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**LOAN AGREEMENT**

**for the \$8,026,000  
Guaranteed Sewer Revenue Notes, 2019 Series**

**between the**

**DELAWARE VALLEY REGIONAL FINANCE AUTHORITY  
Bucks, Chester, Delaware and Montgomery Counties, Pennsylvania and the**

**TOWAMENCIN MUNICIPAL AUTHORITY  
Montgomery County, Pennsylvania**

**Dated as of July 26, 2019**

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## LOAN AGREEMENT

THIS LOAN AGREEMENT dated as of **July 26, 2019**, is between the **DELAWARE VALLEY REGIONAL FINANCE AUTHORITY** (“DelVal”), a public instrumentality and body corporate and politic of the Commonwealth of Pennsylvania, and the **TOWAMENCIN MUNICIPAL AUTHORITY**, Montgomery County, Pennsylvania (the “Participant”), a municipal authority organized and existing under the laws of the Commonwealth of Pennsylvania, with an address at 2225 Kriebel Road, Lansdale, PA 19446. Capitalized terms not defined in the recitals shall have the meanings ascribed to them in Article I of this Loan Agreement or in the Indenture, herein defined.

## BACKGROUND

A. DelVal is a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania (the “Commonwealth”) pursuant to the *Municipality Authorities Act*, 53 Pa. C.S. §5601 *et seq* (the “*Authorities Act*”), having been duly organized by the County Council of Delaware County and the Boards of Commissioners of Bucks, Chester and Montgomery Counties (collectively, the “Counties”), all in the Commonwealth of Pennsylvania;

B. DelVal was formed to undertake projects for or on behalf of (i) “Local Government Units” as such term is defined in the *Local Government Unit Debt Act*, 53 Pa. C.S.A. §8001 *et seq* (the “*Debt Act*”) or (ii) other political subdivisions whose obligations to DelVal are guaranteed by a Local Government Unit ((i) and (ii) each herein a Participant), any such project undertaken by DelVal to constitute a Project as such term is defined in the *Debt Act*;

C. In furtherance of its purposes, DelVal has undertaken a program (the “Loan Program”) to assist Participants with Projects;

D. In furtherance of the Loan Program, DelVal has, from time to time, authorized the issuance, sale, and delivery of its Local Government Revenue Bonds and may authorize the issuance of new issues of Local Government Revenue Bonds (collectively, the “Bonds”) under the terms of their respective Trust Indentures (collectively, the “Indenture”), and, as of the date of this Loan Agreement, the Local Government Revenue Bonds and Trust Indentures listed below were outstanding:

- Local Government Revenue Bonds, 1997 Series C, in the aggregate principal amount of \$28,000,000 (the “1997 Bonds”), issued under the terms of a Trust Indenture dated as of July 1, 1997, and amended and restated as of August 3, 2009 (the “1997 Indenture”),
- Local Government Revenue Bonds, 1998 Series A, B and C, in the aggregate principal amount of \$300,000,000 (the “1998 Bonds”), issued under the terms of a Trust Indenture dated as of August 1, 1998, and amended and restated as of August 3, 2009 (the “1998 Indenture”),
- Local Government Revenue Bonds, 2002 Series C, in the aggregate principal amount of \$125,000,000 (the “2002 Bonds”), issued under the terms of a Trust Indenture dated as of May 1, 2002, amended and restated as of August 3, 2009, supplemented as of June

30, 2011, amended and restated as of June 9, 2014, and amended and restated as of December 8, 2014 (the “2002 Indenture”),

- Local Government Revenue Bonds, 2007 Series A, B and C, in the aggregate principal amount of \$160,000,000 (the “2007 Bonds”), issued under the terms of a Master Indenture from DelVal to TD Bank, N.A., as successor to Commerce Bank, N.A., as Trustee, dated as of June 28, 2007, amended and restated as of August 3, 2009, amended and restated as of April 9, 2012, amended and restated as of June 9, 2014, and amended and restated as of December 8, 2014 (the “Master Indenture”), and the First Supplemental Indenture from DelVal to TD Bank, N.A., as successor to Commerce Bank, N.A., as Trustee, dated as of June 28, 2007, and amended and restated as of September 12, 2011 (the “2007 Supplemental Indenture”),
- Local Government Revenue Bonds, 2014 Series B, in the aggregate principal amount of \$20,000,000 (the “2014 Bonds”), issued under the terms of the Master Indenture and the Third Supplemental Indenture from DelVal to TD Bank, N.A., as Trustee, dated as of December 1, 2014 (the “2014 Supplemental Indenture”); and
- Local Government Revenue Bonds, 2017 Series, in the aggregate principal amount of \$175,000,000 (the “2017 Bonds”), issued under the terms of the Master Indenture and the Fourth Supplemental Indenture from DelVal to TD Bank, N.A., as Trustee, dated as of May 1, 2017 (the “2017 Supplemental Indenture”);
- Local Government Revenue Bonds, 2018 Series A, B, C, D and E, in the aggregate principal amount of \$215,000,000 (the “2018 Bonds”), issued under the terms of the Master Indenture and the Fifth Supplemental Indenture from DelVal to TD Bank, N.A., as Trustee, dated as of June 27, 2018 (the “2018 Supplemental Indenture”);

E. The Participant has requested that DelVal finance a Project for the Participant (the “Project”) pursuant to the Loan Program and DelVal is willing to make a Loan to the Participant for such purpose, pursuant to the terms and conditions set forth in this Loan Agreement, and as evidenced by the Guaranteed Sewer Revenue Notes, 2019 Series, 2019 Series (collectively, the “Participant Note”);

F. The Participant has taken all actions required under the *Authorities Act* to issue the Participant Note. The Township of Towamencin (the “Guarantor”) has taken all actions required under the *Debt Act* to incur the lease rental debt evidenced by a certain guaranty agreement (the “Guaranty”) to secure the repayment of the amounts due under the Participant Note and this Loan Agreement, and the Guarantor has received the approval required by the *Debt Act* from the Department of Community and Economic Development, attached hereto as **Exhibit E**; and

G. DelVal has entered into this Loan Agreement with the Participant for the purposes of providing for (i) the origination of the Loan in order to finance the Project and (ii) the repayment of such Loan by the Participant in amounts and at times as herein set forth;

H. In connection with the Loan Program, from time to time DelVal has entered into master interest rate swap agreements and may enter into new master interest rate swap agreements

(collectively, the “Swap Agreement”) with interest rate swap counterparties (collectively, the “Swap Counterparty”), and, as of the date of this Loan Agreement, the agreements listed below were outstanding:

- Interest Rate Swap Agreement, related to the 1997 Bonds, with Bank of America, N.A. (“BANA”) as swap counterparty, dated as of September 9, 2009, and amended and restated as of February 13, 2015 (the “BANA 1997 Swap Agreement”),
- Interest Rate Swap Agreement, related to the 1998 Bonds, with BANA as swap counterparty, dated as of September 10, 2009, and amended and restated as of February 13, 2015 (the “BANA 1998 Swap Agreement”),
- Interest Rate Swap Agreement, related to the 2002 Bonds, with BANA as swap counterparty, dated as of September 14, 2009, and amended and restated as of February 13, 2015 (the “BANA 2002 Swap Agreement”),
- Interest Rate Swap Agreement, related to the Bonds issued under the Master Indenture, with BANA as swap counterparty, dated as of September 15, 2009, and amended and restated as of January 27, 2015 (the “BANA 2007 Swap Agreement”),
- Interest Rate Swap Agreement, with Citibank, N.A. (“Citibank”) as swap counterparty, dated as of June 19, 2007 (the “Citi Swap Agreement”), and
- Interest Rate Swap Agreement, with Barclays Bank PLC (“Barclays”) as swap counterparty, dated as of April 17, 2012, and amended and restated as of July 2, 2012 (the “Barclays Swap Agreement”),
- Interest Rate Swap Agreement, with PNC Bank, National Association as swap counterparty, dated as of January 28, 2015 (the “PNC Agreement”), and
- Interest Rate Swap Agreement, with The Toronto-Dominion Bank as swap counterparty, dated as of January 13, 2016 (the “TD Agreement”).

The Swap Agreement requires DelVal to make scheduled payments to the Swap Counterparty and to receive scheduled payments from the Swap Counterparty. Under the terms of the Swap Agreement, DelVal may be required to make a Termination Payment, which may be substantial, upon an early termination of interest rate swap transactions under the Swap Agreement, as set forth in the Interest Rate Management Plan, attached hereto as **Exhibit I**. The Participant will be obligated under this Loan Agreement to pay any Termination Charge which is equal to its allocable share of any Termination Payment, as determined by the Administrator;

I. The Guarantor has taken all actions required under the *Debt Act* to approve and award the Guaranty and this Loan Agreement as a Qualified Interest Rate Management Agreement, and the Guarantor has received an acknowledgement of receipt of the filing required by the *Debt Act* from the Department of Community and Economic Development, attached hereto as **Exhibit D**; and

J. Reserved.

NOW, THEREFORE, intending to be legally bound hereby, DelVal and the Participant agree as follows:

## ARTICLE I

### DEFINITIONS

#### Section 1.01 Definitions.

In addition to the terms defined in the recital clauses of this Loan Agreement, the following terms shall have the meanings specified in this Article I and other capitalized terms used herein and not defined, shall have the meanings set forth in the Indenture and the Participant Tax Compliance Agreement.

**“Administrative Expenses”** means any expenditures of DelVal reasonably and necessarily incurred by DelVal by reason of its issuance of Bonds or for the Loan Program, as determined by the Administrator, including, without limitation, Compliance Charges, auditing fees and expenses, Extraordinary Payments, non-asset bond costs, costs associated with rebate compliance, the fees and expenses of the Trustee, the Administrator and the Rebate Analyst, all other legal, financing and administrative expenses incurred by DelVal with respect to the Loan Program, including the fees, costs, and expenses of any Credit Facility Provider and Participant Credit Enhancer, the maintenance of prudent levels of liquidity to provide sufficient levels of operating cash flow, as determined by the Administrator and any expenses incurred by DelVal or the Trustee to compel full and punctual performance of all the provisions of the Indenture, the Loan Agreements or the Participant Note.

**“Administrator”** or **“Program Administrator”** means the Program Administrator, initially Calhoun, Baker Inc., and any successor Administrator (which may include DelVal) duly appointed by DelVal and acting as Administrator hereunder; provided, however if DelVal is the Administrator, it may hereafter delegate to any person, firm or corporation qualified to do business in the Commonwealth of Pennsylvania as servicing agent, any of the duties and responsibilities of the Administrator hereunder, upon written notice thereof to the Trustee.

**“Authorized Officer”** means (a) in the case of DelVal, any person or persons designated to act on behalf of DelVal, and when used with reference to any act or document also means any officer of DelVal authorized by resolution of DelVal to perform such act or execute such document; (b) in the case of the Administrator, shall mean the person or firm designated in an instrument executed by DelVal and the Administrator and filed with the Trustee specifying the authority and scope of authorization for such person to act and to execute documents on behalf of the Administrator; (c) in the case of a Participant, any person or persons authorized pursuant to the charter, an ordinance, or a resolution of the governing body of such Participant to perform such act or execute such document; and (d) in the case of the Trustee, any Chair, Vice Chair, any Assistant Vice Chair, any Trust Officer or any Assistant Trust Officer thereof, and when used with reference to any act or document also means any other person authorized to perform such act or execute such document by or pursuant to the charter, by-laws or a resolution of the governing board thereof.

**“Automated Clearing House”** or **“ACH”** means a facility used by financial institutions to distribute electronic debit and credit entries to bank accounts and to settle such entries.

“**Bond**” or “**Bonds**” means the Local Government Revenue Bonds issued by DelVal, from time to time, under and pursuant to the Indenture to provide funds for the Loan Program.

“**Bondholder**” for purposes of this Loan Agreement means any registered owner of any of the Bonds.

“**Bond Counsel**” means any law firm designated by, or acceptable to, DelVal experienced in the field of municipal law, whose opinions are generally accepted by purchasers of municipal bonds and which is reasonably acceptable to the Trustee, Participant Credit Enhancer, and Credit Facility Provider.

“**Bond Swap Transaction**” means an interest rate swap transaction related to the Bonds executed by DelVal under the Swap Agreement to (i) hedge DelVal’s exposure to future changes in long term fixed interest rates, (ii) reduce the interest costs and costs of issuance of the Loan Program, and (iii) enhance the ability of participants in the Loan Program to manage their liabilities and diversify their risks.

“**Business Day**” means (i) any day other than (a) a Saturday or Sunday, (b) a day on which commercial banks in New York, New York, or the city or cities in which the corporate trust office of the Trustee is authorized by law or executive order to close or (c) a day on which the New York Stock Exchange is closed or (ii) as determined in a Supplemental Indenture.

“**Certificate**,” “**statement**,” “**request**,” “**requisition**” and “**order**” mean, respectively, a written certificate, statement, request, requisition or order signed in the name of DelVal, the Trustee or a Participant by an Authorized Officer of DelVal, the Trustee or such Participant, respectively. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the instruments so combined shall be read and construed as a single instrument.

“**Code**” means the *Internal Revenue Code of 1986*, as amended, and the regulations promulgated or proposed thereunder.

“**Compliance Charges**” mean amounts payable by the Participants under the Loan Agreements and Participant Note in respect of compliance with the disclosure requirements of Rules 10b-5 and 15c2-12 of the Securities and Exchange Commission.

“**Cost**” means cost, as defined in the *Debt Act* and herein, including but not limited to the cost of the acquisition of all lands, structures, rights-of-way, franchises, easements and other property rights and interests acquired by DelVal or a Participant for a Project; the cost of demolishing, removing or relocating any buildings or structures on lands so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved or relocated; the cost of all labor, materials, machinery and equipment, financing charges, interest prior to and during construction and for such a limited period after completion of such construction as may be approved by DelVal (not to exceed one year after completion of the Project); the cost of engineering, financial and legal services, plans, specifications, studies, surveys, estimates of costs and revenues, other expenses necessary or incident to determining the feasibility or practicability of constructing a Project, Administrative Expenses; and such other expenses as may be necessary

or incident to the construction of a Project, the financing of such construction and the placing of such Project in operation.

**“Credit Facility”** means individually and collectively, any letter of credit, standby bond purchase agreement, municipal bond insurance policy, financial guaranty policy, or similar instrument provided in connection with the issuance of any series of Bonds to guarantee the timely payment of principal of and interest on and, if required, tender purchase price of such series of Bonds optionally or mandatorily tendered for purchase as provided in the Indenture authorizing such series of Bonds.

**“Credit Facility Provider”** means any bank or financial institution that provides a Credit Facility for the Bonds.

**“DCED”** means the Department of Community and Economic Development of the Commonwealth of Pennsylvania and any successor agency or entity that may be designated the authority to approve the issuance of debt under the provisions of the *Debt Act* and with which Participants or Guarantors shall file copies of resolutions or ordinances adopted or enacted authorizing the incurrence of debt and awarding Qualified Interest Rate Management Agreements.

**“DeVal”** means the Delaware Valley Regional Finance Authority.

**“Extraordinary Payment”** means (a) any arbitrage rebate payments that may be required in connection with a subsequent change in the interpretation or application of federal tax law to the Bonds or (b) payments made pursuant to a negotiated closing agreement reached with the Internal Revenue Service in order to maintain the tax-exempt status of interest on the Bonds.

**“Fixed Rate Swap Transaction”** means an interest rate swap transaction executed by DeVal under the Swap Agreement in response to a request by the Participant to convert all or a portion of the Participant Note from a Loan Weekly Rate to a Loan Fixed Rate, approved as to form and substance by the Administrator and the Credit Facility Provider or Participant Credit Enhancer, if applicable.

**“Guarantor”** means the Township of Towamencin as the guarantor of the payment obligations of the Participant under this Loan Agreement and the Participant Note.

**“Guarantor Ordinance”** means the ordinances of the Guarantor (attached hereto as **Exhibit L**) that authorized the execution of the Guaranty and Guarantor Continuing Disclosure Agreement (attached hereto as **Exhibit L**) and the award of the Guaranty and this Loan Agreement as a Qualified Interest Rate Management Agreement.

**“Guarantor Continuing Disclosure Agreement”** means the agreement under which the Guarantor agrees to provide annual financial statements and notice of events under Rule 15c2-12 promulgated under the *Securities and Exchange Commission Act of 1934*, as amended and supplemented from time to time, attached hereto as **Exhibit N**.

**“Guaranty”** means that certain Guaranty Agreement among the Participant, the Guarantor, and DeVal (attached hereto as **Exhibit M**) under which the Guarantor pledges its full

faith, credit, and taxing power to make any payments due under this Loan Agreement and the Participant Note in the event of a default by the Participant.

**“Indenture”** means, collectively, the Trust Indentures between DelVal and the Trustee that authorized the issuance of the Bonds.

**“Interest Rate Management Plan”** means the plan that analyzes the benefits and risks of interest rate swap agreements, as such term is defined in the *Debt Act*.

**“Loan”** means a loan of a portion of the proceeds of Bonds to a Participant pursuant to the terms of a Loan Agreement, through the purchase by DelVal of the Participant Note evidencing the Participant’s obligations to repay principal and interest on such loan.

**“Loan Agreement Default”** shall have the meaning assigned in Section 7.01 of this Loan Agreement.

**“Loan Commitment”** means the commitment to provide the Loan, to purchase the Participant Note, and to authorize and direct the execution and delivery of the Loan Documents approved by resolution or resolutions of the DelVal Board.

**“Loan Documents”** means all of the approvals, agreements, certificates, and schedules required for the closing of a Loan, including the (i) the approvals of the Administrator, DelVal Board, DCED, Participant Credit Enhancer (if any), Swap Counterparty (if required), and Credit Facility Provider (if any); (ii) the Participant Resolution; (iii) the Loan Agreement, Participant Note, Guaranty Agreement (if any), the Participant Continuing Disclosure Agreement, and the Participant Tax Compliance Agreement; (iv) Favorable Opinion of Bond Counsel, opinion of DelVal solicitor, opinion of the Participant’s solicitor, and, if applicable, opinion of the Guarantor’s solicitor and (v) any other certificates or schedules required by the Administrator or Bond Counsel or required under a Supplemental Indenture.

**“Loan Fixed Rate”** means the fixed rate of interest calculated by the Program Administrator.

**“Loan Fixed Rate Period”** means each period during which a Loan Fixed Rate is in effect.

**“Loan Interest”** means the amount of interest, calculated at the Loan Rate for the Loan Payment Period, due under the Participant Note and Loan Agreement.

**“Loan Payment Date”** means the 25th day of the month or, if that date is not a Business Day, the next succeeding Business Day.

**“Loan Payment Period”** means, for portions of a Loan bearing interest at a Loan Weekly Rate, the period beginning on the first Thursday of the month (except for the first Loan Payment Period which shall begin on the date of the closing of the Loan) and ending on the first Wednesday of the subsequent month and shall mean, for portions of a Loan bearing interest at a Loan Fixed Rate, the period beginning on the 25<sup>th</sup> day of the month (except for the first Loan Payment Period which shall begin on the day of the closing of the Loan) and ending on, and including, the 24<sup>th</sup> day of the subsequent month.

**“Loan Prepayment Date”** means the date that the prepayment of all or a portion of a Loan is received.

**“Loan Principal”** means the principal amount of the Loan payable in the amounts and on the dates set forth in the Participant Note.

**“Loan Program”** means DelVal’s program to provide loans, secured by the full faith, credit, and taxing power of “Local Government Units,” as such term is defined in the *Debt Act*, to finance projects.

**“Loan Rate”** means the rate of interest specified in the Loan.

**“Loan Weekly Rate”** means the variable rate of interest, calculated weekly by the Program Administrator.

**“Loan Weekly Rate Period”** means each period during which a Loan Weekly Rate is in effect.

**“Maximum Rate”** means the lesser of (a) the highest interest rate that may be borne by the Loans under Commonwealth law, and (b) 15% per annum.

**“Moody’s”** means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Moody’s shall be deemed to refer to any other Nationally Recognized Statistical Rating Organization designated by DelVal, by notice to the Trustee.

**“Municipal Swap Index”** means the rate of interest established as the weekly high grade market index comprised of 7-day tax-exempt variable rate demand obligations, published weekly and reset each Thursday by the Securities Industry and Financial Markets Association (“SIFMA”) as the Municipal Swap Index, and in the event such rate is no longer determined, any replacement thereof established in the Swap Agreements or approved by the Administrator.

**“Nationally Recognized Statistical Rating Organization”** or **“NRSRO”** means a rating agency that meets professional requirements of and is registered with the Securities and Exchange Commission as a nationally recognized statistical rating organization.

**“Optional Prepayment Price”** means the principal amount of a Participant Note plus accrued interest thereon to the date of prepayment, plus premium, if any, and any Termination Charge in connection with such optional prepayment, pursuant to the provisions of Section 6.01 of a Loan Agreement which a Participant may pay the Trustee in order to prepay in whole or in part its Repayments and Termination Charges. Payment of the Optional Prepayment Price shall not discharge the Participant from its obligations to make payments of any Administrative Expenses or Compliance Charges which are accrued and unpaid as of the date of such prepayment.

**“Participant Continuing Disclosure Agreement”** means the agreement under which a Participant agrees to provide to DelVal annual financial statements and notice of events under Rule

15c2-12 promulgated under the *Securities and Exchange Commission Act of 1934*, as amended and supplemented from time to time, attached hereto as **Exhibit J**.

**“Participant Credit Enhancement”** means a municipal bond insurance policy, financial guaranty policy, letter of credit, or other enhancement issued by a Participant Credit Enhancer to secure all or a portion of the Repayments of the Participant under this Loan Agreement and the Participant Note.

**“Participant Credit Enhancer”** means a municipal bond insurer or other financial institution, with at least one claims paying ability rating (or equivalent rating) of “Aa3” or higher from Moody’s, “AA-” or higher from S&P, or the equivalent rating from any other NRSRO.

**“Participant Credit Enhancer Default”** means events including (i) a payment default by the Participant Credit Enhancer under the Participant Credit Enhancement, (ii) a declaration of bankruptcy or insolvency by the Participant Credit Enhancer, or (iii) any other event of default under the Participant Credit Enhancement.

**“Participant Note”** means the \$8,026,000 Guaranteed Sewer Revenue Notes, 2019 Series, 2019 Series, executed and delivered by the Participant to evidence its obligation to make all payments under this Loan Agreement, attached hereto as **Exhibit A**.

**“Participant Resolution”** means the Resolution of the Participant that authorized the issuance of the Participant Note, the sale of the Participant Note to DelVal, and the execution and delivery of the Loan Documents, attached hereto as **Exhibit B**.

**“Participant Tax Compliance Agreement”** shall mean a Tax Compliance Agreement between DelVal and the Participant concerning compliance with the provisions of §103(a) of the *Code*, attached hereto as **Exhibit F**.

**“Project”** means the projects authorized by the Participant Resolution and set forth in the Project Description, attached hereto as **Exhibit H**.

**“Qualified Interest Rate Management Agreement”** means the interest rate management agreement, collectively, this Loan Agreement and the related portions of the Swap Agreement allocable to the Participant Note, approved and awarded pursuant to the provisions of the *Debt Act*. The aggregate notional amounts under the Qualified Interest Rate Management Agreement shall equal the principal amounts outstanding under the Participant Note, and the term of the Qualified Interest Rate Management Agreement shall coincide with the term of the Participant Note. The maximum interest rate under the Qualified Interest Rate Management Agreement shall be 15%.

**“Reimbursement Resolution”** means a resolution to authorize the reimbursement of expenditures for the Project paid no more than sixty (60) days prior to the adoption of the resolution. This limitation shall not apply to the reimbursement of qualified “preliminary expenditures” as defined in the *Code*, provided that the amount of preliminary expenditures shall not exceed 20% of the par amount of the Participant Note.

**“Repayments”** means the payments of Loan Principal of and Loan Interest on the Participant Note.

**“Revenues”** means any rentals, rates, and other charges collected by the Participant.

**“Sinking Fund Depository”** means the bank, trust company, or a bank and trust company, located and lawfully conducting business in Pennsylvania appointed pursuant to the *Debt Act* to maintain the sinking fund to receive repayments of the Participant Note, initially **Wells Fargo Bank, N.A.**

**“S&P”** means Standard & Poor’s Global Ratings, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, S&P shall be deemed to refer to any other Nationally Recognized Statistical Rating Organization designated by DelVal, by notice to the Trustee.

**“Swap Agreement”** means, collectively, the master interest rate swap agreements which DelVal may execute, from time to time, with a Swap Counterparty in order to (i) hedge DelVal’s exposure to future changes in long term fixed interest rates, (ii) reduce the interest costs and costs of issuance of the Loan Program, and (iii) enhance the ability of participants in the Loan Program to manage their liabilities and diversify their risks, approved as to form and substance by the Administrator and the Credit Facility Provider or Participant Credit Enhancer, if applicable.

**“Swap Counterparty”** means, individually and collectively, one or more financial institutions, which executes a Swap Agreement with DelVal and which, at the time of execution of the Swap Agreement, by itself or as a result of a guarantee by a financial institution, satisfies the rating requirements of the Indenture.

**“Termination Charge”** means the rate or charge assessed to the Participant for a Termination Payment, determined by the Administrator, upon the early termination of (i) a Weekly Rate Swap Transaction related to the Participant Note, (ii) a Fixed Rate Swap Transaction related to the Participant Note, or (iii) the allocable portion of a Bond Swap Transaction related to the Participant Note.

**“Termination Payment”** means the net amount payable by DelVal, if any, under the Swap Agreement upon the early termination of (i) a Weekly Rate Swap Transaction, (ii) a Fixed Rate Swap Transaction, or (iii) a Bond Swap Transaction.

**“Trustee”** means the trustee for the Bonds, initially **TD Bank, N.A.**

**“Weekly Rate Swap Transaction”** means an interest rate swap transaction executed by DelVal under the Swap Agreement pursuant to a request by the Participant to convert all or a portion of the Participant Note from a Loan Fixed Rate to a Loan Weekly Rate by offsetting a

Fixed Rate Swap Transaction, approved as to form and substance by the Administrator and the Credit Facility Provider or Participant Credit Enhancer, if applicable.

**Section 1.02 Interpretation.**

In this Loan Agreement, unless the context indicates otherwise, words importing the singular number include the plural number, and vice versa, the terms “hereof”, “hereby”, “herein”, “hereto”, “hereunder” and similar terms refer to this Loan Agreement, and the term “hereafter” means after and the term “heretofore” means before the date hereof, and words of any gender include the correlative words of the other genders. In this Loan Agreement, unless otherwise indicated, all references to particular Articles, Sections, Subsections or Paragraphs are references to the Articles, Sections, Subsections or Paragraphs of this Loan Agreement.

**Section 1.03 Captions, Headings and Table of Contents.**

The captions, headings and table of contents in this Loan Agreement are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Articles, Sections, Subsections or Paragraphs hereof.

(End of Article I)

**ARTICLE II**  
**REPRESENTATIONS**

**Section 2.01 Representations and Findings of DelVal.**

DelVal hereby represents that:

(a) DelVal is a public body corporate and politic established in the Commonwealth of Pennsylvania pursuant to the laws of the Commonwealth of Pennsylvania (including the *Authorities Act*). Under the *Authorities Act*, DelVal has the power to enter into the Indenture and this Loan Agreement and to carry out its obligations thereunder and hereunder and to issue the Bonds to finance the Project.

(b) By approval of the DelVal Loan Commitment at one or more duly convened meetings of DelVal at which a quorum was present and acting throughout, DelVal has duly authorized the execution and delivery of the Loan Documents and the performance of its obligations thereunder and hereunder.

(c) Based on representations and information furnished to DelVal by or on behalf of the Participant and Guarantor, DelVal represents that the Participant and Guarantor have taken all steps necessary to qualify this Loan Agreement and the Guaranty, if any, pursuant to provisions of the *Authorities Act* and the *Debt Act*.

(d) DelVal has not and shall not pledge the income and revenues derived from this Loan Agreement other than as permitted by the Bonds and the Indenture.

(e) DelVal expects to hold the Participant Note to its maturity date or to the date that the Participant exercises its option under this Loan Agreement to prepay the Participant Note.

**Section 2.02 Representations of the Participant.**

The Participant represents that:

(a) The Participant, a body corporate and politic of the Commonwealth of Pennsylvania, a “municipality authority” under the *Authorities Act*, has all requisite power and authority to own and operate its properties, to carry on its activities as now conducted and as presently proposed to be conducted, to enter into this Loan Agreement and to carry out and consummate all transactions contemplated hereby.

(b) There is no material fact that the Participant has not disclosed to DelVal in writing that adversely affects the properties, activities, prospects or condition (financial or otherwise) of the Participant or the ability of Participant to perform all of its obligations under this Loan Agreement. The financial information and any other written statements furnished by the Participant to DelVal do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein or herein, in light of the circumstances under which they were made, not misleading.

(c) There are no proceedings that have not been fully disclosed to DelVal pending or, to the knowledge of the Participant, threatened against or affecting the Participant in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would adversely affect the properties, activities, prospects or condition (financial or otherwise) of the Participant, or the ability of the Participant to perform under this Loan Agreement, or the validity or the enforceability of this Loan Agreement.

(d) The execution and delivery of this Loan Agreement and all other documents and instruments and the consummation of the transactions contemplated hereby and compliance by the Participant with the provisions hereof and thereof, have been duly authorized, executed and delivered by the Participant and constitute valid and binding obligations of the Participant:

(1) The Loan Agreement has been duly authorized by all necessary action on the part of the Participant, including the adoption of the Participant Resolution which complies with the provisions of the *Authorities Act*.

(2) The incurrence of nonelectoral debt of the Guarantor has been approved by DCED in accordance with the provisions of the *Debt Act*, such approval being attached hereto as **Exhibit E**.

(3) The Loan Agreement does not and will not conflict with or result in any breach of any of the material terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any material lien, charge or encumbrance upon any property or assets of the Participant pursuant to any indenture, loan agreement or other agreement or instrument (other than this Loan Agreement) or of any other contractual or legal restriction to which the Participant is a party or by which the Participant, its properties or operations may be bound, or any laws, ordinances, resolutions, governmental rules or regulations of court or other governmental orders to which the Participant, its properties or operations is subject.

(4) Under the terms of the Guaranty, in the event of a deficiency by the Participant, the Guarantor has covenanted:

(i) to include all periodic, scheduled payments of Loan Interest and Loan Principal payable under the Loan Agreement and the Participant Note in the budget of the fiscal year in which such amounts are due and payable,

(ii) to appropriate such amounts from its taxes and other revenues, and

(iii) to pay, or cause to be paid, punctually and duly, such amounts that are due and payable under the Loan Agreement and the Participant Note on the dates, at the places, and in the manner stated in the Loan Agreement and the Participant Note.

FOR SUCH BUDGETING, APPROPRIATION, AND PAYMENT, THE GUARANTOR HAS IRREVOCABLY PLEDGED ITS FULL FAITH, CREDIT, AND TAXING POWER. As provided by the *Debt Act*, this covenant shall be specifically enforceable.

(5) The Guarantor has complied with the provisions of the *Debt Act* to authorize and award the Guaranty, this Loan Agreement, and the Swap Agreement allocable to the Participant Note as the Qualified Interest Rate Management Agreement related to the Participant Note. Acknowledgement of receipt of the filing required by the *Debt Act* from the Department of Community and Economic Development is attached hereto as **Exhibit D**.

(i) The notional amount of the Swap Agreement, related to the Bonds, without regard to any offsetting transactions, that relates to or is allocable to the Participant Note is equal to the principal amount outstanding of the Participant Note.

(ii) The term of the Swap Agreement that relates to or is allocable to the Participant Note shall not exceed the latest maturity date of the Participant Note.

(iii) The maximum annual interest rate which the Participant may pay under this Loan Agreement with respect to any Swap Agreement allocable to the Participant Note is 15% per annum.

(iv) The maximum net payments by fiscal year of the Participant under this Loan Agreement for the Participant Note shall not be at a rate which exceeds the maximum interest rate specified in the Swap Agreement allocable to the Participant Note for periodic scheduled payments and interest on the Bonds to which the Participant Note relates.

(v) The obligation of the Participant or Guarantor to pay a Termination Charge related to the Participant Note shall be subordinate to the regularly scheduled payments under the Qualified Interest Rate Management Agreement.

(6) With respect to Termination Charges under the Qualified Interest Rate Management Agreement allocable to the Participant Note and, in the event of a deficiency by the Participant, the Guarantor has covenanted:

(i) to include Termination Charges for each fiscal year in which such Termination Charge is payable in its budget for that fiscal year;

(ii) to pay duly and punctually or cause to be paid from its sinking fund or any of its other revenues or funds, the Termination Charge at the date and places and in the manner stated in the Participant Note and the Loan Agreement; and

(iii) if sufficient funds are not available in the fiscal year in which the Termination Charge is due and payable, any unpaid Termination Charge shall be included in the budget adopted for the next fiscal year.

(e) No event has occurred and no condition exists which, upon execution of this Loan Agreement, would constitute a Loan Agreement Default. The Participant is not in violation in any material respect, and has not received notice of any claimed violation (except such violations as (1) heretofore have been specifically disclosed in writing to, and have been consented to by, DelVal, and (2) do not, and will not, have any material adverse effect on the transactions herein contemplated and the compliance by the Participant with the terms hereof) of any laws, ordinances, resolutions, governmental rules or regulations or court or other governmental orders, or of any term of any agreement, charter, bylaw or other instrument to which it is a party or by which it or its property or operations is or may be bound.

(f) The Participant has obtained or reasonably expects to obtain, all permits and approvals required by any governmental body or officer for the acquisition, construction, renovation and installation of the Project, the financing or refinancing thereof or the reimbursement of the Participant therefor; and the Participant has complied with any applicable provisions of law requiring any notification, declaration, filing or registration with any governmental body or officer in connection with the acquisition, construction, renovation or installation of the Project, the financing or refinancing thereof or the reimbursement of the Participant therefor. No consent, approval or authorization of, or filing, registration or qualification with, any governmental authority (other than those already obtained) is required on the part of the Participant as a condition to the execution and delivery of this Loan Agreement or the consummation of any transaction contemplated herein.

(g) The Participant is in compliance with all laws, ordinances, resolutions, governmental rules and regulations to which it is subject.

(h) The Project for which this Loan Agreement is incurred is a "project" as such term is defined in the *Debt Act*.

(i) The proceeds of the Participant Note will not exceed the Costs of the Project.

(j) No Costs of the Project to be financed with the proceeds of the Bonds have been paid by or on behalf of the Participant more than sixty (60) days prior to the earlier of (i) the adoption of the Participant Resolution or (ii) the adoption of a Reimbursement Resolution. This limitation shall not apply to the reimbursement of qualified "preliminary expenditures" as defined in the *Code*, provided that the amount of preliminary expenditures shall not exceed 20% of the par amount of the Participant Note.

(k) The Participant has delivered to the Trustee as a condition to the closing of the Loan, a properly signed Participant Tax Compliance Agreement prepared by Bond Counsel with respect to the Loan.

(End of Article II)

## ARTICLE III

### COMPLETION OF PROJECT; ISSUANCE OF BONDS; PROJECT FUND

#### Section 3.01 Completion of Project.

The Participant (a) shall acquire, construct, install, equip and improve or refinance the Project with all reasonable dispatch and in accordance with the description thereof in **Exhibit H: Project Description** attached hereto and applicable law, (b) shall procure or cause to be procured all permits and licenses necessary for the prosecution of any and all work on the Project, and (c) shall pay when due all costs and expenses incurred in connection with such acquisitions, construction, installation, equipment and improvement from funds made available therefor in accordance with this Loan Agreement or otherwise. The Project is the property of the Participant, and any contracts made by the Participant with respect thereto and any work to be done by the Participant on the Project are made or done by the Participant in its own behalf and not as agent or contractor for DeVal.

#### Section 3.02 Additions and Changes to Project.

Subject to Section 5.12 hereof, the Participant may, at its option and at its own cost and expense, at any time and from time to time, revise the description of the Project in the Participant Resolution and make such additions and changes to the Project as it may deem to be desirable for its uses and purposes, provided that (i) the Participant shall amend the Participant Resolution, in accordance with the provisions of the *Authorities Act*, and file the amendment with DeVal and the Trustee and (ii) if the addition or change is substantial, the Participant shall have first obtained and filed with DeVal and the Trustee a Favorable Opinion of Bond Counsel. In any case, the Participant shall obtain the approval of the addition to the Project of any proposed facilities or any other changes not generally described in the Participant Resolution from DeVal and the Trustee. The Participant shall delete any proposed facilities from the Project if a Favorable Opinion of Bond Counsel is not given.

#### Section 3.03 Application of Proceeds.

To provide funds to make the Loan for purposes of paying the Costs of the Project, DeVal shall fund the Loan to the Participant, from available Bond proceeds held by the Trustee. On the date hereof or such later date as the Participant shall request in writing, the Trustee shall disburse from available Bond proceeds in the amounts and to the parties directed by the Program Administrator in the Closing Receipt, to fund the Costs of the Project. The Participant agrees that the sums so disbursed by the Trustee shall be used only for the payment of the Costs of the Project and shall not be used for any other purpose.

**Section 3.04 Participant Required to Pay Costs of Project in the Event that the Proceeds from the Participant Note are Insufficient.**

DeIVal shall have no obligation to provide any additional Loans to the Participant for the Costs of the Project if the proceeds of the Participant Note are not sufficient to pay all the Costs of the Project and all such costs shall be paid by the Participant. The Participant shall not be entitled to any reimbursement, abatement, diminution or postponement of the Repayments if the Participant cannot fund all of the Costs of the Project.

**Section 3.05 Completion.**

Except to the extent otherwise approved by DeIVal, the Participant shall have caused all of the proceeds of the Participant Note to be expended for Costs of the Project in accordance with the Participant Resolution, the Participant Tax Compliance Agreement (attached hereto as **Exhibit F**), and the Project Description (attached hereto as **Exhibit H**).

**Section 3.06 Rebate Fund.**

The Participant agrees to make such payments to the Trustee as are required of the Participant in connection with the required rebate, if any, of excess investment earnings to the United States Government or any required yield reduction payments attributable to the Loan and to pay the costs and expenses of Calhoun, Baker, Inc., or such other financial consulting firm, law firm or accounting firm specializing in federal arbitrage “rebate” matters under §148(f) of the *Code* (the “Rebate Analyst”) engaged by DeIVal to make rebate calculations for the Bonds. The obligation of the Participant to make such payments shall remain in effect and be binding upon the Participant notwithstanding the release and discharge of any security documents for the Bonds. The Participant shall keep such books and records with respect to the investment of Loan proceeds as shall be necessary in order for the Rebate Analyst to calculate the rebate or yield reduction payment, if any, with respect to the Bonds, and shall make such books and records available to the Rebate Analyst.

(End of Article III)

## **ARTICLE IV**

### **LOAN BY DELVAL, LOAN PAYMENTS AND OTHER PAYMENTS**

#### **Section 4.01 Loan by DelVal.**

Under the terms and conditions of this Loan Agreement, DelVal shall make the Loan to the Participant. The Loan shall be deemed fully advanced (net of any origination fees) on the date hereof. The interest on the Loan shall initially be the Loan Weekly Rate.

The Participant may request a conversion to the Loan Fixed Rate at any time by sending a notice (the "Fixed Rate Conversion Request") to the Administrator. The Fixed Rate Conversion Request shall specify (i) the amount of the Loan that would be subject to conversion, (ii) the term, or Loan Fixed Rate Period, that would apply, and (iii) any prepayment options. Upon receipt of the Fixed Rate Conversion Request, the Administrator shall exercise best efforts to enter into a Fixed Rate Swap Transaction to satisfy the Fixed Rate Conversion Request. The terms of any Fixed Rate Swap Transaction shall be subject to the approval of (i) the Participant and (ii) the Participant Credit Enhancer and Credit Facility Provider, if applicable. If the term of the Loan Fixed Rate Period is shorter than the term of the Loan, the interest rate of the portion of the Loan subject to the Loan Fixed Rate shall automatically revert to the Loan Weekly Rate at the end of the Loan Fixed Rate Period.

During a Loan Fixed Rate Period, the Participant may submit a new Fixed Rate Conversion Request or a request to convert to a Loan Weekly Rate (the "Weekly Rate Conversion Request") for all or a portion of the principal amount bearing interest at the Loan Fixed Rate. The Weekly Rate Conversion Request shall specify (i) the amount of the Loan that would be subject to conversion and (ii) the term, or Weekly Rate Period, that would apply. Upon receipt of the Weekly Rate Conversion Request, the Administrator shall exercise best efforts to offset the affected portion of the Fixed Rate Swap Transaction and to enter into a Weekly Rate Swap Transaction necessary to satisfy the Participant's request. The execution of the new Weekly Rate Swap Transaction shall be subject to the approval of (i) the Participant, (ii) the Administrator, and (iii) the Participant Credit Enhancer and Credit Facility Provider, if applicable.

#### **Section 4.02 Repayments.**

In consideration of and in repayment of the Loan, the Participant shall repay the principal of the Loan in the amounts, at the place, and on the dates set forth in each Participant Note and shall pay the interest on the Loan at the Loan Weekly Rate or the Loan Fixed Rate, as applicable, as calculated by the Program Administrator, monthly on the Loan Payment Dates. The Participant shall execute an authorization for the Sinking Fund Depository and the Trustee to use the Automated Clearing House (the "ACH") system, or any successor to the ACH system that may be used by financial institutions in the future, to collect such Repayments. The Participant shall also pay to DelVal any Termination Charge. Termination Charges shall be subordinate in right and priority of payment to payments of Loan Interest and Loan Principal.

The Administrator shall determine the Loan Rate (Loan Variable Rate or Loan Fixed Rate) for the Loan pursuant to the Indenture allocable to the Participant Note for the Bonds, Swap

Agreement, and Administrative Expenses. Loan Interest includes payments for the Swap Agreement, Bonds, and Administrative Expenses. The calculation of the Loan Weekly Rate and Loan Fixed Rate shall be conclusive and binding on the Participant, absent manifest error.

(a) At the end of each Loan Payment Period, the Administrator shall give notice of the revised Loan Rate to the Trustee. The failure to give any such notice shall not affect the change in the Loan Rate or the Participant's obligations to make the Repayments.

(b) Notwithstanding any provision herein to the contrary, the Loan Rate shall never be greater than the Maximum Rate of 15%.

(c) Using the Loan Weekly Rate or Loan Fixed Rate, as applicable, provided by the Administrator, the Trustee shall calculate the amount of interest payable on the Loan and shall send statements of the Repayments due on the Loan Payment Date to the Participant.

(d) The Participant hereby authorizes and directs **Wells Fargo Bank, N.A.**, its successors or its assigns, to serve as the Paying Agent and Sinking Fund Depository for the Participant Note in accordance with the *Debt Act*. Further in accordance with the *Debt Act*, the Sinking Fund Depository shall maintain a separate sinking fund account for the Participant into which it shall deposit Repayments paid by the Participant pursuant hereto.

#### **Section 4.03 Obligations Unconditional.**

The obligations of the Participant to make Repayments, Termination Charges and any payments required under Section 3.06 hereof, shall be absolute and unconditional, and the Participant shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim which the Participant may have or assert against DeVal, the Trustee or any other person, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement, it being the intention of the parties that the payments required of the Participant hereunder will be paid in full when due without any delay or diminution whatsoever; provided, however, that Repayments and any payments required under Section 3.06 hereof shall be senior in right and priority of payment to Termination Charges due from the Participant in respect of this Loan Agreement. Repayments required to be paid by or on behalf of the Participant hereunder shall be received by DeVal or the Trustee as net sums and the Participant agrees to pay or cause to be paid all charges against or which might diminish such net sums.

#### **Section 4.04 Assignment of DeVal's Right.**

DeVal shall pledge and assign to the Trustee all of DeVal's rights in, to and under this Loan Agreement and the Participant Note, other than the rights of DeVal to indemnification or payment of expenses under Section 5.10 hereof and shall execute and deliver the Assignments attached hereto as **Exhibit G**. The Participant: (i) consents to such pledge and assignment; (ii) agrees to make or cause to be made Repayments directly to the Trustee without defense or set-off by reason of any dispute between the Participant and the Trustee; and (iii) acknowledges that in accordance with the provisions of the Indenture, upon a Loan Agreement Default, the Participant Credit Enhancer is entitled to control the exercise of remedies hereunder, so long as an event of a Participant Credit Enhancer Default has not occurred and is not continuing.

(End of Article IV)

**ARTICLE            V**

**COVENANTS OF PARTICIPANT**

**Section 5.01 Use of Project.**

(a) The Participant shall permit DelVal and the Trustee to make inspections of its properties to determine compliance with this Section, after reasonable notice by DelVal to the Participant.

(b) The Participant hereby covenants that no private party shall have any special legal entitlement to the beneficial use of any portion of the Project through a lease, management contract, or any other arrangement in such manner so as to cause the Bonds to be private activity bonds as defined in §141 of the *Code*.

(c) The Participant shall use the facilities financed with the proceeds of the Participant Note, as more fully set forth in the Participant Resolution, in furtherance of its activities as a public instrumentality or body corporate and politic of the Commonwealth of Pennsylvania.

**Section 5.02 Exempt Status.**

The Participant shall maintain its status as a municipality authority and as an organization whose payments of interest on indebtedness incurred by it are exempt from taxation under Commonwealth law to the extent that such statutes and regulations provide for such exemption; and will notify DelVal and the Trustee of any event resulting in the loss of any such status or placing the same in jeopardy.

**Section 5.03 Insurance.**

The Participant shall maintain, with financially sound and reputable insurers (or, with a certificate of approval of a qualified insurance consultant, a program of self-insurance), insurance with respect to its properties and operations, including, but not limited to, the facilities financed with the proceeds of the Participant Note, as more fully set forth in the Participant Resolution, against such casualties and contingencies, of such types (including public liability insurance) and in such amounts as are customary in the same or similar activities.

**Section 5.04 Liens.**

The Participant shall not create, incur or suffer to exist, and has not created, incurred or suffered to exist, any lien, charge, security interest or encumbrance on the facilities financed with the proceeds of the Participant Note, as more fully set forth in the Participant Resolution, other than any created pursuant to this Loan Agreement.

### **Section 5.05 Delivery of Financial Information.**

The Participant shall deliver to DelVal its annual financial statements and notices of events as required in the Participant Continuing Disclosure Agreement, attached hereto as **Exhibit J**. THE FINANCIAL STATEMENTS SHALL BE IN COMPLIANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES APPLICABLE TO THE PARTICIPANT AND SHALL BE AUDITED BY A CERTIFIED PUBLIC ACCOUNTING FIRM.

Until all of the proceeds of the Loan have been expended, the Participant shall provide a reconciliation, by date and amount, of all the expenditures of and investment earnings on the proceeds of the Loan no later than June 30 after the end of each fiscal year.

### **Section 5.06 Delivery of Other Information.**

The Participant's financial officer shall, at the reasonable request of DelVal or the Participant Credit Enhancer, if any, discuss the Participant's financial matters with DelVal or its designees and provide DelVal with copies of any documents reasonably requested by the Program Administrator or its designees.

### **Section 5.07 Maintenance of Existence.**

The Participant will maintain its existence as a municipal corporation, or, if applicable, a body corporate and politic of the Commonwealth of Pennsylvania.

### **Section 5.08 Prohibited Activities.**

The Participant shall not operate in any manner and shall not engage in any activities or take any action that might reasonably be expected to adversely affect the exemption of interest on the Bonds from federal income taxation.

### **Section 5.09 Taxes and Other Governmental Charges.**

The Participant shall pay, as the same become due, all taxes and governmental charges of any kind whatsoever that may be lawfully assessed, levied or imposed on DelVal or the Participant with respect to the Project.

### **Section 5.10 Indemnification.**

The Participant, to the extent it is lawfully able to do so and without representing or warranting that it is lawfully able to do so, shall at all times protect, indemnify and save harmless DelVal, the Program Administrator, the Participant Credit Enhancer, the Credit Facility Provider (if applicable), the Sinking Fund Depository and the Trustee, their officers, directors, employees and agents, from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including, without limitation, attorneys' fees and expenses) (collectively, "Claims") imposed upon or incurred by or asserted against DelVal, the Program Administrator, the Participant Credit Enhancer, the Credit Facility Provider (if applicable), the Sinking Fund Depository or the Trustee, their officers, directors, employees and agents, on account of (a) any failure of the Participant to comply with any of the terms of this Loan Agreement or (b)

any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project or the use thereof. Nothing contained herein shall require the Participant to indemnify DeIVal, the Program Administrator, the Participant Credit Enhancer, the Credit Facility Provider (if applicable), the Sinking Fund Depository or the Trustee, their officers, directors, employees and agents, for any claim or liability resulting from any of their gross negligence or willful, wrongful acts.

If any action, suit or proceeding is brought against DeIVal, the Program Administrator, the Participant Credit Enhancer, the Credit Facility Provider (if applicable), the Sinking Fund Depository or the Trustee, their officers, directors, employees and agents, for any loss or damage for which the Participant is required to provide indemnification under this Section 5.10, the Participant, upon request, shall at its expense resist and defend such action, suit or proceeding, or cause the same to be resisted and defended by counsel designated by the Participant and approved by DeIVal, the Program Administrator, the Participant Credit Enhancer, the Credit Facility Provider (if applicable), the Sinking Fund Depository or the Trustee, as the case may be, and such approval shall not be unreasonably withheld, provided that such approval shall not be required in the case of defense by counsel designated by any insurance company undertaking such defense pursuant to any applicable policy of insurance. The obligations of the Participant under this Section 5.10 shall survive any termination of this Loan Agreement or the Bonds.

#### **Section 5.11 Litigation Notice.**

The Participant shall give DeIVal, the Participant Credit Enhancer, the Credit Facility Provider (if applicable) and the Trustee prompt written notice of any action, suit or proceeding pending or threatened against it at law or in equity, or before any governmental instrumentality or agency, which, if adversely determined, would materially impair the Project or would materially and adversely affect its business, operations, properties, assets or condition.

#### **Section 5.12 Tax Covenants of Participant.**

The Participant covenants and represents that it will at all times do and perform all acts and things necessary or desirable and within its reasonable control in order to assure that interest paid on the Bonds shall not be includable in the gross income of any Bondholder for federal income tax purposes. The Participant also covenants and represents that it shall not take or omit to take, or permit to be taken on its behalf, any actions which, if taken or omitted, would adversely affect the excludability from the gross income of the Bondholders of interest paid on the Bonds for federal income tax purposes. The Participant covenants for the benefit of the Bondholders that it will not use the proceeds of the Participant Note, any moneys derived, directly or indirectly, from the use or investment thereof or any other moneys on deposit in any fund or account maintained in respect of the Participant Note (whether such moneys were derived from the proceeds of the sale of the Participant Note or from other sources) in a manner which would cause the Bonds to be treated as "arbitrage bonds" within the meaning of §148 of the *Code*.

### **Section 5.13 Maintenance of Published Rating**

The Guarantor has covenanted to maintain a published rating of its unenhanced senior debt obligations from an NRSRO or a Participant Credit Enhancement so long as the Participant Note remains outstanding.

### **Section 5.14 Post Issuance Compliance Policy.**

The Participant acknowledges that it has the responsibility to monitor compliance with the provisions of the *Code* that relate to the Participant Note. In furtherance of the Participant's monitoring obligations, the Participant hereby covenants to establish, adopt and implement the following procedures in writing:

(a) To designate persons within the employ of the Participant with the responsibility for monitoring compliance, or if such persons are not in the employ of the Participant, retaining individuals to undertake such responsibility on behalf of the Participant.

(b) To make certain that the individuals responsible for monitoring compliance have been properly trained as to the issues which require compliance under the *Code*, and if such individuals do not have the requisite training, to engage appropriate persons to provide such training.

(c) To report to the executive staff of the Participant, not less than once each year, on the results of the monitoring activities.

(d) The written procedures shall include:

(1) Maintaining basic records and documents relating to the Participant Note;

(2) Maintaining documentation which evidences the expenditure of the proceeds of the Participant Note;

(3) Maintaining documentation evidencing the use of the project financed with the Participant Note by public and private entities;

(4) Maintaining documentation which evidences all sources of payment or security for the Participant Note;

(5) Maintaining documentation pertaining to any investment of proceeds of the Participant Note;

(6) Maintaining all such records relating to monitoring activity for at least six years after the Participant Note has been retired.

(7) If the monitoring process identifies a compliance issue, the procedure by which such issue is to be brought to the attention of the executive staff of the Participant.

(e) If the Participant identifies any material compliance issues or receives any notice or other communication from the Internal Revenue Service relating to the tax status of the Participant Note for federal income tax purposes, the Participant shall immediately notify DelVal.

### **Section 5.15 Pledge of Revenues and Covenants.**

The Participant hereby pledges the Revenues for the repayment of all the obligations due under the Loan Agreement and the Participant Note. The Participant hereby represents and covenants that it has not incurred and will not incur any other obligations with a pledge of Revenues senior to the pledge for the Participant Note as long as any obligations or payments due under the Loan Agreement or the Participant Note remain outstanding.

The Participant hereby covenants:

(a) to include all periodic, scheduled payments of Loan Interest and Loan Principal payable under the Loan Agreement and the Participant Note in the budget of the fiscal year in which such amounts are due and payable,

(b) to appropriate such amounts from its general revenues, and

(c) to pay, or cause to be paid, punctually and duly, such amounts that are due and payable under the Loan Agreement and the Participant Note on the dates, at the places, and in the manner stated in the Loan Agreement and the Participant Note.

The Participant hereby covenants:

(a) to include the amounts due under the Loan Agreement for Termination Charges for the DelVal Swap Agreement related to the Participant Note for each fiscal year in which such Termination Charges are payable in its budget for that year,

(b) to appropriate such amounts from its general revenues for the payment of such Termination Charges, and

(c) to duly and punctually pay or cause to be paid from its sinking fund or any other of its revenues or funds the Termination Charges at the dates and places and in the manner stated in the Participant Note and the Loan Agreement.

The obligations to make scheduled payments of Loan Interest and Loan Principal are senior to any obligation for a Termination Charge allocable to the Participant Note.

(End of Article V)

**ARTICLE VI**  
**PREPAYMENT**

**Section 6.01 Optional Prepayment.**

The Loan may be prepaid in whole or in part, upon not less than thirty (30) days of written notice (the "Prepayment Notice") to the Administrator, DelVal, the Swap Counterparty (if applicable), the Participant Credit Enhancer (if applicable), the Credit Facility Provider (if applicable), and the Trustee. The Prepayment Notice shall specify (i) the amount to be prepaid; (ii) if a partial prepayment, the maturities or installments of the Loan to which such prepayment is to be applied; and (iii) the date of the prepayment. IF ALL OR A PORTION OF THE LOAN BEARS INTEREST RELATED TO A FIXED RATE SWAP TRANSACTION OR A WEEKLY RATE SWAP TRANSACTION, THE PARTICIPANT SHALL PAY THE TERMINATION CHARGE, IF ANY, ASSOCIATED WITH THE TERMINATION OF THE RESPECTIVE FIXED RATE SWAP TRANSACTION OR WEEKLY RATE SWAP TRANSACTION. The Participant may withdraw a Prepayment Notice at any time at no penalty. Any partial prepayment shall not operate to abate or postpone Repayments otherwise becoming due or to alter or suspend any other obligations of the Participant under this Loan Agreement.

(End of Article VI)

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES

#### Section 7.01 Events of Default.

Each of the following shall constitute a Loan Agreement Default:

- (a) Failure by the Participant to make or cause to be made any Repayment or any payment under Sections 3.07 or 4.02 hereof on or prior to the date on which such payment is due and payable;
- (b) Failure by the Participant to observe and perform any other material agreement, term or condition contained in Section 2.02(d)(4) or 2.02(d)(5) of this Loan Agreement, the failure of the Participant to observe and perform any other agreement, term or condition, which other failure, except for the failure to make a Termination Charge, shall continue for a period of 30 days after notice thereof shall have been given to the Participant by DelVal, the Participant Credit Enhancer (if applicable), the Credit Facility Provider (if applicable), or the Trustee, or for such longer period as DelVal and the Trustee may agree to in writing; provided, however, that DelVal and the Trustee shall not agree to a period of more than 30 days without the consent of the Participant Credit Enhancer (if applicable), the Credit Facility Provider (if applicable); and provided, further, that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, such failure shall not constitute a Loan Agreement Default so long as the consent of the Participant Credit Enhancer (if applicable) and the Credit Facility Provider (if applicable) is obtained and the Participant institutes curative action within the applicable period and diligently pursues such action to completion;
- (c) The Participant shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of itself or of its property, or (ii) admit in writing its inability to pay its debts generally as they become due, or (iii) make a general assignment for the benefit of creditors, or (iv) be adjudicated a bankrupt or insolvent, or (v) commence a voluntary case under the *United States Bankruptcy Code*, or file a voluntary petition or answer seeking reorganization, an arrangement with creditors or an order for relief, or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization, or insolvency proceeding, or action shall be taken by it for the purpose of effecting any of the foregoing, or (vi) have instituted against it a proceeding in any court of competent jurisdiction, under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking in respect of the Participant an order for relief or an adjudication in bankruptcy, reorganization, dissolution, winding up, liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of the Participant or of all or any substantial part of its assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by the Participant in good faith, the same shall (A) result in the entry of an order for relief or any such adjudication or appointment or (B) remain unvacated, undismissed and undischarged for a period of 60 days; and

(d) Any false or misleading representation or warranty made by the Participant or any subsequent action taken by the Participant which shall have a material adverse effect on: (i) the ability of the Participant to budget and appropriate Repayments, (ii) the ability of the Participant to make Repayments when they are due and payable, (iii) the validity and enforceability of this Loan Agreement, the Participant Note, or the Participant Tax Compliance Agreement, or (i) the tax-exemption of the DelVal Bonds that fund this Loan.

#### **Section 7.02 Remedies on Default.**

(a) Whenever a Loan Agreement Default shall have occurred and be continuing, any one or more of the following remedial steps shall be taken at the direction of the Participant Credit Enhancer and may be taken with the consent of the Participant Credit Enhancer so long as an event of Participant Credit Enhancer Default has not occurred and is not continuing:

(1) DelVal or the Trustee may declare all Repayments to be immediately due and payable; however, upon such declaration by DelVal or the Trustee, the Participant shall have a period of one hundred eighty (180) days after the date of such declaration to make all Repayments, and

(2) DelVal or the Trustee may pursue any and all remedies now or hereafter existing under the *Debt Act* or otherwise at law or in equity to collect all amounts then due and thereafter to become due under this Loan Agreement or to enforce the performance and observance of any other obligation or agreement of the Participant under this Loan Agreement.

(b) The Participant covenants that, in case it shall fail to pay or cause to be paid any Repayments as and when the same shall become due and payable, whether at maturity or by acceleration or otherwise, then, upon demand of the Trustee, the Participant shall pay to the Trustee the whole amount that then shall have become due and payable hereunder; and, in addition thereto, any Termination Charges and such further amounts as shall be sufficient to cover the costs and expenses of collection, including a reasonable compensation to the Trustee, its agents and counsel, and any expenses or liabilities incurred by DelVal or the Trustee. In case the Participant shall fail forthwith to pay such amounts upon such demand, the Trustee shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of the sums so due and unpaid.

(c) In case there shall be pending proceedings for the bankruptcy or reorganization of the Participant under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for the benefit of the creditors or the property of the Participant, the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount due hereunder, including interest owing and unpaid in respect thereof, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Participant, its creditors or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same after the deduction of its charges and expenses. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to DelVal or the Trustee, and to pay to DelVal or the Trustee any amount

due it for compensation and expenses, including counsel fees incurred by it up to the date of such distribution.

Notwithstanding the foregoing subsections (a), (b) and (c), the Trustee shall not be obligated to take any step which in its opinion will or might cause it to expend money or otherwise incur liability unless and until a satisfactory indemnity bond has been furnished to the Trustee at no cost or expense to the Trustee.

Amounts derived from the exercise of any of the foregoing remedies shall be paid to the Participant Credit Enhancer or otherwise applied, all as set forth in the Indenture, as long as an event of a Participant Credit Enhancer Default has not occurred and is not continuing.

### **Section 7.03 Remedies Not Exclusive.**

No remedy conferred upon or reserved to DeIVal, the Participant Credit Enhancer, the Credit Facility Provider (if applicable), or the Trustee by this Loan Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement, or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair that right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle DeIVal, the Participant Credit Enhancer, the Credit Facility Provider (if applicable), or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than any notice required by law or for which express provision is made herein.

### **Section 7.04 Payment of Legal Fees and Expenses.**

If a Loan Agreement Default should occur and DeIVal, the Participant Credit Enhancer, the Credit Facility Provider (if applicable), or the Trustee should incur expenses, including attorneys' fees and expenses, in connection with the enforcement of this Loan Agreement or the collection of sums due hereunder, the Participant shall reimburse DeIVal, the Participant Credit Enhancer, the Credit Facility Provider (if applicable), and the Trustee, as applicable, for the expenses so incurred, upon demand.

### **Section 7.05 No Waiver.**

No failure by DeIVal or the Trustee to insist upon the strict performance by the Participant of any provision hereof shall constitute a waiver of their right to strict performance and no express waiver shall be deemed to apply to any other existing or subsequent right to remedy the failure by the Participant to observe or comply with any provision hereof.

**Section 7.06 Notice of Default.**

The Participant shall notify the Trustee, DelVal, the Participant Credit Enhancer (if applicable), the Credit Facility Provider (if applicable) immediately if it becomes aware of the occurrence of any Loan Agreement Default hereunder or of any fact, condition or event which, with the giving of notice or passage of time or both, would become a Loan Agreement Default.

(End of Article VII)

**ARTICLE VIII**  
**MISCELLANEOUS**

**Section 8.01 Term of Loan Agreement.**

Subject to Section 8.02, this Loan Agreement shall be, and remain in, full force and effect from the date hereof until a date to be not later than the earlier of: (i) such time as all of the obligations hereunder, as evidenced by the Participant Note and this Agreement, shall have been fully paid (or provision made for such payment) and all of the obligations due to the Participant Credit Enhancer have been fully paid or (ii) the applicable security documents for the Bonds shall have been released and all other sums payable by the Participant under this Loan Agreement shall have been paid, except for obligations of the Participant under Section 5.10 hereof, which shall survive any termination of this Loan Agreement.

**Section 8.02 Amounts Paid by the Participant Credit Enhancer.**

Amounts paid by the Participant Credit Enhancer, if any, under the Participant Credit Enhancement, if any, shall not be deemed paid for purposes of this Loan Agreement and shall remain outstanding and continue to be due and owing until paid by the Participant in accordance with this Loan Agreement. This Loan Agreement shall not be discharged unless all amounts due or to become due to the Participant Credit Enhancer have been paid in full.

### **Section 8.03 Notices.**

All notices, certificates, requests or other communications hereunder shall be in writing and shall be deemed to be sufficiently given when mailed by overnight, registered or certified mail, postage prepaid, and addressed as follows:

If to the Participant:	Towamencin Municipal Authority 2225 Kriebel Road Lansdale, PA 19446
If to the Guarantor:	Township of Towamencin 1090 Troxel Road Lansdale, PA 19446
If to DelVal:	Delaware Valley Regional Finance Authority c/o Calhoun Baker Inc. 1811 Bethlehem Pike Flourtown Commons, Suite 350 Flourtown, PA 19031-1111
with copies to:	Carmen P. Belefonte, Esq. 20 West Third Street P.O. Box 1670 Media, PA 19063
If to the Trustee:	TD Bank, N.A. Institutional Trust 1006 Astoria Boulevard Cherry Hill, NJ 08034
If to the Sinking Fund Depository:	Wells Fargo Bank, N.A. 4 Penn Center 1600 JFK Boulevard, Suite 810 Philadelphia, PA 19103

The Participant, DelVal, and the Trustee, by notice given hereunder to the Persons listed above, may designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

### **Section 8.04 Limitation of Liability; No Personal Liability.**

In the exercise of the rights and powers granted to DelVal, the Sinking Fund Depository, or the Trustee hereunder or otherwise with respect to the Bonds, including, without limitation, the application of moneys and the investment of funds, none of DelVal, the Sinking Fund Depository, the Trustee, or their respective members, directors, officers, employees or agents shall be accountable to the Participant for any action taken or omitted by any of them in good faith and with the belief that it is authorized or within the discretion of the rights or powers conferred. DelVal, the Sinking Fund Depository, the Trustee and their members, directors, officers,

employees and agents shall be protected in acting upon any paper or document believed to be genuine, and any of them may conclusively rely upon the advice of counsel and shall be free from any liability for acting or refraining from acting in reliance upon such advice and may (but need not) require further evidence of any fact or matter before taking any action. In the event of any default by DelVal hereunder, the liability of DelVal to the Participant shall be enforceable only out of DelVal's interest under this Loan Agreement and there shall be no other recourse for damages by the Participant against DelVal, its members, directors, officers, attorneys, agents and employees, or any of the property now or hereafter owned by it or them. All covenants, obligations and agreements of DelVal contained in this Loan Agreement shall be effective to the extent authorized and permitted by applicable law. No such covenant, obligation or agreement shall be deemed to be a covenant, obligation or agreement of any present or future member, director, officer, agent or employee of DelVal, and no official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof or by reason of the covenants, obligations or agreements of DelVal contained in this Loan Agreement, the Bonds or any security document for the Bonds.

#### **Section 8.05 Binding Effect.**

This Loan Agreement shall inure to the benefit of and shall be binding in accordance with its terms upon DelVal, the Participant and their respective successors and assigns; provided that this Loan Agreement may not be assigned by the Participant (except upon compliance with Section 8.09 hereof) and may not be assigned by DelVal except to the Trustee in accordance with the Bonds or as otherwise may be necessary to enforce or secure payment of debt service on the Bonds. This Loan Agreement may be enforced only by the parties, the Participant Credit Enhancer, their assignees, and others who may, by law, stand in their respective places.

#### **Section 8.06 Amendments.**

Except as otherwise expressly provided in this Loan Agreement or any security document for the Bonds subsequent to the issuance of the Bonds and unless and until all conditions provided for in the Bonds have been met, this Loan Agreement may not be amended, modified or terminated except by an instrument in writing signed by the Participant and DelVal and consented to by the Participant Credit Enhancer and or the Credit Facility Provider (if applicable).

#### **Section 8.07 Counterparts.**

This Loan Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same instrument.

**Section 8.08 Severability.**

If any provision of this Loan Agreement is determined by a court to be invalid or unenforceable, such determination shall not affect any other provision hereof, each of which shall be construed and enforced as if the invalid or unenforceable portion were not contained herein. Such invalidity or unenforceability shall not affect any valid and enforceable application thereof, and each such provision shall be deemed to be effective, operative and entered into in the manner and to the full extent permitted by applicable law.

**Section 8.09 Governing Law.**

This Loan Agreement shall be deemed to be a contract made under the laws of the Commonwealth of Pennsylvania and for all purposes shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

**Section 8.10 Assignment.**

The Participant shall not assign this Loan Agreement or any interest of the Participant herein, either in whole or in part, without the prior written consent of the Trustee, which consent shall be given if the following conditions are fulfilled: (i) the assignee assumes in writing all of the obligations of the Participant hereunder; (ii) neither the validity nor the enforceability of this Loan Agreement shall be adversely affected by such assignment; (iii) the Project shall continue, in the opinion of Bond Counsel, to be a “project” as such term is defined in the *Debt Act* after such assignment; (iv) a Favorable Opinion of Bond Counsel is received, (v) DeVal consents and (vi) the Participant Credit Enhancer (if applicable) and the Credit Facility Provider (if applicable) consent.

(End of Article VIII)

IN WITNESS WHEREOF, we, the undersigned Authorized Officers, have hereunto set our signatures and affixed hereto the Seal of the DELAWARE VALLEY REGIONAL FINANCE AUTHORITY.

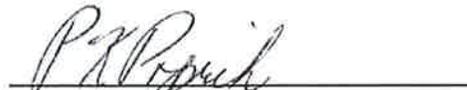
Dated: July 26, 2019



\_\_\_\_\_  
JOSEPH E. BRION  
Chairman

[Seal]

ATTEST:



\_\_\_\_\_  
PATRICIA K. POPRIK  
Secretary

IN WITNESS WHEREOF, we, the undersigned Authorized Officers, have hereunto set our signatures and affixed hereto the Seal of the TOWAMENCIN MUNICIPAL AUTHORITY, Montgomery County, Pennsylvania.

Dated: July 26, 2019

  
\_\_\_\_\_  
JOHN E. MINIHAN  
VICE CHAIRMAN

[Seal]

ATTEST:

  
\_\_\_\_\_  
BETH SMITH  
SECRETARY