

**WASHINGTON TOWNSHIP
SCHUYLKILL COUNTY, PENNSYLVANIA**

ORDINANCE NO. 2016-2

**AN ORDINANCE INCREASING THE INDEBTEDNESS
OF WASHINGTON TOWNSHIP, SCHUYLKILL
COUNTY, PENNSYLVANIA, BY THE ISSUE OF A
GENERAL OBLIGATION NOTE IN THE AMOUNT OF
\$200,000.00 FOR THE PURPOSE OF CONSTRUCTING A
TOWNSHIP OFFICE BUILDING; FIXING THE FORM,
NUMBER, DATE, INTEREST, AND MATURITY
THEREOF; MAKING A COVENANT FOR THE
PAYMENT OF THE DEBT SERVICE ON THE NOTE;
PROVIDING FOR THE FILING OF THE REQUIRED
DOCUMENT; PROVIDING FOR THE APPOINTMENT
OF A SINKING FUND DEPOSITORY FOR THE NOTE;
AND AUTHORIZING EXECUTION, SALE AND
DELIVERY THEREOF.**

WHEREAS, the Township of Washington Schuylkill County, Pennsylvania is a township of the second class, duly organized and lawfully operating; and

WHEREAS, it is necessary that the indebtedness of the Washington Township, Schuylkill County, Pennsylvania be increased for the following purpose: constructing a township office building (the "Project"); and

WHEREAS, Washington Township has received preliminary realistic cost estimates from professional consultants indicating the sum of \$200,000.00 will be needed to complete the Project; and

WHEREAS, the Board of Supervisors has determined to undertake an obligation in the form of a general obligation note, (the "2016-1 General Obligation Note, or Note"); and

WHEREAS, the proposed increase of debt, together with its nonelectoral indebtedness and its lease rental indebtedness presently outstanding, will not cause the limitations of the Local Government Unit Debt Act dealing with debt incurring power, pursuant to constitutional and

statutory authority to be exceeded; and

WHEREAS, the Township received a commitment letter, dated June 2, 2016, from Fulton Bank offering to finance the Project and purchase the Note

NOW THEREFORE, BE IT ORDAINED AND ENACTED by the Board of Supervisors, Washington Township, Schuylkill County, Pennsylvania, and it is hereby ordained and enacted by the authority of same as follows:

SECTION 1. The Township of Washington hereby approves the Project and authorizes the incurrence of debt, in the aggregate principal amount of a certain 2016-1 General Obligation Note of Washington Township, Schuylkill County, Pennsylvania, to be issued for \$200,000.00, and to be issued for the foregoing purposes as nonelectoral debt.

SECTION 2. The period of useful life of the Project for which this obligation is to be issued is estimated to be in excess of twenty (20) years.

SECTION 3. Said indebtedness shall be evidenced by one general obligation Note, in fully registered form, in the sum of \$200,000.00 dated and bearing interest from the earliest date of possible issue of said Note under the statutory time requirements as set forth in the Act of the General Assembly of the Commonwealth of Pennsylvania approved the 28th day of April, 1978, being Act 52 of 1978 Session and known as the Local Government Unit Debt Act, at the rate of interest of 2.42% per annum fixed rate for seven (7) years, payable on the unpaid balance of said Note during the term of said Note. The Note shall mature in installments on a monthly date of said Note as follows: See Exhibit "A" attached hereto.

Washington Township reserves the right to anticipate any or all installments of principal or any payment of interest at any time prior to the respective payments dates thereof, without notice or penalty.

The principal and interest of said Note shall be payable at the office of the sinking fund depository selected for the Note as hereinafter provided.

SECTION 4. The 2016-1 General Obligation Note is hereby declared to be a general obligation of the Washington Township, Schuylkill County, Pennsylvania. Washington Township hereby covenants that it shall include the amount of debt service on the Note for each fiscal year in which such sums are payable in its budget for that year; shall appropriate such amounts to the payment of such debt service; and shall duly and punctually pay or cause to be paid the principal of the Note and the interest thereon at the dates and places and in the manner stated in the Note according to the true intent and meaning thereof, and for such proper budgeting, appropriation, and payment, the full faith, credit and taxing power of Washington Township is hereby irrevocably pledged.

The amounts which the local government unit hereby covenants to pay in each of the following fiscal years on the basis of an interest rate of 2.42% are described on the Amortization Schedule attached hereto and incorporated herein as Exhibit "A".

SECTION 5. In accordance with the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended (the "Code"), the Township hereby finds, determines and designates the 2016-1 General Obligation Note as a "qualified tax-exempt obligation" as defined in Section 265(b)(3)(B) of the Code, for the purposes of such Section 265(b) of the Code. The Township determines that it and all entities with which it is aggregated under Section 265(b)(3)(E) of the Code have not issued, and do not reasonably expect to issue, tax-exempt obligations which, in the aggregate, exceed or will exceed Ten Million Dollars (\$10,000,000) during the calendar year 2015. The Township also determines that it will not engage in any action or inaction which will or may cause the Note to fail or cease to constitute a "qualified tax-exempt obligation" under Section 265(b)(3) of the Code.

SECTION 6. The Township covenants to and with the registered owner of the Note that it will make no use of the proceeds of such issue or do or suffer any other action which, if such use or action had been reasonably expected on the date of issue of such Note, would cause such Note to be an "arbitrage bond" or a "Private activity bond" as those terms are defined in section 148 and Section 141 of the Code and the applicable regulations thereunder. The Township further covenants that it will comply with the requirements of such Section 148 and 141 and with the regulations thereunder throughout the term of this issue. In addition, the Chairman and Vice-

Chairman of the Board of Supervisors, being the official responsible for issuing the Note, attested by the Secretary of the Township, are hereby authorized and directed to execute and deliver, in the name and on behalf of the Township, any and all documents or other instruments which the Board of Supervisors may reasonably be required in connection with the providing of its opinion that the Note is not an "arbitrage bond" or a "private activity bond" within the meaning of Section 148 and Section 141 of the Code and the regulations promulgated thereunder, including, without limitation, a certificate dated the date of issuance and delivery of the Note, which certificate shall set forth the reasonable expectation of the Township as to the amount and use of the proceeds of the 2016-1 General Obligation Note.

SECTION 7. The form of the 2016-1 General Obligation Note shall be substantially as set forth in the attached Exhibit "B". The contractual terms to which the Township has agreed to be bound are as follows:

- A. The Loan Amount shall be Two Hundred Thousand (\$200,000.00) Dollars.*
- B. The sole purpose of the loan will be to provide funds to construct a Township Office Building located at 225 Frantz Road, Pine Grove, Schuylkill County, Pa 17963.*
- C. The term of the Loan will be Eighty-four (84) months.*
- D. The Bank Qualified Tax Free Rate will be 2.42%. In the event the obligation is ever determined to be other than Tax Free, the interest rate will be 3.66%.*
- E. The Township will pledge, as collateral for this loan, its full faith, credit and taxing powers.*
- F. The Township shall pay Fulton a Bank Review Fee of \$1,500.00.*
- G. There shall be no prepayment penalty.*
- H. The Township agrees to provide, at no cost to Fulton Bank, annual audited financial statements to acceptable standards.*
- I. The Township shall create and maintain a deposit relationship with Fulton Bank during the course of the obligation.*
- J. Loan documents shall be prepared by the Township Solicitor and subject to review and revision by Fulton Bank's counsel.*
- K. Any breach of any term, provision or condition of this Ordinance shall be an event of default under the 2016-1 General Obligation Note and give rise to the rights provided to Fulton Bank under the Note as an event of default.*

SECTION 8. The Note shall be executed in the name and under the corporate seal of the Washington Township by the Chairman and Vice-Chairman and attested to by the Secretary. The Treasurer is hereby authorized and directed to deliver said Note to the purchaser, and receive payment therefor on behalf of Washington Township. The Vice-Chairman and Secretary of Washington Township are authorized and directed to prepare, verify and file the debt statement required by Section 8110 of the Act and to take other necessary action, including, if necessary or desirable, any statements required to qualify any portion of the debt from the appropriate debt limit as self-liquidating or subsidized debt.

SECTION 9. Fulton Bank is hereby designated as the Sinking Fund Depository for the obligation herein authorized, and there is hereby created and established a Sinking Fund, to be known as "Sinking Fund 2016-1 General Obligation Note" for the payment of the principal and interest thereon which shall be deposited into the Sinking Fund no later than the date upon which the same becomes due and payable. The Treasurer shall deposit into the Sinking Fund, which shall be maintained until such obligation is paid in full, sufficient amounts for payment of principal and interest on the obligation no later than the date upon which such payments shall become due. The Sinking Fund Depository shall, as and when said payments are due, without further action by the local government unit, withdraw available monies in the Sinking Fund and apply said monies to payment of principal and interest on the obligation.

SECTION 10. The Vice-Chairman and the Treasurer of the local government unit are hereby authorized to contract with Fulton Bank for its services as Sinking Fund Depository for the Note and paying agent for the same.

SECTION 11. In compliance with Section 8161 of the Act, the members of the governing body have determined that a private sale by negotiation rather than public sale is in the best financial interest of the local government unit. Therefore, the 2016-1 General Obligation Note in the amount of \$200,000.00, herein authorized to be issued and sold is hereby awarded and sold to Fulton Bank in accordance with its proposal to purchase the said Note at par; provided the said Note is dated the delivery date thereof to the Fulton Bank and is

in the form set forth in this Ordinance as Exhibit "B"; and further provided that the proceedings have been approved by the Department of Community and Economic Development if such approval is required under the provisions of the Act.

SECTION 12. The action of the proper officers and the advertising of a summary of this Ordinance as required by law in the Republican Herald, a newspaper of general circulation, is ratified and confirmed. The advertisement in said paper of the enactment of the ordinance is hereby directed within fifteen (15) days following the day of final enactment.

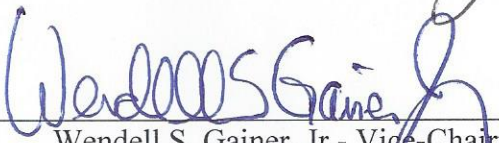
SECTION 13. All ordinances or parts of ordinances not in accord with this Ordinance are hereby repealed insofar as they conflict herewith.

ORDAINED AND ENACTED THIS 2nd day of August, 2016.

**WASHINGTON TOWNSHIP
BOARD OF SUPERVISORS**



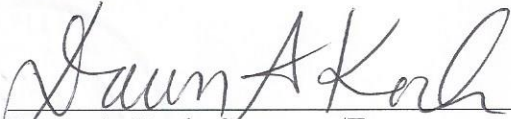
Leon L. Lutz- Chairman



Wendell S. Gainer, Jr.- Vice-Chairman

Lynn A. Brown- Supervisor

ATTEST:



Dawn A. Koch, Secretary/Treasurer
(SEAL)

Amortization Schedule

Amount Financed \$200,000.00	Interest 2.420%	Number of Payments 84
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Payment \$2,593.29	Frequency Monthly	Payments Per Year 12
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Loan Date 08/31/2016	First Payment Date 10/15/2016	Days To First Payment 51
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Principal Amount \$200,000.00	Life Premium/Package Fee \$0.00	Disability Premium \$0.00
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Payment Number	Payment Due Date	Days Since Last Payment	Outstanding Balance	Finance Charge	Disability Premium	Life Premium	Principal Applied	Payment Amount
1	10/15/2016	45	\$200,000.00	\$596.71	\$0.00	\$0.00	\$1,996.58	\$2,593.29
2	11/15/2016	31	\$198,003.42	\$406.96	\$0.00	\$0.00	\$2,186.33	\$2,593.29
3	12/15/2016	30	\$195,817.09	\$389.49	\$0.00	\$0.00	\$2,203.80	\$2,593.29
4	01/15/2017	31	\$193,613.29	\$397.94	\$0.00	\$0.00	\$2,195.35	\$2,593.29
5	02/15/2017	31	\$191,417.94	\$393.43	\$0.00	\$0.00	\$2,199.86	\$2,593.29
6	03/15/2017	28	\$189,218.08	\$351.27	\$0.00	\$0.00	\$2,242.02	\$2,593.29
7	04/15/2017	31	\$186,976.06	\$384.30	\$0.00	\$0.00	\$2,208.99	\$2,593.29
8	05/15/2017	30	\$184,767.07	\$367.51	\$0.00	\$0.00	\$2,225.78	\$2,593.29
9	06/15/2017	31	\$182,541.29	\$375.18	\$0.00	\$0.00	\$2,218.11	\$2,593.29
10	07/15/2017	30	\$180,323.18	\$358.67	\$0.00	\$0.00	\$2,234.62	\$2,593.29
11	08/15/2017	31	\$178,088.56	\$366.03	\$0.00	\$0.00	\$2,227.26	\$2,593.29
12	09/15/2017	31	\$175,861.30	\$361.46	\$0.00	\$0.00	\$2,231.83	\$2,593.29
13	10/15/2017	30	\$173,629.47	\$345.36	\$0.00	\$0.00	\$2,247.93	\$2,593.29
14	11/15/2017	31	\$171,381.54	\$352.25	\$0.00	\$0.00	\$2,241.04	\$2,593.29
15	12/15/2017	30	\$169,140.50	\$336.43	\$0.00	\$0.00	\$2,256.86	\$2,593.29
16	01/15/2018	31	\$166,883.64	\$343.00	\$0.00	\$0.00	\$2,250.29	\$2,593.29
17	02/15/2018	31	\$164,633.35	\$338.38	\$0.00	\$0.00	\$2,254.91	\$2,593.29
18	03/15/2018	28	\$162,378.44	\$301.45	\$0.00	\$0.00	\$2,291.84	\$2,593.29
19	04/15/2018	31	\$160,086.60	\$329.03	\$0.00	\$0.00	\$2,264.26	\$2,593.29
20	05/15/2018	30	\$157,822.34	\$313.92	\$0.00	\$0.00	\$2,279.37	\$2,593.29
21	06/15/2018	31	\$155,542.97	\$319.69	\$0.00	\$0.00	\$2,273.60	\$2,593.29
22	07/15/2018	30	\$153,269.37	\$304.86	\$0.00	\$0.00	\$2,288.43	\$2,593.29
23	08/15/2018	31	\$150,980.94	\$310.32	\$0.00	\$0.00	\$2,282.97	\$2,593.29
24	09/15/2018	31	\$148,697.97	\$305.63	\$0.00	\$0.00	\$2,287.66	\$2,593.29
25	10/15/2018	30	\$146,410.31	\$291.22	\$0.00	\$0.00	\$2,302.07	\$2,593.29
26	11/15/2018	31	\$144,108.24	\$296.19	\$0.00	\$0.00	\$2,297.10	\$2,593.29

Amortization Schedule

Payment Number	Payment Due Date	Days Since Last Payment	Outstanding Balance	Finance Charge	Disability Premium	Life Premium	Principal Applied	Payment Amount
27	12/15/2018	30	\$141,811.14	\$282.07	\$0.00	\$0.00	\$2,311.22	\$2,593.29
28	01/15/2019	31	\$139,499.92	\$286.72	\$0.00	\$0.00	\$2,306.57	\$2,593.29
29	02/15/2019	31	\$137,193.35	\$281.98	\$0.00	\$0.00	\$2,311.31	\$2,593.29
30	03/15/2019	28	\$134,882.04	\$250.40	\$0.00	\$0.00	\$2,342.89	\$2,593.29
31	04/15/2019	31	\$132,539.15	\$272.41	\$0.00	\$0.00	\$2,320.88	\$2,593.29
32	05/15/2019	30	\$130,218.27	\$259.01	\$0.00	\$0.00	\$2,334.28	\$2,593.29
33	06/15/2019	31	\$127,883.99	\$262.85	\$0.00	\$0.00	\$2,330.44	\$2,593.29
34	07/15/2019	30	\$125,553.55	\$249.73	\$0.00	\$0.00	\$2,343.56	\$2,593.29
35	08/15/2019	31	\$123,209.99	\$253.24	\$0.00	\$0.00	\$2,340.05	\$2,593.29
36	09/15/2019	31	\$120,869.94	\$248.43	\$0.00	\$0.00	\$2,344.86	\$2,593.29
37	10/15/2019	30	\$118,525.08	\$235.75	\$0.00	\$0.00	\$2,357.54	\$2,593.29
38	11/15/2019	31	\$116,167.54	\$238.76	\$0.00	\$0.00	\$2,354.53	\$2,593.29
39	12/15/2019	30	\$113,813.01	\$226.38	\$0.00	\$0.00	\$2,366.91	\$2,593.29
40	01/15/2020	31	\$111,446.10	\$229.06	\$0.00	\$0.00	\$2,364.23	\$2,593.29
41	02/15/2020	31	\$109,081.87	\$224.20	\$0.00	\$0.00	\$2,369.09	\$2,593.29
42	03/15/2020	29	\$106,712.78	\$205.18	\$0.00	\$0.00	\$2,388.11	\$2,593.29
43	04/15/2020	31	\$104,324.67	\$214.42	\$0.00	\$0.00	\$2,378.87	\$2,593.29
44	05/15/2020	30	\$101,945.80	\$202.77	\$0.00	\$0.00	\$2,390.52	\$2,593.29
45	06/15/2020	31	\$99,555.28	\$204.62	\$0.00	\$0.00	\$2,388.67	\$2,593.29
46	07/15/2020	30	\$97,166.61	\$193.27	\$0.00	\$0.00	\$2,400.02	\$2,593.29
47	08/15/2020	31	\$94,766.59	\$194.78	\$0.00	\$0.00	\$2,398.51	\$2,593.29
48	09/15/2020	31	\$92,368.08	\$189.85	\$0.00	\$0.00	\$2,403.44	\$2,593.29
49	10/15/2020	30	\$89,964.64	\$178.94	\$0.00	\$0.00	\$2,414.35	\$2,593.29
50	11/15/2020	31	\$87,550.29	\$179.95	\$0.00	\$0.00	\$2,413.34	\$2,593.29
51	12/15/2020	30	\$85,136.95	\$169.34	\$0.00	\$0.00	\$2,423.95	\$2,593.29
52	01/15/2021	31	\$82,713.00	\$170.00	\$0.00	\$0.00	\$2,423.29	\$2,593.29
53	02/15/2021	31	\$80,289.71	\$165.02	\$0.00	\$0.00	\$2,428.27	\$2,593.29
54	03/15/2021	28	\$77,861.44	\$144.54	\$0.00	\$0.00	\$2,448.75	\$2,593.29
55	04/15/2021	31	\$75,412.69	\$155.00	\$0.00	\$0.00	\$2,438.29	\$2,593.29
56	05/15/2021	30	\$72,974.40	\$145.15	\$0.00	\$0.00	\$2,448.14	\$2,593.29
57	06/15/2021	31	\$70,526.26	\$144.96	\$0.00	\$0.00	\$2,448.33	\$2,593.29
58	07/15/2021	30	\$68,077.93	\$135.41	\$0.00	\$0.00	\$2,457.88	\$2,593.29
59	08/15/2021	31	\$65,620.05	\$134.87	\$0.00	\$0.00	\$2,458.42	\$2,593.29
60	09/15/2021	31	\$63,161.63	\$129.82	\$0.00	\$0.00	\$2,463.47	\$2,593.29
61	10/15/2021	30	\$60,698.16	\$120.73	\$0.00	\$0.00	\$2,472.56	\$2,593.29
62	11/15/2021	31	\$58,225.60	\$119.67	\$0.00	\$0.00	\$2,473.62	\$2,593.29
63	12/15/2021	30	\$55,751.98	\$110.89	\$0.00	\$0.00	\$2,482.40	\$2,593.29
64	01/15/2022	31	\$53,269.58	\$109.49	\$0.00	\$0.00	\$2,483.80	\$2,593.29
65	02/15/2022	31	\$50,785.78	\$104.38	\$0.00	\$0.00	\$2,488.91	\$2,593.29
66	03/15/2022	28	\$48,296.87	\$89.66	\$0.00	\$0.00	\$2,503.63	\$2,593.29

Amortization Schedule

Payment Number	Payment Due Date	Days Since Last Payment	Outstanding Balance	Finance Charge	Disability Premium	Life Premium	Principal Applied	Payment Amount
67	04/15/2022	31	\$45,793.24	\$94.12	\$0.00	\$0.00	\$2,499.17	\$2,593.29
68	05/15/2022	30	\$43,294.07	\$86.11	\$0.00	\$0.00	\$2,507.18	\$2,593.29
69	06/15/2022	31	\$40,786.89	\$83.83	\$0.00	\$0.00	\$2,509.46	\$2,593.29
70	07/15/2022	30	\$38,277.43	\$76.14	\$0.00	\$0.00	\$2,517.15	\$2,593.29
71	08/15/2022	31	\$35,760.28	\$73.50	\$0.00	\$0.00	\$2,519.79	\$2,593.29
72	09/15/2022	31	\$33,240.49	\$68.32	\$0.00	\$0.00	\$2,524.97	\$2,593.29
73	10/15/2022	30	\$30,715.52	\$61.09	\$0.00	\$0.00	\$2,532.20	\$2,593.29
74	11/15/2022	31	\$28,183.32	\$57.93	\$0.00	\$0.00	\$2,535.36	\$2,593.29
75	12/15/2022	30	\$25,647.96	\$51.01	\$0.00	\$0.00	\$2,542.28	\$2,593.29
76	01/15/2023	31	\$23,105.68	\$47.49	\$0.00	\$0.00	\$2,545.80	\$2,593.29
77	02/15/2023	31	\$20,559.88	\$42.26	\$0.00	\$0.00	\$2,551.03	\$2,593.29
78	03/15/2023	28	\$18,008.85	\$33.43	\$0.00	\$0.00	\$2,559.86	\$2,593.29
79	04/15/2023	31	\$15,448.99	\$31.75	\$0.00	\$0.00	\$2,561.54	\$2,593.29
80	05/15/2023	30	\$12,887.45	\$25.63	\$0.00	\$0.00	\$2,567.66	\$2,593.29
81	06/15/2023	31	\$10,319.79	\$21.21	\$0.00	\$0.00	\$2,572.08	\$2,593.29
82	07/15/2023	30	\$7,747.71	\$15.41	\$0.00	\$0.00	\$2,577.88	\$2,593.29
83	08/15/2023	31	\$5,169.83	\$10.63	\$0.00	\$0.00	\$2,582.66	\$2,593.29
84	09/15/2023	31	\$2,587.17	\$5.32	\$0.00	\$0.00	\$2,587.17	\$2,592.49

WASHINGTON TOWNSHIP
SCHUYLKILL COUNTY

GENERAL OBLIGATION NOTE
EXHIBIT "B"

\$200,000.00

Pine Grove, PA
~~July~~ 7, 2016
Sept

FOR VALUE RECEIVED, WASHINGTON TOWNSHIP, a Pennsylvania Township of the Second Class with an office at 225 Frantz Road, Pine Grove, Schuylkill County, Pennsylvania 17963 ("Issuer"), promises to pay to the order of FULTON BANK, a banking corporation with an office at 55 South Tulpehocken Street, Pine Grove, PA 17963 ("Purchaser"), at such office of Purchaser, or at such other office of Purchaser or such other place as Purchaser may designate from time to time in writing, the principal sum of Two Hundred Thousand (\$200,000.00) Dollars in lawful money of the United States of America, together with interest thereon from the date of this General Obligation Note (the "Note") at the rate hereinafter provided, and both payable as hereinafter provided. The Issuer hereby designates the Note as a "qualified tax exempt obligation" of the Issuer under Section 265(b)(3) of the Internal Revenue Code.

1. Interest Rate: The principal sum outstanding from time to time hereunder shall bear interest at the income tax exempt rate of 2.42%. This interest rate is subject to change in the event this note is determined to be a taxable obligation, an Event of Taxability as hereinafter defined. The additional interest and interest paid thereafter shall be computed under terms described herein and in accordance with the Determination of Taxability provisions of this Note as hereinafter defined.
2. Payments: Payments shall commence hereunder on the 15th day of October, 2016 and continue for a total of 84 consecutive months. The monthly payment shall be 2593.29.
3. Prepayments: Issuer may prepay at any time all of any portion of the unpaid principal sum without premium or penalty.
4. Security: This Note, and the due performance by Issuer of all its obligations hereunder, is secured by a pledge of all of the Tax Revenues of the Issuer.
5. Events of Default: In addition to any other event referred to herein, the occurrence of which, by the terms hereof, constitutes an Event of Default hereunder, the occurrence of any one or more of the following events shall constitute an Event of Default hereunder:

- a) Issuer shall fail to make any payment of principal and/or interest due to Purchaser under this Note when the same shall become due and payable, whether at maturity or by acceleration or otherwise; and/or
 - b) Issuer shall fail to observe and perform any of the covenants or agreements on its part to be observed or performed under this Note or under any other obligation of the Issuer within thirty (30) days after notice from Purchaser of such noncompliance; and/or
 - c) Any representation or warranty of this Issuer under this Note shall be untrue in any material respect when made.
 - d) Any breach of any term, provision or condition or of Washington Township Ordinance 2016-2
6. Remedies: Upon the occurrence of any Event of Default, then the entire unpaid principal sum hereunder plus all interest accrued thereon plus all other sums due and payable to Purchaser shall at the option of Purchaser, become due and payable immediately without presentment, demand, notice of nonpayment, protest, notice of protest or other notice of dishonor, all of which are hereby expressly waived by Issuer.

In addition to the foregoing, upon the occurrence of any event of default, Purchaser may forthwith exercise singularly, concurrently, successively or otherwise any and all rights and remedies available to Purchase by law, equity, statute or otherwise.

7. Remedies Cumulative, etc.

- a) No right or remedy conferred upon or reserved to Purchaser with respect to the Note or any collateral, now or hereafter existing at law or in equity or by statute or other legislative enactment, is intended to be exclusive of any other right or remedy, and each and every such right or remedy shall be cumulative and concurrent, and shall be in addition to every other such right or remedy, and may be pursued singularly, concurrently, successively or otherwise, at the sole discretion of the Purchaser, and shall not be exhausted by any one exercise thereof but may be exercised as often as occasion therefor shall occur. No act of Purchaser shall be deemed or construed as an election to proceed under any one such right or remedy to the exclusion of any other such right or remedy; furthermore, each such right or remedy of Purchaser shall be separate, distinct and cumulative and none shall be given effect of the exclusion of any other. The failure to exercise or the delay in exercising any such right or remedy, or the failure to insist upon strict performance of any term, shall not be construed as a waiver or release of the same, or of any Event of Default thereunder, or of any obligation or liability of Issuer thereunder.

- b) The recovery of any judgment of Purchaser and/or the levy of execution under any judgment upon any collateral shall not affect in any manner or to any extent the pledge of the Issuer's revenues, or any security interest under the note in such collateral, or any rights, remedies or powers of Purchaser, the note or any collateral, but such pledge and such security interest, and such rights, remedies and power of Purchaser shall continue unimpaired as before. Further, the exercise by Purchaser of its rights and remedies and the entry of any judgment by purchaser shall not affect in any way the interest rate payable hereunder.
 - c) Issuer hereby waives presentment, demand, notice of nonpayment, protest, notice of protest or other notice of dishonor, and any and all other notices in connection with any default in the payment of, or any enforcement of the payment of, all amounts due hereunder. To the extent by law, Issuer waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect. Issuer further waives and releases all errors, defects and imperfections in any proceedings instituted by Purchaser.
 - d) Issuer agrees that Purchaser may release, compromise, forebear with respect to, waive, suspend, extend or renew any of the terms hereunder.
8. Costs and Expenses: Following the occurrence of any Event of Default, Issuer shall pay upon demand all costs and expenses (including all amounts paid to attorneys, accountants, real estate brokers and other advisors employed by Purchaser and/or to any contractors for labor and materials) incurred by Purchaser in the exercise of any of its rights, remedies or powers hereunder or with respect to any collateral with respect to such Event of Default and any amount not paid upon demand shall be added to the principal sum and shall bear interest at the rate then applicable and shall be secured by the lien on revenues and all other collateral.
9. Taxes, etc.: Issuer shall pay the cost of any revenue, tax or other stamps now or hereafter required by laws of the Commonwealth of Pennsylvania or the United States to be affixed to this Note and if any taxes are imposed under the laws of the Commonwealth of Pennsylvania or the United States with respect to secured debts. Issuer shall pay or reimburse Purchaser upon demand the amount of such taxes without credit against any indebtedness evidenced by this Note. If Issuer does not or may not do so, Purchaser may at its option accelerate the indebtedness evidenced by this note to maturity as in the case of default by Issuer.
10. Determination of Taxability: In the event the interest paid by the Issuer to Purchaser under this Note is, for any reason, determined to be subject to Federal Income Tax liability to the Purchaser, an Event of Taxability, then on and after the occurrence of this Determination of Taxability, the Township promises to pay interest on the unpaid principal balance of this Note at an annual rate equal to the Taxable Rate which is hereby stated to be 3.66%. The Taxable Rate will be retroactive and apply from the effective date of the Determination of Taxability.

11. Additional Interest. Notwithstanding the prepayment or repayment of this Note, the Township also promises to pay, within fifteen (15) days after written notice from the Purchaser (i) additional interest, if any, in an amount which, together with the interest actually received for the period commencing upon an Event of Taxability and ending on the date of a Determination of Taxability, shall equal interest calculated on the various outstanding monthly principal balances under this Note during such period at the Taxable Rate, (ii) any deficiency (as defined in Section 6211 of the Code) assessed by the Internal Revenue Service by the issuance of a statutory notice under Section 6212 of the Code alleging that all or some part of the interest paid or payable with respect to this Note is not exempt from income taxation under Section 103(a) of the Code (plus statutory interest and penalties due thereon) on account of such Event of Taxability, and (iii) all other charges, costs, fees, penalties or assessments paid or payable by the Purchaser as the result of a Determination of Taxability. Neither the Purchaser nor the Issuer shall have an obligation to contest a Determination of Taxability. Any notice from the Purchaser to the Issuer shall be conclusive as to the occurrence of a Determination of Taxability or an Event of Taxability specified therein and as to the correctness of the amount of additional payments therein, absent manifest error.
12. Severability: In the event that for any reason one or more of the provisions of this Note or their application to any person or circumstance shall be held to be invalid, illegal or unenforceable in any respect or to any extent, such provisions shall nevertheless remain valid, legal and enforceable in all such other respects and to such extent as may be permissible. In addition, any such invalidity, illegality or unenforceability shall not affect any other provisions of this Note, but this Note shall be construed as if such invalid, illegal or unenforceable provisions had never been contained herein.
13. Successors and Assigns: This Note inures to the benefit of Purchaser and binds Issuer, and their respective successors and assigns, and the words "Purchaser" and "Issuer" whenever occurring herein shall be deemed and construed to include such respective successors and assigns.
14. Notices: All notices required to be given to any of the parties hereunder shall be in writing and shall be deemed to have been sufficiently given for all purposes when presented personally to such party or sent by certified or registered mail, return receipt requested, to such party at its address set forth below:

Issuer: Washington Township
225 Frantz Road
Pine Grove, PA 17963

Purchaser: Fulton Bank
55 South Tulpehocken Street
Pine Grove, PA 17963

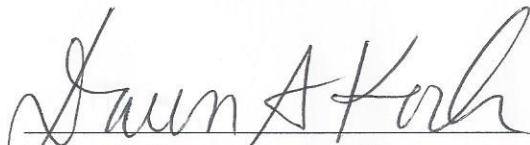
Such notice shall be deemed to be given when received if delivered personally or two (2) days after the date mailed if sent by certified or registered mail. Any notice of any change in such address shall also be given in the manner set forth above. Whenever the giving of notice is required, the giving of such notice may be waived in writing by the party entitled to receive such notice.

15. Definition; Number and Gender: In the event Issuer consists of more than one person or entity, the obligations and liabilities hereunder of each of such persons and entities shall be joint and several and the word "Issuer" shall mean all or some or any of them. For purposes of this Note, the singular shall be deemed to include the plural and the neuter shall be deemed to include the masculine and feminine, as the context may require.

16. Governing Law: This Note shall be governed by and construed in accordance with the laws of the Commonwealth.

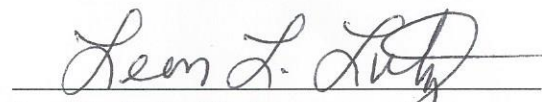
IN WITNESS WHEREOF, Issuer has executed this note the day and year first above written.


ATTEST:


Dawn A. Koch, Secretary/Treasurer

(SEAL)

WASHINGTON TOWNSHIP
BOARD OF SUPERVISORS


Leon L. Lutz, Chairman


Wendell S. Gainer, Jr., Vice-Chairman

Lynn A. Brown, Supervisor