

FILE COPY

RE: Case No. 19-0731

DATE: 2/14/2020

COA #: 06-19-00005-CV

TC#: 47531

STYLE: TOMA INTEGRITY, INC v. WINDERMERE OAKS WATER SUPPLY
CORP.

Today the Supreme Court of Texas denied the motion for
rehearing of the above-referenced petition for review.

MS. DEBBIE AUTREY
CLERK, SIXTH COURT OF APPEALS
100 N. STATE LINE AVE., SUITE 20
TEXARKANA, TX 75501
* DELIVERED VIA E-MAIL *

FILE COPY

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DISTRICT CLERK BURNET COUNTY
BURNET COUNTY COURTHOUSE ANNEX
1701 E POLK ST, SUITE 90
BURNET, TX 78611-2757
* DELIVERED VIA E-MAIL *

FILE COPY

RE: Case No. 19-0731

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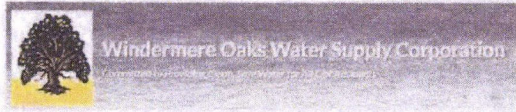
JOSE E. DE LA FUENTE
LLOYD GOSSELINK ROCHELLE & TOWNSEND,
P.C.
816 CONGRESS AVENUE, SUITE 1900
AUSTIN, TX 78701-2478
* DELIVERED VIA E-MAIL *

19 of 30

2602

ATTACHMENT B

Letter from WSOSC to Members, dated July 10, 2019



July 10, 2019

Dear Water Supply Corporation Customer,

We would like to share with you some good news regarding your water company as well as some developments we are working to resolve.

First, we have recently posted the results of the Consumer Confidence Report for 2018. This summary recounts our compliance with Environmental Protection Agency regulations as monitored by the Texas Commission on Environmental Quality. In all 12 areas monitored, no violations were found. We are pleased with the continuing effort of our manager and operating company to produce water which meets or exceeds state and federal water quality requirements.

Secondly, our water intake pumping barge went back online in April. Temporary pumps had supplied water to our system after the October 16 flood severely damaged the barge. There were concerns that normal summer time decreases in lake levels could impact the temporary pumps' efficiency. The hard work of our manager removed these concerns and the repaired pumps have been operating well.

Third, our financial position is very strong. We base this statement on new reviews we initiated to evaluate our financial health. Our debt to service coverage ratio, debt to capital ratio, days cash on hand are all very positive. Without going into a lot technical detail here about what they mean, you should put aside any doubts which may have arisen in the last few years about our financial situation.

Fourth, in mid-June, an appellate court ruled in favor of WOWSC and sided with the lower trial court's judgment rendered last year with regards to a land sale by WOWSC in 2016 and related agenda items. In sum, while a previous board did not properly post parts of the agenda items related to the land sale, the violation did *not* warrant the court's intervention in voiding the land sale. This is a victory for WOWSC because voiding the land sale would have had serious financial implications for WOWSC.

Unfortunately, the Board is now dealing with yet another, *new* lawsuit that was filed in late May against WOWSC and former Board members. The plaintiffs claim various rights as 'shareholders' against the former Board members as related to the land sale in 2016.

As a result of the various lawsuits filed against WOWSC (which remain ongoing) and our continuing compliance with responses to numerous Public Information Act requests, WOWSC's 5-month expenditures on legal services have already totaled \$63,000, exceeding our 12-month budget by \$25,000. We are concerned about this steep additional cost for 2019 and will be attempting various measures to contain those costs going forward.

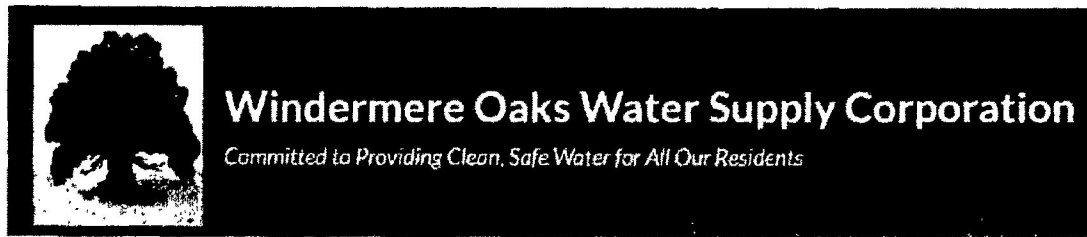
In our next letter to you, we hope to have more good news about operational improvements we've made. Several are in the works. For now, we hope this letter succeeds in giving you an idea about developments at your water supply company.

Sincerely,

Your Windermere Oaks Water Supply Corporation Board of Directors

ATTACHMENT C

Letter from WSOSC to Members, dated January 2, 2019



January 2, 2020

Dear WOWSC Member,

Your Board of Directors is dedicated to the continuing success of the water company in 2020. We look forward to the New Year and the hope it brings for resolution of dissensions of the past and the beginnings of community cooperation and peace. We hope with this letter to update you on significant events relating to 2019 and our look forward.

Of great importance, our Board in November initiated a rate analysis process which may result in higher water and sewer rates in 2020. We feel compelled to explain why. In the three years since the sale of WOWSC land reduced debt after completion of the wastewater treatment plant, a small but persistent and insistent group of members have launched multi-faceted offensives against our non-profit corporation and Board, resulting in the significant expense of WOWSC funds. As 2019 ended, we estimate our total legal fees neared \$175,000, far exceeding the \$38,000 originally budgeted.

The good news is that the group's first lawsuit seems pretty much resolved in WOWSC's favor. On December 13, the Texas Supreme Court denied hearing an appeal of a decision by the 6th Court of Appeals that favored our company with regard to execution of the 2016 land transaction (that is, the court declined to void that transaction as the plaintiffs had requested). The litigants have indicated they will appeal to the Texas Supreme Court to reconsider its denial in 2020. We believe their effort will be denied, again. But in defending our corporation in just that lawsuit and appeal, we spent approximately \$40,000 this year alone. Adding in previous year's expenses, our successful defense against this suit cost WOWSC nearly \$100,000.

In May, the group filed yet another lawsuit and expanded it in November. We don't want to belabor every allegation in their 50+page petition that, among other things, seeks money damages against ten current and former directors, out of their own pockets. We do believe that the litigants' claims against the water company, and its directors, are completely without merit. We believe that the members who brought the suit don't even have legal standing to bring most of the claims alleged. That hasn't yet stopped them, and we are being forced to deal with these matters at the courthouse. There is a large gap between the opinion of these members that the WOWSC got a "bad deal" out of the 2016 sale and their severe allegations against the company and its directors compared to the opinion of nearly every one of the current and former directors. (There is also an equally large gap between respectful discourse in public comment, and the relentless antagonistic and downright threatening behavior of these same members at our meetings.)

The legal costs in defense against the active lawsuit are even more staggering than the first lawsuit. They have required our current and former directors' participation in three full-day depositions, and they have issued requests for several more. They've heaped discovery requests upon us in wide-ranging fishing expeditions looking for anything to allege wrongdoing. Our legal bills to defend our corporation and directors in this case alone, including the costs related to responding to an avalanche of discovery and depositions, are nearing \$100,000.

Adding to our costs is the legal guidance we must routinely seek in order to respond to other aspects of the group's persistent aggressions. We have employed our legal team to guide us through the 46 Public Information Act requests filed this year alone, most from this small group. Because we are in litigation with this group, we had to file, in Travis County District Court, an appeal of an Attorney General staff attorney's letter ruling on an issue related to privileged communications regarding the lawsuits. We also had to secure

services from one of our Board members to serve as the Public Information Officer, at \$416 per month, to reduce the costs of otherwise relying on paralegals who would charge \$150 per hour. While individuals do have the legal right to submit Public Information Act requests to WOWSC, and WOWSC endeavors to comply with Texas law in responding to each such request, that process has costs.

In December, we were required to hold, by this small group's petition effort, a rare members' meeting, complete with mailed ballots, for the purpose of addressing this group's recall petition against Director Joe Gimenez. WOWSC took painstaking efforts to conduct this unusual proceeding according to the letter of the law. They gained only 56 votes, far short of the 127 votes needed to remove a director. But here too, legal and other expenses related to the process, calling, and conducting the meeting exceeded \$15,000.

Suffice it to say that we understand that there may be disagreements as to any course of action the WSC's Board of Directors may take with respect to any issue; we understand that not every member will agree with every decision a Board makes. The Board itself often has its own internal disagreements, and we encourage honest and civil discussion and debate. However, based on the information known by the current board, both this board and former members of WOWSC boards have, at all times, acted in the best interests of the corporation. Our strong financial position, the high quality of our water, and the long-term planning for asset replacement and upgrades attests to this.

Sadly, this small group of members have persisted against the Board because they have an "axe to grind" against a third party, leaving the corporation and directors stuck in the middle. The 2016 real estate deal is directly or indirectly involved in every single one of the above-mentioned situations where the WOWSC is forced to defend itself through the expense of funds on legal advice or compliance with legal requirements of discovery and the like. Lawsuits, lawful responses to PIA requests, and response to the recall petition are related and involve one or more of the same individuals.

Moving forward, our immediate goal is to bring these pointless suits to a close and therefore end the corresponding expenditure of your water company's funds. But until this group stops or the courts finally put an end to things, we must continue to defend against these lawsuits. We must continue to respond to their Public Information requests. And we will continue to communicate with our members about the misinformation that the group spreads in the neighborhood. All this costs money – your money. And it may cost even more in 2020. We unfortunately must evaluate this possibility through the rate analysis process.

Meanwhile, we are trying our best to keep the water company moving forward. We amended the 2016 land contract to fix a number of flaws, and as part of the new agreement could gain \$20,000 from the title company if all the litigation is resolved this year. That would happen if the litigants were to withdraw their lawsuits, or once we prevail in court. This year we finished repair of our pumping barge and recouped \$59,000 from the insurance company. We purchased a generator to comply with state regulations. We were granted \$14,000 by the LCRA for a \$34,000 WOWSC investment in a backwash process that will reduce WOWSC use of water and save us an estimated three percent per year on this investment. We agreed on a no-cost expansion plan for a dispersant field through an agreement with the Spicewood Airport Pilot's Association. We earned approval for a lower rate loan to eventually pay off a higher rate balloon note which comes due in 2021. And we've returned our focus to a five-year plan for infrastructure repair and replacement. The plan has gone mostly untended in the last three years.

Our board is dedicated to the continuing success of the water company. After all, water is a necessity of life and becomes more precious as this region grows. Unfortunately, the most significant challenge we face is the cost involved in defending against the ongoing legal maneuvers of this small group of people. We will continue our defense for the long-term survival of our water company, but we sincerely hope that these continued expenditures will cease to be necessary someday soon.

Sincerely,

ATTACHMENT D

Windermere Oaks Water Supply Corporation v. The Honorable Ken Paxton, Attorney General of
Texas, Cause No. D-1-GN-19-006219, 201st Judicial District Court, Travis County, Texas

9/16/2019 2:31 PM

Velva L. Price
District Clerk
Travis County
D-1-GN-19-006219
Victoria Benavides

CAUSE NO. D-1-GN-19-006219

WINDERMERE OAKS WATER
SUPPLY CORPORATION

Plaintiff,

v.

THE HONORABLE KEN PAXTON,
ATTORNEY GENERAL OF TEXAS

Defendant.

§
§
§
§
§
§
§
§
§
§
§

IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

201ST

JUDICIAL DISTRICT

**WINDERMERE OAKS WATER SUPPLY CORPORATION'S
ORIGINAL PETITION FOR DECLARATORY RELIEF**

TO THE HONORABLE JUDGE OF THE COURT:

Plaintiff Windermere Oaks Water Supply Corporation (the "WOWSC" or "Plaintiff") files this Original Petition seeking a declaratory judgment pursuant to Section 552.324 of Chapter 552 of the Texas Government Code (the "Texas Public Information Act" or the "Act").

I. EXECUTIVE SUMMARY

1. WOWSC seeks a declaratory judgment from the Court to allow it to withhold from release to the public invoices detailing legal services provided to WOWSC from March 7, 2018 to May 28, 2019 (the requested information is the "Legal Invoices") because the Legal Invoices are properly excepted from disclosure under Texas Government Code Section 552.022 and, more specifically, pursuant to the privileges provided by Rule 503 of the Texas Rules of Evidence ("Rule 503") and Rule 192.5 of the Texas Rules of Civil Procedure ("Rule 192.5"). Specifically, § 552.022 and Rules 503 and 192.5 allow a governmental entity to withhold information contained in a legal invoice pursuant to the attorney-client and the work product privileges.

3/26/2020 2:31 PM

Velva L. Price
District Clerk
Travis County
D-1-GN-19-006219
Kyla Crumley

CAUSE NO. D-1-GN-19-006219

WINDERMERE OAKS WATER	§	IN THE DISTRICT COURT OF
SUPPLY CORPORATION,	§	
<i>Plaintiff,</i>	§	
	§	
v.	§	TRAVIS COUNTY, TEXAS
	§	
THE HONORABLE KEN PAXTON,	§	
ATTORNEY GENERAL OF TEXAS,	§	201ST JUDICIAL DISTRICT
<i>Defendant.</i>	§	

RULE 11 SCHEDULING AGREEMENT

Pursuant to Rule 11 of the Texas Rules of Civil Procedure, the parties agree to the following schedule:

1. Motions for summary judgment are due no later than **May 22, 2020**;
2. Responses to motions for summary judgment are due no later than **June 19, 2020**; and
3. A hearing on summary judgment motions will be set for **July 22, 2020** at 2:00p.m.

The parties may agree to modify the terms of this scheduling agreement in accordance with Rule 11 of the Texas Rules of Civil Procedure.

AGREED:

/s/ Jose E. de la Fuente w/ permission
J. TROUPE BREWER
State Bar No. 24082728
tbrewer@lglawfirm.com

JOSE E. de la FUENTE
State Bar No. 00793605
jdelafuente@lglawfirm.com

LLOYD GOSSELINK ROCHELLE &
TOWNSEND, P.C.
816 Congress Avenue, Suite 1900
Austin, Texas 78701
Telephone: (512) 322-5800
Facsimile: (512) 472-0532

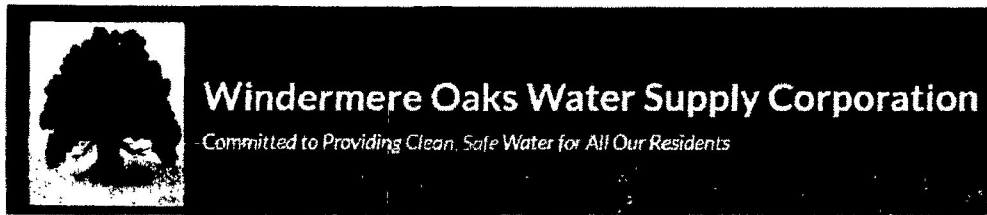
ATTORNEYS FOR PLAINTIFF

/s/ David G. Gordon
DAVID G. GORDON
State Bar No. 24085337
Assistant Attorney General
Administrative Law Division
P.O. Box 12548, Capitol Station
Austin, Texas 78711-2548
Telephone: (512) 936-1660
Facsimile: (512) 320-0167
david.gordon@oag.texas.gov

ATTORNEY FOR DEFENDANT

ATTACHMENT E

Notice to Customers, Dated February 11, 2020



DATE: February 11, 2020

TO: ALL WINDERMERE OAKS WSC MEMBERS & CUSTOMERS

RE: NOTICE OF RATE/TARIFF CHANGES EFFECTIVE MARCH 23, 2020

At its February 1, 2020 Annual Board meeting, the Board of Directors of WOWSC voted unanimously to increase water and wastewater utility rates and revise our Tariff accordingly. The new rates will be in effect beginning for utility service between March 23 through the April 2020 reading, and will be reflected on bills you receive in late April/early May. The rate changes are detailed below.

The amount of the rate increase was determined through an analysis of the Corporation's 2019 operating expenses by the Texas Rural Water Association. The rate analysis considered all the operating expenses we incurred, including \$169,000 in legal fees. This historically high amount reflected legal defense costs incurred due in large part to two lawsuits brought against WOWSC by TOMA Integrity, Inc. and by Rene Ffrench, John Richard Dial, and Stuart Bruce Sorgen. The Board also committed to revisiting these rates again in September. If the legal battles continue, or if other operational expenses arise, the Board may need to increase rates again. The Board also committed to reducing rates once the suits against it are dropped, settled, or decided in its favor.

The following sections of the Tariff, modified:

Section G. Rates and Service Fees

7. Monthly Charges

a.—Base Rate / Service Availability Charge

(1) Water Service

The minimum water Service Availability Charge
(5/8" x 3/4" & 3/4 " meter) shall be \$90.39

(2) Sewer Service

The minimum sewer Service Availability Charge
(5/8" x 3/4" & 3/4 " meter) shall be \$66.41

OLD RATES:

Section G. Rates and Service Fees

7. Monthly Charges

a.—Base Rate / Service Availability Charge

(1) Water Service

The minimum water Service Availability Charge
(5/8" x 3/4" & 3/4 " meter) shall be \$50.95

(2) Sewer Service

The minimum sewer Service Availability Charge
(5/8" x 3/4" & 3/4 " meter) shall be \$40.12

The above new rates become effective MARCH 23, 2020

The Windermere Oaks Water Supply Corporation achieved perfect results for water quality in 2019 from the Texas Commission on Environmental Quality. The legal expenses we are incurring to defend our corporation far exceed the expenses necessary to continue to provide clean drinking water and to effectively treat our effluent. It is our hope that once the legal expenses subside, we can lower these rates to a level reflective of those costs *without* ongoing litigation. If you have any questions, please email WindermereWater@gmail.com or call (830) 613-8137 and someone will get back to you. A copy of the revised tariff will be filed with the Water Utilities Division, Public Utility Commission of Texas, PO Box 13326, Austin, Texas 78711-3326.

From the Board of Directors of Windermere Oaks Water Supply Corporation.

Windermere Oaks Water Supply Corporation
424 Coventry Rd. Spicewood, Texas 78669
Billing Questions: (830) 598-7511 Ext 1
Water or Sewer Emergency: Phone (830) 598-7511 Ext 2

1

Windermere Oaks Water Supply Corporation

424 Coventry Rd. Spicewood, TX 78669

Fee Schedule Summary

The monthly charge assessed each lot of any subdivision in the Corporation's lawful service area where a real estate covenant, deed restriction or other agreement in the landowner's chain of title creates an obligation for the landowner to pay a monthly fee pending the initiation of actual water and/or sewer service.

The Standby Fee is \$14.95 per month for water and \$14.95 per month for sewer.

(If the annual Standby Fees are paid in a lump sum by January 31st, the Standby Fee for water is \$124.20 and the Standby Fee for sewer is \$124.20.)

The Windermere Oaks Water Supply Corporation is a member-owned, non-profit corporation established to provide potable water and/or wastewater utility services to its members.

Membership in the corporation is a prerequisite for eligibility for services. Membership fees are associated with each property for which service is provided. Memberships may be surrendered or transferred if the associated property is sold.

Membership Fee	\$ 402.50
Membership Transfer Fee	\$ 40.25

In addition to the Membership Fee, each Applicant for new service where a new service tap is necessary shall be required to achieve parity with the contributions to the construction of the Corporations facilities capacity that have been made previously by existing Members. This fee shall be assessed prior to providing or reserving service on a per service unit basis for each property and shall be assigned and restricted to that property for which the service was originally requested.

Equity Buy-In Fee	\$ 4,600
--------------------------	-----------------

A Customer Service Inspection is required. Also the Corporation shall charge an installation fee (also known as "tap fee") for services as follows: **Standard Service** shall include all labor, materials, engineering, legal, customer service inspection, and administrative costs necessary to provide individual metered water and/or wastewater service, and shall be charged on a per tap basis. The Corporation **Customer Service Inspection Fee is \$350.00. The Installation Fee for water service is \$862.50, and the Installation Fee for wastewater service is \$862.50.** **Non-Standard Service** Installation Fee(s) shall be as determined by the Corporation on a case-by-case basis in accordance with the terms of the Corporation's Tariff.

Water Service: Effective March 23, 2020 the monthly charge for metered water service ("Base Charge") is **\$ 90.39**. Additional gallonage charges apply as follows:

0 through 2000 gallons	\$ 3.55 per 1,000 gallons
2,001 through 4,000 gallons	\$ 6.50 per 1,000 gallons
4,001 through 8,000 gallons	\$ 9.75 per 1,000 gallons
8,001 through 15,000 gallons	\$13.00 per 1,000 gallons
15,001 or more	\$15.00 per 1,000 gallons

Wastewater (Sewer) Service: Effective March 23, 2020 the monthly charge is **\$66.41**.

Additional water consumption gallonage charges apply as follows:

0 through 10,000 gallons	\$ 3.94 per 1,000 gallons of water consumed
10,0001 or More	No additional charge

PLUS applicable state taxes.

APPROVED February 1, 2020

The Corporation reserves the right to amend the above fees at any time.

Rates Effective 3.23.2020 **3.11.20**

Filed: 3/30/2020 4:47 PM
 Casie Walker, District Clerk
 Burnet County, Texas
 By: Amy Tippie, Deputy

CAUSE NO. 48292

RENE FFRENCH,	§	IN THE DISTRICT COURT
<i>Intervenor Plaintiff</i>	§	
	§	
JOHN RICHARD DIAL,	§	
<i>Intervenor Plaintiff</i>	§	
	§	
STUART BRUCE SORGEN,	§	
<i>Intervenor Plaintiff</i>	§	
	§	
<i>And AS REPRESENTATIVES FOR</i>	§	
WINDERMERE OAKS WATER	§	
SUPPLY CORPORATION	§	
	§	
v.	§	33RD JUDICIAL DISTRICT
	§	
FRIENDSHIP HOMES & HANGARS,	§	
LLC, WINDERMERE OAKS WATER	§	
SUPPLY CORPORATION, AND ITS	§	
DIRECTORS WILLIAM EARNEST;	§	
THOMAS MICHAEL MADDEN;	§	
DANA MARTIN; ROBERT MEBANE;	§	
PATRICK MULLIGAN; JOE	§	
GIMENEZ; DAVID BERTINO; MIKE	§	
NELSON; DOROTHY TAYLOR; AND	§	
NORMAN MORSE,	§	
<i>Defendants.</i>	§	BURNET COUNTY, TEXAS

**DEFENDANT WINDERMERE OAKS WATER SUPPLY CORPORATION'S
 SPECIAL EXCEPTIONS TO PLAINTIFFS' SECOND AMENDED PETITION**

Defendant Windermere Oaks Water Supply Corporation ("WOWSC") files this its Special
 Exceptions to Plaintiffs' Second Amended Petition as follows:

**I.
 EXECUTIVE SUMMARY**

Per the Court's February 24, 2020 Order, Plaintiffs' claims against WOWSC are limited to
 claims asserted under Texas Business Organizations Code section 20.002(c)(1) and Chapter 22
 subchapter J. By way of reminder to the Court, those sections provide for claims only as follows:

20.002(c)(1): allows a plaintiff to assert “*that an act or transfer is beyond the expressed purpose or purposes of the corporation or is inconsistent with an expressed limitation on the authority of an officer or director*” in an action “*to enjoin the performance of an act or the transfer of property by or to the corporation.*” That is, such action must be 1) based on a specific act or transfer that 2) is beyond the expressed purpose of the corporation or inconsistent with an expressed limitation on an officers authority, and 3) such action may only seek the relief of enjoining the performance of an act or transfer of property.

Ch. 22, subch. J: section 22.512, with respect to any claim that might apply here, allows a plaintiff to ask a court to “*determine the validity and effectiveness of . . . any defective corporate act*” or “*determine the validity of any corporate act or transaction.*” And, in connection with such a claim, upon application by the plaintiff, the Court is empowered to grant the relief listed in section 22.512(c)(2) and (4)-(6) (specific relief not listed here in the interest of brevity) ¹.

Thus, underlying all such claims is the requirement that it be predicated upon a specific corporate act, transaction, or transfer, each of which must be an act, transaction, or transfer that is subject to the specific statutory mechanism invoked (e.g., that the act was beyond the expressed purposes of the corporation).

However, as it stands, Plaintiffs’ November 5, 2019 petition is a 49-page disjointed list of generalized complaints (many of which could not be asserted under the available statute(s)), with some potentially specific, permissible complaints scattered therein. Importantly, it does not state which particular acts, transactions, or transfers by WOWSC are being challenged under which statute, nor does it state which specific relief Plaintiffs seek pursuant to each such cause of action.

Plaintiffs should be required to replead their claims both to comply with the pleading requirements of Texas law and to establish the actual “subject matter of the pending action,” which sets the boundaries on the proper scope of discovery pursuant to Rule 192.3(a). At present, Plaintiffs are continuing to seek broad, burdensome, and harassing “fishing expedition” discovery

¹ The remainder of section 22.512 allows for claims either as to acts “ratified in accordance with this subchapter,” or “the effectiveness of the ratification of any defective corporate act in accordance with this subchapter,” or “any defective act not ratified effectively under this subchapter.” Likewise, certain enumerated relief in section 22.512(c)(1) and (3) relates only to acts “ratified under this subchapter.” As WOWSC has not conducted any subchapter J ratification and has not claimed to have done so, no such claims or relief can or should be at issue in this case.

that would go well beyond the bounds of the claims that should remain, per the Court's Order. Plaintiffs should be required to re-plead their claims both to give WOWSC fair notice of the claims and relief sought and to establish the proper scope of discovery going forward.

II. SPECIAL EXCEPTIONS

1. The Texas Rules of Civil Procedure authorize special exceptions because each party is entitled to notice of his adversary's claims and defenses, as well as notice of the relief sought. *See Perez v. Briercroft Serv. Corp.*, 809 S.W.2d 216, 218 (Tex. 1991). Rules 45 and 47 require pleadings to give fair and adequate notice of each claim asserted so that the opposing party will have information sufficient to enable it to prepare a defense. *Horizon/CMS Healthcare Corp. v. Auld*, 34 S.W.3d 887, 897 (Tex. 2000); *Paramount Pipe & Sup. Co. v. Muhr*, 749 S.W.2d 491, 494-95 (Tex. 1988). Special exceptions inform the opponent of pleading defects so the party can cure them, if possible, by amendment. *Horizon/CMS Healthcare Corp.*, 34 S.W.3d at 897.

2. The Court's February 24, 2020 order provides that Plaintiffs have standing only to bring claims against WOWSC under one of two statutes:

(a) Texas Business Organizations Code section 20.002(c)(1) (*ultra vires* statute), whereby they can assert "that an act or transfer is beyond the expressed purpose or purposes of the corporation or is inconsistent with an expressed limitation on the authority of an officer or director" in an action "to enjoin the performance of an act or the transfer of property by or to the corporation;" and

(b) Texas Business Organizations Code section 22.512, whereby they can ask a court to "determine the validity and effectiveness of . . . any defective corporate act" or "determine the validity of any corporate act or transaction." And, in connection with such a claim, they are limited to seeking the relief listed in section 22.512(c)(2) and (4)-(6).

3. Thus, in order to provide fair notice to WOWSC of the claims permitted by the Court's February 24, 2020 Order, each claim must state what act is wrong, why it is wrong, and what relief Plaintiffs seek with respect to that act. Specifically, Plaintiffs must plead the specific act, transaction, or transfer by WOWSC that Plaintiffs claim is *ultra vires* or otherwise defective, the nature of such defect or violation of corporate authority (that is, *why* is such act purportedly defective), and the specific relief Plaintiffs seek with respect to each such act.

Specific Special Exceptions:

4. As to claims against defendant WOWSC, Plaintiffs should be required to replead as follows:

a) Clearly state each act or transaction of WOWSC that Plaintiffs contend is beyond the expressed purpose or purposes of the corporation or is inconsistent with an expressed limitation on the authority of an officer or director. *See* Tex. Bus. Org. Code § 20.002(c).

b) With respect to each such act or transaction repleaded pursuant to Special Exception (a) above, identify either 1) the expressed scope or purposes of the corporation that Plaintiffs contend the act or transfer goes beyond, or 2) any expressed limitation on the authority of an officer or director that Plaintiffs contend the act or transfer violates. *See* Tex. Bus. Org. Code § 20.002(c)

c) With respect to each such act or transaction repleaded pursuant to Special Exception (a) above, state the specific relief sought (e.g., injunction). *See* Tex. Bus. Org. Code § 20.002(c)(1).

d) Clearly state each corporate act of WOWSC that Plaintiffs contend is invalid, ineffective, or defective. *See* Tex. Bus. Org. Code § 2.512(b)(3)(A) and (b)(4).

e) With respect to each such corporate act of WOWSC repleaded pursuant to Special Exception (d) above, state the reason that Plaintiffs contend such claim is invalid, ineffective, or defective. *See* Tex. Bus. Org. Code § 2.512(b)(3)(A) and (b)(4).

f) With respect to each such act repleaded pursuant to Special Exception (d) above, state the specific relief sought. *See* Tex. Bus. Org. Code § 2.512(c)(2) and (c)(4)-(6).

g) To the extent that Plaintiffs seek attorneys' fees from WOWSC, Plaintiffs should plead the specific basis for the recovery of such fees. *See Tony Gullo Motors I, L.P. v. Chapa*, 212 S.W.3d 299, 310 (Tex. 2006) (Texas law does not allow recovery of attorney's fees unless authorized by statute or contract).

h) Plaintiffs also bring several common law claims and assert theories of damages (and possibly other relief) for breach of fiduciary duty, constructive fraud, joint and several liability, and exemplary damages, and it is not entirely clear if any/all of those claims are asserted against WOWSC. Under the Court's February 24, 2020 Order, Plaintiffs lack standing to bring common law claims against WOWSC. Additionally, these claims do not provide fair notice of which act or acts of WOWSC purportedly give rise to such claims and relief. Plaintiffs should be required to replead to clarify the facts and legal theories for each claim against WOWSC, if any, and if such repleading can be accomplished in a manner consistent with the Court's February 24, 2020 Order.

5. Plaintiffs should be required to amend their Second Amended Petition as set forth above so that WOWSC will have the ability to defend against these accusations. Such repleading will also define the proper scope of discovery in this case. If within thirty days of the Court's

order to replead, Plaintiffs fail to amend as ordered by the Court, or if such repleading states claims that cannot be maintained under Texas law, Plaintiffs' claims should be dismissed.

**III.
CONCLUSION AND PRAYER**

Defendant WOWSC therefore respectfully asks the Court to grant the special exceptions stated above, requiring Plaintiffs to replead valid claims within thirty days or have their claims dismissed, and for any and all other relief to which it may be entitled.

Respectfully submitted,

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ROCHELLE & TOWNSEND, P.C.
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**ATTORNEYS FOR WINDERMERE OAKS
WATER SUPPLY CORPORATION**

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been forwarded to the following attorneys via the Court's electronic filing case management system and electronic mail on this 30th day of March, 2020:

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 ROBERT MEBANE,
 PATRICK MULLIGAN, JOE GIMENEZ,
 DAVID BERTINO, MIKE NELSON,
 DOROTHY TAYLOR,
 AND NORMAN MORSE**

/s/ Jose E. de la Fuente
 JOSE E. de la FUENTE

Loan Amortization Schedule

Enter values	
Loan amount	\$ 352,870.85
Annual interest rate	4.75 %
Loan period in years	5
Number of payments per year	12
Start date of loan	5/4/2016
Optional extra payments	

Loan summary	
Scheduled payment	\$ 4,157.71
Scheduled number of payments	60
Actual number of payments	104
Total early payments	\$ -
Total interest	\$ 77,999.46

Value
\$ 429,958

Lender name: J Don McAlpin

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest	LTV
1	6/4/2016	\$ 352,870.85	\$ 4,157.71	\$ -	\$ 4,157.71	\$2,760.93	\$ 1,396.78	\$ 350,109.92	\$ 1,396.78	81%
2	7/4/2016	350,109.92	4,157.71	-	4,157.71	2,771.86	1,385.85	347,338.06	2,782.63	81%
3	8/4/2016	347,338.06	4,157.71	-	4,157.71	2,782.83	1,374.88	344,555.23	4,157.51	80%
4	9/4/2016	344,555.23	4,157.71	-	4,157.71	2,793.85	1,363.86	341,761.39	5,521.38	79%
5	10/4/2016	341,761.39	4,157.71	-	4,157.71	2,804.90	1,352.81	338,956.48	6,874.18	79%
6	11/4/2016	338,956.48	4,157.71	-	4,157.71	2,816.01	1,341.70	336,140.47	8,215.88	78%
7	12/4/2016	336,140.47	4,157.71	-	4,157.71	2,827.15	1,330.56	333,313.32	9,546.44	78%
8	1/4/2017	333,313.32	4,157.71	-	4,157.71	2,838.34	1,319.37	330,474.98	10,865.81	77%
9	2/4/2017	330,474.98	4,157.71	-	4,157.71	2,849.58	1,308.13	327,625.40	12,173.94	76%
10	3/4/2017	327,625.40	4,157.71	-	4,157.71	2,860.86	1,296.85	324,764.54	13,470.79	76%
11	4/4/2017	324,764.54	4,157.71	-	4,157.71	2,872.18	1,285.53	321,892.35	14,756.31	75%
12	5/4/2017	321,892.35	4,157.71	-	4,157.71	2,883.55	1,274.16	319,008.80	16,030.47	74%
13	6/4/2017	319,008.80	4,157.71	-	4,157.71	2,894.97	1,262.74	316,113.83	17,293.21	74%
14	7/4/2017	316,113.83	4,157.71	-	4,157.71	2,906.43	1,251.28	313,207.41	18,544.50	73%
15	8/4/2017	313,207.41	4,157.71	-	4,157.71	2,917.93	1,239.78	310,289.48	19,784.28	72%
16	9/4/2017	310,289.48	4,157.71	-	4,157.71	2,929.48	1,228.23	307,360.00	21,012.51	71%
17	10/4/2017	307,360.00	4,157.71	-	4,157.71	2,941.08	1,216.63	304,418.92	22,229.14	71%
18	11/4/2017	304,418.92	4,157.71	-	4,157.71	2,952.72	1,204.99	301,466.20	23,434.13	70%
19	12/4/2017	301,466.20	4,157.71	-	4,157.71	2,964.41	1,193.30	298,501.79	24,627.43	69%
20	1/4/2018	298,501.79	4,157.71	-	4,157.71	2,976.14	1,181.57	295,525.65	25,809.00	69%
21	2/4/2018	295,525.65	4,157.71	-	4,157.71	2,987.92	1,169.79	292,537.73	26,978.79	68%
22	3/4/2018	292,537.73	4,157.71	-	4,157.71	2,999.75	1,157.96	289,537.98	28,136.75	67%
23	4/4/2018	289,537.98	4,157.71	-	4,157.71	3,011.62	1,146.09	286,526.36	29,282.84	67%
24	5/4/2018	286,526.36	4,157.71	-	4,157.71	3,023.54	1,134.17	283,502.82	30,417.01	66%
25	6/4/2018	283,502.82	4,157.71	-	4,157.71	3,035.51	1,122.20	280,467.31	31,539.21	65%
26	7/4/2018	280,467.31	4,157.71	-	4,157.71	3,047.53	1,110.18	277,419.78	32,649.39	65%
27	8/4/2018	277,419.78	4,157.71	-	4,157.71	3,059.59	1,098.12	274,360.19	33,747.51	64%
28	9/4/2018	274,360.19	4,157.71	-	4,157.71	3,071.70	1,086.01	271,288.49	34,833.52	63%
29	10/4/2018	271,288.49	4,157.71	-	4,157.71	3,083.86	1,073.85	268,204.63	35,907.37	62%
30	11/4/2018	268,204.63	4,157.71	-	4,157.71	3,096.07	1,061.64	265,108.56	36,969.01	62%
31	12/4/2018	265,108.56	4,157.71	-	4,157.71	3,108.32	1,049.39	262,000.24	38,018.40	61%
32	1/4/2019	262,000.24	4,157.71	-	4,157.71	3,120.63	1,037.08	258,879.62	39,055.49	60%
33	2/4/2019	258,879.62	4,157.71	-	4,157.71	3,132.98	1,024.73	255,746.64	40,080.22	59%
34	3/4/2019	255,746.64	4,157.71	-	4,157.71	3,145.38	1,012.33	252,601.26	41,092.55	59%
35	4/4/2019	252,601.26	4,157.71	-	4,157.71	3,157.83	999.88	249,443.43	42,092.43	58%
36	5/4/2019	249,443.43	4,157.71	-	4,157.71	3,170.33	987.38	246,273.10	43,079.81	57%
37	6/4/2019	246,273.10	4,157.71	-	4,157.71	3,182.88	974.83	243,090.22	44,054.64	57%
38	7/4/2019	243,090.22	4,157.71	-	4,157.71	3,195.48	962.23	239,894.74	45,016.87	56%
39	8/4/2019	239,894.74	4,157.71	-	4,157.71	3,208.13	949.58	236,686.62	45,966.46	55%
40	9/4/2019	236,686.62	4,157.71	-	4,157.71	3,220.83	936.88	233,465.79	46,903.34	54%
41	10/4/2019	233,465.79	4,157.71	-	4,157.71	3,233.57	924.14	230,232.22	47,827.48	54%
42	11/4/2019	230,232.22	4,157.71	-	4,157.71	3,246.37	911.34	226,985.84	48,738.81	53%
43	12/4/2019	226,985.84	4,157.71	-	4,157.71	3,259.22	898.49	223,726.62	49,637.30	52%
44	1/4/2020	223,726.62	4,157.71	-	4,157.71	3,272.13	885.58	220,454.49	50,522.88	51%
45	2/4/2020	220,454.49	4,157.71	-	4,157.71	3,285.08	872.63	217,169.41	51,395.51	51%
46	3/4/2020	217,169.41	4,157.71	-	4,157.71	3,298.08	859.63	213,871.33	52,255.14	50%
47	4/4/2020	213,871.33	4,157.71	-	4,157.71	3,311.14	846.57	210,560.20	53,101.72	49%
48	5/4/2020	210,560.20	4,157.71	-	4,157.71	3,324.24	833.47	207,235.95	53,935.18	48%
49	6/4/2020	207,235.95	4,157.71	-	4,157.71	3,337.40	820.31	203,898.55	54,755.49	47%
50	7/4/2020	203,898.55	4,157.71	-	4,157.71	3,350.61	807.10	200,547.94	55,562.59	47%
51	8/4/2020	200,547.94	4,157.71	-	4,157.71	3,363.87	793.84	197,184.07	56,356.43	46%
52	9/4/2020	197,184.07	4,157.71	-	4,157.71	3,377.19	780.52	193,806.88	57,136.95	45%
53	10/4/2020	193,806.88	4,157.71	-	4,157.71	3,390.56	767.15	190,416.32	57,904.10	44%
54	11/4/2020	190,416.32	4,157.71	-	4,157.71	3,403.98	753.73	187,012.34	58,657.83	43%
55	12/4/2020	187,012.34	4,157.71	-	4,157.71	3,417.45	740.26	183,594.89	59,398.09	43%
56	1/4/2021	183,594.89	4,157.71	-	4,157.71	3,430.98	726.73	180,163.91	60,124.82	42%
57	2/4/2021	180,163.91	4,157.71	-	4,157.71	3,444.56	713.15	176,719.35	60,837.97	41%
58	3/4/2021	176,719.35	4,157.71	-	4,157.71	3,458.20	699.51	173,261.15	61,537.48	40%
59	4/4/2021	173,261.15	4,157.71	-	4,157.71	3,471.88	685.83	169,789.27	62,223.31	39%
60	5/4/2021	169,789.27	4,157.71	-	4,157.71	3,485.63	672.08	166,303.64	62,895.39	39%
61	6/4/2021	166,303.64	4,157.71	-	4,157.71	3,499.42	658.29	162,804.21	63,553.67	38%
62	7/4/2021	162,804.21	4,157.71	-	4,157.71	3,513.28	644.43	159,290.94	64,198.11	37%
63	8/4/2021	159,290.94	4,157.71	-	4,157.71	3,527.18	630.53	155,763.75	64,828.63	36%
64	9/4/2021	155,763.75	4,157.71	-	4,157.71	3,541.15	616.56	152,222.61	65,445.20	35%
65	10/4/2021	152,222.61	4,157.71	-	4,157.71	3,555.16	602.55	148,667.45	66,047.75	35%
66	11/4/2021	148,667.45	4,157.71	-	4,157.71	3,569.23	588.48	145,098.21	66,636.22	34%
67	12/4/2021	145,098.21	4,157.71	-	4,157.71	3,583.36	574.35	141,514.85	67,210.57	33%
68	1/4/2022	141,514.85	4,157.71	-	4,157.71	3,597.55	560.16	137,917.30	67,770.73	32%
69	2/4/2022	137,917.30	4,157.71	-	4,157.71	3,611.79	545.92	134,305.51	68,316.65	31%
70	3/4/2022	134,305.51	4,157.71	-	4,157.71	3,626.08	531.63	130,679.43	68,848.28	30%
71	4/4/2022	130,679.43	4,157.71	-	4,157.71	3,640.44	517.27	127,038.99	69,365.55	30%
72	5/4/2022	127,038.99	4,157.71	-	4,157.71	3,654.85	502.86	123,384.15	69,868.42	29%
73	6/4/2022	123,384.15	4,157.71	-	4,157.71	3,669.31	488.40	119,714.83	70,356.81	28%
74	7/4/2022	119,714.83	4,157.71	-	4,157.71	3,683.84	473.87	116,030.99	70,830.68	27%
75	8/4/2022	116,030.99	4,157.71	-	4,157.71	3,698.42	459.29	112,332.57	71,289.97	26%
76	9/4/2022	112,332.57	4,157.71	-	4,157.71	3,713.06	444.65	108,619.51	71,734.62	25%
77	10/4/2022	108,619.51	4,157.71	-	4,157.71	3,727.76	429.95	104,891.75	72,164.57	24%
78	11/4/2022	104,891.75	4,157.71	-	4,157.71	3,742.51	415.20	101,149.24	72,579.77	24%

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest	LTV
79	12/4/2022	101,149.24	4,157.71	-	4,157.71	3,757.33	400.38	97,391.91	72,980.15	23%
80	1/4/2023	97,391.91	4,157.71	-	4,157.71	3,772.20	385.51	93,619.71	73,365.66	22%
81	2/4/2023	93,619.71	4,157.71	-	4,157.71	3,787.13	370.58	89,832.58	73,736.24	21%
82	3/4/2023	89,832.58	4,157.71	-	4,157.71	3,802.12	355.59	86,030.46	74,091.83	20%
83	4/4/2023	86,030.46	4,157.71	-	4,157.71	3,817.17	340.54	82,213.29	74,432.37	19%
84	5/4/2023	82,213.29	4,157.71	-	4,157.71	3,832.28	325.43	78,381.00	74,757.79	18%
85	6/4/2023	78,381.00	4,157.71	-	4,157.71	3,847.45	310.26	74,533.55	75,068.05	17%
86	7/4/2023	74,533.55	4,157.71	-	4,157.71	3,862.68	295.03	70,670.87	75,363.08	16%
87	8/4/2023	70,670.87	4,157.71	-	4,157.71	3,877.97	279.74	66,792.90	75,642.82	16%
88	9/4/2023	66,792.90	4,157.71	-	4,157.71	3,893.32	264.39	62,899.58	75,907.21	15%
89	10/4/2023	62,899.58	4,157.71	-	4,157.71	3,908.73	248.98	58,990.84	76,156.18	14%
90	11/4/2023	58,990.84	4,157.71	-	4,157.71	3,924.20	233.51	55,066.64	76,389.69	13%
91	12/4/2023	55,066.64	4,157.71	-	4,157.71	3,939.74	217.97	51,126.90	76,607.66	12%
92	1/4/2024	51,126.90	4,157.71	-	4,157.71	3,955.33	202.38	47,171.57	76,810.04	11%
93	2/4/2024	47,171.57	4,157.71	-	4,157.71	3,970.99	186.72	43,200.58	76,996.76	10%
94	3/4/2024	43,200.58	4,157.71	-	4,157.71	3,986.71	171.00	39,213.87	77,167.76	9%
95	4/4/2024	39,213.87	4,157.71	-	4,157.71	4,002.49	155.22	35,211.38	77,322.98	8%
96	5/4/2024	35,211.38	4,157.71	-	4,157.71	4,018.33	139.38	31,193.05	77,462.36	7%
97	6/4/2024	31,193.05	4,157.71	-	4,157.71	4,034.24	123.47	27,158.81	77,585.83	6%
98	7/4/2024	27,158.81	4,157.71	-	4,157.71	4,050.21	107.50	23,108.61	77,693.34	5%
99	8/4/2024	23,108.61	4,157.71	-	4,157.71	4,066.24	91.47	19,042.37	77,784.81	4%
100	9/4/2024	19,042.37	4,157.71	-	4,157.71	4,082.33	75.38	14,960.04	77,860.19	3%
101	10/4/2024	14,960.04	4,157.71	-	4,157.71	4,098.49	59.22	10,861.54	77,919.40	3%
102	11/4/2024	10,861.54	4,157.71	-	4,157.71	4,114.72	42.99	6,746.83	77,962.40	2%
103	12/4/2024	6,746.83	4,157.71	-	4,157.71	4,131.00	26.71	2,615.82	77,989.10	1%
104	1/4/2025	2,615.82	4,157.71	-	2,615.82	2,605.47	10.35	0.00	77,999.46	0%



INSTRUCTION LETTER

July 24, 2020

Mr. Joseph Gimenez, President
Windermere Oaks Water Supply Corporation
424 Coventry Road
Spicewood, Texas 78669

Dear Mr. Gimenez:

Welcome to CoBank! We appreciate the opportunity to serve the financing needs of Windermere Oaks Water Supply Corporation (the "Borrower"). As discussed in your Credit Agreement with CoBank, this instruction letter will provide details, in the form of a checklist that will assist you in managing the closing process. This instruction letter constitutes a "Loan Document." Capitalized terms used and not defined in this letter have the meanings given to them in the Credit Agreement or any other Loan Document.

Signing instructions for documents that need to be signed are provided below. Please return all signed documents, and other documents to be delivered, to the attention of Loan Processing Closing at your earliest convenience. A self-addressed envelope has been included for your use. You are welcome to expedite the processing of this transaction by e-mailing the signed documents to riclosing@cobank.com or by faxing the signed documents to Loan Processing Closing Fax No. (877) 222-1603, provided that all documents bearing the original ink signatures are mailed promptly to 6340 South Fiddlers Green Circle, Greenwood Village, CO 80111.

CONDITIONS PRECEDENT. CoBank's obligation to extend credit pursuant to the documents listed below is conditioned upon the receipt of the following items, all of which must be acceptable in form and substance to CoBank in its sole discretion and in compliance with the requirements of the Loan Documents.

SIGNING AUTHORITY OF BORROWER

- ☐ **Resolution of the Board of Directors.** Special attention needs to be given to the resolution.
 - The resolution form lists the usual corporate officers or officers identified in your organizational documents.
 - Line out any listed officer titles that are not to be authorized under the resolution to obtain loans.
 - Insert the titles only of additional officers to be authorized on behalf of the Borrower to obtain loans and sign loan documents.
 - Complete the certification on the resolution.
- ☐ **Incumbency Certificate.** Complete the enclosed incumbency certificate form, obtain the signatures of all officers authorized by the resolution, and have the Secretary or Assistant Secretary complete the certification at the bottom of the form.
- ☐ **Organizational Documents and Certification.** Furnish a copy of the most recent bylaws, certified by the company's secretary or other authorized signatory of the company. An organizational document certification form has been provided for your use.

It is important that the documents listed below are executed by an officer authorized by the enclosed resolution and who has signed the enclosed incumbency certificate.

BORROWER ITEMS TO BE DELIVERED OR COMPLETED

- ☐ **This Letter.**
- ☐ **Credit Agreement No.** 00122964SLA.
- ☐ **Promissory Note No.** 00122964T01, 00122964T02, and 00122964T03.
- ☐ **Invoice.** The invoice (two copies enclosed) is for your purchase of equity in CoBank to become a member-borrower, eligible for patronage certificates and distributions in accordance with CoBank's Loan-Based Capital Plan. On the form, indicate your method of payment and return one original. Retain one copy for your records.
- ☐ **W-9 Form.** The Internal Revenue Service requires that you sign a W-9 form and return it to CoBank. Please complete the form and sign where indicated.
- ☐ **Request for Loan.** For Promissory Note No. 00122964T01
- ☐ **Security Agreement.** Review and/or complete Schedule A to the Security Agreement and verify that all county(ies) and state(s) where you maintain fixtures are listed.
- ☐ **Opinion of Counsel – CoBank Form.** Your legal counsel will need to provide an opinion at closing. The acceptable form in which to provide this opinion is enclosed. In addition, the opinion form in Word is also available from CoBank. Have your attorney work with our CoBank attorney to complete the opinion of counsel.
- ☐ **Beneficial Ownership Certificate.** A Beneficial Ownership Certificate may be required to be completed prior to closing. You will receive this form directly from your Relationship Manager. Instructions for completing and returning the Beneficial Owner Certificate are included with the form. Please contact your Relationship Manager with any questions.

BORROWER GENERAL DELIVERABLES

- ☐ **Additional Funds.** If necessary, provide to CoBank immediately available funds in an amount sufficient to pay all interest, prepayment premiums, surcharges, and other amounts necessary to discharge all of the Borrower's obligations to First United Bank and Trust for or on account of the First United Bank and Trust loan(s) being refinanced by Promissory Note(s) No. 00122964T01.
- ☐ **Payoff Statement.** Payoff letters or spreadsheet from First United Bank and Trust setting forth, as of the closing date of Promissory Note No. 00122964T01, the unpaid principal balance, the interest accrued thereon, any prepayment premiums, surcharges or other amounts owing to First United Bank and Trust for or on account of the First United Bank and Trust loan(s) being refinanced by Promissory Note No. 00122964T01.
- ☐ **Certificates of Insurance.** Deliver (or have your insurance company deliver):
 - ☐ **General Liability Certificate of Insurance** for the Borrower's general liability insurance that typically comes on an insurance industry form called ACORD 25, and lists the policy number(s), policy period of coverage, types of coverage, coverage limits and deductibles. The Certificate should list all entities covered by the insurance policy, and name CoBank, ACB, 6340 S. Fiddlers Green Circle, Greenwood Village, CO 80111, Attn: Legal and Loan

Processing, as certificate holder.

- ☐ **Property Insurance Certificate of Insurance** for the Borrower's property insurance that typically comes on an insurance industry form called ACORD 28 (or sometimes on an ACORD 24). The Certificate should list the policy number(s), policy period of coverage, types of coverage, coverage limits and deductibles. It should also list the properties covered, although the description may be general for policies with blanket coverage. The Certificate will need to name CoBank, ACB, 6340 S. Fiddlers Green Circle, Greenwood Village, CO 80111, Attn: Legal and Loan Processing, as certificate holder and also confirm that CoBank, ACB has been added to the coverage as Lender's Loss Payee.

BANKING SERVICES AGREEMENTS. This completed and signed package of documents is required in connection with your use of CoBank's Telephone Banking Services, Electronic Banking Services, and Cash Management Services (each a "Service" and collectively the "Services"). These documents need to be completed, signed and returned to CoBank.

- ☐ **Master Agreement for Cash Management and Transaction Services.** This master agreement outlines the terms of the Services, your use of which will permit you to telephonically and electronically access your Deposit Account, Loan Account, InvestLine Account, or Invesco Account (each an "Account" and collectively the "Accounts") and conduct transactions with respect to your Account(s), subject to the terms and conditions set forth in the Master Agreement.
- ☐ **Designation of Authorized User(s) Form (Exhibit C).** A complete list of all persons authorized to use Telephone Banking Services must be provided. CoBank will issue all authorized users, designated by you on Exhibit C, a PIN for purposes of authenticating transactions or requests for services originated through CoBank's Telephone Banking Service.
- ☐ **Recurring Wire Transfer Templates (Exhibit D).** This form sets forth your company's recurring outgoing wire transfer instructions and ensures proper controls.
- ☐ **ACH Direct Debit Authorization.** This form authorizes CoBank to electronically debit a specified account for payments due to CoBank.
- ☐ **ACH Direct Deposit Authorization.** This form authorizes CoBank to electronically credit a specified account for payments due to you for, among other things, yearly patronage and quarterly capital retirement payments from CoBank.
- ☐ **CoLink Permissions Form Statement Only.** This form authorizes users for Electronic Banking Services delivered via CoLink. Please complete a separate form for each authorized user.

COBANK DISCLOSURE MATERIAL

- **Notice Regarding Electronic Signatures.**
- **CoBank Annual Report and most recent Quarterly Report, if any.** CoBank annual report is enclosed. Visit our website <http://www.cobank.com/Newsroom-Financials/Financial-Reports.aspx> for the most recent quarterly report and all subsequent reports.
- **CoBank Capital Plan.** A copy of CoBank's Loan-Based Capital Plan.

- **CoBank's Bylaws.** A copy of CoBank's current bylaws.
- **CoBank's Customer Service Information Sheet.** This is an informational document that contains CoBank's Customer Service phone number, as well as wire and payment instructions for your future reference.
- **Knowledge Exchange.** Access to valuable industry reports. <http://www.cobank.com/Knowledge-Exchange.aspx>
- **Social Responsibility Report.** Growing Rural America - CoBank's Social Responsibility Report. <http://www.cobank.com/About-CoBank/Citizenship.aspx>
- **Notice to Borrower.** Keep this notice with your records.
- **Notice to Prospective Stockholders.** CoBank will be paying patronage refunds to your company. Federal tax law relating to cooperatives requires this notice.
- **Customer Privacy.** Your financial privacy and the security of your other non-public information are important to us. We therefore hold your financial and other non-public information in strictest confidence. Federal regulations allow disclosure of such information by us only in certain situations. Examples of these situations include law enforcement or legal proceedings or when such information is requested by a Farm Credit System institution with which you do business. In addition, as required by Federal laws targeting terrorism funding and money laundering activities, we collect information and take actions necessary to verify your identity.

When all condition precedent documents have been delivered, and CoBank has determined that all closing conditions have been met and the loan closes (the "**Closing Date**"), we will send you a copy of the signed document(s) that are countersigned by CoBank for your records.

ADDITIONAL POST CLOSING AFFIRMATIVE COVENANTS. CoBank's obligation to continue to extend credit shall be conditioned upon the receipt of the following, all of which must be acceptable in form and substance to CoBank in its sole discretion and in compliance with the requirements of the Credit Agreement and the applicable Promissory Note(s). Documents not included with this letter and/or additional instructions will be forwarded under separate cover well ahead of the due date indicated with each document and/or action. If, for any reason, these documents or items are not delivered by the specified due date, or such later date as may be agreed to by CoBank in writing, then an "Event of Default" will have occurred under the Credit Agreement.

BORROWER ITEMS TO BE DELIVERED OR COMPLETED POST CLOSING

- **Insufficient Funds on Refinance.** If for any reason the funds remitted to First United Bank and Trust are insufficient to discharge all of the Borrower's obligations to the refinanced lender for or on account of the loan(s) refinanced by Promissory Note No. 00122964T01, Borrower will promptly **make such additional payments** to such refinanced lender(s) as may be required to discharge Borrower's remaining obligations in full.
- **UCC Financing Statement.** Within 90 days of closing, or by such date as CoBank may specify to the Borrower in writing, the UCC Financing Statement (the "UCC-1") should be filed in the appropriate filing office of the State of Texas, as a transmitting utility. Once the UCC-1 is filed, deliver CoBank a file stamped copy, marked to the attention of Susan Gulinson, Collateral Paralegal, using the contact information provided in the CoBank Team grid at the end of this letter.

- **Lien Releases.** Within 90 days of closing, or by such date as CoBank may specify to the Borrower in writing, provide evidence that all lender liens of record encumbering Borrower's property have been released of record, unless Borrower has exiting debt to such lender and the lien is permitted under Section 6.2 of the Credit Agreement.
- **Opinion of Counsel (Updated).** At the closing of Promissory Notes No. 00122964T01, 00122964T02, and 00122964T03, your attorney provided CoBank with an opinion of counsel. On or before the date that is 90 days after the Closing Date, or by such later date that CoBank may specify to the Borrower in writing, after the UCC-1 is filed, have your attorney provide an updated opinion of counsel that includes, in addition to the opinions provided in the closing opinion, the additional opinion paragraph concerning the collateral documents and lien priorities. The form of closing opinion enclosed contains the language that will need to be added to the updated opinion (see highlighted paragraph 8). Have your attorney work with our CoBank attorney to complete the updated opinion of counsel.

This Instruction Letter, each Promissory Note and any other Loan Document may be executed in counterparts, each of which will constitute an original, but all of which when taken together will constitute a single contract. Delivery of an executed counterpart of a signature page of this Instruction Letter, each Promissory Note and any other Loan Document by facsimile or other electronic means will be as effective as delivery of a manually executed counterpart of each such agreement.

If you have any questions, contact one of your CoBank team members:

CoBank Associate	Specialty	Phone Number	E-mail Address
John DeLuca	Relationship Manager	(800) 542-8072 Ext. 45958	jdeluca@cobank.com
Daphne J. Satriano	Closer	(800) 542-8072 Ext. 45914	djsatriano@cobank.com
Quin Bowman	Documentation	(800) 542-8072 Ext. 06533	qbowman@cobank.com
Susan Gulinson	Paralegal	(800) 542-8072 Ext. 04050	sgulinson@cobank.com
Mary Maikoetter	Responsible Attorney	(800) 542-8072 Ext. 06453	mmaikoetter@cobank.com

Sincerely,


Quin Bowman

SIGNATURE PAGE FOLLOWS

SIGNATURE PAGE TO INSTRUCTION LETTER

IN WITNESS WHEREOF, the parties have caused this Instruction Letter to the Agreement to be executed by their duly authorized officer(s).

**WINDERMERE OAKS WATER SUPPLY
CORPORATION**

By: _____

Name: _____

Title: _____

SIGNATURE PAGE TO INSTRUCTION LETTER

IN WITNESS WHEREOF, the parties have caused this Instruction Letter to the Agreement to be executed by their duly authorized officer(s).

COBANK, ACB

By: _____

Name: _____

Title: _____



RESOLUTION OF THE BOARD OF DIRECTORS

of

WINDERMERE OAKS WATER SUPPLY CORPORATION SPICEWOOD, TEXAS

WHEREAS, the above named entity (the “Borrower”), under its articles of incorporation, bylaws, or other organizational documents (the “Organizational Documents”), has full power and authority to borrow money, to secure the same with its own property and property delivered to it for marketing or otherwise and to perform all obligations associated therewith.

WHEREAS, the Board of Directors of the Borrower (the “Board”) has determined that it is in the best interest of the Borrower to become a member of CoBank, ACB (“Lender”) and to enter into the transactions described in this Resolution.

WHEREAS, all prerequisite acts and proceedings preliminary to the adoption of this Resolution have been taken and done in due and proper form, time and manner, with the Board having full power and authority under the Organizational Documents to adopt this Resolution and legally bind the Borrower to the terms hereof.

NOW, THEREFORE, BE IT RESOLVED, that each of the following persons or positions (line out any not to be authorized under this Resolution) **President, Vice President, Secretary/Treasurer,** and any others to be authorized under this Resolution (insert titles only)

_____ (the “Authorized Signatories”) of the Borrower are hereby jointly and severally authorized and empowered to obtain for and on behalf of the Borrower from time to time, from Lender, a loan or loans or other financial accommodations (including, without limitation, interest rate swaps, hedges, caps, collars or similar arrangements designed to protect against fluctuations in interest rates (the “Hedging Transactions”), letters of credit, note purchase agreements and bankers acceptances) (each, a “Loan”) and for such purposes: (1) to execute and deliver such application or applications (including exhibits, amendments or notes thereto) as may be required for such Loan and all borrowings thereunder; (2) to obligate the Borrower to repay all amounts borrowed and pay such rate or rates of interest as the Authorized Signatories so acting shall deem proper, and in connection therewith to purchase such interest rate risk management products as may be offered from time to time by Lender; (3) to obligate the Borrower to such other terms and conditions as the Authorized Signatories so acting shall deem proper; (4) to cause the Borrower to become a member of Lender and to obligate the Borrower to make such investments in Lender as required by Lender; (5) to execute and deliver to Lender or its nominee all such written loan agreements, interest rate swap, hedge, cap, collar or similar agreement, including any master agreement published by the International Swap and Derivatives Association, Inc. and such other documents and instruments as may be required by Lender in regard to or as evidence of any Loan made or Hedging Transaction entered into pursuant to the terms of this Resolution; (6) to pledge, grant a security interest or lien in, or assign property of the Borrower or property of others on which it is entitled to borrow, of any kind and in any amount as security for any or all obligations (past, present and/or future) of the Borrower to Lender, and to execute and deliver to Lender or its nominee all such security agreements, pledges, mortgages, deeds of trust, financing statements and other documents as may be required by Lender in connection therewith; (7) from time to time to extend, amend, renew or refinance any such Loan and to execute and deliver all agreements, notes, instruments and other documents as may be required in

WINDERMERE OAKS WATER SUPPLY CORPORATION (00122964)

Spicewood, Texas

connection therewith; (8) to reborrow from time to time all or any part of the amounts repaid to Lender on any Loan made pursuant hereto (whether for the same or a different purpose); (9) to execute and deliver to Lender such agreements, addenda, documents or instruments as may be required by Lender in the event that the Borrower elects to use Lender's electronic banking system (the "System"); (10) to execute and deliver to Lender any agreements, addenda, authorization forms and other documents or instruments as may be required by Lender in the event that the Borrower elects to use any services or products related to a Loan that are offered by Lender now or in the future, including without limitation an automated clearing house (ACH) service; (11) to direct and delegate to designated employees of the Borrower the authority to direct, by written or telephonic instructions or electronically, if the Borrower has agreed to use the System for such purpose, the disposition of the proceeds of any Loan authorized herein, and to direct Lender to deliver any property of the Borrower at any time held by Lender; and (12) to delegate to designated employees of the Borrower the authority to request by telephonic or written means or electronically, if the Borrower has agreed to use the System for such purpose, loan advances and/or other financial accommodations, and in connection therewith, to fix rates and agree to pay fees and to direct the proceeds of advances to authorized accounts. In the absence of any direction or delegation authorized in (11) or (12) above, all existing directions and/or delegations shall remain in full force and effect and shall be applicable to any Loan authorized herein.

RESOLVED FURTHER, that each of the Authorized Signatories is hereby jointly and severally authorized to: (1) establish a Cash Investment Services Account with Lender; (2) make such investments therein as any Authorized Signatory shall deem proper; (3) direct by written or telephonic instructions or electronically, if the Borrower has agreed to use the System for such purposes, the disposition of the proceeds therein; (4) delegate to designated employees of the Borrower the authority set forth in (2) and (3) above; and (5) execute and deliver all documents and agreements necessary to carry out this authority.

RESOLVED FURTHER, that each of the Authorized Signatories is hereby jointly and severally authorized and directed to do or cause to be done, from time to time, all things which may be necessary or proper to carry out the terms and intent of this Resolution.

RESOLVED FURTHER, that every act and action of any person heretofore executing any document or instrument delivered to Lender or its designee or required to create, make, enter into, perform, amend or confirm any obligation of the Borrower to or in favor of Lender, is hereby ratified, approved, adopted and confirmed as if it had been validly and lawfully authorized upon and as of the date of such act or action, notwithstanding any invalidity, defect or insufficiency that may exist or may have existed in the power or authority of such person then executing such document or instrument, and every such person and each of the Authorized Signatories are hereby jointly and delegated all necessary power and authority to effect the foregoing.

RESOLVED FURTHER, that any of the Authorized Signatories are hereby authorized and directed to cast the ballot of the Borrower in any and all proceedings in which the Borrower is entitled to vote for the selection of a member of Lender's board of directors or for any other purpose.

RESOLVED FURTHER, that this Resolution shall remain in full force and effect until a certified copy of a duly adopted resolution effecting a revocation or amendment, as the case may be, shall have been received by Lender; provided that no such revocation or amendment shall affect the validity of any action or actions made or taken in reliance on such resolution(s) prior to the effective date of revocation. In addition, all authorities herein granted shall apply with equal force and effect to the successors in office of the Authorized Signatories herein named.

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Spicewood, Texas

RESOLVED FURTHER, that effective on the date when this Resolution is delivered to Lender, any and all prior resolutions authorizing and empowering Authorized Signatories of the Borrower to take actions as described herein are hereby revoked; provided that no such revocation shall affect the validity of any action or actions made or taken by Lender prior to the effective date of revocation.

RESOLVED FURTHER, that the Secretary or any Assistant Secretary of the Borrower is hereby authorized and directed to certify to Lender a copy of this Resolution, the names and specimen signatures of the Authorized Signatories, and if and when any change is made in the personnel of any Authorized Signatories, the fact of such change and the name and specimen signatures of the new Authorized Signatories. Lender shall be entitled to rely on any such certification until a new certification is actually received by Lender.

CERTIFICATE

The undersigned, Secretary or Assistant Secretary of the Borrower, a Texas nonprofit corporation, hereby certifies that: (a) the Board of Directors of the Borrower, at a meeting duly called, noticed, convened and held on the ____ day of _____, 20____, did adopt the foregoing resolutions in accordance with the Organizational Documents of the Borrower; (b) all approvals and authorizations required to effect the foregoing resolutions (including without limitation board, member, or stockholder approval, as applicable) have been obtained and remain in full force and effect; and (c) said resolutions are in full force and effect on the date hereof and have not been revoked or amended in any way.

Dated this ____ day of _____, 20____

By: _____

Printed Name: _____

Title: ☐ Secretary ☐ Assistant Secretary



CoBank, ACB
INCUMBENCY CERTIFICATE

The undersigned, as Secretary of the Borrower named below, hereby certifies that the following persons are the current, duly elected or appointed Authorized Signatories enumerated in applicable Resolutions of the Borrower's Board of Directors.

AUTHORIZED SIGNATORIES

NOTE: INSERT THE NAMES AND OBTAIN THE SIGNATURES OF ONLY THOSE AUTHORIZED BY THE RESOLUTION REFERRED TO ABOVE. **THIS INCUMBENCY CERTIFICATE REVOKES AND REPLACES ALL PREVIOUS INCUMBENCY CERTIFICATES.**

PRESIDENT	VICE PRESIDENT
<div style="text-align: center; margin-bottom: 10px;">_____ Signature</div> <div style="text-align: center; margin-bottom: 10px;">_____ TYPE or PRINT name</div>	<div style="text-align: center; margin-bottom: 10px;">_____ Signature</div> <div style="text-align: center; margin-bottom: 10px;">_____ TYPE or PRINT name</div>
<div style="text-align: center; padding-bottom: 5px;">SECRETARY/TREASURER</div> <div style="text-align: center; margin-bottom: 10px;">_____ Signature</div> <div style="text-align: center; margin-bottom: 10px;">_____ TYPE or PRINT name</div>	<div style="text-align: center; margin-bottom: 10px;">_____ Signature</div> <div style="text-align: center; margin-bottom: 10px;">_____ TYPE or PRINT name</div>
<div style="text-align: center; margin-bottom: 10px;">_____ Signature</div> <div style="text-align: center; margin-bottom: 10px;">_____ TYPE or PRINT name</div>	<div style="text-align: center; margin-bottom: 10px;">_____ Signature</div> <div style="text-align: center; margin-bottom: 10px;">_____ TYPE or PRINT name</div>

Dated this ____ day of _____, 20____.

Annual Meeting Month: _____

WINDERMERE OAKS WATER SUPPLY CORPORATION

By: _____
 Name: _____
 Title: Secretary

ORGANIZATIONAL DOCUMENT CERTIFICATION

The undersigned hereby certifies the following:

1. The undersigned is the duly elected, qualified and acting secretary or other authorized signatory of and the custodian of the records of:

Windermere Oaks Water Supply Corporation		
(Name of Company)		
Spicewood		Texas
(City)		(State)

(hereinafter referred to as the "Company")

2. The Company is duly organized, existing, and in good standing under the laws of the State of Texas.
3. The attached documents are a full and correct copy of the internal organizational documents of the Company that are in full force and effect as of the date of this certificate. The following documents are attached:

- ☐ Bylaws dated: _____
☐ Operating Agreement dated: _____
☐ Partnership Agreement dated: _____
☐ Other: _____ dated: _____

4. All statements herein and the documents attached are representations made to CoBank, ACB for the purpose of obtaining and/or guaranteeing a loan or loans.

Dated this ____ day of _____, 20__.

By: _____

Printed Name: _____

Title: _____

Company Name: Windermere Oaks Water Supply Corporation



Agreement No. 00122964SLA

CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this “**Agreement**”), dated as of July 24, 2020 is entered into by and between **WINDERMERE OAKS WATER SUPPLY CORPORATION**, Spicewood, Texas, a nonprofit corporation (the “**Borrower**”), and **COBANK, ACB**, a federally-chartered instrumentality of the United States (“**Lender**”).

RECITALS

In consideration of the agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower and Lender agree as follows:

ARTICLE 1 Defined Terms; Accounting Principles. Certain capitalized terms used in this Agreement bear the definitions given to them in this Agreement. References to accounting standards are to United States generally accepted accounting principles, or those required of the regulatory agency having jurisdiction over the Borrower, including but not limited to the system of accounts established by the United States Department of Agriculture acting through Rural Development or the Rural Utilities Service or their predecessors (“**RD/RUS**”), if applicable, or such other commission or body as may be agreeable to Lender (the “**Accounting Standards**”).

ARTICLE 2 The Facilities.

2.1 Promissory Note. In the event the Borrower desires to borrow from Lender and Lender is willing to lend to the Borrower, or in the event the parties desire to consolidate any existing loans hereunder, the parties will enter into a promissory note (a “**Promissory Note**”). Each Promissory Note will set forth Lender’s commitment to make a loan or loans to the Borrower, the amount of the loan(s), the purpose of the loan(s), the interest rate or rate options applicable to the loan(s), the repayment terms of the loan(s), and any other terms and conditions applicable to the particular loan(s). Each Promissory Note will also contain the Borrower’s promise to make payments of interest on the unpaid principal balance of the loan(s), and fees and premiums, if any, and to repay the principal balance of the loan(s). Each loan will be governed by the terms and conditions contained in this Agreement and in the Promissory Note relating to that loan.

2.2 Availability. Loans will be made available on any day on which Lender and the Federal Reserve Banks are open for business (a “**Business Day**”) upon the telephonic or written request of an authorized employee of the Borrower. Requests for loans must be received by 12:00 p.m. Denver, Colorado time on the date the loan is desired. Loans will be made available by wire transfer of immediately available funds. Wire transfers will be made to such account or accounts as may be authorized by the Borrower.

2.3 Security. The Borrower’s obligations under this Agreement and each Promissory Note will be secured by a statutory first lien on all equity that the Borrower may now own or hereafter acquire or be allocated in Lender. In addition, except as otherwise provided in a Promissory Note or in a closing instruction letter signed by the parties (an “**Instruction Letter**”), the Borrower’s obligations hereunder and under each Promissory Note will be:

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(a) secured by a first priority lien (subject only to exceptions approved in writing by Lender) on all real and personal property of the Borrower, whether now existing or hereafter acquired. The Borrower agrees to take such steps, including, without limitation, the execution and recordation or filing, as applicable, of mortgages, deeds of trust, security agreements, intercreditor or parity agreements, pledge agreements, control agreements, financing statements, and amendments to any of the foregoing, and such other instruments and documents as Lender may require to enable Lender to obtain, perfect, and maintain a lien on such property, and the payment of any applicable mortgage recording, documentary stamp, or intangible taxes; and

(b) guaranteed by an unsecured or secured, limited or continuing guarantee of payment, in form and substance and from such parties as may be required by Lender from time to time. If Lender requires such guarantee(s) to be secured by a lien on the real and/or personal property of a guarantor (a "**Guarantor**"), Borrower will cause each Guarantor to take such steps, including, without limitation, the execution and recordation or filing, as applicable, of mortgages, deeds of trust, security agreements, pledge agreements, control agreements, financing statements, and amendments to any of the foregoing, and such other instruments and documents as Lender may require to enable Lender to obtain, perfect, and maintain a lien on such property, and the payment of any applicable mortgage recording, documentary stamp, or intangible taxes.

2.4 Payments Generally. The Borrower's obligation to repay each loan will be evidenced by a Promissory Note. Lender will maintain a record of all loans, the interest accrued thereon, and all payments made with respect thereto, and such record will, absent proof of manifest error, be conclusive evidence of the outstanding principal and interest on the loans. Payments under each Promissory Note will be made by wire transfer of immediately available funds, by check, or by automated clearing house (ACH) or other similar cash handling processes as specified by separate agreement between the Borrower and Lender. Wire transfers will be made to ABA No. 307088754 for advice to and credit of "CoBANK" (or to such other account as Lender may direct by notice). The Borrower will give Lender telephonic notice no later than 12:00 p.m. Denver, Colorado time on the day the Borrower intends to pay by wire of such intent, and funds received after 3:00 p.m. Denver, Colorado time will be credited on the next Business Day. Checks will be mailed to CoBANK, Department 167, Denver, Colorado 80291-0167 (or to such other place as Lender may direct by notice). Credit for payment by check will not be given until the later of the next Business Day after receipt of the check or the day on which Lender receives immediately available funds. If any installment of principal or interest is due on a date that is not a Business Day, then such installment will be due and payable on the next Business Day.

2.5 Broken Funding Surcharge. Notwithstanding the terms of any Promissory Note giving the Borrower the right to repay any loan prior to the date it would otherwise be due and payable, the Borrower agrees to provide three Business Days' prior written notice for any prepayment of a fixed rate balance and to pay to Lender a broken funding surcharge in the amount set forth below in the event the Borrower: (a) repays any fixed rate balance prior to the last day of its fixed rate period (whether such payment is made voluntarily, as a result of an acceleration, or otherwise); (b) converts any fixed rate balance to another fixed rate or to a variable rate prior to the last day of the fixed rate period applicable to such balance; or (c) fails to borrow any fixed rate balance on the date scheduled therefor. The surcharge will be in an amount equal to the greater of (1) the sum of: (i) the present value of any funding losses imputed by Lender to have been incurred as a result of such payment, conversion or failure; plus (ii) a per annum yield of 0.50% of the amount repaid, converted or not borrowed for the period such amount was scheduled to have been outstanding at such fixed rate, or (2) \$300.00. Any surcharge will be determined and calculated in accordance with methodology established by Lender, a copy of which will be made

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available upon request. Notwithstanding the foregoing, in the event of a conflict between the provisions of this section and of the broken funding charge section of a forward fix agreement between Lender and the Borrower, the provisions of the forward fix agreement will control.

2.6 Taxes; Change in Law. Any payment by the Borrower to Lender will be made net of any taxes (other than income and similar taxes imposed on or measured by Lender's overall net income). If any change in any law, rule, regulation, code, ordinance, order or the like to which the Borrower is subject, including, without limitation, all laws relating to environmental protection, and taxes (collectively, "**Laws**"), increases the cost of making or maintaining any loan (or any associated commitment to lend), or reduces the amount received or receivable by Lender hereunder then, upon request, the Borrower will pay to Lender such additional amount as will compensate Lender for such additional costs incurred or reduction suffered.

ARTICLE 3 Conditions Precedent.

3.1 Conditions to Initial Promissory Note. Lender's obligation to extend credit under the initial Promissory Note hereunder is subject to the condition precedent that Lender receive, in form and substance satisfactory to Lender, each of the following, except as otherwise provided in the Promissory Note or in an Instruction Letter:

(a) **This Agreement.** A duly executed copy of this Agreement, the other Loan Documents (as defined below), the Instruction Letter accompanying this Agreement, and all instruments and documents contemplated hereby and thereby.

(b) **Banking Service Agreements.** A duly completed and executed copy of any banking service agreement, including any agreement relating to the provision by Lender of cash management services, required by Lender from time to time. Lender will be entitled to rely on (and will incur no liability to the Borrower in acting on) any request or direction furnished in accordance with the terms thereof.

3.2 Conditions to Each Promissory Note. Lender's obligations to extend credit under each Promissory Note hereunder, including the initial Promissory Note, is subject to the condition precedent that Lender receive, in form and substance satisfactory to Lender, each of the following, except as otherwise provided in the Promissory Note or in an Instruction Letter:

(a) **Promissory Note.** A duly executed copy of the Promissory Note and all instruments and documents contemplated by the Promissory Note.

(b) **Instruction Letter.** Any and all items or requirements detailed in an Instruction Letter.

(c) **Evidence of Perfection.** Such evidence as Lender may require that it has duly perfected liens as required under this Agreement.

(d) **Evidence of Authority.** Such certified board resolutions, certificates of incumbency, and other evidence that Lender may require that the Promissory Note, all instruments and documents executed in connection therewith, and, in the case of the initial Promissory Note hereto, this Agreement, the other Loan Documents (as defined below) and all instruments and documents executed in connection herewith and therewith, including any security documents, have been duly authorized and executed.

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(e) **Fees and Other Charges.** Any fees or other charges provided for herein, in the Promissory Note or in any invoice provided by Lender.

(f) **Insurance.** Such evidence as Lender may require that the Borrower is in compliance with Section 5.4 below.

(g) **Consents and Approvals.** Evidence as Lender may require that all regulatory and other consents and approvals referred to in Section 4.6 below have been obtained and are in full force and effect.

(h) **Opinion of Counsel.** An opinion of counsel to the Borrower (which counsel must be acceptable to Lender).

3.3 Conditions to Each Loan. Lender's obligation under each Promissory Note to make any loan to the Borrower thereunder is subject to the condition that no "**Event of Default**" (as defined in Section 8.1 below) or event that, with the giving of notice and/or the passage of time and/or the occurrence of any other condition, would ripen into an Event of Default (a "**Potential Default**") will have occurred and be continuing or would be caused by the making of such loan.

ARTICLE 4 Representations and Warranties. The execution by the Borrower of this Agreement and each Promissory Note hereunder, or any renewal or extension by Lender of any Promissory Note hereunder, will constitute a representation and warranty by the Borrower that:

4.1 Instruction Letter; Loan Documents. Each representation and warranty and all information set forth in any Instruction Letter and/or any of the Loan Documents (as defined below) and/or any other document submitted in connection with, or to induce Lender to enter into, such Promissory Note is correct in all material respects as of the date of such Promissory Note.

4.2 Compliance; Legal Proceedings. The Borrower and its subsidiaries and all property owned or leased or proposed to be acquired with the proceeds of any Promissory Note hereunder by the Borrower and/or its subsidiaries and all of its/their operations are in compliance with all applicable Laws and the terms of the Loan Documents and no Event of Default or Potential Default exists or is continuing. In addition, there are no pending legal, arbitration, or governmental actions or proceedings to which the Borrower or any subsidiary is a party or to which any of its or any subsidiaries' property is subject which, if adversely determined, might have a material adverse effect on the financial condition, operations, properties, profits, or business of the Borrower or any subsidiary, and to the best of the Borrower's knowledge, no such actions or proceedings are threatened or contemplated.

4.3 Organization; Good Standing. The Borrower (a) is duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization, (b) has the lawful power to own or lease its properties and to engage in the business it conducts or proposes to conduct, and (c) is duly qualified and in good standing in each jurisdiction where the property owned or leased by it or the nature of the business transacted by it makes such qualification necessary.

4.4 Binding Agreement. The Loan Documents constitute legal, valid, and binding obligations of the Borrower that are enforceable in accordance with their terms.

4.5 Conflicting Agreements. Neither this Agreement nor any Promissory Note, or other instrument or document securing or otherwise relating hereto or to any Promissory Note (each a "**Loan**

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Document” and collectively, at any time, the “**Loan Documents**”) conflicts with, or constitutes (with or without the giving of notice and/or the passage of time and/or the occurrence of any other condition) a default under, any other agreement to which the Borrower is a party or by which it or any of its property may be bound or affected, and does not conflict with any provision of its bylaws, articles of incorporation or other organizational documents.

4.6 Consents and Approvals. No consent, permission, authorization, order or license of any governmental authority or of any party to any agreement to which the Borrower is a party or by which it or any of its property may be bound or affected, is necessary in connection with the project, acquisition or other activity being financed by such Promissory Note, or the execution, delivery, performance or enforcement of any Loan Document, except as have been obtained and are in full force and effect.

4.7 Budgets; Full Disclosure. All budgets, projections, feasibility studies, and other documentation submitted by the Borrower to Lender in connection with, or to induce Lender to enter into, such Promissory Note are based upon assumptions that are reasonable and realistic, and as of the date of such Promissory Note, no fact has come to light, and no event has occurred, that would cause any assumption made therein to not be reasonable or realistic. No Loan Document or other certificate, statement, agreement, or document furnished to Lender in connection with this Agreement or any other Loan Document (a) contains any untrue statement of a material fact, or (b) fails to state a material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were made, not misleading. The Borrower is not aware of any Material Adverse Change that has not been disclosed in writing to Lender. A “**Material Adverse Change**” means any material adverse change, as reasonably determined by Lender, in the condition, financial or otherwise, operations, business, liabilities (actual or contingent) or properties of the Borrower or in its ability to perform its obligations hereunder, under any security instrument or document, or under any other Loan Document.

4.8 Accurate Financial Information. Each submission of financial information or documents relating to the Borrower will constitute a representation and warranty by the Borrower that such information and documents (a) are true and accurate in all material respects, and (b) do not fail to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

4.9 ERISA. The Borrower and its subsidiaries are in compliance in all material respects with the applicable provisions of the Employee Retirement Income Security Act of 1974, and the regulations and published interpretations thereunder from time to time (“**ERISA**”).

4.10 Margin Stock. The Borrower is not engaged or intends to engage principally, or as one of its important activities, in the business of extending credit for the purpose, immediately, incidentally or ultimately, of purchasing or carrying margin stock (within the meaning of Regulation U, T or X as promulgated by the Board of Governors of the Federal Reserve System of the United States of America (the “**Board**”)). No part of the proceeds of any loan made by Lender to the Borrower has been or will be used, immediately, incidentally or ultimately, to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock or in any way that is inconsistent with the provisions of the regulations of the Board. The Borrower or any subsidiary, if any, of the Borrower holds or intends to hold margin stock in such amounts that more than 25% of the reasonable value of the assets of the Borrower or subsidiary, if any, of the Borrower are or will be represented by margin stock.

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4.11 Water Rights and System Condition. The Borrower has water rights with such amounts, priorities and qualities as are necessary to service adequately the Borrower's customers and members. The Borrower controls, owns, or has access to all such water rights free and clear of the interest of any third party and has not suffered or permitted any transfer or encumbrance of such water rights, has not abandoned such water rights, or any of them, and has not done any act or thing which would impair or cause the loss of any such water rights. The Borrower's utility facilities reasonably meet present demand in all material respects, are constructed in a good and professional manner, are in good working order and condition, and comply in all material respects with all applicable law.

4.12 Rate Matters. The Borrower's rates for the provision of water have been approved, if applicable, by any and all necessary governmental regulatory authorities, including, without limitation, each public service commission or public utilities commission that may have jurisdiction over the operations and rates of the Borrower. Further, there is no pending, and to the Borrower's knowledge, no threatened proceeding before any governmental authority, the objective or result of which is or could be to materially reduce or otherwise materially adversely change any of the Borrower's rates for the provision of water and/or waste water services, or otherwise have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of the Borrower.

ARTICLE 5 Affirmative Covenants. Unless otherwise agreed to in writing by Lender, while this Agreement is in effect, the Borrower agrees to, and with respect to Sections 5.3, 5.4, 5.5, and 5.8, agrees to cause each subsidiary, if any, to:

5.1 Reports and Notices. Furnish to Lender:

(a) **Annual Financial Statements.** As soon as available, but in no event more than 180 days after the end of each fiscal year of the Borrower occurring during the term hereof, annual financial statements of the Borrower prepared in a manner acceptable to Lender. Such financial statements will be prepared in reasonable detail acceptable to Lender. Additionally, as soon as available, but in no event more than 180 days after the end of each fiscal year of the Borrower occurring during the term hereof, a complete copy of Borrower's signed Form 990 as filed with the Internal Revenue Service for such fiscal year.

(b) **Interim Financial Statements.** Such interim financial statements as Lender may request from time to time prepared in reasonable detail acceptable to Lender.

(c) **Notice of Default.** Promptly after becoming aware thereof, notice of the occurrence of an Event of Default or a Potential Default, including, without limitation, any error in the Borrower's financial information previously provided to Lender and the occurrence of any breach, default, event of default or event that, with the giving of notice and/or the passage of time and/or the occurrence of any other condition, would become a breach, default or event of default under any loan agreement, indenture, mortgage, or other credit or security agreement or instrument to which the Borrower is a party or by which it or any of its property may be bound or affected.

(d) **Notice of Litigation, Environmental Matters, Etc.** Promptly after becoming aware thereof, notice of: (1) the commencement of any action, suit or proceeding before any court, arbitrator or governmental department, commission, board, bureau, agency, or instrumentality having jurisdiction over the Borrower, that, if adversely decided, could result in a Material Adverse Change; (2) the receipt of any notice, indictment, pleading or other communication alleging a condition that may require the Borrower

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to undertake or to contribute to a clean-up or other response under any environmental Law, or that seeks penalties, damages, injunctive relief, criminal sanctions or other relief as a result of an alleged violation of any such Law, or that claims personal injury or property damage as a result of environmental factors or conditions; and (3) any matter that could cause a Material Adverse Change, including any decision of any regulatory authority or commission.

(e) **Notice of Certain Events.** (1) Notice at least 30 days prior thereto, of any change in the Borrower's name or corporate structure; (2) notice at least 30 days prior thereto, of any change in the Borrower's organizational documents which changes must be approved in writing by Lender in its reasonable discretion; (3) notice at least 30 days prior thereto, of any change in the principal place of business of the Borrower or the office where its records concerning its accounts are kept; and (4) as soon as available after any changes thereto, copies of the Borrower's organizational documents certified by the Borrower's Secretary or equivalent officer acceptable to Lender.

5.2 Instruction Letter. Comply with any and all requirements detailed in an Instruction Letter.

5.3 Corporate Existence, Etc. Preserve and keep in full force and effect its existence and good standing in the jurisdiction of its incorporation or formation, qualify and remain qualified to transact business in all jurisdictions where such qualification is required, and obtain and maintain all licenses, certificates, permits, authorizations, approvals, and the like that are material to the conduct of its business or required by any Law.

5.4 Insurance. Maintain insurance with reputable and financially sound insurance companies or associations, including self-insurance to the extent customary, acceptable to Lender in such amounts and covering such risks as are usually carried by companies engaged in the same or similar business and similarly situated, and make such increases in the type or amount of coverage as Lender may reasonably request. All such policies insuring any collateral for the Borrower's obligations to Lender will have additional insured, mortgagee and lender's loss payee clauses or endorsements, as applicable, in form and substance satisfactory to Lender. At Lender's request, the Borrower agrees to deliver to Lender such proof of compliance with this section as Lender may require.

5.5 Property Maintenance. Maintain in good repair, working order and condition (ordinary wear and tear excepted) in accordance with the general practice of other businesses of similar character and size, all of those properties useful or necessary to its business, and make all alterations, replacements, and improvements thereto as may from time to time be necessary in order to ensure that its properties remain in good working order and condition. The Borrower agrees that at Lender's request, which request may not be made more than once a year, the Borrower will furnish to Lender a report on the condition of the Borrower's property prepared by a professional engineer satisfactory to Lender.

5.6 Inspection. Permit Lender or its agents, upon reasonable notice and during normal business hours or at such other times as the parties may agree, to inspect and visit any of its properties, examine and make excerpts from its books and records, and to discuss its business affairs, finances and accounts with its officers, directors, employees, and independent certified public accountants and to conduct reviews of any collateral.

5.7 Books and Records. Maintain and keep proper books and records of account in which full, true and correct entries of all its dealings, business and financial affairs will be made in accordance with the Accounting Standards.

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5.8 Compliance With Laws. Comply in all material respects with all Laws and any patron or member investment program applicable to the Borrower. In addition, the Borrower agrees to cause all persons occupying or present on any of its properties to comply in all material respects with all Laws relating to such properties.

5.9 Further Assurances and Other Information. From time to time and at its expense, execute and deliver such documents and do such other acts and things as Lender in its sole discretion may deem necessary or advisable from time to time in order to more fully carry out the provisions and purpose of the Loan Documents, including delivery of such other information regarding the condition or operations, financial or otherwise, of the Borrower as Lender may from time to time reasonably request, including, but not limited to, copies of all pleadings, notices and communications referred to in Section 5.1(d) above.

5.10 Capital. Maintain its status as an entity eligible to borrow from Lender and acquire equity in Lender in such amounts and at such times as Lender may from time to time require in accordance with its Bylaws and Capital Plan (as each may be amended from time to time), except that the maximum amount of equity that the Borrower may be required to purchase in connection with a loan may not exceed the maximum amount permitted by the Bylaws at the time the Promissory Note relating to such loan is entered into or such loan is renewed or refinanced by Lender. The rights and obligations of the parties with respect to such equity and any patronage or other distributions made by Lender will be governed by Lender's Bylaws and Capital Plan (as each may be amended from time to time).

5.11 Delivery of Original Loan Documents. If copies of any executed Loan Documents are delivered to Lender as provided in Article 3 above, immediately deliver to Lender the original executed versions of such Loan Documents.

5.12 Indemnity for Taxes. At all times indemnify and hold and save Lender harmless from and against any and all actions or causes of action, claims, demands, liabilities, loss, damage or expense of whatsoever kind and nature incurred by Lender as a result of the non-payment of any documentary stamp tax, intangible tax, interest or penalties associated therewith or any other local, state or federal assessment required to be paid, but not paid in conjunction with the indebtedness evidenced by the Loan Documents. The Borrower agrees to pay to Lender, its successors and assigns, all sums of money requested by Lender hereunder within ten days of such request, which Lender will or may advance, pay or cause to be paid, or become liable to pay, on account of or in connection with failure to pay as required by the regulations of the governmental authority so imposing said payment. Lender will be entitled to charge for any and all disbursements made by it in good faith, under the reasonable belief that it or the Borrower is or was liable for the amount so assessed. Any default by the Borrower in making any payments required under this covenant will constitute a payment Event of Default under the Loan Documents and Lender may, at its option, declare the entire amount of principal plus accrued interest thereon due and payable without notice or demand.

5.13 ERISA. The Borrower and its subsidiaries, for so long as this Agreement remains outstanding, will remain in compliance in all material respects with the applicable provisions of ERISA, the failure to comply with which has or may cause a Material Adverse Change.

5.14 Water Rights and/or Supplies. Maintain or procure water rights and/or supplies with such amounts, priorities and qualities as are necessary to service adequately the Borrower's customers and members. The Borrower will continue to control, own or have access to all such water rights and/or

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supplies free and clear of the interest of any third party, will not suffer or permit any transfer or encumbrance of such water rights and/or supplies, will not abandon such water rights and/or supplies, or any of them, and will not do any act or thing that would impair or cause the loss of any such water rights and/or supplies.

ARTICLE 6 Negative Covenants. Unless otherwise agreed to in writing by Lender, while this Agreement is in effect, the Borrower will not:

6.1 Other Indebtedness. Create, incur, assume or allow to exist, directly or indirectly, any indebtedness or liability for borrowed money (including trade or bankers' acceptances), letters of credit, or for the deferred purchase price of property or services (including leases that should be capitalized on the books of the lessee in accordance with the Accounting Standards), except for:

- (a) debt to Lender.
- (b) accounts payable to trade creditors incurred in the ordinary course of business.
- (c) current operating liabilities (other than for borrowed money) incurred in the ordinary course of business.
- (d) debt of the Borrower to RD/RUS.
- (e) debt of the Borrower to Texas Water Development Board ("TWDB").
- (f) purchase money security indebtedness, provided that such indebtedness does not exceed 100.000% of the purchase price of the asset(s) being acquired.

6.2 Contingent Liabilities. Assume, guarantee, become liable as a surety, endorse, contingently agree to purchase, or otherwise be or become liable, directly or indirectly (including, but not limited to, by means of a maintenance agreement, an asset or stock purchase agreement, or any other agreement designed to ensure any creditor against loss), for or on account of the obligation of any person or entity, except by the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of the Borrower's business.

6.3 Liens. Create, incur, assume, or allow to exist any mortgage, deed of trust, pledge, lien (including the lien of an attachment, judgment, or execution), security interest, or other encumbrance of any kind upon any of its property, real or personal (collectively, "**Liens**"). The foregoing restrictions will not apply to:

- (a) Liens in favor of Lender.
- (b) Liens in favor of TWDB to secure indebtedness permitted hereunder.
- (c) Liens in favor of RD/RUS to secure indebtedness permitted hereunder.
- (d) Liens for taxes, assessments, or governmental charges that are not past due.
- (e) pledges and deposits under workers' compensation, unemployment insurance, and social security Laws.

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(f) pledges and deposits to secure the performance of bids, tenders, contracts (other than contracts for payment of money), and like obligations arising in the ordinary course of business as conducted on the date hereof.

(g) Liens imposed by Law in favor of mechanics, material suppliers, warehouses, and like persons that secure obligations that are not past due.

(h) easements, rights-of-way, restrictions, and other similar encumbrances that, in the aggregate, do not materially interfere with the occupation, use, and enjoyment of the property or assets encumbered thereby in the normal course of business or materially impair the value of the property subject thereto.

(i) purchase money Liens to secure indebtedness permitted hereunder.

6.4 Transactions with Affiliates. Enter into any transaction with any affiliate except in the ordinary course of and pursuant to the reasonable requirements of its business and upon fair and reasonable terms no less favorable to it than it would obtain in a comparable arm's-length transaction with a person or entity that was not an affiliate.

6.5 Loans and Investments. Make any loan or advance to, or make any investment in, or make any capital contribution to, or purchase or make any commitment to purchase any stock, bonds, notes or other securities of any person or entity, except for:

(a) securities or deposits issued, guaranteed or fully insured as to payment by the United States of America or any agency thereof.

(b) equity in, or obligation of, Lender.

6.6 Dividends and Distributions. Declare or pay any dividends or make any other distribution of assets to shareholders of the Borrower, or retire, redeem, purchase or otherwise acquire for value any capital stock of the Borrower.

6.7 Mergers, Acquisitions, Etc. Merge or consolidate with any other entity or acquire all or a material part of the assets of any other person or entity, or form or create any new subsidiary, or commence operations under any other name, organization, or entity, including any joint venture.

6.8 Transfer of Assets. Sell, transfer, lease, or otherwise dispose of any of its assets, except: (a) in the ordinary course of business; and (b) the sale, transfer or disposal of any obsolete or worn-out assets that are no longer necessary or required in the conduct of the Borrower's business.

6.9 Change in Business. Engage in any business activities or operations substantially different from or unrelated to the Borrower's present business activities or operations.

6.10 Use of Proceeds. Use the proceeds of any loan made by Lender to the Borrower, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the Board) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

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ARTICLE 7 Financial Covenants. Unless otherwise agreed to in writing by Lender, while this Agreement is in effect:

7.1 Debt Service Coverage Ratio. The Borrower and its consolidated subsidiaries, if any, will have at the end of each fiscal year of the Borrower a Debt Service Coverage Ratio (as defined below) for such year of not less than 1.25 to 1.00. For purposes hereof, the term “**Debt Service Coverage Ratio**” means the ratio of: (a) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus depreciation expense, amortization expense, and interest expense, minus non-cash patronage, and non-cash income from subsidiaries and/or joint ventures, and grant income; to (b) all principal payments due within the period on all Long-Term Debt (as defined below) plus interest expense (all as calculated on a consolidated basis for the applicable period in accordance with the Accounting Standards). For purposes hereof, “**Long-Term Debt**” means, for the Borrower, on a consolidated basis, the sum of (1) all indebtedness for borrowed money, (2) obligations that are evidenced by notes, bonds, debentures or similar instruments, and (3) that portion of obligations with respect to capital leases or other capitalized agreements that are properly classified as a liability on the balance sheet in conformity with Accounting Standards or that are treated as operating leases under regulations applicable to them but that otherwise would be required to be capitalized under Accounting Standards, in each case having a maturity of more than one year from the date of its creation or having a maturity within one year from such date but that is renewable or extendible, at the Borrower’s option, to a date more than one year from such date or that arises under a revolving credit or similar agreement that obligates the lender(s) to extend credit during a period of more than one year from such date, including all current maturities in respect of such indebtedness whether or not required to be paid within one year from the date of its creation.

ARTICLE 8 Default.

8.1 Each of the following will constitute an “Event of Default” hereunder:

(a) **Payment Default.** The Borrower should fail to make any payment to Lender when due.

(b) **Representations and Warranties.** Any representation, warranty, certification or statement of fact made at any time by the Borrower, herein or in any other Loan Document, or in any certificate, other instrument or statement furnished to Lender by or on behalf of the Borrower, will have been false or misleading in any material respect as of the time it was made or furnished.

(c) **Covenants.** The Borrower will default in the observance or performance of any covenant set forth in Article 5 (other than Sections 5.1(c), 5.1(d), 5.1(e)(1), 5.1(e)(2), and 5.2 above), and such default continues for 30 days after written notice thereof will have been delivered to the Borrower by Lender.

(d) **Other Covenants and Agreements.** The Borrower will default in the observance or performance of Sections 5.1(c), 5.1(d), 5.1(e)(1), 5.1(e)(2), and 5.2 or any other covenant or agreement contained herein or in any other Loan Document or if Borrower uses the proceeds of any loan for any unauthorized purpose.

(e) **Cross Default.** The Borrower should, after any applicable grace period, breach or be in default under the terms of any other Loan Document (including, without limitation, any security instrument or document) or any other agreement between the Borrower and Lender, or between the

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Borrower and any affiliate of Lender, including without limitation Farm Credit Leasing Services Corporation.

(f) **Other Indebtedness.** The Borrower should fail to pay when due any indebtedness to any other person or entity for borrowed money or any long-term obligation for the deferred purchase price of property (including any capitalized lease), or any other event occurs that, under any agreement or instrument relating to such indebtedness or obligation, has the effect of accelerating or permitting the acceleration of such indebtedness or obligation, whether or not such indebtedness or obligation is actually accelerated or the right to accelerate is conditioned on the giving of notice, the passage of time, or otherwise.

(g) **Judgments.** A judgment, decree, or order for the payment of money will have been rendered against the Borrower and either: (1) enforcement proceedings will have been commenced; (2) a Lien prohibited by this Agreement, any security instrument, or any other Loan Document, will have been obtained; or (3) such judgment, decree, or order will continue unsatisfied and in effect for a period of 30 consecutive days without being vacated, discharged, satisfied, bonded, or stayed pending appeal.

(h) **Loan Document Unenforceable.** Any of the Loan Documents ceases to be a legal, valid, and binding agreement enforceable against the Borrower or any Guarantor, if any or is in any way terminated (except in accordance with its terms) or becomes or is declared ineffective or inoperative.

(i) **Revocation of Guaranty.** Any guaranty, suretyship, subordination agreement, maintenance agreement, or other agreement furnished in connection with the Borrower's obligations hereunder and under any Promissory Note will, at any time, cease to be in full force and effect, or will be revoked or declared null and void, or the validity thereof will be contested by the Guarantor, surety or other maker thereof, or the Guarantor will deny any further liability or obligations thereunder, or will fail to perform its obligations thereunder, or any representation or warranty set forth therein will be breached, or the Guarantor will breach or be in default under the terms of any other agreement with Lender (including any loan agreement or security agreement), or a default set forth in sections (f) through (h) will occur with respect to the Guarantor.

(j) **Insolvency, Etc.** The Borrower will: (1) become insolvent or will generally not, or will be unable to, or will admit in writing its inability to, pay its debts as they become due; or (2) suspend its business operations or a material part thereof or make an assignment for the benefit of creditors; or (3) apply for, consent to, or acquiesce in the appointment of a trustee, receiver, or other custodian for it or any of its property; or (4) have commenced against it any action or proceeding for the appointment of a trustee, receiver, or other custodian and such action or proceeding is not dismissed within 30 days of the date thereof, or a trustee, receiver, or other custodian is appointed for all or any part of its property; or (5) receive notice from any regulatory or governmental authority to the effect that such authority intends to replace the management of the Borrower or assume control over the Borrower; or (6) commence or have commenced against it any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, or liquidation law of any jurisdiction.

(k) **Material Adverse Change.** Any Material Adverse Change occurs, as reasonably determined by Lender.

8.2 Remedies. Upon the occurrence and during the continuance of an Event of Default or Potential Default, Lender will have no obligation to extend or continue to extend credit to the Borrower

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and may discontinue doing so at any time without prior notice or other limitation. In addition, upon the occurrence and during the continuance of any Event of Default, Lender may, upon notice to the Borrower:

(a) **Termination and Acceleration.** Terminate any commitment and declare the unpaid principal balance of the loans, all accrued interest thereon, and all other amounts payable under this Agreement, each Promissory Note, and all other Loan Documents to be immediately due and payable. Upon such a declaration, the unpaid principal balance of the loans and all such other amounts will become immediately due and payable, without protest, presentment, demand, or further notice of any kind, all of which are hereby expressly waived by the Borrower.

(b) **Enforcement.** Proceed to protect, exercise, and enforce such rights and remedies as may be provided by this Agreement, any security instrument or document, any other Loan Document, or under Law. Each and every one of such rights and remedies will be cumulative and may be exercised from time to time, and no failure on the part of Lender to exercise, and no delay in exercising, any right or remedy will operate as a waiver thereof, and no single or partial exercise of any right or remedy will preclude any future or other exercise thereof, or the exercise of any other right. Without limiting the foregoing, Lender may hold and/or set off and apply against the Borrower's obligations to Lender the proceeds of any equity in Lender, any cash collateral held by Lender, or any balances held by Lender for the Borrower's account (whether or not such balances are then due).

(c) **Application of Funds.** Lender may apply all payments received by it to the Borrower's obligations to Lender in such order and manner as Lender may elect in its sole discretion.

(d) **Interest upon default.** In addition to the rights and remedies set forth above and notwithstanding any Promissory Note: (1) upon the occurrence and during the continuance of an Event of Default, at Lender's option in each instance, the entire indebtedness outstanding hereunder and under each Promissory Note will bear interest from the date of such Event of Default until such Event of Default will have been waived or cured in a manner satisfactory to Lender at 4.00% per annum in excess of the rate(s) of interest that would otherwise be in effect on that loan under the terms of the applicable Promissory Note; and (2) after the maturity of any loan (whether as a result of acceleration or otherwise), the unpaid principal balance of such loan (including without limitation, principal, interest, fees and expenses) will automatically bear interest at 4.00% per annum in excess of the rate(s) of interest that would otherwise be in effect on that loan under the terms of the Promissory Note. All interest provided for herein will be payable on demand and will be calculated on the basis of a year consisting of 360 days.

ARTICLE 9 Expenses; Indemnification; Damage Waiver.

9.1 Costs and Expenses. To the extent allowed by Law, the Borrower agrees to pay all reasonable out-of-pocket costs and expenses (including the fees and expenses of counsel retained or employed by Lender) incurred by Lender and any participants of Lender in connection with the origination, administration, collection and enforcement of this Agreement and the other Loan Documents, including, without limitation, all costs and expenses incurred in obtaining, perfecting, maintaining, determining the priority of, and releasing any security for the Borrower's obligations to Lender, and any stamp, intangible, transfer or like tax incurred in connection with this Agreement or any other Loan Document or the recording hereof or thereof.

9.2 Indemnification. The Borrower indemnifies Lender, its affiliates and its and their respective officers, directors, employees, agents and advisors (each an "**Indemnatee**") against, and holds

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each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including fees and expenses of employed or retained counsel) incurred by any Indemnitee or asserted against any Indemnitee by any third party arising out of or as a result of (a) the execution or delivery of any Loan Document, the performance or nonperformance by the Borrower of its obligations under any Loan Document or the consummation of the transactions contemplated thereby, including the use of the proceeds therefrom, (b) breach of representations, warranties or covenants of the Borrower under any Loan Document, or (c) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, including any such items or losses relating to or arising under environmental Laws or pertaining to environmental matters, regardless whether any Indemnitee is a party thereto; provided that such indemnity will not, as to an Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

9.3 Waiver of Consequential Damages. To the fullest extent permitted by applicable Law, the Borrower will not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages arising out of, in connection with, or as a result of, any Loan Document, the transactions contemplated thereby or the use of the proceeds thereof.

ARTICLE 10 Miscellaneous.

10.1 Amendments; Waivers; Etc. No amendment, modification, or waiver of any provision of this Agreement or the other Loan Documents, and no consent to any departure by the Borrower herefrom or therefrom, will be effective unless approved by Lender and contained in a writing signed by or on behalf of Lender, and then such waiver or consent will be effective only in the specific instance and for the specific purpose for which given. In the event this Agreement is amended or restated, each such amendment or restatement will be applicable to all Promissory Notes hereto.

10.2 Notices. All notices hereunder will be in writing and will be deemed to have been duly given when addressed to the party intended to receive the same at the address of such party set forth below (or such other address either party may specify by like notice), (a) upon delivery if personally delivered to a party at such address, (b) three days after the same is deposited in the United States mail as first class, certified mail, return receipt requested, postage paid, (c) one business day after the same has been deposited with Federal Express or another nationally recognized overnight courier service if designated for next-day delivery, and (d) upon delivery if sent by facsimile or electronic mail with confirmation of delivery of the same:

WINDERMERE OAKS WATER SUPPLY CORPORATION

Spicewood, Texas

Agreement No. 00122964SLA

If to Lender, as follows:

For general correspondence purposes:

P.O. Box 5110

Denver, Colorado 80217-5110

For direct delivery purposes, when desired:

6340 South Fiddlers Green Circle

Greenwood Village, Colorado 80111-1914

Attention: Credit Information Services

Fax No.: (303) 224-6101

If to the Borrower, as follows:

Windermere Oaks Water Supply Corporation

424 Coventry Road

Spicewood, Texas 78669

424 Coventry Road

Spicewood, Texas 78669

Attention: President

Fax No.:

10.3 Survival. Notwithstanding anything to the contrary in this or any other Loan Document, Sections 5.12, 8.2, all of Article 9, and Section 10.7 will survive the termination of this Agreement, repayment of every Promissory Note, and the foreclosure, or any other enforcement action, of any and all security pledged pursuant to Section 2.3 above. The representations, warranties, acknowledgments, and agreements set forth herein will survive the date of this Agreement, but not its termination unless otherwise agreed.

10.4 Effectiveness and Severability. This Agreement will continue in effect until: (a) all indebtedness and obligations of the Borrower under this Agreement and the other Loan Documents have been paid or satisfied; (b) Lender has no commitment to extend credit to or for the account of the Borrower under any Promissory Note; and (c) either party sends written notice to the other party terminating this Agreement. Any provision of this Agreement or any other Loan Document that is prohibited or unenforceable in any jurisdiction will be ineffective to the extent of such prohibition or unenforceable without invalidating the remaining provisions hereof or thereof.

10.5 Successors and Assigns.

(a) **Successors and Assigns Generally.** This Agreement and the other Loan Documents will be binding upon and inure to the benefit of the Borrower and Lender and their respective successors and assigns, except that the Borrower may not assign or transfer its rights or obligations under this Agreement or the other Loan Documents without the prior written consent of Lender.

(b) **Participations, Etc.** From time to time, Lender may sell to one or more banks, financial institutions, or other lenders a participation in one or more of the loans or other extensions of credit made pursuant to this Agreement. However, no such participation will relieve Lender of any commitment made to the Borrower hereunder. In connection with the foregoing, Lender may disclose information concerning the Borrower and its subsidiaries, if any, to any participant or prospective participant, provided that such participant or prospective participant agrees to keep such information confidential. Patronage distributions in the event of a sale of a participation interest will be governed by Lender's Bylaws and Capital Plan (as each may be amended from time to time). A sale of a participation interest may include certain voting rights of the participants regarding the loans hereunder (including without limitation the administration, servicing, and enforcement thereof). Lender agrees to give written notification to the Borrower of any sale of a participation interest.

WINDERMERE OAKS WATER SUPPLY CORPORATION
Spicewood, Texas
Agreement No. 00122964SLA

10.1 Integration; Other Types of Credit; Counterparts; Electronic Signatures.

(a) **Integration.** The Loan Documents are intended by the parties to be a complete and final expression of their agreement. Each Promissory Note will be deemed to incorporate all of the terms and conditions of this Agreement as if fully set forth therein. Without limiting the foregoing, any capitalized term utilized in any Promissory Note (or in any amendment to this Agreement or Promissory Note) and not otherwise defined in the Promissory Note (or amendment) will have the meaning set forth herein or, if applicable, in the Accounting Standards. In the event the Accounting Standards are changed after the date hereof, then all such changes will be applicable hereto, unless Lender otherwise specifies in writing.

(b) **Other Types of Credit.** From time to time, Lender may issue letters of credit or extend other types of credit to or for the account of the Borrower. In the event the parties desire to do so under the terms of this Agreement, then the agreement of the parties with respect thereto may be set forth in a Promissory Note and this Agreement will be applicable thereto.

(c) **Counterparts; Electronic Signatures.** This Agreement, each Promissory Note and any other Loan Document may be executed in counterparts, each of which will constitute an original, but all of which when taken together will constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement, any Promissory Note or any other Loan Document by facsimile or other electronic means will be as effective as delivery of a manually executed counterpart of each such Agreement, Promissory Note or Loan Document. The parties agree that the electronic signature of a party to this Agreement, any Promissory Note or any other Loan Document shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement or such Loan Document. The parties agree that any electronically signed Loan Document (including this Agreement) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. The parties presently intend to authenticate any Loan Documents to which they are a party by either signing such Loan Document or attaching thereto or logically associating therewith an electronic sound, symbol or process as their respective electronic signature. The words "execution," "signed," "signature," and words of like import in any Loan Document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state Laws based on the Uniform Electronic Transactions Act.

10.2 Applicable Law; Submission to Jurisdiction; Service of Process; Waiver of Venue; Waiver of Jury Trial.

(a) **Applicable Law.** Without giving effect to the principles of conflict of laws and except to the extent governed by federal law, the Laws of the State of Colorado, without reference to choice of law doctrine, will govern this Agreement, each Promissory Note and any other Loan Document for which Colorado is specified as the applicable law, and all disputes and matters between the parties to this Agreement, including all disputes and matters whatsoever arising under, in connection with or incident to the lending and/or leasing or other business relationship between the parties, and the rights and obligations of the parties to this Agreement or any other Loan Document by and between the parties for which Colorado is specified as the applicable law.

WINDERMERE OAKS WATER SUPPLY CORPORATION

Spicewood, Texas

Agreement No. 00122964SLA

(b) **Submission to Jurisdiction; Service of Process.** The Borrower hereby irrevocably consents to the nonexclusive jurisdiction of any state or federal court in Denver, Colorado, and consents that Lender may effect any service of process in the manner and at the Borrower's address set forth herein for providing notice or demand; provided that nothing contained in this Agreement will prevent Lender from bringing any action, enforcing any award or judgment or exercising any rights against the Borrower individually, against any collateral or against any property of the Borrower within any other county, state or other foreign or domestic jurisdiction.

(c) **Waiver of Venue.** The Borrower acknowledges and agrees that the venue provided above is the most convenient forum for the Borrower and Lender. The Borrower waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Agreement.

(d) **Waiver of Jury Trial.** The Borrower and Lender each hereby irrevocably waives any right it may have to a trial by jury in connection with any action directly or indirectly arising out of or relating to this Agreement or any other Loan Document. Each party hereto (1) certifies that no representative, administrative agent or attorney of any other person has represented, expressly or otherwise, that such other person would not, in the event of litigation, seek to enforce the foregoing waiver and (2) acknowledges that it and the other parties hereto have been induced to enter into this Agreement and other Loan Documents by, among other things, the mutual waivers and certifications in this section.

10.3 USA Patriot Act Notice. Lender hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act, it is required to obtain, verify, and record information that identifies the Borrower in accordance with the USA Patriot Act. The Borrower covenants and agrees it will not, and agrees to cause each of its subsidiaries not to, at any time, directly or indirectly be (a) a person with whom Lender is restricted from doing business under any Anti-Terrorism Law, (b) engaged in any business involved in making or receiving any contribution of funds, goods or services to or for the benefit of such a person or in any transaction that evades or avoids, or has the purpose of evading or avoiding, the prohibitions set forth in any Anti-Terrorism Law, or (c) otherwise in violation of any Anti-Terrorism Law (the Borrower will and will cause each of its subsidiaries to provide to Lender any certifications or information that Lender requests to confirm compliance by the Borrower and its subsidiaries with any Anti-Terrorism Law). "**Anti-Terrorism Law**" means any Law relating to terrorism or money laundering, including Executive Order No. 13224, the USA Patriot Act, the Laws comprising or implementing the Bank Secrecy Act, and the Laws administered by the United States Treasury Department's Office of Foreign Asset Control, as any of the foregoing Laws may from time to time be amended, renewed, extended, or replaced.

SIGNATURE PAGE FOLLOWS

WINDERMERE OAKS WATER SUPPLY CORPORATION

Spicewood, Texas

Agreement No. 00122964SLA

SIGNATURE PAGE TO CREDIT AGREEMENT

IN WITNESS WHEREOF, the parties hereto, by their duly authorized officers, have executed this Agreement.

**WINDERMERE OAKS WATER SUPPLY
CORPORATION**

By: _____

Name: _____

Title: _____

WINDERMERE OAKS WATER SUPPLY CORPORATION

Spicewood, Texas

Agreement No. 00122964SLA

SIGNATURE PAGE TO CREDIT AGREEMENT

IN WITNESS WHEREOF, the parties hereto, by their duly authorized officers, have executed this Agreement.

COBANK, ACB

By: _____

Name: _____

Title: _____



Loan No. 00122964T01

SINGLE ADVANCE TERM PROMISSORY NOTE

THIS SINGLE ADVANCE TERM PROMISSORY NOTE (this “**Promissory Note**”) to the Credit Agreement dated July 24, 2020 (such agreement, as may be amended, hereinafter referred to as the “**Credit Agreement**”), is entered into as of July 24, 2020 between **COBANK, ACB**, a federally-chartered instrumentality of the United States (“**Lender**”) and **WINDERMERE OAKS WATER SUPPLY CORPORATION**, Spicewood, Texas, a nonprofit corporation (together with its permitted successors and assigns, the “**Borrower**”). Capitalized terms not otherwise defined in this Promissory Note will have the meanings set forth in the Credit Agreement.

SECTION 1. SINGLE ADVANCE TERM COMMITMENT. On the terms and conditions set forth in the Credit Agreement and this Promissory Note, Lender agrees to make a single advance loan to the Borrower in an amount not to exceed \$230,000.00 (the “**Commitment**”).

SECTION 2. PURPOSE. The purpose of the Commitment is to refinance some of the Borrower’s indebtedness to First United Bank and Trust and identified on Exhibit A hereto (individually or collectively, the “**Existing Loan(s)**”).

SECTION 3. TERM. The Commitment will expire at 12:00 p.m. Denver, Colorado time on August 31, 2020, or on such later date as Lender may, in its sole discretion, authorize in writing (the “**Term Expiration Date**”).

SECTION 4. LIMITS ON ADVANCES, AVAILABILITY, ETC. The loans will be made available as provided in Article 2 of the Credit Agreement.

SECTION 5. INTEREST. The Borrower agrees to pay interest on the unpaid balance of the loan(s) in accordance with the following interest rate option(s):

(A) Weekly Quoted Variable Rate. At a rate per annum equal at all times to the rate of interest established by Lender on the first Business Day of each week. The rate established by Lender will be effective until the first Business Day of the next week. Each change in the rate will be applicable to all balances subject to this option and information about the then current rate will be made available upon telephonic request.

(B) Quoted Rate. At a fixed rate per annum to be quoted by Lender in its sole discretion in each instance. Under this option, rates may be fixed on such balances and for such periods, as may be agreeable to Lender in its sole discretion in each instance, provided that: (1) the minimum fixed period will be 365 days; (2) amounts may be fixed in an amount not less than \$100,000.00; and (3) the maximum number of fixes in place at any one time will be five.

The Borrower will select the applicable rate option at the time it requests a loan hereunder and may, subject to the limitations set forth above, elect to convert balances bearing interest at the variable rate option to one of the fixed rate options. If the Borrower fails to elect an interest rate option, interest will accrue at the variable interest rate option. Upon the expiration of any fixed rate period, interest will automatically accrue at the variable rate option unless the amount fixed is repaid or fixed for an additional

WINDERMERE OAKS WATER SUPPLY CORPORATION

Spicewood, Texas

Promissory Note No. 00122964T01

period in accordance with the terms hereof. Notwithstanding the foregoing, rates may not be fixed for periods expiring after the maturity date of the loans and rates may not be fixed in such a manner as to cause the Borrower to have to break any fixed rate balance in order to pay any installment of principal. All elections provided for herein will be made telephonically or in writing and must be received by 12:00 p.m. Denver, Colorado time. Interest will be calculated on the actual number of days each loan is outstanding on the basis of a year consisting of 360 days and will be payable monthly in arrears by the 20th day of the following month or on such other day as Lender will require in a written notice to the Borrower ("**Interest Payment Date**").

Notwithstanding the foregoing, not later than the last day funds are advanced under this Promissory Note the Borrower will work with Lender to fix the interest rate applicable hereunder through maturity, unless this provision is waived by Lender.

SECTION 6. PROMISSORY NOTE. The Borrower promises to repay the unpaid principal balance of the loan in 240 consecutive, monthly installments, payable on the 20th day of each month, with the first installment due on September 20, 2020, and the last installment due on August 20, 2040. The amount of each installment will be the same principal amount that would be required to be repaid if the loan(s) were scheduled to be repaid in level payments of principal and interest and such schedule was calculated utilizing the rate of interest in effect on the date funds are advanced under this Promissory Note. Principal due on the first payment date will constitute a month's amortization, regardless of any partial month's interest due in accordance with the provisions set forth herein.

In addition to the above, the Borrower promises to pay interest on the unpaid principal balance of the loan at the times and in accordance with the provisions set forth herein.

SECTION 7. PREPAYMENT. Subject to the broken funding surcharge provision of the Credit Agreement, the Borrower may, on one Business Day's prior written notice, prepay all or any portion of the loan(s). Unless otherwise agreed by Lender, all prepayments will be applied to principal installments in the inverse order of their maturity and to such balances, fixed or variable, as Lender will specify.

SECTION 8. SECURITY. The Borrower's obligations hereunder and, to the extent related hereto, under the Credit Agreement, will be secured as provided in Section 2.3 of the Credit Agreement, except that the loans hereunder will be secured by Borrower's personal property rather than by all real and personal property of Borrower.

SECTION 9. FEES. INTENTIONALLY OMITTED.

SECTION 10. FINANCIAL COVENANT. While this Promissory Note is in effect and unless Lender otherwise consents in writing, the Borrower will establish by December 31, 2020 and maintain a debt service reserve account (the "**Reserve**") in the amount of \$9,000.00. The funds in the Reserve will be held in a financial institution acceptable to Lender, or in a cash investment services account at Lender and invested in obligations of Lender. The Borrower hereby pledges and grants to Lender a security interest in the Reserve (including all interest earned thereon) as security for the Borrower's obligations to Lender under the Loan Documents. If requested by Lender, the Borrower will cooperate with Lender in obtaining control with respect to the Reserve if it is maintained with a financial institution other than Lender (the "**Bank**") including entering into a written agreement among the Bank, the Borrower and Lender that the Bank will comply with instructions originated by Lender directing disposition of funds in the Reserve without further consent by the Borrower. However, as long as no Event of Default or Potential Default will have occurred and be continuing, interest on the Borrower's investments in the

WINDERMERE OAKS WATER SUPPLY CORPORATION

Spicewood, Texas

Promissory Note No. 00122964T01

Reserve may be paid to the Borrower in the ordinary course. Investments in Lender are uninsured and unsecured general obligations of Lender. Lender is regulated by the Farm Credit Administration and exempt from registration under federal law.

SIGNATURE PAGE FOLLOWS

WINDERMERE OAKS WATER SUPPLY CORPORATION

Spicewood, Texas

Promissory Note No. 00122964T01**SIGNATURE PAGE TO PROMISSORY NOTE**

IN WITNESS WHEREOF, the parties have caused this Promissory Note to the Credit Agreement to be executed by their duly authorized officer(s).

**WINDERMERE OAKS WATER SUPPLY
CORPORATION**

By: _____

Name: _____

Title: _____

WINDERMERE OAKS WATER SUPPLY CORPORATION

Spicewood, Texas

Promissory Note No. 00122964T01**SIGNATURE PAGE TO PROMISSORY NOTE**

IN WITNESS WHEREOF, the parties have caused this Promissory Note to the Credit Agreement to be executed by their duly authorized officer(s).

COBANK, ACB

By: _____

Name: _____

Title: _____

WINDERMERE OAKS WATER SUPPLY CORPORATION

Spicewood, Texas

Promissory Note No. 00122964T01**EXHIBIT A****To Promissory Note No.** 00122964T01**DESCRIPTION OF EXISTING LOAN(S) TO BE REFINANCED**

The Existing Loan(s) is/are as follows:

LENDER	LOAN DESIGNATION
First United Bank and Trust	8001111555



Loan No. 00122964T02

SINGLE ADVANCE TERM PROMISSORY NOTE

THIS SINGLE ADVANCE TERM PROMISSORY NOTE (this “**Promissory Note**”) to the Credit Agreement dated July 24, 2020 (such agreement, as may be amended, hereinafter referred to as the “**Credit Agreement**”), is entered into as of July 24, 2020 between **COBANK, ACB**, a federally-chartered instrumentality of the United States (“**Lender**”) and **WINDERMERE OAKS WATER SUPPLY CORPORATION**, Spicewood, Texas, a nonprofit corporation (together with its permitted successors and assigns, the “**Borrower**”). Capitalized terms not otherwise defined in this Promissory Note will have the meanings set forth in the Credit Agreement.

SECTION 1. SINGLE ADVANCE TERM COMMITMENT. On the terms and conditions set forth in the Credit Agreement and this Promissory Note, Lender agrees to make a single advance loan to the Borrower in an amount not to exceed \$150,000.00 (the “**Commitment**”).

SECTION 2. PURPOSE. The purpose of the Commitment is to finance various capital expenditures.

SECTION 3. TERM. The Commitment will expire at 12:00 p.m. Denver, Colorado time on August 31, 2020, or on such later date as Lender may, in its sole discretion, authorize in writing (the “**Term Expiration Date**”).

SECTION 4. LIMITS ON ADVANCES, AVAILABILITY, ETC. The loans will be made available as provided in Article 2 of the Credit Agreement.

SECTION 5. INTEREST. The Borrower agrees to pay interest on the unpaid balance of the loan(s) in accordance with the following interest rate option(s):

(A) Weekly Quoted Variable Rate. At a rate per annum equal at all times to the rate of interest established by Lender on the first Business Day of each week. The rate established by Lender will be effective until the first Business Day of the next week. Each change in the rate will be applicable to all balances subject to this option and information about the then current rate will be made available upon telephonic request.

(B) Quoted Rate. At a fixed rate per annum to be quoted by Lender in its sole discretion in each instance. Under this option, rates may be fixed on such balances and for such periods, as may be agreeable to Lender in its sole discretion in each instance, provided that: (1) the minimum fixed period will be 365 days; (2) amounts may be fixed in an amount not less than \$100,000.00; and (3) the maximum number of fixes in place at any one time will be five.

The Borrower will select the applicable rate option at the time it requests a loan hereunder and may, subject to the limitations set forth above, elect to convert balances bearing interest at the variable rate option to one of the fixed rate options. If the Borrower fails to elect an interest rate option, interest will accrue at the variable interest rate option. Upon the expiration of any fixed rate period, interest will automatically accrue at the variable rate option unless the amount fixed is repaid or fixed for an additional period in accordance with the terms hereof. Notwithstanding the foregoing, rates may not be fixed for

WINDERMERE OAKS WATER SUPPLY CORPORATION

Spicewood, Texas

Promissory Note No. 00122964T02

periods expiring after the maturity date of the loans and rates may not be fixed in such a manner as to cause the Borrower to have to break any fixed rate balance in order to pay any installment of principal. All elections provided for herein will be made telephonically or in writing and must be received by 12:00 p.m. Denver, Colorado time. Interest will be calculated on the actual number of days each loan is outstanding on the basis of a year consisting of 360 days and will be payable monthly in arrears by the 20th day of the following month or on such other day as Lender will require in a written notice to the Borrower ("**Interest Payment Date**").

Notwithstanding the foregoing, not later than the last day funds are advanced under this Promissory Note the Borrower will work with Lender to fix the interest rate applicable hereunder through maturity, unless this provision is waived by Lender.

SECTION 6. PROMISSORY NOTE. The Borrower promises to repay the unpaid principal balance of the loan in 240 consecutive, monthly installments, payable on the 20th day of each month, with the first installment due on September 20, 2020, and the last installment due on August 20, 2040. The amount of each installment will be the same principal amount that would be required to be repaid if the loan(s) were scheduled to be repaid in level payments of principal and interest and such schedule was calculated utilizing the rate of interest in effect on the date funds are advanced under this Promissory Note. Principal due on the first payment date will constitute a month's amortization, regardless of any partial month's interest due in accordance with the provisions set forth herein.

In addition to the above, the Borrower promises to pay interest on the unpaid principal balance of the loan at the times and in accordance with the provisions set forth herein.

SECTION 7. PREPAYMENT. Subject to the broken funding surcharge provision of the Credit Agreement, the Borrower may, on one Business Day's prior written notice, prepay all or any portion of the loan(s). Unless otherwise agreed by Lender, all prepayments will be applied to principal installments in the inverse order of their maturity and to such balances, fixed or variable, as Lender will specify.

SECTION 8. SECURITY. The Borrower's obligations hereunder and, to the extent related hereto, under the Credit Agreement, will be secured as provided in Section 2.3 of the Credit Agreement, except that the loans hereunder will be secured by Borrower's personal property rather than by all real and personal property of Borrower.

SECTION 9. FEES. INTENTIONALLY OMITTED.

SECTION 10. FINANCIAL COVENANT. While this Promissory Note is in effect and unless Lender otherwise consents in writing, the Borrower will establish by December 31, 2020 and maintain a debt service reserve account (the "**Reserve**") in the amount of \$5,000.00. The funds in the Reserve will be held in a financial institution acceptable to Lender, or in a cash investment services account at Lender and invested in obligations of Lender. The Borrower hereby pledges and grants to Lender a security interest in the Reserve (including all interest earned thereon) as security for the Borrower's obligations to Lender under the Loan Documents. If requested by Lender, the Borrower will cooperate with Lender in obtaining control with respect to the Reserve if it is maintained with a financial institution other than Lender (the "**Bank**") including entering into a written agreement among the Bank, the Borrower and Lender that the Bank will comply with instructions originated by Lender directing disposition of funds in the Reserve without further consent by the Borrower. However, as long as no Event of Default or Potential Default will have occurred and be continuing, interest on the Borrower's investments in the

WINDERMERE OAKS WATER SUPPLY CORPORATION

Spicewood, Texas

Promissory Note No. 00122964T02

Reserve may be paid to the Borrower in the ordinary course. Investments in Lender are uninsured and unsecured general obligations of Lender. Lender is regulated by the Farm Credit Administration and exempt from registration under federal law.

SIGNATURE PAGE FOLLOWS

WINDERMERE OAKS WATER SUPPLY CORPORATION

Spicewood, Texas

Promissory Note No. 00122964T02**SIGNATURE PAGE TO PROMISSORY NOTE**

IN WITNESS WHEREOF, the parties have caused this Promissory Note to the Credit Agreement to be executed by their duly authorized officer(s).

**WINDERMERE OAKS WATER SUPPLY
CORPORATION**

By: _____

Name: _____

Title: _____

WINDERMERE OAKS WATER SUPPLY CORPORATION

Spicewood, Texas

Promissory Note No. 00122964T02**SIGNATURE PAGE TO PROMISSORY NOTE**

IN WITNESS WHEREOF, the parties have caused this Promissory Note to the Credit Agreement to be executed by their duly authorized officer(s).

COBANK, ACB

By: _____

Name: _____

Title: _____



Loan No. 00122964T03

MULTIPLE ADVANCE TERM PROMISSORY NOTE

THIS MULTIPLE ADVANCE TERM PROMISSORY NOTE (this “**Promissory Note**”) to the Credit Agreement dated July 24, 2020 (such agreement, as may be amended, hereinafter referred to as the “**Credit Agreement**”), is entered into as of July 24, 2020 between **COBANK, ACB**, a federally-chartered instrumentality of the United States (“**Lender**”) and **WINDERMERE OAKS WATER SUPPLY CORPORATION**, Spicewood, Texas, a nonprofit corporation (together with its permitted successors and assigns, the “**Borrower**”). Capitalized terms not otherwise defined in this Promissory Note will have the meanings set forth in the Credit Agreement.

SECTION 1. MULTIPLE ADVANCE TERM COMMITMENT. On the terms and conditions set forth in the Credit Agreement and this Promissory Note, Lender agrees to make loans to the Borrower from time to time during the period set forth below in an aggregate principal amount not to exceed \$300,000.00 (the “**Commitment**”). Under the Commitment, amounts borrowed and later repaid may not be re-borrowed.

SECTION 2. PURPOSE. The purpose of the Commitment is to provide financing for a new clarifier/pre-treatment tank and UV treatment equipment.

SECTION 3. TERM. The term of the Commitment will be from the date hereof, up to 12:00 p.m. Denver, Colorado time on August 31, 2021, or on such later date as Lender may, in its sole discretion, authorize in writing (the “**Term Expiration Date**”).

SECTION 4. LIMITS ON ADVANCES, AVAILABILITY, ETC. The loans will be made available as provided in Article 2 of the Credit Agreement, except that proceeds of the loans will be made available upon receipt of a draw request in the form and substance acceptable to CoBank.

SECTION 5. INTEREST. The Borrower agrees to pay interest on the unpaid balance of the loan(s) in accordance with the following interest rate option(s):

(A) Weekly Quoted Variable Rate. At a rate per annum equal at all times to the rate of interest established by Lender on the first Business Day of each week. The rate established by Lender will be effective until the first Business Day of the next week. Each change in the rate will be applicable to all balances subject to this option and information about the then current rate will be made available upon telephonic request.

(B) Quoted Rate. At a fixed rate per annum to be quoted by Lender in its sole discretion in each instance. Under this option, rates may be fixed on such balances and for such periods, as may be agreeable to Lender in its sole discretion in each instance, provided that: (1) the minimum fixed period will be 365 days; (2) amounts may be fixed in an amount not less than \$100,000.00; and (3) the maximum number of fixes in place at any one time will be five.

The Borrower will select the applicable rate option at the time it requests a loan hereunder and may, subject to the limitations set forth above, elect to convert balances bearing interest at the variable rate option to one of the fixed rate options. If the Borrower fails to elect an interest rate option, interest will accrue at the variable interest rate option. Upon the expiration of any fixed rate period, interest will automatically accrue at the variable rate option unless the amount fixed is repaid or fixed for an additional period in accordance with the terms hereof. Notwithstanding the foregoing, rates may not be fixed for

WINDERMERE OAKS WATER SUPPLY CORPORATION

Spicewood, Texas

Promissory Note No. 00122964T03

periods expiring after the maturity date of the loans and rates may not be fixed in such a manner as to cause the Borrower to have to break any fixed rate balance in order to pay any installment of principal. All elections provided for herein will be made telephonically or in writing and must be received by 12:00 p.m. Denver, Colorado time. Interest will be calculated on the actual number of days each loan is outstanding on the basis of a year consisting of 360 days and will be payable monthly in arrears by the 20th day of the following month or on such other day as Lender will require in a written notice to the Borrower ("**Interest Payment Date**").

Notwithstanding the foregoing, not later than the last day funds are advanced under this Promissory Note the Borrower will work with Lender to fix the interest rate applicable hereunder through maturity, unless this provision is waived by Lender.

SECTION 6. PROMISSORY NOTE. The Borrower promises to repay the unpaid principal balance of the loans in 240 consecutive, monthly installments, payable on the 20th day of each month, with the first installment due on September 20, 2021, and the last installment due on August 20, 2041. The amount of each installment will be the same principal amount that would be required to be repaid if the loan(s) were scheduled to be repaid in level payments of principal and interest and such schedule was calculated utilizing the rate of interest in effect on the Term Expiration Date. Principal due on the first payment date will constitute a month's amortization, regardless of any partial month's interest due in accordance with the provisions set forth herein.

In addition to the above, the Borrower promises to pay interest on the unpaid principal balance of the loans at the times and in accordance with the provisions set forth herein.

SECTION 7. PREPAYMENT. Subject to the broken funding surcharge provision of the Credit Agreement, the Borrower may, on one Business Day's prior written notice, prepay all or any portion of the loan(s). Unless otherwise agreed by Lender, all prepayments will be applied to principal installments in the inverse order of their maturity and to such balances, fixed or variable, as Lender will specify.

SECTION 8. SECURITY. The Borrower's obligations hereunder and, to the extent related hereto, under the Credit Agreement, will be secured as provided in Section 2.3 of the Credit Agreement, except that the loans hereunder will be secured by Borrower's personal property rather than by all real and personal property of Borrower.

SECTION 9. FEES. INTENTIONALLY OMITTED.

SECTION 10. FINANCIAL COVENANT. While this Promissory Note is in effect and unless Lender otherwise consents in writing, the Borrower will establish by December 31, 2020 and maintain a debt service reserve account (the "**Reserve**") in the amount of \$10,000.00. The funds in the Reserve will be held in a financial institution acceptable to Lender, or in a cash investment services account at Lender and invested in obligations of Lender. The Borrower hereby pledges and grants to Lender a security interest in the Reserve (including all interest earned thereon) as security for the Borrower's obligations to Lender under the Loan Documents. If requested by Lender, the Borrower will cooperate with Lender in obtaining control with respect to the Reserve if it is maintained with a financial institution other than Lender (the "**Bank**") including entering into a written agreement among the Bank, the Borrower and Lender that the Bank will comply with instructions originated by Lender directing disposition of funds in the Reserve without further consent by the Borrower. However, as long as no Event of Default or Potential Default will have occurred and be continuing, interest on the Borrower's investments in the Reserve may be paid to the Borrower in the ordinary course. Investments in Lender are uninsured and

WINDERMERE OAKS WATER SUPPLY CORPORATION

Spicewood, Texas

Promissory Note No. 00122964T03

unsecured general obligations of Lender. Lender is regulated by the Farm Credit Administration and exempt from registration under federal law.

SIGNATURE PAGE FOLLOWS

WINDERMERE OAKS WATER SUPPLY CORPORATION

Spicewood, Texas

Promissory Note No. 00122964T03**SIGNATURE PAGE TO PROMISSORY NOTE**

IN WITNESS WHEREOF, the parties have caused this Promissory Note to the Credit Agreement to be executed by their duly authorized officer(s).

**WINDERMERE OAKS WATER SUPPLY
CORPORATION**

By: _____

Name: _____

Title: _____

WINDERMERE OAKS WATER SUPPLY CORPORATION

Spicewood, Texas

Promissory Note No. 00122964T03**SIGNATURE PAGE TO PROMISSORY NOTE**

IN WITNESS WHEREOF, the parties have caused this Promissory Note to the Credit Agreement to be executed by their duly authorized officer(s).

COBANK, ACB

By: _____

Name: _____

Title: _____



6340 S. Fiddlers Green Circle
Greenwood Village, CO 80111
800-542-8072
www.cobank.com

PLEASE COMPLETE AND RETURN TO COBANK

Invoice

Billing Date: July 24, 2020
Customer Number: 00122964
Customer Name: Windermere Oaks Water Supply Corporation
Customer Address: 424 Coventry Road
City/State/Zip: Spicewood, Texas 78669

Billing Detail

<u>Equity</u>	<u>\$1,000.00</u>
Total:	<u>\$1,000.00</u>

PLEASE BE SURE TO INDICATE YOUR METHOD OF PAYMENT

☐ By Check ☐ By Wire

AMOUNT DUE UPON EXECUTION OF AGREEMENT(S) DETAILED ABOVE. PLEASE BE SURE TO INDICATE YOUR METHOD OF PAYMENT.

Remit to:	Legal Loan Processing Closing CoBank, ACB 6340 S. Fiddlers Green Circle Greenwood Village, Colorado 80111
Remit by wire to:	
Bank Name:	CoBank, ACB
Bank Location:	Greenwood Village, CO
Bank ABA/Routing No:	307088754
Account Name:	Windermere Oaks Water Supply Corporation
Account Number:	00122964

Please complete and return this copy



6340 S. Fiddlers Green Circle
Greenwood Village, CO 80111
800-542-8072
www.cobank.com

CUSTOMER COPYInvoice

Billing Date: July 24, 2020
Customer Number: 00122964
Customer Name: Windermere Oaks Water Supply Corporation
Customer Address: 424 Coventry Road
City/State/Zip: Spicewood, Texas 78669

Billing Detail

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Bank Location:	Greenwood Village, CO
Bank ABA/Routing No:	307088754
Account Name:	Windermere Oaks Water Supply Corporation
Account Number:	00122964

Please keep this copy for your records

Form **W-9**
(Rev. October 2018)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

► Go to www.irs.gov/FormW9 for instructions and the latest information.

Give Form to the requester. Do not send to the IRS.

Print or type.
See Specific Instructions on page 3.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.
2 Business name/disregarded entity name, if different from above
3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes. <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 48%;"> <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ► _____ Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner. <input type="checkbox"/> Other (see instructions) ► </div> <div style="width: 48%;"> <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate Exemption from FATCA reporting code (if any) _____ <small>(Applies to accounts maintained outside the U.S.)</small> </div> </div>
4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____
5 Address (number, street, and apt. or suite no.) See instructions.
Requester's name and address (optional)
6 City, state, and ZIP code
7 List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number									
		-			-				
or									
Employer identification number									
		-							

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here

Signature of
U.S. person ►

Date ►

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.

By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting*, later, for further information.

Note: If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien;
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;
- An estate (other than a foreign estate); or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States.

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity;
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust; and
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items.

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

Backup Withholding

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 24% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the instructions for Part II for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See *Exempt payee code*, later, and the separate Instructions for the Requester of Form W-9 for more information.

Also see *Special rules for partnerships*, earlier.

What is FATCA Reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See *Exemption from FATCA reporting code*, later, and the Instructions for the Requester of Form W-9 for more information.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account; for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Line 1

You must enter one of the following on this line; **do not** leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account (other than an account maintained by a foreign financial institution (FFI)), list first, and then circle, the name of the person or entity whose number you entered in Part I of Form W-9. If you are providing Form W-9 to an FFI to document a joint account, each holder of the account that is a U.S. person must provide a Form W-9.

a. **Individual.** Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name as shown on your social security card, and your new last name.

Note: ITIN applicant: Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040/1040A/1040EZ you filed with your application.

b. **Sole proprietor or single-member LLC.** Enter your individual name as shown on your 1040/1040A/1040EZ on line 1. You may enter your business, trade, or "doing business as" (DBA) name on line 2.

c. **Partnership, LLC that is not a single-member LLC, C corporation, or S corporation.** Enter the entity's name as shown on the entity's tax return on line 1 and any business, trade, or DBA name on line 2.

d. **Other entities.** Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on line 2.

e. **Disregarded entity.** For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a "disregarded entity." See Regulations section 301.7701-2(c)(2)(iii). Enter the owner's name on line 1. The name of the entity entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on line 2, "Business name/disregarded entity name." If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

Line 2

If you have a business name, trade name, DBA name, or disregarded entity name, you may enter it on line 2.

Line 3

Check the appropriate box on line 3 for the U.S. federal tax classification of the person whose name is entered on line 1. Check only one box on line 3.

IF the entity/person on line 1 is a(n) . . .	THEN check the box for . . .
• Corporation	Corporation
• Individual	Individual/sole proprietor or single-member LLC
• Sole proprietorship, or	
• Single-member limited liability company (LLC) owned by an individual and disregarded for U.S. federal tax purposes.	
• LLC treated as a partnership for U.S. federal tax purposes,	Limited liability company and enter the appropriate tax classification. (P= Partnership; C= C corporation; or S= S corporation)
• LLC that has filed Form 8832 or 2553 to be taxed as a corporation, or	
• LLC that is disregarded as an entity separate from its owner but the owner is another LLC that is not disregarded for U.S. federal tax purposes.	
• Partnership	Partnership
• Trust/estate	Trust/estate

Line 4, Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the appropriate space on line 4 any code(s) that may apply to you.

Exempt payee code.

- Generally, individuals (including sole proprietors) are not exempt from backup withholding.
- Except as provided below, corporations are exempt from backup withholding for certain payments, including interest and dividends.
- Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.
- Corporations are not exempt from backup withholding with respect to attorneys' fees or gross proceeds paid to attorneys, and corporations that provide medical or health care services are not exempt with respect to payments reportable on Form 1099-MISC.

The following codes identify payees that are exempt from backup withholding. Enter the appropriate code in the space in line 4.

- 1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)
- 2—The United States or any of its agencies or instrumentalities
- 3—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities
- 4—A foreign government or any of its political subdivisions, agencies, or instrumentalities
- 5—A corporation
- 6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a U.S. commonwealth or possession
- 7—A futures commission merchant registered with the Commodity Futures Trading Commission
- 8—A real estate investment trust
- 9—An entity registered at all times during the tax year under the Investment Company Act of 1940
- 10—A common trust fund operated by a bank under section 584(a)
- 11—A financial institution
- 12—A middleman known in the investment community as a nominee or custodian
- 13—A trust exempt from tax under section 664 or described in section 4947

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 7
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt payees 1 through 5 ²
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4

¹ See Form 1099-MISC, Miscellaneous Income, and its instructions.

² However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney reportable under section 6045(f), and payments for services paid by a federal executive agency.

Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements. A requester may indicate that a code is not required by providing you with a Form W-9 with "Not Applicable" (or any similar indication) written or printed on the line for a FATCA exemption code.

A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)

B—The United States or any of its agencies or instrumentalities

C—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Regulations section 1.1472-1(c)(1)(i)

E—A corporation that is a member of the same expanded affiliated group as a corporation described in Regulations section 1.1472-1(c)(1)(i)

F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state

G—A real estate investment trust

H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940

I—A common trust fund as defined in section 584(a)

J—A bank as defined in section 581

K—A broker

L—A trust exempt from tax under section 664 or described in section 4947(a)(1)

M—A tax exempt trust under a section 403(b) plan or section 457(g) plan

Note: You may wish to consult with the financial institution requesting this form to determine whether the FATCA code and/or exempt payee code should be completed.

Line 5

Enter your address (number, street, and apartment or suite number). This is where the requester of this Form W-9 will mail your information returns. If this address differs from the one the requester already has on file, write NEW at the top. If a new address is provided, there is still a chance the old address will be used until the payor changes your address in their records.

Line 6

Enter your city, state, and ZIP code.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN.

If you are a single-member LLC that is disregarded as an entity separate from its owner, enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note: See *What Name and Number To Give the Requester*, later, for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local SSA office or get this form online at www.SSA.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/Businesses and clicking on Employer Identification Number (EIN) under Starting a Business. Go to www.irs.gov/Forms to view, download, or print Form W-7 and/or Form SS-4. Or, you can go to www.irs.gov/OrderForms to place an order and have Form W-7 and/or SS-4 mailed to you within 10 business days.

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note: Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, 4, or 5 below indicates otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on line 1 must sign. Exempt payees, see *Exempt payee code*, earlier.

Signature requirements. Complete the certification as indicated in items 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), ABLE accounts (under section 529A), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account) other than an account maintained by an FFI	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Two or more U.S. persons (joint account maintained by an FFI)	Each holder of the account
4. Custodial account of a minor (Uniform Gift to Minors Act)	The minor ²
5. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ¹
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ¹
6. Sole proprietorship or disregarded entity owned by an individual	The owner ³
7. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulations section 1.671-4(b)(2)(i)(A))	The grantor*
For this type of account:	Give name and EIN of:
8. Disregarded entity not owned by an individual	The owner
9. A valid trust, estate, or pension trust	Legal entity ⁴
10. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
11. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
12. Partnership or multi-member LLC	The partnership
13. A broker or registered nominee	The broker or nominee

For this type of account:	Give name and EIN of:
14. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
15. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulations section 1.671-4(b)(2)(i)(B))	The trust

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name and you may also enter your business or DBA name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

⁴ List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships*, earlier.

***Note:** The grantor also must provide a Form W-9 to trustee of trust.

Note: If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records From Identity Theft

Identity theft occurs when someone uses your personal information such as your name, SSN, or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Pub. 5027, Identity Theft Information for Taxpayers.

Victims of identity theft who are experiencing economic harm or a systemic problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes.

Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration (TIGTA) at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at spam@uce.gov or report them at www.ftc.gov/complaint. You can contact the FTC at www.ftc.gov/idtheft or 877-IDTHEFT (877-438-4338). If you have been the victim of identity theft, see www.IdentityTheft.gov and Pub. 5027.

Visit www.irs.gov/IdentityTheft to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

REQUEST FOR LOAN

TO: COBANK, ACB
Attention: Closing

FROM: WINDERMERE OAKS WATER SUPPLY CORPORATION (00122964)

DATE: July 24, 2020

SUBJECT: REQUEST FOR LOAN

Reference is hereby made to the Promissory Note(s) listed below (the “**Promissory Note(s)**”) between **WINDERMERE OAKS WATER SUPPLY CORPORATION** (the “**Borrower**”) and **COBANK, ACB** (“**CoBank**”) for the refinance of **FIRST UNITED BANK AND TRUST** (the “**Refinanced Lender**”) debt. All capitalized terms used herein shall have the meanings given to them in the Instruction Letter, Promissory Note(s) and the Agreement.

Refinanced Lender Existing Loan Number(s)	CoBank Loan Number(s)
8001111555	00122964T01

In accordance with the Instruction Letter, the undersigned, a duly authorized officer of the Borrower, on behalf of the Borrower, hereby requests that CoBank make the loan or loans (individually or collectively, the “**Loan(s)**”) to the Borrower on the Closing Date evidenced by the Promissory Note(s).

To induce CoBank to make the Loan(s), the undersigned hereby certifies as follows: (1) upon receipt by Refinanced Lender of the payoff amount wired to the Refinanced Lender by CoBank, all of the Borrower’s obligations to Refinanced Lender for and on account of the Existing Loan(s) will be paid in full; (2) no Event of Default has occurred and is continuing; (3) each of the representations and warranties set forth in the Agreement and the Promissory Note(s) is true and correct as of the date hereof; and (4) the Borrower has satisfied all conditions precedent set forth in the Instruction Letter, Promissory Note(s) and the Agreement to CoBank’s obligation to make the Loan(s).

If the payoff statement indicates that the payoff of the Existing Loans exceeds the amount of proceeds available under the CoBank loan, at least one business day prior to the Closing Date, the Borrower shall have delivered to CoBank, by wire transfer of available funds, the full amount over the CoBank Loan amount required to discharge all of the Borrower’s obligations to Refinanced Lender for or on account of the Existing Loan(s) to be repaid by such CoBank Loan (the “**Additional Payment**”).

Borrower authorizes CoBank to pay, on the Closing Date, from the proceeds of the CoBank Loan, all principal outstanding and interest accrued, all prepayment premiums, surcharges, and other amounts necessary, on the Existing Loan through the Closing Date, together with the Additional Payment, if any, to discharge all of the Borrower’s obligations to Refinanced Lender for or on account of the Existing Loan(s) to Refinanced Lender using the wiring instructions below.

REFINANCED LENDER WIRING INSTRUCTIONS:		If an Intermediary Bank will be used to route the wire to the Beneficiary’s Bank, complete the following:	
Beneficiary’s Bank Name		Intermed. Bank Name	

WINDERMERE OAKS WATER SUPPLY CORPORATION (00122964)

Spicewood, Texas

REQUEST FOR LOAN

Bank's Location (City, State/Country)		Intermed. Bank's Location (City and State)	
Bank's ABA/Fed Routing No.		Intermed. Bank's ABA/Routing No.	
Beneficiary's Name		Identifying No. of Destination Bank	
Beneficiary's Account No.		Type of Identifying No. (check one)	<input type="checkbox"/> Account no. at Intermed. Bk <input type="checkbox"/> SWIFT code <input type="checkbox"/> ABA/Fed routing no.
Beneficiary's Address			
Special Instructions:			
Ref	Windermere Oaks Water Supply Corporation		

The authorizations provided for herein shall be deemed to be a special wire and electronic transfer authorization for all purposes, including within the meaning of the Borrower's banking service agreements, if applicable.

SIGNATURE PAGE FOLLOWS

WINDERMERE OAKS WATER SUPPLY CORPORATION (00122964)
Spicewood, Texas
REQUEST FOR LOAN

SIGNATURE PAGE TO REQUEST FOR LOAN

**WINDERMERE OAKS WATER SUPPLY
CORPORATION**

By: _____

Name: _____

Title: _____

**COBANK, ACB
SECURITY AGREEMENT**

THIS SECURITY AGREEMENT (the “Security Agreement”) is executed and delivered by **WINDERMERE OAKS WATER SUPPLY CORPORATION** (the “Debtor”), a Texas nonprofit corporation, having its place of business (or chief executive office if more than one place of business) and its mailing address at 424 Coventry Road, Spicewood, Texas 78669 to **COBANK, ACB** (the “Secured Party”), a federally-chartered instrumentality of the United States, whose mailing address is P.O. Box 5110, Denver, CO 80217.

SECTION 1. GRANT OF SECURITY INTEREST. For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Debtor hereby grants to the Secured Party a security interest in all of the personal property of the Debtor, together with all accessions and additions thereto, and all products and proceeds thereof, including:

revenues; accounts; inventory (including without limitation, returned or repossessed goods); goods; as-extracted collateral; chattel paper; electronic chattel paper; instruments; investment property (including, without limitation, certificated and uncertificated securities, security entitlements, securities accounts, commodity contracts, and commodity accounts); letters of credit; letter-of-credit rights; documents; equipment; farm products; fixtures; general intangibles (including, without limitation, payment intangibles, choses or things in action, litigation rights and resulting judgments, goodwill, patents, trademarks and other intellectual property, tax refunds, miscellaneous rights to payment, investments and other interests in entities not included in the definition of investment property (including, without limitation, all equities and patronage rights in all cooperatives and all interests in partnerships and joint ventures), margin accounts, computer programs, software, invoices, books, records and other information relating to or arising out of the Debtor's business); and, to the extent not covered by the above, all other personal property of the Debtor of every type and description, including without limitation, supporting obligations, interests or claims in or under any policy of insurance, commercial tort claims, deposit accounts, money, and judgments (the "Collateral").

Where applicable, all terms used herein shall have the same meaning as presently and as hereafter defined in the Uniform Commercial Code (the “UCC”).

SECTION 2. THE OBLIGATIONS. The security interest granted hereunder shall secure the payment of all indebtedness and the performance of all obligations of the Debtor to the Secured Party of every type and description, whether now existing or hereafter arising, fixed or contingent, as primary obligor or as guarantor or surety, acquired directly or by assignment or otherwise, liquidated or unliquidated, regardless of how they arise or by what agreement or instrument they may be evidenced, including without limitation all loans, advances and other extensions of credit and all covenants, agreements, and provisions contained in all loan and other agreements between the parties (the “Obligations”).

SECTION 3. REPRESENTATIONS, WARRANTIES AND COVENANTS. The Debtor represents, warrants and covenants as follows:

A. Title to Collateral. Except as permitted by any other written agreement between the parties, and except for any security interest in favor of the Secured Party, the Debtor has clear title to all Collateral free of all adverse claims, interests, liens, or encumbrances. Without the prior written consent of the Secured Party, or as authorized in any other agreement between the Debtor and the Secured Party, the Debtor shall not create or permit the existence of any adverse claims, interests, liens, or other encumbrances

against any of the Collateral. The Debtor shall provide prompt written notice to the Secured Party of any future adverse claims, interests, liens, or encumbrances against all Collateral, and shall defend diligently the Debtor's and the Secured Party's interests in all Collateral.

B. Validity of Security Agreement; Corporate Authority. This Security Agreement is the valid and binding obligation of the Debtor, enforceable in accordance with its terms. The Debtor is duly formed, validly existing and in good standing under the laws of its jurisdiction of formation. The Debtor has the full corporate power to execute, deliver and carry out the terms and provisions of this Security Agreement and all related documents and to grant to the Secured Party a security interest in, and a lien on, the Collateral, has taken all necessary action to authorize the execution, delivery and performance of this Security Agreement and all related documents, and such execution, delivery and performance do not and will not (i) violate any of the terms or provisions of the organizational documents of the Debtor or any provision of any law, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to the Debtor, (ii) result in a breach of, or constitute an Event of Default under, any indenture or loan or credit agreement or any other agreement, document or instrument to which the Debtor is a party or by which the Debtor or any of the Debtor's property may be bound or affected or (iii) result in or require the creation or imposition of any lien or other encumbrance of any nature upon or with respect to any of the property of the Debtor (except for any security interest in favor of the Secured Party).

C. Location of the Debtor. The Debtor's place of business (or chief executive office if more than one place of business) is located at the address shown above. The Debtor's state of incorporation or formation is as shown above.

D. Location of Fixtures. All fixtures are now at the location or locations specified on **Schedule A** attached hereto and made a part hereof.

E. Name, Identity, and Corporate Structure. The Debtor's exact legal name is as set forth above. Except as may have been previously disclosed to the Secured Party in writing, the Debtor has not within the past ten years changed its name, identity or corporate structure through incorporation, merger, consolidation, joint venture or otherwise.

F. Change in Name, State of Debtor's Location, Location of Collateral, Etc. Without giving at least thirty days' prior written notice to the Secured Party, the Debtor shall not change its name, identity or corporate structure, the location of its place of business (or chief executive office if more than one place of business), its state of incorporation or formation, or the location of the Collateral.

G. Further Assurances. Upon the request of the Secured Party, the Debtor shall do all acts and things as the Secured Party may from time to time deem necessary or advisable to enable it to perfect, maintain, and continue the perfection and priority of the security interest of the Secured Party in the Collateral, or to facilitate the exercise by the Secured Party of any rights or remedies granted to the Secured Party hereunder or provided by law. Without limiting the foregoing, the Debtor agrees to execute, in form and substance satisfactory to the Secured Party, such financing statements, amendments thereto, supplemental agreements, assignments, notices of assignments, and other instruments and documents as the Secured Party may from time to time request. In addition, in the event the Collateral or any part thereof consists of instruments, documents, chattel paper, or money (whether or not proceeds of the Collateral), the Debtor shall, upon the request of the Secured Party, deliver possession thereof to the Secured Party (or to an agent of the Secured Party retained for that purpose), together with any appropriate endorsements and/or assignments. Where Collateral is in the possession of a third party, the Debtor will join with the Secured Party in notifying the third party of the Secured Party's security interest and obtaining an acknowledgment from the third party that it is holding the Collateral for the benefit of the Secured Party. The Debtor will cooperate with the Secured Party in obtaining control with respect to Collateral consisting of deposit accounts (that are not held by the

Secured Party as depositary institution), investment property, letter-of-credit rights and electronic chattel paper. The Secured Party shall use reasonable care in the custody and preservation of such Collateral in its possession, but shall not be required to take any steps necessary to preserve rights against prior parties. All costs and expenses incurred by the Secured Party to establish, perfect, maintain, determine the priority of, or release the security interest granted hereunder (including the cost of all filings, recordings, and taxes thereon and the fees and expenses of any agent retained by Secured Party) shall become part of the Obligations secured hereby and be paid by the Debtor on demand.

H. Insurance. The Debtor shall maintain such property and casualty insurance with such insurance companies, in such amounts, and covering such risks, as are at all times satisfactory to the Secured Party. All such policies shall provide for loss payable clauses or endorsements and other terms and conditions in form and content acceptable to the Secured Party. Upon the request of the Secured Party, all policies (or such other proof of compliance with this Section as may be satisfactory to the Secured Party) shall be delivered to the Secured Party. The Debtor shall pay all insurance premiums when due. In the event of loss, damage, or injury to any insured Collateral, the Secured Party shall have full power to collect any and all insurance proceeds due under any of such policies (and the Debtor hereby agrees, upon request by the Secured Party, to promptly forward to the Secured Party all such insurance proceeds received directly by the Debtor), and may, at its option, apply such proceeds to the payment of any of the Obligations secured hereby, or may apply such proceeds to the repair or replacement of such Collateral.

I. Taxes, Levies, Etc. The Debtor has paid and shall continue to pay when due all taxes, levies, assessments, or other charges which may become an enforceable lien against the Collateral.

J. Disposition and Use of Collateral by the Debtor. Without the prior written consent of the Secured Party, the Debtor shall not at any time sell, transfer, lease, abandon, or otherwise dispose of any Collateral, except that, so long as no Event of Default exist hereunder, the Debtor may sell, transfer, lease, abandon, or otherwise dispose of equipment and inventory in the ordinary course of Debtor's business. The Debtor shall not use any of the Collateral in any manner which violates any statute, regulation, ordinance, rule, decree, order, or insurance policy.

K. Receivables. The Debtor shall preserve, enforce, and collect all accounts, chattel paper, electronic chattel paper, instruments, documents and general intangibles, whether now owned or hereafter acquired or arising (the "Receivables"), in a diligent fashion and, upon the request of the Secured Party, the Debtor shall execute an agreement in form and substance satisfactory to the Secured Party by which the Debtor shall direct all account debtors and obligors on Receivables to make payment to a lock box deposit account under the exclusive control of the Secured Party.

L. Condition of Collateral. All tangible Collateral is now in good repair and condition and the Debtor shall at all times hereafter, at its own expense, maintain all such Collateral in good repair and condition.

M. Condition of Books and Records. The Debtor has maintained and shall maintain complete, accurate and up-to-date books, records, accounts, and other information relating to all Collateral in such form and in such detail as may be satisfactory to the Secured Party, and shall allow the Secured Party or its representatives at any reasonable time to examine and copy such books, records, accounts, and other information.

N. Right of Inspection. At all reasonable times upon the request of the Secured Party, the Debtor shall allow the Secured Party or its representatives to visit any of the Debtor's properties or locations so that the Secured Party or its representatives may confirm, inspect and appraise any of

the Collateral. The Debtor will reimburse the Secured Party upon demand for all cost and expenses incurred by the Secured Party in connection with any such inspection or examination conducted by the Secured Party.

SECTION 4. DEFAULT. The breach of any of the Obligations secured hereby, and/or the breach of any representation, warranty, covenant, or agreement contained in this Security Agreement, shall constitute an "Event of Default" hereunder.

SECTION 5. RIGHTS AND REMEDIES. Upon the occurrence of any Event of Default under this agreement and at any time thereafter, the Secured Party may declare all Obligations to be immediately due and payable and may exercise any and all rights and remedies of the Secured Party in the enforcement of its security interest under the UCC, this Security Agreement, or any other applicable law. Without limiting the foregoing:

A. Disposition of Collateral. The Secured Party may sell, lease, or otherwise dispose of all or any part of the Collateral, in its then present condition or following any commercially reasonable preparation or processing thereof, whether by public or private sale or at any brokers' board, in lots or in bulk, for cash, on credit or otherwise, with or without representations or warranties, and upon such other terms as may be acceptable to the Secured Party, and the Secured Party may purchase at any public sale. At any time when advance notice of sale is required, the Debtor agrees that ten days' prior written notice shall be reasonable. In connection with the foregoing, the Secured Party may:

1. require the Debtor to assemble the Collateral and all records pertaining thereto and make such Collateral and records available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties;

2. enter the premises of the Debtor or premises under the Debtor's control and take possession of the Collateral;

3. without charge, use or occupy the premises of the Debtor or premises under the Debtor's control, including without limitation, warehouse and other storage facilities;

4. without charge, use any patent, trademark, tradename, or other intellectual property or technical process used by the Debtor in connection with any of the Collateral; and

5. rely conclusively upon the advice or instructions of any one or more brokers or other experts selected by the Secured Party to determine the method or manner of disposition of any of the Collateral and, in such event, any disposition of the Collateral by the Secured Party in accordance with such advice or instructions shall be deemed to be commercially reasonable.

B. Collection of Receivables. The Secured Party may, but shall not be obligated to, take all actions reasonable or necessary to preserve, enforce or collect the Receivables, including without limitation, the right to notify account debtors and obligors on Receivables to make direct payment to the Secured Party, to permit any extension, compromise, or settlement of any of the Receivables for less than face value, or to sue on any Receivable, all without prior notice to the Debtor.

C. Proceeds. The Secured Party may collect and apply all proceeds of the Collateral, and may endorse the name of the Debtor in favor of the Secured Party on any and all checks, drafts, money orders, notes, acceptances, or other instruments of the same or a different nature, constituting, evidencing, or relating to the Collateral. The Secured Party may receive and open all mail addressed to the Debtor and remove therefrom any cash or non-cash items of payment constituting proceeds of the Collateral.

D. Insurance Adjustments. The Secured Party may adjust, settle, and cancel any and all insurance covering any Collateral, endorse the name of the Debtor on any and all checks or drafts drawn by any insurer, whether representing payment for a loss or a return of unearned premium, and execute any and all proofs of claim and other documents or instruments of every kind required by any insurer in connection with any payment by such insurer.

The net proceeds of any disposition of the Collateral may be applied by the Secured Party, after deducting its reasonable expenses incurred in such disposition, to the payment in whole or in part of the Obligations in such order as the Secured Party may elect. The enumeration of the foregoing rights and remedies is not intended to be exhaustive, and the exercise of any right and/or remedy shall not preclude the exercise of any other rights or remedies, all of which are cumulative and non-exclusive.

SECTION 6. OTHER PROVISIONS.

A. Amendment, Modification, and Waiver. Without the prior written consent of the Secured Party, no amendment, modification, or waiver of, or consent to any departure by the Debtor from, any provision hereunder shall be effective. Any such amendment, modification, waiver, or consent shall be effective only in the specific instance and for the specific purpose for which given. No delay or failure by the Secured Party to exercise any remedy hereunder shall be deemed a waiver thereof or of any other remedy hereunder. A waiver on any one occasion shall not be construed as a bar to or waiver of any remedy on any subsequent occasion.

B. Costs and Attorneys' Fees. Except as prohibited by law, if at any time the Secured Party employs counsel in connection with the creation, perfection, preservation, or release of the Secured Party's security interest in the Collateral or the enforcement of any of the Secured Party's rights or remedies hereunder, all of the Secured Party's reasonable attorneys' fees arising from such services and all expenses, costs, or charges relating thereto shall become part of the Obligations secured hereby and be paid by the Debtor on demand.

C. No Obligation to Make Loans. Nothing contained herein or in any financing statement or other document executed or filed in connection herewith shall be construed to obligate the Secured Party to make any loans or advances to the Debtor, whether pursuant to a commitment or otherwise.

D. Revival of Obligations. To the extent the Debtor or any third party makes a payment or payments to the Secured Party or the Secured Party enforces its security interest or exercises any right of setoff, and such payment or payments or the proceeds thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, and/or required to be repaid to a trustee, receiver, or any other party under any bankruptcy, insolvency or other law or in equity, then, to the extent of such recovery, the Obligations or any part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment or payments had not been made, or such enforcement or setoff had not occurred.

E. Performance by the Secured Party. In the event the Debtor shall at any time fail to pay or perform punctually any of its duties hereunder, the Secured Party may, at its option and without notice to or demand upon the Debtor, without obligation and without waiving or diminishing any of its other rights or remedies hereunder, fully perform or discharge any of such duties. All costs and expenses incurred by the Secured Party in connection therewith, together with interest thereon at four percent per annum in excess of the rate(s) of interest that would otherwise be in effect on that loan, shall become part of the Obligations secured hereby and be paid by the Debtor upon demand.

F. Indemnification, Etc. The Debtor hereby expressly indemnifies and holds the Secured Party harmless from any and all claims, causes of action, or other proceedings, and from any and all

liability, loss, damage, and expense of every nature, arising by reason of the Secured Party's enforcement of its rights and remedies hereunder, or by reason of the Debtor's failure to comply with any environmental or other law or regulation. As to any action taken by the Secured Party hereunder, the Secured Party shall not be liable for any error of judgment or mistake of fact or law, absent gross negligence or willful misconduct on its part.

G. Power of Attorney. The Debtor hereby appoints the Secured Party or the Secured Party's designee as its attorney-in-fact, which appointment is irrevocable, durable, and coupled with an interest, with full power of substitution, in the name of the Debtor or in the name of the Secured Party, to take any action which the Debtor is obligated to perform hereunder or which the Secured Party may deem necessary or advisable to accomplish the purposes of this Security Agreement. In taking any action in accordance with this Section, the Secured Party shall not be deemed to be the agent of the Debtor. The powers conferred upon the Secured Party in this Section are solely to protect its interest in the Collateral and shall not impose any duty upon the Secured Party to exercise any such powers.

H. Continuing Effect. This Security Agreement, the Secured Party's security interest in the Collateral, and all other documents or instruments contemplated hereby shall continue in full force and effect until all of the Obligations have been satisfied in full, the Secured Party has no commitment to make any further advances to the Debtor, and the Debtor has sent a valid written demand to the Secured Party for termination of this Security Agreement.

I. Binding Effect. This Security Agreement shall be binding upon and inure to the benefit of the Debtor and the Secured Party and their respective successors and assigns.

J. Security Agreement as Financing Statement and Authorization to File. A photographic copy or other reproduction of this Security Agreement may be used as a financing statement. In addition, the Debtor authorizes the Secured Party to prepare and file financing statements describing the Collateral, amendments thereto, and continuation statements and file any financing statement, amendment thereto or continuation statement electronically. In addition, the Debtor authorizes the Secured Party to file financing statements describing any agricultural liens or other statutory liens held by the Secured Party.

K. Governing Law. Subject to any applicable federal law, this Security Agreement shall be construed in accordance with and governed by the laws of the State of Colorado, except to the extent that the UCC provides for the application of the law of another state.

L. Notices. All notices, requests, demands, or other communications required or permitted hereunder shall be in writing and shall be deemed to have been given when sent by registered or certified mail, return receipt requested, addressed to the other party at the respective addresses given above, or to such other person or address as either party designates to the other in the manner herein prescribed.

M. Severability. The determination that any term or provision of this Security Agreement is unenforceable or invalid shall not affect the enforceability or validity of any other term or provision hereof.

N. Marshalling. Secured Party shall not be required to marshal any present or future collateral security (including, without limitation, this Agreement and the Collateral) for, or other assurances of payment of, any or all of the Obligations or to resort to such collateral security or other assurances of payment in any particular order, and all of their respective rights and remedies under this Security Agreement and in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights and remedies, however existing or arising. To the extent not prohibited by applicable law, the Debtor hereby agrees that it will not invoke any law relating to marshalling of collateral which might cause

delay or impede the enforcement of any of the rights and/or remedies of the Secured Party under this Security Agreement or under any other agreement, document or instrument creating or evidencing any of Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or payment thereof is otherwise assured, and, to the extent not prohibited by applicable law, the Debtor hereby irrevocably waives the benefits of such laws.

IN WITNESS WHEREOF, the Debtor has executed this Security Agreement by its duly authorized officer as of the day and year shown below.

Dated as of: July 24, 2020

Debtor: **WINDERMERE OAKS WATER SUPPLY CORPORATION**, a Texas nonprofit corporation

By: _____

Name: _____

Title: _____

SCHEDULE A

To Security Agreement dated as of July 24, 2020

Executed by: **WINDERMERE OAKS WATER SUPPLY CORPORATION**

Set forth below are the present locations (by county and state) of the Debtor's fixtures.

County: Burnet County State: Texas

County: _____ State: _____

County: _____ State: _____

NOTE TO COUNSEL: TWO OPINIONS WILL BE REQUIRED FOR THIS LOAN TRANSACTION, A CLOSING OPINION AND POST-CLOSING OPINION. THE CLOSING OPINION DOES NOT REQUIRE THAT YOU ADDRESS COLLATERAL DOCUMENTS AND, THEREFORE, CERTAIN REFERENCES HEREIN AND THE OPINIONS GIVEN IN THE HIGHLIGHTED AREAS ARE NOT INTENDED TO BE INCLUDED IN THE CLOSING OPINION. THE POST-CLOSING OPINION IS REQUIRED TO BE PROVIDED WITHIN 90 DAYS AFTER THE LOAN TRANSACTION CLOSES, AFTER THE COLLATERAL DOCUMENTS ARE COMPLETED, EXECUTED AND RECORDED/FILED. THE POST-CLOSING OPINION BUILDS ON THE CLOSING OPINION AND ADDS REFERENCE TO THE COLLATERAL DOCUMENTS AND MUST INCLUDE THE OPINIONS IN THE HIGHLIGHTED AREAS.

IF YOU HAVE QUESTIONS REGARDING THE FORM OF OPINION OR WOULD LIKE TO HAVE A DISCUSSION, PLEASE CONTACT MARY MAIKOETTER, THE COBANK ATTORNEY HANDLING THIS LOAN TRANSACTION. MARY MAIKOETTER CAN BE REACHED BY EMAIL AT MMAIKOETTER@COBANK.COM AND BY PHONE AT (303) 740-6453. THANK YOU!

OPINION OF COUNSEL

[LETTERHEAD OF BORROWER'S COUNSEL]

[Opinion Date from Counsel]

CoBank, ACB
6340 S. Fiddlers Green Circle
Greenwood Village, CO 80111
Attention: Water Services Banking Division

Re: \$680,000.00 from CoBank, ACB ("**CoBank**") to Windermere Oaks Water Supply Corporation (the "**Borrower**")

To Whom It May Concern:

We have acted as counsel for the Borrower, a nonprofit corporation, in connection with the documentation of the loan(s) described above. In connection with the loan(s), the Borrower has executed and delivered the following documents (collectively, the "**Loan Documents**"):

- Instruction Letter dated July 24, 2020
- Credit Agreement No. 00122964SLA dated as of July 24, 2020
- Single Advance Term Promissory Note No. 00122964T01 dated as of July 24, 2020, in the original principal amount of \$230,000.00
- Single Advance Term Promissory Note No. 00122964T02 dated as of July 24, 2020, in the original principal amount of \$150,000.00
- Multiple Advance Term Promissory Note No. 00122964T03 dated as of July 24, 2020, in the original principal amount of \$300,000.00
- Resolution of the Board of Directors dated _____ authorizing the Loan Documents
- Incumbency Certificate dated _____
- Security Agreement dated as of July 24, 2020

The terms defined in the Agreement and the Promissory Note(s) are used herein as defined therein.

In this connection, we have examined such corporate records, certificates, and other documents and instruments, and such questions of law as we have considered necessary or appropriate for the purposes of this opinion, including the Loan Documents. In our examination, we have assumed that all signatures (other than those of officers of the Borrower) on documents or instruments are genuine, that all documents submitted as originals are authentic, that all documents submitted as copies conform to the originals thereof, and that all documents have been duly authorized, executed, and delivered by each party thereto other than the Borrower.

Based upon the foregoing, and with due regard for such legal and other considerations as we deem appropriate, we are of the opinion that:

1. The Borrower is a nonprofit corporation duly organized, validly existing, and in good standing under the laws of the State of Texas, and is duly qualified to do business and is in good standing in each jurisdiction in which the transaction of its business makes such qualification necessary.
2. The Borrower has all requisite corporate and legal power and authority to own and operate its assets and to carry on its business and to enter into and perform the Loan Documents.
3. All corporate proceedings of the Borrower necessary to be taken in connection with the authorization, execution, delivery and performance of the Loan Documents have been duly taken and all such authorizations are presently in effect.
4. Each Loan Document has been duly executed and delivered by the Borrower and constitutes the valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, except as enforceability may be limited: (A) by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the rights of creditors generally; and (B) by general equitable principles which may limit the right to obtain the remedy of specific performance of obligation other than the obligation to pay money.
5. The execution, delivery, and performance by the Borrower of the Loan Documents do not and will not: (A) violate any provision of any law, rule or regulation, any judgment, order or ruling of any court or governmental agency, articles of organization, articles of incorporation, other charter documents, bylaws or operating agreement, as applicable, of the Borrower, or any agreement, indenture, mortgage, or other instrument to which the Borrower is a party or by which the Borrower or any of its properties is bound; or (B) be in conflict with, result in a breach of, or constitute with the giving of notice or passage of time, or both, a default under any such agreement, indenture, mortgage, or other instrument.
6. No consent, permission, authorization, order or license of any governmental authority is necessary in connection with the execution, delivery, performance, or enforcement of the Loan Documents, except such as have been obtained and are in full force and effect.
7. To the best of our knowledge, there are no actions, suits, or proceedings affecting the Borrower or any of its assets pending or threatened before any governmental entity which: (A) if adversely decided could have a material adverse effect on the Borrower's condition, financial or otherwise, operations, properties or business, or on its ability to perform its obligations under the Loan Documents; or (B) seeks to rescind, terminate, modify, or suspend any consent, permission, authorization, order or license of any governmental authority referred to in paragraph 6 above.
8. The Security Agreement: (A) creates a valid security interest in the "Collateral" (as defined in the Security Agreement), and secures the payment of all obligations stated to be secured thereby; (B) a financing statement has been duly filed or recorded in all places required by law in order to accord CoBank a duly perfected lien and security interest on all Collateral in which a lien may be

perfected by filing or recording, and any applicable filing/recording tax and documentary stamp taxes have been duly paid; and (C) accords CoBank (subject only to exceptions approved in writing by CoBank) a duly perfected first priority lien and security interest on all Collateral referred to in (B) above.

As to matters of law, we limit our opinion to the laws of the State of Texas and the laws of the United States of America and our opinions are limited to the facts and law in existence on the date of this opinion and at no subsequent time. We note that certain of the Loan Documents purport to be governed by Colorado law. For purposes of giving the opinions set forth above, we have assumed that Colorado Law is the same law as the State of Texas.

Very truly yours,



MASTER AGREEMENT FOR CASH MANAGEMENT AND TRANSACTION SERVICES

This MASTER AGREEMENT FOR CASH MANAGEMENT AND TRANSACTION SERVICES ("Agreement") is made as of the _____ day of _____, 20____, by and between CoBank, ACB ("CoBank") and Windermere Oaks Water Supply Corporation ("Customer").

RECITALS

WHEREAS CoBank offers Cash Management Services to its customers upon the terms and conditions hereinafter provided; and

WHEREAS, Customer desires to obtain from CoBank and CoBank desires to provide to Customer one or more of the Cash Management Services selected by Customer. In addition to terms defined throughout this Agreement, capitalized terms shall have the respective meanings indicated on Exhibit A attached hereto; and

WHEREAS, if Customer desires to obtain any Electronic Banking Services, the terms, conditions, covenants and agreements with respect thereto will be more particularly described in a "Credit Manager Addendum", or "Credit Manager Plus Addendum" which document, respectively, is attached hereto and made a part hereof.

NOW, THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, CoBank and Customer, intending to be legally bound, do hereby agree as follows:

1. **THE SERVICES.** All Services are provided subject to the terms of the applicable Service Schedule, this Agreement, and any addenda, if applicable. Customer, through its Authorized User(s), may use the Services solely in accordance with the terms and conditions of this Agreement, and addenda hereto, and the related Service Schedules. CoBank may make changes to this Agreement and any Service Schedule(s) at any time by providing notice to Customer in accordance with the terms of this Agreement or, if the Service Schedule provides for an alternative form and method for making changes, then in accordance with the Service Schedule. Notwithstanding anything to the contrary herein, any Service Schedule, that provides for an alternative form and method for making changes to such Service Schedule and for providing notice of the same, shall govern for that Service. Further, notwithstanding anything to the contrary in this Agreement, addendum, or in any Service Schedule, if CoBank believes immediate action is required for the security of CoBank or Customer, then CoBank may immediately initiate changes to any procedures and provide prompt subsequent notice thereof to Customer. Customer's continued use of Service(s) after notice of any such change shall be deemed to be acceptance by Customer. Neither this Agreement nor the provision of any Service, nor the terms of any Service Documentation shall be construed to obligate CoBank to pay any amount in excess of Customer's available funds in any applicable Account, lend money or otherwise advance funds to or on behalf of Customer unless expressly set forth in a written agreement between Customer and CoBank.
2. **COVENANTS, REPRESENTATIONS, AND WARRANTIES OF CUSTOMER.**
 - 2.1 Customer represents and warrants that the individual(s) executing this Agreement and any addenda, related agreements and authorizations has/have been authorized by all necessary Customer action to execute this Agreement and to issue such instructions and provide such authorizations as may be necessary to carry out the purposes and intent of this Agreement and to enable Customer to receive each selected Service. In connection with the Services, Customer shall comply with all Compliance Laws. Customer shall indemnify and hold CoBank harmless for any and all fines and assessments imposed on CoBank as a result of any alleged violations of applicable laws, regulations, rules and orders of any agency or governing authority.
 - 2.2 Customer represents and warrants that Customer shall not use the Services (i) to engage in money laundering, any illicit or illegal purpose or activity, or to violate any applicable law, rule or regulation; (ii) to engage in any internet or online gambling transactions whether legal or not in a particular jurisdiction; (iii) to engage in any activity that would result in Customer being or becoming a "money services business" as defined in in US Code of Federal Regulations Title 31, Chapter X, Part 1010.100, or any successor rule thereto; or (iv) to engage in any transaction or activity that is impermissible or prohibited under the terms of this Agreement.
 - 2.3 **Customer shall use the Services only for its own lawful business, commercial or agricultural purposes and not for personal, family or household purposes. Customer shall not use the Services for or on behalf of any third party, unless such third party is a Linked Affiliate.** Customer shall take all reasonable measures and exercise reasonable precautions to ensure that Customer's officers, employees, Authorized Representatives and Authorized Users only use the Services for the purposes contemplated by this Agreement.
 - 2.4 In connection with performance of the Services and as a condition precedent to CoBank's obligations hereunder Customer agrees that CoBank at all times (including following commencement of any bankruptcy or insolvency proceedings by or against Customer) shall be entitled to reimbursement from Customer for amounts due CoBank in respect of: (i) its fees and expenses owing pursuant to this Agreement and the Service Documentation, (ii) other indebtedness owing to CoBank

pursuant to the Service Documentation (including, but not limited to, the total amount of all transactions, fees, fines, and other charges incurred and owing as a result of Customer's use of commercial cards issued through a Service Provider), (iii) out-of-pocket fees and expenses (including reasonable attorneys' fees) incurred by CoBank as provided in this Agreement and the Service Documentation, and (iv) the face amount of any transactions that have been credited to Account(s), but are subsequently returned, for any reason.

- 2.5 Customer shall immediately notify CoBank of any of the following: (i) commencement of bankruptcy or insolvency proceedings by or against Customer, (ii) if Customer is or becomes a party to any consolidation, reorganization, or merger, (iii) if any of Customer's representations and warranties contained in this Agreement becomes false or misleading in any material respect, and (iv) Customer becoming aware of any prohibited transactions or fraud or suspected fraud, of any kind, on an Account.

3. **FEES AND OTHER CHARGES.** Customer shall compensate CoBank for all Services that CoBank provides in accordance with any agreement between CoBank and Customer. CoBank reserves the right to change fees and other charges from time to time upon reasonable notice to Customer. In addition, Customer shall also pay all sales, use or other taxes that may be applicable to the Services and any third-party expenses incurred on behalf of Customer. This Section 3 shall survive termination of this Agreement.

4. SECURITY PROCEDURES.

- 4.1 Customer shall comply with the Security Procedures as set forth in Exhibit B annexed hereto and agreed upon as to each Service including, without limitation, any Authentication Devices, means, or method of authentication or identification used in connection with a Security Procedure. Customer agrees and acknowledges that the initiation of transfers, payments and transactions using applicable Security Procedures as to each Service constitutes sufficient authorization for CoBank to execute such transfers, payments, and transactions and Customer shall be bound by any and all instructions issued through the use of the Security Procedures, whether authorized or unauthorized. Customer acknowledges and agrees that the Security Procedures are not designed to detect error in the transmission or content of communications or instructions as it relates to each Service and that Customer bears the sole responsibility for detecting and preventing such errors. **Customer shall keep all Security Procedures protected, secure, and strictly confidential and shall provide or make available the Security Procedures only to Authorized User(s) and shall ensure proper implementation and use of Security Procedures by Authorized User(s) and shall instruct them not to disclose or provide any Security Procedures to any unauthorized person.**

- 4.2 CoBank shall be entitled to rely on any notice or other writing believed by it in good faith to be genuine and correct and to have been signed by the individual purporting to have signed such notice or other writing. Customer shall be responsible for all transfers, payments, and transactions that are made by any Authorized User or which are made using any Authentication Device of Customer under the Services. **Customer assumes the entire risk for the fraudulent, unauthorized or otherwise improper use of the Service by all Authorized Users and by all other persons using any Authentication Device.** Authentication Devices and Security Procedures issued by CoBank for the Services contemplated by this Agreement shall be and remain property of CoBank. The preceding sentence shall survive termination of this Agreement.

5. COBANK'S RESPONSIBILITIES.

- 5.1 With respect to incoming ACH credit Entries (as those terms are defined in the NACHA Rules) and incoming wire funds transfers for credit to Account(s), CoBank may, but is not required to, accept incoming ACH entries and incoming wire funds transfer. If CoBank accepts an incoming ACH credit Entry or incoming wire funds transfer, any credit by CoBank for any transaction is provisional until final settlement is received. If final settlement is not received, then CoBank and/or other sending banks will be entitled to an offsetting debit/reverse credit. If a credit is made to Customer's Account(s) for an incoming ACH credit Entry or incoming wire funds transfer and the Customer makes an inquiry to determine that the credit has been made, such inquiry does not constitute notice of acceptance of the incoming ACH credit Entry or incoming wire funds transfer. If CoBank gives notice on one or more occasions, such notice shall not impose a duty on CoBank to provide notice in the future. If CoBank erroneously credits Customer's Account(s), then CoBank shall reverse such erroneous credit.
- 5.2 If CoBank elects to accept incoming ACH debit Entries (as those terms are defined in the NACHA Rules) received from other financial institutions for debit to Account(s), then CoBank may charge Customer's Account(s) in its sole discretion. Customer understands ACH debit Entries received by CoBank are subject to the terms and conditions associated with Customer's Account(s) and this Agreement, are honored solely at the discretion of CoBank, and CoBank may charge such items to Account(s) and in any order or sequence selected by CoBank.
- 5.3 CoBank shall use commercially reasonable efforts to transmit financial data under its control required to utilize the Services selected by Customer and for CoBank and/or Service Provider(s) to act on instructions received from Customer in connection with the Services in accordance with this Agreement. Customer recognizes that commercially reasonable efforts does not mean error free.
- 5.4 CoBank reserves the right to modify, amend, supplement, or cancel any or all Security Procedures, and/or cancel or replace any Authentication Device at any time in its sole discretion. CoBank shall endeavor to give Customer reasonable notice of any change; however, CoBank may make a change in a particular Security Procedure without advance notice to Customer, if in its judgment and discretion, it believes such change is necessary or desirable to protect the assets of CoBank or Customer. Customer's use of any changed Security Procedure after any such change shall constitute Customer's agreement to the change and Customer's agreement that the applicable Security Procedure, as changed, is commercially reasonable and adequate for the purposes intended.
- 5.5 CoBank may reject or refuse to accept, process or act upon (or may delay accepting, processing, transmitting, executing or acting upon) any instruction that CoBank in good faith believes for any reason to be (i) unauthorized, incomplete,

ambiguous, erroneous or redundant; (ii) not in accordance with the Security Procedures; (iii) otherwise not in accordance with the provisions of this Agreement, the applicable Service Schedule, the applicable Service Documentation, or any other agreement governing Customer' relationship with CoBank; (iv) in violation of any then applicable statute, rule, regulation, order or government policy, whether or not applicable to CoBank or the Account(s); or (v) in excess of Customer's available funds for the applicable Account(s). For these purposes, funds are not considered to be available if such funds are (or CoBank reasonably believes such funds may be) subject to a hold, dispute, encumbrance or legal process preventing their immediate availability or if CoBank otherwise believes that a transfer of such funds would not be final and irrevocable. Notwithstanding the foregoing, CoBank will have no obligation hereunder to detect any unauthorized, erroneous or otherwise impermissible instruction.

6. CUSTOMER OBLIGATIONS IN UTILIZATION OF THE SERVICES.

- 6.1** Customer acknowledges that financial information provided by CoBank in connection with the Services may not be accurate on occasion, due to the timing and posting of debits, credits, adjustments and/or fees which may or may not be reflected in Customer's Account balances accessible through the Services. Therefore, the accuracy, completeness, timeliness or correct sequences of account information is not guaranteed by CoBank.
- 6.2** Customer shall be responsible for the accuracy and completeness of all data and instructions given by Customer using Authentication Devices.
- 6.3** Customer shall immediately notify CoBank, in accordance with notification procedures prescribed by CoBank, if Customer becomes aware of any of the following and fully assumes any risks for its failure to do so:
 - (a) any loss or theft of Authentication Devices, signature stamps, and signature plates;
 - (b) any unauthorized use of Customer's Authentication Devices, signature stamps, signature plates and/or of the Services;
 - (c) any failure by CoBank to act on appropriate instructions received from Customer in connection with the Services;
 - (d) any receipt and/or confirmation of instructions or requests which Customer did not place, or any similarly inaccurate or conflicting report or information received; or
 - (e) any change or deletion of any of Customer's Authorized User(s) or authorized uses of the Services.
- 6.4** Customer shall not use the Services (i) to engage in money laundering, any illicit or illegal purpose or activity, or to violate any applicable law, rule or regulation; (ii) to engage in any internet or online gambling transactions whether legal or not in a particular jurisdiction; (iii) to engage in any activity that would result in Customer being or becoming a "money service business" as defined in in US Code of Federal Regulations Title 31, Part 1010.100; or (iv) to engage in any transaction or activity that is impermissible or prohibited under the terms of this Agreement. Customer acknowledges that CoBank may monitor Customer's use of the Services for impermissible or prohibited activity under this Agreement and CoBank may decline to execute any transaction or activity that CoBank believes violates the terms of this Agreement or any of the Compliance Laws, whether or not applicable to CoBank.

7. ACKNOWLEDGEMENT OF SERVICE SCHEDULES; REVIEW AND APPROVAL; PROPRIETARY INFORMATION.

- 7.1** Upon selection of a Service, Customer expressly acknowledges that it has read, entered into, and accepted the terms and conditions set forth in the applicable Service Schedule, addendum, or other applicable document. Customer's signature on the Selection of Cash Management Services Addendum (incorporated on the signature page hereto) shall have the same force and effect as if said signature had been originally subscribed directly onto the applicable Service Schedule, addendum, or other applicable document.
- 7.2** Customer expressly acknowledges that access to the Services is subject to CoBank's and/or Service Provider's(s') review and approval of an anti-money laundering and anti-terrorist financing review which review(s) may be performed prior to granting Customer access to the Services and at any time thereafter. Such review(s) may involve CoBank and/or Service Provider(s) requesting updated information concerning the details of direct or beneficial ownership or management of Customer. Customer shall comply with any and all requests of CoBank and/or Service Provider(s) and provide all necessary information and/or documentation to enable CoBank and/or Service Provider to perform said review(s). In connection with its review, CoBank and/or Service Provider(s) may, in their sole discretion, deny or suspend Customer's use and/or access to the Services. Customer authorizes CoBank and/or Service Provider(s) to maintain records and/or databases related to anti-money laundering and anti-terrorist financing due diligence, whether or not required by law, and further authorizes CoBank to make said records and/or databases available to Service Provider(s).

- 8. CUSTOMER'S DUTY TO MONITOR ACCOUNTS AND TRANSACTION ACTIVITY.** Customer shall be responsible for reviewing, verifying, and monitoring Accounts and all transactions in connection with the Services and for notifying CoBank of any errors, discrepancies, or other problems as promptly as possible but in any event within thirty (30) calendar days (or such longer or shorter period as may be required by applicable laws, rules, and regulations) after CoBank has made available to Customer any report, statement, material, or other account-related information containing or reflecting the error, discrepancy, or other problem, including, but not limited to, a Loan Account, InvestLine Account, Invesco Account or any other Customer account statement, report, or other Account access. In the event Customer fails to report such error, discrepancy, or problem within thirty (30) calendar days after CoBank and/or Service Provider transmitted or otherwise made available such report, statement, or other Account access the transaction shall be deemed to have been properly authorized and executed. Customer agrees that its sole remedy in the event of an error in implementing any selection with the Services shall be to have CoBank correct the error within a reasonable period of time after discovering or receiving notice of the error from Customer. It is expressly agreed that any claims by Customer against CoBank with respect to this Agreement shall be made within twelve (12) months of such event giving rise to a claim. If Customer fails to make a claim pertaining to this Agreement against CoBank within such twelve (12) month time

period, Customer shall be deemed to have forever waived the claim. If, however, applicable law does not allow such twelve (12) month limit, then claims must be brought within the shortest applicable time period allowed under that law.

9. TERM AND TERMINATION.

- 9.1** This Agreement shall be effective when (i) signed by an Authorized Representative of Customer and accepted by CoBank, and (ii) Customer delivers to CoBank documents, and information required by CoBank as a condition precedent to providing specific Services. CoBank may terminate this Agreement, the Services, and any Service Schedule at any time. Customer may terminate this Agreement and any Service Schedule upon at least ten (10) calendar days' prior written notice to CoBank.
- 9.2** Notwithstanding the foregoing, CoBank may, without prior notice, terminate this Agreement and terminate or suspend any Service(s) provided to Customer if CoBank determines that Customer has failed to maintain a financial condition deemed reasonably satisfactory to CoBank to minimize any credit or other risks to CoBank in providing Services to Customer including, but not limited to, the commencement of a voluntary or involuntary proceeding under the United States Bankruptcy Code or other statute or regulation relating to bankruptcy or relief of debtors.
- 9.3** Upon termination of this Agreement or any Service Schedule, Customer shall, at its expense, return to CoBank all Authentication Devices and property belonging to CoBank and all proprietary material delivered to Customer in connection with the terminated Service(s). Termination of this Agreement terminates all Service Schedule(s); provided, however, the provisions of Service Schedule(s) which expressly or by their nature or intent are intended to survive termination shall so survive. In the event of any termination hereunder, all fees due CoBank under this Agreement as of the time of termination shall become immediately due and payable. Notwithstanding any termination, this Agreement shall remain in full force and effect with respect to all transactions initiated prior to such termination. Section 9.3 shall survive termination of this Agreement.

10. LIMITATION OF LIABILITY; DAMAGES; DISCLAIMER OF WARRANTIES

- 10.1** If for any reason CoBank is adjudged liable to Customer, the amount of damages recoverable by Customer for a single claim shall not exceed the LESSER of the ACTUAL DAMAGES of Customer OR the AVERAGE OF THE FEES AND OTHER CHARGES paid by Customer to CoBank during the TWELVE (12) MONTH PERIOD immediately prior to the occurrence which gives rise to the claim or such fewer number of preceding months as this Agreement has been in effect. Recoverable damages shall not include Customer's attorney fees, lost profits, consequential, special, indirect, exemplary, punitive, incidental or other similar damages, even if such damages were foreseeable or CoBank had been advised of the possibility of such damages regardless of the basis, theory or nature of the action upon which the claim is asserted. Nothing in this Agreement is intended to limit the amount of damages where the Uniform Commercial Code or applicable law does not permit the parties to limit the amount of damages in the manner set forth herein.
- 10.2** CUSTOMER EXPRESSLY AGREES THAT USE OF THE SERVICES IS AT CUSTOMER'S SOLE RISK AND COBANK AND ITS AGENTS DO NOT MAKE, AND EXPRESSLY DISCLAIM ANY, WARRANTIES, EITHER EXPRESSED OR IMPLIED, WITH RESPECT TO THE SERVICES, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, OR THAT THE SERVICES WILL BE UNINTERRUPTED OR ERROR FREE, WITHOUT BREACHES OF SECURITY OR WITHOUT DELAYS. IN THOSE STATES THAT DO NOT ALLOW THE EXCLUSION OR LIMITATION OF LIABILITY, THE LIABILITY OF COBANK AND AGENTS IS LIMITED TO THE FULLEST POSSIBLE EXTENT PERMITTED BY LAW. FURTHER, IN NO EVENT SHALL COBANK BE LIABLE FOR SPECIAL, CONSEQUENTIAL, PUNITIVE OR INDIRECT LOSSES OR DAMAGES.
- 10.3** In the event of any damages for which CoBank may be liable pursuant to the Services provided under this Agreement or in the event that CoBank is entitled under the law governing mistake and restitution to recover from any beneficiary all or any part of a funds transfer made to such beneficiary hereunder, CoBank and Customer will undertake reasonable efforts to cooperate with each other, as permitted by applicable laws, rules and regulations, in performing loss recovery efforts and in connection with any actions that the relevant party may be obligated to defend or elects to pursue against a third party. Customer hereby consents to CoBank's disclosure to government authorities of information concerning the Customer and transactions under this Agreement that CoBank believes to be appropriate or necessary to fulfill legal recordkeeping and reporting requirements.
- 10.4** Additionally, CoBank shall not be responsible for liability, loss or damage to Customer or any third party, and Customer shall indemnify and hold harmless CoBank from, any such claims which may be caused by CoBank acting in accordance with, whether or not subject to, applicable laws, regulations, rules or policies (including, but not limited to, rules, regulations and policies of the various payment systems such as the NACHA Rules, the Uniform Commercial Code, OFAC regulations enforcing U.S. economic and trade sanctions, and all applicable laws, regulations and orders administered by the United States Department of the Treasury's Financial Crimes Enforcement Network or by CoBank's regulator, the Farm Credit Administration) or with the terms of any agreements between CoBank and other banks or financial institutions regarding the transaction of business with those banks and financial institutions.
- 10.5** This Section 10 shall survive termination of this Agreement.
- 11. INDEMNIFICATION.** Customer shall indemnify and hold harmless CoBank and its directors, officers, employees, parents, subsidiaries, and affiliates, from and against any and all losses, liabilities, penalties, damages, costs and expenses (including reasonable attorney's fees, administrative fees and court costs) that CoBank may incur or suffer or that may be asserted against CoBank by any person or entity arising out of (i) any failure by Customer or its officers, employees or agents to comply with its obligations under this Agreement or the Service Documentation, (ii) any wrongful act of Customer, its officers, employees or agents or any affiliate or subsidiary of Customer in connection with any Service provided by CoBank to Customer or any affiliate or subsidiary of Customer, (iii) any action taken or omitted to be taken by CoBank in reliance upon information, data, or authorizations received from Customer or Authorized User or upon the authenticity or accuracy of any representation or warranty

purporting to be from, or signature purporting to be of, Customer or Authorized Representative or Authorized User, (iv) any breach of any warranties, representations or agreements; (v) any legal action to which CoBank responds; (vi) Customer's failure to comply with Compliance Laws, whether or not applicable to CoBank; (vii) CoBank making a Disclosure in accordance with Section 21 hereof; (viii) CoBank's exercise of its rights and remedies pursuant to Section 9 above; or (ix) amounts to be reimbursed by Customer to CoBank pursuant to Section 2.4 above; provided, however, Customer's indemnification obligation to CoBank as provided in this Section 11 shall be reduced by those amounts that the Customer shall have paid to CoBank in connection with the Services and such reduced indemnification obligation of Customer shall be reinstated automatically and to the extent that any amount paid by the Customer to CoBank in connection with the Services shall be required to be disgorged by CoBank. Notwithstanding, CoBank shall have no right to be indemnified for losses resulting from its own gross negligence or willful misconduct as finally determined by a court of competent jurisdiction. The indemnifications made in this Section 11 are in addition to and not in place of any other indemnifications made by Customer in this Agreement, its Exhibits, or any other agreement between the parties. This Section 11 shall survive termination of this Agreement.

12. **CUSTOMER'S FINANCIAL CONDITION.** Customer shall, upon request by CoBank from time to time, provide CoBank with such financial information and statements and such other documentation as CoBank reasonably determines to be necessary or appropriate showing Customer's financial condition, assets, liabilities, stockholder's equity, current income and surplus, and such other information regarding the financial condition and details of direct or beneficial ownership or management of Customer as CoBank may reasonably request to enable CoBank to evaluate its exposure or risk in providing the Services.
13. **ASSIGNMENT.** This Agreement and the rights and obligations under this Agreement may not be assigned or delegated by Customer, voluntarily or involuntarily, by operation of law or otherwise, without the prior written consent of CoBank. Any assignment or delegation without such consent shall be null and void. Customer agrees that CoBank may assign or delegate this Agreement or any of its rights and obligations under this Agreement, without the consent of Customer.
14. **AMENDMENTS.** CoBank may, at any time, amend this Agreement, the Services and Service Schedules in its sole discretion. Except as expressly provided otherwise in this Agreement, any such changes generally will be effective immediately upon notice to Customer as described below. Customer shall be deemed to accept any such changes if Customer accesses or uses any of the Services after the date on which the change becomes effective. Customer shall remain obligated under this Agreement and any Service Schedules, even if CoBank amends this Agreement or a Service Schedule.
15. **WAIVER OF JURY TRIAL. BOTH COBANK AND CUSTOMER WAIVE ANY CLAIM OR RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY DISPUTE OR CLAIM ARISING UNDER OR IN RESPECT TO THIS AGREEMENT. THIS WAIVER APPLIES TO THE INTERPRETATION, BREACH OR ENFORCEMENT OF ANY PROVISION OF THIS AGREEMENT OR OTHERWISE AND WHETHER ARISING IN TORT OR CONTRACT. THE WAIVER OF A JURY TRIAL SET FORTH IN THIS SECTION 15 SHALL SURVIVE TERMINATION OF THIS AGREEMENT.**
16. **GENERAL PROVISIONS.**
 - 16.1 Headings. The headings in this Agreement and any Service Schedule are included for ease of reference only and shall not be deemed a part of or to create any rights, remedies, claims, or defenses under this Agreement.
 - 16.2 Severability. If any provision of this Agreement and any Service Schedule shall be held or made illegal, invalid or unenforceable by a court decision, statute, rule or otherwise, the remaining provisions of this Agreement shall not be affected by such illegality, invalidity, or unenforceability and shall continue in full force and effect.
 - 16.3 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same agreement.
 - 16.4 Entire Agreement. This Agreement, together with Service Schedules, Exhibits, and addenda, constitutes the entire agreement and understanding between Customer and CoBank with respect to the subject matter hereof, and supersedes all prior and contemporaneous proposals, agreements, representations, and understandings, whether written or oral, with respect to the Services.
 - 16.5 Interpretation. This Agreement and Service Schedules shall be construed and interpreted as one agreement. If there is any inconsistency between this Agreement and any Service Schedule then Service Schedule shall govern only to the extent it relates to the delivery of that particular Service and is necessary to resolve the conflict; however, in all other aspects this Agreement shall control. In the event of inconsistency between a provision of this Agreement and the Uniform Commercial Code, the provisions of this Agreement shall prevail.
 - 16.6 Waiver. The waiver by either party of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach by the other party. No waiver of any power, right, remedy or privilege of CoBank shall be effective unless such waiver is memorialized in a writing signed by CoBank.
 - 16.7 Successors. This Agreement shall be binding upon and shall inure to the benefit of CoBank and Customer and their respective successors and permitted assigns.
 - 16.8 Beneficiaries. Nothing contained in this Agreement is intended or shall be construed to confer upon any person or entity (other than Customer and CoBank) any rights, benefits, claims, or remedies of any kind or nature, and no such person or entity shall be deemed a third party beneficiary under or by reason of this Agreement.
 - 16.9 Survival. All provisions of this Agreement, which, by their very nature, are intended to survive termination of this Agreement whether identified specifically or not, shall be deemed to survive termination of this Agreement, for any reason.
 - 16.10 Applicable Law; Venue. This Agreement shall be construed in accordance with and governed by federal law and to the extent not preempted or inconsistent therewith, by the laws of the State of Colorado and applicable federal law, excluding its conflict of law principles. In the event of any conflict between the provisions of this Agreement and any applicable law or

regulation, these provisions shall be deemed modified to the extent, and only to the extent, required to comply with such law or regulation. Customer irrevocably and unconditionally agrees and hereby submits to the exclusive personal jurisdiction and venue of the State courts and federal courts in Colorado, with respect to all matters relating to this Agreement, and Customer's access to or use of the Services.

- 16.11 Other Agreements.** Except as expressly set forth in this Agreement, this Agreement shall not enlarge, diminish, alter, or amend any other agreement in place between the parties.

17. NOTICES.

- 17.1** Except as otherwise expressly provided in this Agreement, all notices that are required or permitted to be given by Customer (including all documents incorporated herein by reference) shall be in writing, either (i) sent by first class mail, postage prepaid, or (ii) mailed via nationally recognized carrier for next day delivery (e.g. Federal Express, UPS, etc.) and addressed to CoBank at:

CoBank, ACB
6340 S. Fiddlers Green Circle
Greenwood Village, CO 80111
Attn: Customer Service

or at such other address as CoBank shall designate for such purpose in a written notice to Customer. Notices delivered shall be deemed received on the date actually received by CoBank.

- 17.2** Customer authorizes CoBank to, and Customer agrees that CoBank may, send any notice or communication that CoBank is required or permitted to give to Customer under this Agreement, including but not limited to notice of any change to the Services, this Agreement, Service Schedule and any addenda and all as may be modified from time to time, to Customer's business mailing address or Customer's business email address as it appears on CoBank's records, and that any such notice or communication shall be effective and deemed delivered when provided to Customer in such a manner. Customer shall notify CoBank promptly of any change in Customer's business mailing or Customer's business email address and acknowledges and agrees that no such change shall be effective until CoBank has had a reasonable opportunity to act upon such notice.

- 18. FORCE MAJEURE.** Neither party shall bear responsibility for non-performance of this Agreement to the extent that such non-performance is caused by an event beyond that party's control, including, but not necessarily limited to, fire, casualty, breakdown in equipment or failure of telecommunications or data processing services, interruption of transmission or communication facilities, lockout, strike, unavoidable accident, act of God, riot, war or the enactment, issuance or operation of any adverse governmental law, ruling, regulation, order or decree, legal constraint, or an emergency that prevents CoBank or Customer from operating normally.

- 19. RECORDING AND USE OF COMMUNICATIONS.** Customer agrees that CoBank may, at its option, record electronically all telephonic instructions received by CoBank from Customer without further notification and may retain such recordings for any period of time selected by CoBank. Customer consents to the recording of such telephone conversations. The decision of whether to record a particular conversation is within CoBank's discretion, and CoBank has no liability for failure to record.

- 20. JOINT AND SEVERAL LIABILITY.** Principal Customer and all Linked Affiliates, if any, shall be bound by and are jointly and severally liable for the terms and conditions set forth in this Agreement, in the Linked Affiliates Addendum, the Service Schedules, and the Service Documentation, as may be amended by CoBank from time to time, and agree that each obligation of Customer under this Agreement, in the Linked Affiliates Addendum, the Service Schedules, and the Service Documentation, as amended, shall be performed by and be the responsibility of each and all of them.

- 21. COMPLIANCE.** Customer hereby agrees that CoBank shall not be liable to Customer or any third party, under any law or under this Agreement or the Service Documentation or any other contract or agreement for CoBank's Disclosure of any possible violation of law or regulation associated with use of the Account(s) to CoBank's regulator, the Farm Credit Administration, or any other U.S. government agency, or for any failure to provide notice of such Disclosure to Customer, or any other person identified in such Disclosure. This Section 21 shall survive termination of this Agreement.

- 22. E-SIGN CONSENT.** Customer acknowledges that Customer's use of the Services, and/or delivery of information in connection therewith, may constitute e-commerce. By signing below, Customer acknowledges its consent to electronically transact business with CoBank and such consent is being provided in accordance with the Electronic Signatures in Global and National Commerce Act, as the same may be amended from time to time. The parties agree this Agreement may be executed via electronic transmission and in any number of counterparts, all of which will constitute one and the same instrument, and any party hereto may execute this Agreement by signing and delivering one or more counterparts. The signature of any party on this Agreement by facsimile, PDF or other electronic means shall be considered an original signature, and the document transmitted is to be considered to have the same binding effect as an original signature on an original document. This Section 22 shall survive termination of this Agreement.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement effective the day and year first above written.

COBANK, ACB

By: _____

Name: _____

Title: _____

Dated: _____

CUSTOMER or in regard to
Linked Affiliates "PRINCIPAL CUSTOMER":
WINDERMERE OAKS WATER SUPPLY CORPORATION

By: _____
Signature of Authorized Representative

Name: _____
Print Name of Authorized Representative

Title: _____

CIF: 00122964 _____

Dated: _____

Internal Use Only: Signature(s) verified by:

Initials:

Date:

SELECTION OF CASH MANAGEMENT SERVICES ADDENDUM

This Selection of Cash Management Services Addendum ("Addendum") is entered into as of the date set forth above, by and between CoBank and Customer identified in the Master Agreement for Cash Management and Transaction Services ("Agreement") as may be amended from time to time. Customer identified herein wishes to obtain from CoBank and CoBank desires to provide those Services selected by Customer. Once the Agreement is executed by an Authorized Representative of the Customer, Customer shall be subject to the terms and conditions contained in the Agreement, this Addendum and any of the selected Service Schedules. Customer acknowledges receipt of the Service Schedules selected below.

SELECTION OF CASH MANAGEMENT SERVICES

- | | |
|---|-------------------------|
| <input checked="" type="checkbox"/> Telephone Banking Services | (Service Schedule 1.1) |
| <input type="checkbox"/> InvestLine Service | (Service Schedule 2.1) |
| <input checked="" type="checkbox"/> Wire Transfer Origination Service | (Service Schedule 3.1) |
| <input type="checkbox"/> Foreign Currency Wire Transfer Origination Service | (Service Schedule 3.1A) |
| <input type="checkbox"/> Invesco Service | (Service Schedule 4.1) |

Internal Use Only: Signature(s) verified by:

Initials:

Date: