

FIRST READING: May 24, 1983

FINALLY ENACTED: June 8, 1983

DECLARING THE GUARANTEEING OF UP TO 75% OF THE PAYMENT OBLIGATIONS OF LACKAWANNA COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY UNDER A CERTAIN CREDIT AGREEMENT DATED AS OF JUNE 15, 1983 AMONG LACKAWANNA COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, MONTAGE, INC., NORTHEASTERN BANK OF PENNSYLVANIA, THE THIRD NATIONAL BANK AND TRUST COMPANY OF SCRANTON, FIRST STATE BANK, SCRANTON NATIONAL BANK AND PENN SECURITY BANK AND TRUST COMPANY TO BE A PROJECT OF THE COUNTY FOR WHICH LEASE RENTAL DEBT IS TO BE INCURRED; STATING THE ESTIMATED REALISTIC USEFUL LIFE OF THE FACILITIES INVOLVED IN SAID PROJECT; DETERMINING TO INCUR LEASE RENTAL DEBT IN THE AMOUNT OF \$5,625,000, IN RESPECT OF SAID PROJECT, SUCH DEBT TO BE EVIDENCED BY THE COUNTY'S GUARANTY AGREEMENT IN CONNECTION WITH THE AUTHORITY'S SPORT FACILITY REVENUE BONDS (MONTAGE PROJECT) SERIES 1983 BOOK ENTRY CITIZEN BONDS; AUTHORIZING CERTAIN COUNTY OFFICERS TO PREPARE, CERTIFY AND FILE WITH THE DEPARTMENT OF COMMUNITY AFFAIRS THE DEBT STATEMENT REQUIRED BY SECTION 410 OF THE LOCAL GOVERNMENT UNIT DEBT ACT AND ANY STATEMENTS REQUIRED BY SECTION 206 OF SUCH DEBT ACT TO QUALIFY THE DEBT INCURRED AS SELF-LIQUIDATING DEBT, AND AUTHORIZING THE PREPARATION OF A BORROWING BASE CERTIFICATE; APPROVING THE FORM OF, AND AUTHORIZING, SUBJECT TO CERTAIN CONDITIONS, EXECUTION AND DELIVERY OF THE AFORESAID GUARANTY; REPEALING INCONSISTENT PRIOR ORDINANCES; SETTING FORTH CERTAIN CONDITIONS TO EXECUTION AND DELIVERY OF THE AFORESAID GUARANTY; AND AUTHORIZING CERTAIN INCIDENTAL ACTION, INCLUDING THE EXECUTION AND DELIVERY OF A CERTAIN MORTGAGE AND SECURITY AGREEMENT AND A CERTAIN REPAYMENT AGREEMENT.

WHEREAS, the Lackawanna County Industrial Development Authority (the "Authority") was organized on June 25, 1969 by the Board of Commissioners (the "Board") of the County of Lackawanna, Pennsylvania (the "County") under provisions of the Pennsylvania Industrial and Commercial Development Authority Law, Act of 1967, P. L. 251, as amended; and

WHEREAS, the Authority is undertaking a project to accomplish the public purposes of the Pennsylvania Industrial and Commercial Development Authority Law by the financing of a portion of certain commercial facilities comprising a winter ski area and summer recreation center at Scranton, Pennsylvania (the "Project"); and

WHEREAS, it is planned that the Authority shall finance the costs of the Project by the issuance of its Sports Facility Revenue Bonds (Montage Project), Series 1983 Book Entry CITIZEN BONDS in the aggregate principal amount of \$7,500,000 (the "Bonds"); and

WHEREAS, the Bonds are to be issued under and pursuant to a Mortgage and Trust Indenture (the "Indenture") to be dated as of June 15, 1983 by and between the Authority and Northeastern Bank of Pennsylvania, Scranton, Pennsylvania as Trustee (the "Trustee"); and

WHEREAS, the Authority and Montage, Inc ("Montage") a Pennsylvania not-for-profit corporation sponsored by the County, the Greater Scranton Chamber of Commerce, Lackawanna Industrial Fund Enterprises and the Scranton-Lackawanna Industrial Building Company, formed for the purpose of owning and operating the Project have entered into an Installment Sale Agreement (the "Installment Sale Agreement") dated as of June 15, 1983, pursuant to which the Authority is using the proceeds of the Bonds to finance the Project and is selling it to Montage; and

WHEREAS, under the Installment Sale Agreement, Montage has agreed to make purchase payments for the Project in installments equal in time and amount to the payments of principal and interest on the Bonds and has secured its obligations under the Installment Sale Agreement by a pledge of gross revenues from the Project; and

WHEREAS, the Authority has assigned its interest in the Installment Sale Agreement to the Trustee, as security for all bonds issued and outstanding under the Indenture; and

WHEREAS, The Bonds are also secured by a first mortgage on and security interest in the facilities comprising the Project granted by the Authority to the Trustee pursuant to the Indenture; and

WHEREAS, Montage has caused to be delivered to the Trustee a Letter of Credit ( the "Letter of Credit") issued by Pittsburgh National Bank ("Pittsburgh"), to provide for the payment of principal of, and 228 days' interest on, the Bonds to the extent that moneys are not available therefor under the Indenture; and

WHEREAS, a consortium of banks consisting of Northeastern Bank of Pennsylvania, The Third National Bank and Trust Company of Scranton, First State Bank, Scranton National Bank and Penn Security Bank and Trust Company (collectively, the "Banks") have agreed to reimburse Pittsburgh for all amounts that are drawn under the Letter of Credit, together with interest on all such amounts pursuant to the terms of a Reimbursement Agreement dated as of June 15, 1983 among the Banks and Pittsburgh (the "Reimbursement Agreement"); and

WHEREAS, Montage and the Authority have entered into a Credit Agreement with the Banks dated as of June 15, 1983 pursuant to which Montage and the Authority have agreed to reimburse the Banks for all amounts paid by the Banks pursuant to the Reimbursement Agreement; and

WHEREAS, the obligations of Montage and the Authority under the Credit Agreement are secured by a Mortgage and Security Agreement to Scranton Banks dated as of June 15, 1983 from Montage and the Authority, as mortgagors, to the Banks, as mortgagees; and

WHEREAS, under authority of the Local Government Unit Debt Act, Act 52 of the 1978 General Assembly of the Commonwealth of Pennsylvania (the "Debt Act"), the County has the power to guarantee the obligations of the Authority to the Banks under the Credit Agreement; and

WHEREAS, the County desires that the Authority issue the Bonds and apply the proceeds as aforesaid and is willing to enter into a guaranty agreement (the "Guaranty") in order to enhance the marketability of the Bonds and thereby achieve interest costs and other savings with respect to the winter ski area and summer recreation center and as an inducement to the purchase of the Bonds; and

WHEREAS, the obligation of the County under the Guaranty constitutes lease rental debt under the Local Government Unit Debt Act, P. L. 781 of 1972, as amended and reenacted by P. L. 52 of 1978, as amended (the "Debt Act"); and

WHEREAS, the Debt Act requires certain actions as a prerequisite to incurring lease rental debt; and

WHEREAS, any payment made by the County under the Guaranty will obligate Montage and the Authority under a Repayment Agreement dated as of June 15, 1983 (the "Repayment Agreement") to reimburse the County for all amounts so paid; and

WHEREAS, the obligations of Montage and the Authority under the Repayment Agreement are secured by a Mortgage and Security Agreement to Lackawanna County dated as of June 15, 1983 (the "Mortgage") from Montage and the Authority, as mortgagors, to the County as mortgagees.

WHEREAS, the proceeds derived from the issuance of the Bonds are to be applied to the costs of the Project which will benefit the County and promote the general welfare of the residents thereof; and

WHEREAS, the Authority has accepted the proposal by Prudential-Bache Securities, Inc. (the "Underwriters") for the purchase of the Bonds contained in a Purchase Contract dated June 8, 1983 (the "Purchase Contract");

NOW, THEREFORE, the Board of County Commissioners of the County of Lackawanna, Pennsylvania, hereby ORDAINS and ENACTS that:

SECTION 1. The County hereby authorizes the incurring of non-electoral debt in the form of the guaranty contained in the Guaranty Agreement hereinafter recited to secure a portion of the payment obligation of Lackawanna County Industrial Development Authority under a certain Credit Agreement (a copy of which has been presented at this meeting and filed with its Administrative Director) dated as of June 15, 1983 among Lackawanna County Industrial Development Authority, Montage, Inc., Northeastern Bank of Pennsylvania, The Third National Bank and Trust Company of Scranton, First State Bank, Scranton National Bank and Penn Security Bank and Trust Company and declares such guarantee to be a project of the County for which lease rental debt in the amount of \$5,625,000 is to be incurred.

SECTION 2. The realistic estimated useful life of the Project is hereby declared to be 40 years.

SECTION 3. The County hereby authorizes the incurring of lease rental debt in the form of the guaranty contained in the Guaranty hereinafter recited to secure the payment of up to 75% of the payment obligations of the Lackawanna County Industrial Development Authority under the above referenced Credit Agreement dated as of June 15, 1983.

SECTION 4. The Chairman and Administrative Director of the Board, or any duly appointed successors, are hereby authorized and directed to prepare, certify and file with the Department of Community Affairs, in accordance with the Debt Act, a debt statement required by Section 410 thereof, and are further hereby authorized and directed to file with the Department of Community Affairs a report, to be prepared by the Underwriters, required by Section 206 of the Debt Act which is necessary to qualify that portion of the gross lease rental debt of the County securing the payment of principal and interest on the Bonds of the Authority which may be excluded from such gross lease rental debt as self-liquidating debt for the purposes of establishing the net lease rental debt of the County and determining its debt limit; and the Chairman and Administrative Director are hereby authorized and directed to prepare and execute a certificate stating the County's borrowing base, as such term is defined in the Debt Act, for submission to the Department of Community Affairs.

SECTION 5. Subject to Section 9 hereof, the Chairman of the Board of Commissioners, the Controller and the Treasurer are hereby authorized and directed to execute, acknowledge and deliver, and the Administrative Director is hereby authorized and directed to affix and attest the corporate seal of the County to a Guaranty in substantially the form approved in Section 9 (b) hereof with such changes therein as counsel may advise and the officers executing the same may approve, their approval to be evidenced by their execution thereof and to take any other actions necessary to effectuate the Project.

SECTION 6. The County hereby approves the forms of the Mortgage and the Repayment Agreement presented at this meeting and filed with its Administrative Director. The officers of the County are hereby authorized and directed to execute and deliver such other documents, including the Mortgage, with such changes therein as counsel shall advise, and to take such other action as may be necessary or appropriate in order to effectuate the execution and delivery of the Guaranty, Mortgage and Repayment Agreement and the

performance of the County's obligations thereunder, all in accordance with the foregoing Sections hereof.

SECTION 7. This Ordinance shall become effective June 18, 1983.

SECTION 8. All prior ordinances or resolutions or parts thereof inconsistent herewith are hereby repealed.

SECTION 9. The Guaranty shall be executed and delivered as provided in Section 5 hereof only after the following conditions have been met:

(a) the Department of Community Affairs shall have approved the execution of the Guaranty pursuant to the Debt Act and shall have approved the exclusion of lease/rental debt thereby to be incurred as self-liquidating pursuant to the Debt Act;

(b) the Guaranty shall be in substantially the following form, with such changes as counsel may advise, the terms and provisions thereof being in all respects adopted fully herein, and the form of the Authority Bonds in substantially the following form as hereby approved.

GUARANTY AGREEMENT AMONG COUNTY OF LACKAWANNA, COMMONWEALTH OF PENNSYLVANIA, AS GUARANTOR, NORTHEASTERN BANK OF PENNSYLVANIA, THE THIRD NATIONAL BANK AND TRUST COMPANY OF SCRANTON FIRST STATE BANK, SCRANTON NATIONAL BANK AND PENN SECURITY BANK AND TRUST COMPANY, SECURING CREDIT AGREEMENT AMONG LACKAWANNA COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, MONTAGE, INC., NORTHEASTERN BANK OF PENNSYLVANIA, THE THIRD NATIONAL BANK AND TRUST COMPANY OF SCRANTON, FIRST STATE BANK, SCRANTON NATIONAL BANK AND PENN SECURITY BANK AND TRUST COMPANY, DATED AS OF JUNE 15, 1983

#### GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (the "Agreement") made and entered into as of the 15th day of June, 1983 by and between the COUNTY OF LACKAWANNA, a County of the Third Class, being a political subdivision of the Commonwealth of Pennsylvania (the "County" or the "Guarantor"), NORTHEASTERN BANK OF PENNSYLVANIA, a bank and trust company organized and existing under the laws of the Commonwealth of Pennsylvania, THE THIRD NATIONAL BANK AND TRUST COMPANY OF SCRANTON, a national banking association organized and existing under the laws of the United States of America, FIRST STATE BANK, a bank and trust company organized and existing under the laws of the Commonwealth of Pennsylvania, SCRANTON NATIONAL BANK, a national banking association organized and existing under the laws of the United States of America and PENN SECURITY BANK AND TRUST COMPANY, a bank and trust company organized and existing under the laws of the Commonwealth of Pennsylvania (each such bank being referred to herein individually as a "Bank" and collectively as the "Banks");

#### W I T N E S S E T H :

WHEREAS, Lackawanna County Industrial Development Authority (the "Authority") is issuing its Sports Facility Revenue Bonds (Montage Project), series 1983 Entry CITIZEN BONDS, dated June 15, 1983 (the ("Bonds")) to finance a portion of the cost of a project (the "Project") undertaken by the Authority to accomplish the public purposes of the Pennsylvania Industrial and Commercial Development Authority Law by aiding in the financing of certain commercial facilities comprising a winter ski area and summer recreation center at Scranton, Pennsylvania, for Montage, Inc. ("Montage"), a Pennsylvania not-for-profit corporation sponsored by the County, the Greater Scranton Chamber of Commerce, Lackawanna Industrial Fund Enterprises and the Scranton-Lackawanna Industrial Building Company which formed for the purpose of owning and operating the Project; and

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WHEREAS, the Bonds are being issued under the Authority's Mortgage and Trust Indenture dated as of June 15, 1983, (the "Indenture") to Northeastern Bank of Pennsylvania, as Trustee (the "Trustee"); and

WHEREAS, the Authority and Montage have entered into an Installment Sale Agreement (the ("Installment Sale Agreement") dated as of June 15, 1983, pursuant to which the Authority is using the proceeds of the Bonds to finance the Project and is selling it to Montage; and

WHEREAS, under the Installment Sale Agreement, Montage has agreed to make purchase payments for the Project in installments equal in time and amount to the payments of principal and interest on the Bonds and has secured its obligations under the Installment Sale Agreement by a pledge of gross revenues from the Project; and

WHEREAS, the Authority has assigned its interest in the Installment Sale Agreement to the Trustee, as security for all bonds issued and outstanding under the Indenture; and

WHEREAS, the Bonds are also secured by a first mortgage on and security interest in the facilities comprising the Project granted by the Authority to the Trustee pursuant to the Indenture; and

WHEREAS, Montage has caused to be delivered to the Trustee a Letter of Credit (the "Letter of Credit") issued by Pittsburgh National Bank ("Pittsburgh"), to provide for the payment of, and 228 days' interest on, the Bonds to the extent that moneys are not available therefor under the Indenture; and

WHEREAS, The Banks have agreed to reimburse Pittsburgh for all amounts that are drawn under the Letter of Credit, together with interest on all such amounts pursuant to the terms of a Reimbursement Agreement dated as of June 15, 1983 between the Banks and Pittsburgh (the "Reimbursement Agreement"); and

WHEREAS, Montage and the Authority have entered into a Credit Agreement with the Banks dated as of June 15, 1983 pursuant to which Montage and the Authority have agreed to reimburse the Banks for all amounts paid by the Banks pursuant to the Reimbursement Agreement; and

WHEREAS, the obligations of Montage and the Authority under the Credit Agreement are secured by a Mortgage and Security Agreement to Scranton Banks dated as of June 15, 1983 from Montage and the Authority, as mortgagor, to the Banks, as mortgagee; and

WHEREAS, under authority of the Local Government Unit Debt Act, Act 52 of the 1978 General Assembly of the Commonwealth of Pennsylvania (the "Debt Act"), the County has the power to guarantee the obligations of the Authority to the Banks under the Credit Agreement; and

WHEREAS, the County desires to partially guarantee the payment of amounts due under the Credit Agreement and, toward that end, has approved and authorized the delivery of this Agreement by Ordinance of the County enacted pursuant to the Debt Act; and

WHEREAS, any payment made by the County under this Agreement will obligate Montage and the Authority under a Repayment Agreement dated as of June 15, 1983 to reimburse the County for all amounts so paid; and

WHEREAS, the obligations of Montage and the Authority under the Repayment Agreement are secured by a Mortgage and Security Agreement to Lackawanna County dated as of June 15, 1983, from Montage and the Authority, as mortgagor, to the County as mortgagee.

NOW, THEREFORE, in consideration of the premises, the Guarantor

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does hereby subject to the terms hereof, covenant and agree with the Banks as follows:

## ARTICLE I

## REPRESENTATIONS AND WARRANTIES OF THE GUARANTOR

Section 1.1 The Guarantor does hereby represent and warrant that:

(a) it is a political subdivision of the Commonwealth of Pennsylvania with all requisite power and authority to enter into and perform all agreements on its part herein contained and it has been authorized to enter into this Agreement by all necessary and proper corporate action; and

(b) this Agreement is made in furtherance of and is proper to promote the general health and welfare of the residents of the Guarantor, and the assumption by the Guarantor of its obligations hereunder is hereby determined and declared to be the incurring of lease rental debt pursuant to the provision of the Debt Act.

## ARTICLE II

## COVENANTS AND AGREEMENTS

Section 2.1. The Guarantor hereby unconditionally guarantees to each Bank, but only to the extent set forth below, the full and prompt payment of the maximum amount due to each Bank under the Credit Agreement on account of payments made by such Bank under its letter of credit delivered pursuant to the Reimbursement Agreement when and as the same shall become due, provided however, that the total amount payable by the County hereunder for any given year shall not exceed the amount set forth in Schedule A hereto for such year, unless the principal of the Bonds shall be accelerated or mandatorily redeemed in their entire face amount during such year, in which case, the total amount payable by the County for such year shall not exceed \$!75% of (\$7,500,000 plus 228 days interest thereon at the rate borne by the Bonds plus (\$75,000)¢, or unless the Bonds shall be accelerated or mandatorily redeemed in an amount less than their original face amount, in which case, the total amount payable by the County for such year shall not exceed 75% of the principal amount of the Bonds subject to redemption plus \$!228 days' interest on the face amount of the Bonds plus \$75,000¢. The County also hereby unconditionally guarantees to each Bank the full and prompt payment of 75% of other charges, expenses and interest on late payments payable by the Authority under the Credit Agreement. In making any payment required under this Section 2.1, the County shall remit to each Bank an aliquot portion of such payment based upon the following percentages:

<u>BANK</u>	<u>PERCENTAGE</u>
Northeastern Bank of Pennsylvania	62.53333%
The Third National Bank and Trust Company of Scranton	12.94000%
First State Bank	6.62333%
Scranton National Bank	7.54667%
Penn Security Bank and Trust Company	<u>10.35667%</u>
TOTAL	100.00000%

The Guarantor agrees to pay all reasonable expenses and charges (including court costs and attorney's fees) paid or incurred by each Bank in realizing upon any of the payments hereby guaranteed or, to the extent permitted by law, in enforcing this Agreement. All payments by the Guarantor hereunder shall be paid in lawful money of the United States of America at the office of the Trustee and at the times specified in the Credit Agreement for the payment of amounts due under the Credit Agreement. Each and every default in payment of an amount due under the Credit Agreement, the payment of which is guaranteed hereunder, shall give rise to a separate cause of action hereunder and separate suits may be brought hereunder as each cause of action arises.

The Guarantor hereby covenants to the Banks that it shall duly and punctually pay or cause to be paid such amounts at the date and place in the manner stated herein according to the true intent and meaning hereof, and for such payment, the Guarantor hereby pledges its full faith, credit and taxing power. This covenant shall be specifically enforceable.

To the extent sufficient moneys are not available in the then-current budget of the Guarantor at any time when payments are required hereunder and if the Guarantor is able to lawfully incur debt in the current year for such purpose or to issue tax anticipation notes or otherwise satisfy its obligations hereunder, the Guarantor covenants to incur such debt, issue such notes or otherwise satisfy such obligations and for such budgeting, appropriation and payment the Guarantor does hereby pledge its full faith, credit and taxing power. This covenant shall be specifically enforceable.

To the extent sufficient moneys are not available in the then-current budget of the Guarantor at any time when payments are required hereunder and if the Guarantor is unable to lawfully incur debt in the current year for such purpose or to issue tax anticipation notes or otherwise satisfy its obligations hereunder, the Guarantor shall include any amounts so payable in its budget for the next succeeding year and shall appropriate such amounts to the payment of such obligations and shall duly and punctually pay or cause to be paid the obligations incurred hereunder in the manner herein stated according to the true intent and meaning hereof, and for such budgeting, appropriation and payment the Guarantor does hereby pledge its full faith, credit and taxing power. This covenant shall be specifically enforceable.

Section 2.2. The obligations of the Guarantor under this Agreement shall be absolute and unconditional irrespective of any other agreement or instrument to which the Guarantor is a party and shall remain in full force and effect until the entire amount due under Section 2.1 of this Agreement shall have been paid or provided for, and shall not be affected, modified or impaired upon the happening from time to time of any event, including, without limitation, any of the following, whether or not with notice to or the consent of the Guarantor, unless such notice or consent is required hereunder:

(a) the failure by Montage or the Authority to complete construction or commence or continue operation of the Project or failure to otherwise perform any obligation contained in the Indenture, or in any other agreement, for any reason whatsoever including, without limiting the generality of the foregoing, insufficiency of funds, negligence or willful misconduct on the part of Montage or the Authority, or the agents or independent contractors of either, legal action of any nature which prohibits or delays construction or operation of the Project, labor disputes, war, insurrection, natural catastrophe or laws, rules or regulations of any body, governmental or otherwise;

(b) The compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the Authority or Montage under the Installment Sale Agreement or the Indenture;

(c) the failure to give notice to the Guarantor of the occurrence of a default under the terms and provisions of this Agreement, the Installment Sale Agreement or the Indenture;

(d) the assignment, pledge or mortgaging or the purported assignment, pledge or mortgaging of all or any part of the interest of Montage or the Authority in the Project;

(e) the waiver of the payment, performance of observance by Montage, the Authority or the Guarantor of any of the obligations, covenants or agreements of any of them contained in the Indenture, the Installment Sale Agreement or this Agreement;

(f) the extension of the time for payment of any amount due under the Credit Agreement or any part thereof owing or payable on the Credit Agreement under this Agreement or of the time for performance of any other obligations, covenants or agreements under or arising out of the Indenture, the Installment Sale Agreement or this Agreement;

(g) the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Indenture or the Installment Sale Agreement;

(h) the taking of, or the omission to take, any of the actions referred to in the Indenture, the Installment Sale Agreement or this Agreement;

(i) any failure, omission or delay on the part of Montage, the Authority, the Trustee or any Bank to enforce, assert or exercise any right, power or remedy conferred on Montage, the Authority, the Trustee or any Bank in this Agreement, the Installment Agreement or the Indenture, or to enforce, assert or exercise any other act or acts on the part of Montage, the Authority, the Trustee or any Bank;

(j) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment of or other similar proceedings affecting the Guarantor, the Authority, the Trustee, any Bank or Montage or any of the assets of any of the, or any allegation or contest of the validity of this Agreement in any such proceeding;

(k) to the extent permitted by law, the release or discharge of the Guarantor from the performance or observance of any obligation, covenant or agreement contained in this Agreement by operation of law;

(l) the default or failure of the Guarantor fully to perform any of its obligations set forth in this Agreement; or

(m) the damage or partial or total destruction of the Project, or the facilities of which the Project is a part or the taking of title to or the temporary use of the Project, or the facilities of which the Project is a part, by any lawful authority.

Section 2.3. No set-off, counterclaim reduction or diminution of an obligation, or any defense of any kind or nature which the Guarantor has or may have against the Authority, any Bank, the Trustee or Montage shall be available hereunder to the Guarantor against any Bank.



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Section 2.4. In the event of a default in payment of any amount due under the Credit Agreement, the payment of which is guaranteed hereunder, when and as the same shall become due or upon the occurrence of an Event of Default as defined in the Credit Agreement, any Bank or Banks may proceed hereunder and shall have the right to proceed first and directly against the Guarantor under this Agreement without proceeding against or exhausting any other remedies which it may have an without resorting to any other security held by the Authority, the Trustee or Montage.

The Guarantor agrees to pay all costs, expenses and fees, including, to the extent permitted by law, all reasonable attorneys' fees, which may be incurred by any Bank or Banks in enforcing or attempting to enforce this Agreement following any default on the part of the Guarantor hereunder, whether the same shall be enforced by suit or otherwise.

Section 2.5. The Guarantor hereby expressly waives notice in writing, or otherwise, from any Bank or Banks of their acceptance and reliance on this Agreement.

Section 2.6. This Agreement is entered into by the Guarantor for the benefit of the Banks, severally, and their respective successors and assigns, all of whom shall be entitled to enforce performance and observance of this Agreement and of the guarantees and other provisions herein contained to the same extent as if they were parties signatory hereto.

Section 2.7. The terms of this Agreement may be enforced as to any one or more breaches either separately or cumulatively.

Section 2.8. Anything contained in this Guaranty to the contrary notwithstanding, except as provided herein with respect to expenses incurred in connection with the enforcement hereof, the obligations of the Guarantor hereunder shall be satisfied in full and discharged when all amounts due under the Credit Agreement to each Bank have been paid up to the maximum amount set forth for each Bank in Schedule A of this Agreement.

If the Guarantor deposits with the Banks funds sufficient to pay its obligations under Section 2.1 hereof as the same may arise from time to time, all liability of the Guarantor with respect to the particular payment of principal, interest, or prepayment price giving rise to such obligation under said Section 2.1 shall cease and be deemed to be satisfied. Thereafter, any claims of whatsoever nature hereunder with respect to such particular payment of principal, interest or prepayment price shall be restricted exclusively to the funds so deposited hereunder.

## ARTICLE III

## MISCELLANEOUS

Section 3.1. No amendment, change, modification, alteration, or termination of the Credit Agreement shall be effective which would in any increase the Guarantor's obligations under this Agreement without obtaining the prior written consent of the Guarantor.

Section 3.2. The obligations of the Guarantor hereunder shall arise absolutely and unconditionally when the Credit Agreement shall have been executed and delivered by the Authority, Montage and the Banks.

Section 3.3. No remedy herein conferred upon or reserved to the Banks hereunder 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 Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such 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 any Bank or Banks to exercise any remedy reserved to them in this Agreement, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. In the event any provision contained in this Agreement should be breached by any party and thereafter duly waived by the other party so empowered to act, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver, amendment, release or modification of this Agreement shall be established by conduct, custom or course of dealing, but solely by an instrument in writing duly executed by the parties thereunto duly authorized by this Agreement.

Section 3.4. This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings both written and oral, among the parties with respect to the subject matter hereof and may be executed simultaneously in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.


Section 3.5. The invalidity or unenforceability of any one or more phrases, sentences, clauses or Sections in this Agreement contained shall not affect the validity or enforceability of the remaining portions of this Agreement, or any part thereof.

Section 3.6. This Agreement may be amended to the same extent and upon the same conditions that the Indenture may be amended by a written agreement signed by the parties hereto, provided that in no event shall any amendment be made without the consent of the Authority or Montage.

Section 3.7. This Agreement shall be construed in accordance with and governed by the laws of the Commonwealth of Pennsylvania.

IN WITNESS WHEREOF, the Guarantor, intending to be legally bound hereby, has caused this Agreement to be duly executed in its name and its corporate seal to be affixed hereto and attested by its duly authorized officers as of the date first above written.

COUNTY OF LACKAWANNA



CHARLES LUGER

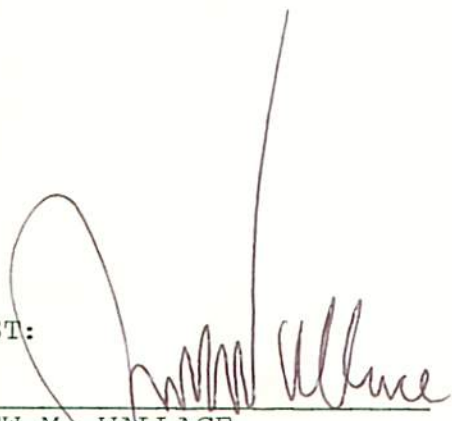


ROBERT W. PETTINATO



CHESTER LASOTA

ATTEST:



ANDREW M. WALLACE,  
ADMINISTRATIVE DIRECTOR