

**EAST COVENTRY TOWNSHIP
BOARD OF SUPERVISORS**

CHESTER COUNTY, COMMONWEALTH OF PENNSYLVANIA

RESOLUTION NO. 2012-08

AUTHORIZING THE ISSUANCE OF A TAX AND REVENUE ANTICIPATION NOTE, IN THE AMOUNT OF \$780,000.00 IN ANTICIPATION OF THE RECEIPT OF CURRENT TAXES AND CURRENT REVENUES, TO BE SOLD AT PRIVATE SALE TO NATIONAL PENN BANK; AND PROVIDING FOR THE FILING OF REQUIRED DOCUMENTS AND THE TAKING OF OTHER ACTIONS NECESSARY AND PROPER IN CONNECTION WITH THE EXECUTION, SALE AND DELIVERY THEREOF.

WHEREAS, East Coventry Township (the "Township"), Chester County, Pennsylvania, a Township of the Second Class of the Commonwealth of Pennsylvania, is a "local government unit" within the meaning of the Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the "Act"), and is governed by its Board of Supervisors (the "Board"); and

WHEREAS, the Township has entered into an Agreement of Sale for the acquisition of certain parcels or tracts of land consisting of a proposed residential subdivision known as "Wineberry Estates", containing approximately 31.09 acres, located on Maack Road, East Coventry Township, Chester County, Pennsylvania, being Chester County tax parcel numbers 18-4-86.1B, 18-4-168.1, 18-4-168.2, and 18-4-168.3 (the "Land"); and

WHEREAS, the Township anticipates current taxes as yet uncollected as well as the receipt of current revenues from various government agencies to be used for the purchase of the Land for open space purposes; and

WHEREAS, the Board has determined it to be in the best interest of Township to acquire the Land for open spaces purposes and believes that it is appropriate to increase the indebtedness of the Township for such acquisition; and

WHEREAS, the Board contemplates the authorization, sale, issuance and delivery of a note in the aggregate principal amount of SEVEN HUNDRED EIGHTY THOUSAND AND 00/100 DOLLARS (\$780,000.00) to be designated as the “Tax and Revenue Anticipation Note, Series of 2012” (the “Note”), to provide funds for the acquisition of the Land (the “Project”), all in accordance with applicable and appropriate provisions of the Act; and

WHEREAS, the Board has considered the possible manners of sale provided for in the Act with respect to the sale of the Note and has determined that the Note shall be offered at private sale by negotiation; and

WHEREAS, National Penn Bank (“NPB”) has submitted to the Township a proposal to purchase the Note, and the Township desires, by the adoption of this Resolution by the Board, to accept such proposal and authorize the issuance and sale, by private sale by negotiation, of the Note to NPB in accordance with the Act; and

WHEREAS, the Board further desires to provide for the filing of required documents and the taking of other actions necessary and proper in connection with the execution, sale and delivery of the Note and the completion of the Project, all in accordance with the provisions of the Act.

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED by the Board of Supervisors of East Coventry Township, Chester County, Pennsylvania, as follows:

1. The Township hereby authorizes the issuance of a tax and revenue anticipation note in accordance with the Act and for the purposes of the Project, in the principal amount of SEVEN HUNDRED EIGHTY THOUSAND AND 00/100 DOLLARS (\$780,000.00), to be designated as the “Tax and Revenue Anticipation Note, Series of 2012” (the “Note”), in anticipation of the receipt of current taxes and current revenues, to be sold at private sale by

negotiation to NPB. The Board has determined that a private sale of the Note is in the best financial interest of the Township.

2. The Note shall; (i) be in the denomination of SEVEN HUNDRED EIGHTY THOUSAND AND 00/100 DOLLARS (\$780,000.00); (ii) be redeemable at any time at the option of the Board without penalty or premium; (iii) be fully registered without coupons; (iv) be dated as of the date of settlement upon its purchase by NPB; (v) bear interest at a floating interest rate equal to the Wall Street Prime Rate (as such rate is defined in the proposal of NPB identified in Paragraph 4 herein below); (vi) mature not later than December 31, 2012; (vii) be payable in person or by mail at the offices of NPB indicated in the proposal of NPB identified in Paragraph 4 herein below; and (viii) be substantially in the form attached to this Resolution in Exhibit "A".

3. The provisions in the form of the tax anticipation note attached to this Resolution as Exhibit "A" shall be fully made a part of this Resolution, including provisions thereof not otherwise provided for in this Resolution either in form or substance.

4. The proposal of the NPB to purchase the Note dated February 13, 2012 is hereby accepted and the Note is hereby awarded and sold to NPB, at par, in accordance with the proposal. A true and correct copy of the proposal is attached to this Resolution as Exhibit "B" and hereby made fully part hereof. The proposal shall be fully incorporated into the minutes of the meeting of the Board at which this Resolution is adopted. The Chairman of the Board of Supervisors is hereby authorized and directed to execute and to cause the delivery to NPB of a duplicate original of the acceptance of the proposal.

5. The Township hereby pledges and grants to NPB a security interest in, and a first lien and charge on: (1) its taxes to be received during the period when the Note is outstanding; (2) a grant award in the amount of \$400,000.00 from the Community Conservation Partnership

Program administered by the Pennsylvania Department of Conservation and Natural Resources; and (3) a grant award in the amount of \$320,000.00 from the Chester County Municipal Grant Program, in order to secure the payment of the indebtedness evidenced by the Note and the interest thereon.

6. Payment of principal and interest under the Note shall be made in the amounts and at the times set forth in the form of the tax anticipation note attached to this Resolution as Exhibit "A".

7. The Chairman of the Board of Supervisors shall be and hereby is authorized and directed to execute and cause the delivery to NPB, in the name, on behalf, and under the seal, of the Township, the tax anticipation note in the form and containing terms described above, and the Secretary of the Township shall be and hereby is authorized and directed to attest the same.

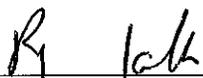
8. The Chairman of the Board of Supervisors shall be and hereby is authorized and directed to file, or cause to be filed, with the Pennsylvania Department of Community and Economic Development, a Certificate as to Taxes and Revenues to be Collected, together with other proceedings authorizing the Note, as required by and in accordance with the Act, and the Secretary of the Township shall be and hereby is authorized and directed to attest the same. A true and correct copy of said Certificate is attached to this Resolution as Exhibit "C". All actions of the Chairman of the Board of Supervisors and/or such other authorized officers or officials of the Township, preparing, or causing the preparation, of said Certificate prior the adoption of this Resolution are hereby ratified and confirmed.

9. The proper officers and officials of the Township shall be and hereby are authorized and directed to perform all acts that are necessary and proper for the valid issuance

and securing of the Note in accordance with the Act, and to otherwise comply with the terms and conditions of the Note and the proposal of NPB accepted hereby.

APPROVED, by the Board of Supervisors of East Coventry Township, Chester County, Pennsylvania, this 13th day of February, 2012.

EAST COVENTRY TOWNSHIP

By: 
Ray A. Kolb, Chairman

Attest: 
Bernard A. Rodgers, Secretary

Exhibit "A"

FORM TAX AND REVENUE ANTICIPATION NOTE

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer 1605	Initials
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:

Lender:

National Penn Bank
Philadelphia & Reading Avenues
Boyetertown, PA 19812
(800) 822-3521

Principal Amount: \$

Date of Note:

PROMISE TO PAY. ("Borrower") promises to pay to National Penn Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of _____ together with interest on the unpaid principal balance from _____ until paid in full.

PAYMENT. Borrower will pay this loan in one principal payment of _____ plus interest on _____ This payment due on _____ will be for all principal and all accrued interest not yet paid. In addition, Borrower will pay regular monthly payments of _____ with all subsequent interest payments to be due on the same day of each month after that. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest than to principal and then to any late charges. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the Prime Rate published in the Money Rates section of the Wall Street Journal on the applicable date or the highest Prime Rate if more than one is published as such rate may change from time to time (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute Index after notifying Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The Index currently is 3.250% per annum. Interest on the unpaid principal balance of this Note will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using a rate equal to the Index, resulting in an initial rate of 3.250% per annum based on a year of 360 days. NOTICE: Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law.

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. 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" if 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: National Penn Bank, P O Box 547 Boyertown, PA 19812.

LATE CHARGE. If a payment is 15 days or more late, Borrower will be charged 7.000% of the unpaid portion of the regularly scheduled payment or \$75.00, 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 adding an additional 3.000 percentage point margin ("Default Rate Margin"). The Default Rate Margin shall also apply to each succeeding interest rate change that would have applied had there been no default. 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 Forfeiture Proceedings. Commencement of foreclosure or forfeiture 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 forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture 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 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.

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 Berks County, Commonwealth of Pennsylvania.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether

PROMISSORY NOTE
(Continued)

checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may 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, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

LINE OF CREDIT. This Note evidences a straight line of credit. Once the total amount of principal has been advanced, Borrower is not entitled to further loan advances. Advances under this Note may be requested orally or in writing by Borrower or by an authorized person. Lender may, but need not, require that all oral requests be confirmed in writing. All communications, instructions, or directions by telephone or otherwise to Lender are to be directed to Lender's office shown above. Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any Borrower's account with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs. Lender will have no obligation to advance funds under this note if: (A) Borrower or any guarantor is in default under the terms of this Note; (B) Borrower or any guarantor ceases doing business or is insolvent; (C) any guarantor seeks, claims or otherwise attempts to limit, modify or revoke such guarantor's guarantee of this Note or any other loan with Lender; (D) Borrower has applied funds provided pursuant to this Note for purposes other than those authorized by Lender; or (E) Lender in good faith believes itself insecure.

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.

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, waives 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 inspect, 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, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. 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:

By:
 I

[Seal]

By:
 I

[Seal]

Exhibit "B"

PROPOSAL



February 8, 2012

Mr. Bernard Rodgers, Township Manager
East Coventry Township
855 Ellis Woods Rd
Pottstown Pa 19465

Dear Mr. Rodgers:

We are pleased to inform you that National Penn Bank (the "Lender") has approved the following credit accommodation under the terms and subject to the conditions outlined below.

BORROWER: East Coventry Township

AMOUNT: \$780,000.00 note.

USE OF PROCEEDS: Proceeds of the loan will be used to provide bridge financing for the acquisition of land on Maack Rd East Coventry Township, Chester County, Pennsylvania.

TERM: December 31, 2012.

PAYMENTS: The payments will begin one month from date of settlement as described below:

Interest only shall be payable monthly, with a final payment of all principal plus all accrued and unpaid interest to be due and payable at maturity.

INTEREST RATE: The loan shall bear interest at the floating interest rate of the Wall Street Prime Rate. The Wall Street Prime Rate is the "Prime Rate" published in the "Money Rates" section of The Wall Street Journal on the applicable date or the highest "Prime Rate" if more than one is published as such rate may change from time to time. If The Wall Street Journal ceases to be published or goes on strike or is otherwise not published for any period of time or if it ceases to publish a "Prime Rate," then the Lender may use any similar published prime or base rate. The prime rate is currently 3.25%.

DEFAULT RATE: If there is an Event of Default under the Note, the Lender may, in its discretion, increase the interest rate on the Note to three percent above the current note rate or the maximum interest rate Lender is permitted to charge by law, whichever is less.

CALCULATION OF INTEREST: Interest shall be calculated for the actual number of days the principal is outstanding, based on a year of three hundred sixty (360) days.

FEES: As a condition of this credit accommodation there will be a \$1,500.00 fee, plus costs, payable at settlement.

AUTOMATIC PAYMENT: All monthly payments will automatically be deducted from your National Penn Bank deposit account.

COLLATERAL: The following collateral will be required as security for the payment of all indebtedness arising under this commitment:

Pledge of all revenues and full taxing power of East Coventry Township

CROSS-DEFAULTED: This loan will be cross-defaulted with all present and future loans to the Borrower from the Lender.

REPORTING: All financial information shall be in a form acceptable to the Lender. The following financial information will be required:

FINANCIAL INFORMATION: Financial statements for East Coventry Township will be required on an annual basis within 120 days following the close of the reporting period. The financial statements shall be Audited by an independent Certified Public Accountant satisfactory to the Lender in accordance with Generally Accepted Accounting Principles (GAAP).

Annual fiscal budget for Borrower within 30 days of completion

SATISFACTORY FINANCIAL CONDITION: The Borrower shall maintain, in the judgment of the Lender, a satisfactory financial condition and shall notify the Lender promptly in writing of any adverse changes in its financial condition, operation or collateral as presented in the last submitted financial statement. This would include the establishment of credit with another institution.

DEPOSIT RELATIONSHIP: Although no compensating balances are required, an active deposit account relationship is to be maintained with the Lender during the term of the loan.

EXAMINATION OF BOOKS: Prior to settlement the Lender will require a review and examination of the books and records pertaining to the assets of the Borrower. The results of this review must be satisfactory in the sole and absolute discretion of the Lender.

FUNDING VERIFICATION: Commitment is contingent upon receipt and satisfactory Bank review of funding commitments from various government agencies, which total approximately \$700,000, for purchase of open space on Maack Rd East Coventry Township, Chester County, Pennsylvania.

ADDITIONAL CONDITIONS: Other terms, covenants and conditions may be included at the Lender's discretion.

BORROWER IDENTIFICATION: The Borrower shall provide all information and documentation necessary for identification under Section 326 of the USA Patriot Act at least five days prior to closing.

ORGANIZATIONAL DOCUMENTATION: The Borrower and/or each Guarantor/Surety shall provide organizational documents and any amendments thereto (including but not limited to articles of incorporation, by-laws, shareholders' agreement, certificate of partnership, partnership agreement, certificate of formation, operating agreement) as well as resolutions from all borrowing entities and/or each Guarantor/Surety, all of which must be acceptable to the Lender, at least five days prior to closing.

DOCUMENTATION: All documents required or produced in connection with this loan will be satisfactory in form and substance to the Lender. The Lender will retain legal counsel to review some, if not all of the loan documents.

AUTHORIZATION TO BORROW: A copy of the minutes from the municipal meeting or other authorized approval from the municipality or other authorities as applicable granting proper approval to borrow must be submitted to the Lender. This would include a list of the names and titles of the officers authorized to execute loan documents.

EXPENSES: The Borrower shall pay all out-of pocket costs and expenses incurred by the Lender in connection with the proposed financing to the Borrower. This will include, but not be limited to, appraisal costs, environmental assessment costs, attorney's fees, searches, recording and filing fees, and other costs related to the loan. These fees will be paid by the Borrower as a condition to closing and whether or not the transaction contemplated herein is closed.

GOVERNING LAW: This commitment shall be governed by and interpreted in accordance with the laws of the Commonwealth of Pennsylvania.

LATE CHARGE: The loan will be subject to a late charge of 7% of each monthly payment, with a minimum of \$75.00, if the monthly payment is received more than 15 days past the due date.

EXPIRATION: The executed commitment letter must be returned to the Lender along with the appropriate fee by February 15, 2012, after which date the commitment will have expired. Funds will be available after we receive a signed acceptance and any additional documentation is properly executed.

SETTLEMENT DATE: Settlement will be on or May 15, 2012, after which date the commitment will have expired.

OPTION TO CANCEL: This commitment shall be cancelable at the option of the Lender in the event there is any material change of circumstances regarding the Borrower or the collateral between the date of this commitment letter and closing as determined by the Lender. The commitment shall also be cancelable at the option of the Lender if any information provided to the Lender is materially false, misleading or inaccurate as determined by the Lender.

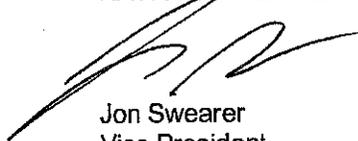
NO THIRD PARTY BENEFICIARIES: There shall be no third party beneficiaries to the Commitment Letter, the Loan Agreement, the Loan or any of the Loan documents, and Lender shall not be obligated or expected to provide assurances, commitments, obligations or agreements to or for the benefit of any third party.

This commitment may not be assigned by the Borrower and, when accepted by the Borrower and Lender, will constitute a legally-binding contract which will survive up to the execution of the loan documents (but not beyond the execution thereof).

We appreciate the opportunity to make this commitment available to you. If the terms and conditions outlined above are acceptable, please execute this letter and return it to me. A copy is enclosed for your records. If you have any questions, please call me at 610-727-0810.

Sincerely,

NATIONAL PENN BANK



Jon Swearer
Vice President

Acknowledgement Page to Follow:

ACKNOWLEDGMENT:

This commitment, with its terms and conditions, is understood and accepted this 13th day of February, 2012

BORROWER:

East Coventry Township

Rg Jalk
BY: Township Supervisor

Amirah Akho
BY: Township Supervisor

2. The undersigned have also received commitments for grant monies from the Community Conservation Partnership Program, administered by the Pennsylvania Department of Conservation and Natural Resources, in the amount of \$400,000, and the Chester County Municipal Grant Program, administered by Chester County, Pennsylvania, in the amount of \$320,000, for a total amount of anticipated revenue in the fiscal year ending December 31, 2012 from these grant programs of \$720,000.

3. In making the foregoing estimates, the undersigned have considered the past and anticipated collection experience of the Local Government Unit and current economic conditions.

4. The amount of the borrowing pursuant to tax anticipation notes in the above-mentioned fiscal year, including the current obligation, does not exceed 85% of the sum of the anticipated taxes and revenues.

IN WITNESS WHEREOF, the undersigned have set their hands this 13 day of February, 2012.

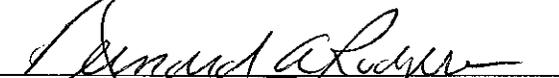
East Coventry Township

By



Ray A. Kolb
Chairman, Board of Supervisors

(SEAL)
ATTEST:


Bernard A. Rodgers, Secretary

CERTIFICATION

I, Bernard A. Rodgers, Secretary of East Coventry Township, Chester County, Pennsylvania, hereby certify that the foregoing is a true and correct copy of Resolution 2012-08 duly adopted by the majority vote of said Local Government Unit, at a meeting duly held on the 13th day of February, 2012, and that the minutes of said meeting showing how each member voted have been duly recorded in the official minutes of said Local Government Unit.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 13 day of February, 2012.


Bernard A. Rodgers, Secretary

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer 1505	Initials
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: _____ **Lender:** National Penn Bank
 Philadelphia & Reading Avenues
 Boyertown, PA 19512
 (800) 822-3821

Principal Amount: \$ _____ **Date of Note:** _____
PROMISE TO PAY. ("Borrower") promises to pay to National Penn Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of _____ together with interest on the unpaid principal balance from _____ until paid in full.

PAYMENT. Borrower will pay this loan in one principal payment of _____ plus interest on _____. This payment due on _____ will be for all principal and all accrued interest not yet paid. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning _____, with all subsequent interest payments to be due on the same day of each month after that. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; and then to any late charges. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the Prime Rate published in the Money Rates section of the Wall Street Journal on the applicable date or the highest Prime Rate if more than one is published as such rate may change from time to time (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The index currently is 9.250% per annum. Interest on the unpaid principal balance of this Note will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using a rate equal to the index, resulting in an initial rate of 9.250% per annum based on a year of 360 days. NOTICE: Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 360/360 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. 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: National Penn Bank, P O Box 547 Boyertown, PA 19812.

LATE CHARGE. If a payment is 15 days or more late, Borrower will be charged 7.000% of the unpaid portion of the regularly scheduled payment or \$75.00, 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 adding an additional 3.000 percentage point margin ("Default Rate Margin"). The Default Rate Margin shall also apply to each succeeding interest rate change that would have applied had there been no default. 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 Forfeiture Proceedings.** Commencement of foreclosure or forfeiture 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 forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture 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.

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 Berks County, Commonwealth of Pennsylvania.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether

