

## SECURITY AGREEMENT

21000255

Loan/Contract Number

HAWTHORN BANK, BRANSON, MISSOURI

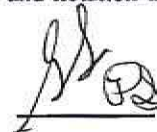
EMERALD POINTE UTILITY COMPANY, a Missouri Corporation, GARY W. SNADON, Registered Agent, 118 State Drive, Hollister, MO, 65616, hereinafter called "Borrower", for value received, hereby grants to HAWTHORN BANK, Branson, Taney County, Missouri hereinafter called "Secured Party", a security interest in the following property:

ALL RIGHT, TITLE, INTEREST AND OWNERSHIP OF EACH AND EVERY ASSET OF EMERALD POINTE UTILITY COMPANY, A MISSOURI CORPORATION, ITS ACCOUNTS, CHATTEL PAPER, COMMERCIAL CLAIMS, DEPOSIT ACCOUNTS, DOCUMENTS, EQUIPMENT, FIXTURES, GENERAL INTANGIBLES, GOODS, INSTRUMENTS, INVENTORY, INVESTMENT PROPERTY, LETTER-OF-CREDIT RIGHTS, LIFE INSURANCE POLICIES, PROCEEDS, SUPPORTING OBLIGATIONS, TO INCLUDE BUT NOT BE LIMITED TO TRANSMISSION LINES, WELLS, VALVES, PIPES, STANDPIPES, STORAGE FACILITIES, CHEMICALS, CHLORINATORS, GENERATORS, COLLECTION LINES, PUMPS, TANKS AND LIFT STATIONS USED IN THE MAINTENANCE AND OPERATION OF EMERALD POINTE UTILITY COMPANY, ACCOUNTS RECEIVABLE AND ANY AND ALL OTHER COLLATERAL, BENEFICIAL INTERESTS, OR OTHER RIGHTS, INTERESTS OR ASSETS NOW OR HEREAFTER GRANTED OR PLEDGED BY EMERALD POINTE UTILITY COMPANY AS SECURITY

together with all accessories, parts, equipment, and accessions now attached to or used in connection therewith or which may hereafter at any time be placed in or added to the above-described property, and also any and all replacements of any such property (all of which is hereinafter called "Collateral"), to secure the payment of that certain indebtedness evidenced by a promissory note or notes executed by Borrower in the amount of ONE MILLION Dollars (\$1,000,000.00), of even date herewith, and any and all extensions or renewals thereof, and any and all other liabilities or obligations of the Borrower to the Secured Party, direct or indirect, absolute or contingent, now existing or hereafter arising, now due or hereafter to become due (all hereinafter called the "Obligations", and as described on Exhibit A attached hereto and incorporated herein by reference).

Borrower hereby warrants and agrees that:

1. The Collateral is being used primarily for business use. The Collateral is made up of all necessary improvements and appurtenances necessary and incident to the operation, maintenance and use of the sewer collection lines and facilities for Borrower, to include collection lines, pumps, tanks, lift stations, and all such other appurtenant items as may be necessary to continue the uninterrupted process of sewer collections. Borrower will promptly notify Secured Party of any change in the location of the Collateral within said state; and Borrower will not remove the Collateral from said state without the written consent of Secured Party. Additionally Borrower shall assign/pledge in a separate document all dedicated easements and rights of way, as well as any federal, state, county, local and other licenses and/or permits (to include MoDNR licenses/permits) necessary, and required to operate Emerald Pointe Utility Company to Secured Party, which shall be and is hereby included in the definition of the term "Collateral".
2. Borrower will immediately notify Secured Party in writing of any change in Borrower's chief executive office; and if certificates of title are issued or outstanding with respect to any of the Collateral, Borrower will cause the interest of Secured Party to be properly noted thereon.
3. Except for the security interest granted hereby, Borrower is the owner of the Collateral free from any adverse lien, security interest, or encumbrance; and Borrower will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest thereon.
4. No Financing Statement covering any Collateral or any proceeds thereof is on file in any public office; Borrower authorizes Secured Party to file, in jurisdictions where this authorization will be given effect; and from time to time at the request of Secured Party, execute one or more U.C.C. Financing Statements and such other documents (and pay the cost of filing or recording the same in all public offices deemed necessary or desirable by the Secured Party) and do such other acts and things, all as the Secured Party may request to establish and maintain a valid security interest in the Collateral (free of all other liens and claims whatsoever) to secure the payment of the Obligations, including, without limitation, deposit with Secured Party of any certificate of title issuable with respect to any of the Collateral and notation thereon of the security interest hereunder.



5. Borrower will not sell, transfer, lease, or otherwise dispose of any of the Collateral or any interest therein, or offer so to do, without the prior written consent of Secured Party.

6. Borrower will at all times keep the Collateral insured against loss, damage, theft, and such other risks as Secured Party may require in such amounts and companies and under such policies and in such form, and for such periods, as shall be satisfactory to Secured Party, and each such policy shall provide that loss thereunder and proceeds payable thereunder shall be payable to Secured Party as its interest may appear (and Secured Party may apply any proceeds of such insurance which may be received by Secured Party toward payment of the Obligations, whether or not due, in such order of application as Secured Party may determine) and each such policy shall provide for 10 days' written minimum cancellation notice to Secured Party; and each such policy shall, if Secured Party so requests, be deposited with Secured Party; and Secured Party may act as attorney for Borrower in obtaining, settling, and cancelling such insurance and endorsing any drafts.


7. Borrower shall at all times keep the Collateral free from any adverse lien, security interest, or encumbrance and in good order and repair and will not waste or destroy the Collateral or any part thereof; and Borrower will not use the Collateral in violation of any statute or ordinance; and Secured Party may examine and inspect the Collateral at any time, wherever located.

8. Borrower will pay promptly when due all taxes and assessments upon the Collateral or for its use or operation or upon this agreement or upon any note or notes evidencing the Obligations, or any of them.

9. At its option, Secured Party may discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral, may pay for insurance on the Collateral, and may pay for the maintenance and preservation of the Collateral. Borrower agrees to reimburse Secured Party on demand for any payment made, or any expense incurred, by Secured Party, pursuant to the foregoing authorization. Until default, Borrower may have possession of the Collateral and use it in any lawful manner not inconsistent with this agreement and not inconsistent with any policy of insurance thereon.

10. Borrower shall be in default under this agreement upon the happening of any of the following events or conditions: (a) failure or omission to pay when due any Obligation (or any installment thereof or interest thereon), or default in the payment or performance of any obligation, covenant, agreement, or liability contained or referred to herein; (b) any warranty, representation, or statement made or furnished to Secured Party by or on behalf of any Borrower proves to have been false in any material respect when made or furnished; (c) loss, theft, substantial damage, destruction, sale, or encumbrance to or of any of the Collateral, or the making of any levy, seizure, or attachment thereof or thereon; (d) any Obligor (which term as used herein, shall mean each Borrower and each other party primarily or secondarily or contingently liable on any of the Obligations) becomes insolvent or unable to pay debts as they mature or makes an assignment for the benefit of creditors, or any proceeding is instituted by or against any Obligor alleging that such Obligor is insolvent or unable to pay debts as they mature; (e) entry of any judgment against any Obligor; (f) death of any Obligor who is a natural person, or of any partner of any Obligor which is a partnership; (g) dissolution, merger or consolidation, or transfer of a substantial part of the property of any Obligor which is a corporation or a partnership; (h) appointment of a receiver for the Collateral or any part thereof or for any property in which any Borrower has an interest.

11. Upon the occurrence of any such default or at any time thereafter, or whenever the Secured Party feels insecure for any reason whatsoever, Secured Party may, at its option, declare all Obligations secured hereby, or any of them (notwithstanding any provisions thereof), immediately due and payable without demand or notice of any kind and the same thereupon shall immediately become and be due and payable without demand or notice (but with such adjustments, if any, with respect to interest or other charges as may be provided for in the promissory note or other writing evidencing such liability), and Secured Party shall have and may exercise from time to time any and all rights and remedies of a Secured Party under the Uniform Commercial Code and any and all rights and remedies available to it under any other applicable law; and upon request or demand of Secured Party, Borrower shall, at its expense, assemble the Collateral and make it available to the Secured Party at a convenient place acceptable to Secured Party; and Borrower shall promptly pay all costs of Secured Party of collection of any and all the Obligations, and enforcement of rights hereunder, including reasonable attorneys' fees and legal expenses and expenses of any repairs to any of the Collateral and expenses of any repairs to any realty or other property to which any of the Collateral may be affixed or be a part. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will give Borrower reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to any Borrower at the address of Borrower shown at the beginning of this agreement or at any other address shown on the records of Secured Party, at least ten days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling, or the like, shall include Secured Party's reasonable attorneys' fees and legal expenses. Upon disposition of any Collateral after the occurrence of any default hereunder or if Secured Party feels insecure for any reason, Borrower shall be and remain liable for any deficiency; and Secured Party shall account to Borrower for any surplus, but Secured Party shall have the right to

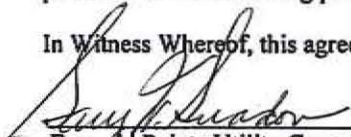
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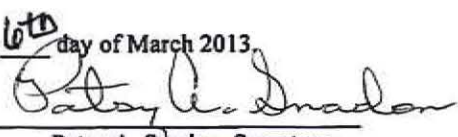
apply all or any part of such surplus (or to hold the same as a reserve) against all or any of the Obligations, whether or not they, or any of them, be then due, and in such order of application as Secured Party may from time to time elect.

12. No waiver by Secured Party of any default shall operate as a waiver of any other default or of the same default on a future occasion. No delay or omission on the part of Secured Party in exercising any right or remedy shall operate as a waiver thereof, and no single or partial exercise by Secured Party of any right or remedy shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Time is of the essence of this agreement. The provisions of this agreement are cumulative and in addition to the provisions of any note secured by this agreement, and Secured Party shall have all the benefits, rights and remedies of and under any note secured hereby. If more than one party shall execute this agreement, the term "Borrower" shall mean all parties signing this agreement and each of them, and all such parties shall be jointly and severally obligated and liable hereunder. The singular pronoun, when used herein, shall include the plural. If this agreement is not dated when executed by the Borrower, the Secured Party is authorized, without notice to the Borrower, to date this agreement. This agreement shall become effective as of the date of this agreement. All rights of Secured Party hereunder shall inure to the benefit of its successors and assigns; and all Obligations of Borrower shall bind the heirs, executors, administrators, successors and assigns of each Borrower.

13. This agreement has been delivered in the State of Missouri and shall be construed in accordance with the laws of Missouri. Wherever possible, each provision of this agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this agreement.

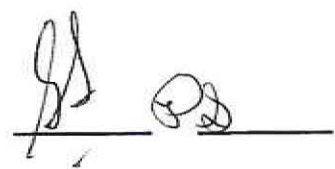
In Witness Whereof, this agreement has been duly executed as of the 16<sup>th</sup> day of March 2013.

  
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Emerald Pointe Utility Company  
A Missouri Corporation  
Borrower  
By: Gary W. Snadon, President

  
\_\_\_\_\_  
Patsy A. Snadon, Secretary

  
\_\_\_\_\_  
Hawthorn Bank *AVP.*

\_\_\_\_\_  
Attest



## EXHIBIT A

All easements and rights of way necessary to properly operate and maintain the collection system of Emerald Pointe Utility Company, as presently existing, including necessary and proper documentation relating to necessary easements and rights of way where any collection lines or other assets necessary and appurtenant to the operation and maintenance of the Emerald Pointe Utility Company collection lines are located, all easements and rights of way showing continuous and uninterrupted access to the collection lines. Copies of the relevant easements are attached hereto and incorporated herein by reference.

Any and all MoDNR or other necessary and appropriate operating permits and or licenses necessary and incident to the operation of the Emerald Point Utility Company water distribution system and well and sewer collection system. Missouri State Operating Permit No. MO-0116394; Well permit no. MO 5031148.