

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT made this 9th day of October, 1991, by and between RUSH TOWNSHIP, a body corporate and politic organized and existing as a Second Class Township under the laws of the Commonwealth of Pennsylvania with an office or principal place of business located at RD#1, Box 1326, Tamaqua, Schuylkill County, Pennsylvania 18252 ("Borrower"), and THE CITIZENS NATIONAL BANK, a corporation organized and existing under the laws of the United States of America with an office or principal place of business located at 13 West Ridge Street, Lansford, Carbon County, Pennsylvania 18232-0128 ("Bank").

Background

Borrower has requested that Bank extend credit to and lend to Borrower from time to time and Bank is willing to do so pursuant to terms and conditions set forth herein and in other documents that may from time to time be executed by any one or both of the parties.

NOW, THEREFORE, in consideration of the mutual promises contained herein and with intent to be legally bound, the parties hereby agree as follows:

1. Bank shall make loans to Borrower from time to time after the date hereof up to an aggregate principal amount not exceeding at any time outstanding of ONE MILLION FIVE HUNDRED THOUSAND (\$1,500,000.00) DOLLARS (the "Lending Limit"), subject to the limitations set forth in Paragraph 2 below (the "Line"). Within such Lending Limit, Borrower may borrow, repay, and reborrow hereunder. The principal portion outstanding at any one time pursuant to the Line and the obligation of the Bank to advance monies or extend credit to or for the benefit of Borrower shall not exceed the Lending Limit.

2. To secure to Bank the prompt, full, and faithful payment and performance of the Line, Borrower hereby grants to Bank a security interest in and to and a lien and encumbrance upon all right, title and interest of the Borrower in and to certain receipts, revenues, and monies to be derived by the Borrower from time to time from or in connection with the ownership and operation of a sewage collection system in and for portions of Rush Township, Schuylkill County, Pennsylvania, and more particularly, the Lake Hauto portion of the Township. The Borrower shall make appropriate entries upon its financial statements and its books and records disclosing the Bank's security interest hereunder. The Borrower shall execute and/or deliver to the Bank, at any time and from time to time hereafter at the request of the Bank, such supplemental

documentation that the Bank may reasonably request, in a form and substance mutually acceptable to Borrower and the Bank, to perfect and maintain perfected the security interest of the Bank in the collateral hereunder and to consummate the transactions contemplated in or by this Agreement.

3. All loans made by Bank to Borrower and all sums owed to Borrower pursuant to the transactions contemplated by this Loan Agreement ("Agreement") shall be evidenced by a single Line of Credit Note ("Note") in a form acceptable to the Bank, and the execution and delivery of such Note by Borrower setting forth the Lending Limit shall apply to and evidence all loans and other sums owed to Bank by Borrower by virtue of the transactions contemplated by this Agreement. It is expressly agreed by the parties that Bank shall not be required to obtain a separate Note for each advance, but rather that each advance shall be evidenced by a single Note then in existence, which Note shall evidence the obligation of Borrower to pay Bank the aggregate unpaid principal balance of Borrower to Bank plus all interest and other sums owed by Borrower to Bank whether pursuant to this Agreement or the Note or any other loan or collateral documents that may from time to time be executed by Borrower and delivered to Bank in connection with the transactions contemplated by this Agreement. It is understood that the Note may be replaced from time to time with a new Note which may contain different terms, and in such event such new Note will be deemed to evidence all sums then owed by Borrower to Bank as well as all sums thereafter owed by Borrower to Bank under the transactions contemplated by this Agreement. Borrower may repay any sums owed at any time and from time to time.

4. The interest rate on all principal balances outstanding and the time and manner of payment shall be as set forth in the Note.

5. Subject to the remedies available to Bank in the event of default by Borrower hereunder or under any document executed and delivered by Borrower in connection with the Line, the Line will be available until the earlier of six (6) months from the date of the initial disbursement under and pursuant to this Line or April 1, 1992, (the "maturity date") at which time continuation of the Line may be reasonably considered by the Bank.

6. The term of this Agreement shall continue until the maturity date.

7. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties. Any modifications hereof shall be in writing and signed by the party against whom enforcement of such modification is sought.

8. Borrower hereby authorizes Bank to advance monies under this Agreement and Note of even date herewith, which advances are to be deposited to the Borrower's checking account, upon the verbal or written request of the undersigned.

RUSH TOWNSHIP

By: George A. Bunkley
Chairman

ATTEST:

Carol Ann Bet
Secretary

THE CITIZENS NATIONAL BANK

By: _____

ATTEST:
