

\$495,000
TOWN OF NEW HAVEN
WATER REVENUE BOND
SERIES 2003 A
and
\$140,000
TOWN OF NEW HAVEN
WATER REVENUE BOND
SERIES 2003 B

I. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and System, and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(C) of the Code and all other entities benefiting thereby reasonably expect to issue less than \$5,000,000 in aggregate principal amount of tax-exempt obligations during the calendar year in which the Bond for the construction phase are to be issued.

J. There are currently no outstanding obligations of the Issuer with which the Series 2003 Bonds will rank on parity as to lien and source of and security for payment.

Section 1.03. Ordinance Constitutes Contract. In consideration of the acceptance of the Bond by those who shall be the registered owners of the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Bond, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

"Act" means Chapter 8, Article 19 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authorized Officer" means the Mayor of the Issuer or any acting Mayor duly appointed by the Governing Body.

"Bondholder," "Holder of the Bonds," "Holder" or any similar term whenever used herein with respect to an outstanding Bond, means the person in whose name such Bond is registered.

"Bond Registrar" means the bank or other entity designated herein or in any Supplemental Resolution and its successors and assigns.

"Bond Year" means the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year except that the first Bond Year shall begin on the Closing Date.

"Bond", "Bonds" or "Series 2003 Bond" means the not more than \$635,000 in aggregate principal amounts of Town of New Haven, Water Revenue Bonds, Series 2003 A and Series 2003 B issued for the purpose of acquiring, constructing and equipping the Project, and any bonds on a parity therewith authorized to be issued hereunder.

"Clerk - Treasurer" means the Clerk - Treasurer or Acting Clerk - Treasurer of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing the purchase of the Bonds by the Government.

"Code" means the Internal Revenue Code of 1986, as amended, and including all Regulations promulgated pursuant thereto, and any successors thereto.

"Commission" means the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia that succeeds to the functions of the Commission.

"Construction Fund" means the Construction Fund established by Section 4.01 hereof.

"Consulting Engineers" means Cerrone and Associates, Inc., Wheeling, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Costs" or "Costs of the Project" means those costs described in Section 1.02H hereof to be a part of the cost of construction and acquisition of the Project.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period, which relate to principal, which has been retired before the beginning of such period.

"Depository Bank" means the bank designated as such in the Ordinance or in the Supplemental Resolution or letter, and its successors and assigns.

"FDIC" means the Federal Deposit Insurance Corporation and any successor to the functions of the FDIC.

"Fiscal Year" means each 12-month period beginning on July 1 and ending on the succeeding June 30.

"Governing Body" means the Town Council of the Issuer or other legally constituted governing body of the Issuer, as may hereafter be constituted.

"Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 7.01 hereof) or any Tap Fees, as hereinafter defined.

"Herein," "hereto" and similar words shall refer to this entire Ordinance.

"Independent Certified Public Accountants" shall mean any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Issuer" means the Town of New Haven, in Mason County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amounts of the Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Bond Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Bond, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means the balance of the Gross Revenues, remaining after deduction of Operating Expenses, as hereinafter defined.

"Operation and Maintenance Fund" means the Operation and Maintenance Fund established by Section 4.01 hereof.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fiscal agents, the Depository Bank, Registrar and Paying Agent (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bond, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Ordinance," "Bond Ordinance" or "Local Act" means this Bond Ordinance and all ordinances, orders and resolutions supplemental hereto or amendatory hereof.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all bonds theretofore and thereupon being authenticated and delivered except (i) any Bond canceled by the Bond Registrar at or prior to said date; (ii) any Bond for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article IX hereof; and (iv) for

purposes of consents or other action by a specified percentage of Bondholders or any Bonds registered to the Issuer.

"Parity Bonds" means additional bonds issued under the provisions and within the limitation prescribed by Section 6.08 hereof.

"Paying Agent" means the West Virginia Municipal Bond Commission, its successors and assigns.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Project" means the acquisition, construction and equipping of certain additions, betterments and improvements for water facilities of the Issuer, within or surrounding the Town of New Haven and all appurtenant facilities.

"Qualified Investments" means and includes any of the following:

(a) Government Obligations;

(b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a

pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as Primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia State Investment Management Board pursuant to Chapter 12, Article 6, of the West Virginia Code of 1931, as amended; provided, that investments by such fund on behalf of the Issuer shall be restricted to Qualified Investments other than that described in this paragraph (h); and

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Registered Owner," "Bondholder," "Holder" or any similar term means whenever used herein with respect to an outstanding Bond, the person in whose name such Bond is registered.

"Regulations" means temporary and permanent regulations promulgated under the Code, or any predecessor thereto.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 4.01 hereof.

"Revenue" or "System Revenue Fund" means the Revenue or System Revenue Fund established by Section 4.01 hereof.

"RUS" or "Government" means the United States of America, United States Department of Agriculture, Rural Utilities Service, and assignee or successor thereto.

"Series 2003 Bond Reserve Account" means the Series 2003 Bond Reserve Account established in the Series 2003 Bond Sinking Fund pursuant to Section 4.02 hereof.

"Series 2003 Bond Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the 2003 Bond in the then current or any succeeding year.

"Series 2003 Bond Sinking Fund" means the Series 2003 Bond Sinking Fund established by Section 4.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance.

"Surplus Revenues" means the Net Revenues not required by the Ordinance to be set aside and held for the payment of or security for the Bonds, or any other obligations of the Issuer, including the Renewal and Replacement Fund, and the Series 2003 Bond Reserve Account, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" means all facilities and other property of every nature, real and personal, now or hereafter owned, held or used in connection with the water system; and shall also include any and all additions, extensions, improvements, properties, or other facilities at any time acquired or constructed for the water system after completion of the Project.

"Tap Fees" means the fees, if any, paid by prospective customers of the System in order to connect thereto.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Construction of the Project. There is hereby authorized the acquisition, construction and equipping of the Project, at an estimated cost of \$635,000 in accordance with plans and specifications to be prepared by the Consulting Engineers and filed in the office of the Governing Body. The proceeds of the Bond hereby authorized shall be applied as provided in Article IV hereof. The Issuer has received bids and has entered or will enter into contracts for the acquisition, construction and equipping of the Project, compatible with the financing plan submitted to RUS.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS

Section 3.01. Authorization of Bonds. For the purposes of paying for acquisition, construction and equipping of the Project not otherwise provided for and paying certain costs of issuance of the Bonds and related costs, or any other purposes as determined by a Supplemental Resolution, there shall be issued negotiable bonds of the Issuer, in the aggregate principal amounts of \$635,000 for acquisition, construction and equipping of the Project. Said Bonds shall be issued and designated, "Water Revenue Bonds, Series 2003 A and Series 2003 B", in the aggregate principal amounts of \$635,000 and shall have such terms as set forth hereinafter or in a Supplemental Resolution. The proceeds of the Bonds remaining after funding of the Series 2003 Bond Reserve Account (if funded from Bond Proceeds) shall, subject to Section 5.02 hereof, be deposited in or credited to the Construction Fund established by Section 4.01 hereof.

Section 3.02. Terms of Bonds. The Bonds shall be registered and numbered AR-1 and BR-1. The Bonds shall bear interest at a rate of four and 25/100 percent (4.25%) per annum. The Bonds shall mature in not more than forty (40) years; and shall be redeemable in whole or in part, all as prescribed herein. The principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bonds and continuing on the corresponding day of each month for the first twenty-four (24) months after the date hereof, and \$2,193.00 covering principal and interest on the Series 2003 A Bond and \$621.00 covering principal and interest on the Series 2003 B Bond, thereafter on said corresponding day of each month. The Bonds shall be payable at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Principal and interest on the Bonds shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Government is the Registered Owner thereof. The Bonds shall be dated the date of delivery thereof and shall finally mature no later than September 5, 2043. The Bonds shall be subject to redemption upon payment of the redemption premium, if any.

The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds will be advanced from time to time by RUS. The proceeds of the Bonds, as advanced from time to time, shall be deposited in or credited to the Construction Fund, as received from time to time for payment of Costs of the Project, including costs of issuance of the Bonds.

Unless otherwise provided by a Supplemental Resolution, the Bonds shall be issued in the form of two bonds, fully registered to the Government, with a debt service schedule attached, representing the aggregate principal amounts, and shall mature in principal installments, as provided in said Bonds. The Bonds shall be exchangeable at the option and expense of the Holders for other fully registered bonds of the same series Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal

installments of said Bonds; provided, that RUS shall not be obligated to pay any expenses of such exchange.

Subsequent series of bonds shall be issued in fully registered form and in denominations and at such interest rates and shall be payable as determined by a new Bond Ordinance.

Section 3.03. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Clerk - Treasurer. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Negotiability, Registration, Transfer and Exchange of Bonds. The Bonds shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, but the Bonds may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.05 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar. No interest in the Bonds shall be transferable except by means of transfer of registration of Bonds representing such interest and delivery of a new Bond or Bonds in exchange therefor in accordance with this Bond Ordinance.

Whenever the Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount or amounts. The Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Registrar with respect to such transfer.

No registration of transfer of the Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on that Bond.

Section 3.05. Registrar. The Issuer shall be the Bond Registrar and will keep or cause to be kept by its agent at its office, sufficient books for the registration and transfer of the Bonds, and upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register the Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bonds as hereinbefore provided.

The Registrar shall accept the Bonds for registration or transfer only if ownership thereof is to be registered in the name of an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the

federal employer identification number of each corporation or partnership or social security numbers of the settlor and beneficiaries of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. Any Bond so surrendered shall be canceled by the Bond Registrar and held for the account of the Issuer. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the Series 2003 Bond Reserve Account. No holder or holders of the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Bonds shall be secured by a lien on the Net Revenues derived from the System. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Series 2003 Bond Sinking Fund, the Series 2003 Bond Reserve Account therein and the Renewal and Replacement Fund, hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due.

Section 3.09. Forms of Bonds. The text of the Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution or Ordinance adopted prior to the issuance thereof:

(FORM OF SERIES 2003 A BOND)

**\$495,000
TOWN OF NEW HAVEN
WATER REVENUE BOND
SERIES 2003 A**

No. AR-1

Date: September 5, 2003

FOR VALUE RECEIVED, the TOWN OF NEW HAVEN, a municipal corporation and political subdivision of the State of West Virginia, in Mason County of said State (herein called "Issuer"), hereby promises to pay to the order of the United States of America (the "Government"), or its registered assigns at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Four Hundred Ninety-five Thousand and 00/100 Dollars (\$495,000.00), plus interest on the unpaid principal balance at the rate of four and 25/100 percent (4.25%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four (24) months after the date hereof, and \$2,193.00 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Issuer as requested by Issuer and approved by the Government, and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto and made a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to the principal. Payments shall be made at the office of the Municipal Bond Commission, Charleston, West Virginia, and shall be mailed to the registered owner hereof at the address as it appears on the books of the Issuer in its Town as Registrar. Provided, however, for so long as the Government remains the owner of this Bond, the Issuer shall remit payments directly to the Government or any agency or department thereof.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Issuer. Refunds and extra payments, as defined in the regulations of the Rural Utilities Service, according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Issuer to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Issuer shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Issuer may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Issuer, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Issuer, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Issuer to the Government without demand. Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

The Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction of improvements to a water system (the "System") of the Issuer, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Issuer, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Bond Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 19 of Chapter 8 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Issuer may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Issuer will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government,

This Bond is given as evidence of a loan to Issuer made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act, as amended. This Bond shall be subject to the present regulations of the Rural Development and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ON PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THE WATER REVENUE BOND, SERIES 2003 B OF THE ISSUER DESCRIBED IN THE ORDINANCE ISSUED WITH RESPECT TO SUCH SERIES.

The initial address of Government for purposes of bond registration is Federal Building, Room 320, 75 High Street, Morgantown, WV 26505-7500.

This Bond will be in default should any proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as set forth in Exhibit M of subpart G of Part 1940 of Title 7 of the Code of Federal Regulations, as amended.

IN WITNESS WHEREOF, the TOWN OF NEW HAVEN has caused this Bond to be executed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Clerk-Treasurer, all as of the date hereinabove written.

(SEAL)

TOWN OF NEW HAVEN

By: _____
Mayor
P.O. Box 217
New Haven, WV 25265

ATTEST:

By: _____
Clerk-Treasurer

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer said Bond on the books kept for registration of the within Bond of said Issuer with full power of substitution in the premises.

DATED: _____

(Assignor)

Witnessed in the presence of:

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$	9/5/03	(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	

TOTAL \$ _____

(FORM OF SERIES 2003 B BOND)

\$140,000
TOWN OF NEW HAVEN
WATER REVENUE BOND
SERIES 2003 A

No. BR-1

Date: September 5, 2003

FOR VALUE RECEIVED, the TOWN OF NEW HAVEN, a municipal corporation and political subdivision of the State of West Virginia, in Mason County of said State (herein called "Issuer"), hereby promises to pay to the order of the United States of America (the "Government"), or its registered assigns at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of One Hundred Forty Thousand and 00/100 Dollars (\$140,000.00), plus interest on the unpaid principal balance at the rate of four and 25/100 percent (4.25%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four (24) months after the date hereof, and \$621.00 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Issuer as requested by Issuer and approved by the Government, and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto and made a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to the principal. Payments shall be made at the office of the Municipal Bond Commission, Charleston, West Virginia, and shall be mailed to the registered owner hereof at the address as it appears on the books of the Issuer in its Town as Registrar. Provided, however, for so long as the Government remains the owner of this Bond, the Issuer shall remit payments directly to the Government or any agency or department thereof.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Issuer. Refunds and extra payments, as defined in the regulations of the Rural Utilities Service, according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Issuer to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Issuer shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Issuer may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Issuer, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Issuer, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Issuer to the Government without demand. Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

The Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction of improvements to a water system (the "System") of the Issuer, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Issuer, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Bond Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 19 of Chapter 8 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Issuer may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Issuer will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government,

This Bond is given as evidence of a loan to Issuer made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act, as amended. This Bond shall be subject to the present regulations of the Rural Development and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ON PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THE WATER REVENUE BOND, SERIES 2003 A OF THE ISSUER DESCRIBED IN THE ORDINANCE ISSUED WITH RESPECT TO SUCH SERIES.

The initial address of Government for purposes of bond registration is Federal Building, Room 320, 75 High Street, Morgantown, WV 26505-7500.

This Bond will be in default should any proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as set forth in Exhibit M of subpart G of Part 1940 of Title 7 of the Code of Federal Regulations, as amended.

IN WITNESS WHEREOF, the TOWN OF NEW HAVEN has caused this Bond to be executed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Clerk-Treasurer, all as of the date hereinabove written.

TOWN OF NEW HAVEN

(SEAL)

By: _____
Mayor
P.O. Box 217
New Haven, WV 25265

ATTEST:

By: _____
Clerk-Treasurer

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer said Bond on the books kept for registration of the within Bond of said Issuer with full power of substitution in the premises.

DATED: _____

(Assignor)

Witnessed in the presence of:

RECCORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$	9/5/03	(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	

TOTAL \$ _____

Section 3.10. Sale of Bonds. The Series 2003 Bonds shall be sold to RUS.

Section 3.11. Certificate of Consulting Engineers. Prior to the issuance of the Bonds, the Issuer must obtain the certificate of the Consulting Engineers to the effect that the Project will be constructed in accordance with the approved plans and specifications, the Project is or will be adequate for the purposes for which it was designed, and the funding plan is sufficient to pay the costs of the acquisition and construction of the Project.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund or System Revenue Fund;
- (2) Operation and Maintenance Fund;
- (3) Renewal and Replacement Fund; and
- (4) Construction Fund.

Section 4.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created or continued with the Commission:

- (1) Series 2003 Bond Sinking Fund;
 - (a) Within the Series 2003 Bond Sinking Fund, the Series 2003 Bond Reserve Account.

Section 4.03. System Revenues; Flow of Funds.

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the System Revenue Fund established herein. The Revenue Fund shall constitute a trust fund for the purposes provided in this Ordinance and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

- (1) The Issuer shall first each month transfer from the Revenue Fund to the Operation and Maintenance Fund the amount necessary and sufficient to pay current Operating Expenses.
- (2) The Issuer shall next, each month, on or before the due date of payment of each installment on the Bonds, transfer from the Revenue Fund and remit to the

National Finance Office designated in the Bonds (or such other place as may be provided pursuant to the Bonds), the amount required to pay the interest on the Bonds, and to amortize the principal of the Bonds over the life of the Bond issues. There is hereby created a sinking fund at the Depository Bank into which the Issuer shall deposit sufficient amounts from the Revenue Fund to pay the interest on the Bonds and to amortize the principal of the Bonds over the remaining life of the Bond issues. As long as the Government owns the Bonds, such deposits can be replaced by the remittances described above.

(3) The Issuer shall next, on the first day of each month, commencing one (1) month prior to the first date of payment of principal and interest of the Bonds, if not fully funded upon issuance of the Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit into the Series 2003 Bond Reserve Account, an amount equal to 1/120 of the Series 2003 Bond Reserve Requirement; provided, that no further payments shall be made into the Series 2003 Bond Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2003 Bond Reserve Requirement.

(4) From the moneys remaining in the Revenue Fund, the Issuer shall next, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any reserve account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 2003 Bond Reserve Accounts [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof,] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 2003 Bond Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, as the same shall become due. Moneys in the Series 2003 Bond Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Bond, as the same shall come due, when other moneys in the attendant Series 2003 Bond Sinking Fund are insufficient therefor, and for no other purpose.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 2003 Bond Sinking Fund and Series 2003 Bond Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Construction Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments, if any, due on the respective series of bonds, and then to the next ensuing principal payments due thereon.

Except with respect to transfers to the Rebate Fund permitted hereunder, any withdrawals from the Series 2003 Bond Reserve Account which result in a reduction in the balance of the Series 2003 Bond Reserve Accounts to below the Series 2003 Bond Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full, to the Series 2003 Bond Sinking Fund for payment of debt service on the Bonds.

B. As and when additional bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the Sinking Fund sufficient to pay the interest on such additional parity bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum provided and required to be paid into the Sinking Fund in any year for account of the bonds of such series, including such additional bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the Series 2003 Bond Sinking Fund or into the Series 2003 Bond Reserve Account therein when the aggregate amount of funds in said Series 2003 Bond Sinking Fund and Series 2003 Bond Reserve Account are at least equal to the aggregate principal amount of the Bond issued pursuant to this Ordinance then Outstanding and all interest to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2003 Bond Sinking Fund created hereunder, and all amounts required for said Series 2003 Bond Sinking Fund shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

The payments into the Series 2003 Bond Sinking Fund shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

Moneys in the Series 2003 Bond Reserve Account shall be invested and reinvested by the Commission in accordance with Section 7.01 hereof.

The Series 2003 Bond Sinking Fund, including the Series 2003 Bond Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Bonds and any additional bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Series 2003 Bond Sinking Fund, including the Series 2003 Bond Reserve Account therein and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Such Surplus Revenues shall be used to redeem the Bonds or for any lawful purposes of the System.

D. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Commission's fees, the Registrar's fees, the Paying Agent's fees and the Depository Bank's charges then due.

E. The Issuer hereby designates City National Bank of West Virginia, New Haven, West Virginia, as the Depository Bank. The Commission is hereby designated as Paying Agent for the Bond.

F. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund and the Renewal and Replacement Fund shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 4.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

H. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

I. The Gross Revenues of the System shall only be used for purposes of the System.

J. All Tap Fees shall be deposited by the Issuer, as received, in the Construction Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

Section 4.04. Excess Bond Proceeds. The Issuer shall place any excess proceeds from the Bonds not required by the Project in the Series 2003 Bond Reserve Account or as otherwise directed by RUS.

ARTICLE V

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 5.01. Application of Bond Proceeds. From the moneys received from time to time from the sale of any or all of the Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Bonds, there shall be deposited with the Commission in the Series 2003 Bond Reserve Account the sum, if any, required hereunder for funding the Series 2003 Bond Reserve Account.

B. The remaining moneys derived from the sale of the Bonds shall be deposited by the Issuer as received from time to time in the Construction Fund established hereunder.

C. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Construction Fund and shall comply with all requirements with respect to the disposition of the Construction Fund set forth in this Ordinance. Except with respect to any transfers to the Rebate Fund, moneys in the Construction Fund shall be used solely to pay Costs of the Project and, until so transferred or expended, are hereby pledged as additional security for the Bonds.

Section 5.02. Disbursements From the Construction Fund. Payments for Costs of the Project shall be made monthly.

On or before the Closing Date, the Issuer shall have delivered to RUS a report listing the specific purposes for which the proceeds of the Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 5.01 hereof, disbursements from the Construction Fund shall be made only after submission to, and approval from, RUS of the following:

- (1) a completed and signed "Payment Requisition Form," and
- (2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:
 - (A) That none of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
 - (B) That each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;
 - (C) That each of such costs has been otherwise properly incurred; and
 - (D) That payment for each of the items proposed is then due and owing.

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Construction Fund only the net amount remaining after deduction of any such portion. All payments made from the Construction Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Construction Fund.

The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

Until disbursed by the Issuer, moneys in the Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Ordinance, the Issuer hereby covenants and agrees with the Holders of the Bond as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as said Bonds or the interest thereon is Outstanding and unpaid.

Section 6.02. Bonds Not to be Indebtedness of the Issuer. The Bonds shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Ordinance. No Holder or Holders of the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Bonds issued hereunder shall be secured forthwith by a lien on the Net Revenues derived from the operation of the System including the fees collected by the Issuer and imposed by the tariff approved by the Governing Body of the Issuer on July 29, 2003. The Revenues derived from the System, in amounts sufficient to pay the principal of and interest on the Bonds and to make the payments into the Series 2003 Bond Sinking Fund, including the Series 2003 Bond Reserve Account therein, and all other payments provided for in the Ordinance and the tariff are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Ordinance.

Section 6.04. Rates. Prior to issuance of the Bonds, equitable rates or charges for the proposed and/or actual use of and service rendered by the System have been or will be established, all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Clerk - Treasurer, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient

for such purposes. The Issuer shall take the necessary actions with respect to the imposition of rates at such times and with such provisions with respect to interest rate and maturity of the Bond to finance the issuance of the Bond as the purchaser thereof shall require. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds; provided that, in the event that an amount at least equal to or in excess of the Reserve Requirement is on deposit in the Series 2003 Bond Reserve Account for the Bonds and is funded at least at the requirement provided for in the Ordinance, such balance each Fiscal Year need only equal at least one hundred ten percent (110%) of the maximum amounts required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds.

Section 6.05. Completion, Operation and Maintenance. The Issuer shall simultaneously with the delivery of the Bonds or immediately thereafter enter into written contracts for the immediate acquisition or construction of the Project. The Issuer will expeditiously complete the Project and will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of said System in the manner provided in the Ordinance.

Section 6.06. Sale of the System. Except as otherwise required by state law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Outstanding Bonds and effectively defease this Ordinance in accordance with Section 9.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Outstanding Bonds, immediately be remitted to the Commission for deposit in the Series 2003 Bond Sinking Fund, and, with the written permission of the Government, or in the event the Government is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Outstanding Bonds. Any balance remaining after the payment of all the Outstanding Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with

all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall with the written consent of the Holder of the Bonds, be remitted by the Issuer to the Commission for deposit in the Series 2003 Bond Sinking Funds and shall be applied only to the purchase of a Bonds of the last maturities then Outstanding at prices not greater than the redemption price of such Bonds. Such payment of such proceeds into the Series 2003 Bond Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of sixty-six and two-thirds percent (66 2/3%) in amount of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holder of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 6.07 and in Section 6.08B, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Series 2003 Bond Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Ordinance, or upon the System or any part thereof. The Issuer will give RUS prior written notice of the issuance of other obligations to be used for the Project, payable from System revenues or grants for the Project.

Section 6.08. Parity Bonds. A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Bonds issued pursuant to this Ordinance, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on parity in all respects with the Bond and shall be issued with the written consent of the Government.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of the System or extensions, improvements or betterments to the System or refunding one or more series of bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Clerk-Treasurer a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any twelve (12) consecutive months, within the eighteen (18) months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three (3) succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than one hundred fifteen percent (115%) of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

- (1) The Series 2003 Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the three (3) succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Clerk - Treasurer prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the twelve (12) consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such additions, betterments or improvements, if any, to the System that are to be financed by such Parity Bonds.

All covenants and other provisions of this Ordinance (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bond and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any bond of one series over any other bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Ordinance required for and on account of such Parity Bonds, in addition to the payments required for the Bond theretofore issued pursuant to this Ordinance.

All Parity Bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Bond Ordinance or Supplemental Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Bond on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Ordinance with respect to the Bond then outstanding, and any other payments provided for in this Ordinance, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Ordinance.

B. Notwithstanding the foregoing, the Issuer may issue Parity Bonds without compliance with any other conditions for the purpose of refunding prior to maturity any issues or series of bonds, provided that the annual debt service required on account of the refunding bonds and the bonds which are not refunded shall not be greater in any year in which the bonds not refunded and the refunding bonds are to be Outstanding than the annual debt service required in such year if the bonds to be refunded were not so refunded.

Section 6.09. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, the costs of acquiring the Project site, construction, and installing the Project, and any Holder of the Bonds issued pursuant to this Ordinance shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The Issuer shall keep complete and accurate records of the costs of designing the System, acquiring the Project site and acquiring, constructing and installing the Project. The Issuer shall permit RUS, or its agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and

examination. The Issuer shall submit to RUS such documents and information as it may reasonably require in connection with the design, acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the RUS, or its agents and representatives, to inspect all records pertaining to the construction and operation of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer shall keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any owner of the Bonds issued pursuant to the Ordinance shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system that may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Consulting Engineers, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of the Bond requesting the same, an annual report containing the following:

- (A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.
- (B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Ordinance with respect to said Bond and the status of all said funds and accounts.
- (C) The amount of any Outstanding Bonds or other obligations outstanding and secured by a lien on the Net Revenues of the System.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Bonds and shall submit said report to RUS or any other original purchaser of the Bonds. Such audit report

submitted to RUS shall include a statement that the Issuer is in compliance with the terms and provisions of and this Ordinance and the Act and that Gross Revenues are adequate to meet operation/maintenance expenses and debt service requirements.

The Issuer shall permit RUS, or its agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction of the Project, the Issuer shall also provide RUS, or its agents and representatives, with access to the plans, drawings, specifications, System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of RUS with respect to the System pursuant to the Act.

Section 6.10. Compliance With Ordinance, Rules and Regulations. The Issuer hereby covenants and agrees to perform and satisfy all terms and conditions of this Ordinance and to comply with all applicable laws, rules and regulations issued by the Government, or other state, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

Section 6.11. Operating Budget and Audit. The Issuer shall annually, at least forty-five (45) days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated reserves and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of ten percent (10%) of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall, within thirty (30) days of the adoption thereof, mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to any Holder of any Bond, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of the Bonds, or anyone acting for and on behalf of such Holder of the Bonds.

In addition, the Issuer shall annually cause the records of the System to be audited by an Independent Certified Public Accountant, the report of which audit shall be submitted to and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Ordinance.

Section 6.12. Engineering Services and Operating Personnel. The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to RUS covering the supervision and inspection of the construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such

resident engineer shall certify to the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer shall require the Consulting Engineers to submit the As-Built Plans to it within sixty (60) days of the completion of the Project.

Section 6.13. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.14. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of thirty (30) days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid, to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia. Rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 6.15. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 6.16. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Bonds remain Outstanding, the Issuer and its contractors and

subcontractors will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

- (1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, ON ALL above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the prime contractor and all subcontractors as their respective interests may appear, during construction of the Project on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Issuer, the contractors and subcontractors, as their interests may appear.
- (2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than \$500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.
- (3) WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of one hundred percent (100%) of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.
- (4) FLOOD INSURANCE, to the extent available at reasonable cost to the Issuer.
- (5) BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to one hundred percent (100%) of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract.

C. The Issuer shall also require all contractors engaged in the construction of the Project to carry such Workers' Compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. Such insurance shall be made payable to the order of the Government, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 6.17. Permits and Orders. The Issuer shall obtain all requisite orders of and approvals from the Public Service Commission of West Virginia, the West Virginia Infrastructure and Jobs Development Council and other federal or State agencies necessary for the construction of the Project and operation of the System, and the Government shall receive an opinion of counsel to the Issuer to such effect.

Section 6.18. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. **PUBLIC PURPOSE BOND.** The Issuer shall use the Bond Proceeds solely for the Project and as otherwise set forth herein, and the Project will be solely operated as a public purpose and as a local governmental activity of the Issuer. The financing of the Project with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

B. **PRIVATE ACTIVITY BOND COVENANT.** The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code and Treasury Regulations promulgated or to be promulgated thereunder. The Issuer will take all actions necessary to comply with the Code in order to assure the tax-exempt status of the Bonds.

C. **PRIVATE LOAN LIMITATION.** The Issuer shall assure that not in excess of five percent (5%) of the Net Proceeds of the Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

D. **FEDERAL GUARANTEE PROHIBITION.** The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

money market accounts until further directed in writing by the Issuer. Moneys in the Series 2003 Bond Reserve Account shall be invested by the Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 7.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Bond in such manner and to such extent as may be necessary, in view of the Issuer's reasonable expectations at the time of issuance of the Bond, so that the Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal Information Return with respect to the Bonds) so that the interest on the Bonds will be and remain excluded from gross income for Federal income tax purposes. and will not take any actions which would adversely affect such exclusion.

Section 7.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

If it is determined that the Issuer does not qualify for an exception to Section 148 of the Code or the Issuer is otherwise subject to rebate in connection with the Bond, the Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Government, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder, and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States that are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Government in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates at the expense of the Issuer. The Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of

independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 7.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 7.03 in accordance with the requirements of Section 148(f) of the Code or such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bond from gross income for federal income tax purposes.

The Issuer shall submit within fifteen (15) days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Bonds subject to rebate. The Issuer shall furnish such information with respect to earnings on all moneys constituting "Gross Proceeds" of the Bonds (as such term is defined in the Code) from time to time as requested. The Issuer shall also furnish such additional information relating to rebate as may be reasonably requested, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as defined in the Code).

The Issuer shall furnish, annually, at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested and shall furnish such information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as that term is defined in the Code) from time to time as requested.

Section 7.04. Restriction of Yield and Bond Proceeds. The Issuer shall comply with the yield restriction on Bond Proceeds as set forth in Section 148 of the Code.

ARTICLE VIII

DEFAULT AND REMEDIES

Section 8.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Bond:

(1) If default occurs in the due and punctual payment of the principal of the Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Ordinance, any Supplemental Resolution or the Bonds, and such default shall have continued for a period of thirty (30) days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of the Bond; or

(3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

Section 8.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of Outstanding Bonds may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Ordinance relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Outstanding Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Outstanding Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Ordinance with respect to the Outstanding Bonds, or the rights of such Registered Owners. Any such remedies shall be exercised in a manner benefiting the holders of the Series 2003 Bond.

Section 8.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Ordinance and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds any Registered Owner of the Bonds shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Ordinance and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Bonds and under any covenants of this Ordinance for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Ordinance shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of the Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor

receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owner of such Bond and the curing and making good of any Event of Default with respect thereto under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE IX

REPAYMENT

Section 9.01. Repayment of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holder of the Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then with respect to the Bonds only the pledge of Net Revenues and other moneys and securities pledged under this Ordinance and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

The Bonds shall have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, money in an amount which shall be sufficient to provide money which, together with other money, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due on the Bonds. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than the payment of the principal installments of and interest on said Bonds, and interest earned from such investments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE X
RATES, RULES, COVENANTS, ETC.

Section 10.01. Initial Schedule of Rates and Charges.

A. The schedule of rates and charges for the services and facilities of the System shall be as set forth in a Tariff on file with the Public Service Commission effective August 2, 2003, which Tariff is incorporated herein by reference and is made a part hereof.

B. The Issuer hereby ratifies a Rate Ordinance enacted on July 29, 2003, which sets forth the rates and charges as set out in the above-referenced order and included on the tariff sheet filed with the Public Service Commission.

Section 10.02. Further Covenants.

The Issuer hereby further covenants and agrees as follows:

A. There shall not be any discrimination or differential in rates between customers in similar circumstances.

B. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

C. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and water services by the Issuer without payment at the same time of a water bill owed by such customer for the same premises.

D. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have such remedies and powers as are provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

E. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other Revenues of the System.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bonds, the Issuer shall execute a Financing Statement meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such Financing Statement in the office of the Secretary of State of West Virginia.

Section 11.02. Delivery of Bonds. The Mayor and Clerk-Treasurer of the Governing Body are hereby authorized and directed to cause the Bonds, numbered AR-1 and BR-1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery. The Mayor and Clerk – Treasurer are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by this Ordinance approved and provided for, to the end that the Bonds may be delivered on or about September 3, 2003, to RUS.

Section 11.03. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 11.04. Amendment or Modification of Ordinance. No material modification or amendment of this Ordinance, or of any ordinance or resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Bonds shall be made without the consent in writing of the Registered Owners of 66 2/3% or more in principal amounts of the Bonds so affected and then Outstanding provided, that no change shall be made in the maturity of any Bond or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owners thereof. No amendment or modification shall be made that would reduce the percentage of the principal amounts of the Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Ordinance may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code as may be necessary to assure the excludability of interest on the Bond from gross income of the holders thereof.

Section 11.05. Ordinance Constitutes Contract. The provisions of this Ordinance shall constitute a contract between the Issuer and the Registered Owners of the Bonds, and no change, variation or alteration of any kind of the provisions of this Ordinance shall be made in any manner, except as in this Ordinance provided.

Section 11.06. Conflicting Provisions Repealed. All ordinances and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed except the Prior Ordinances.

Section 11.07. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 11.08. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State applicable thereto; and that the Mayor, Clerk - Treasurer and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office. The Issuer hereby approves and accepts all contracts relating to the financing and construction of the Project. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 11.09. Supplemental Resolutions. The Issuer may pass such supplemental resolutions, if necessary, to effectuate the purposes and intent of this Ordinance.

Section 11.10. Effective Time. This Ordinance shall take effect immediately upon its adoption.

Section 11.11. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Bond Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) full days intervening between each publication, in a qualified newspaper published and of general circulation in the Town of New Haven, together with a notice stating that this Bond Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Town Council upon a date certain, not less than ten (10) days subsequent to the date of the first publication of such abstract of this Bond Ordinance and notice, and present protests, and that a certified copy of the Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard, and the Governing Body shall take such action as it shall deem proper in the premises.

First Reading – July 15, 2003

Second Reading – July 29, 2003

Enacted Following Public Hearing – August 12, 2003

TOWN OF NEW HAVEN, WEST VIRGINIA

[SEAL]

By: _____
Mayor

ATTEST:

Clerk – Treasurer

CERTIFICATION

The undersigned does hereby certify that the attached Ordinance is a true and accurate copy of an Ordinance duly enacted by the Council of the TOWN OF NEW HAVEN, WEST VIRGINIA on and effective on August 12, 2003, and that the foregoing document remains in full force and effect and has not been amended.

Dated: September 3, 2003.

[SEAL]

Clerk - Treasurer

TOWN OF NEW HAVEN, WEST VIRGINIA

By: Stephen A. Smith
Mayor

[SEAL]

ATTEST:

Pat Pugh
Clerk - Treasurer

CERTIFICATION

The undersigned does hereby certify that the attached Ordinance is a true and accurate copy of an Ordinance duly enacted by the Council of the TOWN OF NEW HAVEN, WEST VIRGINIA on and effective on August 12, 2003, and that the foregoing document remains in full force and effect and has not been amended.

Dated: September 3, 2003.

[SEAL]

Pat Pugh
Clerk - Treasurer

\$495,000
TOWN OF NEW HAVEN
WATER REVENUE BOND
SERIES 2003 A
and
\$140,000
TOWN OF NEW HAVEN
WATER REVENUE BOND
SERIES 2003 B

CERTIFICATE OF CONSULTING ENGINEER

I, Dominick P. Cerrone, P.E., of Cerrone Associates, Inc., Wheeling, West Virginia, a Registered Professional Engineer, West Virginia License No. 14750, hereby certify that I am the engineer for the acquisition, construction and equipping of certain additions, betterments and improvements to the water system (herein called the "Project") of the Town of New Haven (the "Issuer"), located in Mason County, West Virginia, which acquisition, construction and equipping cost is being financed by the above-captioned bond (the "Bond") of the issuer. Capitalized terms used and not otherwise defined herein shall have the meaning assigned to such terms in the Ordinance enacted by the Town Council of the Issuer and effective on August 12, 2003 (the "Ordinance").

1. The Bond is being issued for the purpose of financing the costs of the Project.

2. The undersigned hereby certifies that to the best of his knowledge after due inquiry (i) the Project will consist of the acquisition, construction and equipping of water system improvements based upon approved plans, specifications and designs which have been prepared by my firm and which have been or will be approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it will be constructed and will have an estimated useful life of at least forty (40) years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing, and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the chosen bidder received any and all addenda to the original bid documents, (v) the bid documents reflect the Project as approved by all required governmental agencies, (vi) the chosen bid includes every construction item necessary to complete the Project, or explains any deviation thereof, (vii) the uniform bid procedures were followed, (viii) the Issuer has obtained or will obtain all permits required by the laws of the State and the federal government necessary for the construction of the Project, (ix) the rates and charges for the System as adopted by the Town Council of the Issuer are or will be sufficient to comply with the provisions of the Ordinance, (x) the net proceeds of the Bond, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are or will be sufficient to pay the costs of acquisition, construction and equipping of the Project, and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this 3rd day of September, 2003.

CERRONE ASSOCIATES, INC.

By: *Dominick P. Cerrone*
Dominick P. Cerrone, P.E.
West Virginia License No. 14750

[SEAL]

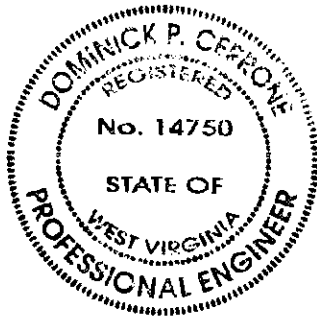


EXHIBIT A

Schedule A - Total Cost of Project and Source of Funds

TOTAL COST OF PROJECT

Construction and Equipping	\$ 505,494
Engineering - Basis Services	34,000
Engineering - Special Services	3,500
Engineering - Inspection	28,000
Accounting	2,300
Land & Rights	5,000
Interest	29,706
Legal	5,000
Bond Counsel	10,500
Project Contingency	<u>11,500</u>
	\$ 635,000

SOURCE OF FUNDS

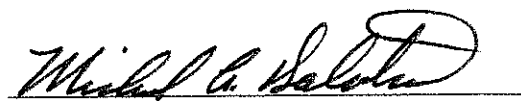
Rural Utilities Service loans in the amounts of \$495,000 and \$140,000 at 4.25% for terms not to exceed 40 years.

\$495,000
TOWN OF NEW HAVEN
WATER REVENUE BOND
SERIES 2003 A
And
\$140,000
TOWN OF NEW HAVEN
WATER REVENUE BOND
SERIES 2003 B

CERTIFIED PUBLIC ACCOUNTANTS CERTIFICATE

I, Michael A. Balestra, a Certified Public Accountant, of Balestra, Harr & Scherer, CPAs, Inc., have reviewed the water service rates that were adopted on May 20, 2003 and enacted on July 29, 2003, and customer usage, revenues and expenses. It is my opinion that the schedule of rates set forth in the Rate Ordinance are adequate to pay operation and maintenance expenses of the System as defined in the Bond Ordinance, hereinafter described, to pay the principal of and interest, if any, on the 2003 Bonds and the Prior Bonds, as defined in the Bond Ordinance, and to meet the one hundred fifteen percent (115%) debt service coverage requirement of the Prior Bonds and the 2003 Bonds and the Bond Ordinance enacted by the Town Council of the Town and effective on August 2, 2003. It is my further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the 2003 Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three succeeding years; after the completion of the improvements to be financed by the 2003 Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for principal of and interest on the 2003 Bonds.

WITNESS my signature as of this 2nd day of September 2003.



Michael A. Balestra, CPA
Balestra, Harr & Scherer, CPAs, Inc.

\$495,000
TOWN OF NEW HAVEN
WATER REVENUE BOND
SERIES 2003 A
and
\$140,000
TOWN OF NEW HAVEN
WATER REVENUE BOND
SERIES 2003 B

CERTIFICATE OF CLERK-TREASURER AS TO TRUTH
AND ACCURACY OF DOCUMENTS DELIVERED

I, Pat Paugh, the duly appointed Town Clerk-Treasurer of the Town of New Haven (the "Issuer"), hereby certify that the copies of the following documents being delivered in connection with the closing of the sale of the \$495,000 Town of New Haven, Water Revenue Bond, Series 2003 A and \$140,000 Town of New Haven, Water Revenue Bond, Series 2003 B (collectively, the "Bonds"), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the Issuer and delivered in the transcript of proceedings, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersession, amendment or modification is also listed below:

1. Charter of the Issuer.
2. Oaths of Office of the Mayor, Town Clerk-Treasurer and Members of the Town Council (the "Council").
3. Water Rate Ordinance authorized on July 29, 2003.
4. Minutes of the meeting of the Council wherein the Water Rate Tariff was adopted.
5. Bond Ordinance enacted on August 12, 2003 (the "Ordinance").
6. Minutes of the July 15 and July 29, 2003 meetings and the August 12, 2003 public hearing of the Council wherein the Ordinance was read, approved and amended.
7. Affidavit of publication of the abstract and notice of meeting on the Ordinance published in the *Point Pleasant Register*.
8. Recommended Decision of the Public Service Commission of West Virginia entered on March 7, 2002, which became final on March 27, 2002, as amended on August 19, 2003, and August 25, 2003, in Case No. 01-1452-W-CN.

WITNESS my signature and the official seal of the Town of New Haven as of the 5th
day of September, 2003.

(SEAL)



Town Clerk-Treasurer

BOND REGISTRY

\$495,000
TOWN OF NEW HAVEN
WATER REVENUE BOND
SERIES 2003 A
and
\$140,000
TOWN OF NEW HAVEN
WATER REVENUE BOND
SERIES 2003 B

<u>BOND NO.</u>	<u>AMOUNT</u>	<u>HOLDER</u>	<u>DATE ACQUIRED</u>
AR-1	\$495,000	United States of America United States Dept. of Agriculture, Rural Utilities Service Federal Building, Room 320 75 High Street Morgantown, WV 26505	September 5, 2003
BR-1	\$140,000	United States of America United States Dept. of Agriculture, Rural Utilities Service Federal Building, Room 320 75 High Street Morgantown, WV 26505	September 5, 2003

ALL ASSIGNMENTS OR CHANGES OF OWNERSHIP OF THIS BOND MUST BE REPORTED ON THIS REGISTRY PURSUANT TO SECTION 3.05 OF THE BOND ORDINANCE.

\$495,000
TOWN OF NEW HAVEN
WATER REVENUE BONDS
SERIES 2003 A

No. AR-1

Date: September 5, 2003

FOR VALUE RECEIVED, the TOWN OF NEW HAVEN, a municipal corporation and political subdivision of the State of West Virginia, in Mason County of said State (herein called "Issuer"), hereby promises to pay to the order of the United States of America (the "Government"), or its registered assigns at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Four Hundred Ninety-five Thousand and 00/100 Dollars (\$495,000.00), plus interest on the unpaid principal balance at the rate of four and 25/100 percent (4.25%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four (24) months after the date hereof, and \$2,193.00 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Issuer as requested by Issuer and approved by the Government, and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto and made a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to the principal. Payments shall be made at the office of the Municipal Bond Commission, Charleston, West Virginia, and shall be mailed to the registered owner hereof at the address as it appears on the books of the Issuer in its Town as Registrar. Provided, however, for so long as the Government remains the owner of this Bond, the Issuer shall remit payments directly to the Government or any agency or department thereof.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Issuer. Refunds and extra payments, as defined in the regulations of the Rural Utilities Service, according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Issuer to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Issuer shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Issuer may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Issuer, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Issuer, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Issuer to the Government without demand. Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

The Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction of improvements to a water system (the "System") of the Issuer, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Issuer, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Bond Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 19 of Chapter 8 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Issuer may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Issuer will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government,

This Bond is given as evidence of a loan to Issuer made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act, as amended. This Bond shall be subject to the present regulations of the Rural Development and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ON PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THE WATER REVENUE BOND, SERIES 2003 B OF THE ISSUER DESCRIBED IN THE ORDINANCE ISSUED WITH RESPECT TO SUCH SERIES.

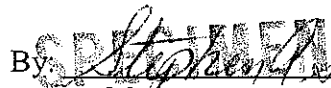
The initial address of Government for purposes of bond registration is Federal Building, Room 320, 75 High Street, Morgantown, WV 26505-7500.

This Bond will be in default should any proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as set forth in Exhibit M of subpart G of Part 1940 of Title 7 of the Code of Federal Regulations, as amended.

IN WITNESS WHEREOF, the TOWN OF NEW HAVEN has caused this Bond to be executed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Town Clerk-Treasurer, all as of the date hereinabove written.

TOWN OF NEW HAVEN

(SEAL)

By:  Stephen Smith
Mayor
P.O. Box 217
New Haven, WV 25265

ATTEST:

By: Pat Lough
Town Clerk-Treasurer

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	\$34,200.00	9/5/03	(6)	\$	
(2)	\$		(7)	\$	
(3)	\$		(8)	\$	
(4)	\$		(9)	\$	
(5)	\$		(10)	\$	

TOTAL \$ _____

SPECIMEN

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer said Bond on the books kept for registration of the within Bond of said Issuer with full power of substitution in the premises.

DATED: _____

(Assignor)

Witnessed in the presence of:

\$140,000
TOWN OF NEW HAVEN
WATER REVENUE BOND
SERIES 2003 B

No. BR-1

Date: September 5, 2003

FOR VALUE RECEIVED, the TOWN OF NEW HAVEN, a municipal corporation and political subdivision of the State of West Virginia, in Mason County of said State (herein called "Issuer"), hereby promises to pay to the order of the United States of America (the "Government"), or its registered assigns at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of One Hundred Forty Thousand and 00/100 Dollars (\$140,000.00), plus interest on the unpaid principal balance at the rate of four and 25/100 percent (4.25%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four (24) months after the date hereof, and \$621.00 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Issuer as requested by Issuer and approved by the Government, and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto and made a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to the principal. Payments shall be made at the office of the Municipal Bond Commission, Charleston, West Virginia, and shall be mailed to the registered owner hereof at the address as it appears on the books of the Issuer in its Town as Registrar. Provided, however, for so long as the Government remains the owner of this Bond, the Issuer shall remit payments directly to the Government or any agency or department thereof.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Issuer. Refunds and extra payments, as defined in the regulations of the Rural Utilities Service, according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Issuer to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Issuer shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Issuer may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Issuer, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Issuer, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security hereof or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Issuer to the Government without demand. Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

The Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction of improvements to a water system (the "System") of the Issuer, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Issuer, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Bond Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 19 of Chapter 8 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Issuer may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Issuer will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government,

This Bond is given as evidence of a loan to Issuer made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act, as amended. This Bond shall be subject to the present regulations of the Rural Development and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ON PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THE WATER REVENUE BOND, SERIES 2003 A, OF THE ISSUER DESCRIBED IN THE ORDINANCE ISSUED WITH RESPECT TO SUCH SERIES.

The initial address of Government for purposes of bond registration is Federal Building, Room 320, 75 High Street, Morgantown, WV 26505-7500.

This Bond will be in default should any proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as set forth in Exhibit M of subpart G of Part 1940 of Title 7 of the Code of Federal Regulations, as amended.

IN WITNESS WHEREOF, the TOWN OF NEW HAVEN has caused this Bond to be executed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Clerk-Treasurer, all as of the date hereinabove written.

(SEAL)

TOWN OF NEW HAVEN

SPECIMEN

By:

Stephen A. Smith
Mayor

P.O. Box 217

New Haven, WV 25265

ATTEST:

By:

Pat Pugh
Clerk-Treasurer

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer said Bond on the books kept for registration of the within Bond of said Issuer with full power of substitution in the premises.

DATED: _____

(Assignor)
SPECIMEN

Witnessed in the presence of:

RECCORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	\$7,000.00	9/5/03	(6)	\$	
(2)	\$		(7)	\$	
(3)	\$		(8)	\$	
(4)	\$		(9)	\$	
(5)	\$		(10)	\$	

SPECIMEN

TOTAL \$ _____

\$495,000
TOWN OF NEW HAVEN
WATER REVENUE BOND
SERIES 2003 A
and
\$140,000
TOWN OF NEW HAVEN
WATER REVENUE BOND
SERIES 2003 B

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned Virginia M. McDonald, Rural Development Specialist for the United States Department of Agriculture, Rural Utilities Service ("RUS"), and Stephen A. Smith, Mayor of the Town of New Haven, Mason County, West Virginia (the "Issuer"), hereby certify as follows:

1. On the 5th day of September, 2003, RUS received the entire original issue in aggregate principal amounts of \$495,000 of the Water Revenue Bond, Series 2003 A and \$140,000 of the Water Revenue Bond, Series 2003 B, of the Issuer (collectively, the "Bonds"). The Bonds, as so received on original issuance, are dated September 5, 2003, and are issued as Bond Number AR-1 and BR-1, in the denominations of \$495,000 and \$140,000.

2. At the time of such receipt of the Bonds, the Bonds had been executed by Stephen A. Smith, as Mayor of the Issuer, by his manual signature, and by Pat Paugh, as Town Clerk-Treasurer of the Issuer, by her manual signature, and the official seal of the Issuer had been imprinted upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from RUS, as the original purchaser of the Bonds, of \$34,200.00 and \$7,000.00, being more than a de minimus portion of the proceeds of the Bonds. The balance will be advanced from time to time to pay costs of the Project.

IN WITNESS WHEREOF, this receipt has been signed and delivered on behalf of the United States Department of Agriculture, Rural Utilities Service, and the Town of New Haven, Mason County, West Virginia, has caused this receipt to be executed by its Mayor, as of the 5th day of September, 2003.

UNITED STATES DEPARTMENT OF AGRICULTURE,
Rural Utilities Service

By: Virginia M. McDonald
Rural Development Specialist

TOWN OF NEW HAVEN

By: Stephen A. Smith
Mayor

LAW OFFICES

GOODWIN & GOODWIN, LLP

300 SUMMERS STREET, SUITE 1500
CHARLESTON, WEST VIRGINIA 25301-1678

P.O. Box 2107
CHARLESTON, WEST VIRGINIA 25328-2107

TELEPHONE (304) 346-7000
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www.goodwingoodwin.com

201 THIRD STREET
PARKERSBURG, WEST VIRGINIA 26101
(304) 485-2345

P.O. Box 349
500 CHURCH STREET
RIPLEY, WEST VIRGINIA 25271
(304) 372-2651

September 5, 2003

United States of America
United States Department of Agriculture,
Rural Utilities Service
P.O. Box 303
Parkersburg, WV 26102

Re: \$495,000 Town of New Haven, Water Revenue Bond,
Series 2003 A and \$140,000 Town of New Haven,
Water Revenue Bond, Series 2003 B

Gentlemen:

We are bond counsel to the Town of New Haven, West Virginia (the "Town"), a municipal corporation located in Mason County, West Virginia.

We have examined a certified copy of proceedings and other papers relating to (i) the issuance of the Letter of Conditions dated December 15, 2000, as amended by Amendment No. 1 to Letter of Conditions dated June 11, 2003, including all schedules and exhibits attached thereto (collectively, the "Letter of Conditions"), from the United States Department of Agriculture, Rural Utilities Service ("RUS") to the Town and (ii) the issuance of \$635,000 in aggregate principal amount of Water Revenue Bonds, Series 2003 A and Series 2003 B of the Town, dated September 5, 2003 (collectively, the "Series 2003 Bonds"), to be purchased by RUS in accordance with the provisions of the Letter of Conditions. The Series 2003 Bonds are in the principal amounts of \$495,000 and \$140,000 and are issued in the form of two bonds registered as to principal and interest to the United States of America.

Interest on the Bonds shall be paid on the unpaid principal balance of the Series 2003 Bonds at four and 25/1000 percent (4.25%) per annum for the first twenty-four (24) months of the term. Principal and interest on the Series 2003 A Bond is payable in monthly installments of \$2,193.00, and principal and interest on the Series 2003 B Bond is payable in monthly installments of \$621.00, both commencing October 5, 2005, as set forth on the "Debt Service Schedule" attached as Exhibit B to the Series 2003 Bonds. The final

GOODWIN & GOODWIN, LLP

September 5, 2003

Page 2

installment of principal and interest on the Series 2003 Bonds shall be paid at the end of thirty-eight (38) years from the date principal first becomes due and payable on the Series 2003 Bonds.

The Series 2003 Bonds are issued for the purpose of financing a portion of the costs of constructing certain additions, betterments and improvements for an existing water system, and paying certain issuance and other costs in connection therewith (the "Project").

We have also examined the applicable provisions of Chapter 8, Article 19 of the Code of West Virginia of 1931, as amended (the "Act"), and the Series 2003 Bonds have been authorized by a Bond Ordinance duly enacted by the Town Council of the Town ("Council") effective on August 12, 2003 (the "Ordinance"), pursuant to and under which Act and Ordinance the Series 2003 Bonds are authorized and issued, and the Letter of Conditions has been undertaken. The Series 2003 Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Ordinance.

In rendering this opinion, we have relied, in part, upon the opinion of James M. Casey, as the Town's Counsel, for the proper enactment of the Bond Ordinance and the Rate Ordinance, water rates, matters related to the valid existence of the Town and other issues.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Letter of Conditions has been duly accepted by and on behalf of the Town.
2. The Town is a duly organized and presently existing municipal corporation of the State of West Virginia, with full power and authority to construct the Project and to operate and maintain the System referred to in the Ordinance and to issue and sell the Series 2003 Bonds, all under the Act and other applicable provisions of law. The Town has taken all legal action necessary to operate a water system.
3. The Town has legally and effectively enacted the Ordinance and has satisfied all other necessary requirements in connection with the issuance and sale of the Series 2003 Bonds, as described in the Ordinance.
4. The Series 2003 Bonds are valid and legally enforceable special obligations of the Town, payable from the Net Revenues of the System referred to in the Ordinance and secured by a parity lien on and pledge of the net revenues of said System, all in accordance with the terms of the Series 2003 Bonds, the Ordinance and the Rate Ordinance adopted on July 29, 2003, and have been duly issued and delivered to RUS. The Town has reserved the right to issue additional bonds ranking on a parity basis with the Series 2003 Bonds, as

GOODWIN & GOODWIN, LLP

September 5, 2003

Page 3

provided in the Ordinance. The Town has certified, and an independent certified public accountant has verified, that the rates and charges generated by the Rate Ordinance are sufficient to pay the principal of and interest on the Series 2003 Bonds, when due. The Ordinance requires that such schedule of rates and charges be changed and readjusted whenever necessary so that the aggregate of such rates and charges will be sufficient for such purposes.

5. Under existing statutes and court decisions, as presently written and applied, interest on the Series 2003 Bonds is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and such interest will not be treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations. Under the Code, however, such interest is included in the adjusted current earnings of a corporation for purposes of computing the alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the Town comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2003 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Town has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the interest on the Series 2003 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2003 Bonds. We express no opinion herein regarding other tax consequences arising with respect to the Series 2003 Bonds.

6. Under the Act, as presently written and applied, the Series 2003 Bonds and the income thereon are exempt from taxation by the State of West Virginia pursuant to the provisions of Section 8-19-4 of the Code of West Virginia of 1931, as amended.

No opinion is given herein as to the effect upon enforceability of the Series 2003 Bonds of bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights or in the exercise of judicial discretion in appropriate cases.

We have examined executed and authenticated Bonds numbered AR-1 and BR-1, and in our opinion, the forms of the Series 2003 Bonds and their execution and authentication are regular and proper.

Respectfully submitted,

Goodwin & Goodwin, LLP
GOODWIN & GOODWIN, LLP

JAMES M. CASEY • ATTORNEY AT LAW • LICENSED IN WEST VIRGINIA AND OHIO

P.O. Box 427, 611 Viand St., Point Pleasant, WV 25550
Phone: (304) 675-3999 • Fax: (304) 675-3956

September 5, 2003

United States Department of Agriculture
Rural Utilities Service
P.O. Box 303
Parkersburg, WV 26102

Goodwin & Goodwin, LLP
P.O. Box 2107
Charleston, WV 25328

Re: \$495,000 Town of New Haven
Water Revenue Bond, Series 2003 A and
\$140,000 Town of New Haven
Water Revenue Bond, Series 2003 B

Ladies and Gentlemen:

I am counsel to the Town of New Haven (the "Town"). I have reviewed various documents relating to the above-captioned bonds of the Town (the "Bonds"), and an Ordinance duly enacted by the Town Council of the Town (the "Council") and effective on August 12, 2003 (the "Ordinance"), and other documents relating to the Bonds. Terms used in this opinion and not otherwise defined herein shall have the same meanings as contained in the Ordinance. I am of the opinion as follows:

1. The Town is a duly organized and presently existing municipality, with full power and authority to acquire and construct the Project referred to in the Ordinance and to issue and sell the Bonds, all under the Ordinance and other applicable provisions of law.
2. The members of the Town Council were duly and properly elected or appointed and are thereby authorized to act on behalf of the Town.
3. The Ordinance has been duly enacted by the Council and is in full force and effect.
4. The execution and delivery of the Bonds and the consummation of the transactions contemplated by the Ordinance and the carrying out of the terms thereof do not and will not in any material respect conflict with or constitute on the part of the Town a breach of or default under any agreement or other instrument to which the Town is a party or any existing law, regulation, court order or consent decree to which the Town is subject.
5. The Town has received all necessary permits, licenses, approvals and authorizations that are presently obtainable to acquire and construct and to finance the Project including approval by the Public Service Commission of West Virginia.

6. The Town has obtained from the West Virginia Public Service Commission valid, final and non-appealable Commission Orders in Case No. 01-1452-W-CN that lawfully authorize the Town to proceed with the acquisition and construction of the Town's water system extension and approval of issuance of the above-captioned bonds.

7. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public council or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by or the validity of the Bonds or the collection or pledge of the revenues.

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

The foregoing opinion is qualified to the extent that the enforceability of the liens, pledges and terms set forth in the Bonds and in the Ordinance may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally.

Very truly yours,



JAMES M. CASEY

JAMES M. CASEY • ATTORNEY AT LAW • LICENSED IN WEST VIRGINIA AND OHIO

P.O. Box 427, 611 Viand St., Point Pleasant, WV 25550
Phone: (304) 675-3999 • Fax: (304) 675-3956

October 29, 2003

Town of New Haven
New Haven, West Virginia

United States Department of Agriculture
Rural Utilities Service
Parkersburg, WV

Goodwin & Goodwin, LLP
300 Summers Street, Suite 1500
Charleston, WV 25301

Re: Final Title Opinion for Town of New Haven

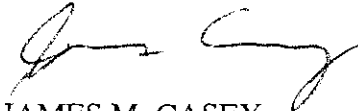
Ladies and Gentlemen:

I am counsel to the Town of New Haven (the "Issuer") in connection with a proposed project to construct certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"). I provide this final title opinion on behalf of the Issuer to satisfy the requirements for the Project. Please be advised of the following:

1. I am of the opinion that the Issuer is a duly created and validly existing municipality possessed with all the powers and authority granted to municipalities under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the West Virginia Bureau for Public Health.
2. The Issuer has obtained all necessary permits and approvals for the construction project.
3. I have investigated and ascertained the location of, and are familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project.
4. I have examined the records on file in the Office of the Clerk of the County Commission of Mason County, West Virginia, the county in which the project is to be located, and in my opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project.

5. All other deeds, easements and rights of way that have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of The County Commission of Mason County to protect the legal title to and interest of the Issuer.

Very truly yours,



A handwritten signature in black ink, appearing to read 'James M. Casey', written in a cursive style.

JAMES M. CASEY

WV MUNICIPAL BOND COMMISSION
8 Capitol Street, Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM
Date of Report: September 3, 2003
(See Reverse for Instructions)

ISSUE: Town of New Haven, Water Revenue Bond, Series 2003 A
and Water Revenue Bond, Series 2003 B
ADDRESS: P.O. Box 217
New Haven, WV 25265 COUNTY: Mason
PURPOSE: New Money X
OF ISSUE: Refunding Refunds issue dated: N/A
ISSUE DATE: September 5, 2003 CLOSING DATE: September 5, 2003
ISSUE AMOUNTS: \$495,000 and \$140,000 RATE: 4.25%
1ST DEBT SERVICE DUE: October 5, 2003 1ST PRINCIPAL DUE: October 5, 2005
1ST DEBT SERVICE AMTS.:* PAYING AGENT: Muni. Bond Comm.**

BOND COUNSEL: Goodwin & Goodwin, LLP LENDER: US Dep't. of Agriculture
Contact Person: W.K. Bragg, Jr. Contact Person: Virginia McDonald
Phone 346-7000 Phone: (304) 420-6666

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Stephen A. Smith
Position: Mayor
Phone: (304) 882-3203

DEPOSITS TO MBC AT CLOSE:

By Wire Accrued Interest: \$ 0
 Check Capitalized Interest: \$ 0
 Reserve Account: \$ 0
 Other: \$

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By Wire To Escrow Trustee: \$ N/A
 Check To Issuer: \$ N/A
 IGT To Cons. Invest. Fund: \$ N/A
 Other: \$

Notes: * Subject to actual amount advanced at closing.
** Only if Lender no longer owns the Bond.

Notes: _____
FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS
REQUIRED: _____
TRANSFERS
REQUIRED: _____