

ORIGINAL

Parker Lakeview Estates HOA, Inc.
dba Parker Springs Water Company



0000136040

April 12, 2012

DOCKET NO W-01853A-11-0065/W-01853A-11-0050 PARKER LAKEVIEW ET HOA
ADEQ System 02045

COMPLIANCE DECISION 72638 – WIFA LOAN AGREEMENT #920223-12

Arizona Corporation Commission
Docket Control Center
1200 West Washington Street
Phoenix, AZ 85007

Docket Control:

In compliance with Decision 72638 we have applied for and closed a loan from Water Infrastructure Finance Authority. Enclosed for docket are original and 15 copies of the executed loan documents.

Since much of the total agreement is a standard contract, we have included selected portions as discussed with Gordon Fox. The total agreement can be provided on request.

We respectfully request the Corporation Commission proceed with actions to authorize implementation of the WIFA surcharge described in this decision.

Sincerely,

Gail Spain
Secretary/Treasurer

520 455-9345

Cc: Compliance Section, Arizona Corporation Commission
1200 West Washington Street, Phoenix, AZ 85007

Enclosure

Arizona Corporation Commission

DOCKETED

APR 24 2012

DOCKETED BY	<i>MS</i>
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AZ CORP COMMISSION
DOCKET CONTROL

Victor Chacon, President	520 455-9236
	520 623-3187
Rick Jones, Vice President	520 777-6103
Gail Spain, Secretary, Treasurer	520 455-9345

Parker Lakeview Estates Homeowners Association, Inc. dba Parker Springs Water Company and

Water Infrastructure Finance Authority of Arizona

Loan Agreement

WIFA File Copy – Table of Contents

<u>Document</u>	<u>Tab</u>
Parker Lakeview Estates HOA, Inc. dba Parker Springs Water Company's Borrowing Resolution	1.
WIFA Board Resolution	2.
Loan Agreement.....	3.
Loan Agreement Addendum – Wage Rate Requirements for Compliance with P.L. 111-88.....	4.
Exhibit A: Financial Assistance Terms and Conditions.....	5.
Exhibit B: Technical Terms and Conditions.....	6.
Exhibit C: Reporting Requirements.....	7.
Exhibit D: Debt Service Reserve and Replacement Reserve Provisions.....	8.
Exhibit E: Limits on Additional Indebtedness without Lender Consent	9.
Exhibit F: Form of Promissory Note	10.
Exhibit G: Form of Opinion of Counsel to Borrower.....	11.
Exhibit H: Borrower Disclosure	12.
Loan Agreement Standard Terms and Conditions.....	13.
Cash Collateral Agreement.....	14.
UCC Financing Statement	15.
Continuing Security Agreement	16.

Tab 3, Tab 5, Tab 6 (Budget & Project Description, Tab 8, Tab 10, Tab 15 (Borrower's Legal Description of Property) are included. All other items available on request.

DOCKET NO. W-01853A-11-0065, W01853A-11-0050

Parker Lakeview Est HOA ADEQ System 02045

COMPLIANCE ACC DECISION 72638

WIFA LOAN AGREEMENT #920223-12

Loan Agreement

between

Water Infrastructure Finance Authority of Arizona
(the "Authority")

and

Parker Lakeview Estates Homeowners Association, Inc.
dba Parker Springs Water Company

(the "Local Borrower")

Evidencing a Loan from the
Authority to the Local Borrower

Dated as of March 30, 2012

**WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA
LOAN AGREEMENT**

This Loan Agreement (as it may be amended or supplemented from time to time, this "Agreement") is made and entered into as of the date set forth below by and between Borrower and Lender set forth below.

This Loan Agreement includes the attached Exhibits and the attached Standard Terms and Conditions. Any capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Exhibits and Standard Terms and Conditions.

Section 1. Party Names And Addresses.

Borrower: Parker Lakeview Estates Homeowners Association, Inc.
dba Parker Springs Water Company

Borrower Mailing Address: HC1 Box 474
Elgin, Arizona 85611
(520) 455-9345
(520) 623-9953

Attention: Victor Chacon, President

Borrower Business Office Address: 3060 W St. Tropaz Avenue
Tucson, Arizona 85713

Lender: Water Infrastructure Finance Authority of Arizona

Lender Address: 1110 West Washington Street, Suite 290
Phoenix, Arizona 85007

Attention: Executive Director

Section 2. Loan Information. The terms of the Loan include the terms set forth in the Exhibits, which are part of this Agreement:

Exhibit A Financial Assistance Terms and Conditions
Exhibit B Technical Terms and Conditions
Exhibit C Reporting Requirements
Exhibit D Debt Service Reserve and Replacement Reserve Provisions
Exhibit E Limits on Additional Indebtedness without Lender Consent
Exhibit F Form of Promissory Note
Exhibit G Form of Opinion of Counsel to Borrower
Exhibit H Borrower Disclosure

Section 3. The Loan. Subject to the terms and conditions of this Agreement, Lender agrees to make the Loan to Borrower by means of one or more disbursements (“Disbursements”) in an aggregate principal amount not to exceed the Loan Amount (the “Commitment”). The undisbursed portion of the Commitment shall expire on but not include the earliest of (i) the date on which the Loan has been fully disbursed by Lender, or (ii) the first Principal Repayment Date set forth in the Exhibit A. The obligation of Borrower to repay the Loan is evidenced by the Promissory Note in the form attached hereto as Exhibit E, dated of even date herewith, of Borrower payable to Lender, as it may be amended, modified, extended, renewed, restated, or supplemented from time to time (the “Note”). In the event of a conflict between the Note and this Agreement, the terms of this Agreement shall be deemed controlling. The Loan shall not constitute a revolving loan, and amounts repaid may not be reborrowed.

Section 4. Advances. Section 4. Disbursements. Lender may disburse funds by check, by electronic means or by means of magnetic tape or other transfer medium. In making Disbursements, Lender shall be entitled to rely upon, and shall incur no liability to Borrower in acting upon, any request made by a person identifying himself or herself as one of the persons authorized by Borrower to request Disbursements. Disbursements of the Loan will be made only upon satisfaction of the conditions set forth in this Agreement, including the following:

(a) Lender has received a draw request from Borrower, in form and substance satisfactory to Lender, not less than ten (10) days prior to the date for which such Disbursement is requested, specifying the amount and purpose of the Disbursement requested. Lender will furnish an acceptable form of draw request to Borrower. Lender may revise the form of draw request from time to time.

(b) Except as hereinafter provided, disbursements shall be made only upon certification of an authorized officer of Lender that such disbursement is proper. An authorized officer of Lender shall approve disbursements in payment of the invoices, demands for payment, approved contractors’ estimates or other evidence of cost incurrence directly to the persons or entities entitled to payment or to Borrower in the case of reimbursement for costs of services already paid, and shall provide Borrower with a copy of the approval and the date approved.

(c) Lender has received such other items or documents as Lender may reasonably require.

Section 5. Payment Of Principal, Interest And Fees. The outstanding principal balance of the Loan, together with all unpaid accrued interest due under the Note, shall be paid by “automatic debit” from the Borrower Deposit Account. The Borrower Deposit Account shall be a Demand Deposit Account in the name of the Borrower, Account Number 252-453614 maintained with Bank of America. Borrower shall cause monthly payments to be made by direct debit to the Lender in accordance with routing instructions within Exhibit A.

Section 6. Loan And Security Documents. The Loan shall be secured by the Continuing Security Agreement of even date herewith executed by Borrower for the benefit of Lender (the “Continuing Security Agreement”) granting Lender a security interest in the collateral described therein by the provisions of this Agreement providing for the holding of, and granting Lender a security interest in, the Debt Service Reserve Fund and the Replacement Reserve Fund (as

described in Exhibit D). The Continuing Security Agreement, any Deed of Trust and any other agreements, documents or instruments securing the Loan are referred to as the "Security Documents". This Agreement, the Note, the Security Documents and any other agreements, documents or instruments evidencing, securing or otherwise relating to the Loan, and all exhibits thereto, are referred to as the "Loan Documents".

IN WITNESS WHEREOF, the Authority and Borrower have caused this Loan Agreement to be executed and delivered as of the date of execution hererof.

DATED as of March 30, 2012.

Parker Lakeview Estates Homeowners Association, Inc.
dba Parker Springs Water Company

By: Victor W Chacon
Name: Victor Chacon
Title: President

Water
Infrastructure Finance Authority of Arizona

By: [Signature]
Sandra Sutton, Interim Executive Director

Exhibit A of Loan Agreement

Section 1: Financial Assistance Terms and Conditions
Parker Lakeview Estates HOA, Inc. dba Parker Springs Water Company
28-Mar-12

Loan Number	920223-12
Closing Date	03/30/12
Financial Assistance Terms and Conditions	
Original Loan Amount as of the Closing Date.....	\$ 271,000.00
Final Loan Amount as of Release of Retention.....	\$ 271,000.00
Loan Term.....	20
Combined Interest & Fee Rate.....	1.000%
First Fixed Monthly Payment.....	10/01/12
Final Fixed Monthly Payment.....	03/01/32
Debt Service Reserve Fund Requirements (Held by WIFA)	
Total Reserve Amount.....	\$ 15,302.40
Monthly Deposit.....	\$ 255.04
Reserve Funded by (Date).....	09/01/17
Repair and Replacement Fund Requirement (Held by Borrower)	
Begin Funding on (Date).....	10/01/17
Annual Amount.....	\$ 3,060.48
Monthly Deposit.....	\$ 255.04
Monthly Payment	
Period #7 - 1st Debt Service Payment	
Maximum Payment (Includes interest payable from Closing to 1st Payment).....	\$ 2,666.92
Minimum Payment	\$ 1,530.22
<i>WIFA will calculate the first payment due on Period #7; payment will depend on actual loan draws.</i>	
Periods #8 through #66.....	\$ 1,530.22
Periods #67 through #120.....	\$ 1,275.18
Periods #121 through #180.....	\$ 1,275.18
Periods #181 through #240.....	\$ 1,275.18

Section 2: Loan Repayment Schedule, Repayment Periods 1 through 80
Parker Lakeview Estates HOA, Inc. dba Parker Springs Water Company
28-Mar-12

Period	Monthly Payment Dates	Combined Interest and Fee Rate	Fixed Monthly Payment	Period	Monthly Payment Dates	Combined Interest and Fee Rate	Fixed Monthly Payment
1	04/01/12	1.000%	0.00	41	08/01/15	1.000%	1,530.22
2	05/01/12	1.000%	0.00	42	09/01/15	1.000%	1,530.22
3	06/01/12	1.000%	0.00	43	10/01/15	1.000%	1,530.22
4	07/01/12	1.000%	0.00	44	11/01/15	1.000%	1,530.22
5	08/01/12	1.000%	0.00	45	12/01/15	1.000%	1,530.22
6	09/01/12	1.000%	0.00	46	01/01/16	1.000%	1,530.22
7	10/01/12	1.000%	2,666.92	47	02/01/16	1.000%	1,530.22
8	11/01/12	1.000%	1,530.22	48	03/01/16	1.000%	1,530.22
9	12/01/12	1.000%	1,530.22	49	04/01/16	1.000%	1,530.22
10	01/01/13	1.000%	1,530.22	50	05/01/16	1.000%	1,530.22
11	02/01/13	1.000%	1,530.22	51	06/01/16	1.000%	1,530.22
12	03/01/13	1.000%	1,530.22	52	07/01/16	1.000%	1,530.22
13	04/01/13	1.000%	1,530.22	53	08/01/16	1.000%	1,530.22
14	05/01/13	1.000%	1,530.22	54	09/01/16	1.000%	1,530.22
15	06/01/13	1.000%	1,530.22	55	10/01/16	1.000%	1,530.22
16	07/01/13	1.000%	1,530.22	56	11/01/16	1.000%	1,530.22
17	08/01/13	1.000%	1,530.22	57	12/01/16	1.000%	1,530.22
18	09/01/13	1.000%	1,530.22	58	01/01/17	1.000%	1,530.22
19	10/01/13	1.000%	1,530.22	59	02/01/17	1.000%	1,530.22
20	11/01/13	1.000%	1,530.22	60	03/01/17	1.000%	1,530.22
21	12/01/13	1.000%	1,530.22	61	04/01/17	1.000%	1,530.22
22	01/01/14	1.000%	1,530.22	62	05/01/17	1.000%	1,530.22
23	02/01/14	1.000%	1,530.22	63	06/01/17	1.000%	1,530.22
24	03/01/14	1.000%	1,530.22	64	07/01/17	1.000%	1,530.22
25	04/01/14	1.000%	1,530.22	65	08/01/17	1.000%	1,530.22
26	05/01/14	1.000%	1,530.22	66	09/01/17	1.000%	1,530.22
27	06/01/14	1.000%	1,530.22	67	10/01/17	1.000%	1,275.18
28	07/01/14	1.000%	1,530.22	68	11/01/17	1.000%	1,275.18
29	08/01/14	1.000%	1,530.22	69	12/01/17	1.000%	1,275.18
30	09/01/14	1.000%	1,530.22	70	01/01/18	1.000%	1,275.18
31	10/01/14	1.000%	1,530.22	71	02/01/18	1.000%	1,275.18
32	11/01/14	1.000%	1,530.22	72	03/01/18	1.000%	1,275.18
33	12/01/14	1.000%	1,530.22	73	04/01/18	1.000%	1,275.18
34	01/01/15	1.000%	1,530.22	74	05/01/18	1.000%	1,275.18
35	02/01/15	1.000%	1,530.22	75	06/01/18	1.000%	1,275.18
36	03/01/15	1.000%	1,530.22	76	07/01/18	1.000%	1,275.18
37	04/01/15	1.000%	1,530.22	77	08/01/18	1.000%	1,275.18
38	05/01/15	1.000%	1,530.22	78	09/01/18	1.000%	1,275.18
39	06/01/15	1.000%	1,530.22	79	10/01/18	1.000%	1,275.18
40	07/01/15	1.000%	1,530.22	80	11/01/18	1.000%	1,275.18

**Section 2: Loan Repayment Schedule, Repayment Periods 81 through 160
Parker Lakeview Estates HOA, Inc. dba Parker Springs Water Company
28-Mar-12**

Period	Monthly Payment Dates	Combined Interest and Fee Rate	Fixed Monthly Payment	Period	Monthly Payment Dates	Combined Interest and Fee Rate	Fixed Monthly Payment
81	12/01/18	1.000%	1,275.18	121	04/01/22	1.000%	1,275.18
82	01/01/19	1.000%	1,275.18	122	05/01/22	1.000%	1,275.18
83	02/01/19	1.000%	1,275.18	123	06/01/22	1.000%	1,275.18
84	03/01/19	1.000%	1,275.18	124	07/01/22	1.000%	1,275.18
85	04/01/19	1.000%	1,275.18	125	08/01/22	1.000%	1,275.18
86	05/01/19	1.000%	1,275.18	126	09/01/22	1.000%	1,275.18
87	06/01/19	1.000%	1,275.18	127	10/01/22	1.000%	1,275.18
88	07/01/19	1.000%	1,275.18	128	11/01/22	1.000%	1,275.18
89	08/01/19	1.000%	1,275.18	129	12/01/22	1.000%	1,275.18
90	09/01/19	1.000%	1,275.18	130	01/01/23	1.000%	1,275.18
91	10/01/19	1.000%	1,275.18	131	02/01/23	1.000%	1,275.18
92	11/01/19	1.000%	1,275.18	132	03/01/23	1.000%	1,275.18
93	12/01/19	1.000%	1,275.18	133	04/01/23	1.000%	1,275.18
94	01/01/20	1.000%	1,275.18	134	05/01/23	1.000%	1,275.18
95	02/01/20	1.000%	1,275.18	135	06/01/23	1.000%	1,275.18
96	03/01/20	1.000%	1,275.18	136	07/01/23	1.000%	1,275.18
97	04/01/20	1.000%	1,275.18	137	08/01/23	1.000%	1,275.18
98	05/01/20	1.000%	1,275.18	138	09/01/23	1.000%	1,275.18
99	06/01/20	1.000%	1,275.18	139	10/01/23	1.000%	1,275.18
100	07/01/20	1.000%	1,275.18	140	11/01/23	1.000%	1,275.18
101	08/01/20	1.000%	1,275.18	141	12/01/23	1.000%	1,275.18
102	09/01/20	1.000%	1,275.18	142	01/01/24	1.000%	1,275.18
103	10/01/20	1.000%	1,275.18	143	02/01/24	1.000%	1,275.18
104	11/01/20	1.000%	1,275.18	144	03/01/24	1.000%	1,275.18
105	12/01/20	1.000%	1,275.18	145	04/01/24	1.000%	1,275.18
106	01/01/21	1.000%	1,275.18	146	05/01/24	1.000%	1,275.18
107	02/01/21	1.000%	1,275.18	147	06/01/24	1.000%	1,275.18
108	03/01/21	1.000%	1,275.18	148	07/01/24	1.000%	1,275.18
109	04/01/21	1.000%	1,275.18	149	08/01/24	1.000%	1,275.18
110	05/01/21	1.000%	1,275.18	150	09/01/24	1.000%	1,275.18
111	06/01/21	1.000%	1,275.18	151	10/01/24	1.000%	1,275.18
112	07/01/21	1.000%	1,275.18	152	11/01/24	1.000%	1,275.18
113	08/01/21	1.000%	1,275.18	153	12/01/24	1.000%	1,275.18
114	09/01/21	1.000%	1,275.18	154	01/01/25	1.000%	1,275.18
115	10/01/21	1.000%	1,275.18	155	02/01/25	1.000%	1,275.18
116	11/01/21	1.000%	1,275.18	156	03/01/25	1.000%	1,275.18
117	12/01/21	1.000%	1,275.18	157	04/01/25	1.000%	1,275.18
118	01/01/22	1.000%	1,275.18	158	05/01/25	1.000%	1,275.18
119	02/01/22	1.000%	1,275.18	159	06/01/25	1.000%	1,275.18
120	03/01/22	1.000%	1,275.18	160	07/01/25	1.000%	1,275.18

Section 2: Loan Repayment Schedule, Periods 161 through 240

Parker Lakeview Estates HOA, Inc. dba Parker Springs Water Company

28-Mar-12

Period	Monthly Payment Dates	Combined Interest and Fee Rate	Fixed Monthly Payment	Period	Monthly Payment Dates	Combined Interest and Fee Rate	Fixed Monthly Payment
161	08/01/25	1.000%	1,275.18	201	12/01/28	1.000%	1,275.18
162	09/01/25	1.000%	1,275.18	202	01/01/29	1.000%	1,275.18
163	10/01/25	1.000%	1,275.18	203	02/01/29	1.000%	1,275.18
164	11/01/25	1.000%	1,275.18	204	03/01/29	1.000%	1,275.18
165	12/01/25	1.000%	1,275.18	205	04/01/29	1.000%	1,275.18
166	01/01/26	1.000%	1,275.18	206	05/01/29	1.000%	1,275.18
167	02/01/26	1.000%	1,275.18	207	06/01/29	1.000%	1,275.18
168	03/01/26	1.000%	1,275.18	208	07/01/29	1.000%	1,275.18
169	04/01/26	1.000%	1,275.18	209	08/01/29	1.000%	1,275.18
170	05/01/26	1.000%	1,275.18	210	09/01/29	1.000%	1,275.18
171	06/01/26	1.000%	1,275.18	211	10/01/29	1.000%	1,275.18
172	07/01/26	1.000%	1,275.18	212	11/01/29	1.000%	1,275.18
173	08/01/26	1.000%	1,275.18	213	12/01/29	1.000%	1,275.18
174	09/01/26	1.000%	1,275.18	214	01/01/30	1.000%	1,275.18
175	10/01/26	1.000%	1,275.18	215	02/01/30	1.000%	1,275.18
176	11/01/26	1.000%	1,275.18	216	03/01/30	1.000%	1,275.18
177	12/01/26	1.000%	1,275.18	217	04/01/30	1.000%	1,275.18
178	01/01/27	1.000%	1,275.18	218	05/01/30	1.000%	1,275.18
179	02/01/27	1.000%	1,275.18	219	06/01/30	1.000%	1,275.18
180	03/01/27	1.000%	1,275.18	220	07/01/30	1.000%	1,275.18
181	04/01/27	1.000%	1,275.18	221	08/01/30	1.000%	1,275.18
182	05/01/27	1.000%	1,275.18	222	09/01/30	1.000%	1,275.18
183	06/01/27	1.000%	1,275.18	223	10/01/30	1.000%	1,275.18
184	07/01/27	1.000%	1,275.18	224	11/01/30	1.000%	1,275.18
185	08/01/27	1.000%	1,275.18	225	12/01/30	1.000%	1,275.18
186	09/01/27	1.000%	1,275.18	226	01/01/31	1.000%	1,275.18
187	10/01/27	1.000%	1,275.18	227	02/01/31	1.000%	1,275.18
188	11/01/27	1.000%	1,275.18	228	03/01/31	1.000%	1,275.18
189	12/01/27	1.000%	1,275.18	229	04/01/31	1.000%	1,275.18
190	01/01/28	1.000%	1,275.18	230	05/01/31	1.000%	1,275.18
191	02/01/28	1.000%	1,275.18	231	06/01/31	1.000%	1,275.18
192	03/01/28	1.000%	1,275.18	232	07/01/31	1.000%	1,275.18
193	04/01/28	1.000%	1,275.18	233	08/01/31	1.000%	1,275.18
194	05/01/28	1.000%	1,275.18	234	09/01/31	1.000%	1,275.18
195	06/01/28	1.000%	1,275.18	235	10/01/31	1.000%	1,275.18
196	07/01/28	1.000%	1,275.18	236	11/01/31	1.000%	1,275.18
197	08/01/28	1.000%	1,275.18	237	12/01/31	1.000%	1,275.18
198	09/01/28	1.000%	1,275.18	238	01/01/32	1.000%	1,275.18
199	10/01/28	1.000%	1,275.18	239	02/01/32	1.000%	1,275.18
200	11/01/28	1.000%	1,275.18	240	03/01/32	1.000%	1,276.37

Exhibit B

Technical Terms and Conditions

**Section 1
 Budget**

Uses by Budget Item	Amount Budgeted
Planning.....	0.00
Design & Engineering.....	\$37,000
Legal/Debt Authorization.....	0.00
Financial Advisor.....	0.00
Land/System Acquisition.....	\$12,450
Equipment/Materials.....	0.00
Construction/Installation/Improvement.....	\$192,699
Inspection & Construction Management.....	12,000
Project Officer.....	0.00
Administration.....	0.00
Staff Training.....	0.00
Capitalized Interest.....	0.00
Refinance Loan.....	0.00
Other.....	\$16,851
Total Budget.....	\$271,000

**Section 2
 Project Description**

Parker Springs will implement the following solutions:

1. New well and site – PSWC will purchase land for a new site, drill a new well and construct a new well building. The project also includes abandonment of the existing well site, if necessary.

2. Leak detection and line replacement – PSWC will conduct pressure checks on water lines, abandon, rebury and/or replace existing waterlines where necessary.

3. New storage tank – PSWC will install a new 10,000 gallon steel storage tank to replace the existing tank.

DOCKET NO. W-01853A-11-0065, W01853A-11-0050
Parker Lakeview Est HOA ADEQ System 02045

COMPLIANCE ACC DECISION 72638
WIFA LOAN AGREEMENT #920223-12

Exhibit D

Debt Service Reserve And Replacement Reserve Requirements

Section 1. Debt Service Reserve Fund.

(a) There is established and maintained a Debt Service Reserve Fund held by the Lender. The deposits required pursuant to this Exhibit shall be automatically debited from the Borrower Deposit Account along with Borrower's regularly scheduled payments of principal and interest. The amount allocated to the Debt Service Reserve Fund shall be administered and invested by the Lender and allocated to the Borrower (the "Debt Service Reserve Fund"). Amounts therein shall secure payment to Lender of Loan repayments payable under the Loan Documents. The regularly scheduled deposits into the Debt Service Reserve Fund shall be in an amount, as determined by Lender, so as to accumulate over five (5) years an amount equal to the highest amount of Loan repayments by Borrower in any fiscal year as shown in the Loan repayment schedule, which Borrower and Lender agree is the initial amount of the debt service reserve requirement (the "Debt Service Reserve Requirement") for the Loan. Initially, the amount of the Debt Service Reserve Requirement and the amount of the required periodic build up are set forth in Exhibit A. The amount of the Debt Service Reserve Requirement and the amount of the required periodic build up will be adjusted to reflect any adjustment of the Loan repayment schedule.

(b) For so long as the Loan is outstanding, if on any Interest Payment Date or Principal Repayment Date Borrower has not paid to Lender an amount equal to the amount of principal and interest due on the Loan pursuant to this Agreement, Borrower hereby consents and directs the Lender to transfer, the amount of the deficiency from the Debt Service Reserve Fund to the payment of any amounts due. Borrower shall then cause to be delivered to Lender for deposit to the Debt Service Reserve Fund after provision is made for payment of amounts which have become due under this Agreement an amount sufficient to cause the amount credited to the Debt Service Reserve Fund to be at least equal to the amount then required to be on deposit therein.

(c) The Lender may commingle funds of Borrower with other funds but shall keep adequate and accurate records of moneys and investment earnings on amounts credited to the Debt Service Reserve Fund. Borrower shall pay the reasonable fees and charges of the Lender for administering the Debt Service Reserve Fund from investment earnings on amounts credited to the Debt Service Reserve Fund in an amount not to exceed 10% of investment earnings.

(d) Not less than annually, Lender shall deliver to Borrower an accounting of the Debt Service Reserve Fund, indicating the principal amount therein, and net annual investment earnings (investment earnings less administrative costs and fees pursuant to Clause (c) of this Section) (the "Net Earnings"). Net Earnings shall be applied not less than annually as a prepayment of principal.

(e) Subject to subsections (a), (b), (c), and (d) of this Section, when the Debt Service Reserve Fund is equal to or greater than the amounts due from the Borrower, the Lender shall:

- (i) Apply the Debt Service Reserve Fund to pay in full all amounts payable by Borrower under this Agreement.
- (ii) Transfer to Borrower all monies remaining in the Debt Service Reserve Fund after payment in full of all amounts payable by Borrower.

Section 2. Replacement Reserve Fund.

(a) Borrower shall establish a separate account to secure payment to Lender of Loan repayments payable under the Loan Documents (the "Replacement Reserve Fund"). The Replacement Reserve Fund shall be held and administered by the Borrower in an account which is acceptable to Lender pursuant to the provisions of the Agreement. Borrower shall cause to be deposited on or before the first business day of each month commencing with the sixty-first (61st) month following the month in which the first Advance occurs amounts at least equal to one-twelfth (1/12th) of twenty percent (20%) of the highest amount of Loan repayments by Borrower in any fiscal year as shown in the Loan repayment schedule. Initially, the amount of the required monthly deposit and the aggregate annual deposits are set forth in Exhibit A. The amount of the required monthly deposit will be adjusted to reflect any adjustment of the Loan repayment schedule.

(b) For so long as the Loan is outstanding, if no Event of Default, and no event or occurrence which, with the giving of notice or the passage of time or both, would become an Event of Default (an "Unmatured Event of Default"), has occurred and is continuing, Borrower from time to time may withdraw moneys from the Replacement Reserve Fund and apply the moneys withdrawn for one or more of the following purposes: (i) for the acquisition of new, or the replacement of obsolete or worn out, machinery, equipment, furniture, fixtures or other personal property for the drinking water system provided that the property is depreciable; (ii) for the performance of repairs with respect to the drinking water system which are of an extraordinary and non-recurring nature provided that the property is depreciable; (iii) for the acquisition or construction of additions to or improvements, extensions or enlargements to, or remodeling of, the drinking water system provided that the property is depreciable; and/or (iv) to make payments to Lender on the Loan.

(c) For so long as the Loan is outstanding, if on any Interest Payment Date or Principal Repayment Date Borrower has not paid to Lender an amount equal to the amount of principal and interest due on the Loan pursuant to this Agreement, and the Debt Service Reserve Fund does not hold sufficient moneys to cover the deficiency, Lender will direct the Borrower to transfer, and Borrower hereby consents to transfer, the amount of the deficiency from the Replacement Reserve Fund to Lender.

(d) The Lender shall require that the Borrower shall keep adequate and accurate records of moneys, investments and investment earnings on amounts credited to the Replacement Reserve Fund. Lender shall have the right to audit the records of the Borrower insofar as they pertain to the Replacement Reserve Fund.

Section 3. Debt Service Reserve Fund and Replacement Reserve Fund as Collateral.

(a) **Grant of Security Interest.** As collateral security for the prompt and complete payment when due of all obligations of the Borrower to the Lender under the Agreement and the Note and all other obligations and liabilities of the Borrower to the Lender, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter incurred, arising under, out of, or in connection with, the Agreement or any of the Loan Documents (the "**Obligations**"), Borrower has granted, bargained, sold, assigned, pledged, and set over and by these presents does hereby grant, bargain, sell, assign, pledge, transfer and set over unto the Lender, and its successors and assigns, all of the Borrower's right, title and interest in and to any amounts held or deposited in the Debt Service Reserve Fund and in the Replacement Reserve Fund (the "**Pledged Funds**").

(b) **Terms and Conditions.**

(i) The Debt Service Reserve Fund and all amounts deposited therein shall be held in the sole dominion and control of the Lender and shall be administered by the Lender as a collateral account for the benefit of the Lender, and Borrower shall have no rights or powers with respect to, or control over, the Debt Service Reserve Fund or any part thereof. Borrower's sole right with respect to the Pledged Funds in the Debt Service Reserve Fund shall be as provided in the Agreement.

(ii) From and after the occurrence and during the continuation of an Event of Default, Lender may, in the sole and absolute discretion of the Lender, apply the Pledged Funds in the Debt Service Reserve Fund, and, if there are insufficient Pledged Funds in the Debt Service Reserve Fund, in the Replacement Reserve Fund, to the Obligations in the following order: (i) all outstanding costs, expenses, fees and late charges due the Lender, (ii) interest at the rate or rates specified in the Loan Documents and (iii) the principal amount of the Obligations. All interest and other investment earnings amounts from time to time accrued and paid on the Pledged Funds in the Debt Service Reserve Fund and the Replacement Reserve Fund shall be retained in the Debt Service Reserve Fund and the Replacement Reserve Fund and shall be applied in accordance with the Agreement.

(iii) Lender shall have, with respect to the Pledged Funds, all rights and remedies of a secured party under Article 9 of the Arizona Uniform Commercial Code and other applicable laws.

Section 4. Representations, Warranties and Covenants.

(a) Borrower agrees to establish upon closing and maintain the Debt Service Reserve Fund and the Replacement Reserve Fund in accordance with the provisions of the Agreement.

(b) The Borrower covenants that it will not apply, or permit the application of, amounts on deposit in, or required by the provisions of this Agreement to be on deposit in, the Debt Service Reserve Fund and/or the Replacement Reserve Fund except in accordance with the provisions of this Agreement.

(c) Borrower hereby represents and warrants to Lender, effect on the date of the Agreement and on the date of each deposit of Pledged Funds to the Debt Service Reserve Fund and the Replacement Reserve Fund, that:

(i) No filing, recording, registration or declaration with or notice to any person or entity is required in order to preserve or perfect the first priority lien and charge intended to be created hereunder in the Pledged Funds.

(ii) Except for the security interest granted to the Lender pursuant to this Agreement, Borrower is the sole owner of the Pledged Funds, having good and marketable title thereto, free and clear of any and all mortgages, liens, security interests, encumbrances, claims or rights of others.

(iii) No security agreement, financing statement, equivalent security or lien instrument or continuation statement covering all or part of the Pledged Funds is on file or of record in any public office except such as may have been filed by the Borrower in favor of the Lender.

(iv) This Agreement constitutes a valid and continuing first lien on and first security interest in the Pledged Funds in favor of the Lender, prior to all other liens, encumbrances, security interests and rights of others, and is enforceable as such as against creditors of and purchasers from the Borrower.

(d) Without the prior written consent of the Lender, the Borrower hereby covenants and agrees that it will not sell, assign, transfer, exchange or otherwise dispose of, or grant any option with respect to, the Pledged Funds, nor will it create, incur or permit to exist any pledge, lien, mortgage, hypothecation, security interest, charge, option or any other encumbrance with respect to any of the Pledged Funds, or any interest therein, except for the security interest provided for by the Agreement.

(e) Borrower hereby covenants and agrees that it will defend Lender's right, title and security interest in and to the Pledged Funds against the claims and demands of all persons whomsoever except to the extent, which arise out of the willful misconduct or gross negligence of the Lender.

Exhibit F
PROMISSORY NOTE

§ 271,000.00

Phoenix, Arizona
March 30, 2012

For Value Received, Parker Lakeview Estates Homeowners Association, Inc. dba Parker Springs Water Company ("Borrower"), promise to pay to WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA ("Lender") or order the aggregate principal amount outstanding on Borrower's loan as shown on Lender's records which shall at all times be conclusive and govern, with interest thereon at an annual rate equal to one percent (1%). Interest shall be calculated on a 360-day year for all advances, but, in any case, shall be computed for the actual number of days in the period for which interest is charged. Principal and interest shall be payable at the times and in the manner set forth in the Loan Agreement (as hereinafter defined).

Lender and Borrower have established specific instructions and procedures by which draws against said credit will be presented for disbursement pursuant to the terms and conditions of that certain Loan Agreement of even date herewith (the "Loan Agreement"), but nothing contained herein shall create a duty on the part of Lender to make said disbursement if Borrower is in default. The undersigned shall not be entitled to total disbursements hereunder exceeding two hundred seventy one thousand dollars (\$271,000), such lesser amount determined in accordance with the Loan Agreement with respect to the Loan (as defined in the Loan Agreement).

All amounts payable hereunder shall be paid in lawful money of the United States. Principal and interest shall be payable at 1110 West Washington, Suite 290, Phoenix, Arizona 85007, or at such other place as the holder hereof may designate. Borrower may prepay the Loan, in whole or in part, at any time without premium or penalty pursuant to Section 1(a) of the Standard Terms and Conditions relating to the Loan.

Absent a default under this Note or the Loan Agreement, any payments received by the holder hereof shall be applied first to sums, other than principal and interest, due the holder hereof, next to the payment of all interest accrued to the date of such payment, and the balance, if any, to the payment of principal. Any payments received by the holder hereof after any Event of Default (as defined in the Loan Agreement) shall be applied to the amounts specified in this paragraph in such order as the holder hereof may, in its sole discretion, elect.

If any payment of interest and/or principal is not received by the holder hereof when such payment is due, then, as additional remedies, (a) a late charge of six percent (6%) of the amount due and unpaid will be added to the delinquent amount for any payment past due in excess of fifteen (15) days and (b) all past due payments of principal and/or interest shall bear interest from their due date until paid at an annual rate equal to the sum of (i) six percent (6%) and (ii) the interest rate specified herein, payable on demand (the "Default Rate").

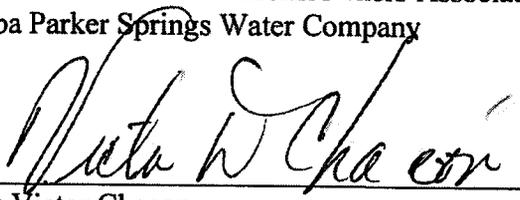
This Note shall become immediately due and payable at the option of the holder hereof without presentment or demand or any notice to Borrower or any other person obligated hereon, upon default in the payment of any of the principal hereof or any interest thereon when due, or if any event occurs or condition exists which authorizes the acceleration of the maturity hereof under the Loan Agreement. Time is of the essence with regard to all payment obligations in this Note. Failure to exercise any remedy or right hereunder shall not constitute a waiver of the right to exercise the same in the event of any subsequent default.

In the event any holder hereof utilizes the services of an attorney in attempting to collect the amounts due hereunder or to enforce the terms hereof or of any agreements related to this indebtedness, or if any holder hereof becomes party plaintiff or defendant in any legal proceeding in relation to the property described in any instrument securing this Note or for the recovery or protection of the indebtedness evidenced hereby, Borrower, its successors and assigns, shall repay to such holder hereof, on demand, all costs and expenses so incurred, including reasonable attorney's fees, including those costs, expenses and attorney's fees incurred after the filing by or against the Borrower of any proceeding under any chapter of the Bankruptcy Code, or similar federal or state statute, and whether incurred in connection with the involvement of any holder hereof as creditor in such proceedings or otherwise.

Borrower and all sureties, endorsers and guarantors of this Note waive demand, presentment for payment, notice of nonpayment, protest, notice of protest and all other notice, filing of suit and diligence in collecting this Note or the release of any part primarily or secondarily liable hereon and further agree that it will not be necessary for any holder hereof, in order to enforce payment of this Note by any of them, to first institute suit or exhaust its remedies against any maker or others liable herefor, and consent to any extension or postponement of time or payment of this Note or any other indulgence with respect hereto without notice thereof to any of them.

Notwithstanding any provision contained herein to the contrary, the applicable rate of interest agreed to herein shall include the applicable interest rate described herein, in accordance with the terms of this Note, and any additional charges, costs and fees incident to this loan to the extent they are deemed to be interest under applicable Arizona law. Should the applicable rate of interest as calculated under this Note exceed that allowed by law, the applicable rate of interest will be the maximum rate of interest allowed by applicable law.

Parker Lakeview Estates Homeowners Association,
Inc. dba Parker Springs Water Company

By 
Name: Victor Chacon
Title: President

"Borrower"

Addendum

Borrower's Legal Description of Property

Regulated water company W01853A operating on private land within Parker Lakeview Estates subdivision in Cochise County, AZ and USDA permitted land. Registered well ADWR 55-621240 on permitted land, USDA Permit SIE4032-03 "This permit covers .21 acres described as E ¼, SW ¼ Sec 17 & S ½, SE ¼, Sec 18 T.23 S., R. 19E., Gila and Salt River Base and Meridan" along with personal property registered under AZ DOR CVP Tax ID 55-440.

Additional property to be purchased with proceeds from WIFA Project DW 027-2012 & Loan No. 920223-12 in Cochise County, AZ within Parker Lakeview Estates subdivision registered as 02 105 29 065 and described "Parker Lakeview Est Lot 65 & 1/5 int in Lot 124".

DOCKET NO. W-01853A-11-0065, W01853A-11-0050
Parker Lakeview Est HOA ADEQ System 02045

COMPLIANCE ACC DECISION 72638
WIFA LOAN AGREEMENT #920223-12