

RESOLUTION 2014-06

A RESOLUTION OF THE CITY OF LAKE WALES, FLORIDA APPROVING FOR PURPOSES OF SECTION 147(F) OF THE INTERNAL REVENUE CODE THE REISSUANCE OF THE CITY OF LAKE WALES, FLORIDA RETIREMENT FACILITY REVENUE BONDS (WATER'S EDGE OF LAKE WALES, LLC PROJECT), SERIES 2008A AND CITY OF LAKE WALES, FLORIDA TAXABLE RETIREMENT FACILITY REVENUE BONDS (WATER'S EDGE OF LAKE WALES, LLC PROJECT), SERIES 2008B TO OCCUR ON OR AFTER OCTOBER 1, 2014; ACKNOWLEDGING THE DELIVERY OF A FORBEARANCE AGREEMENT AND RELATED INSTRUMENTS; PROVIDING CERTAIN MATTERS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF LAKE WALES, AS FOLLOWS:

Section 1: *Authority for this Resolution:* This resolution is adopted pursuant to the provisions of Chapter 159, Part II, Florida Statutes, Chapter 166, Part II, Florida Statutes, and other applicable provisions of law (collectively, the "Act").

Section 2: *Findings:*

A. The City of Lake Wales, Florida (the "Issuer") previously issued its Retirement Facility Revenue Bonds (Water's Edge of Lake Wales, LLC Project), Series 2008A and Taxable Retirement Facility Revenue Bonds (Water's Edge of Lake Wales, LLC Project), Series 2008B (collectively, the "Bonds") on April 28, 2008, pursuant to an Indenture of Trust dated as of April 1, 2008 (the "Indenture"), between the Issuer and Wells Fargo Bank, National Association, as bond trustee (the "Trustee"), to generate funds to make a loan to Water's Edge of Lake Wales, LLC (the "Borrower"), pursuant to a Loan Agreement (the "Loan Agreement") dated as of April 1, 2008, between the Borrower and the Issuer.

B. The Bonds were issued to finance and refinance the costs of acquiring, constructing and equipping of senior care facilities including, but not limited to, 12 single-story duplex villas, a three-story building containing 63 independent living apartments, a two-story building containing 30 assisted living units, 16 memory support (dementia) assisted living units, six respite/rehabilitation assisted living units, and related common areas (including a two-story, approximately 21,000 square foot community center) located in Lake Wales, Florida (the "Project"). The Project has now been constructed and placed in service.

C. The Project continues to constitute a "health care facility" within the meaning of Section 159.27(16), Florida Statutes, as amended.

D. The notice of hearing was published on March 4, 2014, in The Ledger (a copy of which notice is attached hereto as Exhibit A and incorporated herein), for the purpose of giving all interested persons an opportunity to express their views, either orally or in writing, as required by Section 147(f) of the Internal Revenue Code of 1986, as amended.

E. Upon review and consideration of the documents described herein and the information presented to the Issuer at or prior to the adoption of this Resolution, the Issuer does hereby make the following findings and determinations:

(1) The Issuer has previously issued the Bonds under the Indenture.

(2) The proceeds derived from the sale of the Bonds were loaned to the Borrower pursuant to the Loan Agreement.

(3) The Bonds were issued on April 28, 2008 and initially sold through an underwriting by Raymond James & Associates, Inc. with accredited investors and qualified institutional buyers which are clients of Hamlin Capital Management, LLC ("Hamlin Capital"), and according to information provided to the Issuer, remain with such clients.

(4) Hamlin Capital, as the Bondholder Representative (the "Bondholder Representative"), has been assisting the Borrower in reviewing the revenues available from the Project to manage the operating expenses and the debt service and has expressed a willingness to restructure the Bonds to assist in stabilizing the Project.

(5) The Bondholder Representative and the Borrower have requested that the Issuer acknowledge that a forbearance agreement will be put in place which will provide short-term debt service reduction for the Bonds and grant debt service relief to the Borrower.

(6) The Borrower has reached an agreement with National Church Residences, an Ohio non-profit organization (the "Sponsor"), which has agreed to assist the Borrower with liquidity support and with its management experience from similar facilities.

(7) All requirements precedent to the adoption of this Resolution, of the Constitution and other laws of the State, including the Act, have been complied with.

Section 3: Acknowledgement of Forbearance Agreement with Hamlin Capital. The Issuer hereby acknowledges the execution of a Waiver and Forbearance Agreement (the "Forbearance Agreement") among the Borrower, U.S. Bank National Association, as Bond Trustee, and Hamlin Capital.

Section 4: TEFRA Approval. Having considered any and all comments and concerns expressed at the public hearing, the City Commission hereby approves the reissuance of the Bonds to refinance costs of the Project for purposes of Section 147(f) of the Code. The reissuance of the Bonds shall be considered for approval under the terms and conditions approved by future resolution of the City Commission.

Section 5: City Commission Members of the Issuer Exempt from Personal Liability. No recourse under or upon any obligation, covenant or agreement of this Resolution or for any claim based thereon or otherwise in respect thereof, shall be had against any City Commission member of the Issuer, as such, past, present or future, either directly or through the Issuer it being expressly understood (a) that no personal liability whatsoever shall attach to, or is or shall be incurred by, the City Commission member of the Issuer, as such, under or by reason of the obligations, covenants or agreements contained in this Resolution or implied therefrom, and (b) that any and all such personal liability, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such City Commission member of the Issuer, as such, are waived and released as a condition of, and as a consideration for, the execution of this Resolution, on the part of the Issuer.

Section 6: No Third Party Beneficiaries. Except such other persons as may be expressly described in this Resolution, nothing in this Resolution or the Forbearance Agreement, expressed or implied, is intended or shall be construed to confer upon any person, other than the Issuer and the Sponsor, any right, remedy or claim, legal or equitable, under and by reason of this Resolution or the Forbearance Agreement, or any provision thereof, all provisions thereof being intended to be and being for the sole and exclusive benefit of the Issuer, the Borrower and the Sponsor.

Section 7: Limited Obligation. NEITHER THE FORBEARANCE AGREEMENT REFERENCED HEREIN NOR THE INDENTURE SHALL DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE ISSUER, THE STATE NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER, OR TO LEVY AD VALOREM TAXES ON ANY PROPERTY WITHIN THEIR TERRITORIAL LIMITS TO PAY THE PRINCIPAL, PREMIUM, IF ANY, OR INTEREST ON SUCH BONDS OR OTHER PECUNIARY OBLIGATIONS OR TO PAY THE SAME FROM ANY FUNDS THEREOF OTHER THAN SUCH REVENUES, RECEIPTS AND PROCEEDS SO PLEDGED, AND THE BONDS SHALL NOT CONSTITUTE A LIEN UPON ANY PROPERTY OWNED BY THE ISSUER OR THE STATE OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, OTHER THAN THE BORROWER'S PAYMENTS PURSUANT TO THE LOAN AGREEMENT AND THE PROPERTY RIGHTS, RECEIPTS, REVENUES AND PROCEEDS PLEDGED BY THE BORROWER OR THE SPONSOR THEREFOR UNDER AND AS PROVIDED IN THE INDENTURE AND ANY OTHER AGREEMENTS SECURING THE BONDS.

Section 8: Severability. If any provision of this Resolution shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable in any context, the same shall not affect any other provision herein or render any other provision (or such provision in any other context) invalid, inoperative or unenforceable to any extent whatever.

Section 9: Captions. The captions and headings in this Resolution are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Resolution.


Section 10: Authorizations. The Mayor and any member of the City Commission, the City Manager, the City Attorney, the City Clerk, Bond Counsel and such other officials and employees of the Issuer as may be designated by the Issuer are each designated as agents of the Issuer and are authorized and empowered, collectively or individually, to take all action and steps and to execute all instruments, documents, and contracts on behalf of the Issuer that are necessary or desirable in connection with the TEFRA approval and the Forbearance Agreement, and which are specifically authorized or are not inconsistent with the terms and provisions of this Resolution.

Section 11: Repealer. All resolutions or parts thereof in conflict herewith are hereby repealed.

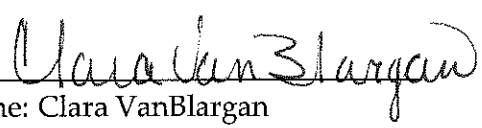
APPROVED AND ADOPTED by the City of Lakes Wales, Florida this 18th day of March, 2014.

(SEAL)

CITY OF LAKE WALES, FLORIDA

By: 
Name: Eugene Fultz
Title: Mayor

ATTEST:

By: 
Name: Clara VanBlargan
Title: City Clerk

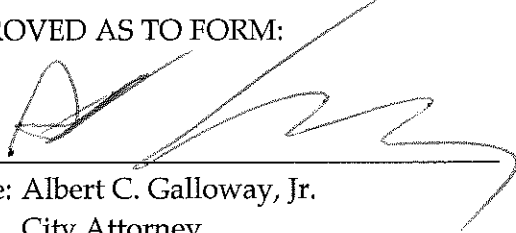
APPROVED AS TO FORM:
By: 
Name: Albert C. Galloway, Jr.
Title: City Attorney

EXHIBIT A

TEFRA AFFIDAVIT OF PUBLICATION

AFFIDAVIT OF PUBLICATION
THE LEDGER
Lakeland, Polk County, Florida

STATE OF FLORIDA)
COUNTY OF POLK)

Before the undersigned authority personally appeared Paula Freeman, who on oath says that she is Customer Service for Advertising at The Ledger a daily newspaper published at Lakeland in Polk County, Florida; that the attached copy of advertisement, being an

PUBLIC NOTICE OF HEARING

In the matter of CITY OF LAKE WALES

Concerning RETIREMENT REVENUE BONDS NOTICE

was published in said newspaper in the issues of

3-3; 2014

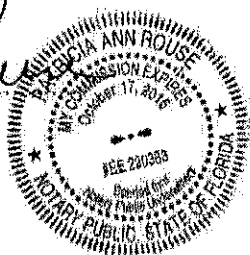
Affiant further says that said The Ledger is a newspaper published at Lakeland, in said Polk County, Florida, and that the said newspaper has heretofore been continuously published in said Polk County, Florida, daily, and has been entered as second class matter at the post office in Lakeland, in said Polk County, Florida, for a period of one year next preceding the first publication of the attached copy of advertisement; and affiant further says that he has neither paid nor promised any person, firm or corporation any discount, rebate, commission or refund for the purpose of securing this advertisement for publication in the said newspaper.

Signed Paula Freeman
Paula Freeman
Customer Service for Advertising
Who is personally known to me.

Sworn to and subscribed before me this 3rd

day of March A.D. 2013

Notary Public signature



(SEAL)

My Commission Expires - October 17, 2016

NOTICE OF PUBLIC HEARING REGARDING \$23,280,000 CITY OF LAKE WALES, FLORIDA RETIREMENT FACILITY REVENUE BONDS (WATER'S EDGE OF LAKE WALES, LLC PROJECT) SERIES 2008A AND 2008B \$555,000 CITY OF LAKE WALES, FLORIDA RETIREMENT FACILITY REVENUE BONDS (WATER'S EDGE OF LAKE WALES, LLC PROJECT) TAXABLE SERIES 2008B TO WHOM IT MAY CONCERN: You are hereby notified that on Tuesday, March 18, 2014 at 6:00 p.m. or as soon thereafter as the matter may be heard, in the City Commission Chambers in the Municipal Administration Building, 201 West Central Avenue, Lake Wales, Florida, a Public Hearing will be held by the City of Lake Wales, Florida on the proposed amendment and restructuring of the City of Lake Wales, Florida Retirement Facility Revenue Bonds (Water's Edge of Lake Wales, LLC Project), Series 2008A and Retirement Facility Revenue Bonds (Water's Edge of Lake Wales, LLC Project), Series 2008B (collectively, the "Bonds") and on the location and nature of the facility which was financed by the Bonds. The Bonds were issued for financing the cost of acquiring, constructing and equipping of senior care facilities, including, but not limited to 22 single-story duplex villas, a three-story building containing 62 independent living apartments, a two-story building containing 30 assisted living units, 16 memory support (dementia) assisted living units, six related common areas (including a two-story, approximately 21,000 square foot community center) located in Lake Wales, Florida (the "Project"), which is owned and operated by Water's Edge of Lake Wales, LLC, a limited liability company organized and existing under the laws of the State of Florida (the "Borrower"). National Church Ruidiansis is undertaking the sponsorship of the Project. THE BONDS SHALL NEVER CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE STATE OF FLORIDA, THE CITY OF LAKE WALES, POLK COUNTY OR ANY OTHER POLITICAL SUBDIVISION OR AGENCY OF THE STATE OF FLORIDA, BUT SHALL BE PAYABLE SOLELY FROM REVENUES OF THE BORROWER. Persons wishing to express their views regarding the Project and the restructuring of the Bonds may appear at the hearing or may submit their views in writing. Written comments should be submitted to the City of Lake Wales at P. O. Box 1930, Lake Wales, Florida 33859-1930 or 201 West Central Avenue, Lake Wales, Florida 33859. Attention: City Manager, and should be mailed in sufficient time to be received before March 18, 2014, the date of the hearing. Should any person desire to appeal any decision made by the City of Lake Wales, Florida following the hearing, he or she will need a record of the proceedings and the person may need to assure that a verbatim record of the proceedings be made, which record includes the testimony and evidence upon which the appeal will be heard. Following the hearing, the City Commission will approve or disapprove the documents restructuring the Bonds. Any person requiring reasonable accommodation at this meeting because of a disability or physical impairment should contact the City Clerk of the City Manager at (888) 678-4182 or fax a written request to (888) 678-4180 at least 48 hours prior to the meeting. CITY COMMISSION OF LAKE WALES, FLORIDA L9207-3-3; 2014

FORBEARANCE AGREEMENT

among

WATER'S EDGE OF LAKE WALES, LLC,

**WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee,**

and

**HAMLIN CAPITAL MANAGEMENT, LLC,
as Bondholder Representative**

DATED: March 31, 2014

FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT is made and entered into on the 31st day of March, 2014 (this "Forbearance Agreement") among WATER'S EDGE OF LAKE WALES, LLC, a limited liability company organized and existing under the laws of the State of Florida (the "Company"), WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association with trust powers having an office in Columbia, Maryland (the "Trustee") and HAMLIN CAPITAL MANAGEMENT, LLC, a limited liability company organized and existing under the laws of the State of Delaware, as representative of the Beneficial Owners of the 2008 Bonds (the "Bondholder Representative").

WITNESSETH:

WHEREAS, the City of Lake Wales, Florida (the "Issuer") previously issued its Retirement Facility Revenue Bonds (Water's Edge of Lake Wales, LLC Project), Series 2008A (the "2008A Bonds") and Taxable Retirement Facility Revenue Bonds (Water's Edge of Lake Wales, LLC Project), Series 2008B (the "2008B Bonds" and collectively with the 2008A Bonds, the "2008 Bonds") on April 28, 2008, pursuant to an Indenture of Trust dated as of April 1, 2008 (the "Indenture"), between the Issuer and the Trustee, to generate funds to make a loan to the Company, pursuant to a Loan Agreement (the "Loan Agreement") dated as of April 1, 2008, between the Company and the Issuer; and

WHEREAS, the 2008 Bonds were issued to finance and refinance the costs of acquiring, constructing and equipping of senior care facilities including, but not limited to, 12 single-story duplex villas, a three-story building containing 63 independent living apartments, a two-story building containing 30 assisted living units, 16 memory support (dementia) assisted living units, six respite/rehabilitation assisted living units, and related common areas located in Lake Wales, Florida (the "Project"). The Project has now been constructed and placed in service; and

WHEREAS, the 2008 Bonds were issued on April 28, 2008 and initially sold through an underwriting by Raymond James & Associates, Inc. to accredited investors and qualified institutional buyers which are clients of the Bondholder Representative and remain with such clients; and

WHEREAS, the Company has been reviewing the revenues available from the Project to manage its operating expenses and the debt service and has requested that the Bondholder Representative forbear a portion of the interest on the 2008 Bonds and the October 1, 2014 sinking fund payments on the 2008 Bonds as described herein to assist in stabilizing the Project; and

WHEREAS, the Company has reached an agreement with National Church Residences, an Ohio non-profit organization (the "Sponsor"), which agreement is conditioned upon the prior implementation of this Forbearance Agreement in order to remedy, cure and/or prevent any

existing, immediate or initial default, to assist the Company with liquidity support and with its management experience from similar facilities; and

WHEREAS, Lake Wales Retirement Center, Inc. ("LWRC"), which is the sole member of the Company, has reorganized by the resignation and transfer out of its previous directors and members and the admission and transfer in of the Sponsor as the sole member of LWRC effective on or before the date hereof; and

WHEREAS, the Trustee, at the direction of the Bondholder Representative, the Bondholder Representative and the Company desire to enter into this Forbearance Agreement in order to forbear, on behalf of themselves and any future Beneficial Owners and registered owners of the 2008 Bonds compliance with certain provisions of the Indenture, the 2008 Bonds, the Notes and the Loan Agreement; and

WHEREAS, the Trustee, at the direction of the Bondholder Representative, solely in its capacity as trustee, and the Bondholder Representative, as representative of the Beneficial Owners of the 2008 Bonds, now desire to forbear, on behalf of themselves and any future Beneficial Owners and registered owners of the 2008 Bonds, with respect to certain provisions of the Indenture, the 2008 Bonds, the Notes and the Loan Agreement for the time period documented hereby; and

WHEREAS, the Company, the Trustee, at the direction of the Bondholder Representative, and the Bondholder Representative now desire to effect the provisions described herein; and

WHEREAS, all acts and things have been done and performed and all due and valuable consideration having been paid, which are necessary to make this Forbearance Agreement a valid and binding agreement of the parties hereto;

NOW, THEREFORE, THIS FORBEARANCE AGREEMENT WITNESSETH:

Section 1. Defined Terms. Unless otherwise defined in this Forbearance Agreement and in this Section 1, all capitalized terms used herein shall have the meanings ascribed to such terms in the Indenture.

"Deferred Interest" shall mean the amount derived by calculating the interest which would have otherwise accrued on the 2008 Bonds at the Original 2008A Rate or the Original 2008B Rate, as applicable, to the respective series of 2008 Bonds less the interest which accrued at the Forbearance 2008A Rate or the Forbearance 2008B Rate, as applicable, during the Deferred Interest Period.

"2008A Note" shall mean the promissory note of the Company payable to the Issuer relating to the 2008A Bonds in the original par amount of \$26,025,000.

"2008B Note" shall mean the promissory note of the Company payable to the Issuer relating to the 2008B Bonds in the original par amount of \$860,000.

Section 2. Forbearance of Interest Rates on 2008 Bonds.

(a) The provisions of (i) Section 5.2 of the Loan Agreement, (ii) the 2008A Note, (iii) Section 2.03 of the Indenture, and (iv) the 2008A Bond which obligate the Company to pay interest on the 2008A Note and the outstanding principal amount of the 2008A Bonds due on October 1, 2013 through March 31, 2014 and from April 1, 2014 through September 30, 2014 (collectively, the "Deferred Interest Period") at the annualized rate of seven and one-quarter percent (7.25%) (the "Original 2008A Rate") are hereby amended. Instead of interest being charged at such original stated rate for the Deferred Interest Period, interest shall instead be charged at a rate of four percent (4%) (the "Forbearance 2008A Rate"). Therefore, the Company shall pay (i) interest at the rate of four percent (4%) on the principal outstanding on the 2008A Bonds on the Interest Payment Dates of April 1, 2014 and October 1, 2014.

The Company shall be obligated to pay (and does hereby agree to pay) the Deferred Interest on the Deferred Interest Payment Date (both as defined in this Section) in addition to the interest on the 2008A Bonds due on such date under the conditions set forth herein.

For purposes of this Section, "Deferred Interest Payment Date" shall mean (i) so long as no Event of Default has occurred and is continuing under the Loan Agreement and the Indenture, the earlier of the (a) date of final maturity of the 2008A Bonds, (b) date of redemption of all of the Outstanding 2008A Bonds or (c) date of the sale of the Project and (ii) if an Event of Default shall have occurred and be continuing, the date of acceleration of the 2008A Bonds.

(b) The provisions of (i) Section 5.2 of the Loan Agreement, (ii) the 2008B Note, (iii) Section 2.03 of the Indenture, and (iv) the 2008B Bond which obligate the Company to pay interest on the 2008B Note and the outstanding principal amount of the 2008B Bonds due on October 1, 2013 through March 31, 2014 and from April 1, 2014 through September 30, 2014 (collectively, the "Deferred Interest Period") at the annualized rate of eleven and one-eighth percent (11.125%) (the "Original 2008B Rate") are hereby amended. Instead of interest being charged at such original stated rate for the Deferred Interest Period, interest shall instead be charged at a rate of 7.88% (the "Forbearance 2008B Rate"). Therefore, the Company shall pay (i) interest at the rate of 7.88% on the principal outstanding on the 2008 Bonds on the Interest Payment Dates of April 1, 2014 and October 1, 2014.

The Company shall be obligated to pay (and does hereby agree to pay) the Deferred Interest on the Deferred Interest Payment Date (both as defined in this Section) in addition to the interest on the 2008B Bonds due on such date under the conditions set forth herein.

For purposes of this Section, "Deferred Interest Payment Date" shall mean (i) so long as no Event of Default has occurred and is continuing under the Loan Agreement and the

Indenture, the earlier of the (a) date of final maturity of the 2008B Bonds, (b) date of redemption of all of the Outstanding 2008B Bonds or (c) date of the sale of the Project and (ii) if an Event of Default shall have occurred and be continuing, the date of acceleration of the 2008B Bonds.

(c) On September 30, 2014, the Trustee shall advise the Bondholder Representative and the Company of the amount of Deferred Interest to such date.

(d) No late fees or interest on the amounts of the Deferred Interest shall be owed by the Company.

(e) The Company, the Trustee and the Bondholder Representative hereby consent to and agree to be bound by the terms of the amendments and the conditions contained in this Section 2 and in Section 3 below.

Section 3. Forbearance of October 1, 2014 Sinking Fund Payments. The 2008A Bonds are subject to a mandatory sinking fund payment on October 1, 2014 in the amount of \$25,000 and such payment shall be delayed and made instead on April 1, 2015. The 2008B Bonds are subject to a mandatory sinking fund payment on October 1, 2014 in the amount of \$190,000, and such payment shall be delayed and made instead on April 1, 2015.

Section 4. Life Lease Fees. In consideration of the forbearance hereunder, the Company agrees not to modify or change in any manner the fees charged for the continuing care life lease arrangements for the Project, unless first receiving the prior written consent of the Bondholder Representative.

Section 5. Notices. The following notice addresses contained in Section 11.10 of the Loan Agreement and Section 11.10 of the Indenture are hereby amended to read in their entirety as follows:

To the Company: Water's Edge of Lake Wales, LLC
10 Grove Avenue West
Lake Wales, Florida 33853
Attn: Chairman of the Board

With a copy to: National Church Residences
2245 North Bank Drive
Columbus, Ohio 43220
Attn: Steven A. Van Camp, Senior Vice President
& Chief Financial Officer

To the Bondholder Representative: Hamlin Capital Management, LLC
640 Fifth Avenue, 6th Floor
New York, New York 10019
Attn: Joseph Bridy

With a copy to: McCarter & English, LLP
100 Mulberry Street, Four Gateway Center
Newark, New Jersey 07102
Attn: Jacqueline Shanes, Esq.

To the Trustee: Wells Fargo Bank, National Association
Corporate Trust Services
Corporate Municipal and Escrow Solutions
9062 Old Annapolis Road
MAC R1204-010
Columbia, MD 21045
Attn: Beth Wexler

Section 6. Controlling Law. The laws of the State of Florida shall govern the construction of this Forbearance Agreement.

Section 7. Counterparts. This Forbearance Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same instrument.

Section 8. Severability. If any provision of this Forbearance Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 9. Effectiveness. This Forbearance Agreement shall take effect immediately.

Section 10. Indemnification of Trustee; Rights and Immunities. The provisions set forth in Section 3.08, Article VIII and Article IX of the Indenture relating to the rights, immunities and indemnification of the Trustee are equally applicable to the Trustee under this Forbearance Agreement as if such provisions were fully set forth herein.

Section 11. Direction to Trustee. The Bondholder Representative, as the representative of the 2008 Bonds, hereby directs Trustee to execute and deliver this Forbearance Agreement, that certain Pledge Agreement dated as of March 31, 2014 among the Sponsor, the Trustee and Lake Wales Retirement Center, Inc. and that certain Support Agreement dated as of March 31, 2014 between the Sponsor and the Trustee. The Bondholder Representative hereby indemnifies, defends and holds the Trustee harmless from and against any and all claims, liabilities, losses, damages and expenses that may be imposed on, incurred by, or asserted

against the Trustee for following the foregoing direction and in connection with or arising out of the Trustee's performance under such agreements (provided the Trustee has not acted with negligence or engaged in willful misconduct).

Section 12. Copy to the Issuer. The Trustee shall deliver a copy of this Forbearance Agreement to the Issuer, and the Company shall cooperate with the Issuer in the case of the Issuer's request for additional documentation relating to the subject matter of this Forbearance Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Company, the Trustee, at the direction of the Bondholder Representative, and the Bondholder Representative have signed below by their respective officers thereunto duly authorized and this Forbearance Agreement to be dated as of the day and year first above written.

**WELLS FARGO BANK,
NATIONAL ASSOCIATION, as Trustee**

By: 
Name: J. C. Progar
Title: Vice President

**WATER'S EDGE OF LAKE WALES, LLC,
a Florida limited liability company**

By: _____
Name: D. Andrew Hunt
Title: Chief Manager

**HAMLIN CAPITAL MANAGEMENT, LLC,
as Bondholder Representative**

By: _____
Name: Joseph J. Bridy
Title: Partner

[Signature Page | Forbearance Agreement]

IN WITNESS WHEREOF, the Company, the Trustee, at the direction of the Bondholder Representative, and the Bondholder Representative have signed below by their respective officers thereunto duly authorized and this Forbearance Agreement to be dated as of the day and year first above written.


**WELLS FARGO BANK,
NATIONAL ASSOCIATION, as Trustee**

By: _____

Name: J. C. Progar

Title: Vice President

**WATER'S EDGE OF LAKE WALES, LLC,
a Florida limited liability company**

By:  _____

Name: D. Andrew Hunt

Title: Chief Manager

**HAMLIN CAPITAL MANAGEMENT, LLC,
as Bondholder Representative**

By: _____

Name: Joseph J. Bridy

Title: Partner

[Signature Page | Forbearance Agreement]

IN WITNESS WHEREOF, the Company, the Trustee, at the direction of the Bondholder Representative, and the Bondholder Representative have signed below by their respective officers thereunto duly authorized and this Forbearance Agreement to be dated as of the day and year first above written.

**WELLS FARGO BANK,
NATIONAL ASSOCIATION, as Trustee**

By: _____
Name: J. C. Progar
Title: Vice President

**WATER'S EDGE OF LAKE WALES, LLC,
a Florida limited liability company**

By: _____
Name: D. Andrew Hunt
Title: Chief Manager

**HAMLIN CAPITAL MANAGEMENT, LLC,
as Bondholder Representative**

By: 
Name: Joseph J. Bridy
Title: Partner

[Signature Page | Forbearance Agreement]