

**TOWNSHIP OF WASHINGTON
COUNTY OF NORTHAMPTON
COMMONWEALTH OF PENNSYLVANIA**

ORDINANCE NO. 282

AN ORDINANCE INCREASING THE INDEBTEDNESS OF WASHINGTON TOWNSHIP,
NORTHAMPTON COUNTY, PENNSYLVANIA, BY THE ISSUE OF A GENERAL
OBLIGATION NOTE IN THE AMOUNT OF \$400,000.00 FOR SUNDRY PURPOSES;
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, it is necessary that the indebtedness of the Township of Washington, Northampton County, Pennsylvania be increased for the purpose of infrastructure improvements to certain Township roadways; and

WHEREAS, the local government unit has received preliminary cost estimates from professional consultants indicating the sum of \$400,000.00 will be needed to complete the project; 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 incurring power, pursuant to constitutional and statutory authority to be executed;

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

SECTION 1. That the aggregate principal amount of the Note of the Township of Washington, Northampton County, Pennsylvania, proposed to be issued is \$400,000.00, same to be issued for the foregoing purposes and same to be incurred as nonelectoral debt.

SECTION 2. The period of useful life of the improvements for which this obligation is to be issued is estimated to be in excess of 10 years.

SECTION 3. Said indebtedness shall be evidenced by one general obligation Note, in fully registered form, in the sum of \$400,000.00 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 2.99% per annum, payable on the unpaid balance of said Note on August 1, 2023 during the term of said Note, together with interest on overdue principal, and to the extent permitted by law, on overdue interest, at the rate of 2.99% per annum (computed on the basis of 365 days to the year) until paid, which Note shall mature in installments on the annual anniversary date of said Note and is reflected in an Amortization Schedule, attached hereto, made a part hereof, and marked as "Exhibit A".

The local government unit 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 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 said Note is hereby declared to be a general obligation of Washington Township, Northampton County, Pennsylvania. The local government unit 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 the Township of Washington, Northampton County 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 2.99% are attached as "Exhibit A", made a part hereof.

SECTION 5. The form of said Note shall be substantially as set forth in the attached Exhibit N.

SECTION 6. The said Note shall be executed in the name and under the corporate seal of the local government unit by the Chairman of the Board of Supervisors and attested to by the Secretary. The Treasurer is hereby authorized and directed to deliver said Note to the purchaser, and receive payment therefore on behalf of the local government unit. The Chairman of the Board of Supervisors and Secretary of the local government unit 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, and statements required to qualify any portion of the debt from the appropriate debt limit as self-liquidating or subsidized debt.

SECTION 7. Merchants National Bank of Bangor 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 2013 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 8. The Chairman of the Board of Supervisors and Secretary of the local government unit are hereby authorized to contract with Merchants National Bank of Bangor for its services as Sinking Fund Depository for the Note and paying agent for the same.

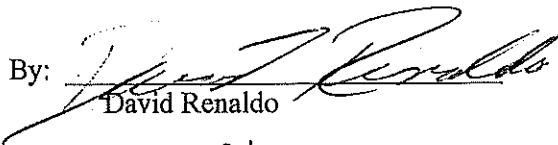
SECTION 9. In compliance with Section 8161 of the Act, the members of the governing body have determined that a private sale by negotiation rather than public sale is in the best financial interest of the local government unit. Therefore, the general obligation Note in the amount of \$400,000.00, herein authorized to be issued and sold is hereby awarded and sold to Merchants Bank (Lender) in accordance with its proposal to purchase the said Note at par; provided the said Note is dated the delivery thereof to Merchants Bank (Lender) and is in the form set forth in this Ordinance as Exhibit N; 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 10. The action of the proper officers and the advertising of a summary of this Ordinance as required by law in the Express-Times, 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.

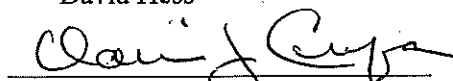
SECTION 11. All ordinances or parts of ordinances not in accord with this Ordinance are hereby repealed insofar as they conflict herewith.

ORDAINED AND ENACTED THIS 12th day of June, 2013.

WASHINGTON TOWNSHIP BOARD OF SUPERVISORS

By: 
David Renaldo


David Hess


Daniel Crafa

ATTEST:


Gail Putvinski, Secretary

AMORTIZATION SCHEDULE

Principal	Loan Date	Maturity	Loan No.	Call / Coll.	Account	Officer	Initials
\$400,000.00	08-01-2013	08-01-2023					

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "****" has been omitted due to text length limitations.

Borrower: sample

Lender: Merchants Bank of Bangor
P.O. Box 227
26 Broadway
Bangor, PA 18013

Disbursement Date: August 1, 2013
Interest Rate: 2.990

Repayment Schedule: Installment
Calculation Method: 365/360 U.S. Rule

Payment Number	Payment Date	Payment Amount	Interest Paid	Principal Paid	Remaining Balance
1	09-01-2013	3,868.63	1,029.89	2,838.74	397,161.26
2	10-01-2013	3,868.63	989.59	2,879.04	394,282.22
3	11-01-2013	3,868.63	1,016.17	2,853.46	391,428.76
4	12-01-2013	3,868.63	975.31	2,893.32	388,535.44
2013 TOTALS:		15,474.52	4,009.96	11,464.56	
5	01-01-2014	3,868.63	1,000.37	2,868.26	385,667.18
6	02-01-2014	3,868.63	992.99	2,875.64	382,791.54
7	03-01-2014	3,868.63	890.20	2,978.43	379,813.11
8	04-01-2014	3,868.63	977.91	2,890.72	376,922.39
9	05-01-2014	3,868.63	939.16	2,929.47	373,992.92
10	06-01-2014	3,868.63	962.93	2,905.70	371,087.22
11	07-01-2014	3,868.63	924.63	2,944.00	368,143.22
12	08-01-2014	3,868.63	947.87	2,920.76	365,222.46
13	09-01-2014	3,868.63	940.35	2,928.28	362,294.18
14	10-01-2014	3,868.63	902.72	2,965.91	359,328.27
15	11-01-2014	3,868.63	925.17	2,943.46	356,384.81
16	12-01-2014	3,868.63	887.99	2,980.64	353,404.17
2014 TOTALS:		46,423.56	11,292.29	35,131.27	
17	01-01-2015	3,868.63	909.92	2,958.71	350,445.46
18	02-01-2015	3,868.63	902.30	2,966.33	347,479.13
19	03-01-2015	3,868.63	808.08	3,060.55	344,418.58
20	04-01-2015	3,868.63	886.78	2,981.85	341,436.73
21	05-01-2015	3,868.63	860.75	3,017.88	338,418.85
22	06-01-2015	3,868.63	871.33	2,997.30	335,421.55
23	07-01-2015	3,868.63	835.76	3,032.87	332,388.68
24	08-01-2015	3,868.63	855.81	3,012.82	329,375.86
25	09-01-2015	3,868.63	848.05	3,020.58	326,355.28
26	10-01-2015	3,868.63	813.17	3,055.46	323,299.82
27	11-01-2015	3,868.63	832.41	3,036.22	320,263.60
28	12-01-2015	3,868.63	797.99	3,070.64	317,192.96
2015 TOTALS:		46,423.56	10,212.35	36,211.21	
29	01-01-2016	3,868.63	816.68	3,051.95	314,141.01
30	02-01-2016	3,868.63	808.83	3,059.80	311,081.21
31	03-01-2016	3,868.63	749.27	3,119.36	307,961.85
32	04-01-2016	3,868.63	792.92	3,075.71	304,886.14
33	05-01-2016	3,868.63	759.67	3,108.96	301,777.18
34	06-01-2016	3,868.63	776.99	3,091.64	298,685.54
35	07-01-2016	3,868.63	744.22	3,124.41	295,561.13
36	08-01-2016	3,868.63	760.99	3,107.64	292,453.49
37	09-01-2016	3,868.63	752.99	3,115.64	289,337.85
38	10-01-2016	3,868.63	720.93	3,147.70	286,190.15
39	11-01-2016	3,868.63	736.86	3,131.77	283,058.38
40	12-01-2016	3,868.63	705.29	3,163.34	279,895.04
2016 TOTALS:		46,423.56	9,125.64	37,297.92	
41	01-01-2017	3,868.63	720.65	3,147.98	276,747.06
42	02-01-2017	3,868.63	712.55	3,156.08	273,590.98
43	03-01-2017	3,868.63	636.25	3,232.38	270,358.60
44	04-01-2017	3,868.63	696.10	3,172.53	267,186.07
45	05-01-2017	3,868.63	665.74	3,202.89	263,983.18
46	06-01-2017	3,868.63	679.68	3,188.95	260,794.23
47	07-01-2017	3,868.63	649.81	3,218.82	257,575.41
48	08-01-2017	3,868.63	663.19	3,205.44	254,369.97
49	09-01-2017	3,868.63	654.93	3,213.70	251,156.27
50	10-01-2017	3,868.63	625.80	3,242.83	247,913.44
51	11-01-2017	3,868.63	638.31	3,230.32	244,683.12
52	12-01-2017	3,868.63	609.67	3,258.96	241,424.16

AMORTIZATION SCHEDULE (Continued)

2017 TOTALS:		46,423.56	7,952.68	38,470.88	
53	01-01-2018	3,868.63	621.60	3,247.03	238,177.13
54	02-01-2018	3,868.63	613.24	3,255.39	234,921.74
55	03-01-2018	3,868.63	646.32	3,322.31	231,599.43
56	04-01-2018	3,868.63	696.30	3,272.33	228,327.10
57	05-01-2018	3,868.63	668.92	3,299.71	225,027.39
58	06-01-2018	3,868.63	679.38	3,289.26	221,738.14
59	07-01-2018	3,868.63	652.50	3,316.13	218,422.01
60	08-01-2018	3,868.63	662.38	3,306.26	215,115.76
61	09-01-2018	3,868.63	653.86	3,314.77	211,800.99
62	10-01-2018	3,868.63	627.74	3,340.89	208,460.10
63	11-01-2018	3,868.63	636.73	3,331.90	205,128.20
64	12-01-2018	3,868.63	611.11	3,357.52	201,770.68
2018 TOTALS:		46,423.56	6,770.08	39,653.48	
65	01-01-2019	3,868.63	519.50	3,349.13	198,421.55
66	02-01-2019	3,868.63	510.88	3,357.76	195,063.80
67	03-01-2019	3,868.63	453.63	3,415.00	191,648.80
68	04-01-2019	3,868.63	493.44	3,375.19	188,273.61
69	05-01-2019	3,868.63	469.12	3,399.51	184,874.10
70	06-01-2019	3,868.63	476.00	3,392.63	181,481.47
71	07-01-2019	3,868.63	452.19	3,416.44	178,065.03
72	08-01-2019	3,868.63	458.47	3,410.16	174,654.87
73	09-01-2019	3,868.63	449.69	3,418.94	171,235.93
74	10-01-2019	3,868.63	426.66	3,441.97	167,793.96
75	11-01-2019	3,868.63	432.02	3,436.61	164,357.35
76	12-01-2019	3,868.63	409.52	3,459.11	160,898.24
2019 TOTALS:		46,423.56	5,551.12	40,872.44	
77	01-01-2020	3,868.63	414.27	3,454.36	157,443.88
78	02-01-2020	3,868.63	405.37	3,463.26	153,980.62
79	03-01-2020	3,868.63	370.88	3,497.75	150,482.87
80	04-01-2020	3,868.63	387.45	3,481.18	147,001.69
81	05-01-2020	3,868.63	366.28	3,502.35	143,499.34
82	06-01-2020	3,868.63	369.47	3,499.16	140,000.18
83	07-01-2020	3,868.63	348.83	3,519.80	136,480.38
84	08-01-2020	3,868.63	351.40	3,517.23	132,963.15
85	09-01-2020	3,868.63	342.34	3,526.29	129,436.86
86	10-01-2020	3,868.63	322.51	3,546.12	125,890.74
87	11-01-2020	3,868.63	324.13	3,544.50	122,346.24
88	12-01-2020	3,868.63	304.85	3,563.78	118,782.46
2020 TOTALS:		46,423.56	4,307.78	42,115.78	
89	01-01-2021	3,868.63	305.83	3,562.80	115,219.66
90	02-01-2021	3,868.63	296.66	3,571.97	111,647.69
91	03-01-2021	3,868.63	259.64	3,608.99	108,038.70
92	04-01-2021	3,868.63	278.17	3,590.46	104,448.24
93	05-01-2021	3,868.63	260.26	3,608.38	100,839.86
94	06-01-2021	3,868.63	259.63	3,609.00	97,230.86
95	07-01-2021	3,868.63	242.27	3,626.36	93,604.50
96	08-01-2021	3,868.63	241.01	3,627.62	89,976.88
97	09-01-2021	3,868.63	231.67	3,636.96	86,339.92
98	10-01-2021	3,868.63	215.13	3,653.50	82,686.42
99	11-01-2021	3,868.63	212.89	3,655.74	79,030.68
100	12-01-2021	3,868.63	196.92	3,671.71	75,358.97
2021 TOTALS:		46,423.56	3,000.07	43,423.49	
101	01-01-2022	3,868.63	194.03	3,674.60	71,684.37
102	02-01-2022	3,868.63	184.57	3,684.06	68,000.31
103	03-01-2022	3,868.63	158.14	3,710.49	64,289.82
104	04-01-2022	3,868.63	165.53	3,703.10	60,586.72
105	05-01-2022	3,868.63	160.96	3,717.67	56,869.05
106	06-01-2022	3,868.63	146.42	3,722.21	53,146.84
107	07-01-2022	3,868.63	132.42	3,736.21	49,410.63
108	08-01-2022	3,868.63	127.22	3,741.41	45,669.22
109	09-01-2022	3,868.63	117.59	3,751.04	41,918.18
110	10-01-2022	3,868.63	104.45	3,764.18	38,154.00
111	11-01-2022	3,868.63	98.24	3,770.39	34,383.61
112	12-01-2022	3,868.63	86.67	3,782.96	30,600.65
2022 TOTALS:		46,423.56	1,665.24	44,758.32	
113	01-01-2023	3,868.63	78.79	3,789.84	26,810.81
114	02-01-2023	3,868.63	69.03	3,799.60	23,011.21
115	03-01-2023	3,868.63	63.61	3,815.12	19,196.09

AMORTIZATION SCHEDULE (Continued)

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116	04-01-2023	3,868.63	49.42	3,819.21	15,376.88
117	05-01-2023	3,868.63	38.31	3,830.32	11,646.56
118	06-01-2023	3,868.63	29.73	3,838.90	7,707.66
119	07-01-2023	3,868.63	19.20	3,849.43	3,858.23
120	08-01-2023	3,868.63	10.40	3,858.23	0.00
2023 TOTALS:		30,949.04	348.39	30,600.65	
TOTALS:		464,235.60	64,235.60	400,000.00	

NOTICE: This is an estimated loan amortization schedule. Actual amounts may vary if payments are made on different dates or in different amounts.

PROMISSORY NOTE

EXHIBIT N (Page 1 of 2)

Principal	Loan Date	Maturity	Loan No.	Orig. Date	Account	Officer	Initials
\$400,000.00	08/01/2013	08/01/2023					

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Any item above containing "****" has been omitted due to text length limitations.

Borrower: sample

Lender: Merchants Bank of Bangor
P.O. Box 227
25 Broadway
Bangor, PA 18013

Principal Amount: \$400,000.00

Date of Note: August 1, 2013

PROMISE TO PAY. sample ("Borrower") promises to pay to Merchants Bank of Bangor ("Lender"), or order, in lawful money of the United States of America, the principal amount of Four Hundred Thousand & 00/100 Dollars (\$400,000.00), together with interest on the unpaid principal balance from August 1, 2013, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 2.990% per annum based on a year of 360 days, until paid in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

PAYMENT. Borrower will pay this loan in 120 payments of \$3,668.63 each payment. Borrower's first payment is due September 1, 2013, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on August 1, 2023, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any late charges; and then to any unpaid collection costs. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT. Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Merchants Bank of Bangor, P.O. Box 227, 25 Broadway, Bangor, PA 18013.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 10.000% of the regularly scheduled payment or \$20.00, whichever is greater.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the interest rate on this Note shall be increased by 4.000 percentage points. If judgment is entered in connection with this Note, interest will continue to accrue after the date of judgment at the rate in effect at the time judgment is entered. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Foreclosure Proceedings. Commencement of foreclosure or foreclosure proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or foreclosure proceeding and if Borrower gives Lender written notice of the creditor or foreclosure proceeding and deposits with Lender monies or a surety bond for the creditor or foreclosure proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Change in Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured if Borrower, after Lender sends written notice to Borrower demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may, after giving such notices as required by applicable law, declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including reasonable attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the Commonwealth of Pennsylvania without regard to its conflicts of law provisions. This Note has been accepted by Lender in the Commonwealth of Pennsylvania.

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Northampton County, Commonwealth of Pennsylvania.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$20.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may

PROMISSORY NOTE
(Continued)

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open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the debt against any and all such accounts.

COLLATERAL. This loan is unsecured.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Borrower may notify Lender if Lender reports any inaccurate information about Borrower's account(s) to a consumer reporting agency. Borrower's written notice describing the specific inaccuracy(ies) should be sent to Lender at the following address: Merchants Bank of Bangor P.O. Box 227 25 Broadway Bangor, PA 18013.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several. If any portion of this Note is for any reason determined to be unenforceable, it will not affect the enforceability of any other provisions of this Note.

CONFESSION OF JUDGMENT. BORROWER HEREBY IRREVOCABLY AUTHORIZES AND EMPOWERS ANY ATTORNEY OR THE PROTHONOTARY OR CLERK OF ANY COURT IN THE COMMONWEALTH OF PENNSYLVANIA, OR ELSEWHERE, TO APPEAR AT ANY TIME FOR BORROWER AFTER A DEFAULT UNDER THIS NOTE AND WITH OR WITHOUT COMPLAINT FILED, CONFESS OR ENTER JUDGMENT AGAINST BORROWER FOR THE ENTIRE PRINCIPAL BALANCE OF THIS NOTE AND ALL ACCRUED INTEREST, LATE CHARGES AND ANY AND ALL AMOUNTS EXPENDED OR ADVANCED BY LENDER RELATING TO ANY COLLATERAL SECURING THIS NOTE, TOGETHER WITH COSTS OF SUIT, AND AN ATTORNEY'S COMMISSION OF TEN PERCENT (10%) OF THE UNPAID PRINCIPAL BALANCE AND ACCRUED INTEREST FOR COLLECTION, BUT IN ANY EVENT NOT LESS THAN FIVE HUNDRED DOLLARS (\$500) ON WHICH JUDGMENT OR JUDGMENTS ONE OR MORE EXECUTIONS MAY ISSUE IMMEDIATELY; AND FOR SO DOING, THIS NOTE OR A COPY OF THIS NOTE VERIFIED BY AFFIDAVIT SHALL BE SUFFICIENT WARRANT. THE AUTHORITY GRANTED IN THIS NOTE TO CONFESS JUDGMENT AGAINST BORROWER SHALL NOT BE EXHAUSTED BY ANY EXERCISE OF THAT AUTHORITY, BUT SHALL CONTINUE FROM TIME TO TIME AND AT ALL TIMES UNTIL PAYMENT IN FULL OF ALL AMOUNTS DUE UNDER THIS NOTE. BORROWER HEREBY WAIVES ANY RIGHT BORROWER MAY HAVE TO NOTICE OR TO A HEARING IN CONNECTION WITH ANY SUCH CONFESSION OF JUDGMENT AND STATES THAT EITHER A REPRESENTATIVE OF LENDER SPECIFICALLY CALLED THIS CONFESSION OF JUDGMENT PROVISION TO BORROWER'S ATTENTION OR BORROWER HAS BEEN REPRESENTED BY INDEPENDENT LEGAL COUNSEL.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

THIS NOTE IS GIVEN UNDER SEAL AND IT IS INTENDED THAT THIS NOTE IS AND SHALL CONSTITUTE AND HAVE THE EFFECT OF A SEALED INSTRUMENT ACCORDING TO LAW.

BORROWER:

SAMPLE

By: COPY [Seal]
Borrower for sample

By: CORY [Seal]
Borrower for sample