

**LANCASTER GENERAL
HOME IN THE CITY HOUSING PROGRAM**

AGREEMENT

THIS AGREEMENT ("Agreement") made as of [REDACTED], 200 [REDACTED], between Lancaster General ("LG"), with an address of 555 North Duke Street, P.O. Box 3555, Lancaster, Pennsylvania 17604 and [REDACTED] of Lancaster, PA. 17603 (the "Employee").

Background

LG desires to encourage well-maintained, owner-occupied housing in Lancaster City, and has implemented a homebuyer incentive program, known as "Home in the City" as described in **Exhibit A** to facilitate such housing in certain areas of Lancaster City.

Under the Program, LG will loan to its eligible employees up to \$10,000.00 toward closing costs for homes in the designated areas. In addition, under certain circumstances and in coordination with a financial institution, LG will loan to eligible employees funds for payment of a lump sum PMI premium where required by the lender

Further, to provide additional incentives to employees participating in the Program to continue to reside in the designated areas of Lancaster City and to continue in the employ of LG, LG will under certain conditions forgive repayment of some or all of the amount of the loans and interest on the loans.

Employee is an Eligible Employee of LG, and has entered into an Agreement of Sale to purchase a home within the geographic area delineated in the Program. LG and Employee desire to enter into an agreement under the Program as described herein.

NOW, THEREFORE, intending to be legally bound, the parties hereto agree as follows:

1. Definitions

"Eligible Employee" shall mean a Full-time Employee employed by one of the following LG related entities: Lancaster General Hospital; Lancaster General Services Business Trust; Lancaster General Medical Group; Lancaster General College of Nursing and Health Sciences; Central Pennsylvania Nursing Alliance (Maple Farm); VNA Community Care, Inc.; or Lancaster Cleft Palate Clinic.

"Full-time Employee" shall mean that Employee's employment status is designated as no less than a .8 full time equivalent.

"Home" shall mean the property identified in Section 2.

"LG Loans" shall mean the Settlement Assistance Loan and the PMI Loan identified in Section 3.

“*PMI*” shall mean private mortgage insurance.

"*Program*" shall mean the Home in the City Program as described in **Exhibit A**.

“*Promissory Note*” shall mean the note evidencing the obligations of Employee under this Agreement.

2. Agreement to Purchase. Employee has entered into a written agreement to purchase the Home identified as [REDACTED], Lancaster, PA 1760 [REDACTED] and described in the Agreement of Sale attached hereto as **Exhibit B** (the "Agreement of Sale") and Employee hereby applies to participate in the Program.

3. LG Loans. Subject to the conditions set forth herein, LG hereby agrees to provide to or for the benefit of Employee the following loans as initialed below:

[REDACTED] [REDACTED] Thousand Dollars (\$ [REDACTED]) (the "Settlement Assistance Loan") for use by Employee for the down payment on or closing costs related to Employee's purchase of the Home.

[REDACTED] If Employee obtains a mortgage to purchase the Home for which PMI is required, LG, in coordination with the financial institution, will advance an amount equal to the single premium for PMI on the mortgage obtained by Employee (the "PMI Loan").

The LG Loans shall be advanced by LG directly to the title insurance company or other settlement agent conducting settlement on the purchase of the Home by the Employee. Employee represents that Employee will not take any cash out of the transaction at closing.

4. Employee's Representations. Employee hereby represents and warrants to LG, which representations and warranties are true and correct as of the signing of the Agreement and shall be true and correct at the settlement of Employee's purchase of the House (the "Closing"), that:

(a) a true, correct and complete copy of the Agreement of Sale is attached hereto as **Exhibit B**;

(b) The Home is currently a one (1) or two (2) unit residential dwelling.

(c) Employee will occupy the Home as Employee's primary residence.

(d) No other person from Employee's household has ever participated, or is currently applying to participate, in the Program.

5. Debt; Forgiveness.

(a) LG hereby discloses to Employee, and Employee hereby acknowledges, that the LG Loans are loans by LG to Employee, are evidenced by the Promissory Note and shall be repaid by Employee to LG in accordance with this Agreement and the Promissory Note.

(b) Before any default occurs, interest shall be calculated on the outstanding principal balance of the LG Loans as follows:

(i) On all days on which the total outstanding principal balance of the LG Loans is \$10,000.00 or less, no interest shall be charged on the LG Loans; and

(ii) On all days on which the total outstanding principal balance of the LG Loans is greater than \$10,000.00, the outstanding principal balance of the LG Loans shall bear interest at [applicable federal rate -- from schedule] % per annum, which is the Mid-Term Applicable Federal Rate in effect on the date hereof for obligations on which interest is calculated and paid on a monthly basis.

(c) On and after the occurrence of a default, the unpaid principal balance of the LG Loans shall bear interest at the rate of twelve percent (12%) per annum.

(d) During the period of time that Employee continues to be employed by LG on a full-time basis and Employee continues to own and reside in the Home and maintain the Home as Employee's primary residence, LG will forgive interest and principal of the LG Loans at the rate of \$ [biweekly amortization amount from worksheet] on each LG bi-weekly pay day on which Employee meets the specified conditions, commencing on the first pay day of the first month immediately following the date on which the LG Loans are made to Employee. If LG changes its payroll practices LG may change the terms on which the LG Loans are forgiven to so that the LG Loans, and interest thereon, are forgiven ratably over a five year term.

(e) All obligations of LG to forgive any principal or interest of the LG Loans shall immediately terminate if Employee:

(i) ceases to be employed by LG as a Full time Employee,

(ii) sells or otherwise transfers ownership of the Home to anyone,

(iii) ceases to reside in the Home as Employee's principal residence,

(iv) fails to use any portion of the LG Loans for the purposes stated in this agreement, or

(v) does not fulfill the obligations contained in this Agreement at any time during the term of this Agreement.

In addition, if any of these events take place, Employee will be considered in breach of this Agreement and the Promissory Note and the unpaid balance of the LG Loans will commence to bear interest at the default rate specified above and will become immediately due and payable.

(c) If, before the end of the five year period of required employment, Employee becomes totally disabled (as determined in accordance with LG's long term disability benefit procedures) or deceased, LG will forgive the entire outstanding balance of the LG Loans

at the time of death or disability.

6. Tax Treatment. The forgiveness of LG Loans and accrued interest on the LG Loans will constitute ordinary income to Employee for income tax purposes and will be a taxable event. This means that LG must withhold taxes, including without limitation, federal, state and social security taxes, from Employee's wages on the amount of the Loan that is forgiven in that year. Both the full taxable amount of LG loans and the taxes withheld from Employee's wages will be reported in the Employee's annual Form W-2.

7. Additional Covenants of Employee.

Employee hereby also Covenants and agrees that after Closing, so long as there is an unpaid balance under any LG Loans:

(a) If Employee sells the Home or ceases to occupy the Home as Employee's principal residence, Employee shall promptly notify LG in writing of such change in residence; and

(b) If Employee sells the Home or ceases to occupy the Home as Employee's principal residence, LG may demand payment of LG Loans and Employee will pay the outstanding balance of LG Loans in full to LG within thirty (30) days of LG's demand for payment.

8. No Guarantee of Employment. Nothing contained in this Agreement shall be construed as a contract of employment between LG and Employee, or as a right of Employee to be continued in the employment of LG, or as a limitation of the right of LG to discharge Employee, with or without cause.

9. **Release. LG makes no representations or warranties whatsoever about the Home being purchased by Employee or about the terms of any financial institution loan which Employee may obtain. Employee hereby releases and forever discharges with prejudice LG, its employees, officers and directors, from any and all past, present and future liabilities, claims, suits; or causes of action whatsoever, whether known or unknown; whether in contract or in tort or under any statute, or under any other legal theory, either at law or in equity, arising out of, based upon or in any way connected with the Home or any mortgage obtained by Employee.**

10. No Assignment. Employee may not assign or transfer any of Employee's rights under this Agreement to any other person or entity.

11. Notices. All notices which may be or are given or required to be given under this Agreement shall be in writing and sent by United States mail, postage prepaid, addressed to the recipient at the address set forth above or at such other address or addresses as the recipient shall have given in writing to the other party to this Agreement.

12. Governing Law. This Agreement was executed in and shall be construed in accordance with the laws of the Commonwealth of Pennsylvania.

13. Captions. The captions used in this Agreement are used for the convenience of the parties only and shall not be used in interpreting or construing the meaning of any part of this Agreement.

14. Survival. All covenants of Employee under this Agreement shall survive the Closing.

15. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof. All amendments, supplements or riders hereto, if any, shall be in writing and executed by both parties. Subject to the prohibition contained in paragraph 10, this Agreement shall be binding upon and shall inure to the benefit of the respective heirs, executors, administrators, personal representative, successors and assigns of the parties hereto. Notwithstanding any provision herein to the contrary, this Agreement shall not create rights of any kind in any third party beneficiary.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement as of the date first indicated above.

LANCASTER GENERAL

EMPLOYEE

By: _____ Date _____

Signature _____ Date _____

Name: _____

Title: _____

INTENDING TO BE LEGALLY BOUND, the undersigned, being Employee's spouse and/or all persons who will be liable with Employee under any mortgage, hereby join(s) in the aforementioned Agreement, and agree(s) to be bound by all terms and conditions of the Agreements, including, without limitation, the provisions of paragraph 5 relating to LG's remedies with respect to the LG Loans.

Print Name: _____

Date: _____

Print Name: _____

Date: _____

EXHIBIT A
HOME IN THE CITY PROGRAM DESCRIPTION

EXHIBIT B
AGREEMENT OF SALE ATTACHED

EXHIBIT C
PROMISSORY NOTE

PROMISSORY NOTE

Principal: \$

Lancaster, Pennsylvania

Date: (Settlement Date)

FOR VALUE RECEIVED, [name of employee] (“Employee” or “Maker”) hereby agrees to pay to the order of Lancaster General (“Lender” or “LG”) the principal amount of [amount in words] dollars [amount in numbers].00) (the “Principal Amount”), together with interest to the extent specified herein. Payments of principal and interest shall be made as specified herein and shall be paid in lawful money of the United States of America at LG’s offices at 555 North Duke Street, Lancaster, PA 17604, or at such other place as may be designated by LG in accordance with this Note.

This Note is issued pursuant to a Home in the City Program Agreement (the “Agreement”) of even date between Maker and Lender, pursuant to which Lender has agreed to make certain loans to Maker for the purposes of paying home purchase closing costs, home renovation expenses and home financing expenses. Capitalized terms that are used but not defined herein shall have the respective meanings assigned to them in the Agreement.

Employee further agrees as follows:

1. Amount of Principal. This note evidences the indebtedness of Maker to Lender for all advances now or hereafter made by Lender of the LG Loans pursuant to the Agreement. The Principal Amount payable under this Note is the sum of the LG Loans that LG makes to Employee pursuant to the Agreement.

2. Principal Advances. The obligations of LG to advance any or all of the LG Loans are subject to all of the terms and conditions of the Agreement; and this Note.

3. Interest.

(a) Before any default occurs, interest shall be calculated on the outstanding principal balance of the LG Loans as follows:

(i) On all days on which the total outstanding principal balance of the LG Loans is \$10,000.00 or less, no interest shall be charged on the LG Loans; and

(ii) On all days on which the total outstanding principal balance of the LG Loans is greater than \$10,000.00, the outstanding principal balance of the LG Loans shall bear interest at [applicable federal rate -- from schedule] % per annum, which is the Mid-Term Applicable Federal Rate in effect on the date hereof for obligations on which interest is calculated and paid on a monthly basis.

(b) On and after the occurrence of a default, the unpaid principal balance of the LG Loans shall bear interest at the rate of twelve percent (12%) per annum.

4. Payments of Principal and Interest; Forgiveness of Debt.

(a) As an incentive to Maker to continue employment with LG and to continue to own and occupy the Home as Maker's principal residence, LG has agreed to forgive portions of the Principal Amount and any interest thereof at the times, in the manner and to the extent specified in Paragraph 5 of the Agreement. During the time when the conditions for forgiveness of the Principal Amount and any interest thereon are met, no other payment of any installment of the Principal Amount or interest thereon shall be due.

(b) Upon the occurrence of any of the conditions specified in Paragraph 5(e) of the Agreement or upon any other default by Maker, the unpaid balance of the Principal Amount and all accrued interest thereon shall be immediately due and payable.

5. Consent to Offset. If Employee defaults in payment of any amount due on this Note, LG may offset any amounts that LG owes to Employee under this or any other agreement (including salary and/or other compensation) against the amounts payable hereunder.

6. Remedies and Expenses. LG has all rights and remedies provided by law, by agreement with Employee in this Note or otherwise. Employee shall pay any and all expenses, including reasonable attorney's fees and legal expenses, that LG pays or incurs to protect and enforce its rights or any obligations owed to it under any provision of this Note.

7. Waivers. No delay by LG shall be a waiver of the exercise of any right or remedy available to LG. No single or partial exercise by LG of any right or remedy shall preclude any other or future exercise of that or any other right or remedy. No waiver by LG of any default or of any provision of this Note shall be effective unless LG executes a signed writing to that effect. No waiver of any right or remedy on one occasion shall be a waiver of that right or remedy on any future occasion.

Employee hereby waives demand for payment, presentment, notice or dishonor, and protest of this Note and consents to any extension or postponement of time of its payment, to any substitution, exchange, or release of all or any part of any security given to secure this Note, to the addition of any party, and to the release, discharge, waiver, modification, or suspension of any rights and remedies against any person who may be liable for the indebtedness evidenced by this Note.

8. Notices. Any notice given under this Note is sufficient if set forth in writing and sent by first class mail, return receipt requested, or overnight courier to the addressee at the address set forth below, unless prior written notice of a change of address has been furnished by the addressee. Such notice will be deemed effective three (3) days following the date of mailing, or if sent by overnight courier on the next day.

If to Employee:

[REDACTED]

If to LG: Lancaster General
555 North Duke Street
PO Box 3555
Lancaster, PA 17604-3555
Attention: Chief Executive Officer

Employee and LG may give notice of a change in their respective addresses in the manner provided herein.

9. Confessed Judgment. THE FOLLOWING PARAGRAPH SETS FORTH A WARRANT OF ATTORNEY TO CONFESS JUDGMENT AGAINST THE MAKER. IN GRANTING THIS WARRANT OF ATTORNEY TO CONFESS JUDGMENT AGAINST THE MAKER, THE MAKER KNOWINGLY, INTELLIGENTLY AND VOLUNTARILY, AND UNCONDITIONALLY WAIVES ANY AND ALL RIGHTS THE MAKER MAY HAVE TO PRIOR NOTICE AND AN OPPORTUNITY FOR HEARING UNDER THE RESPECTIVE CONSTITUTIONS AND LAWS OF THE UNITED STATES AND THE COMMONWEALTH OF PENNSYLVANIA.

THE UNDERSIGNED HEREBY IRREVOCABLY AUTHORIZES AND EMPOWERS THE PROTHONOTARY, ANY ATTORNEY OR ANY CLERK OF ANY COURT OF RECORD, AT ANY TIME AFTER ANY DEFAULT BY MAKER TO APPEAR FOR AND CONFESS JUDGMENT AGAINST MAKER FOR SUCH SUMS AS ARE DUE AND/OR MAY BECOME DUE UNDER THIS NOTE, INCLUDING INTEREST, WHICH INTEREST SHALL ACCRUE BEFORE AND AFTER ENTRY OF JUDGMENT, TOGETHER WITH COSTS OF SUIT, AND WITH FIFTEEN PERCENT (15%) OF THE UNPAID BALANCE ADDED FOR ATTORNEY'S COLLECTION FEES, ON WHICH JUDGMENT OR JUDGMENTS ONE OR MORE EXECUTIONS MAY ISSUE IMMEDIATELY; AND FOR SO DOING THIS NOTE OR A COPY OF THIS NOTE VERIFIED BY AFFIDAVIT SHALL BE SUFFICIENT WARRANT. THE AUTHORITY GRANTED IN THIS NOTE TO CONFESS JUDGMENT AGAINST MAKER SHALL NOT BE EXHAUSTED BY ANY EXERCISE OF THAT AUTHORITY, BUT SHALL CONTINUE FROM TIME TO TIME AND AT ALL TIMES UNTIL PAYMENT IN FULL OF ALL AMOUNTS DUE UNDER THIS NOTE. MAKER HEREBY KNOWINGLY AND VOLUNTARILY WAIVES ANY RIGHTS THE MAKER MAY HAVE TO NOTICE OR TO A HEARING IN CONNECTION WITH ANY CONFESSION OF JUDGMENT OR EXECUTION THEREON, AND WAIVES AND RELEASES ANY AND ALL ERRORS AND ALL RELIEF FROM ANY AND ALL FUTURE STAY OR EXEMPTION LAWS.

10. Applicable Law and Jurisdiction. All questions as to the interpretation, construction or performance of this Note are governed by Pennsylvania law, without giving effect to conflict-of-laws principles. Employee irrevocably agrees and consents that any action against Employee to collect or enforce this Note may be brought in any State or federal court that has subject matter jurisdiction and is located in, or whose district includes, Lancaster County, Pennsylvania, and that any such court shall have personal jurisdiction over Employee for purposes of such action.

11. Actions of LG. Without notice, LG may do or refrain from doing anything affecting this Note or the Loan Agreement as many times as LG desires, including the following: (i) releasing anyone or any property from liability on this Note or the Loan Agreement; (ii) amending this Note or the Agreement, including extending the time for payment of this Note; or (iii) granting or not granting any other indulgences to anyone liable for payment of this Note or to anyone liable under the Loan Agreement. No obligations of any party to this Note shall be affected by (x) any default in this Note or the Agreement when accepted by LG or arising any time thereafter, or (y) the unenforceability of or defect in this Note or in the Loan Agreement. **MAKER TO THIS NOTE AND AGREEMENT WAIVES ALL SURETYSHIP AND OTHER SIMILAR DEFENSES.** No party to this Note or to the Loan Agreement may enforce any right of subrogation or contribution unless and until this Note is paid in full.

IN WITNESS WHEREOF, Employee has caused this Note to be executed and delivered on the date first written above.

MAKER:

Dated this ____ day of _____, 2007