) hire any employee in addition to the employees, if any, provided for in the initial budget; (5) enter into any service or maintenance contract for work not covered by contracts in existence on the date of the first closing of title to a unit; (6) borrow money on behalf of the condominium project; or (7) reduce the quantity or quality of services to or maintenance of the condominium project. During the declarant's marketing interval, in addition, declarant may unilaterally amend any condominium document so long as any such amendment does not (1) alter the undivided interest in the common elements appurtenant to any unit not owned by declarant or its nominee at the time of such amendment, (2) increase the share of common expenses which are the obligation of unit owners other than declarant at the time of such amendment, or (3) materially alter the responsibilities and obligations of declarant as developer of the condominium project to other unit owners under the condominium documents.

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(G) Approval or disapproval of matters

Whenever the decision of a unit owner is required upon any matter, whether or not the subject of a council meeting, such decision shall be expressed by the same person who would cast the vote of such unit owner if in a council meeting, unless joinder of all unit owners of record is specifically required by the applicable provision of the condominium documents.

ARTICLE VII: Easements

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(A) Existing easements

Easements are hereby declared and granted by each unit owner in favor of each other unit owner, and reserved by declarant, for all utility purposes as they exist on the date of the recording of this master deed or as are contemplated by the plans, or as may be required to be incorporated in the final construction of the buildings and the common elements. Each unit owner shall have an easement in common with all other unit owners to use all pipes, wires, ducts, cables, conduits, public utility lines, and other common elements located in any of the other units and serving the unit(s) of such unit owner. Each unit shall be subject to an easement in favor of all other unit owners to use the pipes, ducts, cables, wires, conduits, public utility lines, and other common elements serving such other units and located in such unit. Easements are further declared and granted and reserved for ingress and egress for pedestrian traffic over, through, and across sidewalks, paths, walks, and lanes as are now and from time to time may exist upon the common elements; and for vehicular traffic over, through, and across such driveways, parking areas (subject to the rights of applicable unit owners in parking spaces which are limited common elements), and other portions of the common elements as are now and from time to time may be paved and intended for such purposes. All easements and rights described in this master deed are easements appurtenant, running with the land, and shall inure to the benefit of and be binding upon the declarant, unit owners, and any other person having any interest in the condominium project, but shall be subject to and limited by the provisions of the condominium documents. The deed of conveyance of any unit, or any mortgage or trust deed or other evidence of obligation, shall be subject to the easements and rights described in this master deed, and reference to this master deed shall be sufficient to create and reserve such easements and rights to the respective grantees, mortgagees, and trustees of such units as fully and completely as if such easements and rights had been recited fully and set forth in their entirety in such documents.

(B) Future easements

The council may grant further easements for utility purposes for the benefit of the condominium project, including the right to install, lay, maintain, repair, and replace water mains and pipes, sewer lines, gas mains, telephone wires and equipment, cable television wires and equipment, and electrical conduits and wires over, under, along, and on any portion of the condominium project, and each unit owner hereby grants the council (acting through its president) an irrevocable power of attorney to execute, acknowledge, and record, for and on behalf of each unit owner, such instruments or documents as may be necessary to effectuate such easements; provided, however, that any easement through a unit shall be only according to the plans and specifications for the building in which such unit is located, or as such building is constructed, unless approved in writing by the unit owner. The power of attorney granted by this section shall survive any disability or death of the unit owner and shall be binding on each successive unit owner. Easements shall be granted for up to, but not more than, sixty-six separate single family units which may be constructed on adjacent properties or which may be designated on the Master Plat of the development.

(C) Access to units by the council

The council shall have a right of access to each unit upon reasonable prior notice and at reasonable hours: (1) to inspect the same for compliance with the provisions of the condominium documents; (2) for the maintenance, repair, replacement, or improvement of any portion of the common elements (or any portion of the unit which is the responsibility of the board of directors) including any pipes, wires, ducts, cables, conduits, and public utility lines located in or adjacent to any unit; (3) to prevent damage to the common elements or any other unit; (4) to abate any violation of law, order, rules, or regulations of any governmental authority having jurisdiction thereof; (5) to abate any violation of any provision of any of the condominium documents. The council shall have such other right of access to each unit as may be provided under any other provisions of the condominium documents. The council shall be obligated to repair any damage to a unit incurred by reason of exercise of this right of access.

(D) Declarant's easement for marketing purposes

Declarant reserves the right with respect to its marketing of units to use the common elements for the ingress and egress of itself and for prospective purchasers and lessees of units, including the right of such prospective purchasers and lessees to park in parking spaces which are not limited common elements. Any damage to the common elements resulting from this easement shall be repaired by declarant promptly after the same occurs.

(E) Declarant's easement for completion of units

Declarant reserves the right for the purpose of completing the development of the condominium project, including the buildings and units, to have access to the common elements and (but only to the extent reasonably necessary and only upon reasonable prior notice to the applicable unit owner and at reasonable hours) to any units presently existing, for the ingress and egress of itself and its subcontractors, materialmen, and suppliers for the purpose of constructing, installing, maintaining, and repairing equipment and fixtures pursuant to such development, and for other activities reasonably necessary in connection with such development, including the right to use the roadways and to park in those parking spaces which are not limited common elements at the condominium project. Declarant agrees to repair any damage which may be caused to the building or to any unit resulting from the actions of declarant permitted by this section promptly after declarant is notified that such damage has occurred.

(F) Easements for encroachments

An easement shall exist for any portion of a unit or the common elements which encroaches upon any other unit or the common elements as a result of (1) the original or future construction or settling or shifting of any part of a building, or (2) any repair or restoration undertaken by the board of directors, or (3) any construction after a partial or total destruction as a result of a fire or other casualty or as a result of condemnation or eminent domain proceedings. Such easements as provided in this section shall exist so long as the building in which the encroachment exists (or any replacement thereof permitted under any condominium document) shall stand.

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(G) Additional easements

The board of directors shall have the right to grant such additional easements burdening the common elements as are reasonably determined by it to be compatible with the intended uses and future development of the condominium project, including, without limitation, additional easements for ingress and egress to and from and over the land.

ARTICLE VIII: Insurance

The council shall maintain insurance coverage upon the condominium project in accordance with the provisions of this article:

(A) Authority to purchase; named insured

All insurance policies upon the condominium project shall be purchased by the council. The named insured shall be the council individually and as agent for the unit owners, without naming them, and as agent for the mortgagees of the unit owners. Provision shall be made for the issuance of mortgagee endorsements and memoranda of insurance to the mortgagees of unit owners. Such policies shall provide that payments by the insurer for losses shall be made to the insurance trustee designated below, and all policies and their endorsements shall be deposited with the insurance trustee. Unit owners may obtain coverage at their own expense for their own units, their own personal property, and other risks.

(B) Coverage

(1) All buildings, common elements, and other improvements upon the land shall be insured in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs as determined annually by the board of directors on behalf of the council; provided, however, the council shall not be required to insure any part of the condominium project within the boundaries of individual units except structural columns, load-bearing walls and pipes, conduits, wires, or other installations for the provision of services to the entire buildings. All personal property included in the common elements shall be insured for its value, as determined annually by the board of directors on behalf of the council. Such coverage shall afford protection against:

(a) Loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and

(b) Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location, and use as the buildings on the land, including, but not limited to, vandalism and malicious mischief, earthquake, and plate glass insurance.

(2) Public liability insurance coverage shall be provided in such amounts and with such coverage as shall be required by the board of directors and with cross liability endorsement to cover liabilities of the unit owners jointly and severally and of the council.

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(3) Workers' compensation insurance to meet the requirements of Kentucky law.

(4) Such other insurance as the board of directors from time to time shall determine is desirable.

(C) Premiums

Premiums upon insurance policies purchased by the council shall be paid by the council as a common expense; provided, however, that should the amount of any insurance premium be affected by a particular use of a unit or units, the owner or owners of such unit or units shall be required to pay any increase in premium resulting from such use.

(D) Insurance trustee

All insurance policies purchased by the council shall be for the benefit of the council and the unit owners and the mortgagees of the units as their interests may appear, and shall provide that all proceeds covering property losses shall be paid to {name of bank}, as trustee, or to such other bank in Kentucky with trust powers as may be designated as insurance trustee by the board of directors, which trustee is referred to in this instrument as the "insurance trustee." Payment of premiums, renewal and sufficiency of policies, settlement of claims with insurers, and collection of insurance proceeds shall be the responsibility of the board of directors, and the sole duty of the insurance trustee shall be to receive such proceeds as are paid and hold the proceeds in trust for the purposes elsewhere stated in this article.

(E) Shares of proceeds; mortgagees

The insurance trustee shall hold all insurance proceeds covering property losses in shares, which shares need not be set forth on the records of the insurance trustee, as follows: each unit owner shall have an undivided share in such proceeds, such share being the same as the undivided share in the common elements appurtenant to the unit(s) owned by such unit owner as set forth in exhibit B to this master deed. In the event a mortgagee endorsement has been issued with respect to a unit, the share of the unit owner shall be held in trust for the mortgagee and the unit owner as their interests may appear; provided, however, that no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds which, pursuant to the provisions of this article, are to be held by the insurance trustee, except distributions of such proceeds made pursuant to this article.

(F) Distribution of proceeds

Proceeds of insurance policies received by the insurance trustee shall be distributed to or for the benefit of the beneficial owners in the following manner:

(1) Expense of the trust

All expenses of the insurance trustee shall be paid first or provision made for such

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payment.

(2) Reconstruction or repair

If the damage for which the proceeds are paid is to be repaired or reconstructed substantially in accordance with the original plans for the buildings, the remaining proceeds shall be paid to defray the cost of such as provided in article IX of this master deed. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners, remittances to unit owners and their mortgagees being payable jointly to them. All mortgages and other liens existing against any unit(s) at the time of the damage shall attach to such repaired or reconstructed unit(s) in the same priority as existed prior to such damage. All such repaired or reconstructed units shall bear the same unit numbers as those of the original units and shall retain the same percentage of ownership in the common elements as those of the original units (subject to "as built" adjustment as set forth in section II(A) above). If the damage for which the proceeds are paid is not to be repaired or reconstructed in accordance with the original plans for the buildings as permitted by article IX of this master deed, the mortgagees of units in that building may demand that the remaining proceeds be applied to reduction of the mortgage debt on such units up to the total amount of the mortgage debt then due. Any proceeds remaining after such application to reduction of the mortgage debt shall be paid to defray the costs of repair and reconstruction as provided in the article of this master deed entitled "Reconstruction or Repair after Casualty." This section is a covenant for the benefit of any mortgagee of a unit and may be enforced by such mortgagee.

(3) Failure to reconstruct or repair

If it is determined in the manner provided in article IX of this master deed that the damage for which proceeds are paid shall not be reconstructed or repaired, the net proceeds remaining after all mortgages on the damaged or destroyed buildings have been paid shall be distributed in the manner determined by all of the unit owners at the special meeting of the council provided by section IX(A), provided that such distribution complies with the provisions of the Horizontal Property Law as amended.

(4) Certificate

In making distribution to unit owners and/or the mortgagees of the units, the insurance trustee may rely upon a certificate of the council made by its president and secretary as to the names of the unit owners and their respective shares of the distribution, and the insurance trustee shall have no liability to the council or to any unit owner for any distribution made in reliance upon such a certificate.

(G) Council as agent

The council is irrevocably appointed agent for each unit owner and for each holder of a mortgage or other lien upon a unit and for each owner of any other interest in the condominium project to adjust all claims arising under insurance policies purchased by the council and to

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execute and deliver releases upon the payment of claims.

ARTICLE IX: Reconstruction or Repair after Casualty

(A) Determination to reconstruct or repair

If any part of the condominium project shall be damaged or destroyed by casualty, whether or not it shall be reconstructed or repaired shall be determined in the following manner:

(1) Common element

If the damaged or destroyed improvement is a common element (other than portions of any of the buildings), the damaged or destroyed property shall be reconstructed or repaired.

(2) Buildings

If the damaged or destroyed improvement is one or more of the buildings, such building or buildings also shall be reconstructed or repaired except that, as to each building (if any) as to which more than two-thirds of such building has been destroyed, such building shall not be reconstructed or repaired if (and only if) (a) all of the unit owners of units in such building shall agree in writing within 30 days after the date of the occurrence of such destruction that they desire that such building not be repaired or reconstructed, and request the secretary of the council in writing to call a special meeting of the unit owners for the purpose of deciding whether such building shall be repaired or reconstructed, and (b) unit owners of units in the entire condominium project to which greater than 80% of the common elements are appurtenant shall vote not to repair or reconstruct such building at the meeting of all of the unit owners, which shall be duly called by the secretary of the council within 10 days after the receipt by the secretary of the written request from the unit owners of the affected building. In the event the building is not reconstructed or repaired, the unit owners of such building (and their mortgagees) shall be entitled to receive their proportionate share of the insurance proceeds payable as a result of such destruction, and the board of directors shall cause the master deed to be amended to revise the allocation of the common elements among the units located in the remaining buildings according to the proportion which the floor area of each such unit bears, respectively, to the sum of the floor area for all of such remaining units.

(3) Certificate

The insurance trustee may rely upon a certificate of the council made by its president and secretary to determine whether or not the damaged or destroyed property is to be reconstructed or repaired.

(B) Manner of reconstruction

The original plans for the condominium project shall be the property of the council and shall be kept by the board of directors in a fire-proof safe or safe deposit box. Any reconstruction

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or repair must be substantially in accordance with the original plans, or, if not, then according to plans and specifications approved by the board of directors and, if the damaged property is all or part of any building, by all mortgagees of units in the damaged or destroyed building(s), and by all of the unit owners of units in that building.

(C) Responsibility

If the damage is only to those parts of a unit for which the responsibility of maintenance and repair is that of the unit owner, then the unit owner shall be responsible for reconstruction and repair after casualty. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the council.

(D) Estimate of costs

Immediately after a determination is made to rebuild or repair damage to property for which the council has the responsibility of reconstruction and repair, the council shall obtain reliable and detailed estimates of the cost to rebuild or repair.

(E) Assessments

If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the council, or if at any time during reconstruction and repair, or upon completion of reconstruction and repair, the proceeds are determined to be insufficient, assessments shall be made against the unit owners in amounts sufficient to provide funds for the payment of such costs. Such assessments against unit owners for damage to units shall be in proportion to the cost of reconstruction and repair of their respective units. Such assessments on account of damage to common elements shall be in proportion to the share in the common elements appurtenant to the unit owned by such unit owner as set forth in exhibit B to this master deed.

(F) Construction funds

The funds for payment of costs of reconstruction and repair after casualty, which shall consist of proceeds of insurance held by the insurance trustee and funds collected by the council from assessments against unit owners, shall be disbursed in payment of such costs in the following manner:

(1) Council

If the total of assessments made by the council in order to provide funds for payment of costs of reconstruction and repair that is the responsibility of the council is more than \$500,000.00 (Five Hundred Thousand Dollars), then the sums paid upon such assessments shall be deposited by the council with the insurance trustee. In all other cases the council shall hold the sums paid upon such assessments and disburse them in payment of the costs of reconstruction and repair.

(2) Insurance trustee; construction fund

The proceeds of insurance collected on account of a casualty, and the sums deposited with the insurance trustee by the council from collections of assessments against unit owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner and order:

(a) Council--lesser damage

If the amount of the estimated costs of reconstruction and repair that is the responsibility of the council is less than \$5,000.00 (Five Thousand Dollars), then the construction fund shall be disbursed in payment of such costs upon the order of the council; provided, however, that, upon request to the insurance trustee by a mortgagee that is a beneficiary of an insurance policy the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner provided for the reconstruction and repair of major damage.

(b) Council--major damage

If the amount of the estimated costs of reconstruction and repair that is the responsibility of the council is more than \$500,000.00 (Five Hundred Thousand Dollars), then the construction fund shall be disbursed in payment of such costs in the manner required by the board of directors

(c) Unit owner

The portion of insurance proceeds representing damage for which the responsibility of reconstruction and repair lies with a unit owner shall be paid by the insurance trustee to the unit owner, or if there is a mortgagee endorsement as to the unit, then to the unit owner and the mortgagee, jointly, who may use such proceeds as they determine.

(d) Surplus

It shall be presumed that the first moneys disbursed in payment of costs of reconstruction and repair shall be from insurance proceeds. If there is a balance in a construction fund after payment of all costs of the reconstruction and repair for which the fund is established, such balance shall be distributed to the beneficial owners of the fund in the manner elsewhere stated; provided, however, that the part of a distribution to a beneficial owner that represents assessments paid by such owner into the construction fund shall not be made payable to any mortgagee.

(e) Certificate

Any provisions of this master deed to the contrary notwithstanding, the insurance trustee shall not be required to determine whether or not sums paid by the unit owners upon assessments shall be deposited by the council with the insurance trustee, nor to determine whether the disbursements from the construction fund are to be upon the order of the council or upon approval of an architect or otherwise, nor whether a disbursement is to be made from the

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construction fund nor to determine the payee nor the amount to be paid. Instead, the insurance trustee may rely upon a certificate of the council made by its president and secretary as to any and all of such matters and stating that the sums to be paid are due and properly payable and stating the name of the payee and the amount to be paid; provided that when a mortgagee is required in this instrument to be named as payee, the insurance trustee shall also name the mortgagee as a payee of any distribution of insurance proceeds to a unit owner; and further provided that when the council, or a mortgagee that is the beneficiary of an insurance policy whose proceeds are included in the construction fund, so requires, the approval of an architect named by the council shall be first obtained by the council upon disbursements in payment of costs of reconstruction and repair.

(G) Eminent domain

Appropriation, taking, injury to or destruction of, or condemnation by eminent domain by federal, state, or local government or any instrumentality thereof of any portion of the condominium project, respectively, shall be considered to be included in the term "damage and destruction" for purposes of this article, and the decision whether or not to restore, insofar as is possible, any building of which two-thirds or more is taken, and the proceeds of the eminent domain taking, respectively, shall be treated in the same manner as is provided in this master deed upon the occurrence of damage and destruction to the condominium project. The board of directors shall give to all holders of first mortgages on units prompt notice of any eminent domain proceedings, and the distribution of the proceeds of any eminent domain proceeding shall be subject to the provisions of section VIII(F) with respect to the rights of the holders of mortgages on units.

ARTICLE X: Sale, Lease, and Mortgaging of Units

(A) Right to sell or lease units.

The unit owner of each unit shall have the right to sell or lease such unit and the common elements appurtenant thereto, providing, with respect to any lease (or assignment thereof or sublease), that written notice of the fact of the lease, the identity of the lessee, and the term of the lease is disclosed to the council or managing agent or manager of the condominium project in writing prior to commencement of the term of the lease. Any tenancy or subtenancy of a unit shall be subject and subordinate to all of the provisions of the condominium documents.

(B) Mortgaging of units

No unit owner may mortgage any unit owned by such unit owner or any interest therein without the approval of the board of directors and, if the declarant is a unit owner at the time such mortgage is granted, without the prior written approval of declarant, except as to a mortgage or mortgages granted to a bank, life insurance company, credit union, or savings and loan association, or to declarant or to the unit owner from whom the unit was purchased. The board of directors may, and is hereby authorized to, impose reasonable conditions upon which approval as to any other mortgage shall be given. Every mortgage which is not held by (1) a bank, (2) a life

insurance company, (3) a credit union, (4) a savings and loan association, (5) the unit owner from whom the unit was purchased, or (6) declarant shall be invalid as a lien against the unit without the written approval of the board of directors and, if required under the terms hereof, declarant.

(C) Grantee to be liable with grantor for unpaid common charges

In any conveyance of a unit either by voluntary instrument, operation of law, or judicial proceeding in accordance with this master deed or the bylaws, the grantee of the unit shall be jointly and severally liable with the former unit owner for any unpaid common charges against the latter assessed and due up to the time of the grant or conveyance without prejudice to the grantee's right to recover from the former unit owner the amounts paid by the grantee therefor. "Grantee" as used in this section shall not include either the holder of an institutional mortgage of record or a purchaser of a unit at a foreclosure sale of an institutional mortgage.

(D) Unauthorized transfer is voidable

Any lease or mortgage which is not authorized by the terms of this master deed or for which authorization has not been obtained pursuant to the terms hereof is voidable and may be voided by the board of directors, or by the declarant if declarant at the time of such avoidance is a unit owner, by an instrument duly recorded in the office of the county court clerk of Pulaski County, Kentucky.

ARTICLE XI: Default and Foreclosure of Mortgages or Other Liens on Units

(A) Mortgagee to notify declarant of unit owner's default

Upon the happening of a default under the terms of any mortgage which would permit the holder to declare the entire principal sum due, and upon which such holder intends to rely in accelerating the indebtedness secured by the mortgage, notice of the intention of the holder to do so shall be given to the council and to declarant, if declarant is the record unit owner of a unit at the time such notice is given.

(B) Rights of declarant and council with respect to mortgages in default

The declarant and/or the council shall have the right at its option to exercise the following powers and privileges with respect to mortgages of units which are in default at a time when declarant and/or the council or its other nominee(s) shall be a unit owner:

(1) To remedy the defaults existing under the terms of the mortgage and to put the same in good standing. In the event the declarant shall make the advances necessary to remedy the defaults, the declarant shall be deemed to hold a lien position in the unit to secure the amount so advanced, together with interest thereon (at the prime rate then in effect at major Louisville banks), costs, disbursements, counsel fees, insurance, taxes, or other charges so advanced, and with the right to foreclosure of such lien against the defaulting unit owner. The holder of the mortgage shall in no event be required, or have the obligation, to collect the lien position so

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created on behalf of the declarant. Acceptance of a deed to any unit constitutes a present grant by the unit owner of such a lien in favor of declarant and the council.

(2) To acquire the mortgage by assignment from the holder of said mortgage in consideration of the payment by certified check from declarant or the council to the mortgagee of an amount equal to (calculated as of the time of the assignment) the unpaid balance plus accrued but unpaid interest on the indebtedness secured by the mortgage, plus collection costs (including reasonable attorney fees) expended by the mortgagee either before or after institution of foreclosure action; in the name of the declarant or in the name of its designated nominee, with all the powers and rights of the holder against the defaulting unit owner including the right to foreclose the same.

(3) To require the defaulting unit owner to transfer the unit and its common interest to declarant or the nominee of declarant or the council, in exchange for the agreement of declarant or the council to remedy all defaults existing under the terms thereof, and to assume the indebtedness secured thereby.

(4) To continue any pending action or to institute an action to foreclose any mortgage taken by assignment under subdivision (2) of this section, or to take a deed in lieu of foreclosure of the mortgage. In no event shall a unit owner be relieved from liability already incurred for past due common expenses and charges, including reasonable expenses of legal counsel, nor be relieved from personal liability on the bond, note, or other obligation secured by the mortgage by reason of any conveyance made under subdivision (3) hereof or under this subdivision.

(5) All of the rights of the declarant under this section shall also be available at all times to the council, but such rights as vested in council at all times shall be junior and subordinate to those rights as vested in declarant as long as the declarant is a unit owner.

(C) Council and declarant shall be necessary parties in all mortgage or other lien foreclosures

The declarant, at any time when declarant is a unit owner, and the council shall be necessary parties in every action brought to foreclose any mortgage or other lien encumbering a unit, and shall be entitled to bid such amounts as they deem appropriate at any sale, whether the action be in their names or they be a defendant therein, and to purchase any unit at such sale.

(D) Incorporation in instruments of encumbrance

The provisions of this article shall be deemed incorporated by reference in each mortgage or other lien encumbering a unit as though fully set forth therein.

ARTICLE XII: Obligations of Unit Owners and Remedies upon Default

(A) All unit owners and tenants subject to condominium documents which run with the land

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All present or future unit owners, tenants, occupants, or any other person that might use the condominium project in any manner are subject to the terms and provisions of the condominium documents, as they may be amended from time to time, and the decisions of the council acting through the board of directors acting, in turn, through its resolutions, the officers of the council, and the managing agent. The acceptance of a deed or conveyance or the entering into of a lease, or the entering into occupancy of any unit shall signify that the provisions of the condominium documents, and the decisions of the board of directors, are accepted and ratified by such unit owner, tenant, or occupant, and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such unit, as though such provisions were recited and stipulated at length in each and every deed or conveyance or lease of the unit.

(B) Remedies upon default

Failure of a unit owner (or other person subject to the condominium documents) to comply with the provisions of the condominium documents shall entitle the council (and the declarant, in the proper case) to the following remedies for such violation or breach in addition to all remedies provided by the Horizontal Property Law and by any other provisions of the condominium documents:

(1) The right to enter any unit or any portion of the condominium project upon which, or as to which, such violation or breach exists which requires emergency attention or emergency repairs, and on an emergency basis to abate and remove, at the expense of the defaulting unit owner, any structure or thing or condition that may exist in violation of the condominium documents; and the council, or its employees or agents, shall not thereby be deemed guilty of trespass.

(2) The right to enjoin, abate, or remedy by appropriate legal proceedings, at law or equity, the continuance of any breach; and, pursuant to appropriate court action, the right, if any unit owner or any occupant of his unit shall continue to be in violation of the aforesaid documents and rules and regulations for 30 days after notice in writing from the council, to issue to the defaulting unit owner a 10-day notice in writing to terminate the rights of said unit owner to continue as a unit owner and to continue to occupy, use, or control his unit and to file a suit in equity against the defaulting unit owner for a mandatory injunction against the unit owner or occupants or, in the alternative, a decree declaring the termination of the defaulting unit owner's right to occupy, use, or control the unit and ordering that the unit shall be sold at a judicial sale upon such notice and terms as the court shall establish, except that the defaulting unit owner shall not be entitled to reacquire the unit at such sale or by virtue of right of redemption.

(C) Costs and attorney fees

In any proceeding arising because of an alleged failure of a unit owner or the council to comply with the terms of the condominium documents, as they may be amended from time to time, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorney fees as may be awarded by the court.

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(D) No waiver of rights

The failure of the council or any unit owner to enforce any covenant, restriction, or other provision of the Horizontal Property Law or the condominium documents shall not constitute a waiver of the right to do so thereafter.

(E) Rights are cumulative

All rights, remedies, and privileges granted to the council, declarant, the board of directors, its designated agent(s), or a unit owner, pursuant to any terms, provisions, covenants, or conditions of the condominium documents shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies, or privileges as may be granted to such party hereunder, under the other condominium documents, or at law or in equity.

ARTICLE XIII: Future Development

Villas at Woodson Bend (Condominiums) as built consists of four (4) units in the buildings previously constructed, and may consist of additional units contained in additional buildings which may be constructed. These buildings and the units therein together with the common elements appurtenant thereto will automatically become subject to this condominium regime by amendment(s) to the master deed upon the filing of their respective floor plans. Declarant specifically reserves the right, from time to time, to further amend the master deed to the extent of adding additional units and general common elements (not to exceed two hundred (200) units containing four hundred seventy-five thousand (475,000) square feet in the aggregate) and limited common elements and, once added by amendment, the units therein shall have the same rights, privileges, and obligations as appear herein. In furtherance of the foregoing, an irrevocable power coupled with an interest is hereby granted and reserved unto declarant, its successors and assigns (however, individual unit owners shall not be included within the meaning of successors and assigns as used in this paragraph), to SHIFT AND REALLOCATE from time to time the percentage of ownership in the common elements appurtenant to each unit to the percentages set forth in each amendment pursuant to this paragraph. Each execution of a deed of conveyance, mortgage, or other instrument with respect to a unit, and the acceptance thereof, shall be deemed a grant, and an acknowledgment of and conclusive evidence of the parties thereto to the consent of such reservation of power to declarant as attorney in fact and shall be deemed to reserve to declarant and its successors and assigns the power to shift and reallocate from time to time the percentages of ownership in the common elements appurtenant to each unit set forth in each such recorded amendment. Further, declarant specifically reserves unto itself, and its successors and assigns, the rights to determine the location of all future units, common elements, and limited common elements; it being provided, however, that all future development of the condominium project shall be restricted to the property and the condominium project shall not be expanded to include any other property.

Each unit owner by acceptance of a deed to a unit further acknowledges, consents, and

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agrees to this master deed and to each such amendment that is recorded, as follows:

(A) The portion of the additional common elements and any additional limited common elements described in each such amendment shall be governed in all respects by the provisions of this master deed.

(B) The percentage of ownership in the common elements appurtenant to each unit shall automatically be shifted and reallocated to the extent set forth in each such recorded amendment and upon recordation thereof the amount by which such percentage appurtenant to a unit is adjusted as set forth therein shall thereby be and be deemed to be reallocated from or to such unit owner and reconveyed and reallocated among the other unit owners as set forth in each such recorded amendment.

(C) Each deed, mortgage, or other instrument affecting a unit shall be deemed given subject to the conditional limitation that the percentage of ownership in the common elements appurtenant to each unit shall, upon the recording of each amendment, be adjusted in proportion to the revised percentage set forth in such amendment and vested among all the other owners, mortgagees, and others owning an interest in the other units in accordance with the terms and percentages of each such recorded amendment.

(D) A right of revocation is hereby reserved by the grantor in each such deed, mortgage, or other instrument of a unit to so amend and reallocate the percentages of ownership in the common elements appurtenant to each unit.

(E) The percentage of ownership in the common elements appurtenant to each unit shall include and be deemed to include any additional common elements made a part of the condominium project by a recorded amendment, and each deed, mortgage, or other instrument affecting a unit shall be deemed to include such additional common elements and the ownership of any such unit and lien of any such mortgage shall automatically include and attach to such additional common elements as such amendments are recorded.

(F) Each unit owner shall have a perpetual easement, appurtenant to his unit, for the use of any additional common elements annexed thereto by and described in any recorded amendment for the purposes therein set forth, except as to any portion the use of which is limited by exclusive easements granted to the owners of specific units as may be provided in any such amendment.

(G) The recording of each such amendment shall not alter the amount of the lien for expenses assessed to a unit prior to the date of such amendment.

(H) Each unit owner by acceptance of the deed conveying his unit agrees for himself and all those claiming under him, including mortgagees, that the master deed and each amendment is and shall be deemed to be in accordance with the Horizontal Property Law and, for purposes of the master deed and the Horizontal Property Law, any changes in the respective percentages of ownership in the common elements as set forth in each such amendment shall be deemed to be made by agreement of all unit owners and mortgagees.

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(I) Declarant reserves the unilateral right to amend the master deed for the purpose of shifting and reallocating the percentages of ownership in the common elements in the manner provided by this article and any applicable law. If requested by declarant, each unit owner agrees to execute and deliver such documents necessary or desirable to cause the provisions of this article to comply with the Horizontal Property Law as it may be amended from time to time.

(J) Additional units shall be substantially completed prior to being subjected to the regime and shall be consistent with other units in terms of quality of construction.

(K) The provisions of the master deed and in deeds and mortgages of the units and common elements may contain clauses intended to confirm the right to shift the common elements. None of said provisions shall invalidate the other, but each shall be deemed supplementary to the other toward the end that a valid shifting of the common elements can be accomplished.

No future board acting for and on behalf of the council shall amend the master deed or adopt or amend any bylaws which would hinder, obstruct, or jeopardize declarant's interest in the present or future development of the condominium project.

ARTICLE XIV: Amendment to Declaration

This master deed may be modified, altered, amended, or added to by declarant pursuant to an instrument recorded by declarant in the office of the county clerk of Pulaski County, Kentucky, subject to and in accordance with section VI(F), or by an instrument signed by each unit owner of record (and by declarant, if the consent of declarant to such amendment is required under the terms of the condominium documents), or by a vote of greater than 50% in interest in the common elements at any duly called meeting of unit owners provided that:

(1) A notice of the meeting containing a full statement of the proposed modification, alteration, amendment, or addition has been sent to all unit owners as listed on the books and records of the council and to all mortgages of units who have requested same; and

(2) The board of directors (and declarant, if the consent of declarant is required by the provisions of the condominium documents) approves the change; and

(3) An instrument evidencing the change and signed by the president or any vice president of the council is duly recorded in the office of the Pulaski County Clerk. Such instrument need not contain the written consent of any unit owners but shall contain the verified statement and certification by the secretary or other officer of the council not otherwise signing the instrument that the requirements of this subsection (C) above have been satisfied.

ARTICLE XV: General

(A) Severability

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The invalidity of any provision of this master deed shall not be deemed to impair or affect in any manner the validity, enforceability, or effect of the remainder of this master deed, and, in such event, all of the other provisions of this master deed shall continue in full force and effect as if such invalid provision had never been included herein.

(B) Waiver

No provision contained in this master deed shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

(C) Captions

The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit, or describe the scope of this master deed nor the intent of any provision hereof.

(D) Gender

The use of the masculine gender in this master deed shall be deemed to refer to the feminine gender whenever the context so requires.

IN WITNESS WHEREOF, the declarant has caused this master deed to be executed actually on the date indicated in the notarial certificate affixed hereto but effective as of the 1st day of April, 2002.

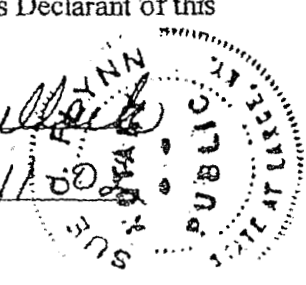
DECLARANT:
SOUTHFORK DEVELOPMENT, INC.

By: Robert Kenison
Robert Kenison, as President

Commonwealth of Kentucky
County of Pulaski:

The foregoing master deed was acknowledged before me, by Robert Kenison, as President of Southfork Development, Inc, a Kentucky corporation, acting in its capacity as Declarant of this Master Deed establishing Villas at Woodson Bend, this 1st day of April, 2002.

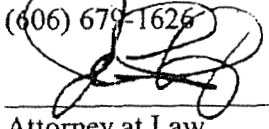
Sue Flynn-Bullback
Notary Public
My Commission Expires: 9-11-00



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This instrument was prepared by:

LAW OFFICES OF JOHN G. PRATHER
P. O. BOX 616
SOMERSET, KY 42052-0616
(606) 679-1626



Attorney at Law

BOOK

PAGE

0014

0543

Exhibit "A"
Description of
The Villas at Woodson Bend
67.475 Acres

Situated in the Town of Bronston, County of Pulaski, State of Kentucky, on the waters of the South Fork of Cumberland River, and being more particularly described as follows:

Beginning on U.S. Corp. of Engineer's marker #LL 3818-1 (1972), said marker being the southwesterly corner to Woodson Bend Resort, being at the TRUE POINT OF BEGINNING:

Thence northerly with the westerly line of said Woodson Bend, North 7°46'29" West, 2270.42 feet;

Thence continuing with said Woodson Bend line North 7°41'39" West, 861.39 feet;

Thence leaving said Woodson Bend line westerly along the southerly line of Myra New, North 89°07'28" West, 212.84 feet;

Thence North 8°03'25" West, 53.79 feet;

Thence North 89°27'18" West, 760.81 feet;

Thence along a new division line the following sixteen (16) courses:

- 1) South 0°32'42" West, 424.98 feet
- 2) South 69°55'10" East, 261.16 feet
- 3) Along a curve to the right (Radius=173.00 feet and bears South 20°04'50" West, Delta =43°06'00"), an arc distance of 131.64 feet
- 4) South 26°49'10" East, 276.62 feet
- 5) Along a curve to the right (Radius=375.00 feet and bears South 63°10'50" West, Delta =14°14'48"), an arc distance of 93.24 feet
- 6) South 12°54'22" East, 182.67 feet
- 7) South 82°13'31" West, 332.76 feet
- 8) South 14°47'24" West, 175.36 feet
- 9) South 62°31'46" West, 241.05 feet
- 10) North 72°28'14" West, 150.00 feet
- 11) South 17°31'46" West, 328.45 feet
- 12) South 72°28'14" East, 158.59 feet
- 13) Along a non-tangent curve to the left (Radius=140.00 feet and bears South 83°18'04" East, Delta =61°27'32"), an arc distance of 150.17 feet
- 14) South 54°45'36" East, 77.25 feet
- 15) Along a curve to the right (Radius=60.00 feet and bears South 33°14'24" West, Delta =86°26'40"), an arc distance of 90.52 feet
- 16) South 31°41'04" West, 242.99 feet to the southerly line of the original tract

Thence easterly with the U.S. Corp. of Engineer's line, South 58°18'56" East, 1808.27 feet to The True Point of Beginning.

Containing 67.475 acres of land more or less.

Being part of the property conveyed to Robert W. Kenison and Timothy L. Cross in Deed Book 554 Page 226.

Basis of Bearing: The southerly line of the parent tract (South 58°18'56" East) as recorded in Deed Book

STATE OF KENTUCKY
 CHARLES J. KUJNER
 SS
 LICENSED PROFESSIONAL LAND SURVEYOR



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P. 3

BOOK PAGE

0014 0544

Description of
The Villas at Woodson Bend
Exception for Sanitary Treatment Facility
19.715 Acres

Situated in the Town of Bronston, County of Pulaski, State of Kentucky, on the waters of the South Fork of Cumberland River, and being more particularly described as follows:

Beginning on W.S. Corp. of Engineer's marker #LL 3818-1 (1972), said marker being the southwesterly corner to Woodson Bend Resort;

Thence northerly with the westerly line of said Woodson Bend, North 7°46'29" West, 2153.04 feet, being at the TRUE POINT OF BEGINNING:

Thence northerly with the westerly line of said Woodson Bend, North 7°46'29" West, 117.38 feet;

Thence continuing with said Woodson Bend line North 7°41'39" West, 861.39 feet;

Thence leaving said Woodson Bend line westerly along the southerly line of Myra New, North 89°07'28" West, 212.84 feet;

Thence North 8°03'23" West, 53.79 feet;

Thence North 89°27'18" West, 760.81 feet;

Thence South 0°32'42" West, 424.98 feet;

Thence South 69°55'10" East, 261.16 feet;

Thence along a curve to the right (Radius=175.00 feet and bears South 20°04'50" West, Delta =43°06'00"), an arc distance of 131.64 feet;

Thence South 26°49'10" East, 276.62 feet;

Thence long a curve to the right (Radius=375.00 feet and bears South 63°10'50" West, Delta =14°14'48"), an arc distance of 93.24 feet;

Thence South 12°34'22" East, 182.67 feet;

Thence North 82°13'31" East, 584.46 feet to The True Point of Beginning.

Containing 19.715 acres of land more or less.

Being part of the property conveyed to Robert W. Kenison and Timothy L. Gross in Deed Book 554 Page 226.

Basis of Bearing: The southerly line of the parent tract (South 58°18'56" East) as recorded in Deed Book 554 Page 226.

STATE OF KENTUCKY
 CHARLES J.
 KLUENER
 3554
 LICENSED
 PROFESSIONAL
 LAND SURVEYOR

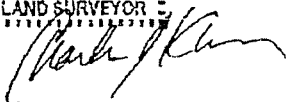


Exhibit B

Percentage Interest of Each Unit in Common Elements

NOTE: The initial number of units is 48 and the maximum number is 200. The following applies to the initial 48 units and shall be modified by recomputation of percentages when and if the number of units exceeds 48. At the time there are more units, the percentage shall be modified by mathematically dividing the individual unit's square footage by the total applicable square footage of all units.

Unit Number	Square Footage	*Percentage	Unit Number	Square Footage	*Percentage
291	Undetermined		341	1297.38	7.76
292	Undetermined		342	1453.10	8.68
293	Undetermined		343	1475.40	8.82
294	Undetermined		344	1453.10	8.68
301	Undetermined		351	1453.10	8.68
302	Undetermined		352	1475.40	8.82
303	Undetermined		353	1453.10	8.68
304	Undetermined		354	1297.38	7.76
311	Undetermined		361	1652.57	9.89
312	Undetermined		362	1032.55	6.17
313	Undetermined		363	1652.57	9.89
314	Undetermined		364	1032.55	6.17
321	Undetermined		371	Undetermined	
322	Undetermined		372	Undetermined	
323	Undetermined		373	Undetermined	
324	Undetermined		374	Undetermined	
331	Undetermined		381	Undetermined	
332	Undetermined		382	Undetermined	
333	Undetermined		383	Undetermined	
334	Undetermined		384	Undetermined	

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0546

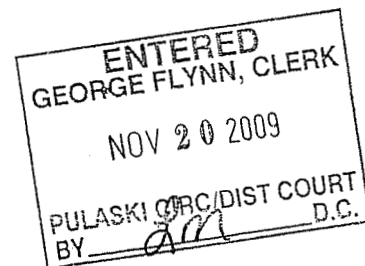
391	Undetermined				
392	Undetermined				
393	Undetermined				
394	Undetermined				
401	Undetermined				
402	Undetermined				
403	Undetermined				
404	Undetermined				
501	Duplex Undetermined				
502	Duplex Undetermined				

TOTALS _____ 100.000% TOTALS 16,728.20 100.000%

* The foregoing percentages are subject to change as more units are built.

STATE OF KENTUCKY OF PULASKI, SCT. 1,
 WILLARD HANSFORD, CLERK OF THE PULASKI COUNTY COURT,
 CERTIFY THAT ON THE 19 DAY OF June 20 02 THE
 FOREGOING deed WAS PRODUCED TO ME CERTIFIED AS ABOVE
 AND LODGED FOR RECORD. TRANSFER TAX WAS PAID IN THE SUM
 OF _____ WHEREUPON I HAVE RECORDED THE SAME,
 TOGETHER WITH THIS CERTIFICATE, THIS 19 DAY
 OF June 20 02 IN Book 14 PAGE 514
 ATTEST: WILLARD HANSFORD, CLERK
 BY: Willard Hansford D.C.

COMMONWEALTH OF KENTUCKY
PULASKI CIRCUIT COURT
CIVIL BRANCH
DIVISION II



Civil Action No. 09-CI-00231

CITIZENS NATIONAL BANK

PLAINTIFF

v.

ROBERT W. KENISON, et al.

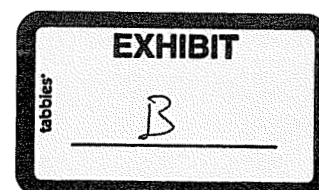
DEFENDANTS

JUDGMENT AND ORDER OF SALE

On August 20, 2009, the Plaintiff, Citizens National Bank ("Bank"), filed its Motion for Summary Judgment and Order of Sale. On September 1, 2009, Timothy L. Gross ("Mr. Gross"), Janice M. Gross ("Mrs. Gross"), The Janice M. Gross Revocable Trust ("Trust"), Southfork Development, Inc. ("Southfork") and The Villas Boat Club, Inc. ("Boat Club") filed their Motion to Dismiss the Complaint. The Court heard these motions on October 2, 2009, where counsel for all of the parties, except Wells Fargo Home Mortgage, Inc., were present. The Court has further considered all responses or objections to these motions filed by the parties, and the motions are now submitted to the Court for its decision.

Wherefore, the Court hereby finds, concludes, orders and adjudges that:

1. Each Defendant has been served with a summons and the Complaint and has filed an Answer thereto.
2. Venue properly lies in this Court.
3. The Court has *in personam* jurisdiction over every party to this case either because they reside and were summoned in this county and/or are subject to this Court's jurisdiction under KRS 454.210. This case arises from contracts between the Bank and the



Defendants entered into and related to matters including real property and personal property located in Pulaski County, Kentucky.

BOAT CLUB LOAN

4. On or about March 17, 2006, the Boat Club executed and delivered to the Bank the Promissory Note which is attached to the Bank's Complaint as Exhibit 1 evidencing the Bank's loan to the Boat Club (the "Boat Club Loan").

5. On or about March 17, 2007, the Bank and the Boat Club renewed the Boat Club Loan as reflected on the Promissory Note attached to the Bank's Complaint as Exhibit 2.

6. On or about March 31, 2008, the Boat Club and the Bank agreed to change the terms of the Boat Club Loan as stated in the Change in Terms Agreement attached to the Bank's Complaint as Exhibit 3.

7. On or about March 17, 2006, the Boat Club executed and delivered to the Bank the Commercial Security Agreement attached to the Bank's Complaint as Exhibit 4, ("Boat Club Security Agreement One") which is valid, enforceable, first priority and secures payment of the Bank's Judgment¹, and which was perfected by appropriate filing in the Kentucky Secretary of State's Office on August 2, 2004.

8. On or about August 1, 2008, the Boat Club executed and delivered to the Bank a second Security Agreement, ("Boat Club Security Agreement Two") attached to the Bank's Complaint as Exhibit 5, which also is valid, enforceable, first priority and secures payment of the Bank's Judgment, and which was perfected by the UCC-Financing Statement attached to the

1. _____

¹ The term "Bank's Judgment" refers to the judgment awarded to the Bank herein on the Boat Club Loan, Southfork Loan 8900, and Southfork Loan 8400 in paragraphs 14, 34, 42 and the attorneys fees to date in paragraph 46; plus additional amounts that might be awarded.

Bank's Complaint as Exhibit 6, recorded in the Office of the Kentucky Secretary of State on August 8, 2008. .

9. On or about March 17, 2006, the Trust executed and delivered to the Bank its Guaranty attached to the Bank's Complaint as Exhibit 7 guaranteeing payment of the Boat Club Loan.

10. On or about March 17, 2006, Janice Gross executed and delivered to the Bank her Guaranty attached to the Bank's Complaint as Exhibit 8 guaranteeing payment of the Boat Club Loan.

11. On or about March 17, 2006, Timothy Gross executed and delivered to the Bank his Guaranty attached to the Bank's Complaint as Exhibit 9 guaranteeing payment of the Boat Club Loan.

12. On or about March 17, 2006, Southfork executed and delivered to the Bank its Guaranty attached to the Bank's Complaint as Exhibit 10 guaranteeing payment of the Boat Club Loan.

13. The Boat Club Loan was due in full on May 17, 2008, has not been paid and is in default.

14. The Bank is hereby awarded judgment against the Boat Club, the Trust, Mrs. Gross, Mr. Gross and Southfork jointly and severally for payment of the Boat Club Loan in the principal amount of \$358,130.35, with a payoff as of September 29, 2009, in the amount of \$377,754.57 with interest accruing thereafter at 4.25% per annum or \$42.27928 per day, plus attorneys' fees, legal expenses and court costs. Interest on this judgment amount shall be 4.25 percent. *See* Loan Inquiry Statement attached to the Bank's Complaint as Exhibit 11 and

the First Amended Affidavit filed by the Bank and signed by its CEO and President, Donald E. Bloomer, on September 30, 2009.

15. The Bank is entitled to possession of the collateral described in the aforesaid Security Agreements (“Boat Club Collateral”).

16. The Bank is entitled to and may move this Court to appoint a Receiver to take control of the Boat Club Collateral pending its sale by this Court.

SOUTHFORK LOAN 8900

17. On or about April 24, 2002, the Bank extended Southfork a \$3,923,000.00 line of credit (“Loan 8900”) evidenced by the Promissory Note attached to the Bank’s Complaint as Exhibit 12.

18. On or about May 1, 2003, Southfork and the Bank renewed Loan 8900 by the Promissory Note attached to the Bank’s Complaint as Exhibit 13.

19. On or about May 27, 2004, Southfork and the Bank revised and renewed Loan 8900 as reflected in the Promissory Note attached to the Bank’s Complaint as Exhibit 14.

20. On or about May 24, 2005, Southfork and the Bank renewed Loan 8900 through the Promissory Note attached to the Bank’s Complaint as Exhibit 15.

21. On or about May 25, 2006, Southfork and the Bank renewed Loan 8900 through the Promissory Note attached to the Bank’s Complaint as Exhibit 16.

22. On or about March 30, 2007, Southfork and the Bank renewed and revised Loan 8900 pursuant to the Promissory Note attached to the Bank’s Complaint as Exhibit 17.

23. On or about May 25, 2007, Southfork and the Bank renewed, for the final time, Loan 8900 pursuant to the Promissory Note (“Last 8900 Note”) attached to the Bank’s Complaint as Exhibit 18.

24. The Last 8900 Note matured on May 25, 2008, has not been paid, is in default and is due and payable.

25. Payment of the Bank's Judgment is secured by a valid, enforceable, first priority Mortgage (the "Southfork Mortgage") in the real estate described therein ("the Southfork Property") from Southfork, Robert Kenison, Frances Kenison and the Trust dated April 24, 2002, recorded on that date in the Pulaski County Clerk's Office in Mortgage Book 710, Page 264, and attached to the Bank's Complaint as Exhibit 20. A description of the Southfork Property is attached hereto, and incorporated by reference herein as Exhibit A.

26. Payment of the Bank's Judgment is further secured by a valid, enforceable, first priority Security Agreement from Southfork to the Bank dated April 24, 2002, ("the Southfork Security Agreement") attached to the Bank's Complaint as Exhibit 21, which granted the Bank a valid, enforceable and first priority security interest in the property described therein (the "Southfork Collateral").

27. This Southfork Security Agreement was properly perfected by a UCC-Financing Statement filed in the Kentucky Secretary of State's Office on April 29, 2002, and continued by a Continuation Statement filed therein on March 26, 2007.

28. The Bank is entitled to possession of the Southfork Collateral, but there is no evidence of any Southfork Collateral.

29. The Bank is entitled to this Court appointing a Receiver to take control of the Southfork Collateral pending its sale by this Court if the Bank discovers Southfork Collateral and moves for a Receiver.

30. Payment of the Bank's Judgment is further secured by a valid, enforceable and second priority Mortgage (the "Gross Mortgage") from Mr. Gross, Mrs. Gross and Southfork to

the Bank dated October 29, 2007, in Unit 551, Building 55 of the Villas at Woodson Bend, Horizontal Property Regime, ("Unit 551") but more fully described in said Mortgage, and which is attached to the Bank's Complaint as Exhibit 22. A description of Unit 551 is attached hereto and incorporated by reference herein as Exhibit B.

31. Mr. Gross is personally indebted to the Bank for payment of Loan 8900 pursuant to the following Guaranty Agreements:

(a) Guaranty from Robert Kenison and Mr. Gross to the Bank dated April 24, 2002, and attached to the Bank's Complaint as Exhibit 23;

(b) Guaranty from Timothy Gross to the Bank dated May 27, 2004, and attached to the Bank's Complaint as Exhibit 24;

(c) Guaranty from Mr. Gross to the Bank dated December 9, 2005, and attached to the Bank's Complaint as Exhibit 25.

(d) His Guaranty Agreements related to the Boat Loan and to Loan 8400.

32. Mrs. Gross is indebted to the Bank for Loan 8900 pursuant to the Guaranty Agreement dated December 9, 2005, attached to the Bank's Complaint as Exhibit 26 and her Guaranty Agreement related to the Boat Club Loan and to Loan 8400.

33. The Trust is indebted to the Bank for Loan 8900 pursuant to the Guaranty Agreement dated December 9, 2005, attached to the Bank's Complaint as Exhibit 27 and its Guaranty Agreement related to the Boat Club Loan and to Loan 8400.

34. The Bank is hereby awarded judgment for the amounts due on Loan 8900 against Southfork, Mr. Gross, Mrs. Gross and the Trust, jointly and severally, in the principal amount of \$899,642.40 with interest accruing at 4.25% or \$106.20778 per diem plus attorneys' fees and legal expenses. The payoff as of September 29, 2009, is \$1,041,110.39 exclusive of attorneys

fees and legal expenses. Interest on this judgment amount is 4.25 percent. This amount is set forth in the Loan Inquiry Statement attached to the Bank's Complaint as Exhibit 19, and updated by the First Amended Affidavit filed by the Bank and signed by its CEO and President, Donald E. Bloomer, on September 30, 2009.

SOUTHFORK LOAN 8400

35. On or about October 29, 2007, Southfork and the Bank entered into the Loan Agreement attached to the Bank's Complaint as Exhibit 29. This loan is referred to as Loan 8400.

36. On or about October 29, 2007, Southfork executed and delivered to the Bank the Promissory Note attached to the Bank's Complaint as Exhibit 30 evidencing Loan 8400. The Note matured on October 29, 2008, was not paid, is in default.

37. Loan 8400 is secured by the Southfork Mortgage attached to the Bank's Complaint as Exhibit 20.

38. Loan 8400 is secured by the Gross Mortgage attached to the Bank's Complaint as Exhibit 22.

39. The Trust is liable to the Bank for payment of Loan 8400 pursuant to the Guaranty Agreements regarding Loan 8900 and the Boat Club Loan, plus its Guaranty to the Bank dated October 29, 2007, attached to the Bank's Complaint as Exhibit 32.

40. Mrs. Gross is liable to the Bank for payment of Loan 8400 pursuant to her Guaranty Agreements regarding Loan 8900 and the Boat Club Loan, plus her Guaranty to the Bank dated October 29, 2007, attached to the Bank's Complaint as Exhibit 33.

41. Mr. Gross is liable to the Bank for payment of Loan 8400 pursuant to his Guaranty Agreements regarding Loan 8900 and the Boat Club Loan, plus his Guaranty to the Bank dated October 29, 2007, attached to the Bank's Complaint as Exhibit 34.

42. On Loan 8400 the Bank is hereby awarded Judgment against Southfork, Mr. Gross, Mrs. Gross and the Trust, jointly and severally, in the principal amount of \$1,160,977.75 with interest accruing at 4.25% or \$137.05987 per diem with the payoff as of September 29, 2009, of \$1,300,626.08, plus attorneys' fees and legal expenses, and interest on this judgment amount at 4.25 percent. A Loan Inquiry Statement is attached to the Bank's Complaint as Exhibit 31 and updated by the First Amended Affidavit filed by the Bank and signed by its CEO and President, Donald E. Bloomer, on September 30, 2009.

43. The Court does not adjudicate the Bank's claims against Robert Kenison and Frances Kenison since those parties have advised they will be submitting to the Court an Agreed Judgment resolving those claims.

44. Each Guaranty on which the Bank relies and on which the Court grants judgment against Mr. Gross, Mrs. Gross, Southfork, the Boat Club and the Trust comply with the requirements for an enforceable guaranty under Kentucky law, KRS 371.0165. Each Guaranty Agreement expressly refers to the loan document being guaranteed.

45. The Bank concedes and it is adjudged that its mortgage in Unit 551 is subordinate to a mortgage in favor of the Defendant, Wells Fargo Home Mortgage, Inc., recorded in Apartment Mortgage Book 23, Page 183, of the Pulaski County Clerk's Office. That mortgage was attached as Exhibit 35 to the Bank's Complaint.

46. The Bank's Judgment includes its attorneys' fees, expenses and court costs as provided in the Mortgages, Security Agreements, Promissory Notes and Guaranty Agreements referred to in this Judgment and since it is undisputed that the Bank's counsel are not its salaried employees and the Bank has or has agreed to pay those fees. As of September 29, 2009, the Bank has been billed and paid \$38,991.42, which shall be part of the Banks Judgment.

This Court reserves jurisdiction to award, additional attorneys' fees, expenses and court costs to the Bank upon proper motion and evidence.

47. The following property shall be sold now by the Pulaski County Master Commissioner to pay the Bank's Judgment since they cannot be divided without impairing their respective values. Each shall be sold separately, except as stated below:

(a) Unit 551. (The proceeds from the sale of Unit 551 should pay the claim of Wells Fargo before the Bank's Judgment.)

(b) Each of the following Condominium Units ("Condo Units"): (i) Condominium Unit No. 414 of the Villas at Woodson Bend Horizontal Property Regime; (ii) Condominium Unit No. 421 of the Villas at Woodson Bend Horizontal Property Regime; and (iii) Condominium Unit No. 422 of the Villas at Woodson Bend Horizontal Property Regime.

(c) Each lot owned by Southfork in the Bluffs Manor Subdivision ("Building Lots"). (They are described in Exhibit C hereto and incorporated by reference herein.)

(d) All of the Boat Club's assets, including the Shoreline Usage Permit. The Master Commissioner shall make a recommendation to the Court whether or not the Boat Club assets (other than the Shoreline Usage Permit) should be sold as a whole or by more than one contract or parcel.

(e) The Shoreline Use Permit shall be sold separate from the other assets of the Boat Club and expressly without any warranty that it can be transferred. Any sale shall be subject to approval by the United States Army Corps of Engineers ("Corps"). The Court recognizes the Corps. might not permit the Shoreline Use Permit to be transferred from the Boat Club.

48. The 67.475 acres of land, more or less, described in Exhibit D to this Judgment and incorporated by reference herein are within the The Villas at Woodson Bend Horizontal Property Regime. The Bank has a first priority mortgage lien in Southfork's interest in this property to secure payment of the Banks Judgment. Only the Condo Units will be sold now. The balance of Southfork's interest in this property, if any, will be sold when the extent of Southfork's rights in the property are adjudicated.

49. Sale of the balance of Southfork's Property, which includes the Sanitary Treatment Facility, will not be sold until the Court hears evidence and rules on whether it should be sold as a whole.

50. The interests in Unit 551 being sold are:

(a) All interest held by Mr. Gross and Mrs. Gross including interest conveyed to Mr. Gross by Deed dated August 31, 2006, recorded in Apartment Ownership Deed Book 17, Page 396, in the Pulaski County Court Clerk's Office.

(b) Interest held by the Bank pursuant to the mortgage from Mr. and Mrs. Gross and Southfork recorded in Apartment Mortgage Book 24, Page 265, in the Pulaski County Clerk's Office.

(c) Interest held by Wells Fargo pursuant to a mortgage recorded in Apartment Mortgage Book 23, Page 183, of the Pulaski County Clerk's Office.

51. The interests in the Condo Units and Building Lots being sold are:

(a) Those interests held by Southfork including those conveyed in Deed to Robert Kenison and Timothy L. Gross recorded in Deed Book 554, Page 226, in the Pulaski County Clerk's Office; Deed from Timothy L. Gross and Janice M. Gross to the Trust by Deed recorded in Deed Book 572, Page 355; and Deed to Southfork

Development, Inc. from Robert W. Kenison and Fran Kenison and the Trust in Deed Book 672, Page 402.

(b) Interest held by the Bank in mortgage, recorded in Mortgage Book 710, Page 264 in the Pulaski County Clerks office.

52. Sale of the Condo Units are subject to rights and restrictions governed by the Master Deed and Bylaws affecting the development as recorded in Apartment Deed Book 14, Page 514, in the Pulaski County Clerk's Office, and as same may have been amended.

53. The portion of Southfork's Property referred to herein as the Sanitary Treatment Facility consist of 19.715 acres of land, more or less, and is more fully described in Exhibit E attached to and incorporated by reference into this Judgment. Any sale of the Sanitary Treatment Facility shall be subject to approval by the Kentucky Public Service Commission ("P.S.C.") to the extent it determines its approval is required by Kentucky law.

54. The Commissioner shall sell the Property on the following terms of sale:

a. The terms of sale shall be either cash or ten percent (10%) of the purchase price in the form of a cash deposit at the time of sale and balance of the purchase price on a credit of sixty (60) days. If the purchaser elects to take credit for the balance, then the purchaser will be required to post bond and furnish acceptable surety thereon. Said bond shall be for the unpaid balance of the purchase price and bear interest at the rate of twelve percent (12%) per annum from the date of sale until paid.

b. The purchaser shall be required to assume and pay all taxes levied against the Property for the current tax year and all subsequent years. The Property shall be sold "as is", and possession shall pass to the purchaser upon delivery of deed. Risk of loss

shall pass to the purchaser upon execution of bond of sale or payment of the purchase price in full, whichever occurs first.

c. The Property shall be sold free and clear of any right, title or interest of all parties to the action and all liens and encumbrances thereon of any party. The sale of the Property shall be made subject to all zoning and building regulations, restrictions, ordinances, easements, covenants, and rights-of-way, of record or otherwise.

d. Bank shall deposit money with the Commissioner to pay the estimated cost of sale. Bank shall be reimbursed this deposit from the sale proceeds.

e. If Bank becomes the purchaser of the Property at the Commissioner's sale, it may comply with the terms of sale by taking credit upon its Judgment without making the cash deposit or executing the sale bond as hereinabove provided.

f. The proceeds of the sale shall be applied to the following in this order of priority:

- To costs of this action, including the Commissioner's fees and costs;
- Unpaid ad valorem taxes for tax years prior to the current year as of the date of sale.
- To the satisfaction of Bank's Judgment as adjudicated herein;
- The balance, if any, to be held by the Commissioner, pending further order of the Court.

55. The Commissioner shall not sell the Property if so instructed by Bank, or its attorney or agent, verbally or in writing.

56. The Counterclaim for damages against the Bank filed by Mr. Gross, Mrs. Gross, the Trust, Southfork and the Boat Club (the "Counterclaimants") are dismissed, with prejudice.

(a) The Court finds the Counterclaimants neither alleged nor tendered anything to the Court showing they could produce evidence at trial that the Bank owed them a fiduciary duty. The record indicates that the relationship between the Bank and the Counterclaimants is no more than that of a creditor and debtor. See *Sallee v. Fort Knox Nat'l Bank N.A.*, 286 F.3d 878 (6th Cir. 2002), and *DeJong v. Leitchfield Deposit Bank*, 254 S.W.3d 817 (Ky. App., 2007).

(b) Even if the Counterclaimants could prove the Bank owed them a fiduciary duty, the actions they allege the Bank would have breached were refusing to renew loans, not providing notice of default, not taking steps to protect the Counterclaimants' interest in further development of the common elements in The Villas at Woodson Bend Development and not providing sufficient time to cure defaults.

(c) The Court takes judicial notice from proceedings in *Homeowners Association v. Southfork Development, Inc.*, Pulaski Circuit Court, Division Two, Case No. 08-CI-00386, and *Tim Gross and Southfork v. John Prather*, Pulaski Circuit Court, Division One, Case No. 09-CI-00339, that impediments, if any, upon Southfork's ability to further develop The Villas at Woodson Bend arise from the Master Deed, rather than actions by the Bank.

(d) While the Bank does have a duty to act towards the Counterclaimants in good faith, the Bank is permitted to enforce its contracts with the Counterclaimants, and as a matter of law doing so is not a breach of the Bank's duty to act in good faith. *Farmers Bank & Trust Company v. Willmott Hardwoods, Inc.*, 171 S.W.3d 4 (Ky., 2005).

(e) KRS 371.010(9) prohibits the admission of evidence, contrary to the terms of the loan documents between the Bank and the Counterclaimants, related to an alleged agreement by the Bank to make or renew loans to the Counterclaimants.

(f) Each of the loans for which the Bank is granted judgment had matured, making any issue as to receipt of notice of default and an opportunity to cure defaults irrelevant.

57. The Motion to Dismiss is denied since the Corps or the P.S.C. are not necessary parties to this case.

58. All issues raised by the pleadings in this case and not disposed of by this Judgment (including, without limitation, an Order of Sale to the remainder of the property and an award of additional attorneys' fees and costs to the Bank) shall be held for further determination by the Court; however, pursuant to the provisions of Civil Rule 54.02, the Court determines that there is no just reason for delay in entry of this Judgment as to the issues disposed of herein and that to that extent this Judgment is final and appealable. The Clerk shall serve notice of entry hereof as provided in Civil Rule 77.04.

Dated: _____

11/20/09



JUDGE, PULASKI CIRCUIT COURT
DIVISION II

EXAMINED AND APPROVED:

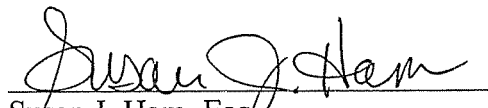
MASTER COMMISSIONER,
PULASKI CIRCUIT COURT

Tendered by:

FOWLER MEASLE & BELL PLLC

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300 West Vine Street, Suite 600
Lexington, KY 40507-1660
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and



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TheHamLawOffice@aol.com
**CO-COUNSEL FOR PLAINTIFF,
CITIZENS NATIONAL BANK**

**PLAINTIFF'S COUNSEL SHALL
PREPARE ALL LIEN RELEASES**

CLERK'S CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing has been served upon the following, by first class United States mail, postage prepaid, on this the 20th day of October, 2009:

Richard G. Meyer, Esq.
Kevin F. Hoskins, Esq.
Dressman Benzinger LaVelle PSC
207 Thomas More Parkway
Crestview Hills, KY 41017
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TIMOTHY L. GROSS, JANICE M. GROSS,
THE JANICE M. GROSS REVOCABLE TRUST,
SOUTHFORK DEVELOPMENT, INC.
AND THE VILLAS BOAT CLUB, INC.

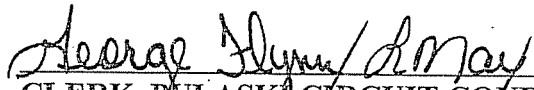
✓ Michael M. Hirn, Esq.
Michael C. Merrick, Esq.
Dinsmore & Shohl LLP
1400 PNC Plaza
500 W. Jefferson Street
Louisville, KY 40202
ATTORNEY FOR DEFENDANT,
VILLAS AT WOODSON BEND
CONDOMINIUM ASSOCIATION, INC.

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ROBERT W. KENISON AND FRANCES E. KENISON

✓ Paul M. Nalepka, Esq.
Lerner, Sampson & Rothfuss
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WELLS FARGO HOME MORTGAGE, INC.

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Somerset, KY 42502-0763
CO-COUNSEL FOR PLAINTIFF,
CITIZENS NATIONAL BANK


CLERK, PULASKI CIRCUIT COURT

Beginning on W. S. Corp. Of Engineer's marker #LL 3818-1 (972) and said corner to Woodson Bend; thence leaving Corp. of Engineer, with old line of Woodson Bend, North 07 degrees 46' 29" West 2270.42 feet to a post; thence still with Woodson Bend's line, North 07 degrees 41' 39" West 861.39 feet to a cedar stump, corner to Myra New; thence leaving Woodson Bend line, with old fence line, of Myra New's line, North 89 degrees 07' 28" West 212.84 feet to a post, thence still with old fence line, North 08 degrees 03' 25" West 53.79 feet to a post; thence North 89 degrees 27' 18" West 760.81 feet to a post; thence North 00 degrees 38' 47" East 634.90 feet to a post; thence North 76 degrees 35' 58" East 69.63 feet to a dead cedar; thence North 21 degrees 51' 51" East 60.60 feet to a post in center of dry pond; thence South 89 degrees 51' 10" East 87.63 feet to a post; thence North 01 degrees 16' 43" East 108.31 feet to a post; thence North 85 degrees 06' 15" East 474.89 feet to a P. K. Nail which said nail is located in the center of Woodson and Quinton Road; thence with center of said road for four calls: thence North 44 degrees 20' 36" West 401.47 feet to a P. K. Nail; thence North 45 degrees 06' 22" West 423.97 feet to a P. K. Nail; thence North 44 degrees 47' 46" West 311.90 feet to a P. K. Nail; thence North 45 degrees 27' 40" West 29.93 feet to a P. K. Nail, corner to New; thence leaving said road with old fence line of New, South 44 degrees

19' 07" West 440.83 feet to a 30" cedar, corner to Childers; thence with old fence line of Childers for five calls: thence South 01 degrees 48' 39" West 1138.82 feet to a post; thence South 01 degrees 59' 16" West 893.11 feet to a 6" cedar; thence South 01 degrees 25' 13" West 574.04 feet to a 6" cedar (double); thence South 02 degrees 04' 56" West 700.75 feet to a post; thence South 01 degrees 50' 50" West 188.52 feet to U. S. Corp. of Engineer's marker #LL 3816-1; thence with U. S. Corp. of Engineer's line, South 58 degrees 18' 56" East 2919.83 feet to the point of beginning. Containing 168.462 acres, more or less.

Being the same property conveyed to Robert Kenison and Timothy L. Gross from Edith New and Cecil New, her husband, et al., by Deed of Conveyance dated the 31st day of August, 1994, and of record at Deed Book 554, Page 226, Pulaski County Court Clerk's Office, Kentucky. Timothy L. Gross and Janice M. Gross, husband and wife, conveyed their 1/2 undivided interest to the Janice M. Gross Revocable Living Trust Agreement by Deed of Conveyance dated the 7th day of September, 1995, and of record at Deed Book 572, Page 355, Pulaski County Court Clerk's Office, Kentucky. Also being all of the property conveyed to Southfork Development, Inc., a Kentucky Corporation, from Robert W. Kenison and Fran Kenison, husband and wife, and The Janice M. Gross Revocable Living Trust, by and through Janice M. Gross, Trustee, dated the 23rd day of March, 2001, and of record at Deed Book 672, Page 402, Pulaski County Court Clerk's Office, Kentucky.

Being Condominium Unit No. 551, Building No. 55, of the Villas at Woodson Bend Horizontal Property Regime, a Condominium established under the Kentucky Horizontal Property law, a plan of which is contained completely in file of said plan, which is recorded in Apartment Ownership Deed Book No. 14, Page No. 514, Pulaski County Court Clerk's Office, Kentucky, and all amendments recorded from time to time; the location of Building No. 55 being shown on plat recorded in Plat Cabinet 1, Slide 226, and the plat of Building No. 55 being recorded in Plat Cabinet 1, Slide 231, which plats are incorporated into the Horizontal Property Regime by reference.

Being the same property conveyed to Timothy J. Gross by deed dated August 31, 2006 from Southfork Development, Inc. of record in Apartment Ownership Deed Book 17, Page 396, Pulaski County Court Clerk's Office, Kentucky.

BEING those lots designated as Condominium Lots on the Plat designated as a portion of the Southfork Development Property of record at Plat Cabinet D, Slide 353, Pulaski County Clerk's Office, Kentucky.

Being part of the same property conveyed to Robert Kenison and Timothy L. Gross from Edith New and Cecil New, her husband, et al., by Deed of Conveyance dated the 31st day of August, 1994, and of record at Deed Book 554, Page 226, Pulaski County Court Clerk's Office, Kentucky. Timothy L. Gross and Janice M. Gross, husband and wife, conveyed their 1/2 undivided interest to the Janice M. Gross Revocable Living Trust, by and through Janice M. Gross, Trustee, dated the 23rd day of March, 2001, and of record at Deed Book 672, Page 402, Pulaski County Clerk's Office, Kentucky.

Exhibit C

May 21 02 05:14p

P. 2

BOOK

PAGE

3014

0543

Exhibit "A"
Description of
The Villas at Woodson Bend
67.475 Acres

Situated in the Town of Bronston, County of Pulaski, State of Kentucky, on the waters of the South Fork of Cumberland River, and being more particularly described as follows:

Beginning on W.S. Corp. of Engineer's marker #LL 3812-1 (1972), said marker being the southwesterly corner to Woodson Bend Resort, being at the TRUE POINT OF BEGINNING:

Thence northerly with the westerly line of said Woodson Bend, North 7°46'29" West, 2270.42 feet;

Thence continuing with said Woodson Bend line North 7°41'39" West, 861.39 feet;

Thence leaving said Woodson Bend line westerly along the southerly line of Myra New, North 89°07'28" West, 212.84 feet;

Thence North 3°03'25" West, 53.79 feet;

Thence North 89°27'18" West, 760.81 feet;

Thence along a new division line the following sixteen (16) courses:

- 1) South 0°32'42" West, 424.98 feet
- 2) South 69°55'10" East, 261.16 feet
- 3) Along a curve to the right (Radius=175.00 feet and bears South 20°04'50" West, Delta =43°06'00"), an arc distance of 131.64 feet
- 4) South 26°49'10" East, 276.62 feet
- 5) Along a curve to the right (Radius=375.00 feet and bears South 63°10'50" West, Delta =14°14'48"), an arc distance of 93.24 feet
- 6) South 12°34'22" East, 182.67 feet
- 7) South 82°13'31" West, 332.76 feet
- 8) South 14°47'24" West, 175.36 feet
- 9) South 62°31'46" West, 241.05 feet
- 10) North 72°28'14" West, 150.00 feet
- 11) South 17°31'46" West, 328.43 feet
- 12) South 72°28'14" East, 158.59 feet
- 13) Along a non-tangent curve to the left (Radius=140.00 feet and bears South 83°13'04" East, Delta =61°27'32"), an arc distance of 150.17 feet
- 14) South 54°45'36" East, 77.25 feet
- 15) Along a curve to the right (Radius=60.00 feet and bears South 33°14'24" West, Delta =86°26'40"), an arc distance of 90.52 feet
- 16) South 31°41'04" West, 242.99 feet to the southerly line of the original tract

Thence easterly with the U.S. Corp. of Engineer's line, South 58°18'56" East, 1308.37 feet to The True Point of Beginning.

Containing 67.475 acres of land more or less.

Being part of the property conveyed to Robert W. Knison and Timothy L. Gross in Deed Book 554 Page 226.

Basis of Bearing: The southerly line of the parent tract (South 58°18'56" East) as recorded in Deed Book

09 1525 Pgs 226 1140
 STATE OF KENTUCKY
 CHARLES J.
 KUENEN
 5504
 LICENSED
 PROFESSIONAL
 LAND SURVEYOR

May 21 02 05:14p

P. 3

BOOK PAGE
0014 0544

**Description of
The Villas at Woodson Bend
Exception for Sanitary Treatment Facility
19.715 Acres**

Situated in the Town of Bronston, County of Pulaski, State of Kentucky, on the waters of the South Fork of Cumberland River, and being more particularly described as follows:

Beginning on W.S. Corp. of Engineer's marker #LL 3818-1 (1972), said marker being the southwesterly corner to Woodson Bend Resort;

Thence northerly with the westerly line of said Woodson Bend, North 7°46'29" West, 2153.04 feet, being at the TRUE POINT OF BEGINNING;

Thence northerly with the westerly line of said Woodson Bend, North 7°46'29" West, 117.38 feet;

Thence continuing with said Woodson Bend line North 7°41'39" West, 861.39 feet;

Thence leaving said Woodson Bend line westerly along the southerly line of Myra New, North 89°07'28" West, 212.84 feet;

Thence North 8°03'25" West, 53.79 feet;

Thence North 89°27'18" West, 760.81 feet;

Thence South 0°32'42" West, 424.98 feet;

Thence South 69°55'10" East, 261.16 feet;

Thence along a curve to the right (Radius=175.00 feet and bears South 20°04'50" West, Delta =43°06'00"), an arc distance of 131.64 feet;

Thence South 26°49'10" East, 276.62 feet;

Thence long a curve to the right (Radius=375.00 feet and bears South 63°10'50" West, Delta =14°14'38"), an arc distance of 93.24 feet;

Thence South 12°34'22" East, 182.67 feet;

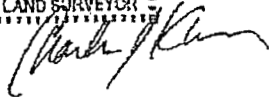
Thence North 82°13'31" East, 584.46 feet to The True Point of Beginning;

Containing 19.715 acres of land more or less.

Being part of the property conveyed to Robert W. Kenison and Timothy L. Cross in Deed Book 554 Page 226.

Basis of Bearing: The southerly line of the parent tract (South 58°18'56" East) as recorded in Deed Book 554 Page 226.

STATE OF KENTUCKY
CHARLES J.
KLUENER
3654
LICENSED
PROFESSIONAL
LAND SURVEYOR



CC BH 2-16-11 (CL)

FEB 15 2011

COMMONWEALTH OF KENTUCKY
PULASKI CIRCUIT COURT
CIVIL BRANCH
DIVISION II

ENTERED
GEORGE FLYNN, CLERK
FEB 15 2011
PULASKI CIR/DIST COURT
BY *JM* D.C.

Civil Action No. 09-CI-00231

CITIZENS NATIONAL BANK

PLAINTIFF

v.

ROBERT W. KENISON, FRANCES E. KENISON,
TIMOTHY L. GROSS, JANICE M. GROSS,
THE JANICE M. GROSS REVOCABLE TRUST,
SOUTHFORK DEVELOPMENT, INC.,
THE VILLAS BOAT CLUB, INC.,
VILLAS AT WOODSON BEND CONDOMINIUM
ASSOCIATION, INC. AND
WELLS FARGO HOME MORTGAGE, INC.

DEFENDANTS

SECOND ORDER SUPPLEMENTING
ORDER OF SALE

Citizens National Bank (the "Bank") filed its Second Motion to Supplement Order of Sale on July 23, 2010, for an order directing the Special Master Commissioner to sell all of the Bank's collateral now, instead of only selling the collateral included in this Court's original Judgment and Order of Sale entered on November 20, 2009 (the "Order of Sale"). The Court heard that Motion on August 20, 2010, at which the Court considered the record and positions stated by those present.

WHEREFORE, IT IS HEREBY ORDERED that the Order of Sale is again supplemented, in addition to the Order Supplementing the Order of Sale entered on May 11, 2010, as follows:

1. Pursuant to the terms in the Order of Sale and the Order Supplementing the Order of Sale entered on May 11, 2010 the Special Master Commissioner shall sell as a whole, except

as provided otherwise in this order, the property described in Exhibit A to the Order of Sale. This sale shall include the property comprising the Villas at Woodson Bend condominium project described in Exhibit D to the Order of Sale (the "Condominium Project Property") and the Sanitary Treatment Facility described in Exhibit E to the Order of Sale. The "Boat Club's assets, including the Shoreline Usage Permit (as both are defined in the Order of Sale) shall be sold in this sale, notwithstanding contrary direction in the Order of Sale.

2. The Condominium Project Property does not include any portion SOUTHFORK DEVELOPMENT, INC. conveyed by deed recorded in the Pulaski County Clerk's office prior to October 22, 2009 when a Lis Pendens related to this case was filed in that office, or condominium unit 413 SOUTHFORK DEVELOPMENT, INC. conveyed to Robert F. Kenison and Frances E. Kenison (the "Kenison Condo"), or condominium units 414, 421 and 422 (the "Condo Units").

3. Each Condo Unit, each Building Lot and Unit 551 as defined in the Order of Sale shall be sold separately as provided in the Order of Sale.

4. The Order of Sale shall be followed, except to the extent it is modified by the Order Supplementing the Order of Sale entered on May 11, 2010 and by this order.

5. The Court has considered the Bank's Affidavit dated August 2010 and finds that the property being ordered sold as a whole cannot be divided without materially impairing its value.

6. All issues raised by the pleadings in this case and not disposed of by the Order of Sale, the Order Supplementing the Order of Sale entered on May 11, 2010, this order or other final orders (including, without limitation, an award of additional attorneys' fees and costs to the Bank) shall be held for further determination by the Court; however, pursuant to the provisions of Civil Rule 54.02, the Court determines that there is no just reason for delay in entry of this order as to the issues disposed of herein and that to that extent this order is final and appealable. The Clerk shall serve notice of entry hereof as provided in Civil Rule 77.04.

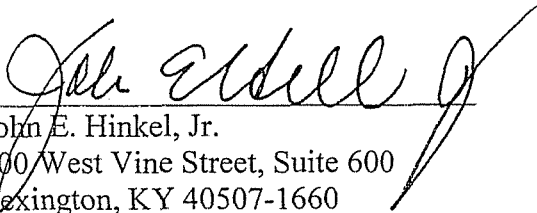
Date: 2-14-11



JUDGE, PULASKI CIRCUIT COURT

Tendered by:

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**CO-COUNSEL FOR PLAINTIFF,
CITIZENS NATIONAL BANK**

CLERK'S CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing has been served upon the following, by first class United States mail, postage prepaid, on this the 15 day of Feb., 2010:

- ✓ Richard G. Meyer, Esq.
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SOUTHFORK DEVELOPMENT, INC.
AND THE VILLAS BOAT CLUB, INC.

- ✓ Michael M. Hirn, Esq.
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CONDOMINIUM ASSOCIATION, INC.

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Lerner, Sampson & Rothfuss
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- ✓ Joe Venters
Special Master Commissioner
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CO-COUNSEL FOR PLAINTIFF,
CITIZENS NATIONAL BANK


CLERK, PULASKI CIRCUIT COURT

4840-5822-59273/8273.00010

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Hon. Richard G. Meyer
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500 West Jefferson Street
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Hon. Joseph B. Venters
35 Public Square
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Special Master Commissioner



George Flynn / 6 May 6-29-11
CLERK'S INITIALS AND DATE

ENTERED
GEORGE FLYNN, CLERK
JUL 18 2011
PULASKI CIRC DIST COURT
BY _____ D.C.

COMMONWEALTH OF KENTUCKY
28TH JUDICIAL CIRCUIT
PULASKI CIRCUIT COURT
CIVIL ACTION NO. 09-CI-00231
DIVISION II

CITIZENS NATIONAL BANK,

PLAINTIFF,

VS.

ROBERT KENISON, FRANCES E.
KENISON, TIMOTHY L. GROSS,
JANICE M. GROSS, THE JANICE
M. GROSS REVOCABLE LIVING
TRUST, SOUTHFORK DEVELOPMENT,
INC., THE VILLAS BOAT CLUB, INC.,
VILLAS AT WOODSON BEND
CONDOMINIUM ASSOCIATION, INC.,
AND WELLS FARGO HOME
MORTGAGE, INC.,

DEFENDANTS.

**** * * * * *

ORDER

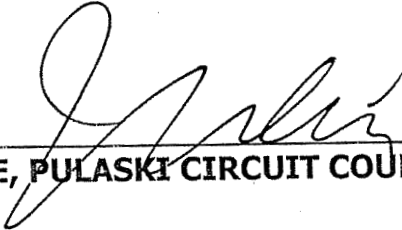
**** * * * * *

This matter having come before the Court upon an Amended Motion of counsel for the Plaintiff, moving the Court for an Order authorizing the Special Master Commissioner to prepare (2) two separate Deeds for the Plaintiff, and the Court being otherwise fully and sufficiently advised,

IT IS HEREBY ORDERED that Hon. Joseph B. Venters, Special Master Commissioner, is hereby authorized to prepare (2) two separate Deeds for the properties sold at public auction on the 28th day of April, 2011 which were purchased by the Plaintiff. The (1st) first Deed shall be prepared for the Sewer Treatment Facility. The (2nd) second Deed shall be prepared for the remaining un-platted acreage.

1000

Given under my hand as Judge of the Pulaski Circuit Court, this the 13th day
of July, 2011.



JUDGE, PULASKI CIRCUIT COURT, DIV. II

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Cincinnati, Ohio 45201-5480

Hon. Joseph B. Venters
35 Public Square
Post Office Box 1749
Somerset, Kentucky 42502-1749
Special Master Commissioner



Joseph B. Venters
CLERK'S INITIALS AND DATE

BOARD OF DIRECTORS

Donald E. Bloomer President & CEO Citizens National Bank	Harris Rakestraw, III Retired/Farmer Chairman of the Board Citizens National Bank
Ron Absher President B&B Resources, Inc.	Odell Merrick Chairman Somerset Hardwood Flooring Vice-Chairman of the Board Citizens National Bank
Clay Parker Davis Retired Executive Citizens National Bank	Larry VanHook Agency Manager Kentucky Farm Bureau
Robert S. Harris President Harris & Associates, PSC	Cy Waddle Retired Executive
Charles R. Hembrice Attorney at Law Somerset Hardwood Flooring	William J. Wilson Merchant Marine Officer Harold D. Rogers Member of Congress Emeritus
Steve Merrick President	

BANK OFFICERS

Donald E. Bloomer	President & CEO
Jerry B. Claunch	Executive Vice President
Lisa G. Compton	Senior Vice President/Cashier
Mary Belcher	Senior Vice President/Auditor
George Corder	Senior Vice President
Brian Hutchinson	Senior Vice President
Cindy D. Kerr	Senior Vice President
Tom Berneke	Vice President
Norma Bleivins	Vice President
Candi Burton	Vice President
Celeste Logsdon	Vice President
Doug Parkey	Vice President
Fran W. Roberts	Vice President
Dennis Tindle	Vice President
Trish Wiles	Vice President/Admin. Assistant
Steve Bray	Assistant Vice President
Margaret Burkett	Assistant Vice President
Barbara Carlton	Assistant Vice President
Lacey Cunniff	Assistant Vice President
Ann Dick	Assistant Vice President
Kristi Fraley	Assistant Vice President
Brenda Hranicky	Assistant Vice President
Jennifer Phillips	Assistant Vice President
Julie Raines	Assistant Vice President
Behn Rutherford	Assistant Vice President
Amanda Bohn	Assistant Cashier
Patricia Branscum	Assistant Cashier
Virgian Dalton	Assistant Cashier
Ivalene Dunbar	Assistant Cashier
Wanda Dykes	Assistant Cashier
Phyllis Glover	Assistant Cashier
Michelle Gover	Assistant Cashier
Karen Owens	Assistant Cashier
Allen Rankin	Assistant Cashier
Cristy Sigall	Assistant Cashier
Barbara Thompson	Assistant Cashier

BRANCH LOCATIONS

Main Office 44 Public Square (606) 679-6341
Burnside Branch 6000 South Highway 27 (606) 561-5352
Mall Branch Somerset Mall (606) 679-8313
Nancy Branch 9140 West Highway 80 (606) 636-4390
Plaza Branch 293 North Highway 27 (606) 679-6374
27 Branch 800 South Highway 27 (606) 679-7925
Science Hill Branch 110 West Highway 635 (606) 423-9607
Waitsboro Branch 4145 South Highway 27 (606) 451-9131
Monticello Branch 181 Cumberland Crossing (606) 348-3084
Citizens 24 Hotline (606) 451-2400



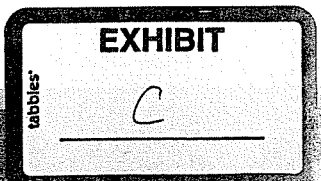
SOMERSET · MONTICELLO
KENTUCKY

STATEMENT
OF
CONDITION

December 31, 2010



cnbsomerset.com FDIC



BRANCH ADVISORY BOARD MEMBERS

STATEMENT OF CONDITION 2010

BURNSIDE BRANCH

Nancy Bigelow Don Hamlin
Darrell Burton Jim Rasnick
Patty Guinn Dean Lovins

COFFMAN BUILDING

Milton Beattie Gordon Lovins
Chuck Coldiron Dr. James Saindon
David Durham Judy Whitaker

HWY 27 BRANCH

Dr. Ben Alderdice Gene Epperson
Craig Allen Dr. Mark Henry
Vickie Cody Dr. Roger Lane

MALL BRANCH

Roy Baker David Oursler
Dr. H Fallahzadeh Bob Overbey
Dr. Rodney Oakes Roger Waddle

NANCY BRANCH

Charlene Childers Morris Norfleet
Mike Daulton Russell Tarter
Don Haney TW Todd

PLAZA BRANCH

David Barnett Samuel Ray Godby
Billy Hopkins Don Hurt
Shirley Gifford Mike Hancock

SCIENCE HILL BRANCH

BJ Brown Ruth Dick
Ernest DeBord Joey Hall
James Russell Dick Ernie Shepperd

WAITSBORO BRANCH

Cathy Epperson Brian McDonald
Lonnie Lawson Jay McShutley
Dr. Jo Marshall Larry Turpen

10 YEAR GROWTH

ASSETS:

	December 31, 2010	December 31, 2000
Cash and Due from Banks	\$ 4,657,924	8,788,939
Securities		
U.S. Treasury Securities	0	5,063,847
State & Political Sub Divisions	3,341,960	14,029,426
U.S. Agencies & Corporations	130,681,773	75,855,783
TOTAL SECURITIES	134,023,733	94,949,056
Federal Funds Sold	0	15,725,000
TOTAL LOANS	\$ 173,846,593	150,701,093
Bank Premises & Equipment	4,279,224	5,626,461
Other Assets	8,768,907	4,388,223
TOTAL ASSETS	\$ 325,576,381	280,178,772

LIABILITIES:

Deposits		
Demand	57,240,158	37,196,531
Time & Savings	207,555,476	189,688,586
TOTAL DEPOSITS	264,795,634	226,885,117
Sec. Sold under Repo Agreement	16,062,091	15,566,380
Repurchase Agreements	1,921,467	2,550,416
Other Liabilities	7,634,294	2,878,506
TOTAL LIABILITIES	\$ 290,413,486	247,880,419

CAPITAL:

Common Stock	790,000	790,000
Surplus	2,000,000	1,104,301
Undivided Profits	35,283,774	29,663,357
Acc. Other Comprehensive Income	(2,910,879)	740,695
TOTAL CAPITAL	\$ 35,162,895	32,298,353
TOTAL LIABILITIES & CAPITAL	\$ 325,576,381	280,178,772