

RESOLUTION NO. 6-2017

A RESOLUTION OF THE TOWN OF TRAPPE AUTHORIZING THE RENEWAL OF A PROMISSORY NOTE WITH SHORE UNITED BANK IN THE PRINCIPAL AMOUNT OF \$99,421.57, THE SUM OF WHICH WAS BORROWED TO FINANCE THE ACQUISITION OF PROPERTY LOCATED AT 29428 SULLIVAN STREET PURSUANT TO PRIOR LEGISLATIVE ACTS OF THE COUNCIL OF TRAPPE

WHEREAS, Section 304 of the Trappe Town Charter authorizes the Town to borrow money from time to time as the Council of Trappe shall deem advisable and in such manner and by such means as the Council, in its sound discretion, shall deem most advantageous to the Town; and

WHEREAS, Section 612 of the Trappe Town Charter authorizes the Town of Trappe to borrow upon the full faith and credit and tax authority of the Town such sums of money as it deems proper for municipal purposes; and

WHEREAS, by Ordinance 7-2011, the Council of Trappe authorized the President to execute a promissory note with The Talbot Bank of Easton, Maryland, in the principal amount of \$115,000, which sum was borrowed to acquire and cover renovation expenses for certain rental properties located at 29428 Sullivan Street; and

WHEREAS, on September 28, 2011, the President of the Council of Trappe executed a promissory note with The Talbot Bank in the principal amount of \$115,000.00 ("Promissory Note"), a copy of which is attached hereto as Exhibit 1; and

WHEREAS, the maturity date of the Promissory Note has been extended to December 28, 2017; and

WHEREAS, the outstanding principal amount of the Promissory Note is \$99,421.57,

WHEREAS, Shore United Bank (previously known as “The Talbot Bank”) has offered to extend the term of the Promissory Note at an interest rate of 3.00% for a term of five (5) years; and

WHEREAS, the Council of Trappe has deemed it desirable and in the public interest to renew or extend the existing loan and to execute such other and further documents necessary to continue the Promissory Note and to extend the maturity date of said obligation to December 31, 2022 upon the terms provided by Shore United Bank.

NOW, THEREFORE, be it resolved by the Council of Trappe as follows:

Section 1. The recitals set forth above are incorporated herein and are made a part of this Resolution.

Section 2. The President or Vice President of the Council is hereby authorized to execute and deliver to Shore United Bank such documents, including a renewal or replacement note or notes, or a change in terms agreement, extending the term of the Promissory Note with interest at 3.00 percent, and with a maturity date of December 31, 2022.

Section 3. This Resolution shall become effective upon adoption by the Council.

absent
Norman Fegel

Tonya Pritchett
Tonya Pritchett

[Signature]
Robert Diefenderfer, Jr.



Nicholas Newnam

Walter Chase, Sr.

I hereby certify that the above Resolution was adopted by a yea and nay vote of the Council
this 16th day of December, 2017.



Erin Braband, Town Administrator-
Clerk/Treasurer

THE TALBOT BANK OF EASTON, MARYLAND
PROMISSORY NOTE

\$ 116,000.00

Date: September 28, 2011

Parcel 1: 29428 Sullivan Street, Trappe, MD 21673 and Parcel 2: 4011 Powell Street, Trappe, MD 21673
Property Address (if applicable)

1. **BORROWER'S PROMISE TO PAY INTEREST.** For value received, each of the undersigned (herein referred to as "Borrower"), jointly and severally if more than one, hereby promises to pay to the order of The Talbot Bank of Easton, Maryland ("Bank"), its successors and assigns, and any subsequent holder of this Note, the principal sum of One Hundred Fifteen Thousand and 00/100

Dollars (\$ 116,000.00) ("Principal Sum"), or so much as may be outstanding, together with interest on the unpaid balance thereof (check one):

() A fluctuating per annum rate of interest equal to the Prime Rate, plus _____ percent (____%).
The Term "Prime Rate" as used herein means the daily floating and fluctuating prime rate as established by _____
If _____ fails to establish the Prime Rate,
the Bank may select a substitute index that is available to and verifiable by the Borrower and beyond the control of the Bank;

(X) A fixed rate equal to Three and Nine Hundred Seventy-five Thousandths percent (3.975%) per annum.

Interest will be charged on a basis of a three hundred sixty-five (365) day year and the actual number of days elapsed.

2. **PAYMENTS AND MATURITY.** Interest and principal shall be payable as follows (check one):

() Interest on the Principal Sum shall be due and payable _____, commencing on _____, and on the same day of each and every calendar _____ thereafter, until at maturity (whether by acceleration, declaration, extension, otherwise); and principal installments in the amount of \$ _____ (the "Principal Installments"), shall be due and payable commencing on the _____ day of _____, and on the same day of each and every calendar _____ thereafter and the final Principal Installment, due and payable on _____, shall be in the amount of the then unpaid Principal Sum together with any and all accrued and unpaid interest thereon.

() Interest and principal shall be due and payable in consecutive _____ installments of \$ _____ commencing on the _____ day of _____, and on the same day of each and every calendar month thereafter to maturity (whether by acceleration, declaration, extension or otherwise), at which time all of the unpaid Principal Sum, together with all accrued and unpaid interest thereon shall be due and payable.

(X) Interest and principal shall be due and payable in consecutive monthly installments of \$ 537.58 commencing on the 28th day of October, 2011, and on the same day of each and every calendar month thereafter up to and including September 28, 2014, at which time a final balloon installment of the unpaid Principal Sum, together with all accrued and unpaid interest thereon shall be due and payable.

() Interest only on the Principal Sum shall be due and payable _____, commencing on _____ and on the same day of each and every calendar _____ thereafter up to and including _____, at which time the entire unpaid Principal Sum, together with all accrued and unpaid interest thereon shall be due and payable; provided, however, that Lender may at any time prior thereto demand payment in full of the entire unpaid Principal Sum together with all accrued and unpaid interest thereon.

() Interest only shall be due and payable _____ on the outstanding principal balance commencing on _____ and on the same day of each and every calendar month thereafter until _____; thereafter interest and principal shall be due and payable in consecutive _____ installments of \$ _____ commencing on the _____ day of _____ and on the same day of each and every calendar month thereafter up to and including _____, at which time the entire Principal Sum, together with all accrued and unpaid interest thereon shall be due and payable.

3. **DEFAULT INTEREST.** Upon the occurrence of an Event of Default (as hereinafter defined) and/or after the maturity of this Note (whether by acceleration, declaration, extension, or otherwise), the Borrower promises to pay to the Bank, upon demand by the Bank, interest on the unpaid Principal Sum at a rate equal to the rate of interest then due and payable under the terms of this Note, plus two percent (2%) per annum ("Default Rate"). The Default Rate shall remain in effect thereafter until payment in full of the unpaid Principal Sum, together with any and all accrued and unpaid interest thereon and any and all other sums due and payable hereunder, notwithstanding the entry of any decree, order, judgment or other judicial action under, pursuant to, in connection with, or otherwise concerning this Note.

4. **LATE CHARGES.** If the Borrower shall fail to make any payment under the terms of this Note within fifteen (15) days after the date such payment is due, the Borrower promises to pay to the Bank, upon demand by the Bank, a late charge equal to five percent (5%) of such payment. Such fifteen (15) day period shall not be construed as in any way extending the due date of any payment. The "late charge" is imposed for the purpose of defraying the Bank's expenses incident to handling such delinquent payment. This charge shall be in addition to, and not in lieu of, any other remedy the Bank may have and is in addition to any fees and charges of any agents or attorneys which the Bank may employ upon any Event of Default hereunder, whether authorized herein or by law. Such "late charge" if not previously paid, shall, at the option of the Bank, be added to, and become part of, the succeeding payment to be made under the terms of this Note.

5. **APPLICATION AND PLACE OF PAYMENTS.** All payments hereunder, shall be applied first to the payment of interest, second to the payment of principal and third to any uncollected late charges and/or costs. All payments on account of this Note shall be paid to the Bank at 18 East Dover Street, Easton, Maryland 21601 or at such other place as the Bank may at any time and from time to time designate in writing to the Borrower.

6. **LINE OF CREDIT.** If this box is checked, this Note evidences a (choose one) revolving closed end line of credit. Advances under this Note may be requested orally by Borrower or by an authorized person. Bank may, but need not, require that all oral requests be confirmed in writing. All communications, instructions, or directions by telephone or otherwise to Bank are to be directed to Bank office at 18 E. Dover Street, Easton, Maryland 21601. The following party or parties are authorized to request advances under the line of credit until Bank receives from Borrower at Bank's address shown above written notice of revocation of their authority: N/A. Borrower agrees to be liable for all sums either: (a) advanced in accordance with the instructions of an authorized person or (b) credited to any of Borrower's accounts with Bank. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Bank's internal records, including daily computer print-outs. Bank will have no obligation to advance funds under this Note if: (a) Borrower or any guarantor is in default under the terms of this Note or any agreement that Borrower or any guarantor has with Bank, including any agreement made in connection with the signing of this Note; (b) Borrower or any guarantor ceases in doing business or is insolvent; (c) any guarantor seeks, claims or otherwise attempts to limit, modify or revoke such guarantor's guarantee of this Note or any other loan with Bank; (d) Borrower has applied funds provided pursuant to this Note for purposes other than those authorized by Bank; or (e) Bank in good faith deems itself insecure under this Note or any other agreement between Bank and Borrower.

