

LAW OFFICES

ALBERT C. GALLOWAY, JR., P.A.

POST OFFICE BOX 3339
202 EAST STUART AVENUE
LAKE WALES, FL 33859-3339
TELEPHONE 863/679-5333
FAX 863/679-5332
CHUCK@ACGPA.NET

December 18, 2012

Clara VanBlargan, City Clerk
City of Lake Wales
PO Box 1320
Lake Wales, FL 33859-1320

HAND DELIVERY

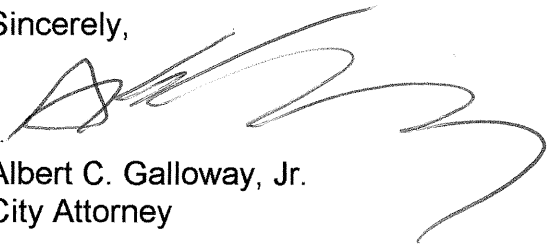
Re: Via Vita on the Ridge (Buck Moore Road facility)

Dear Clara:

Enclosed for the City's records in this regard is an original executed version of Resolution 2012-19, together with its related supporting documentation.

Please file these documents within the City's records.

Sincerely,


Albert C. Galloway, Jr.
City Attorney

cc: Terry Leary, City Manager

ACG/lo

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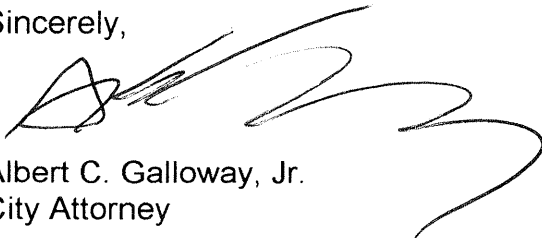
Re: Via Vita on the Ridge (Buck Moore Road facility)

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Sincerely,



Albert C. Galloway, Jr.
City Attorney

cc: Terry Leary, City Manager ✓

ACG/lo

RESOLUTION 2012-19

**A RESOLUTION OF THE CITY OF LAKE WALES,
FLORIDA AMENDING AND RESTATING IN ITS
ENTIRETY RESOLUTION NO. 2012-12 OF THE CITY;
AND PROVIDING AN EFFECTIVE DATE.**

WHEREAS, the City Commission of the City of Lake Wales (the "Issuer") has on June 19, 2012, previously adopted its Resolution No. 2012-12 (the "Original Resolution") authorizing the issuance of not exceeding \$27,000,000 of its Senior Housing Community Revenue Bonds, Series 2012A and Subordinate Series 2012B (ViaVita on the Ridge Project) (collectively, the "Bonds"); and

WHEREAS, the Issuer on August 7, 2012 adopted its Resolution No. 2012-14 amending the Original Resolution to increase the authorized principal amount of the Bonds to an amount not exceeding \$28,000,000; and

WHEREAS, the Issuer desires to further amend and restate the Original Resolution, as amended, to modify certain provisions thereof and further increase the authorized principal amount of the Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE LAKE WALES CITY COMMISSION as follows:

SECTION 1. The Original Resolution, as amended, is hereby further amended and restated in its entirety to read as follows:

**"A RESOLUTION OF THE CITY OF LAKE WALES,
FLORIDA AUTHORIZING THE ISSUANCE BY THE CITY
OF NOT EXCEEDING \$31,000,000 AGGREGATE
PRINCIPAL AMOUNT OF ITS SENIOR HOUSING
COMMUNITY REVENUE BONDS (VIAVITA ON THE
RIDGE PROJECT), SERIES 2012A AND SUBORDINATE
SERIES 2012B; ESTABLISHING PARAMETERS FOR THE
AWARD OF THE SALE THEREOF AND ESTABLISHING
CRITERIA FOR DETERMINING THE TERMS THEREOF,
INCLUDING THE DATE, INTEREST RATES, INTEREST
PAYMENT DATES AND MATURITY SCHEDULE AND
OTHER TERMS OF SUCH BONDS; APPROVING THE
FORMS OF AND AUTHORIZING THE EXECUTION OF A**

TRUST INDENTURE, LOAN AGREEMENT, LAND USE RESTRICTION AGREEMENTS, ASSIGNMENTS OF MORTGAGE AND SECURITY AGREEMENT AND ESCROW AGREEMENT; AUTHORIZING THE NEGOTIATED SALE OF THE BONDS AND APPROVING THE FORM OF THE BOND PURCHASE AGREEMENT AND BOND PLACEMENT AGREEMENT AND EXECUTION THEREOF RELATING TO THE NEGOTIATED SALE OF THE BONDS; AUTHORIZING THE APPOINTMENT OF A TRUSTEE, PAYING AGENT AND REGISTRAR OF THE BONDS; APPROVING THE FORMS OF AN OFFICIAL STATEMENT, A PRIVATE PLACEMENT MEMORANDUM AND A SUBSCRIPTION AGREEMENT WITH RESPECT TO THE BONDS AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT; AUTHORIZING THE MAYOR OR VICE MAYOR OR ANY CITY COMMISSIONER AND THE CITY CLERK TO TAKE ANY OTHER ACTIONS NECESSARY TO ISSUE THE BONDS AND MAKING OTHER PROVISIONS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Legislature of the State of Florida (the "State") has enacted the Florida Industrial Development Financing Act, Sections 159.25 through 159.431, Florida Statutes, as amended (the "Act"), pursuant to which the State has empowered each Local Agency, as defined therein, to issue its revenue bonds for the purpose of financing qualified Projects under the Act and thereby improving the prosperity and welfare of the State and its inhabitants; and

WHEREAS, pursuant to the Act, the City of Lake Wales, Florida (the "Issuer") has determined to authorize the issuance of not exceeding \$31,000,000 aggregate principal amount of its Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project), Series 2012A and Subordinate Series 2012B (collectively, the "Bonds") for the purpose of financing the acquisition, construction and equipping of a senior living facility, a portion of which is to be utilized by persons of low and moderate income and constituting a Health Care Facility under the Act known as ViaVita on the Ridge (the "Project") located in Polk County, Florida (the "County"); and

WHEREAS, the Issuer deems it necessary to provide for the form of the hereinafter described Indenture to be entered into with a bank or trust company to serve as trustee, to provide for the form of the hereinafter described Loan Agreement and Land Use Restriction Agreement for the Bonds, to provide for the form of the hereinafter described Assignment of Mortgage and Security Agreement and to authorize additional documents in connection therewith; and

WHEREAS, the Issuer intends to negotiate the sale of the Bonds as hereinafter provided with Piper Jaffray & Co. (the "Purchaser" or "Underwriter") or to such other purchaser as may be acceptable to the Issuer; and

WHEREAS, the Issuer desires to approve the form of the hereinafter described Bond Purchase Agreement and set parameters for certain officials of the Issuer to approve the final terms of the sale of the Bonds and to execute the Bond Purchase Agreement in accordance therewith upon the terms and conditions established herein in connection with issuance of the Bonds; and

WHEREAS, in order to satisfy certain requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the City held a public hearing on the proposed issuance of the Bonds at the principal amount of not exceeding \$31,000,000 for the purposes herein stated on the date hereof, which date is more than 14 days following the first publication of notice of such public hearing in a newspaper of general circulation in the Issuer a (a true and accurate copy of the affidavit of publication of such notice is attached hereto as Exhibit "A"), which public hearing was conducted in a manner that provided a reasonable opportunity for persons with differing views to be heard, both orally and in writing, on the issuance of such Bonds and the location and nature of the Project and was held in a location which, under the facts and circumstances, was convenient for the residents of the Issuer, such notice was reasonably designed to inform residents of the Issuer of the proposed issue, stated that the Issuer would be the issuer of the Bonds, stated the time and place of the hearing and generally contained the information required by Section 147(f) of the Code and applicable regulations thereunder; and such 14 days were adequate for notice to be brought to the attention of all interested persons, exceeds the normal periods for notice of public hearings conducted by the Issuer and provided sufficient time for interested persons to prepare for and to express their views at such hearing; and;

NOW, THEREFORE, BE IT RESOLVED BY THE LAKE WALES CITY COMMISSION, as follows:

SECTION 1. ISSUER FOR THIS RESOLUTION. This Resolution is adopted pursuant to the provisions of Part II of Chapter 159, Florida Statutes, and other applicable provisions of law.

SECTION 2. APPROVAL OF PROJECT. The financing of the acquisition and construction of the Project by One HC – Lake Wales, LLC, a Florida limited liability company (the "Borrower"), as described in the Loan Agreement, is hereby approved.

SECTION 3. AUTHORIZATION AND DESCRIPTION OF THE BONDS. There is hereby authorized and directed to be issued the Issuer's Bonds in an aggregate principal amount not to exceed \$31,000,000. The Bonds shall be issued under and secured by the Indenture, in substantially the form attached hereto as Exhibit "B," the form of which by this reference is

hereby incorporated into this Resolution as if set forth in full herein. The Series 2012A Bonds shall mature in the amounts and at the times, shall bear interest at the rates, be redeemable at the redemption prices and upon the terms and shall have the other characteristics, as set forth in the form of Bond Purchase Agreement attached hereto as Exhibit "F" and in the Indenture, all as shall be approved by the Mayor or the Vice Mayor, or the City Manager or their duly authorized alternate officers prior to sale of said Bonds, as provided in this Resolution; provided, that (a) the average interest rate on the Series 2012A Bonds shall not exceed 9%, and (b) the Series 2012A Bonds shall finally mature not later than December 1, 2048. The Series 2012B Bonds shall mature in the amounts and at the times, shall bear interest at the rates, be redeemable at the redemption prices and upon the terms and shall have the other characteristics, as set forth in the form of Bond Placement Agreement attached hereto as Exhibit "G" and in the Indenture, all as shall be approved by the Mayor or Vice Mayor, or the City Manager or their duly authorized alternate officers prior to the sale of said Bonds, as provided in this Resolution; provided, that (a) the average interest rate on the Series 2012B Bonds shall not exceed 13%, and (b) the Series 2012B Bonds shall finally mature not later than December 1, 2048. At the Issuer's option, a portion of the Series 2012B Bonds may be designated instead as a taxable Series 2012C. The Bonds shall be executed and delivered by the officers of the Issuer authorized below in substantially the form set forth in the Indenture in fully registered form.

SECTION 4. BONDS ARE SPECIAL OBLIGATIONS OF THE ISSUER. The Bonds are special obligations of the Issuer which are payable solely from moneys derived under the Loan Agreement. The Bonds, together with the interest thereon, are limited obligations of the Issuer and neither the Issuer, Polk County, Florida, the State, nor any political subdivision thereof shall be obligated to pay the Bonds or the interest thereon or other costs or payments incident thereto, except from the aforementioned revenues and receipts and neither the faith and credit nor the taxing power of the Issuer, Polk County, Florida, or the State or any political subdivision thereof is pledged to the payment of the Bonds or the interest thereon or other costs or payments incident thereto. The Bonds and obligations arising thereunder do not create or reflect liability of the Issuer or any commissioner, official or employee thereof, except as otherwise described in this Section 4.

SECTION 5. AUTHORIZATION OF EXECUTION OF TRUST INDENTURE. The Trust Indenture between the Issuer and Wells Fargo Bank, National Association (the "Trustee"), in substantially the form attached hereto as Exhibit "B" (the "Indenture") is hereby approved, and the Mayor, the Vice Mayor and the Clerk of the Issuer or their duly authorized alternate officers are hereby authorized and directed to execute and deliver the Indenture on behalf of and in the name of the Issuer with such additional changes, insertions and omissions therein, including but not limited to, the insertion of rates, maturities, sinking fund redemption provisions and other details of the Bonds determined as herein provided and as may be made prior to the delivery of the Bonds, and as may be otherwise made and approved by the said officers of the Issuer executing the same, such execution to be conclusive evidence of such approval.

SECTION 6. AUTHORIZATION OF EXECUTION OF LOAN AGREEMENT. The Loan Agreement among the Issuer, the Trustee and the Borrower, in substantially the form attached hereto as Exhibit "C" (the "Loan Agreement") is hereby approved, and the Mayor, the Vice Mayor and the Clerk of the Issuer or their duly authorized alternate officers are hereby authorized and directed to execute and deliver the Loan Agreement on behalf of and in the name of the Issuer with such additional changes, insertions and omissions therein as may be made and approved by the said officers of the Issuer executing the same, such execution to be conclusive evidence of such approval.

SECTION 7. AUTHORIZATION OF EXECUTION OF LAND USE RESTRICTION AGREEMENT. The Land Use Restriction Agreement among the Borrower, the Issuer and the Trustee in substantially the form attached hereto as Exhibit "D" (the "Land Use Restriction Agreement") is hereby approved, and the Mayor, the Vice Mayor and the Clerk of the Issuer or their duly authorized alternate officers are hereby authorized and directed to execute and deliver the Land Use Restriction Agreement on behalf of and in the name of the Issuer with such additional changes, insertions and omissions therein as may be made and approved by the said officers of the Issuer executing the same, such execution to be conclusive evidence of such approval.

SECTION 8. AUTHORIZATION OF EXECUTION OF ASSIGNMENTS OF MORTGAGE AND SECURITY AGREEMENT. The separate Assignments of Mortgage and Security Agreement from the Issuer to the Trustee in substantially the form attached hereto as Exhibit "E" (the "Assignments of Mortgage") are hereby approved, and the Mayor, the Vice Mayor and the Clerk of the Issuer or their duly authorized alternate officers are hereby authorized and directed to execute and deliver the Assignments of Mortgage on behalf of and in the name of the Issuer with such additional changes, insertions and omissions therein as may be made and approved by the said officers of the Issuer executing the same, such execution to be conclusive evidence of such approval.

SECTION 9. SALE OF BONDS. It is hereby found and determined that due to the characteristics of the financing and the prevailing and anticipated market conditions, it is in the best interest of the Issuer to negotiate the sale of the Bonds. The negotiated sale of the Series 2012A Bonds, upon substantially the terms and conditions set forth in a Bond Purchase Agreement among the Purchaser, the Issuer and the Borrower in substantially the form attached hereto as Exhibit "F" (the "Bond Purchase Agreement") is hereby approved, and the Bond Purchase Agreement is hereby approved in substantially the form attached hereto as Exhibit "F." The Issuer hereby authorizes said Mayor or Vice Mayor of the Issuer to execute and deliver (attested by the Clerk of the Issuer), said Bond Purchase Agreement in the name of and on behalf of the Issuer, with such changes, alterations and corrections, if any, as may be approved by said Mayor or Vice Mayor, all of the provisions of which, when executed and delivered by the Issuer as authorized herein, shall be deemed to be a part of this instrument as fully and to the same extent as if incorporated verbatim herein. The Series 2012A Bonds are hereby sold (subject to such terms and conditions) in the amount, at the price and upon the final terms set forth in the

Bond Purchase Agreement as may be approved by the Mayor or Vice Mayor as attested by the Clerk; provided, that (a) the purchase price of the Series 2012A Bonds shall be not less than 100% of the original principal amount thereof, and (b) any fee to the Underwriter (including counsel fees and expenses) shall not exceed \$30 per \$1,000 principal amount of the Series 2012A Bonds.

The negotiated sale of the Series 2012B Bonds, upon substantially the terms and conditions set forth in a Bond Placement Agreement among Piper Jaffray & Co., the Issuer and the Borrower in substantially the form attached hereto as Exhibit "G" (the "Bond Placement Agreement") is hereby approved, and the Bond Placement Agreement is hereby approved in substantially the form attached hereto as Exhibit "G". The Issuer hereby authorizes said Mayor or Vice Mayor of the Issuer to execute and deliver (attested by the Clerk of the Issuer), said Bond Placement Agreement in the name of and on behalf of the Issuer, with such changes, alterations and corrections, if any, as may be approved by said Mayor or Vice Mayor, all of the provisions of which, when executed and delivered by the Issuer as authorized herein, shall be deemed to be a part of this instrument as fully and to the same extent as if incorporated verbatim herein. The Series 2012B Bonds are hereby sold (subject to such terms and conditions) in the amount, at the price and upon the final terms set forth in the Bond Placement Agreement as may be approved by the Mayor or Vice Mayor as attested by the Clerk; provided, that (a) the purchase price of the Series 2012B Bonds shall be not less than 100% of the original principal amount thereof, and (b) any fee to the Placement Agent (including counsel fees and expenses) shall not exceed \$30 per \$1,000 principal amount of the Series 2012B Bonds.

SECTION 10. APPOINTMENT OF TRUSTEE, PAYING AGENT AND REGISTRAR. With respect to the Bonds, Wells Fargo Bank, National Association is hereby appointed as Trustee, Paying Agent and Registrar.

SECTION 11. APPROVAL OF OFFICIAL STATEMENT. The Issuer, without accepting responsibility for the matters contained therein, other than in the sections entitled "THE ISSUER" and "LITIGATION – Issuer", hereby approves the form of Official Statement (which shall be substantially in the form of the Private Placement Memorandum set forth in Exhibit "H" attached hereto, with adjustments to reflect the status of the Series 2012A Bonds as Senior Bonds under the Indenture), with such changes as may be approved by the Mayor or Vice Mayor or City Manager of the Issuer, in connection with the offering and sale of the Series 2012A Bonds, and hereby authorizes the use of a Preliminary Official Statement in the marketing of the Series 2012A Bonds.

SECTION 12. APPROVAL OF PRIVATE PLACEMENT MEMORANDUM AND SUBSCRIPTION AGREEMENT. The Issuer, without accepting responsibility for the matters contained therein, other than in the sections entitled "THE ISSUER" and "LITIGATION – Issuer", hereby approves the form of Private Placement Memorandum set forth in Exhibit "H" attached hereto and form of Subscription Agreement set forth in Exhibit "I" attached hereto, with such changes as may be approved by the Mayor or Vice Mayor or City Manager of the Issuer, in

connection with the offering and sale of the Series 2012B Bonds, and hereby authorizes the use of the Private Placement Memorandum and Subscription Agreement in the marketing of the Series 2012B Bonds.

SECTION 13. AUTHORIZATION OF EXECUTION OF ESCROW AGREEMENT. The Subscription Escrow Agreement among the Borrower, the Issuer and Wells Fargo Bank, National Association, as escrow agent, in substantially the form attached hereto as Exhibit "J" (the "Escrow Agreement") is hereby approved, and the Mayor, the Vice Mayor and the Clerk of the Issuer or their duly authorized alternate officers are hereby authorized and directed to execute and deliver the Escrow Agreement on behalf of and in the name of the Issuer with such additional changes, insertions and omissions therein as may be made and approved by the said officers of the Issuer executing the same, such execution to be conclusive evidence of such approval.

SECTION 14. EXTENSION OF PERIOD TO CLOSE. The Memorandum of Agreement previously executed by the Issuer and the Borrower provides for the completion of certain matters by December 31, 2012; the Issuer hereby agrees that such date may be extended to March 31, 2013.

SECTION 15. GENERAL AUTHORITY. The Mayor, the Vice Mayor, and the Clerk and all other City Commissioners of the Issuer and the staff of the Issuer are hereby authorized and directed to execute any and all certifications or other instruments or documents, including the endorsement of the Promissory Notes to be made by the Borrower to the Issuer, required by the Indenture, the Loan Agreement, the Bond Purchase Agreement, the Assignment of Mortgage, or any other document referred to above as a prerequisite or precondition to the issuance of the Bonds and any representation made therein shall be deemed to be made on behalf of the Issuer. To the extent that the Mayor, Vice Mayor, and Clerk of the Issuer are unable for any reason to execute or deliver the documents referred to above, such documents may be executed, attested and/or delivered by their duly authorized alternate officers, with the same effect as if executed and/or delivered by the Mayor, Vice Mayor, or Clerk. All action taken to date by the members of the Issuer and the staff of the Issuer in furtherance of the issuance of the Bonds is hereby approved, confirmed and ratified and the City Commissioners of the Issuer are hereby authorized to take such additional actions as they or any of them deem necessary or appropriate in furtherance of the issuance of the Bonds.

SECTION 16. REPEALING CLAUSE. All prior resolutions and motions of the Issuer inconsistent with the provisions of this Resolution are hereby modified, supplemented and amended to conform with the provisions herein contained and except as otherwise modified, supplemented and amended hereby shall remain in full force and effect.

SECTION 17. SEVERABILITY AND INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or

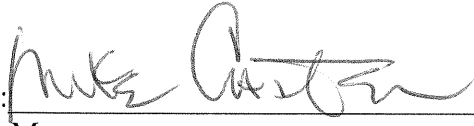
against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Bonds issued hereunder.

SECTION 18. EFFECTIVE DATE. This Resolution shall become effective immediately upon its adoption.

APPROVED AND ADOPTED this 28th day of November, 2012.

CITY OF LAKE WALES, FLORIDA

(SEAL)

By: 
Mayor

ATTEST

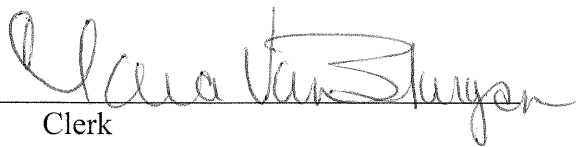
By: 
Clerk

EXHIBIT "A"

NOTICE OF PUBLIC HEARING

The City of Lake Wales, Florida (the "City") will hold a public hearing on November 28, 2012, at 5:30 P.M., or as soon thereafter as the matter can be heard, at the City's Municipal Administration Building located at 201 W. Central Avenue, Lake Wales, Florida 33853 to consider adoption of a resolution providing for the preliminary approval of the issuance by the City of not exceeding \$31,000,000 of its City of Lake Wales Senior Living Community Revenue Bonds (Via Vita on the Ridge Project), Series 2012A and Subordinate Series 2012B (collectively, the "Series 2012 Bonds") to be issued in one or more series. The proceeds of the Series 2012 Bonds will be loaned to One – HC – Lake Wales, LLC a Florida limited liability company, or an affiliate thereof (the "Borrower") for the principal purposes of (1) financing and refinancing all or a portion of the costs of acquiring, construction and equipping of senior care facilities, consisting of 135 affordable housing residential units located on an approximately 10-acre site at the corner of Buck Moore Road and Bel Ombre Circle in Lake Wales, Florida (the "Project"), (2) funding any necessary reserves, and (3) paying costs associated with issuance of the Series 2012 Bonds. The Project will be owned and operated by the Borrower. The Series 2012 Bonds shall be payable solely from the revenues derived by the City from a loan agreement, mortgage and security agreement and other financing documents to be entered into by and between the City and the Borrower prior to or contemporaneously with the issuance of the Series 2012 Bonds. Such Series 2012 Bonds and the interest thereon shall not constitute an indebtedness or pledge of the general credit or taxing power of the City, Polk County, the State of Florida or any political subdivision or agency thereof. Issuance of the Series 2012 Bonds shall be subject to several conditions including satisfactory documentation, the approval by bond counsel as to the tax-exempt status of the interest on all or a portion of the Series 2012 Bonds and receipt of necessary approvals for the financing. The aforementioned meeting shall be a public meeting and all persons who be interested will be given an opportunity to be heard concerning the same. Written comments may also be submitted to the City of Lake Wales, Florida prior to the hearing at 201 W. Central Avenue, Lake Wales, Florida 33853, Attention: Clare VanBlargan, City Clerk.

ALL PERSONS FOR OR AGAINST SAID APPROVAL CAN BE HEARD AT SAID TIME AND PLACE. IF A PERSON DECIDES TO APPEAL ANY DECISION MADE BY THE CITY WITH RESPECT TO SUCH HEARING OR MEETING, (S)HE WILL NEED TO ENSURE THAT A VERBATIM RECORD OF SUCH HEARING OR MEETING IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS BASED.

In accordance with the Americans with Disabilities Act, persons needing a special accommodation to participate in this proceeding should contact the City of Lake Wales no later than seven days prior to the proceeding at the address given in this notice or phone 863/678/4182.

EXHIBIT "B"

TRUST INDENTURE

TRUST INDENTURE

Dated as of December 1, 2012

by and between

THE CITY OF LAKE WALES, FLORIDA
as Issuer

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

Relating to

\$ _____
City of Lake Wales, Florida
Senior Housing Community Revenue Bonds
(ViaVita on the Ridge Project)

Consisting of:

\$ _____ Series 2012A
\$ _____ Subordinate Series 2012B

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TRUST INDENTURE

THIS TRUST INDENTURE is made and entered into as of December 1, 2012, by and between the **CITY OF LAKE WALES, FLORIDA**, a municipal corporation of the State of Florida (the "Issuer") and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America and being qualified to accept and administer the trusts hereby created, as Trustee (the "Trustee"). All capitalized terms used in this Indenture and not otherwise defined herein have the meanings ascribed to them in Section 1.01 of this Indenture.

RECITALS:

WHEREAS, the Issuer is a municipal corporation duly organized and validly existing under the laws of the State of Florida (the "State"); and

WHEREAS, pursuant to Chapter 159, Part II, Florida Statutes, as amended (the "Act"), the Issuer is authorized and empowered to issue its revenue bonds and to lend the proceeds thereof for the purpose of financing "elderly housing facilities," within the meaning of the Act; and

WHEREAS, pursuant to the laws of the State, and particularly the Act, the Issuer has agreed to issue its revenue bonds and to lend the proceeds thereof to ONE HC – LAKE WALES, LLC, a Florida limited liability company (the "Borrower"), for the purpose of financing a portion of the cost of the acquisition of land, buildings, and equipment, the construction and development of improvements thereto and the acquisition of equipment to be installed therein, all to be owned by the Borrower and to be located in the City of Lake Wales, Florida (the "Project"), funding a debt service reserve fund, funding capitalized interest during construction, and paying a portion of the costs of issuing such revenue bonds; and

WHEREAS, pursuant to and in accordance with the Act, the Issuer desires to provide funds to finance the acquisition, construction and equipping of the Project by issuing its Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project), Series 2012A (the "Series 2012A Bonds") and its Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project), Subordinate Series 2012B (the "Series 2012B Bonds") in the combined aggregate principal amount of \$_____ (collectively, the "Series 2012 Bonds" and, together with any Additional Bonds that may be issued hereunder, the "Bonds") pursuant to this Indenture; and

WHEREAS, the Series 2012B Bonds are being issued on a subordinate basis to the Series 2012A Bonds; and

WHEREAS, the Issuer has determined that the purpose of the Act in providing for the acquisition, construction and equipping of the Project will be realized by the issuance of the Series 2012 Bonds, and the loan of the proceeds of such Series 2012 Bonds pursuant to a Loan Agreement dated as of even date herewith (the "Loan Agreement") among the Issuer, the Trustee and the Borrower, and therefore the Issuer has agreed to issue the Series 2012 Bonds and lend the proceeds thereof to the Borrower (the "Loan") and the Borrower has agreed to (i) apply the proceeds of the Loan to pay a portion of the costs of acquisition, development, construction and

equipping of the Project, to fund a debt service reserve fund, to fund capitalized interest during construction, and pay a portion of the costs of issuance of the Bonds, (ii) make payments sufficient to pay the principal of and interest on the Bonds when due (whether at maturity, by redemption, acceleration or otherwise), and (iii) observe the other covenants and agreements and make the other payments set forth therein; and

WHEREAS, the Borrower has delivered to the Issuer two promissory notes dated the date of issuance of the Series 2012 Bonds in an original principal amount equal to the aggregate original principal amount of each respective series of the Series 2012 Bonds (as amended, modified or supplemented from time to time, the "Series 2012 Notes") evidencing its obligation to repay the Loan, and the Issuer has made the Loan to the Borrower, subject to the terms and conditions of the Loan Agreement, this Indenture, the First Mortgage and Security Agreement dated as of December 1, 2012 from the Borrower to the Issuer, as from time to time supplemented and amended (the "First Mortgage") and the Second Mortgage and Security Agreement dated as of December 1, 2012 from the Borrower to the Issuer, as from time to time supplemented and amended (the "Second Mortgage"; the First Mortgage and Second Mortgage being referred to collectively herein as the "Mortgages"), except as otherwise herein provided; and

WHEREAS, the Series 2012 Bonds, the certificates of registration and authentication to be endorsed on the Series 2012 Bonds and the form of assignment to be endorsed on each respective series of the Series 2012 Bonds are to be in substantially the forms, with appropriate variations, omissions and insertions as permitted or required by this Indenture described on Exhibit A and Exhibit B, respectively; and

WHEREAS, all acts and proceedings required by law necessary to make the Series 2012 Bonds, when authenticated by the Trustee and duly issued as provided in this Indenture, the valid, binding and legal limited obligations of the Issuer, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth, in accordance with its terms, have been done and taken; and the execution and delivery of this Indenture have been in all respects duly authorized.

GRANTING CLAUSES

NOW, THEREFORE, the Issuer, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the Holders thereof, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect and to secure the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds, does hereby bargain, sell, convey, mortgages, assign, pledge and grant a security interest in, the Trust Estate to the Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the Issuer hereinafter set forth, including all of the Issuer's right, title and interest in and to the following property:

GRANTING CLAUSE FIRST

The Loan Agreement, the Notes, the Mortgages and the Land Use Restriction Agreement, including all extensions and renewals of the terms thereof, if any (except for Reserved Rights of the Issuer), including, but not limited to, Loan Payments made by the Borrower pursuant to the Loan Agreement and the present and continuing right to make claim for, collect, receive and receipt for any of the sums, amounts, income, revenues, issues and profits and any other sums of money payable or receivable under the Loan Agreement, the Notes, the Mortgages and the Land Use Restriction Agreement, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Issuer is or may become entitled to do under the Loan Agreement, the Notes, the Mortgages and the Land Use Restriction Agreement;

GRANTING CLAUSE SECOND

All money and securities and interest earnings from time to time held by the Trustee under the terms of this Indenture (except amounts on deposit in the Rebate Fund and except that money and securities on deposit in the Funds and Accounts established with respect to the Bonds shall be held solely for the Holders of the Bonds);

GRANTING CLAUSE THIRD

Any and all other property rights and interests of every kind and nature from time to time hereafter by delivery or by writing of any kind granted, bargained, sold, alienated, demised, released, conveyed, assigned, transferred, mortgaged, pledged, hypothecated or otherwise subjected hereto, as and for additional security for the payment of the Bonds, by the Issuer or any other person on its behalf or with its written consent, and the Trustee is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof; and

GRANTING CLAUSE FOURTH

All the right, title, and interest of the Issuer in and to all proceeds (cash and noncash) of any or all of the foregoing, including, without limiting the generality of the foregoing, all inventory, accounts, chattel paper, documents, equipment, instruments, farm products, consumer

goods, and general intangibles constituting proceeds acquired with cash proceeds of any or all of the foregoing.

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, to the Trustee and its respective successors in trust and assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth first, (except as otherwise specifically provided herein) for the equal and proportionate benefit, security and protection of all present and future Holders of the Senior Bonds without privilege, priority or distinction as to the lien or otherwise with respect to any of the Senior Bonds over any of the other Senior Bonds; and second (except as otherwise specifically provided herein), for the equal and proportionate benefit, security and protection of all present and future Holders of the Subordinate Bonds without privilege, priority or distinction as to the lien or otherwise with respect to any of the Subordinate Bonds over any of the other Subordinate Bonds;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of, premium, if any, and interest on the Bonds due or to become due thereon, at the times and in the manner mentioned in the Bonds and as provided in Article VII hereof according to the true intent and meaning thereof, and shall cause the payments to be made as required under Article IV hereof, or shall provide, as permitted hereby, for the payment thereof in accordance with Article VII hereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall disburse or cause to be disbursed to the Trustee all sums of money due or to become due in accordance with the terms and provisions hereof, then upon such final payments or deposits as provided in Article VII hereof, this Indenture and the rights hereby granted shall cease, terminate and be void.

THIS TRUST INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all of the Trust Estate is to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Holders, from time to time, of the Bonds, or any part thereof, as follows:

ARTICLE I. DEFINITIONS AND INTERPRETATION

Section 1.01. Definitions. Unless the context otherwise requires, the following words and phrases shall, for all purposes of this Indenture and of the Loan Agreement and of any supplement or amendment hereto or thereto, have the following meanings:

"Account" or "Accounts" means any one or more, as the case may be, of the named and unnamed accounts established within any Fund.

"Act" means Chapter 159, Part II, Florida Statutes, as amended, all as now in effect and as it may from time to time hereafter be amended or supplemented.

"Additional Bonds" means the additional parity Bonds secured on a senior lien basis authorized to be issued by the Issuer pursuant to the terms and conditions of Section 2.13 of this Indenture.

"Additional Loan Payments" means that portion of the Loan Payments described in subsection (b)(ii) of Section 3.2 of the Loan Agreement.

"Administration Expenses" means (a) the Ordinary Trustee's Fees and Expenses, (b) the Dissemination Agent Fee, (c) the Rebate Analyst Fee, (d) the Issuer's Fees and Expenses and (e) the fees of any Servicer engaged pursuant to Section 6.2 of the Loan Agreement.

"Administration Fund" means the trust fund by that name established pursuant to Section 5.01 hereof.

"Advanced Funds" has the meaning provided in Section 8.04 hereof.

"Affiliate" means any Person (a) directly or indirectly controlling, controlled by, or under common control with the Borrower; or (b) a majority of the members of the Directing Body of which are members of the Directing Body of the Borrower. For purposes of this definition, control means with respect to: (a) a corporation having stock, the ownership, directly or indirectly, of more than 50% of the securities (as defined in Section 2(1) of the Securities Act of 1933, as amended) of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the directors of such corporation; (b) a not for profit corporation not having stock, having the power to elect or appoint, directly or indirectly, a majority of the members of the Directing Body of such corporation; or (c) any other entity, the power to direct the management of such entity through the ownership of at least a majority of its voting securities or the right to designate or elect at least a majority of the members of its Directing Body, by contract or otherwise. For the purposes of this definition, "Directing Body" means with respect to: (a) a corporation having stock, such corporation's board of directors and owners, directly or indirectly, of more than 50% of the securities (as defined in Section 2(1) of the Securities Act of 1933, as amended) of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the directors of such corporation (both of which groups will be considered a Directing Body); (b) a not for profit corporation not having stock, such corporation's members if the members have complete discretion to elect the corporation's directors, or the corporation's directors if the corporation's

members do not have such discretion; or (c) any other entity, its governing body or board. For the purposes of this definition, all references to directors and members will be deemed to include all entities performing the function of directors or members however denominated.

"Amend", "Amended" or "Amendment," as used in Article XI hereof, refer to any amendment, modification, alteration or supplement to any Bond Document, or any waiver of any provision thereof.

"Annual Debt Service" means, for any period, the amount of the scheduled principal and interest payment requirement with respect to all Outstanding Bonds, or all Outstanding Bonds of one or more Series, or Parity Indebtedness, as applicable, for such period.

"Annual Evaluation Date" means each December 31, commencing December 31, ____.

"Architect" means any architect, engineer or firm of architects or engineers which is Independent and which is appointed by the Borrower for the purpose of passing on questions relating to the design and construction of any particular facility, has all licenses and certifications necessary for the performance of such services, and has a favorable reputation for skill and experience in performing similar services in respect of a facility of a comparable size and nature of the Project.

"Audited Financial Statements" means the financial statements prepared for each Fiscal Year for the Project prepared in accordance with generally accepted accounting principles and examined by a Certified Public Accountant.

"Authorized Denominations" means (i) with respect to the Series 2012A Bonds, \$5,000 principal amount and any integral multiple of \$5,000 in excess thereof, (ii) with respect to the Series 2012B Bonds, \$100,000 and any integral of \$5,000 in excess thereof, and (iii) with respect to any Additional Bonds, such denominations as established by Supplemental Indenture.

"Available Money" means (a) money held by the Trustee under this Indenture (excluding moneys in the Rebate Fund) for a period of at least 123 days and not commingled with any money so held for less than said period and during which period no petition in bankruptcy was filed by or against, and no receivership, insolvency, assignment for the benefit of creditors or other similar proceedings has been commenced by or against, the Issuer or the Borrower, unless such petition or proceeding was dismissed and all applicable appeal periods have expired without an appeal having been filed, (b) Project Revenues held by the Trustee (c) investment income derived from the investment of money described in clauses (a) and (b), (d) proceeds of obligations issued to refund the Bonds, or (e) any money with respect to which an opinion of nationally recognized bankruptcy counsel has been received by the Trustee to the effect that payments by the Trustee in respect of the Bonds, as provided in this Indenture, derived from such money should not constitute transfers avoidable under 11 U.S.C. § 547(b) and recoverable from the Holders under 11 U.S.C. § 550(a) should the Issuer or the Borrower be the debtor in a case under Title 11 of the United States Code, as amended.

"Basic Loan Payments" means that portion of the Loan Payments described in Subsection 3.2(b)(i) of the Loan Agreement.

"Beneficial Owner" means a Person owning a Beneficial Ownership Interest in the Bonds, as evidenced to the satisfaction of the Trustee.

"Beneficial Ownership Interest" means the right to receive payments and notices with respect to the Bonds held in a book-entry system.

"Bond Counsel" means (a) Nabors, Giblin & Nickerson, P.A. or (b) any Independent Counsel of nationally recognized standing in matters pertaining to the validity of, and exclusion from gross income for federal income tax purposes of interest on, obligations issued by states and political subdivisions, familiar with the transactions contemplated under this Indenture appointed by the Borrower and reasonably acceptable to the Issuer.

"Bond Documents" means this Indenture and the Borrower Documents.

"Bond Fund" means each trust fund by that name created pursuant to Section 5.01 hereof.

"Bond Obligation" means the then outstanding principal amount of the Bonds.

"Bond Payment Date" means any Interest Payment Date, any Principal Payment Date and any other date on which the principal of, premium, if any, or interest on the Bonds is to be paid to the Holders thereof, whether upon redemption, at maturity, upon acceleration of maturity of the Bonds or otherwise.

"Bond Proceeds Amount" means the account by that name created with the Project Fund.

"Bond Year" means the period from and including the date of issuance of the Series 2012 Bonds through December 1, 2013, and thereafter each year beginning on December 2 and ending on the earlier of the following December 1 or the maturity of the Series 2012 Bonds (whether by redemption, acceleration or otherwise).

"Bonds" means collectively the Series 2012 Bonds and any Additional Bonds.

"Borrower" means One HC – Lake Wales, LLC, a Florida limited liability company, and its authorized successors and assigns under Sections 6.3 and 6.4 of the Loan Agreement.

"Borrower Documents" means the Loan Agreement, the Mortgages, the Series 2012 Notes, the Land Use Restriction Agreement, the Environmental Indemnity, the Continuing Disclosure Agreement, the Tax Agreement, the Issuer's Certificate as to Arbitrage and Certain Other Tax Matters, the Rebate Agreement, the Management Agreement, the Collateral Assignment of Management Agreement, the Collateral Assignment of Construction Documents and together with all other documents or instruments executed by the Borrower evidencing or securing the Borrower's Indebtedness under the Loan Agreement, in each case as the same may be amended or supplemented from time to time.

"Borrower Representative" means each person at the time designated to act on behalf of the Borrower by written certificate furnished to the Issuer and the Trustee on behalf of the Borrower containing the specimen signature of such person and any designated alternates.

"Budget" means the budget described in Section 6.10 of the Loan Agreement.

"Business Day" means any day other than a (i) Saturday, (ii) Sunday, (iii) day on which banking institutions in (a) any city in which the designated corporate trust or principal operations offices of the Trustee (such city being initially Jacksonville, Florida) are located, (b) the State of Florida or (c) the City of New York, New York, are authorized or obligated by law or executive order to be closed, or (iv) day on which the New York Stock Exchange is closed.

"Cash and Investments" means the sum of cash, cash equivalents and marketable securities of the Borrower and amounts, if any, on deposit in the Operations and Maintenance Reserve Fund but excluding (a) trustee-held funds other than those described above in this definition, (b) restricted funds, and (c) any funds pledged or otherwise subject to a security interest for debt other than the Bonds, as shown on the most recent audited or unaudited financial statements of the Borrower.

"Certified Public Accountant" means any Person who is Independent, appointed by the Borrower, actively engaged in the business of public accounting and duly licensed as a certified public accountant under the laws of the State.

"Clearing Agency" means any clearing agency under federal law operating and maintaining, with its participants or otherwise, a book-entry system to record Beneficial Ownership Interests in the Bonds, and to effect transfers of book-entry interests of the Bonds in book-entry form, which initially shall be The Depository Trust Company.

"Closing Date" means the date of initial issuance and delivery of the Series 2012 Bonds.

"Code" means the Internal Revenue Code of 1986, as amended, the applicable regulations (whether proposed, temporary or final) under that Code or the statutory predecessor of that Code, and any amendments of, or successor provisions to, the foregoing and any official rulings, announcements, notices and procedures regarding any of the foregoing. Unless otherwise indicated, reference to a Section of the Code means that Section of the Code, including such applicable regulations, rulings, announcements, notices and procedures.

"Collateral Assignment of Construction Documents" means the Collateral Assignment of Construction Documents dated as of December 1, 2012, between the Borrower and the Trustee, as in effect on the Closing Date and as it may thereafter be amended or supplemented from time to time in accordance with its terms.

"Collateral Assignment of Management Agreement" means the Collateral Assignment of Management Agreement dated as of December 1, 2012, between the Borrower and the Trustee and consented to by the Manager, as in effect on the Closing Date and as it may thereafter be amended or supplemented from time to time in accordance with its terms.

"Compliance Certificate" means a certificate of a Borrower Representative stating that, as of the date of such certificate, the Borrower is in compliance with all requirements of the Borrower Documents (with such exceptions as shall be acceptable to the Issuer).

"Condemnation Award" means the total condemnation proceeds paid by the condemner as a result of condemnation or eminent domain proceedings with respect to all or any part of the Project or of any settlement or compromise of such proceedings.

"Consultant" means a Person who is Independent, appointed by the Borrower, and who is nationally recognized as being expert as to matters for which its certificate or advice is required or contemplated.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement dated December 1, 2012 between the Borrower and the Dissemination Agent, as in effect on the Closing Date and as it may thereafter be amended or supplemented from time to time in accordance with its terms.

"Controlled Group" means a group of entities directly or indirectly controlled by the same entity or group of entities. An entity or group of entities (the "controlling entity") directly controls another entity (the "controlled entity"), in general, if it possesses either of the following rights or powers and the rights or powers are discretionary and non-ministerial: (a) the right or power both to approve and to remove without cause a controlling portion of the governing body of the controlled entity; or (b) the right or power to require the use of funds or assets of the controlled entity for any purpose of the controlling entity. A controlling entity indirectly controls all entities controlled, directly or indirectly, by an entity controlled by such controlling entity.

"Controlling Holders" means, as of any date, in the case of consent or direction to be given hereunder, (a) the Holders of a majority in aggregate principal amount of the then Outstanding Senior Bonds or (b) if no Senior Bonds remain Outstanding, the Holders of a majority in aggregate principal amount of the then Outstanding Subordinate Bonds.

"Costs of Issuance" means all fees, costs and expenses payable or reimbursable directly or indirectly by the Issuer or the Borrower and related to the authorization, issuance and sale of the Bonds.

"Costs of Issuance Account" means the account by that name in the Project Fund created pursuant to Section 5.01 hereof.

"Costs of the Project" means those costs and expenses in connection with the acquisition, construction, development, refinancing, furnishing, and equipping of the Project permitted by the Act to be paid or reimbursed from proceeds of the Bonds including, but not limited to, the following:

- (a) payment of (i) the cost of the preparation of plans and specifications (including any preliminary study or planning of the Project, the renovations to the Project or any aspect thereof), (ii) the cost of acquisition, construction and development of the Project and all acquisition, construction and installation expenses required to provide utility services or other facilities and all real or personal properties deemed necessary in connection with the Project (including development, architectural, engineering, and supervisory services with respect to any of the foregoing), and (iii) interest on the Bonds

during the construction of the Project and for a period of nine months after completion, and (iv) any other costs and expenses relating to the Project;

(b) payment of the purchase price of the Project, improvements thereon, and the Equipment, and any fixtures to be incorporated into the Project, including all costs incident thereto, payment for labor, services, materials, and supplies used or furnished in site improvement and in the construction of the Project, including all costs incident thereto, payment for the cost of the construction, rehabilitation, acquisition, and installation of utility services or other facilities, payment for all real and personal property deemed necessary in connection with the Project, payment of consulting and development fees payable to the Borrower or others, and payment for the miscellaneous expenses incidental to any of the foregoing items including the premium on any surety bond;

(c) payment to the Trustee, as such payments become due, of the reasonable fees and expenses of the Trustee other than its initial fee (as Trustee, bond registrar and paying agent) and of any paying agent properly incurred under this Indenture that may become due during the construction of the Project;

(d) to such extent as they are not paid by a contractor for construction or installation with respect to any part of the Project, payment of the premiums on all insurance required to be taken out and maintained during the period of construction of the Project;

(e) payment of the taxes, assessments, and other charges, if any, that may become payable during the period of construction or rehabilitation of the Project;

(f) payment of expenses incurred in seeking to enforce any remedy against any contractor or subcontractor in respect of any default under a contract relating to the Project;

(g) payment of reasonable out-of-pocket fees and expenses of the Borrower, if any, including, but not limited to, architectural, engineering, and supervisory services with respect to the Project;

(h) payment of the reasonable fees or out-of-pocket expenses, if any, of those providing services with respect to the Project, including, but not limited to, architectural, engineering, and supervisory services;

(i) payment to the Borrower of such amounts, if any, as are necessary to reimburse the Borrower in full for all advances and payments made by it for any of the items set forth in (a) through (h) above; and

(j) payment of any other costs and expenses relating to the Project that would constitute a "cost" or "expense" permitted to be paid by the Issuer under the Act.

"County" means Polk County, Florida.

"Counsel" means an attorney or firm of attorneys duly admitted to practice law before the highest court of any state and not unsatisfactory to the Trustee or the Issuer.

"Coverage Test" means that the Debt Service Coverage Ratio specified in Section 6.19 of the Loan Agreement.

"Dated Date" means December ___, 2012.

"Days' Cash on Hand" means, as of the date of calculation, the amount determined by dividing (a) the amount of Cash and Investments on such date by (b) the quotient obtained by dividing Operating Expenses (including interest on investments but excluding provisions for bad debt amortization, depreciation or any other noncash expenses) as shown on the most recent annual audited financial statements (or, with respect to any calculation of Days' Cash on Hand as of any June 30, as reflected in the unaudited trailing twelve month financial statements for the period ending such June 30, as derived from the quarterly financial statements delivered pursuant hereto) by 365.

"Debt Service" means the principal and redemption price, premium, if any, and interest due on any Series of Bonds on any given Interest Payment Date.

"Debt Service Coverage Ratio" means, for any period, the ratio obtained by dividing Net Income Available for Debt Service for such period by the Maximum Annual Debt Service Requirement on the date of calculation on Senior Bonds and Senior Parity Indebtedness, in each case, as calculated by the Borrower and certified to the Trustee in writing and supported by the Audited Financial Statements described in Section 6.9 of the Loan Agreement.

"Debt Service Requirements" means for a specified period: (a) amounts needed to pay scheduled payments of principal of the Bonds during such period, including payments for mandatory sinking fund redemption pursuant to Section 3.03 hereof; (b) amounts needed to pay interest on the Bonds payable during such period; and (c) to the extent not duplicative of (a) or (b) above, amounts paid during such period to restore the amounts on deposit in the Debt Service Reserve Fund to the Debt Service Reserve Requirement.

"Debt Service Reserve Account" means the trust account by that name within the Debt Service Reserve Fund created with respect to a Series of Bonds pursuant to Section 5.01 hereof.

"Debt Service Reserve Fund" means the trust fund of that name created pursuant to Section 5.01 hereof.

"Debt Service Reserve Requirement" means with respect to the Series 2012A Bonds, as of any date of determination hereunder, an amount equal to lesser of (i) the Maximum Annual Debt Service of the Series 2012A Bonds, net of any amounts held under the Trust Indenture to pay principal of or interest on the Series 2012A Bonds on any date, (ii) 125% of the average annual Debt Service Requirement payable on the Series 2012A Bonds, whether in the case of principal, at maturity or by mandatory redemption, assuming all such Series 2012A Bonds which are subject to mandatory redemption are duly redeemed in accordance with the requirements of the Indenture, and assuming that no such Series 2012A Bond is otherwise redeemed prior to its

maturity, and (iii) ten percent (10%) of the proceeds of the Series 2012A Bonds. The Debt Service Reserve Requirement with respect to any Additional Bonds shall be provided in the Supplemental Indenture providing for the issuance of such Additional Bonds. The Debt Service Reserve Requirement with respect to the Series 2012B Bonds shall be as of any date of determination hereunder, an amount equal to lesser of (i) the Maximum Annual Debt Service of the Series 2012B Bonds, net of any amounts held under the Trust Indenture to pay principal of or interest on the Series 2012B Bonds on any date, (ii) 125% of the average annual Debt Service Requirement payable on the Series 2012B Bonds, whether in the case of principal, at maturity or by mandatory redemption, assuming all such Series 2012A Bonds which are subject to mandatory redemption are duly redeemed in accordance with the requirements of the Indenture, and assuming that no such Series 2012B Bonds is otherwise redeemed prior to its maturity, and (iii) ten percent (10%) of the proceeds of the Series 2012B Bonds..

"Default" under the Loan Agreement means any of the events described in Section 7.1 of the Loan Agreement.

"Designated Office" means, when referring to the Trustee or any Paying Agent, the office where the Trustee or Paying Agent, as applicable, maintains its designated corporate trust department, which as of the date of this Indenture, shall be the address provided in Section 12.07.

"Determination of Taxability" means and shall be deemed to have occurred on the date when (i) the Issuer is advised in writing by the Internal Revenue Service that the Internal Revenue Service has made a final determination, from which no further right of administrative appeal exists, that interest on any Tax-Exempt Bonds is includable in gross income for federal income tax purposes as a result of any action, or failure to act, by the Issuer or the Borrower, or (ii) the Issuer receives written notice from any existing or former Holder (or Beneficial Owner) of any Tax-Exempt Bonds that the Internal Revenue Service has issued a statutory notice of deficiency or similar notice to such Holder (or Beneficial Owner) which asserts, in effect, that interest on any Tax-Exempt Bonds is includable in the gross income of such Holder (or Beneficial Owner) for federal income tax purposes (together with a copy of such notice of deficiency or similar notice), as a result of any action, or failure to act, by the Issuer or the Borrower.

"Dissemination Agent" means the Trustee, or any successor thereto, acting as Dissemination Agent under the Continuing Disclosure Agreement.

"Dissemination Agent Fee" means an annual fee payable to the Dissemination Agent in an amount not to exceed \$_____ commencing at the Closing Date and payable on December 1 of each year so long as the Bonds remain Outstanding as compensation for its services and expenses in performing its obligations under the Continuing Disclosure Agreement.

"Electronic Means" means telephone, telecopy, telegraph, telex, internet, facsimile transmission or any other similar means of electronic communication. Any communication by telephone as an Electronic Means shall be promptly confirmed in writing or by one of the other means of electronic communication authorized herein.

"Environmental Indemnity" shall have the meaning set forth in the Mortgages.

"Environmental Laws" means Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), Public Law No. 96-510, 94 Stat. 1613, the Resource Conservation and Recovery Act ("RCRA"), the National Environmental Policy Act of 1969, as amended (42 U.S.C. § 4321 et seq.); the Solid Waste Disposal Act (42 U.S.C. §§ 6901 et seq.); the Hazardous Material Transportation Act, as amended (49 U.S.C. §§ 1801 et seq.); the Federal Insecticide, Fungicide, and Rodenticide Act, as amended (7 U.S.C. §§ 136 et seq.); the Toxic Substance Control Act, as amended (15 U.S.C. §§ 2601 et seq.); the Clean Water Act (33 U.S.C. §§ 1251 et seq.); the Clean Air Act, as amended (42 U.S.C. §§ 7401 et seq.); the Federal Water Pollution Control Act, as amended (33 U.S.C. §§ 1251 et seq.); the Federal Coastal Zone Management Act, as amended (16 U.S.C. §§ 1451 et seq.); the Occupational Safety and Health Act, as amended (29 U.S.C. §§ 651 et seq.); the Safe Drinking Water Act, as amended (42 U.S.C. §§ 300(f) et seq.), and any other federal, state, or local law, statute, ordinance, and regulation, now or hereafter in effect, and in each case as amended or supplemented from time to time, and any applicable judicial or administrative interpretation thereof, including, without limitation, any applicable judicial or administrative order, consent decree, or judgment applicable to the Project relating to the regulation and protection of human health and safety and/or the environment and natural resources (including, without limitation, ambient air, surface water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species, and/or vegetation), including all amendments to such Acts, and any and all regulations promulgated thereunder, and all analogous local or state counterparts or equivalents, and any transfer of ownership notification or approval statutes, and any federal, state or local statute, law, ordinance, code, rule, regulation, order or decree, regulating, relating to or imposing liability or standards of conduct concerning any petroleum, petroleum byproduct (including but not limited to, crude oil, diesel oil, fuel oil, gasoline, lubrication oil, oil refuse, oil mixed with other waste, oil sludge, and all other liquid hydrocarbons, regardless of specific gravity) natural or synthetic gas, products and/or hazardous substance or material, toxic or dangerous waste, substance or material, pollutant or contaminant, as may now or at any time hereafter be in effect.

"Equipment" means the equipment, machinery, furnishings and other personal property located on the Site and all replacements, substitutions, and additions thereto

"Event of Default" means any occurrence or event specified in Section 8.01 hereof.

"Extraordinary Expenses" means all reasonable expenses properly incurred by the Trustee and any Co-Trustee under this Indenture, other than Ordinary Expenses.

"Extraordinary Services" means all services rendered by the Trustee and any Co-Trustee under this Indenture, other than Ordinary Services.

"Extraordinary Trustee's Fees and Expenses" means the fees, expenses and disbursements payable to the Trustee and Paying Agent pursuant to Section 9.04 hereof during any Fiscal Year in excess of Ordinary Trustee's Fees and Expenses, including but not limited to, reasonable counsel fees and expenses, reasonable fees of other third party professionals, and any costs of sending notices pursuant to the terms and conditions of the Bond Documents, including but not limited to, Section 3.06 hereof.

"Favorable Opinion of Bond Counsel" means, with respect to any action the taking of which requires such an opinion, an opinion of Bond Counsel addressed to the Issuer and the Trustee to the effect that such action will not, in and of itself, cause interest on the Tax-Exempt Bonds to be includible in gross income for federal income tax purposes (subject to the inclusion of any exceptions contained in the opinion delivered upon the original issuance of the Tax-Exempt Bonds).

"Fiduciary" means the Trustee and any Paying Agent.

"First Mortgage" means the First Mortgage and Security Agreement of even date herewith, from the Borrower for the benefit of the Trustee, securing the repayment of the Loan and the Series 2012 Notes as they relate to the Series 2012A Bonds and certain additional amounts due and owing under the Loan Agreement, as in effect on the Closing Date and as it may thereafter be amended and supplemented from time to time in accordance with its terms.

"Fiscal Year" means the period of 12 consecutive months ending on December 31 of each year.

"Force Majeure" means (a) the following: acts of nature; strikes or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or of any of their subdivisions, departments, agencies or officials, or of any civil or military authority; insurrections; riots; landslides; earthquakes; fires; floods; explosions, but only to the extent that any such cause or event is not within the control of the Borrower; and (b) any other cause or event not reasonably within the control of the Borrower.

"Fund" or "Funds" means any one or more, as the case may be, of the separate trust funds created and established in Article V of this Indenture.

"Governing Body" means (a), with respect to the Issuer, the City Commission of the Issuer, or any governing body that succeeds to the functions of the City Commission of the Issuer, and (b) with respect to the Borrower, the Managing Member of the Borrower.

"Government Obligations" means direct obligations of, and obligations the principal of and interest on which are unconditionally guaranteed as to timely payment by, the United States of America.

"Hazardous Substances" means any petroleum or petroleum products and their by-products, flammable explosives, radioactive materials, toxic chemicals and substances, radon, asbestos in any form that is or could become friable, urea formaldehyde foam insulation and polychlorinated biphenyls (PCB), asbestos-containing materials (ACMs), lead-containing or lead-based paint (LBP), radon, medical waste and other bio-hazardous materials and any chemicals, pollutants, materials or substances defined as or included in the definition of "hazardous substances" as defined pursuant to the federal Comprehensive Environmental Response, Compensation and Liability Act, "regulated substances" within the meaning of subtitle I of the federal Resource Conservation and Recovery Act and words of similar import under applicable Environmental Laws.

"Holder" or "Bondholder" means the Person or Persons in whose name any Bond is registered on the registration records for the Bonds maintained by the Trustee as registrar.

"Indebtedness" means (a) all indebtedness, whether or not represented by bonds, debentures, notes or other securities, for the repayment of money borrowed, (b) all deferred indebtedness for the payment of the purchase price of properties or assets purchased, (c) all guaranties, endorsements (other than endorsements in the ordinary course of business), assumptions, and other contingent obligations in respect of, or to purchase or to otherwise acquire, indebtedness of others, (d) all indebtedness secured by a Mortgage, or secured by a pledge, security interest, or lien existing on property owned which is subject to a Mortgage, pledge, security interest, or lien, whether or not the indebtedness secured thereby has been assumed, (e) all capitalized lease obligations, (f) all unfunded amounts under a loan agreement, letter of credit, or other credit facility for which such Person would be liable, if such amounts were advanced under the credit facility, (g) all amounts required to be paid by the Borrower as a guaranteed payment to partners or members or a preferred or special dividend, including any mandatory redemption of shares or interests, (h) all unfunded pension funds, or welfare or pension benefit plans or liabilities, and (i) all obligations (calculated on a net basis) of the Borrower under derivatives in the form of interest rate swaps, credit default swaps, total rate of return swaps, caps, floors, collars and other interest hedge agreements, in each case whether the Borrower is liable contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which obligations the Borrower otherwise assures a creditor against loss; provided, however, that for the purpose of computing Indebtedness, there will be excluded any particular Indebtedness if, upon or prior to the maturity thereof, there has been deposited with the proper depository in trust the necessary funds (or Government Obligations not callable or pre-payable by the issuer thereof) for the payment, redemption, or satisfaction of such Indebtedness, and thereafter such funds and such Government Obligations so deposited will not be included in any computation of the assets of the Borrower and the income derived from such funds and such direct obligations of the United States of America so deposited will not be included in any computation of the income of the Borrower.

"Indenture" means this Trust Indenture, as in effect on the Closing Date and as it may thereafter be as amended or supplemented from time to time in accordance with Article XI hereof.

"Independent" means, with respect to Counsel or any Consultant, a person who is not a member of the Governing Body of the Issuer or the Borrower and is not an officer or employee of the Issuer or the Borrower and which is not a partnership, corporation or association having a partner, director, officer, member or substantial stockholder who is a member of the Governing Body of the Issuer or the Borrower or who is an officer or employee of the Issuer or the Borrower; provided, however, that the fact that such person is retained regularly by or transacts business with the Issuer shall not make such person an employee within the meaning of this definition.

"Insurance and Tax Escrow Fund" means the trust fund by that name established pursuant to Section 5.01 hereof.

"Insurance Consultant" means a Consultant having the skill and expertise necessary to evaluate the insurance needs of senior housing and which may be a broker or agent with which the Borrower or the Issuer transacts business.

"Insurance Proceeds" means the total proceeds of insurance paid by an insurance company under the policies of property insurance required to be procured by the Borrower pursuant to the Loan Agreement.

"Interest Account" means each trust account by that name in the Bond Fund created with respect to a Series of Bonds pursuant to Section 5.01 hereof.

"Interest Payment Date" means (i) with respect to the Series 2012A Bonds, each _____ 1 and _____ 1, commencing _____ 1, 2013; and (ii) with respect to the Series 2012B Bonds, each _____ 1, commencing _____ 1, 2013; in each case until the final Principal Payment Date of the applicable Bonds.

"Interest Period" for any Bonds means initially the period from the Dated Date to but not including the first Interest Payment Date and thereafter the period from and including each Interest Payment Date to but not including the next Interest Payment Date or other date on which interest is required to be paid on such Bonds.

"Interest Requirement" for any Bonds means an amount equal to the interest that would be due and payable on such Bonds on the Interest Payment Date next succeeding the date of determination (assuming that no principal of such Bonds is paid or redeemed between such date and the next succeeding Interest Payment Date) multiplied by a fraction the numerator of which is one and the denominator of which is the number of whole calendar months in the Interest Period in which such date occurs.

"Investment Securities" means any of the following which at the time of investment are legal investments under the Act and the laws of the State for the money proposed to be invested therein: (i) Government Obligations; (ii) certificates of deposit or time deposits of any bank (including without limitation the Trustee or any of its affiliates), except that investments may be made only in certificates of deposit or time deposits which are (A) insured by the Bank Insurance Fund or the Savings Association Insurance Fund as administered by the Federal Deposit Insurance Corporation, if then in existence; (B) continuously and fully secured by securities described above, which have a value, exclusive of accrued interest, at all times at least equal to the principal amount of such certificates of deposit or time deposits; or (C) issued by a bank whose outstanding unsecured long-term debt is rated at the time of issuance in any of the three (3) highest rating categories by two (2) nationally recognized rating agencies; (iii) short-term obligations of corporations organized in the United States of America with assets exceeding \$500,000,000, if (A) such obligations are rated on the date of purchase and at any time held by the Trustee within one of the three (3) highest rating classifications established by at least two (2) nationally recognized rating services (without regard to any rating refinement or gradation by numerical or other modifier), and which mature not later than 180 days from the date of purchase, (B) such purchases do not exceed ten percent (10%) of such corporations' outstanding obligations, and (C) no more than one-third of the money relating to the Bonds is so invested; (iv) interests in money market mutual funds registered under the Investment Company Act of

1940, as from time to time amended; provided, that the governing instrument or order directs, requires, authorizes or permits investment in Government Obligations; provided further, that the portfolio of any such money market fund is limited to Government Obligations or to repurchase agreements fully collateralized by such Government Obligations; (v) short-term discount obligations of the Federal National Mortgage Association; (vi) bonds, notes or other obligations issued by any state, unit of local government or school district, which obligations are rated on the date of purchase and at any time held by the Trustee within one of the two (2) highest rating classifications (without regard to rating refinement or gradation by numerical or other modifier) by a nationally recognized rating service; (vii) investment agreements, whose outstanding unsecured long-term debt is rated at the time of such agreement in any of the three (3) highest rating categories by two (2) nationally recognized rating agencies; and (viii) any other investments permitted by law if such investments are rated on the date of purchase and at any time held by the Trustee within one of the two (2) highest classifications (without regard to rating refinement or gradation by numerical or other modifier) established by a nationally recognized rating service.

"Issuer" means the City of Lake Wales, Florida, a municipal corporation duly organized and validly existing under the laws of the State, and any successor body to the duties or functions of the Issuer.

"Issuer Representative" means the Mayor, the Vice Mayor, or the City Manager of the Issuer, or such other person at the time designated to act on behalf of the Issuer as evidenced by a written certificate furnished to the Trustee and containing the specimen signature of such person and signed on behalf of the Issuer by its Mayor, Vice Mayor, or City Manager. The certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the authorized Issuer Representative.

"Issuer's Fees and Expenses" means those reasonable expenses, if any, payable to or incurred by the Issuer and any reasonable fees and expenses of counsel to the Issuer.

"Land Use Restriction Agreement" means the Land Use Restriction Agreement, dated the date hereof, among the Issuer, the Trustee, and the Borrower relating to the use of the Project.

"Liquidity Requirement" shall have the meaning set forth in Section 6.20 of the Loan Agreement.

"Loan" means the loan evidenced by the Series 2012 Notes from the Borrower to the Trustee financed by the Issuer in the aggregate principal amount of \$ _____, and any additional loan reflected by the issuance of Additional Bonds hereunder.

"Loan Agreement" means the Loan Agreement of even date herewith among the Issuer, Trustee and the Borrower, as in effect on the Closing Date and as it may thereafter be amended and supplemented from time to time in accordance with its terms.

"Loan Payments" means, collectively, the "Basic Loan Payments" and the "Additional Loan Payments."

"Long-Term Indebtedness" means any Indebtedness other than Short-Term Indebtedness.

"Mail" means either (a) first class mail by the United States Postal Service, postage prepaid, to the Holders at their respective addresses which appear on the registration books of the Paying Agent on the date of mailing, or (b) actual delivery to the Holders or their representatives evidenced by receipt signed by such Holders or their representatives.

"Management Agreement" means the Management Agreement dated as of _____, 2012, between the Manager and the Borrower, or any substitute agreement providing for the management, maintenance and operation of the Project, in each case as it may be amended and supplemented from time to time.

"Management Consultant" means a Consultant possessing significant management consulting experience in matters pertaining to owning and operating senior housing and assisted living housing facilities similar to the Project.

"Management Fee" means the fee paid to the Manager pursuant to the Management Agreement.

"Manager" means CRSA/LCS Management, LLC, or any subsequent third-party management company with experience in managing similar properties and their successors and assigns meeting the requirements of Section 4.5 of the Loan Agreement and any subcontractor as manager of the Project.

"Managing Member" means the managing member of the Borrower.

"Material Adverse Effect" means (a) a material adverse change in the financial condition of the Borrower or the Project; or (b) any event or occurrence of whatever nature which would materially and adversely change (i) the Borrower's ability to perform its obligations under the Loan Agreement or any other Borrower Documents; or (ii) the Holders' or the Trustee's security interests in the security pledged hereunder.

"Maximum Annual Debt Service" means as of any date of calculation the highest Annual Debt Service with respect to all Outstanding Bonds of the applicable Series for any succeeding Fiscal Year, but excluding the period ending on the final Principal Payment Date of the Bonds.

"Modifications" means modifications, repairs, renewals, improvements, replacements, alterations, additions, enlargements, or expansions in, on, or to the Project (other than routine repair or maintenance), including any and all machinery, furnishings, and equipment therefor.

"Mortgages" means, collectively, the First Mortgage and the Second Mortgage.

"Mortgaged Property" means the real property and all improvements thereon on which the Project is located which is subject to the lien of the Mortgages and this Indenture, as more specifically described in Exhibit A to the respective Mortgage.

"Needs Assessment Analysis" means the analysis and report required as set forth in Section 4.10 of the Loan Agreement.

"Net Income Available for Debt Service" means, for any period of determination thereof, Project Revenues for such period, plus all interest earnings on money held in Funds and Accounts which are transferred to the Revenue Fund pursuant to Article VI hereof, minus (a) total Operating Expenses incurred on a generally accepted accounting principles basis by the Borrower for such period, (b) any profits or losses which would be regarded as extraordinary items under generally accepted accounting principles, (c) gain or loss on the extinguishment of Indebtedness, (d) contributions, (e) proceeds of Additional Bonds and any other Permitted Indebtedness, (f) Net Proceeds of any Insurance Proceeds (exclusive of rental interruption insurance) or Condemnation Awards, and (g) the proceeds of any sale, transfer or other disposition of all or any portion of the Project by the Borrower.

"Net Proceeds", when used with respect to (a) any Insurance Proceeds or Condemnation Award, means the gross proceeds from such Insurance Proceeds or Condemnation Award, less all expenses (including reasonable attorneys' fees of the Borrower or the Trustee and any extraordinary fees and expenses of the Trustee) incurred in the realization thereof; and (b) the Bonds, has the same meaning as "net sale proceeds" under Treasury Regulation 1.148(1)(b).

"Notes" means the Series 2012 Notes and any promissory note or notes issued in connection with Additional Bonds.

"Operating Account" means, the demand deposit bank account maintained by the Borrower pursuant to Section 4.3 of the Loan Agreement on which the Borrower or its authorized agent writes checks to pay Operating Expenses.

"Operating Expenses" means, for any period, cash expenses paid or accrued in connection with the operation, maintenance and current repair of the Project (determined on a cash basis) during such period including without limitation, amounts owing pursuant to the Pledge Agreement (except any amounts to be paid from the net income of the Project), the costs of any utilities necessary to operate the Project, advertising and promotion costs, payroll expenses, insurance premiums, deposits to the Insurance and Tax Escrow Fund, Administration Fund, Operations and Maintenance Reserve Fund in the amount of the Operations and Maintenance Reserve Requirement and to the Repair and Replacement Fund in the amount of the Repair and Repair and Replacement Reserve Requirement, any Rebate Amount to the extent that it is not paid from the Rebate Fund, the Management Fee, the Administration Expenses, administrative and legal expenses of the Borrower relating to the Project, labor, executive compensation, the cost of materials and supplies used for current operations of the Project, taxes and charges for accumulation of appropriate reserves for current expenses not annually recurrent but which are such as may reasonably be expected to be incurred in connection with the Project and in accordance with sound accounting practice. "Operating Expenses" does not include (a) Debt Service Requirements, (b) any loss or expense resulting from or related to any extraordinary and nonrecurring items, (c) any losses or expenses related to the sale of assets, the proceeds of which sale are not included in Project Revenues pursuant to clause (b) of the definition thereof, (d) expenses paid from operational reserves, including the Operations and

Maintenance Reserve Requirement, (e) expenses paid from the Repair and Replacement Fund, (f) any Rebate Amount to the extent that it is paid from the Rebate Fund, (g) deposits in the Repair and Replacement Fund in excess of the Repair and Replacement Reserve Requirement, (h) any allowance for depreciation or replacements of capital assets of the Project or amortization of financing costs or (i) disbursements from the Surplus Fund. For purposes of calculating the Debt Service Coverage Ratio, Operating Expenses will include the actual Management Fee and will not include the Subordinate Management Fee.

"Operating Fund" means the trust fund by that name created pursuant to Section 5.01 hereof.

"Operating Requirement" means all Operating Expenses, exclusive of amounts to be deposited to or payable from the Administration Fund, Insurance and Tax Escrow Fund, Operations and Maintenance Reserve Fund or Repair and Replacement Fund, projected to be payable in such month in accordance with the Budget.

"Operations and Maintenance Reserve Fund" means the trust fund by that name created pursuant to Section 5.01 hereof.

"Operations and Maintenance Reserve Requirement" means [an amount equal to one month's budgeted Operating Expenses for the Project for the current Fiscal Year.]

"Ordinary Expenses" means those reasonable expenses incurred in the ordinary course of business, by a trustee, a registrar, an authenticating agent and a paying agent under instruments similar to this Indenture, but excluding Extraordinary Expenses.

"Ordinary Services" means those services normally rendered by a trustee, a registrar, an authenticating agent and a paying agent under instruments similar to this Indenture, excluding Extraordinary Services.

"Ordinary Trustee's Fees and Expenses" means those annual fees, expenses and disbursements for the Ordinary Services and the Ordinary Expenses of the Trustee and Paying Agent incurred in connection with their duties under this Indenture payable in advance on the Closing Date in an amount not to exceed \$9,000 per annum and payable on December 1 of each year thereafter until the Bonds are no longer Outstanding.

"Organizational Documents" means the documents under which the Borrower is organized and governed as such documents are in effect on the Closing Date and as they may be thereafter amended or supplemented from time to time in accordance with their terms.

"Outstanding" or "outstanding" with respect to Bonds means, as of any given date, all Bonds which have been authenticated and delivered by the Trustee under this Indenture, except: (a) Bonds cancelled at or prior to such date or delivered to or acquired by the Trustee or Paying Agent on or prior to such date for cancellation; (b) Bonds deemed to be paid in accordance with Article VII of this Indenture; and (c) Bonds in lieu of which other Bonds have been authenticated under Section 2.08 or 2.09 hereof.

"Parity Indebtedness" means Senior Long-Term Indebtedness or Senior Short Term Indebtedness or additional Subordinate Indebtedness permitted to be incurred by the Borrower pursuant to Section 6.13 of the Loan Agreement.

"Paying Agent" means the Trustee or any successor or additional Paying Agent appointed hereunder that satisfies the requirements of Section 9.18 hereof.

"Permitted Encumbrances" means, with respect to the Project, the Mortgages and (a) the lien of current real property taxes (if any), ground rents, water charges, sewer rents and assessments not yet due and payable, (b) covenants, conditions and restrictions, rights of way, easements and other matters of public record, none of which, individually or in the aggregate, materially interferes with the current use of the Project or the security intended to be provided by the Mortgages or with the Borrower's ability to pay its obligations when they become due or materially and adversely affects the value of the Project, (c) the Land Use Restriction Agreement, and (d) the exceptions (general and specific) set forth in the Title Policy or appearing of record, none of which, individually or in the aggregate, materially interferes with the intended use of the Project or the security intended to be provided by the Mortgages or with the Borrower's ability to pay its obligations when they become due or materially and adversely affects the value of the Project.

"Permitted Indebtedness" means (a) payment and other liabilities payable under the Loan Agreement or the Series 2012 Notes, (b) liabilities of the Borrower under the Mortgages, and (c) Indebtedness of the Borrower allowed pursuant to Section 6.13 of the Loan Agreement incurred in the ordinary course of business.

"Person" or "person" means an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization, a governmental body, any other political subdivision, municipality or authority or any other group or entity.

"Pledge Agreement" means the Pledge Agreement, dated as of _____, 2012, as amended from time to time, between the Borrower, and John G. Noonan, as Bishop of the Diocese of Orlando, and his successors in office, a corporation sole, as the same may be amended and supplemented.

"Potential Default" means any event which with the passage of time or the giving of notice, or both, would constitute an Event of Default under this Indenture or a Default under the Loan Agreement.

"Principal Account" means the trust account by that name within the Bond Fund created with respect to a Series of Bonds pursuant to Section 5.01 hereof.

"Principal Payment Date" means the maturity date of the Bonds and any date for mandatory sinking fund redemption of the Bonds pursuant to Section 3.03 hereof.

"Principal Requirement" for any Bonds means an amount equal to the regularly scheduled principal that is due and payable on such Bonds on the Bond Payment Date next succeeding the date of determination, whether by maturity or by mandatory sinking fund

redemption pursuant to Section 3.03 hereof, multiplied by a fraction the numerator of which is one and the denominator of which is the number of whole calendar months in the period commencing on the last date of payment of regularly scheduled principal (or the date of issuance of such Bonds, if no principal has been paid) and ending on the next Bond Payment Date for payment of regularly scheduled principal.

"Project" means the Site, together with the improvements constructed or to be constructed thereon, consisting of a 135-unit senior living facility and related support facilities, including all buildings, structures and improvements now or hereafter constructed thereon, and all fixtures, machinery, equipment, furniture, furnishings and other personal property hereafter attached to, located in, or used in connection with any such structures, buildings or improvements, and all additions, substitutions and replacements thereto, whether now owned or hereafter acquired. The term "Project" does not include property owned by Persons other than the Borrower, including the Manager or residents of the Project.

"Project Fund" means the trust fund by that name created pursuant to Section 5.01.

"Project Revenues" means for any period, all cash operating and non-operating revenues of the Project, including Unrestricted Contributions, less (a) any extraordinary and nonrecurring items (including any real property tax refunds), (b) income derived from the sale of assets not in the ordinary course of business which is permitted under the Bond Documents, (c) security, cleaning or similar deposits of tenants until applied or forfeited, (d) Net Proceeds of Insurance Proceeds or Condemnation Awards and (e) any amount disbursed to the Borrower from the Surplus Fund, but including as Project Revenues (i) any such Net Proceeds resulting from business interruption insurance or other insurance or condemnation proceeds retained by the Borrower and (ii) amounts received by the Borrower or the Trustee pursuant to any payment guaranty, operating guaranty or similar agreement with respect to the Project. Amounts received by the Borrower as a government grant with respect to water and wastewater services shall not be included within Project Revenues.

"Qualified Insurer" has the meaning provided in Section 5.2 of the Loan Agreement.

"Ratio Evaluation Date" means each March 31, June 30, September 30 and December 31 of each year (each, a "Quarterly Evaluation Date") and December 31 of each year (the "Annual Evaluation Date").

"Ratio Period" means each February 1 through March 31, each April 1 through June 30, each August 1 through September 30, each October 1 through December 31 and each February 1 through December 31, commencing on the first Ratio Evaluation Date after which the Project has achieved Stable Occupancy or if later, December 31, 2015.

"Rebate Agreement" means the Arbitrage Rebate Agreement, dated as of December 1, 2012, by and among the Issuer, the Borrower and the Trustee.

"Rebate Analyst" means a Certified Public Accountant, financial analyst or Bond Counsel, or any firm of the foregoing, or a financial institution (which may include the Trustee) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of

the Code and retained by the Borrower to make the computations and give the directions required pursuant to the Tax Agreement.

"Rebate Analyst Fee" means a fee paid for each rebate calculation (which are to be made every fifth year, if required).

"Rebate Fund" means the trust fund by that name created pursuant to Section 5.01 hereof.

"Record Date" means the fifteenth day (whether or not a Business Day) of the calendar month preceding any applicable Interest Payment Date.

"Related Person" means any member of the same Controlled Group as the Issuer or the Borrower.

"Repair and Replacement Fund" means the trust fund by that name established pursuant to Section 5.01 hereof.

"Repair and Replacement Reserve Requirement" means an amount equal to \$_____ per unit per year, as increased pursuant to any Needs Assessment Analysis required by Section 4.10 of the Loan Agreement.

"Reserved Rights" of the Issuer means (a) the right of the Issuer to amounts payable to it pursuant to Section 3.2(b)(ii)(3) of the Loan Agreement, (b) all rights which the Issuer or its officers, officials, agents, attorneys or employees may have under this Indenture and the Borrower Documents to indemnification by the Borrower and by any other persons and to payments and reimbursements for fees or expenses incurred by the Issuer itself, or its officers, officials, agents or employees; (c) the right of the Issuer to receive notices, reports or other information, make determinations and grant approvals hereunder and under the other Bond Documents, including rights to notice and reporting requirements and restrictions on transfer of ownership of the Project or the Bonds, and its right to inspect and audit its books, records and premises of the Borrower of the Project; (d) all rights of the Issuer to enforce the representations, warranties, covenants and agreements of the Borrower pertaining in any manner or way, directly or indirectly, to the requirements of the Act or of the Issuer, and set forth in any of the Bond Documents, in the Tax Agreement or in any other certificate or agreement executed by the Borrower; (e) all rights of the Issuer in connection with the approval, execution and delivery of any amendment to or modification of the Bond Documents; and (f) all enforcement remedies of the Issuer with respect to the foregoing.

"Responsible Officer," when used with respect to the Trustee, means any corporate trust officer or assistant corporate trust officer or any other officer of the Trustee within its corporate trust department customarily performing functions similar to those performed by any of the above designated officers, and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of such person's knowledge of and familiarity with the particular subject.

"Restoration" means the restoration, replacement, repair or rebuilding of the Project as a result of an event for which Condemnation Awards or Insurance Proceeds are received with respect to the Project, as provided in Section 5.3 of the Loan Agreement.

"Restoration Plans" has the meaning provided in Section 5.3 of the Loan Agreement.

"Revenue Fund" means the trust fund by that name created pursuant to Section 5.01 hereof.

"Second Mortgage" means the Second Mortgage and Security Agreement of even date herewith, from the Borrower for the benefit of the Trustee, securing the repayment of the Loan and the Series 2012 Notes as they relate to the Series 2012B Bonds and certain additional amounts due and owing under the Loan Agreement, as in effect on the Closing Date and as it may thereafter be amended and supplemented from time to time in accordance with its terms.

"Senior Bond Obligation" means the then outstanding principal amount of the Senior Bonds.

"Senior Bonds" means the Series 2012A Bonds and any Additional Bonds issued on a parity therewith.

"Senior Parity Indebtedness" means any Parity Indebtedness properly incurred on parity with the Senior Bonds as provided in Section 6.13 of the Loan Agreement.

"Series" means any series of Bonds issued pursuant to this Indenture.

"Series 2012 Bonds" means the Series 2012A Bonds and the Series 2012B Bonds.

"Series 2012A Bonds" means \$_____ aggregate principal amount of the Issuer's Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project) Series 2012A which Bonds are senior in lien and priority to the Series 2012B Bonds and any Subordinate Indebtedness authorized pursuant to the Loan Agreement.

"Series 2012B Bonds" means \$_____ aggregate principal amount of the Issuer's Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project) Subordinate Series 2012B, which Bonds are subordinate in lien and priority to the Series 2012A Bonds and any other Senior Bonds issued hereunder or Senior Parity Indebtedness issued pursuant to the Loan Agreement.

"Series 2012 Notes" means the two promissory notes executed by the Borrower in favor of the Trustee on behalf of the Holders evidencing the Loan of the proceeds related to each series of the Series 2012 Bonds.

"Servicer" means any mortgage banking company or financial institution engaged pursuant to Section 6.2 of the Loan Agreement to service the Loan.

"Short-Term Indebtedness" means any Indebtedness maturing not more than 365 days after it is incurred or which is payable on demand, except for any such Indebtedness which is renewable or extendable at the sole option of the debtor to a date more than 365 days after it is incurred, or any such Indebtedness which, although payable within 365 days, constitutes payments required to be made on account of Indebtedness expressed to mature more than 365 days after it was incurred.

"Site" means the real property on which the Project is located.

"Special Redemption Account" means each trust account by that name within the Bond Fund created with respect to a Series of Bonds pursuant to Section 5.01 hereof.

"Stable Occupancy" means the first full calendar year in which the average occupancy of the units in the Project is equal to or greater than 85% as evidenced by a certificate executed by a Borrower Representative and delivered to the Trustee.

"State" means the State of Florida.

"Subordinate Bond Obligation" means the then outstanding principal amount of the Subordinate Bonds.

"Subordinate Bonds" means the Series 2012B Bonds.

"Subordinate Management Fee" means, for any period, an amount equal to the portion of the Management Fee with respect to such period which the Borrower, as its option, directs the Trustee to pay solely from the Surplus Fund pursuant to Section 5.13(b) hereof and not include as an Operating Expense.

"Subordinate Parity Indebtedness" means any Indebtedness properly incurred on parity with the Subordinate Bonds as provided in Section 6.13 of the Loan Agreement.

"Supplemental Indenture" means any Amendment to this Indenture entered into in accordance with Article XI hereof.

"Surplus Cash" means the amount on deposit in the Surplus Fund after required payments with respect to the Subordinate Bonds and any Subordinate Parity Indebtedness that may be distributed to the Borrower pursuant to Section 5.13(b) hereof.

"Surplus Fund" means the trust fund by that name created pursuant to Section 5.01 hereof.

"Tax Agreement" means the Borrower's tax certificate dated the Closing Date, executed by the Borrower, as in effect on the Closing Date and as the same may be supplemented or amended from time to time in accordance with its terms.

"Tax-Exempt Bonds" means the Series 2012A Bonds, the Series 2012B Bonds and any Additional Bonds that as originally issued were the subject of an opinion of Bond Counsel to the

effect that the interest thereon is excluded from the gross income of the Holders thereof for federal income tax purposes.

"Test Period" means any period of not more than twelve months ending on the last day of the most recent month preceding the month in which the Debt Service Coverage Ratio is tested and beginning on the last to occur of (a) the first day of the eleventh month preceding such most recent month or (b) the Closing Date.

"Title Policy" means title insurance in the form of an ALTA Mortgagee's title policy issued by a title insurance company acceptable to the Underwriter and Trustee in the face amount of at least the principal amount of Series 2012 Bonds insuring that the Trustee has a first priority valid lien in the Mortgaged Property subject only to Permitted Encumbrances.

"Trust Estate" means the property conveyed to the Trustee hereunder, including all of the Issuer's right, title and interest in and to the property described in the Granting Clauses hereof.

"Trustee" means Wells Fargo Bank, National Association, Jacksonville, Florida, or any successors or assigns hereunder.

"Underwriter" means Piper Jaffray & Co., or any successor thereof.

"Unrestricted Contributions" means contributions that are not restricted in any way that would prevent their application to the payment of Debt Service on Indebtedness of the Borrower.

Section 1.02. Rules of Construction. In this Indenture, unless the context otherwise requires:

(a) The singular form of any word used herein, including the terms defined in Section 1.01, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other genders.

(b) All references herein to "Articles," "Sections" and other subdivisions hereof are to the corresponding Articles, Sections or subdivisions of this Indenture as originally executed; and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

(c) The table of contents and the headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect, of this Indenture.

(d) The parties acknowledge that the Issuer, the Trustee, the Borrower, and their respective counsel have participated in the drafting of this Indenture and the other Bond Documents. Accordingly, the parties agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the

interpretation of this Indenture or any of the other Bond Documents or any amendment or supplement or exhibit hereto or thereto.

(e) References to the Tax-Exempt Bonds as "tax-exempt" or to the "tax-exempt status" of the Tax-Exempt Bonds, refer to the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Code, irrespective of such forms of taxation as alternative minimum tax, environmental tax, or branch profits tax on foreign corporations, as is consistent with the approach taken in Section 59(i) of the Code.

Section 1.03. Content of Certificates and Opinions. Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture or the Loan Agreement shall include (a) a statement that the person or persons making or giving such certificate or opinion have read such covenant or condition and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with; and (e) a statement that the signer has been duly authorized and directed to execute such certificate or opinion on behalf of the entity named in the certificate or opinion.

Any such certificate or opinion made or given by an officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by Counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion made or given by Counsel may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Issuer), upon the certificate or opinion of or representations by an officer of the Issuer, unless such Counsel knows that the certificate or opinion or representations with respect to the matters upon which his or her opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

ARTICLE II. THE SERIES 2012 BONDS

Section 2.01. Authority for and Issuance of Series 2012 Bonds; Interest on the Series 2012 Bonds. There is hereby authorized under this Indenture two Series of Series 2012 Bonds which shall bear interest from the Dated Date at the interest rates per annum and shall mature in the respective principal amounts and bear interest, payable on each Interest Payment Date at the respective rates per annum as set forth in the following tables:

Series 2012A Bonds

<u>Maturity Date</u>	<u>Amount (\$)</u>	<u>Interest Rate (%)</u>
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Series 2012B Bonds

<u>Maturity Date</u>	<u>Amount (\$)</u>	<u>Interest Rate (%)</u>
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*Initial rate until Reset Date

The total combined aggregate principal amount of Series 2012 Bonds that may be issued and Outstanding hereunder is expressly limited to \$_____, except as provided in Section 2.13 hereof. The Series 2012 Bonds are designated "City of Lake Wales, Florida Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project) Series 2012A" and "City of Lake Wales, Florida Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project) Subordinate Series 2012B". No Bonds may be issued under the provisions of this Indenture except in accordance with this Article.

All of the Trust Estate (except as provided herein with respect to the separate Accounts related to a specific Series of Bonds in the Bond Fund and Debt Service Reserve Fund) pledged to secure the Bonds issued hereunder shall be applied, as among the Holders, to pay the principal of, premium, if any, and interest due on the Bonds on any particular date in the following order of priority:

FIRST: To the payments to Persons entitled to all installments of principal, premium, if any, and interest due on the Senior Bonds; and

SECOND: To the payments to Persons entitled to all installments of principal, premium, if any, and interest due on the Subordinate Bonds.

The Bonds shall be issuable only as fully registered Bonds without coupons, in Authorized Denominations. The Bonds of each Series shall be lettered "A" or "B," as

appropriate, shall be numbered separately from R-1 consecutively upwards, bearing numbers not then contemporaneously outstanding (in order of issuance) according to the Bond Register.

The Series 2012 Bonds shall be dated the Dated Date. The Bonds shall bear interest from the Interest Payment Date preceding the date of authentication thereof, unless the date of such authentication shall be after a Record Date, in which case they shall bear interest from the next succeeding Interest Payment Date succeeding the Record Date; provided that if, as shown by the records of the Paying Agent, interest on the Bonds shall be in default, Bonds shall bear interest from the date to which interest has been paid in full on the Bonds, or if no interest has been paid on the Bonds, from their Dated Date. Bonds authenticated on or before the first Record Date following the Closing Date shall bear interest from the Dated Date.

The principal of and premium, if any, on the Bonds shall be payable, when due, in lawful money of the United States of America at the Designated Office of the Trustee upon presentation and surrender of the Bonds. Payment of interest on the Bonds shall be made on each Interest Payment Date to the Holder thereof as of the Record Date, by check or draft mailed by the Trustee on such Interest Payment Date to the Holder at its address as it appears on the registration books maintained by or on behalf of the Trustee or at such other address as is furnished to the Trustee in writing by such Holder prior to such Record Date. Payment of interest on any Bonds may, upon written request to the Trustee of any Holder of Bonds in an aggregate principal amount of at least \$100,000, be transmitted by wire transfer of immediately available funds on the Interest Payment Date to such Holder to the bank account number at a bank located within the continental United States on file with the Trustee as of the Record Date. Any such wire transfer request shall continue in force until revoked in writing by such Holder to the Trustee, and to be effective as to any interest payment such revocation must be received by the Trustee prior to the applicable Record Date.

Section 2.02. Interest on Bonds. Interest accrued on the Bonds during each Interest Period shall be paid on the following Interest Payment Date. Interest on the Bonds shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

Section 2.03. Execution. The Bonds shall be executed on behalf of the Issuer with the manual or facsimile signature of the Mayor or Vice-Mayor of the Issuer, shall be attested by the manual or facsimile signature of the Clerk of the Issuer, and shall have impressed or imprinted thereon the official seal of the Issuer or a facsimile of such seal.

In case any officer of the Issuer whose signature or whose facsimile signature shall appear on the Bonds shall cease to be such officer before the authentication of such Bonds, such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until authentication; and any Bond may be signed on behalf of the Issuer by such persons as are at the time of execution of such Bond proper officers of the Issuer, even if, at the date of this Indenture, any such person was not such officer.

Section 2.04. Limited Obligations.

(a) Not a Debt of the State or Political Subdivision. THE BONDS, THE PREMIUM THEREOF, IF ANY, AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE. THE BONDS AND THE INTEREST THEREON DO NOT CONSTITUTE A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE ISSUER, THE COUNTY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATIONS. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION OF THE STATE NOR THE ISSUER NOR THE COUNTY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE BONDS, THE PREMIUM THEREOF, IF ANY, THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO EXCEPT FROM REVENUES PLEDGED THEREFOR UNDER THE INDENTURE, ALL AS MORE FULLY SET FORTH IN THE INDENTURE. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER, IF ANY, OF THE ISSUER, THE COUNTY, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE BONDS OR THE PREMIUM THEREOF, IF ANY, OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO.

(b) No Recourse to Issuer. No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in any Bond, or under any judgment obtained against the Issuer, or the enforcement of any assessment, or any legal or equitable proceedings by virtue of any constitution or statute or otherwise, or under any circumstances under or independent, or any claim based thereon or otherwise in respect thereof shall be had against the County or the Issuer or any incorporator, member, director, officer, employee, agent, commissioner or counsel as such, past, present or future of the Issuer or the County, either directly or through the Issuer, the Trustee or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the Owner of any Bond issued hereunder, or otherwise, of any sum that may be due and unpaid by the Issuer upon any such Bond. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of any such incorporator, member, director, officer, employee, agent, commissioners or counsel, as such, to respond by reason of any act or omission on his part or otherwise, for the payment for or to the Owner of any Bond issued hereunder or otherwise of any sum that may remain due and unpaid upon the Bond hereby secured or any of them is, by the acceptance hereof, expressly waived and released as a condition of and in consideration for the execution and the issuance of the Bonds.

(c) Role of Issuer. The Issuer shall not be required to take any action not expressly provided for herein. In addition, the Issuer shall have no obligation to review, control or oversee the activities of the Trustee in (a) collecting any amounts payable pursuant to the Loan Agreement, or (b) making any payments on the Bonds. Furthermore, the Issuer shall not be obligated to take any action or execute any document which might in its reasonable judgment involve it in any expense or liability unless it shall have been furnished with assurance of payment or reimbursement for any expense and with reasonable indemnity for liability of the Issuer and its officers, directors, employees, agents, commissioners and counsel.

(d) No Liability. No agreements or provisions contained in this Indenture nor any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project or the issuance, sale and delivery of the Bonds shall give rise to any pecuniary liability of the Issuer or any of its or their commissioners, officers or

directors or a charge against its or their general credit, or shall obligate the Issuer or any of its or their commissioners, officers or directors financially in any way except with respect to the Issuer under the Loan Agreement and the application of revenues therefrom that have been pledged to the payment of the Bonds and the proceeds of the Bonds. No failure of the Issuer to comply with any term, condition, covenant or agreement herein shall subject the Issuer, its incorporators, officers, employees, agents and counsel to liability for any claim for damages, costs or other financial or pecuniary charge except to the extent that the same can be paid or recovered from the Loan Agreement or revenues therefrom that have been pledged to payment of the Bonds or proceeds of the Bonds. Nothing herein shall preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Issuer for any failure to comply with any term, condition, covenant or agreement herein; provided, that no costs, expenses or other monetary relief shall be recoverable from the Issuer or its incorporators, commissioners, officers, directors, employees, agents and counsel except as may be payable from the Loan Agreement or revenues therefrom that have been pledged to payment of the Bonds or the proceeds of the Bonds.

Section 2.05. Authentication. Only such Bonds as shall have endorsed thereon a certificate of authentication manually executed by the Trustee substantially in the form set forth in Exhibit A and Exhibit B, respectively, shall be entitled to any security or benefit hereunder. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Indenture unless and until such certificate of authentication shall have been executed by the Trustee and such executed certificate of authentication of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered hereunder. Said certificate of authentication on any Bond shall be deemed to have been executed by the Trustee if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 2.06. Form of Bonds. The Series 2012A Bonds and Series 2012B Bonds shall be substantially in the forms set forth in Exhibit A and Exhibit B, respectively, hereto with such variations, omissions and insertions as are permitted or required by this Indenture.

Section 2.07. Delivery of Series 2012 Bonds. Upon the execution and delivery of this Indenture, the Issuer shall execute and deliver the Series 2012 Bonds to the Trustee, and the Trustee shall authenticate the Series 2012 Bonds and shall deliver them to the original purchasers thereof as directed by the Issuer in the request described in (c) below.

Prior to the delivery of any of the Series 2012 Bonds against payment therefor, the Trustee shall have received the following:

(a) A copy, duly certified by the Clerk of the Issuer, of the resolution of the members of the Governing Body, authorizing the execution and delivery of the Loan Agreement, the Mortgages, and this Indenture and the issuance of the Series 2012 Bonds;

(b) Original executed counterparts of this Indenture, the Loan Agreement, the Mortgages, the Series 2012 Notes, the Land Use Restriction Agreement, the Tax Agreement, the Management Agreement, the Collateral Assignment of Management Agreement and the Continuing Disclosure Agreement;

(c) A request and authorization to the Trustee on behalf of the Issuer and signed by an Issuer Representative to authenticate and deliver the Series 2012 Bonds as set forth therein;

(d) Receipt of the Title Policy or a commitment to issue the Title Policy, in form and substance acceptable to the Underwriter;

(e) Evidence of insurance coverage required by Section 5.1 of the Loan Agreement;

(f) Opinions of Counsel to the Issuer and the Borrower in forms and substance satisfactory to the Underwriter and Bond Counsel;

(g) An approving opinion of Bond Counsel; and

(h) Such other documents as may reasonably be requested by the Underwriter.

Section 2.08. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate and deliver a new Bond of the same Series and of like date, maturity and denomination as the Bond mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and, in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee, together with indemnity for the Issuer and the Trustee satisfactory to the Trustee, in its sole discretion. In the event any such Bond shall be about to mature or have matured or been called for redemption, instead of issuing a duplicate Bond, the Issuer may pay the same without surrender thereof. The Issuer and the Trustee may charge the Holder of such Bond their reasonable fees and expenses incurred pursuant to this Section.

All duplicate Bonds issued and authenticated pursuant to this Section 2.08 shall constitute original, contractual obligations of the Issuer to the extent provided in this Indenture (whether or not lost, stolen or destroyed Bonds be at any time found by anyone) and shall be entitled to equal and proportionate rights and benefits hereunder as all other Outstanding Bonds issued hereunder.

Section 2.09. Registration and Transfer of Bonds; Persons Treated as Holders. The Issuer shall cause books for the registration and for the transfer of the Bonds as provided in this Indenture to be kept by the Trustee. So long as the Bonds are held in physical form and not book-entry form, at reasonable times and under reasonable regulations established by the Trustee and subject to applicable law providing to the contrary, such list may be inspected and copied by the Issuer, the Borrower or the Holders of \$1,000,000 or more in aggregate Bond Obligation, or a designated representative of such Holders.

Promptly following surrender for transfer of any Bond at its Designated Office, the Trustee shall enter the name and address of the transferee upon the registration books of the Issuer and shall deliver to the transferee a new fully authenticated and registered Bond or Bonds in the name of the transferee, such new Bond or Bonds to be of the same Series, of Authorized Denominations and of the same maturity and for the aggregate principal amount which the new

Holder is entitled to receive. In addition, promptly following surrender of any Bond at the Designated Office of the Trustee, duly endorsed in blank, such Bond may at the option of the Holder thereof, be exchanged for a Bond or Bonds of the same Series in an equal aggregate principal amount of the applicable Series of Authorized Denominations and of the same form and tenor of the Bond being exchanged.

All Bonds presented for transfer, exchange, redemption or payment shall (if so required by the Issuer or the Trustee) be accompanied by a written instrument or instruments of transfer, in form and with guaranty of signature as set forth in the form of Bond of the applicable Series or as may be satisfactory to the Trustee, duly executed by the Holder.

The Trustee also may require payment from the Holder of a sum sufficient to cover any tax or other governmental fee or charge that may be imposed in relation thereto. Such taxes, fees and charges shall be paid before any such new Bond shall be delivered. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Borrower.

The Issuer and the Trustee shall not be required (a) to issue or register the transfer of any Bonds during any period beginning on a Record Date with respect thereto and ending at the close of business on the Business Day preceding the next Interest Payment Date or (b) to transfer any Bonds selected, called or being called for redemption in whole or in part.

Bonds delivered upon any transfer as provided herein, or as provided in Section 2.08 hereof, shall be valid limited obligations of the Issuer, evidencing the same debt as the Bonds surrendered, shall be secured by this Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

The Issuer, the Borrower and the Trustee shall treat the person in whose name a Bond is registered on the registration books maintained by the Trustee as the absolute owner thereof for all purposes, whether or not such Bond shall be overdue, and shall not be bound by any notice to the contrary.

Section 2.10. Cancellation of Bonds. Whenever any Outstanding Bond shall be delivered to the Trustee for cancellation pursuant to this Indenture, upon payment of the principal amount thereof, premium, if any, and interest thereon, for replacement pursuant to Section 2.08 hereof, for transfer or exchange pursuant to Section 2.09 hereof or otherwise, such Bond shall be cancelled and destroyed by the Trustee and, upon written request of the Issuer, counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Trustee to the Issuer.

Section 2.11. Temporary Bonds. Pending preparation of definitive Bonds, there may be executed, and upon request of the Issuer, the Trustee shall authenticate and deliver, in lieu of definitive Bonds and subject to the same limitations and conditions, temporary typewritten, printed, engraved or lithographed bonds, in the form of registered Bonds without coupons in Authorized Denominations, substantially in the respective forms of Exhibits A and B hereto.

If temporary Bonds shall be issued, the Issuer shall cause the definitive Bonds to be prepared and to be executed, authenticated and delivered to the Trustee not later than 14 days following the delivery or reissuance of such temporary Bonds, and the Trustee, upon presentation to it at its Designated Office of any temporary Bond, shall cancel the same and deliver in exchange therefor at the place designated by the Holder, without charge to the Holder, a definitive Bond or Bonds of the same Series in an equal aggregate principal amount, of the same maturity and bearing interest at the same rate or rates as the temporary Bond surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefit and security of this Indenture as the definitive Bonds of such Series to be issued and authenticated hereunder.

Section 2.12. Book-Entry Form. Notwithstanding anything herein to the contrary, the Series 2012 Bonds shall initially be issued as typewritten bonds and held in book-entry form on the books of the Clearing Agency. The Issuer and any Fiduciary may, in connection herewith, do or perform or cause to be done or performed any acts or things not adverse to the rights of the holders of the Series 2012 Bonds, as are necessary or appropriate to accomplish or recognize such book-entry form Bonds.

(a) So long as the Series 2012 Bonds remain and are held in book-entry form on the books of a Clearing Agency, then (1) any such Bond may be registered upon the books kept by the Trustee in the name of such Clearing Agency, or any nominee thereof, including CEDE & Co., as nominee of The Depository Trust Company; (2) the Clearing Agency in whose name such Bonds are so registered shall be, and the Issuer and any Fiduciary may deem and treat such Clearing Agency as, the absolute owner and holder of such Bond for all purposes of this Indenture, including, without limitation, the receiving of payment of the principal of, premium, if any, and interest on such Bond and the receiving of notice and giving of consent; (3) neither the Issuer nor any Fiduciary shall have any responsibility or obligation hereunder to any direct or indirect participant, within the meaning of Section 17A of the Securities Exchange Act of 1934, as amended, of such Clearing Agency, or any person on behalf of which, or otherwise in respect of which, any such participant holds any interest in any Bond, including, without limitation, any responsibility or obligation hereunder to maintain accurate records of any interest in any Bond or any responsibility or obligation hereunder with respect to the receiving of payment of principal, premium, if any, or interest on any Bond, the receiving of notice or the giving of consent; and (4) the Clearing Agency is not required to present any Bond called for partial redemption prior to receiving payment so long as the Trustee and the Clearing Agency have agreed to the method for noting such partial redemption.

(b) If either (a) the Issuer receives notice from the Clearing Agency which is currently the registered owner of the Series 2012 Bonds to the effect that such Clearing Agency is unable or unwilling to discharge its responsibility as a Clearing Agency for the Bonds or, (b) the Issuer elects with the prior written consent of the Borrower to discontinue its use of such Clearing Agency as a Clearing Agency and the Issuer fails to establish a securities depository/book-entry system relationship with another Clearing Agency, then the Issuer and any Fiduciary each shall do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the Bonds, as are

necessary or appropriate to discontinue use of such Clearing Agency as a Clearing Agency for the Bonds and to transfer the ownership of each of the Bonds to such person or persons, including any other Clearing Agency, as the holder of the Bonds may direct in accordance with this Indenture. Any expenses of such discontinuance and transfer, including expenses of printing new certificates to evidence the Bonds, shall be paid by the Borrower.

(c) So long as the Series 2012 Bonds remain and are held in book-entry form on the books of a Clearing Agency, the Trustee shall be entitled to request and rely upon a certificate or other written representation from the Clearing Agency or any participant or indirect participant with respect to the identity of any Holders as of a record date selected by the Trustee. For purposes of determining whether the consent, advice, direction or demand of an owner of a Bond has been obtained, the Trustee shall be entitled to treat the Holders as the owner or Beneficial Owner of such Bonds and any consent, request, direction, approval, objection or other instrument of such Holder may be obtained in the same fashion described in Article X hereof.

When the book-entry system is not in effect, all references herein to the Clearing Agency will be of no further force or effect.

Section 2.13. Additional Bonds. So long as no Event of Default has then occurred and is continuing, the Issuer at the request of a Borrower Representative may issue Additional Bonds for the purpose of (i) financing the costs of making such Modifications as the Borrower may deem necessary or desirable, (ii) financing the cost of completing any Modifications, (iii) refunding any Bonds, (iv) funding a debt service reserve fund for each Series of Bonds, if required by the applicable Supplemental Indenture for such Series of Bonds, and (v) in each such case, paying the costs of the issuance and sale of the Additional Bonds, paying capitalized or funded interest and such other costs reasonably related to the financing as shall be agreed upon by the Borrower and the Issuer. The terms of such Additional Bonds, the purchase price to be paid therefor, and manner in which the proceeds therefrom are to be disbursed shall be determined by the Borrower and the sale of any Additional Bonds shall be the sole responsibility of the Borrower. The Borrower, the Trustee and the Issuer shall enter into an amendment to the Loan Agreement to provide for additional Basic Loan Payments in an amount at least sufficient to pay principal of, premium, if any, and interest on the Additional Bonds when due and to provide for any additional terms or changes to the Loan Agreement required because of such Additional Bonds. The Issuer and the Trustee shall enter into such amendments or supplements to this Indenture as are required to effect the issuance of the Additional Bonds. An amount equal to any increase in the Debt Service Reserve Requirement attributable to issuance of the Additional Bonds shall be deposited in the applicable Debt Service Reserve Account of the Debt Service Reserve Fund at the time of delivery of the Additional Bonds, unless the purchaser of such Additional Bonds shall not require a debt service reserve account to secure such Additional Bonds, in which case said Additional Bonds will not be secured by the Debt Service Reserve Fund.

As a condition for the issuance of Additional Bonds, the Borrower shall evidence compliance to the Issuer and the Trustee with the requirements for the issuance of Senior Parity Indebtedness under the Loan Agreement.

Section 2.14. Delivery of Additional Bonds. Upon the execution and delivery in each instance of an appropriate indenture supplemental hereto, the Issuer shall execute and deliver to the Trustee and the Trustee shall register and authenticate Additional Bonds and deliver them to the purchaser or purchasers as may be directed by the Issuer, as hereinafter in this Section 2.14 provided. Prior to the delivery by the Trustee of any such Additional Bonds, there shall be filed with the Trustee:

(a) a valid and effective amendment to the Loan Agreement, pursuant to Section 11.04 hereof, providing for the inclusion within the Project of any real estate and interests therein and any buildings, structures, facilities, machinery, equipment, and related property to be acquired by purchase or construction from the proceeds of the Additional Bonds and providing for an adjustment to in the Basic Loan Payment obligations of the Borrower to cover the Debt Service Requirements of all the Bonds that will be Outstanding after the issuance of the Additional Bonds, which shall be evidenced by a promissory note of the Borrower, and providing any other changes in connection with the issuance of Additional Bonds;

(b) a valid and effective supplemental indenture providing for the issuance of such new series of Additional Bonds and securing such Additional Bonds by the lien and security interest of the Trust Estate;

(c) a valid and effective amendment to the Mortgages subjecting to the lien of the Mortgages any and all real estate and interests therein and any buildings, structures, facilities, and related property acquired by purchase or construction from proceeds of such Additional Bonds and assigning and pledging to the Issuer and the Trustee the Borrower's interest in the leases, rents, issues, profits, revenues, income, receipts, money, royalties, rights and benefits thereof and therefrom and granting a security interest to the Issuer in the Borrower's interest in the machinery, equipment, and related property acquired by purchase or construction from the proceeds of the Additional Bonds, in any inventory then or thereafter located at the real estate or interests therein and any buildings, structures, facilities, and related property to be acquired by purchase or construction from the proceeds of the Additional Bonds, and in the accounts, documents, chattel paper, instruments, and general intangibles arising in any manner from the Borrower's operation of any real estate or interests therein and any buildings, structures, facilities, machinery, equipment, and related property to be acquired by purchase or construction from the proceeds of the Additional Bonds;

(d) a copy, duly certified by the Clerk of the Issuer, of the resolution of the members of the Governing Body, authorizing the execution and delivery of the supplemental indenture, amendment to the Loan Agreement, promissory note, amendment to the Mortgages and issuance of the Additional Bonds;

(e) a request and authorization to the Trustee on behalf of the Issuer, signed by the Mayor or Vice Mayor of the Issuer or such other officers of the Issuer as are designated by the Governing Body of the Issuer, to authenticate and deliver the Additional Bonds to the purchaser or purchasers therein identified upon payment to the Trustee, for the account of the Issuer, of a specified sum plus any accrued interest; the proceeds of the Additional Bonds shall be paid over to the Trustee and deposited to the credit of the Bond Fund or to such other funds as are provided and created by the supplemental indenture;

(f) a certificate signed by the Borrower Representative to the effect that no Event of Default under this Indenture or any Borrower Document has then occurred and is continuing;

(g) a Favorable Opinion of Bond Counsel with respect to the Outstanding Tax-Exempt Bonds and, if issued as Tax-Exempt Bonds, the Additional Bonds;

(h) the items required by Section 2.13 of this Indenture;

(i) an endorsement of the Title Policy, which endorsement includes any additional real property made subject to the Mortgages and increases the face amount of the policy to an amount equal to the principal amount of the Outstanding Bonds and the Additional Bonds; and

(j) such other documents as the Trustee may require to evidence compliance with any of the Bond Documents.

Section 2.15. Parity Indebtedness. The Issuer and Trustee acknowledge that pursuant to Section 6.13 of the Loan Agreement, under certain circumstances the Borrower is permitted to incur Parity Indebtedness that is secured by a lien on and security interests in all or any portion of the Project or the Project Revenues, secured on an equal and ratable basis with the then Outstanding Bonds under the Mortgages.

Section 2.16. Subordination of Series 2012B Bonds. The Series 2012A Bonds shall be secured by the assignment of and payments made in respect of the Series 2012 Notes and further secured by the First Mortgage on a senior lien basis prior in all respects to the payment of the Series 2012B Bonds. The Series 2012B Bonds shall be secured by the assignment of and payments made in respect of the Series 2012 Notes and further secured by the Second Mortgage but on a subordinated junior lien basis in all respects to the payment of the Series 2012A Bonds.

ARTICLE III. REDEMPTION OR PURCHASE OF SERIES 2012 BONDS

Section 3.01. Mandatory Redemption of Series 2012 Bonds. Series 2012 Bonds shall be called for redemption as provided in Section 3.03 herein (a) in whole or in part in the event the Project or any portion thereof is damaged or destroyed or taken in a condemnation proceeding and Net Proceeds resulting therefrom are to be applied to the payment of the Series 2012 Notes as provided in Section 5.3 of the Loan Agreement, which Net Proceeds are to be used to redeem Series 2012 Bonds at the election of the Borrower made pursuant to Section 5.3 of the Loan Agreement, (b) in whole in the event the Borrower exercises its option to terminate the Loan Agreement pursuant to Article VIII thereof (and cause all of the Bonds to be redeemed as provided in Article III hereof), (c) in whole or in part from proceeds of the Title Policy pursuant to Section 3.9 of the Loan Agreement or pursuant to Section 6.18 of the Loan Agreement, (d) in part in the event of excess amounts remaining in the Project Fund upon completion of the Project as provided in Section 5.03(e) hereof, or (e) in whole in the event the Borrower is required to prepay the Loan following a "Default" under the Loan Agreement.

If called for redemption at any time pursuant to (a) through (e) above, the Series 2012 Bonds to be redeemed shall be subject to redemption by the Issuer prior to maturity, in whole at any time or (in the case of redemption pursuant to clause (a), (c) or (d) above) in part at any time (less than all of such Series 2012 Bonds to be selected in accordance with the provisions of Section 3.05 hereof) at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date; such redemption date, to be a date determined by the Borrower and in the case of redemption pursuant to (e) above, to be the earliest practicable date, as determined by the Trustee, following acceleration of amounts due under the Loan Agreement.

Notwithstanding anything to the contrary herein, no Subordinate Bond, or any portion thereof, may be redeemed pursuant to this Section if any Senior Bond is then Outstanding.

Section 3.02. Optional Redemption of Series 2012 Bonds. (a) The Series 2012A Bonds are subject to optional redemption by the Issuer, at the direction of the Borrower, on or after _____ 1, _____, in whole or in part at any time, at the redemption prices as a percentage of par amount set forth below, plus accrued interest to the redemption date; provided, however, no Series 2012B Bonds, or any portion thereof, shall be redeemed pursuant to optional redemption if any Senior Bonds remain Outstanding:

Redemption Period

Redemption Price

(b) The Series 2012B Bonds are subject to optional redemption by the Issuer, at the direction of the Borrower, in whole or in part at any time, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date.

Money used to pay premium, if any, on the Series 2012 Bonds to be redeemed must constitute Available Money. Notwithstanding anything to the contrary herein, no Subordinate

Bond or any portion thereof may be redeemed pursuant to this Section if any Senior Bond is then Outstanding.

Section 3.03. Mandatory Sinking Fund Redemption.

(a) The Series 2012A Bonds maturing _____ 1, _____ are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest on _____ 1 and _____ 1 of each year and in the principal amounts shown below:

<u>Date</u>	<u>Amount (\$)</u>	<u>Date</u>	<u>Amount (\$)</u>
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(b) The Series 2012A Bonds maturing _____ 1, _____ are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest on _____ 1 and _____ 1 of each year and in the principal amounts shown below:

<u>Date</u>	<u>Amount (\$)</u>	<u>Date</u>	<u>Amount (\$)</u>
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(c) The Series 2012A Bonds maturing _____ 1, _____ are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest on _____ 1 and _____ 1 of each year and in the principal amounts shown below:

<u>Date</u>	<u>Amount (\$)</u>
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(d) The Series 2012A Bonds maturing _____ 1, _____ are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest on _____ 1 and _____ 1 of each year and in the principal amounts shown below:

<u>Date</u>	<u>Amount (\$)</u>
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(e) The Series 2012B Bonds maturing on _____ 1, _____ are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest on _____ 1 and _____ 1 of each year and in the principal amounts shown below:

<u>Date</u>	<u>Amount (\$)</u>	<u>Date</u>	<u>Amount (\$)</u>
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The amount of Series 2012 Bonds required to be redeemed by mandatory sinking fund redemption in each year shall be reduced by the amount of any Series 2012 Bonds purchased by the Borrower in the open market, including purchases the Issuer, at the Borrower's request, may direct the Trustee to make from the respective Principal Account that would otherwise be used for mandatory sinking fund redemption (so long as the amounts remaining therein shall be sufficient for any other mandatory sinking fund redemption then required), or delivered to the Trustee for cancellation.

Section 3.04. Special Redemption Upon Determination of Taxability. The Series 2012 Bonds shall be subject to redemption in whole, upon the earliest date upon which notice may be given as provided in Section 3.06 hereof, upon the occurrence of a Determination of Taxability, at a price equal to 105% of par, plus accrued interest to the redemption date.

Section 3.05. Selection of Bonds to Be Redeemed. Bonds may be redeemed only in Authorized Denominations. If less than all of the Bonds are being redeemed: (a) the principal amount and Series of the Bonds to be redeemed shall be designated by the Authorized Borrower Representative in writing to the Trustee and (b) the particular Bonds of the Series or portions thereof to be redeemed shall be selected by the Trustee by lot or in such manner as the Trustee in its discretion may deem proper. Subject to the requirements of any Clearing Agency, if it is determined that less than all of the principal amount represented by any Bond is to be called for redemption, then, following notice of intention to redeem such principal amount, the Holder thereof shall surrender such Bond to the Trustee on or before the applicable redemption date for (i) payment on the redemption date to such Holder of the redemption price of the amount called for redemption and (ii) delivery to such Holder of a new Bond or Bonds of such Series in the aggregate principal amount of the unredeemed balance of the principal amount of such Bond, which shall be an Authorized Denomination. A new Bond of such Series representing the unredeemed balance of such Bond shall be issued to the Holder thereof, without charge therefor. If the Holder of any Bond or any portion thereof in an integral multiple of the Authorized Denomination selected for redemption shall fail to present such Bond (or portion thereof) to the Trustee for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the amount called for redemption (and to that extent only), and interest shall cease to accrue from the date fixed for redemption.

Notwithstanding the foregoing, except for redemptions pursuant to Section 3.03 hereof, no Subordinate Bond may be redeemed pursuant to this Article if any Senior Bond is then Outstanding.

Section 3.06. Notice of Redemption.

(a) In the event any of the Bonds are called for redemption, the Trustee shall give notice, in the name of the Issuer, of the redemption of such Bonds, which notice shall (i) specify the Bonds to be redeemed, the CUSIP number of the Bonds (if any), the redemption date, the redemption price and the place or places where amounts due upon such redemption will be payable (which shall be the Designated Office of the Trustee) and, if less than all of the Bonds are to be redeemed, the numbers of the Bonds, and the portions of the Bonds, to be so redeemed, and (ii) state that on the redemption date the

Bonds to be redeemed shall cease to bear interest. Such notice may set forth any additional information relating to such redemption, and shall reference the last paragraph of Section 3.09 hereof. Such notice shall be given by Mail to the Holders of the Bonds to be redeemed, at least thirty (30) days but no more than sixty (60) days prior to the date fixed for redemption. Upon presentation and surrender of the Bonds so called for redemption at the place or places of payment, such Bonds shall be redeemed. In the case of an optional redemption, any notice of redemption may state that (1) it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the redemption date or (2) the Issuer retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described in this section. Any such notice of Conditional Redemption shall be captioned "Conditional Notice of Redemption." Any Conditional Redemption may be rescinded at any time prior to the redemption date if the Borrower delivers a written direction to the Trustee directing the Trustee to rescind the redemption notice. The Trustee shall give prompt notice of such rescission to the affected Bondholders. Any Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and neither the rescission nor the failure by the Issuer to make such funds available shall constitute an Event of Default under this Indenture. The Trustee shall give immediate notice to the securities information repositories and the affected Bondholders that the redemption did not occur and that the affected Bonds called for redemption and not so paid remain Outstanding.

(b) If required by law or applicable regulation, notice of redemption shall also be given by the Trustee, by first-class mail, to all organizations registered with the United States Securities and Exchange Commission as securities depositories, and to at least one information service of national recognition which disseminates redemption information with respect to tax-exempt securities.

(c) Failure by the Trustee to give notice pursuant to the preceding paragraph of this Section shall not affect the sufficiency of the proceedings for redemption. Failure of the Trustee to give notice to a Holder or any defect in such notice shall not affect the validity of the proceedings for redemption of the Bonds of any Holder to whom notice shall have been properly given. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Holders receive the notice.

(d) The Trustee may give any other or additional redemption notice as it deems necessary or desirable, but it is not obligated to give or provide any additional notice or information.

(e) Any Bonds which have been duly selected for redemption and which are deemed to be paid in accordance with Section 3.09 and Article VII hereof shall cease to bear interest on the specified redemption date.

Section 3.07. Payment of Redemption Price. For the redemption of any of the Bonds of a Series, the Trustee shall cause to be deposited in the applicable Special Redemption Account of the Bond Fund, whether out of Project Revenues or any other money constituting the Trust Estate, including Net Proceeds of any Insurance Proceeds or Condemnation Awards available for such purpose pursuant to Article VIII of the Loan Agreement, or otherwise, an amount sufficient to pay the principal of, premium, if any, and interest to become due on the date fixed for such redemption. The obligation of the Issuer to cause any such deposit to be made hereunder shall be reduced by the amount of money in such Special Redemption Account available for and used on such redemption date for payment of the principal of, premium, if any, and accrued interest on the Bonds to be redeemed.

Section 3.08. No Partial Redemption After Default. Anything herein to the contrary notwithstanding, if there has occurred and is continuing an Event of Default described in Section 8.01(a) hereof, there shall be no redemption of less than all of the Senior Bonds Outstanding.

Section 3.09. Effect of Notice of Redemption. If notice of redemption has been given in the manner provided in this Article, and money for the redemption is held by the Trustee for that purpose, the Bonds so called for redemption shall become due and payable on the redemption date, and interest thereon shall cease to accrue on such date; and such Bonds shall thereafter no longer be entitled to any security or benefit under this Indenture except to receive payment of the redemption price thereof.

If any Bond called for redemption shall not be so paid on the redemption date upon proper surrender of the Bond for redemption, the redemption price and, to the extent lawful, interest thereon shall, until paid, bear interest from the redemption date at the rate borne by the Bond immediately before the redemption date.

Notwithstanding the foregoing, with respect to optional redemptions only, if the Trustee does not have funds in its possession on the redemption date sufficient to pay the redemption price (including interest accruing to the redemption date) of all of the Bonds to be optionally redeemed for any reason (including, but not limited to, failure to issue any refunding obligations intended for such purpose on or prior to the redemption date), then the purported optional redemption and such notice of redemption shall be void. Such event shall not constitute an Event of Default hereunder.

Section 3.10. Redemption Payments. At the written request by any Holder upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent possible, bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer. In addition, if such check or other transfer of funds includes more than one Series of Bonds being redeemed, such check or other transfer must set forth the dollar amount of each such Series being redeemed.

ARTICLE IV. GENERAL COVENANTS

Section 4.01. Payment of Bonds; Limited Obligations.

(a) The Issuer covenants that it will promptly pay the principal of, premium, if any, and interest on every Bond issued under this Indenture at the place, on the dates and in the manner provided herein and in the Bonds, provided that the principal of, premium, if any, and interest on the Bonds are payable by the Issuer solely from the Trust Estate, and nothing in the Bonds or this Indenture shall be considered as assigning or pledging any other funds or assets of the Issuer other than the Trust Estate.

(b) Each and every covenant made herein by the Issuer is predicated upon the condition that neither the Issuer, the State nor any political subdivision of the State shall in any event be liable for the payment of the principal of, premium, if any, or interest on any of the Bonds or for the performance of any pledge, obligation or agreement undertaken by the Issuer except to the extent that money pledged herein is sufficient therefor.

Section 4.02. Performance of Covenants; Authority; Due Execution. The Issuer covenants that it will faithfully perform or cause to be performed at all times any and all covenants, undertakings, stipulations and provisions to be performed by the Issuer contained in this Indenture and the other Bond Documents, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The Issuer covenants that it is duly authorized under the laws of the State, including particularly the Act, to issue the Bonds, to execute this Indenture and to pledge the amounts hereby pledged in the manner and to the extent herein set forth. The Issuer further covenants that all action on its part for the issuance of the Bonds and the execution and delivery of the Bond Documents have been duly and effectively taken, and that the Bonds in the hands of the Holders thereof are and will be valid and enforceable obligations of the Issuer according to the terms thereof and hereof.

Section 4.03. Instruments of Further Assurance. The Issuer covenants that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, pledging, assigning and confirming to the Trustee all and singular the rights assigned hereby and the amounts pledged hereby to the payment of the principal of, premium, if any, and interest on the Bonds. The Issuer covenants and agrees that, except as herein and in the Mortgages provided, neither it nor the Borrower will sell, convey, assign, pledge, encumber or otherwise dispose of any part of the Trust Estate.

Section 4.04. Recording and Filing; Further Instruments.

(a) The Trustee shall cooperate with the Issuer and the Borrower so that, at the request of the Issuer or the Borrower, the Issuer or the Borrower shall cause to be recorded or filed, at the Borrower's expense, all necessary financing statements, including continuation statements, related to this Indenture, the Land Use Restriction Agreement, and the Mortgages and all supplements hereto and thereto, and such other

documents as may be necessary to be kept and filed in such manner and in such places as may be required by law in order to perfect, preserve and protect fully the security of the Holders and the rights of the Trustee hereunder. The Borrower shall provide evidence to the Trustee that all necessary filings required by this paragraph have been made.

(b) The Issuer shall (or shall cause the Borrower to), upon the reasonable request of the Trustee and at the sole expense of the Borrower, from time to time execute and deliver such further instruments and take such further action as may be reasonable and as may be required to effectuate the purposes of this Indenture or any provision hereof; provided, however, that no such instruments or actions shall pledge the general credit, the full faith or the taxing power of the Issuer, the State or any political subdivision thereof.

Section 4.05. Tax Covenants. The Issuer shall not use or permit the use of any proceeds of Bonds or any other funds of the Issuer, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of the Project Revenues in any manner, and shall not take or permit to be taken any other action or actions, which would cause any Tax-Exempt Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code, or which would otherwise affect, the exclusion of interest on the Tax-Exempt Bonds from gross income of the recipients thereof for federal income tax purposes.

The Issuer shall at all times do and perform all acts and things permitted by law and necessary or desirable to assure that interest paid by the Issuer on the Tax-Exempt Bonds shall, for federal income tax purposes, be excluded from the gross income of the recipients thereof. In furtherance of this covenant, the Issuer, the Trustee and the Borrower shall execute, deliver and perform its obligations under the Tax Agreement, the Rebate Agreement, which is by this reference incorporated herein and made a part hereof as if set forth herein in full, and by its acceptance of this Indenture, the Trustee acknowledges receipt of the Rebate Agreement and acknowledges its incorporation herein by reference.

Notwithstanding any provision of this Indenture, the Land Use Restriction Agreement or the Loan Agreement to the contrary, unless otherwise specifically agreed in the Rebate Agreement or in a separate written agreement, the Trustee shall not be liable or responsible for any calculation or determination which may be required in connection with, or for the purpose of complying with, Section 148 of the Code, or any successor statute or any regulation, ruling or other judicial or administrative interpretation thereof, including, without limitation, the calculation of amounts required to be paid to the United States of America or the determination of the maximum amount which may be invested in nonpurpose obligations having a yield higher than the yield on the Bonds, and the Trustee shall not be liable or responsible for monitoring the compliance by the Borrower or the Issuer with any of the requirements of Section 148 of the Code or any applicable regulation, ruling or other judicial or administrative interpretation thereof except as specifically provided in the Rebate Agreement.

Section 4.06. No Disposition of Trust Estate, Project or Project Revenues. Except as permitted by this Indenture (including specifically in connection with the discharge of the lien of this Indenture in accordance with Article VII hereof), the Issuer shall not sell, lease, pledge,

assign or otherwise encumber or dispose of its interest in the Trust Estate. Except as described in the Loan Agreement, the Land Use Restriction Agreement and the Mortgages, the Issuer will not, and will not permit the Borrower to, sell, lease, pledge, assign or otherwise encumber or dispose of the Project or Project Revenues.

Section 4.07. Access to Books. All books and documents in the possession of the Issuer or the Trustee relating to the Project, the Project Revenues and the Trust Estate shall at all reasonable times be open to inspection by the Trustee, the Issuer, the Borrower, the Underwriter and the Holders of at least \$100,000 of the Bonds.

Section 4.08. Trustee To Retain Information. So long as any of the Bonds shall be outstanding, the Trustee shall retain all certificates, requisitions, financial statements and other written information furnished to it by or on behalf of the Borrower or any other person under the Loan Agreement and any other agreement or instrument pertaining to the Bonds and shall make such documentation available to the Issuer, the Borrower, the Underwriter, or any Holder for review after reasonable written notice during regular business hours at the Designated Office of the Trustee. The Trustee shall permit such reviewers to take copies of all or any part of such documentation, subject to their payment of such copying and handling charges as the Trustee may impose.

**ARTICLE V. DEPOSIT OF BOND PROCEEDS;
FUNDS AND ACCOUNTS; REVENUES**

Section 5.01. Creation of Funds and Accounts. There are hereby created by the Issuer and ordered established the following Funds and Accounts to be held by the Trustee:

- (a) A Bond Fund and therein a Principal Account, an Interest Account and a Special Redemption Account with respect to each Series of Bonds;
- (b) The Debt Service Reserve Fund and therein a Debt Service Reserve Account with respect to each series of Bonds for which the Debt Service Reserve Requirement is not zero;
- (c) A Project Fund and therein a Bond Proceeds Account, a Costs of Issuance Account, a Capitalized Interest Account, with Series 2012A and Series 2012B Subaccounts, and an Equity Account;
- (d) A Revenue Fund;
- (e) A Rebate Fund;
- (f) An Operating Fund;
- (g) An Operations and Maintenance Reserve Fund;
- (h) An Insurance and Tax Escrow Fund;
- (i) A Repair and Replacement Fund;
- (j) A Surplus Fund; and
- (k) An Administration Fund.

Section 5.02. Deposit of Proceeds. (a) Upon initial execution and delivery of the Series 2012 Bonds, the proceeds of the Series 2012 Bonds shall be deposited as follows:

- (i) \$_____ of the proceeds of the Series 2012A Bonds shall be deposited into the Bond Proceeds Account of the Project Fund, \$_____ shall be deposited within the Costs of Issuance Account therein and \$_____ deposited within the Series 2012A Subaccount of the Capitalized Interest Account therein;
- (ii) \$_____ received from the sale of the Series 2012A Bonds shall be deposited in the Debt Service Reserve Account for the Series 2012A Bonds; and
- (iii) \$_____ received from the sale of the Series 2012B Bonds shall be deposited into the Bond Proceeds Account of the Project Fund, \$_____ shall be deposited within the Costs of Issuance Account, \$_____ shall be deposited into the Debt Service Reserve Account for the Subordinated Bonds and \$_____ shall be

deposited within the Series 2012B Subaccount of the Capitalized Interest Account therein.

(b) On or prior to the delivery of the Series 2012 Bonds, \$_____ of the amount derived from the Borrower as the initial equity contribution shall be deposited into the Equity Account in the Project Fund, \$_____ of such amount shall be deposited in the Operations and Maintenance Reserve Fund and \$_____ of such amount shall be deposited into the Costs of Issuance Account.

Section 5.03. Disbursements From the Project Fund.

(a) The Trustee shall disburse money in the Costs of Issuance Account in the Project Fund to pay the Costs of Issuance upon receipt of a written requisition of the Borrower to the Trustee which states (i) that such amount is to be paid to persons, firms or corporations identified therein, and (ii) that such amount is properly payable as a Cost of Issuance hereunder. On the date six months after the Closing Date, the Trustee shall pay any remaining balance in the Costs of Issuance Account to the Bond Proceeds Account of the Project Fund without any further notice, requisition or direction from the Issuer or Borrower, and such account shall be closed.

(b) The Trustee shall disburse money in the Series 2012A Subaccount of the Capitalized Interest Account of the Project Fund to pay interest due on the Series 2012A Bonds on and through _____, and shall disburse money in the Series 2012B Subaccount of the Capitalized Interest Account of the Project Fund to pay interest due on the Series 2012B Bonds on and through _____, in each case without a requisition or direction. Any amounts remaining in the Capitalized Interest Account after such respective dates shall be released into the Project Fund, and the Capitalized Interest Account shall be closed.

(c) On and after the Closing Date, amounts on deposit in the Project Fund shall be applied to payment of the costs of acquiring and constructing the Project by disbursement thereof in accordance with one or more requisitions of the Borrower to the Trustee in the form set forth as Exhibit B to the Loan Agreement.

(d) Net Proceeds of any Insurance Proceeds or Condemnation Awards deposited in the Project Fund pursuant to Section 5.4 of the Loan Agreement shall be applied as provided in Section 5.3 and 5.4 of the Loan Agreement.

(e) Any amounts remaining in the Project Fund (other than the Equity Account) on the date of receipt by the Trustee from a Borrower Representative of a certification that the Project has been completed, accompanied by a lien-free certificate of occupancy for the Project, shall, unless the Issuer and Trustee receive a Favorable Opinion of Bond Counsel otherwise, be transferred to the Special Redemption Account for the Series 2012A Bonds (unless no Series 2012A Bonds remain Outstanding, and then to the Special Redemption Account for the Series 2012B Bonds) and be utilized by the Trustee to redeem Bonds pursuant to Section 3.01(d) of this Indenture, provided, that (i) any amounts in the Capitalized Interest Account of the Project Fund to be used to pay

interest on the Bonds through a date which is up to six months after receipt of such lien-free certificate of occupancy (unless a later date is approved by a Favorable Opinion of Bond Counsel) may continue to be used for such purpose, and (ii) in the event that upon receipt of such lien-free certificate of occupancy the Capitalized Interest Account of the Project Fund has not been funded in an amount sufficient to pay interest on the Bonds through the date which is six months after such receipt (unless a later date is approved by a Favorable Opinion of Bond Counsel), excess amounts in the Project Fund may be transferred at the written direction of the Borrower to the Capitalized Interest Account for such purpose prior to application to the redemption of Bonds as described above. Amounts remaining in the Equity Account upon receipt of a lien-free certificate of occupancy for the Project shall be, upon the request of the Borrower, transferred to the Borrower; provided that the required amounts are on deposit in the Operations and Maintenance Reserve Fund, the Insurance and Tax Escrow Fund, the Repair and Replacement Fund, the Administration Fund and each Debt Service Reserve Account, and otherwise shall be used to make up such shortfalls on a pro-rata basis.

Section 5.04. Revenue Fund.

(a) There shall be deposited in the Revenue Fund (i) all Loan Payments and other amounts paid to the Trustee under the Loan Agreement (other than prepayments required to redeem Bonds pursuant to Sections 3.01 or 3.02 hereof, which shall be deposited in the related Special Redemption Account), (ii) all other amounts required to be so deposited pursuant to the terms hereof or of the Tax Agreement, including investment earnings to the extent provided in Article VI, (iii) any amounts derived from the Loan Agreement or the Mortgages to be applied to payment of amounts intended to be paid from the Revenue Fund, (iv) all Project Revenues, and (v) such other money as are delivered to the Trustee by or on behalf of the Issuer or the Borrower with directions for deposit of such money in the Revenue Fund.

(b) Money on deposit in the Revenue Fund shall be disbursed on the 15th day of each month in the following order of priority:

(1) To the Operating Fund, an amount equal to the Operating Requirement (less any amounts to be paid to the Manager for its Management Fee pursuant to (5) below or a Manager which is an Affiliate of the Borrower for its Management Fee pursuant to (11) below), together with such additional Operating Expenses requested in writing by a Borrower Representative pursuant to and after satisfaction of the conditions specified in Section 4.3 of the Loan Agreement;

(2) To the respective Interest Accounts for the Senior Bonds, the applicable Interest Requirement for such Series of Bonds for the then-current calendar month, together with an amount equal to any unfunded Interest Requirement for any prior month and, at the written direction of a Borrower Representative, to the holder of any Parity Indebtedness an amount, as certified by a Borrower Representative, equal to the interest due on such Parity Indebtedness

in such month, together with an amount, as certified by a Borrower Representative, equal to any unfunded interest for any prior month;

(3) To the respective Principal Accounts for the Senior Bonds, an amount equal to the applicable Principal Requirement for such Series of Bonds for the then-current calendar month, together with an amount equal to any unfunded Principal Requirement from any prior month and, at the written direction of a Borrower Representative, to the holder of any Parity Indebtedness an amount, as certified by a Borrower Representative, equal to the principal due in such month, together with an amount equal to any unfunded principal for any prior month;

(4) To each Debt Service Reserve Account for the Senior Bonds, the amount, if any, required to be paid into the Debt Service Reserve Account for the Senior Bonds pursuant to Section 3.2(b)(ii)(5) of the Loan Agreement to restore the amount on deposit therein to the Debt Service Reserve Requirement applicable thereto;

(5) To any Manager which is not an Affiliate of the Borrower, the Management Fee (other than any Subordinate Management Fee), payable in such month in accordance with the Budget, subject to the provisions of Section 6.22 of the Loan Agreement;

(6) Subject to Section 5.10 hereof, to the Insurance and Tax Escrow Fund, an amount equal to one-twelfth of the amount for the current year for annual premiums for insurance required to be maintained pursuant to the Loan Agreement and for annual real estate taxes, or other charges for governmental services for the current year, as provided in the Budget;

(7) Subject to the provisions of Section 5.11 hereof, to the Repair and Replacement Fund, commencing with the month of _____, an amount equal to the one-twelfth of the Repair and Replacement Reserve Requirement;

(8) Subject to the provisions of Section 5.12 hereof, for transfer to the Administration Fund, an amount equal to one-sixth (1/6) of the Administration Expenses (other than the Rebate Analyst Fee) scheduled to be due and payable on or before the next succeeding Interest Payment Date;

(9) To the Administration Fund, the amount of any Rebate Analyst Fee then due;

(10) To the Rebate Fund, to the extent of any deposit required to be made thereto pursuant to the Tax Agreement;

(11) To any Manager which is an Affiliate of the Borrower, the Management Fee (other than any Subordinate Management Fee) payable in such month in accordance with the Budget; and

(12) To the Surplus Fund, all remaining amounts.

In the event that, for any month, there are insufficient funds in the Revenue Fund to fund any one or more of the uses set forth in clauses (1) through (11) above, the amount not funded in such month due to such insufficiency of Project Revenues shall be added to the amount to be funded in subsequent months under the same clause until such amount has been in fact funded. Failure to deposit sufficient Project Revenues to make the deposits described above shall not, in itself, constitute an Event of Default hereunder.

Section 5.05. Bond Fund.

(a) There shall be deposited into the respective Principal Accounts of the Bond Fund (i) money transferred to such Principal Accounts from the Revenue Fund pursuant to Section 5.04 hereof; (ii) money transferred from the Surplus Fund, the Operations and Maintenance Reserve Fund, the Repair and Replacement Fund, the applicable Debt Service Reserve Fund Accounts and the Operating Fund pursuant to Section 5.05(f) hereof in respect of principal payable on the Bonds, and (iii) any other amounts deposited with the Trustee with directions from the Borrower to deposit the same in the applicable Principal Account of the Bond Fund.

(b) There shall be deposited into the respective Interest Accounts of the Bond Fund (i) all accrued interest, if any, on the sale and delivery of the applicable Series of Bonds, (ii) money transferred to such Interest Account from the Revenue Fund pursuant to Section 5.04 hereof; (iii) money transferred from the Surplus Fund, the Operations and Maintenance Reserve Fund, the Repair and Replacement Fund, the applicable Debt Service Reserve Fund Accounts and the Operating Fund pursuant to Section 5.05(f) hereof in respect of interest payable on the Bonds, and (iv) any other amounts deposited with the Trustee with directions from the Borrower to deposit the same in the applicable Interest Account of the Bond Fund.

(c) There shall be deposited in the applicable Special Redemption Account of the Bond Fund (i) any Net Proceeds of Insurance Proceeds or Condemnation Awards to be transferred to a Special Redemption Account pursuant to Section 5.17 hereof, and (ii) all other payments made by or on behalf of the Issuer with respect to the redemption of Bonds pursuant to Section 3.01 or 3.02 hereof. Amounts on deposit in each Special Redemption Account shall be used to pay the redemption price of Bonds of the related Series being redeemed.

(d) Except as otherwise provided herein, money in each Principal Account shall be used for the payment of principal of the Bonds of the applicable Series as the same shall become due and payable on any Principal Payment Date, including a Principal Payment Date resulting from the redemption of the Bonds pursuant to Section 3.03 hereof.

(e) Except as otherwise provided herein, money in each Interest Account shall be used for the payment of interest on such Bonds as the same becomes due and payable on any Bond Payment Date.

(f) If on any Bond Payment Date, the amount on deposit in an Interest Account or a Principal Account is insufficient to make the payments or deposits described in (a) or (b) above, the Trustee shall make up any such shortfall by transferring amounts from the following Funds in the following order:

- (1) the Surplus Fund;
- (2) the Operations and Maintenance Reserve Fund;
- (3) the Repair and Replacement Fund;
- (4) the applicable Debt Service Reserve Fund Accounts; and
- (5) the Operating Fund;

provided, however, that no such shortfalls related to any Subordinate Bonds shall be made up unless specifically required hereby.

(g) Any balance in the Principal Accounts and the Interest Accounts of the Bond Fund on each Bond Payment Date after making the payments required pursuant to clauses (d) and (e), respectively, above in this Section 5.05 shall be transferred to the Revenue Fund.

Section 5.06. Debt Service Reserve Fund.

(a) There shall be deposited in the applicable Accounts in the Debt Service Reserve Fund (i) all money transferred to such Debt Service Reserve Account pursuant to Section 5.02 hereof, (ii) money transferred from the Revenue Fund pursuant to Section 5.04 hereof, (iii) money transferred from the Surplus Fund pursuant to Section 5.13(b) hereof, and (iv) any other money received by the Trustee with directions from such party to deposit the same in such Debt Service Reserve Account.

(b) Amounts on deposit in the applicable Debt Service Reserve Account for the Senior Bonds shall be used to make the payments required pursuant to Section 5.04(b)(2) and (3) after the transfer of any amounts from the Surplus Fund, the Operations and Maintenance Reserve Fund and the Repair and Replacement Fund pursuant to Section 5.05(f) hereof, if the amounts on deposit in the Revenue Fund are insufficient therefor.

(c) Amounts on deposit in the Debt Service Reserve Account for the Subordinate Bonds shall be used to make payments due on the Subordinate Bonds to the extent transfers pursuant to Section 5.13(b) for such purpose are not made or are insufficient therefor.

(d) Amounts on deposit in a Debt Service Reserve Account shall be transferred to the related Principal Account of the Bond Fund at the direction of the Borrower Representative for the purpose of paying the last maturing principal of the applicable Bonds on a Principal Payment Date or, if all such Bonds are being redeemed, to the applicable Special Redemption Account of the Bond Fund for redemption of such Bonds.

(e) If the Debt Service Reserve Requirement for one or more Series of Bonds is reduced or eliminated in accordance with the definition thereof, the amounts on deposit in the related Debt Service Reserve Account in excess of the applicable Debt Service Reserve Requirement shall, at the written direction of a Borrower Representative delivered to the Trustee, be either (i) transferred to the applicable Special Redemption Account to be used to redeem the corresponding Bonds pursuant to Section 3.02 hereof, (ii) transferred to the related Principal or Interest Account to pay the principal of and/or interest on the corresponding Bonds as it becomes due, or (iii) if no Bonds remain outstanding, used for any other purpose directed in writing by a Borrower Representative, which, in the opinion of a Favorable Opinion of Bond Counsel delivered to the Issuer and the Trustee, complies with the Act and the Code and will not adversely affect the exclusion from gross income of the recipients thereof of the interest on the Outstanding Tax-Exempt Bonds for federal income tax purposes.

(f) All interest income derived from the investment of amounts on deposit in any account of the Debt Service Reserve Fund shall be retained in such account of the Debt Service Reserve Fund until the amount on deposit therein shall be equal to the Debt Service Reserve Fund Requirement, and thereafter shall be deposited into the Revenue Fund.

Section 5.07. Rebate Fund.

(a) The Trustee shall deposit or transfer to the credit of the Rebate Fund each amount delivered to the Trustee by the Borrower for deposit thereto and each amount directed by the Borrower in writing to be transferred thereto.

(b) Within five (5) days after each receipt or transfer of funds to the Rebate Fund in accordance with Section 2.8(b)(i)(2) of the Loan Agreement, the Trustee shall withdraw from the Rebate Fund and pay to the United States of America the balance of the Rebate Fund.

(1) Within five (5) days after receipt from the Borrower of any amount pursuant to Section 2.3(b)(ii) of the Loan Agreement, the Trustee shall withdraw such amount from the Rebate Fund and pay such amount to the United States of America.

(2) All payments to the United States of America pursuant to this Section shall be made by the Trustee for the account and in the name of the Issuer and shall be paid by check posted by registered United States Mail (return receipt requested), addressed to the Internal Revenue Service Center designated in

writing at such time by the Borrower (accompanied by the relevant Internal Revenue Service Form 8038-T or the statement and copy of Internal Revenue Service Form 8038 described in Section 2.8(b)(i)(3) or Section 2.8(b)(ii) of the Loan Agreement, if such payment is described in (b)(i) of this Section, and by the relevant Internal Revenue Service Form 8038-T and written explanation of the Borrower delivered to the Trustee described in Section 2.8(b)(ii) of the Loan Agreement, if such payment is described in (b)(ii) of this Section.

(c) The Trustee shall preserve all statements, forms, and explanations received from the Borrower pursuant to Section 2.8(b) of the Loan Agreement and all records of transactions in the Rebate Fund until three (3) years after the retirement of all of the Bonds.

(d) The Trustee may conclusively rely on the instructions of the Borrower with regard to any actions to be taken by it pursuant to this Section and shall have no liability for any consequences of any failure of the Borrower to perform its duties or obligations or to supply accurate or sufficient instructions. Except as provided in subsections (b) and (c) above, the Trustee shall have no duty or responsibility with respect to the Rebate Fund or the Borrower's duties and responsibilities with respect thereto except to follow the Borrower's specific written instruction related thereto.

(e) If at any time during the term of this Indenture the Issuer, the Trustee, or the Borrower desires to take any action which would otherwise be prohibited by the terms of this Section, such Person shall be permitted to take such action if it shall first obtain and provide to the other Persons named herein an opinion of Bond Counsel to the effect that such action shall not adversely affect the exclusion of interest on the Tax-Exempt Bonds from gross income of the holders thereof for federal income tax purposes and shall be in compliance with the laws of the State and the terms of the Code.

Section 5.08. Operating Fund. The Trustee shall deposit in the Operating Fund (i) money transferred from the Revenue Fund in the amounts and on the dates described in Section 5.04 hereof, (ii) any transfers from the Operating Account received by the Trustee for deposit in the Operating Fund and (iii) any other amounts required to be deposited into the Operating Fund hereunder or under the Loan Agreement and delivered to the Trustee with instructions to deposit the same therein. Except when an Event of Default under Section 8.01(a) or 8.01(b) of this Indenture or a Default under the Loan Agreement has occurred and is continuing, the Trustee shall transfer amounts deposited in the Operating Fund to the Operating Account promptly following such deposits. If an Event of Default under this Indenture has occurred and is continuing, the Trustee may, in its sole discretion, and shall, if so directed by the Controlling Holders in accordance with Section 8.05 hereof, not make such transfers to the Operating Account, in which case (i) the Borrower will not be entitled to request withdrawals from funds on deposit in the Operating Fund, and (ii) the Trustee may determine to pay Operating Expenses of the Project directly, at the direction of the Controlling Holders, without receipt of direction from a Borrower Representative, and in such event is to rely on the annual Budget prepared by the Borrower in connection with the Project.

Section 5.09. Operations and Maintenance Reserve Fund.

(a) The Trustee shall deposit in the Operations and Maintenance Reserve Fund (i) money transferred from the Surplus Fund in the amounts and on the dates described in Section 5.13 hereof and (ii) any other amounts required to be deposited into the Operations and Maintenance Reserve Fund hereunder or under the Loan Agreement and delivered to the Trustee with instructions to deposit the same therein.

(b) Amounts on deposit in the Operations and Maintenance Reserve Fund shall be used to pay (i) maintenance and repair costs to the Project which are not capital expenditures payable from the Repair and Replacement Fund, (ii) Operating Expenses in excess of amounts specified in the Budget, (iii) certain costs of repair and replacement in accordance with Section 5.11(b) hereof and (iv) shortfalls in the Interest Accounts and Principal Accounts of the Bond Fund related to the Senior Bonds in accordance with Section 5.05(f) hereof. The Trustee shall disburse money in the Operations and Maintenance Reserve Fund to the Operating Account to pay such maintenance and repair costs and Operating Expenses upon receipt of a written direction of the Borrower Representative in the form attached hereto as Exhibit C, which states the purpose for such disbursement and the persons to which such amounts are to be paid. All interest income derived from the investment of amounts on deposit in the Operations and Maintenance Reserve Fund shall be retained in the Operations and Maintenance Reserve Fund until the amount on deposit therein shall be equal to the Operations and Maintenance Reserve Requirement, and amounts in excess of the Operations and Maintenance Reserve Requirement shall be deposited into the Revenue Fund. If an Event of Default under this Indenture has occurred and is continuing, the Trustee may, in its sole discretion, and shall, if so directed by the Controlling Holders in accordance with Section 8.05 hereof, make such transfers from the Operations and Maintenance Reserve Fund as directed by the Controlling Holders instead of the Borrower Representative.

Section 5.10. Insurance and Tax Escrow Fund.

(a) The Trustee shall deposit in the Insurance and Tax Escrow Fund (i) money transferred from the Revenue Fund in the amounts and on the dates described in Section 5.04 hereof and (ii) any other amounts required to be deposited into the Insurance and Tax Escrow Fund hereunder or under the Loan Agreement or the Mortgages and delivered to the Trustee with instructions to deposit the same therein. Money on deposit in the Insurance and Tax Escrow Fund shall be disbursed by the Trustee to the Borrower to pay, or as reimbursement for the payment of, taxes, assessments and insurance premiums with respect to the Project, as hereinafter provided. On an annual basis, excess amounts may be disbursed to the Revenue Fund if actual costs are below budgeted amounts upon the written direction of the Borrower.

(b) Upon presentation to the Trustee by a Borrower Representative of a requisition in the form attached hereto as Exhibit D accompanied by copies of bills or statements for the payment of such taxes, assessments, and insurance premiums, when due, the Trustee will, not more frequently than once a month, pay to the Borrower to

provide for the payment of, or as reimbursement for the payment of, such taxes, assessments, and insurance premiums, from money then on deposit in the Insurance and Tax Escrow Fund. Upon the occurrence and continuance of an Event of Default hereunder or if so requested by the Borrower, the Trustee shall make such payments from the Insurance and Tax Escrow Fund to the designated payee and not to the Borrower. If the total amount on deposit in the Insurance and Tax Escrow Fund shall not be sufficient to pay to or to pay or reimburse the Borrower in full for the payment of such taxes, assessments, and insurance premiums, then the Borrower shall pay the excess amount of such taxes, assessments, and insurance premiums directly.

Section 5.11. Repair and Replacement Fund.

(a) The Trustee shall deposit into the Repair and Replacement Fund (i) money transferred from the Revenue Fund in the amounts and on the dates described in Section 5.04 hereof and (ii) any other amounts required to be deposited into the Repair and Replacement Fund hereunder or under the Loan Agreement or the Mortgages and delivered to the Trustee with instructions to deposit the same therein. The Trustee shall apply money on deposit in the Repair and Replacement Fund upon request of a Borrower Representative, but no more frequently than once a month, to pay to or to reimburse the Borrower for paying the cost of replacements or items of extraordinary maintenance or repair which may be required to keep the Project in sound condition, including but not limited to, replacement of appliances, major floor covering replacement, replacement or repair of any roof or other structural component of the Project, maintenance (including painting) to exterior surfaces and major repairs to or replacements of heating, air conditioning, plumbing and electrical systems, landscaping, storm water drainage, repairs to common area amenities and any other extraordinary costs required for the repair or replacement of the Project not properly payable from the Revenue Fund or the Operations and Maintenance Reserve Fund but in any case only if there are no funds available in the Project Fund for such purpose.

(b) Upon presentation to the Trustee by a Borrower Representative of a requisition in the form attached hereto as Exhibit E accompanied by a summary of the amount for which payment or reimbursement is sought and, for requests for a particular line item of disbursement in excess of \$25,000, copies of bills or statements for the payment of the costs of such repair and replacement (provided that the Trustee shall have no duty or obligation to review or approve such bills or statements), the Trustee will pay to the Borrower (or, upon the occurrence and continuance of an Event of Default hereunder, to the designated payee) the amount of such repair and replacement costs from money then on deposit in the Repair and Replacement Fund, provided no Event of Default shall then exist hereunder. If the total amount on deposit in the Repair and Replacement Fund shall not be sufficient to pay all of such repair and replacement costs when they shall become due, then funds in the Operations and Maintenance Reserve Fund may be disbursed until exhausted, and then the Borrower shall pay the excess amount of such costs directly (which Borrower monies may be reimbursed from monies available in the Repair and Replacement Fund at a later date when they become available).

(c) The Repair and Replacement Fund will also be used to remedy any deficiency in the Bond Fund related to the Senior Bonds on any Interest Payment Date after exhaustion of the Surplus Fund and the Operations and Maintenance Reserve Fund, without any prior consents as provided in Section 5.05(f) hereto.

Section 5.12. Administration Fund. The Trustee shall deposit in the Administration Fund (i) money transferred from the Revenue Fund pursuant to Section 5.04 hereof, and (ii) any other amounts required to be deposited in the Administration Fund hereunder or under the Loan Agreement or the Mortgages with instructions to deposit the same therein. The Trustee shall disburse amounts in the Administration Fund necessary for payment of Administration Expenses then due automatically to the parties due such payment upon presentation of an invoice for payment from such requesting party without any approval of the Borrower.

Section 5.13. Surplus Fund.

(a) The Trustee shall deposit, into the Surplus Fund, amounts provided in Section 5.04(b)(11) hereof and any other amounts delivered to it with instructions to deposit the same in the Surplus Fund. Money in the Surplus Fund shall be applied each month, when needed, for the following purposes and in the following manner:

(i) transferred to an Interest Account for the Senior Bonds to pay interest due on a Series of Senior Bonds to the extent amounts on deposit in such Interest Account are insufficient therefor;

(ii) transferred to a Principal Account for the Senior Bonds to pay principal due on a Series of Senior Bonds to the extent amounts on deposit in such Principal Account are insufficient therefor;

(iii) transferred to the Revenue Fund to the extent of any deficiency in the amounts needed to fully make all transfers from the Revenue Fund pursuant to Section 5.04 hereof (other than to the Surplus Fund);

(iv) transferred to or upon the direction of the Borrower Representative for deposit into the Operating Account for the payment of Operating Expenses when the Borrower certifies to the Trustee that there are not sufficient moneys in the Operating Fund or Operating Account to pay Operating Expenses;

(v) paid to the Trustee an amount equal to any unpaid Extraordinary Trustee's Fees and Expenses then due;

(vi) transferred to the Operations and Maintenance Reserve Fund an amount sufficient to establish in such Fund or restore such Fund to the Operations and Maintenance Reserve Requirement; and

(vii) paid to the Manager, any Subordinate Management Fee then owing.

(b) If on or after any Annual Evaluation Date, (i) the Trustee receives a certificate signed by a Borrower Representative stating that the Borrower has satisfied the Coverage Test (determined by including the Management Fee and the Subordinate Management Fee in Operating Expenses actually paid and as shown in a report by a Certified Public Accountant delivered by the Borrower to the Trustee pursuant to Section 6.9(a) of the Loan Agreement) for the Fiscal Year ending on such December 31, upon which the Trustee may conclusively rely, (ii) no Event of Default, or event which with the passage of time or the giving of notice or both would constitute an Event of Default, has occurred and is continuing, (iii) the Debt Service Reserve Requirement with respect to the Senior Bonds and the required Repair and Replacement Fund, Rebate Fund and Operations and Maintenance Reserve Fund deposits have been fully funded and (iv) Days' Cash on Hand exceeds the Liquidity Requirement, then the Trustee shall transfer from the Surplus Fund (1) to the Interest Account for the Subordinate Bonds, the applicable Interest Requirement for such Series of Bonds due and owing on the next succeeding Interest Payment Date, together with an amount equal to any unfunded Interest Requirement for any prior period and to the holder of any Subordinate Parity Indebtedness an amount equal to the interest due on the next succeeding interest payment date, together with an amount equal to any unfunded interest for any prior period; and (2) to the Principal Account for the Subordinate Bonds, an amount equal to the applicable Principal Requirement for such Series of Bonds due and owing on the next succeeding Bond Payment Date, together with an amount equal to any unfunded Principal Requirement from any prior period and to the holder of any Subordinate Parity Indebtedness an amount equal to the principal due on the next principal payment date with respect thereto, together with an amount equal to any unfunded principal for any prior period. The Trustee shall thereafter transfer such amount, if any, as shall be necessary to restore the amount on deposit in the Debt Service Reserve Account with respect to the Subordinate Bonds to the Debt Service Reserve Requirement applicable thereto. After the foregoing payments have been made, within two Business Days after written request by a Borrower Representative to the Trustee, the Trustee shall disburse from the Surplus Fund to the Borrower an amount equal to the lesser of (i) the Surplus Cash as of such Annual Evaluation Date or (ii) the Surplus Cash available on the date of disbursement. Such amounts shall be utilized by the Borrower to, among other things, pay amounts owing under the Pledge Agreement to be paid from the net income of the Project.

(c) Notwithstanding anything to the contrary herein, the Trustee shall not make disbursements to the Borrower pursuant to Section 5.13(b) hereof unless the Trustee has received the financial reports and certificates then due as set forth in Section 6.9 of the Loan Agreement.

Section 5.14. Bonds Not Presented for Payment. In the event any Bonds shall not be presented for payment when the principal thereof becomes due on any Bond Payment Date, if money sufficient to pay such Bonds are held by the Trustee, the Trustee shall segregate and hold such money in trust, without liability for interest thereon, for the benefit of Holders of such Bonds who shall, except as provided in the following paragraph, thereafter be restricted

exclusively to such funds for the satisfaction of any claim of whatever nature on their part under this Indenture or relating to said Bonds.

All money deposited with the Trustee for the payment of principal of, premium, if any, or interest on the Bonds and not claimed for the earlier of (a) two years after they become payable or distributable or (b) one day less than the applicable escheat laws shall be paid by the Trustee to the Issuer. In such event, the Trustee and the Borrower shall be relieved of all liability with respect to such money and payment for such Bonds and the Holder of such Bonds shall look solely to the Issuer for such payment.

Section 5.15. Money Held in Trust. All money required to be deposited with or paid to the Trustee for deposit into any Fund or Account (other than the Rebate Fund) and all money withdrawn from the Series accounts in the Bond Fund and held by the Trustee shall be held by the Trustee, in trust, and such money (other than money held pursuant to Section 5.07 hereof) shall, while so held, constitute part of the Trust Estate and be subject to the lien hereof. Money held in the Series accounts in the Bond Fund shall constitute a separate trust fund for the Holders of the related Series and shall not constitute property of the Issuer or the Borrower.

Section 5.16. Payment to the Borrower. After the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Issuer to the Holders shall have ceased, terminated and become void and shall have been satisfied and discharged in accordance with Article VII hereof, and all fees, expenses and other amounts payable to the Trustee pursuant to any provision hereof shall have been paid in full, any money remaining in the Funds and Accounts hereunder shall be paid or transferred to the Borrower upon the written request of a Borrower Representative; provided that amounts on deposit in the Rebate Fund shall be retained therein to the extent required by Section 5.07.

Section 5.17. Deposit of Extraordinary Revenues.

(a) Any money representing Net Proceeds of Insurance Proceeds or Condemnation Awards upon damage to, destruction of or governmental taking of the Project and deposited with the Trustee pursuant to the Loan Agreement shall be deposited by the Trustee in the Project Fund.

(b) At the written direction of the Borrower, the Trustee shall disburse such money in the Project Fund as provided in Section 5.3 and 5.4 of the Loan Agreement to enable the Borrower to undertake a restoration of the Project if such restoration is permitted by law; provided that, if the Borrower exercises or is deemed to exercise its option to apply such money to the payment of the Notes or the conditions of Sections 5.3 and 5.4 of the Loan Agreement are not satisfied, or an excess of such money exists after restoration of the Project, such money shall be transferred by the Trustee to the Special Redemption Account of the related Bond Fund and applied to redeem or prepay the Bonds pursuant to Article III hereof, in a principal amount equal to the amount so transferred or the next lowest Authorized Denomination of the Bonds.

(c) Title Policy proceeds shall be used to remedy any title defect resulting in the payment thereof or deposited in the Bond Fund for use in redeeming Bonds pursuant to Article III hereof.

(d) The proceeds of any rental loss, use and occupancy or business interruption insurance shall be deposited in the Revenue Fund.

Section 5.18. Subordination of Subordinate Bonds. For all purposes of this Article V and other articles, deposits to be made to the Accounts in the Bond Fund for the Subordinate Bonds hereunder, and payment of Debt Service on the Subordinate Bonds, shall be subordinate to the deposits to be made to the Accounts in the Bond Fund and the Debt Service Reserve Fund for the Senior Bonds hereunder. The Accounts in the Bond Fund and the Debt Service Reserve Fund for any Series of Senior Bonds have been specifically pledged and set aside to secure or provide for the payment of principal of premium, if any, and interest on such Series of Senior Bonds.

ARTICLE VI. INVESTMENTS

Money in all Funds and Accounts established hereunder shall, at the written direction of the Borrower Representative at least two Business Days before the making of such investment (any oral direction to be promptly confirmed in writing), be invested and reinvested by the Trustee in Investment Securities. Subject to the further provisions of this Article, such investments shall be made by the Trustee as directed and designated by the Borrower Representative in a certificate of, or telephonic advice promptly confirmed by a certificate of a Borrower Representative. As long as no Event of Default shall have occurred and be continuing, the Borrower shall have the right to designate the investments to be sold and otherwise to direct the Trustee in the sale or conversion to cash of the investments made with the money in any Fund or Account. The Borrower will not direct that any investment be made of any funds which would violate the covenants set forth in Section 4.05 hereof. Unless otherwise confirmed in writing, an account statement delivered by the Trustee to the Borrower shall be deemed written confirmation by the Borrower that the investment transactions identified therein accurately reflect the investment directions given to the Trustee by the Borrower, unless the Borrower Representative notifies the Trustee in writing to the contrary within 30 days after the date of such statement.

Money in any Fund or Account shall be invested in Investment Securities with respect to which payments of principal thereof, premium, if any, and interest thereon are scheduled to be paid or are otherwise payable (including Investment Securities payable at the option of the holder) not later than the earlier of (a) the date on which it is estimated that such money will be required by the Trustee, or (b) six (6) months after the date of acquisition thereof by the Trustee.

The Trustee may make any and all such investments through its own banking department or the banking department of any affiliate. All income attributable to money deposited in any Fund or Account created hereunder shall be credited to the Revenue Fund, except that income on money (a) in the Project Fund shall be credited to the Project Fund, (b) in the Rebate Fund shall be credited to the Rebate Fund, (c) in the Debt Service Reserve Fund shall be credited to the Debt Service Reserve Fund to the extent provided in Section 5.06(e) hereof and (d) in the Operations and Maintenance Reserve Fund shall be credited to the Operations and Maintenance Reserve Fund to the extent provided in Section 5.09 hereof. Any net loss realized and resulting from any such investment shall be charged to the particular fund or account for whose account such investment was made. The Trustee is authorized and directed to sell and reduce to cash funds a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make any withdrawal therefrom as required under this Indenture. The Trustee shall not be liable for any depreciation of the value of any investment made pursuant to this Article VI or for any loss resulting from any such investment on the redemption, sale and maturity thereof.

Investment Securities held in the Debt Service Reserve Fund shall be valued at cost on each Interest Payment Date.

The Trustee shall at all times maintain accurate records of deposits into each Fund and Account and the sources of such deposits and such records shall be made available to the Borrower upon reasonable written request.

Notwithstanding anything in this Indenture or the Bond Documents, and subject in all events to the requirements of the Tax Agreement, the amount of Series 2012A and Series 2012B Bond proceeds placed in the Operations and Maintenance Reserve Fund may only be invested as permitted by this Indenture at the written direction of the Borrower Representative to produce a yield which is not greater than the yield on the Series 2012A Bonds and Series 2012B Bonds or such investments shall consist solely of tax-exempt bonds within the meaning of Section 148(b)(3) of the Code.

ARTICLE VII. DEFEASANCE

If the Issuer shall pay or cause to be paid to the Holder of any Bond the principal of, premium, if any, and interest due and payable, and thereafter to become due and payable, upon such Bond, or any portion of such Bond in any Authorized Denomination thereof, such Bond or portion thereof shall cease to be entitled to any lien, benefit or security under this Indenture. If the Issuer shall pay or cause to be paid the principal of, premium, if any, and interest due and payable on all Outstanding Bonds, and thereafter to become due and payable thereon, and shall pay or cause to be paid all other sums payable hereunder by the Issuer, including all fees, compensation and expenses of the Trustee and receipt by the Trustee of an opinion of Counsel that all conditions precedent have been complied with, then the right, title and interest of the Trustee in and to the Trust Estate shall thereupon cease, terminate and become void and the Trustee shall release or cause to be released the Trust Estate, the Mortgages and any other documents securing the Bonds or execute such documents so as to permit the Trust Estate, the Mortgages and such other documents to be released.

Any Bond shall be deemed to be paid within the meaning of this Article and for all purposes of this Indenture when (a) payment of the principal of and premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein) either (i) shall have been made or caused to be made in accordance with the terms thereof or (ii) shall have been provided for by any irrevocable deposit with the Trustee in trust and irrevocably set aside exclusively for such payment, (1) funds sufficient to make such payment and/or (2) Government Obligations maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient money to make such payment, and (b) all fees, compensation and expenses of the Trustee pertaining to the Bonds with respect to which such deposit is made accrued and to accrue until final payment of the Bonds, whether at maturity or upon redemption, shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, such Bond shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of any such payment from such funds or Government Obligations.

Notwithstanding the foregoing paragraph, no deposit under clause (a)(ii) of the immediately preceding paragraph shall be deemed a payment of such Bond as aforesaid until the Issuer or the Borrower, on behalf of the Issuer, shall have given the Trustee, in form satisfactory to the Trustee, irrevocable written instructions to notify, as soon as practicable, the Holders in accordance with Section 3.06 hereof, that the deposit required by (a)(ii) above has been made with the Trustee and that said Bond is deemed to have been paid in accordance with this Article VII and stating the maturity or redemption date upon which money is to be available for the payment of the redemption price of said Bond, plus interest thereon to the due date thereof; or (b) the maturity of such Bond. In addition to the foregoing, no deposit described in clause (a)(ii) of the immediately preceding paragraph shall be deemed a payment of said Bond until the Borrower has delivered to the Trustee (i) a report of an Independent Certified Public Accountant verifying the sufficiency of the amounts, if any, described in (a)(ii) above to insure payment of such Bond, and (ii) a Favorable Opinion of Bond Counsel addressed to the Issuer and the Trustee to the

effect that such deposit will not adversely affect the exclusion of interest on the Tax-Exempt Bonds from the gross income of the recipients thereof for federal income tax purposes.

ARTICLE VIII. DEFAULTS AND REMEDIES

Section 8.01. Events of Default. Each of the following events shall constitute an "Event of Default" hereunder with respect to the Bonds:

(a) While any Senior Bonds are Outstanding:

(i) a failure to pay the principal of or premium, if any, on any of the Senior Bonds when the same shall become due and payable at maturity or upon redemption; or

(ii) a failure to pay an installment of interest on any of the Senior Bonds when the same shall become due and payable.

(b) If no Senior Bonds are Outstanding:

(i) a failure to pay the principal of or premium, if any, on any of the Subordinate Bonds when the same shall become due and payable at maturity or upon redemption; or

(ii) a failure to pay an installment of interest on any of the Subordinate Bonds when the same shall become due and payable;

(c) a failure by the Issuer to observe and perform any other covenant, condition, agreement or provision (other than as specified in subparagraphs (a) and (b) of this Section) contained in the Bonds or in this Indenture on the part of the Issuer to be observed or performed with respect to the Bonds, which failure shall continue for a period of thirty (30) days after written notice is provided by the Trustee specifying such failure and requesting that it be remedied, shall have been given to the Issuer by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Controlling Holders, unless the Trustee, or the Trustee and Holders which requested such notice, as the case may be, shall agree in writing to an extension of such period prior to its expiration; provided, however, that the Trustee, or the Trustee and the Holders of such Bonds, as the case may be, shall be deemed to have agreed to an extension of such period if corrective action is initiated by the Issuer within such period and is being diligently pursued; provided, further that in no event shall such period be extended for more than 180 days after the date of giving of notice of such failure without the consent of the Controlling Holders; or

(d) the occurrence of a "Default" under the Loan Agreement or an "Event of Default" under the Mortgages.

(e) Notwithstanding any other provision, a failure to pay principal, interest or any other Event of Default on the Subordinate Bonds while Senior Bonds are Outstanding will not constitute an Event of Default on the Senior Bonds.

Section 8.02. Acceleration; Other Remedies.

(a) Upon the occurrence and continuance of an Event of Default, the Trustee, subject to the provisions of Section 8.04 hereof, may, and at the written request of the Controlling Holders (or in the case of an Event of Default under Section 8.01(c), written request of the 75% of the Holders of the Senior Bond Obligation, if any Senior Bonds remain Outstanding or unanimous written request of the Holders of the Subordinate Bond Obligation if no Senior Bonds remain Outstanding) shall, by written notice to the Issuer and the Borrower, declare the Bonds to be immediately due and payable, whereupon such Bonds shall, without further action, become and be immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding, and the Trustee shall give notice thereof to the Issuer, and shall give notice thereof by Mail to Holders the Bonds.

Notwithstanding any other provision of this Indenture to the contrary, if an Event of Default with respect to the payment of the principal of or interest on the Subordinate Bonds occurs (but an Event of Default does not exist with regard to the Senior Bonds) while any Senior Bonds remain Outstanding, then the Trustee shall not accelerate the Bonds and shall not exercise any of the other remedies available pursuant to this Indenture or applicable law without the consent of the Holders of all of the Senior Bonds.

(b) The provisions of the preceding subsection are subject to the condition that if, after the principal of the Bonds shall have been so declared to be due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered as hereinafter provided, (i) the Issuer shall, from any payment received from the Borrower for such purpose, deposit with the Trustee a sum sufficient to pay all matured installments of interest on all Bonds and the principal of any and all Bonds which shall have become due otherwise than by reason of such declaration (with interest on such principal and, to the extent permissible by law, on overdue installments of interest, with respect to the Senior Bonds at the Default Rate) and such amount as shall be sufficient to pay Extraordinary Trustee's Fees and Expenses, and (ii) all Events of Default hereunder with respect to the Bonds other than nonpayment of the principal of such Bonds which shall have become due by said declaration shall have been remedied, then, in every such case, upon the written consent of the Controlling Holders provided to the Trustee, such Event of Default shall be deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee shall promptly give written notice of such waiver, rescission or annulment to the Issuer, and shall give notice thereof by Mail to all Holders of Bonds; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(c) Upon the occurrence and continuance of any Event of Default, then and in every such case the Trustee in its discretion may, and upon the written direction of the Controlling Holders and receipt of indemnity to its satisfaction shall, in its own name and as the Trustee of an express trust, perform any or all of the following:

- (i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Holders under this Indenture or the applicable Bonds, including without limitation requiring the Issuer or the Borrower to carry out any agreements with or for the benefit of the Holders and to perform its or their duties under the Act, the Loan Agreement, the Mortgages, the Land Use Restriction Agreement and this Indenture, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the Loan Agreement, the Mortgages, the Land Use Restriction Agreement or this Indenture, as the case may be;
- (ii) bring suit upon the Bonds;
- (iii) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of Bonds;
- (iv) foreclose the Mortgages; or
- (v) file proofs of claim in any bankruptcy or insolvency proceedings related to the Issuer, the Borrower or the Project, necessary or appropriate to protect the interests of the Trustee or the Holders of the Bonds.

(d) Notwithstanding anything herein to the contrary, neither the Holders of the Bonds nor the Trustee acting on behalf of the Holders of the Bonds shall have any right, and hereby waive any right, to institute a proceeding under the Bankruptcy Code seeking to adjudge the Issuer or the Borrower insolvent or a bankrupt or seeking a reorganization of the Issuer or the Borrower.

(e) Upon instituting any proceeding described in paragraph (c) above, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Project and other assets pledged under this Indenture or the Mortgages, pending resolution of such proceeding. The Trustee shall have the right to decline to follow any direction of any Bondholder that in the sole discretion of the Trustee would be unjustly prejudicial to the Trustee, that would expose the Trustee to unreasonable liability or financial exposure or that is not in accordance with law or the provisions of this Indenture. The Trustee shall be entitled to rely without further investigation or inquiry upon any written direction given by the Controlling Holders, and shall not be responsible for the propriety of or be liable for the consequences of following any such direction.

Notwithstanding anything to the contrary contained herein, the Trustee shall not be required to foreclose the Mortgages or bid on behalf of the Holders at any foreclosure sale (a) if, in the Trustee's sole discretion, such action would subject the Trustee to personal liability for the cost of investigation, removal and/or remedial activity with respect to Hazardous Substances, (b) if the presence of any Hazardous Substances on the property subject to the Mortgages results in such property having no or nominal value or (c) if as a result of any such action, the Trustee would be considered to hold title to or to be a "mortgagee-in-possession," "owner" or "operator" of the Project within the meaning

of the Comprehensive Environmental Responsibility Cleanup and Liability Act of 1980, as amended, unless the Trustee has previously determined, based on a report prepared by an independent environmental audit consultant acceptable to the Trustee, that (i) the Project is in compliance with applicable Environment Laws and (ii) there are no circumstances present at the Project relating to the use, management or disposal of any Hazardous Substances for which investigation, testing, monitoring, containment, clean-up or remediation could be required under any federal, State or local law or regulation. It is acknowledged and agreed that the Trustee has no authority to manage, own or operate the Project, or any portion thereof, except as necessary to exercise remedies upon an Event of Default.

Notwithstanding the foregoing, in the event the Holders of the Subordinate Bonds and any Subordinate Parity Indebtedness have not been paid interest due and owing for any consecutive 24-month period, the Holders of a majority in aggregate principal amount of the Subordinate Bonds and Subordinate Parity Indebtedness outstanding shall have the right to require the Borrower to engage a Consultant to submit a written report and recommendations with respect to the rents, fees, rates and other charges related to the Project and with respect to improvements or changes in the operations and scope of services delivered by the Borrower so as to permit debt service on the Subordinate Bonds and Subordinate Parity Indebtedness to be paid.

Section 8.03. Restoration to Former Position. In the event that any proceeding taken by the Trustee to enforce any rights under this Indenture shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then the Issuer, the Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Section 8.04. Cure by Holders. Any Holder of Bonds may, but shall not be obligated to, cure an Event of Default under this Indenture, including the advancing of funds ("Advanced Funds") to the Trustee for payments required under this Indenture, or to indemnify the Trustee under Sections 9.04 and 9.06 hereof. Any Advanced Funds are to be applied by the Trustee in accordance with the instructions of the Holder providing the same; provided, however, that such Holder shall not have a right or interest in the Advanced Funds that is superior to any right or interest any other party has under this Indenture.

Section 8.05. Controlling Holders' Right To Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, the Controlling Holders shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Trustee under this Indenture or exercising any trust or power conferred on the Trustee by this Indenture.

Section 8.06. Limitation on Holders' Right To Institute Proceedings. Unless otherwise provided for in this Indenture, no Holder shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power hereunder, or any other remedy hereunder or on said Bonds, unless such Holder previously shall have given to the

Trustee written notice of an Event of Default as hereinabove provided and unless also the Holders of not less than a majority of the Controlling Holders shall have made written request of the Trustee to do so after the right to institute said suit, action or proceeding under Section 8.02 hereof shall have accrued, and shall have afforded the Trustee a reasonable opportunity to proceed to institute the same in either its or their name, and the Trustee shall not have complied with such request within a reasonable time. No one or more of the Holders of the Bonds shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder or under the Bonds, except in the manner herein provided, and all suits, actions and proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Holders of Bonds, provided that the Senior Bonds shall have priority over the Subordinate Bonds. Notwithstanding anything to the contrary, the furnishing of indemnity to the Trustee as provided in Section 9.06 hereof is hereby declared in every such case, at the option of the Trustee, to be a condition precedent to the institution of said suit, action or proceeding by the Trustee.

Section 8.07. No Impairment of Right To Enforce Payment. Notwithstanding any other provision in this Indenture, the right of any Holder of a Bond to receive payment of the principal of and interest on such Bond, on or after the respective due dates expressed therein, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Holder.

Section 8.08. Proceedings by Trustee Without Possession of Bonds. All rights of action under this Indenture or under any of the Bonds secured hereby which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the equal and ratable benefit of the Holders of Bonds, subject to the provisions of this Indenture.

Section 8.09. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee or to Holders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute; provided, however, that any conditions set forth herein to the taking of any remedy to enforce the provisions of this Indenture or the Bonds shall also be conditions to seeking any remedies under any of the foregoing pursuant to this Section.

Section 8.10. No Waiver of Remedies. No delay or omission of the Trustee or of any Holder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article to the Trustee and to the Holders, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 8.11. Application of Money.

(a) If an Event of Default occurs with respect to the Bonds, any money held in any Fund or Account hereunder (excluding the Rebate Fund) or received by any

receiver or by the Trustee, by any receiver or by any Holder pursuant to any right given or action taken under the provisions of this Article, after payment of (i) the fees, expenses, liabilities or advances payable to or incurred or made by the Trustee or any Holder, (ii) the costs and expenses of the proceedings resulting in the collection of such money, and (iii) Operating Expenses of the Project as determined to be appropriate by the Trustee (and the Trustee may, in its discretion, rely on the Budget to make such determination), shall be deposited in the Revenue Fund; and all money so deposited in the Revenue Fund during the continuance of an Event of Default (other than money for the payment of Bonds which have matured or otherwise become payable prior to such Event of Default or for the payment of interest due prior to such Event of Default) shall be applied (except as otherwise provided in Section 5.05 hereof with respect to money deposited in a Bond Fund Account or a Debt Service Reserve Account for the benefit of the Holders of a particular Series of Bonds) as follows:

(i) Unless the principal of all the Bonds shall have been declared due and payable, all such money shall be applied (A) first, together with all amounts on deposit in a Debt Service Reserve Account relating to the Senior Bonds, to the payment to the persons entitled thereto of all installments of interest then due on the Senior Bonds (other than Senior Bonds called for redemption for the payment of which money is held pursuant to the provisions of this Indenture), with interest on overdue installments, if lawful, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment of interest on the Senior Bonds on a parity and pro rata basis, and (B) second, together with any amounts on deposit in a Debt Service Reserve Account relating to the Senior Bonds, to the payment to the persons entitled thereto of the unpaid principal of any of the Senior Bonds which shall have become due (other than Senior Bonds called for redemption for the payment of which money is held pursuant to the provisions of this Indenture) with interest on such Senior Bonds from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full Senior Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege, (C) third, to the payment to the persons entitled thereto of all installments of interest then due on the Subordinate Bonds (other than Subordinate Bonds called for redemption the payment of which money is held pursuant to the provisions of this Indenture) in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment of interest on the Subordinate Bonds on a parity and pro rata basis; and (D) fourth, to the payment to the persons entitled thereto of the unpaid principal of any of the Subordinate Bonds which shall have become due (other than the Subordinate Bonds called for redemption the payment of which money is held pursuant to the provisions of this Indenture) and, if the amount available shall not be sufficient to pay in full the Subordinate Bonds due on any particular

date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

(ii) If the principal of all the Bonds shall have been declared due and payable, all such money shall be applied: (A) first, to the payment of the principal and interest then due and unpaid upon the Senior Bonds, with interest on overdue interest and principal, as aforesaid at the Default Rate, if lawful, without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of interest, or of any Senior Bond over any other Senior Bond ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege; and (B) second, to the payment of the principal and interest then due and unpaid upon the Subordinate Bonds, without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of interest, or of any Subordinate Bond over any other Subordinate Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(iii) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of clause (ii) of this Section 8.11(a) which shall be applicable in the event that the principal of all the Bonds shall later become due and payable, the money shall be applied in accordance with the provisions of clause (i) of this Section 8.11(a).

(b) Whenever money is to be applied pursuant to the provisions of this Section, such money shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal and interest to be paid on such date shall cease to accrue. The Trustee shall give notice of the deposit with it of any such money and of the fixing of any such date by Mail to all Holders of the Bonds and shall not be required to make payment to any Holder of a Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 8.12. Severability of Remedies. It is the purpose and intention of this Article to provide rights and remedies to the Trustee and the Holders which may be lawfully granted under the provisions of the Act, but should any right or remedy herein granted be held to be unlawful, the Trustee and the Holders shall be entitled, as above set forth, to every other right and remedy provided in this Indenture and by law.

Section 8.13. Notice of Event of Default. If an Event of Default occurs and continues for five (5) Business Days after the Trustee has received written notice of the same as provided in Section 9.05 hereof, then the Trustee shall give notice thereof by Mail to the Holders, the Borrower and the Issuer.

ARTICLE IX. TRUSTEE AND PAYING AGENT

Section 9.01. Acceptance of Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform such trusts, but only upon and subject to the following express terms and conditions set forth in this Article IX:

(a) The Trustee, before the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Trustee may buy, sell, own and deal in any of the Bonds secured hereby with the same rights which they would have were they not the Trustee.

(c) The Trustee shall not withhold unreasonably its consent, approval or action to any reasonable request of the Issuer, provided that any such consent, approval or action is permitted by this Indenture. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond shall be conclusive and binding upon all future Holders of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(d) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed by an Issuer Representative or a Borrower Representative as sufficient evidence of the facts therein contained, and before the occurrence of a default of which the Trustee has notice as provided in Section 9.05 hereof, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may, at their discretion, secure such further evidence deemed necessary or advisable, but shall not be bound to secure the same. The Trustee may accept a certificate signed on behalf of the Issuer to the effect that a resolution in the form therein set forth has been adopted by the Issuer as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(e) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and it shall not be answerable for other than its negligence or willful misconduct.

(f) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all of the property herein conveyed, including all books, papers and records of the Issuer or the Borrower pertaining to the revenues and receipts relating to

the Project or the Bonds, and to take such memoranda from and in regard thereto as may be desired.

(g) The Trustee shall not be required to give any bond or surety in respect of the execution of the trusts and powers hereunder or otherwise in respect of the premises.

(h) The Trustee shall not be under any duty or obligation to perform any act that would cause them to incur any expense or liability or to institute or defend any suit in respect of this Indenture or to advance any of its own money, unless it is provided with indemnification satisfactory to it for the reimbursement of all expenses to which it may be put and to protect it against all liability, except all liability which is adjudicated to have resulted from its negligence or willful misconduct by reason of any action so taken.

(i) The Trustee shall not be required to enter, take possession of or take any other action with respect to the Project or the Site thereof unless it shall have first received assurances and indemnity satisfactory to it that the Trustee will not be subject to liability for, among other things, the existence of, or contamination by environmentally hazardous substances or other discharges, emissions or releases with respect to the Project or the Site thereof.

(j) The Trustee shall have no responsibility, opinion or liability with respect to any information, statements or recitals in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

(k) The Trustee's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Bonds.

(l) The Trustee shall not be under any obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Borrower, or to report, or make or file claims or proof of loss for, any loss or damage insured against or which may occur. The Trustee may rely on any certification provided by the Borrower pursuant to Section 5.5 of the Loan Agreement with respect to satisfaction of the insurance requirements of the Loan Agreement and the Mortgages, and shall have no responsibility for assuring compliance with such insurance requirements, but shall notify the Issuer and the Borrower if it has not received the certification required by said Section 5.5 of the Loan Agreement.

(m) All money received by the Trustee need not be segregated except to the extent required by law or this Indenture.

(n) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees, and shall be entitled to advice of counsel concerning all matters of the trusts hereof and the actions or duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may be employed in connection with the

trusts hereof. The Trustee may act upon the opinion or advice of any attorney who may be the attorney or attorneys for the Issuer or the Borrower.

(o) The Trustee shall provide to the Issuer and the Underwriter copies of written notices it has received or produced with respect to any Event of Default, the occurrence of any casualty or material damage or loss or any condemnation proceedings concerning the Project, the resignation or removal of the Trustee and the appointment of a successor trustee, or any amendments or supplements to this Indenture or the Loan Agreement.

(p) The Trustee shall not be liable for any action taken or omitted by the Trustee in good faith at the direction of the Controlling Holders as to the time, method and place of conducting any proceedings for any remedy available to the Trustee or the exercising of any power conferred by this Indenture.

(q) Whether or not therein expressly so provided, every provision of this Indenture and the other Bond Documents relating to the conduct of, or affecting the liability of, or affording protection to the Trustee shall be subject to the provisions of this Section 9.01.

(r) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Issuer and the Borrower shall provide to the Trustee an incumbency certificate listing designated persons authorized to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Issuer and the Borrower elect to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer and the Borrower agree to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 9.02. No Responsibility for Recitals. The recitals, statements and representations contained in this Indenture or in the Bonds, save only the Trustee's authentication upon the Bonds, shall be taken and construed as made by and on the part of the Issuer, and not by the Trustee, and the Trustee does not assume, nor shall it have, any responsibility or obligation for the correctness of any thereof.

Section 9.03. Limitations on Liability. The Trustee may execute any of the trusts or powers hereof and perform the duties required of them hereunder by or through attorneys, agents, receivers or employees selected by them, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder and to obtain the opinion of Counsel

acceptable to the Trustee prior to taking action hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers or employees as is deemed necessary in connection with the performance of the Trustee's duties under this Indenture, and the Trustee shall not be answerable for the default or misconduct of any such attorney, agent or employee selected by it with reasonable care. The Trustee may act upon the advice of any attorney approved by the Trustee in the exercise of reasonable care, and the Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith reliance upon such opinion or advice. Without limitation, the Trustee shall be entitled to the benefit of the foregoing sentence with respect to the delegation to the Trustee's duties hereunder with respect to payment of principal of, premium, if any, or interest on, or redemption of, the Bonds, the authentication and delivery thereof, and exchange and transfer thereof. The Trustee shall not be answerable for the exercise of any discretion or power under this Indenture or for anything whatsoever in connection with the trust created hereby, except only for their own gross negligence or willful misconduct.

Section 9.04. Compensation, Expenses and Advances. The Trustee shall be entitled to reasonable compensation for their services rendered hereunder (not limited by any provision of law in regard to the compensation of the trustee of an express trust) and to reimbursement for their actual out-of-pocket expenses (including counsel fees and expenses and any fees, expenses, payments, indemnification reserves or other security which may be incurred in connection with the appointment or designation of a separate trustee for all or part of the Bonds) reasonably incurred in connection therewith, except as a result of their negligence or willful misconduct. The Issuer agrees that it will, but solely from the Trust Estate as provided herein, pay to the Trustee such compensation and reimbursement of expenses and advances. The Trustee shall have, in addition to any other rights hereunder, a lien and claim, for the payment of their compensation and the reimbursement of their expenses and any advances made by them, as provided in this Section, upon the money which is on deposit in the appropriate funds and accounts created herein (other than the Rebate Fund), subject to the requirements hereof for other applications of such funds and accounts, and the Trustee may withdraw the same from such funds and accounts when the same become due and payable, to the extent available for such purpose.

Section 9.05. Notice of Events of Default. The Trustee shall not be required to take notice, or be deemed to have notice, of any default or Event of Default under this Indenture, other than an Event of Default under clause (a) or (b) of Section 8.01 hereof, unless a Responsible Officer of the Trustee shall have received actual knowledge or shall have been specifically notified in writing of such default or Event of Default by the Issuer, the Borrower or by the Holders of at least 25% of the Controlling Holders. The Trustee may, however, at any time, in its discretion, and shall, upon the request of at least 25% of the Controlling Holders, require of the Borrower full information and advice as to the performance of any of the covenants, conditions and agreements contained herein.

Section 9.06. Action by Trustee. The Trustee shall be under no obligation to take any action in respect of any default or Event of Default hereunder or toward the execution or enforcement of any of the trusts hereby created, or to institute, appear in or defend any suit or other proceeding in connection therewith, and if in its opinion such action may tend to involve it

in expense or liability, unless furnished, from time to time as often as it may require, with security and indemnity satisfactory to it; but the foregoing provisions are intended only for the protection of the Trustee, and, shall not affect any discretion or power given by any provisions of this Indenture to the Holders or to the Trustee to take action in respect of any default or Event of Default without such notice or request from the Holders, or without such security or indemnity.

Section 9.07. Good Faith Reliance. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith, reasonably exercised, upon any resolution, notice, telex or facsimile transmission, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board, body or person or to have been prepared and furnished pursuant to any of the provisions of this Indenture or the other Bond Documents, or upon the written opinion of any attorney, engineer, accountant or other expert reasonably believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry as to the qualification of such person or any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements.

Section 9.08. Dealings in Bonds or with the Issuer or the Borrower. The Trustee may in good faith, reasonably exercised, buy, sell, own, hold and deal in any of the Bonds issued hereunder, and may join in any action which any Holder may be entitled to take with like effect as if it did not act in any capacity hereunder. The Trustee, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer or the Borrower, and may act as depositary, trustee or agent for any committee or body of Holders secured hereby or other obligations of the Issuer or the Borrower as freely as if it did not act in any capacity hereunder.

Section 9.09. Resignation of Trustee. The Trustee may resign and be discharged of the trusts created by this Indenture by executing an instrument in writing resigning such trust and specifying the date when such resignation shall take effect, and filing the same with the Issuer, and the Borrower, and by giving notice of such resignation by Mail, not less than 60 days prior to such resignation date, to all Holders. Such resignation shall only take effect on the day a successor Trustee shall have been appointed as hereinafter provided.

Section 9.10. Removal of Trustee. The Trustee may be removed at anytime by the Borrower or by the Controlling Holders with the consent of the Borrower (not to be unreasonably withheld), by filing with the Trustee so removed, and with the Issuer an instrument or instruments in writing appointing a successor, executed by a Borrower Representative if the Trustee has been removed by the Borrower (and notice thereof given by Mail to the Holders and the Issuer), or executed by said Holders of Bonds if the Trustee was removed by said Holders; provided that the Borrower may not remove the Trustee, and the consent of the Borrower shall not be required (in the case of removal by the Holders), if an Event of Default has occurred and is continuing hereunder or a Default has occurred and is continuing under the Loan Agreement.

Section 9.11. Appointment of Successor Trustee. If at any time the Trustee shall resign, be removed, or be dissolved, or if its property or affairs shall be taken under the control

of any State or federal court or administrative body because of insolvency or bankruptcy, or for any other reason become incapable of acting, then a vacancy shall forthwith and ipso facto exist in the office of Trustee and the Borrower, with written notice to the Issuer, shall promptly appoint a successor Trustee. Any such appointment shall be made by a written instrument executed by a Borrower Representative. Copies of such instrument shall be promptly delivered by the Borrower to the predecessor Trustee and to the Trustee so appointed. The successor Trustee shall give notice of such appointment by Mail, at least once within 30 days of such appointment, to all Holders.

Section 9.12. Qualifications of Trustee. The Trustee and every successor Trustee, if any, (a) shall be a bank or trust company duly organized under the laws of the United States or any state thereof authorized by law to perform all the duties imposed upon it by this Indenture, (b) shall at the time of appointment have (or in the case of a corporation or trust company included in a bank holding company system, the related bank holding company shall have) trust assets under management of at least \$50,000,000, (c) shall be permitted under the Act to perform the duties of Trustee and (d) shall be acceptable to the Issuer.

Section 9.13. Judicial Appointment of Successor Trustee. If at any time the Trustee shall resign or be removed and no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article prior to the date specified in the notice of resignation as the date when such resignation is to take effect, the resigning Trustee may forthwith apply to a court of competent jurisdiction for the appointment of a successor Trustee. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article within six (6) months after a vacancy shall have occurred in the office of Trustee, any Holder may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Trustee.

Any new Trustee so appointed as presented in this Section 9.13 shall immediately and without further act be superseded by a Trustee appointed in the manner provided in Section 9.11 above.

Section 9.14. Acceptance of Trusts by Successor Trustee. Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer an instrument accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become duly vested with all the estates, property, rights, powers, trusts, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named Trustee herein. Upon request of the Trustee and the payment of the predecessor Trustee's fees and expenses hereunder, such predecessor Trustee and the Issuer shall execute and deliver an instrument transferring to such successor Trustee all the estates, property, rights, powers and trusts hereunder of such predecessor Trustee and, subject to the provisions of Section 9.04 hereof, such predecessor Trustee shall pay over to the successor Trustee all money and other assets at the time held by it hereunder, and such predecessor Trustee shall assign its beneficial interest in the Mortgages to the successor Trustee and record said assignment in the same manner as the Mortgages were recorded.

Section 9.15. Successor by Merger or Consolidation. Any entity into which any Trustee hereunder may be merged or converted or with which it may be consolidated, or any entity resulting from any merger, conversion or consolidation to which any Trustee hereunder shall be a party, or any entity succeeding to the business of the Trustee, or any company to which the either Trustee may sell or transfer all or substantially all of its corporate trust business, provided such entity meets the qualifications contained in Sections 9.12 or 9.18 hereof, as appropriate, shall be a successor Trustee under this Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything in this Indenture to the contrary notwithstanding.

Section 9.16. Intervention in Litigation of the Issuer. In any judicial proceeding to which the Issuer is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of the Holders, the Trustee, if permitted by the court having jurisdiction in the premises, may intervene and shall intervene, upon receipt of indemnity satisfactory to it, at the written request of the Controlling Holders.

Section 9.17. Paying Agent. The Issuer hereby appoints the Trustee as the paying agent for the Bonds.

Section 9.18. Qualifications of Paying Agent; Resignation; Removal. Any Paying Agent (a) shall be a bank or trust company, duly organized under the laws of the United States of America or any state thereof authorized by law to perform all the duties imposed upon it by this Indenture, and (b) shall at the time of appointment have (or in the case of a corporation or trust company included in a bank holding company system, the related bank holding company shall have), trust assets under management of at least \$50,000,000. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 60 days' notice to the Issuer, the Borrower and the Trustee. The Paying Agent may be removed at any time at the direction of the Borrower or the Controlling Holders with the consent of the Borrower (not to be unreasonably withheld), with written notice to the Issuer, by an instrument signed by the Borrower or such Holders, as applicable, and filed with the Paying Agent and the Trustee. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any money held by it in such capacity to its successor or, if there be no successor, to the Trustee. Successor Paying Agents shall be appointed in accordance with the provisions of Section 9.17 hereof.

Section 9.19. Several Capacities. Anything in this Indenture to the contrary notwithstanding, the same entity must serve hereunder as the Trustee and the Paying Agent.

Section 9.20. Additional Duties. Notwithstanding any provisions hereof to the contrary, the Trustee shall have the following duties:

- (a) Subject to Article III hereof, the Trustee shall continue to perform its function hereunder without regard to the insufficiency of payment of its fees, provided that nothing herein shall negate the Trustee's right to compensation and indemnification hereunder and as provided in the Loan Agreement; and

(b) The Trustee shall provide to the Underwriter upon its request a list of the names and addresses of the registered Holders of all Bonds then outstanding at the sole cost and expense of the Underwriter or, if the Bonds are held in book-entry form, the special position report (or similar list of Beneficial Owners) from the Clearing Agency.

Section 9.21. Tax Covenants Relating to the Tax-Exempt Bonds. To the extent of its control, the Issuer covenants and agrees that until the final maturity of the Tax-Exempt Bonds, based upon the Borrower's covenants in Section 2.3 of the Loan Agreement, it will not use any money on deposit in any fund or account maintained in connection with the Tax-Exempt Bonds, whether or not such money was derived from the proceeds of the sale of the Tax-Exempt Bonds or from any other source, in a manner that would cause the Tax-Exempt Bonds to be arbitrage bonds, within the meaning of section 148 of the Code. In the event the Borrower notifies the Issuer that it is necessary to restrict or limit the yield on the investment of money held by the Trustee pursuant to this Indenture, or to use such money in any certain manner to avoid the Tax-Exempt Bonds being considered arbitrage bonds, the Issuer at the direction of the Borrower shall deliver to the Trustee an order containing appropriate instructions, including without limitation the yield restrictions on such investments, in which event the Trustee shall take such action as is necessary to restrict or limit the yield on such investment or to use such money in accordance with such order.

(a) The Issuer shall not use or permit to the extent of its control the use of any proceeds of the Tax-Exempt Bonds or any other funds of the Issuer, directly or indirectly, in any manner, and shall not take or permit to be taken to the extent of its control any other action or actions, which would result in any of the Bonds being treated other than as an obligation described in section 103(a) of the Code.

(b) The Issuer will not take any action which would result in all or any portion of the Tax-Exempt Bonds being treated as federally guaranteed within the meaning of section 149(b)(2) of the Code.

(c) For purposes of this Section, the Issuer's compliance shall be based solely on acts or omissions by the Issuer and no acts, omissions or directions of the Borrower, the Trustee or any other Persons shall be attributed to the Issuer.

(d) All officers, employees and agents of the Issuer are authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the Issuer as of the date of delivery of the Bonds. In complying with the foregoing covenants, the Issuer may rely from time to time upon a Favorable Opinion of Bond Counsel to the effect that any action by the Issuer or reliance upon any interpretation of the Code or the Regulations contained in such opinion will not cause interest on the Tax-Exempt Bonds to be includable in gross income for federal income tax purposes under existing law.

(e) Notwithstanding any provision of this Indenture or the Loan Agreement to the contrary, the Trustee shall not be liable or responsible for any calculation or determination which may be required in connection with or for the purpose of complying

with Section 148 or any applicable Treasury regulation (the "Arbitrage Rules"), including, without limitation, the calculation of amounts required to be paid to the United States under the provisions of the Arbitrage Rules, the maximum amount which may be invested in "nonpurpose obligations" as defined in the Code and the fair market value of any investment made under this Indenture, it being understood and agreed that the sole obligation of the Trustee with respect to investments of funds hereunder shall be to invest the money received by the Trustee pursuant to the written instructions of the Borrower given in accordance with the provisions of this Indenture. The Trustee shall have no responsibility for determining whether or not the investment made pursuant to the written direction of the Borrower or any of the instructions received by the Trustee under this Indenture comply with the requirements of the Arbitrage Rules and shall have no responsibility for monitoring the obligations of the Borrower or the Issuer for compliance with the provisions of this Indenture with respect to the Arbitrage Rules.

(f) Notwithstanding anything contained in this Indenture, or in any other instrument to the contrary, the Trustee shall not be under any duty to evaluate, verify or otherwise independently confirm the compliance of any instruction it receives from the Borrower, the Issuer, Bond Counsel or any rebate analyst for compliance with the requirements of Sections 103(a) or 148 of the Code or any applicable provisions of this Indenture.

Section 9.22. Survival.

(a) The rights of the Trustee to payment under this Indenture shall survive the Trustee's resignation or removal, the discharge of this Indenture and defeasance of the Bonds.

(b) Notwithstanding anything in this Indenture or any of the Bond Documents to the contrary, the rights, protections, indemnities and immunities afforded to the Trustee hereunder shall survive the resignation or removal of the Trustee and the payment in full or defeasance of the Bonds.

ARTICLE X. EXECUTION OF INSTRUMENTS BY HOLDERS AND PROOF OF OWNERSHIP OF BONDS

Any request, direction, consent or other instrument in writing required or permitted by this Indenture to be signed or executed by Holders or on their behalf by an attorney-in-fact may be in any number of concurrent instruments of similar tenor and may be signed or executed by Holders in person or by an agent or attorney-in-fact appointed by an instrument in writing or as provided in the Bonds. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

(b) The ownership of Bonds shall be proved by the registration books kept under the provisions of Section 2.09 hereof.

Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of matters herein stated which it may deem necessary or sufficient. Any request, consent of, or assignment by any Holder shall bind every future Holder of the same Bond or any Bond or Bonds issued in lieu thereof in respect of anything done by the Trustee or the Issuer in pursuance of such request or consent.

ARTICLE XI. MODIFICATION OF BOND DOCUMENTS

Section 11.01. Limitations. Neither this Indenture nor any of the Borrower Documents shall be Amended in any respect subsequent to the Closing Date except as provided in and in accordance with and subject to the provisions of this Article. Notwithstanding any provisions of this Article, the Tax Agreement and the Land Use Restriction Agreement may be Amended pursuant to the provisions thereof, and the Tax Agreement and the Land Use Restriction Agreement shall be Amended to the extent required by such documents.

Section 11.02. Supplemental Indentures Without Holder Consent. The Issuer and the Trustee may, from time to time and at any time, without the consent of but with prompt notice to the Holders, enter into Supplemental Indentures as follows:

- (a) to cure any formal defect, omission, inconsistency or ambiguity in this Indenture;
- (b) to add to the covenants and agreements of the Issuer in this Indenture other covenants and agreements, or to surrender any right or power reserved or conferred upon the Issuer if such surrender shall not, in the judgment of the Trustee, materially adversely affect the interests of the Holders, the Trustee being authorized to rely on an opinion of Counsel with respect thereto;
- (c) to confirm, as further assurance, any pledge of or lien on the Loan Agreement or of any other money, securities or funds subject to the lien of this Indenture;
- (d) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended;
- (e) to preserve the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes, as set forth in a Favorable Opinion of Bond Counsel;
- (f) to provide for any Amendment specifically authorized or required by any provision of this Indenture;
- (g) in connection with any Additional Bonds or Parity Indebtedness; or
- (h) with respect to any other Amendment which does not have a material adverse effect on the Holders of the Bonds.

Section 11.03. Supplemental Indentures Requiring Holders' Consent.

- (a) Except for any Supplemental Indenture entered into pursuant to Section 11.02, subject to the terms and provisions contained in this Section and not otherwise, the Controlling Holders affected thereby shall have the right from time to time to consent to and approve the execution and delivery by the Issuer and the Trustee of any Supplemental Indenture deemed necessary or desirable by the Issuer for the purposes of

modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this Indenture; however, unless approved in writing by all Holders of Bonds affected thereby, nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of or interest on any Outstanding Bond or a reduction in the principal amount or redemption price of any Outstanding Bond or the rate of interest thereon, or (ii) the creation of a claim or lien upon, or a pledge of, the Trust Estate ranking prior to or on a parity with the claim, lien or pledge created by this Indenture, or (iii) a reduction in the aggregate Bond Obligation the consent of the Holders of which is required for any such Supplemental Indenture or which is required, under Section 11.05, for any modification, alteration, amendment or supplement to any Borrower Documents, and provided further that if the Supplemental Indenture subjects additional property to the lien of the Indenture the Trustee shall have been provided with an opinion of counsel that such Supplemental Indenture is duly authorized in accordance with the terms.

(b) If, at any time, the Issuer and the Trustee propose to enter into any such Supplemental Indenture for any of the purposes specified in this Section, the Trustee shall, subject to Section 11.07 and upon being satisfactorily indemnified with respect to expenses by the Borrower, cause notice of the proposed execution of such Supplemental Indenture to be mailed, postage prepaid, to all Holders affected thereby. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the designated corporate trust office of the Trustee in Jacksonville, Florida for inspection by all Holders affected thereby. If, within 60 days or such longer period as shall be prescribed by the Trustee following the mailing of such notice, the Holders of not less than a majority of the Senior Bond Obligation (as long as Senior Bonds remain Outstanding, and thereafter the Subordinate Bond Obligation) affected thereby at the time of execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no Holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as in this Section is permitted and provided, this Indenture shall be deemed to be and shall be modified and amended in accordance therewith. The Trustee and Issuer may rely upon an opinion of Counsel as conclusive evidence that the execution and delivery of a Supplemental Indenture has been effected in compliance with the provisions of this Article.

(c) Anything herein to the contrary notwithstanding, so long as no Default under the Loan Agreement with respect to the Borrower has occurred and is continuing, a Supplemental Indenture under this Article shall not become effective unless and until the Borrower shall have consented to the execution and delivery of such Supplemental Indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such Supplemental Indenture to be mailed by certified or registered mail to the Borrower at least 20 days prior to the proposed date of execution and delivery of any Supplemental Indenture.

Section 11.04. Amendment of Borrower Documents Without Holder Consent. Without the consent of but with notice to the Holders, the Trustee may consent to any Amendment of any Borrower Document from time to time as follows:

(a) to cure any formal defect, omission, inconsistency or ambiguity in such Borrower Document;

(b) to add to the covenants and agreements of the Issuer or the Borrower in such document other covenants and agreements, or to surrender any right or power reserved or conferred upon the Issuer or the Borrower, if such surrender shall not, in the judgment of the Trustee, materially adversely affect the interests of the Holders, the Trustee being authorized to rely on an opinion of Counsel with respect thereto;

(c) to confirm, as further assurance, any lien on or pledge of the Project or the revenues therefrom or of any other property, money, securities or funds subject to the Mortgages, the Land Use Restriction Agreement or any other security for the Loan Agreement;

(d) to preserve the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes, as set forth in a Favorable Opinion of Bond Counsel;

(e) to provide for any Amendment specifically authorized or required by any provision of any Borrower Document;

(f) in connection with any Additional Bonds or Parity Indebtedness;

(g) to provide for changes in the Management Agreement reflecting a successor Manager or to address changes in the operation of the Project, as permitted pursuant to the Loan Agreement; or

(h) with respect to any other Amendment which does not have a material adverse effect on the Holders of the Bonds.

Section 11.05. Amendment of Borrower Documents Requiring Holders' Consent. Except in the case of Amendments referred to in Section 11.04 hereof, the Issuer and the Trustee shall not enter into, and shall not consent to, any Amendment of the Borrower Documents without the written approval or consent of the Controlling Holders, given and procured as provided in Section 11.03 hereof; provided that the foregoing will not permit or be construed as permitting any change referred to in Section 11.03(a)(i) (substituting for such purpose the word "Note" for the word "Bond") without the consent of the Controlling Holders given and obtained in the manner set forth in Section 11.03 hereof. If at any time the Issuer requests the consent of the Trustee to any such proposed modification, alteration, amendment or supplement, the Trustee will cause notice thereof to be given in the same manner as provided by Section 11.06 hereof with respect to Supplemental Indentures. Such notice will briefly set forth the nature of such proposed modification, alteration, amendment or supplement and will state that copies of the

instrument embodying the same are on file at the Designated Office of the Trustee for inspection by all Holders.

Section 11.06. Procedures for Amendments. If at any time the Trustee shall be requested to enter into any Supplemental Indenture pursuant to Section 11.03 or to consent to any Amendment pursuant to Section 11.05, the Trustee shall cause notice of the proposed Supplemental Indenture or other Amendment to be given by Mail to all Holders. Such notice shall set forth with particularity the nature of the proposed Supplemental Indenture or other Amendment and shall state that a copy thereof is on file at the Designated Office of the Trustee for inspection by all Holders. Within two (2) years after the date of the first giving of such notice, the Issuer and the Trustee may enter into such Supplemental Indenture or the Trustee may consent to such Amendment in substantially the form described in such notice, but only if there shall have first been delivered to the Trustee (i) the required consents, in writing, of Holders and (ii) the Favorable Opinion of Bond Counsel required by Section 11.07 hereof.

If the Controlling Holders required by Section 11.03 or 11.05, as applicable, shall have consented to and approved the execution and delivery thereof as herein provided, no Holder shall have any right to object to the execution and delivery of such Supplemental Indenture or other Amendment, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the Issuer or the Trustee from executing and delivering or consenting to the same or from taking or permitting any action pursuant to the provisions thereof.

Section 11.07. Opinions; Certificate. The Trustee shall not enter into or consent to any Amendment of any provision of any Bond Document unless there shall have been delivered to the Issuer and the Trustee a Favorable Opinion of Bond Counsel stating that such Amendment is authorized or permitted by the Act and the applicable Bond Documents and such Amendment will not adversely affect the exclusion of interest on the Tax-Exempt Bonds from the gross income of the recipients thereof for federal income tax purposes. In addition, the Trustee (i) may obtain, and shall be protected in relying on, an opinion of Counsel to the effect that such Amendment is authorized or permitted by this Indenture and complies with the terms hereof; and (ii) may require, as a condition to entering into or consenting to any such Amendment, a Compliance Certificate from the Borrower.

Section 11.08. Effect of Amendments; Other Consents. Upon the execution and delivery of any Supplemental Indenture or any Amendment to a Borrower Document pursuant to the provisions of this Article, this Indenture or such Borrower Document shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Bond Documents of the Issuer, the Trustee, the Borrower and all Holders shall thereafter be determined, exercised and enforced under the Bond Documents subject in all respects to such modifications and amendments.

Notwithstanding anything herein to the contrary, (i) the Trustee shall not be required to enter into or consent to any Amendment of any Bond Document which, in the sole judgment of the Trustee, might adversely affect the rights, obligations, powers, privileges, indemnities, immunities or other security provided the Trustee herein or therein; and (ii) except as otherwise

required hereby, the Trustee shall not enter into or consent to any Amendment of any Bond Document which affects the rights or obligations of the Borrower or the Issuer unless the Borrower or the Issuer enters into or consents to such Amendment.

ARTICLE XII. MISCELLANEOUS

Section 12.01. Successors of the Issuer. In the event of the dissolution or transfer of functions of the Issuer, all the covenants, stipulations, promises and agreements in this Indenture contained, by or on behalf of, or for the benefit of, the Issuer, shall bind or inure to the benefit of the successors of the Issuer from time to time and any entity, officer, board, commission, agency or instrumentality to whom or to which any power or duty of the Issuer shall be transferred.

Section 12.02. Parties in Interest. Except as herein otherwise specifically provided, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the Issuer, the Borrower, the Trustee and the Holders any right, remedy or claim under or by reason of this Indenture, this Indenture being intended to be for the sole and exclusive benefit of the Issuer, the Borrower, the Trustee and the Holders.

Section 12.03. Severability. In case any one or more of the provisions of this Indenture or of any Borrower Document or of the Bonds shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Indenture, such Borrower Document or such Bonds, and this Indenture, the Borrower Documents and the Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

Section 12.04. No Personal Liability. No covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any official, director, officer, agent or employee of the Issuer or the Trustee in his or her individual capacity, and neither the members of the Issuer or the Trustee nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 12.05. Counterparts. This Indenture 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 Indenture.

Section 12.06. Governing Law. The laws of the State shall govern the construction and enforcement of this Indenture and of all the Bonds issued hereunder.

Section 12.07. Notices. Except as otherwise provided in this Indenture, all notices, certificates, requests, requisitions or other communications by the Issuer or the Trustee pursuant to this Indenture shall be in writing and shall be sufficiently given and shall be deemed given three days after being mailed by registered mail, postage prepaid, or one day after being sent by overnight delivery by a nationally recognized service provider (such as Federal Express or United Parcel Service), or sent by facsimile transmission which produces receipt of transmission, addressed as follows:

To the Issuer:	City of Lake Wales, Florida 201 W. Central Avenue Lake Wales, Florida 33853 Attn: City Manager Telephone: (863) 678-4182 ext. 225 Email: tleary@cityoflakewales.com
To the Trustee:	Wells Fargo Bank, National Association 1 Independent Drive, Suite 620 Jacksonville, Florida 32202 Attention: Thomas C. Alderson Telephone: (904) 351-7256 Email: Thomas.C.Alderson@wellsfargo.com
To the Borrower:	One – HC – Lake Wales, LLC 350 South Main Street, Suite 308 Doylestown, Pennsylvania 18901 Attn: Stuart Mills Telephone: (215) 990-2110 Email: sm@heartlanddev.com
To the Underwriter:	Piper Jaffray & Co. 4250 Lakeside Drive, Suite 211 Jacksonville, Florida 32210 Attn: Matt Weaver Telephone: (904) 381-9844 Email: matthew.w.weaver@pjc.com

A copy of any communication given by or to the Borrower shall also be sent, as provided above, to the Manager at the address designated by the Manager in writing to each of the parties listed above. Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent hereunder or under the Loan Agreement.

Section 12.08. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture or any of the other Bond Documents, shall not be a Business Day, such payment may, unless otherwise provided in this Indenture, be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Indenture or any of the other Bond Documents, and no interest shall accrue for the period after such nominal date.

IN WITNESS WHEREOF, the Issuer has caused this Indenture to be executed by its duly authorized officers and the Trustee has caused this Indenture to be executed on its behalf by its duly authorized officer, all as of the day and year first above written.

ISSUER:

CITY OF LAKE WALES, FLORIDA

By: _____
Mayor

ATTEST:

City Clerk

[Signature Page of Indenture]

TRUSTEE:

**WELLS FARGO BANK, NATIONAL
ASSOCIATION**

By: _____

Name: _____

Title: _____

[Signature Page of Indenture]

EXHIBIT A

[FORM OF SERIES 2012A BOND]

NOTICE: Unless this certificate is presented by an authorized representative of The Depository Trust Company to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

R-__

\$_____

UNITED STATES OF AMERICA

STATE OF FLORIDA

**CITY OF LAKE WALES, FLORIDA
SENIOR HOUSING COMMUNITY REVENUE BONDS
(VIAVITA ON THE RIDGE PROJECT)
SERIES 2012A**

**THIS BOND AND THE ISSUE OF WHICH IT FORMS A PART ARE NOT
GENERAL OBLIGATIONS OF THE ISSUER BUT ARE LIMITED
OBLIGATIONS PAYABLE SOLELY FROM THE MONEY AND
PROPERTIES PLEDGED FOR PAYMENT THEREOF.**

<u>Maturity Date:</u>	<u>Dated Date:</u>	<u>Interest Rate:</u>	<u>CUSIP No.:</u>
_____, 1, 20__	Date of Delivery	_____%	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The **CITY OF LAKE WALES, FLORIDA** (the "Issuer"), a municipal corporation duly organized and validly existing under the laws of the State of Florida (the "State"), for value received, promises to pay, subject to the provisions hereof and of the Indenture, to the Registered Owner named above on the Maturity Date specified above, or upon earlier redemption as described herein, the Principal Amount shown above and to pay interest on the unpaid principal amount hereof at the Interest Rate specified above until payment of the principal or redemption price hereof has been made. Interest on this Bond is payable on each _____ 1 and _____ 1, commencing _____ 1, 2013 (each such date being hereinafter referred to as an "Interest Payment Date") and on any other date on which payment of principal of this Bond is due. Interest hereon will be computed on the basis of a 360-day year of twelve 30-day months.

Any term used herein as a defined term but not defined herein shall be as defined in the Indenture.

This Bond is payable in lawful money of the United States of America. The principal of and premium, if any, on this Bond is payable at the Designated Office of the Trustee in Jacksonville, Florida, upon presentation and surrender of this Bond.

This Bond is one of a duly authorized issue of revenue bonds of the Issuer, aggregating \$ _____ in principal amount, designated as "City of Lake Wales, Florida Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project) Series 2012A (the "Series 2012A Bonds"). Simultaneously with the issuance of the Series 2012A Bonds, the Issuer is issuing \$ _____ aggregate principal amount of its Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project) Subordinate Series 2012B (the "Series 2012B Bonds"), as more fully set forth in the Indenture (the Series 2012A Bonds and the Series 2012B Bonds are collectively referred to as the "Series 2012 Bonds," and each as a "Series", and together with any Additional Bonds issued pursuant to the Indenture, the "Bonds"). The Series 2012B Bonds are "Subordinate Bonds" as defined in the Indenture. The Bonds are issued under and pursuant to the laws of the State, particularly Chapter 159, Part II, Florida Statutes, as amended (the "Act"), and a Trust Indenture dated as of December 1, 2012 (as amended and supplemented from time to time, the "Indenture"), between the Issuer and Wells Fargo Bank, National Association, as trustee (the "Trustee").

THIS BOND IS A SPECIAL, LIMITED OBLIGATION OF THE ISSUER. THE BONDS AND THE INTEREST THEREON DO NOT CONSTITUTE NOR GIVE RISE TO A GENERAL OBLIGATION OR A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE ISSUER, POLK COUNTY, FLORIDA (THE "COUNTY"), THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATIONS. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION OF THE STATE NOR THE ISSUER NOR THE COUNTY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE BONDS, THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO EXCEPT FROM REVENUES PLEDGED THEREFOR UNDER THE INDENTURE, ALL AS MORE FULLY SET FORTH IN THE INDENTURE. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER, IF ANY, OF THE ISSUER, THE COUNTY, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE BONDS OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THIS BOND AGAINST ANY PAST, PRESENT OR FUTURE OFFICER, DIRECTOR, MEMBER, EMPLOYEE OR AGENT OF THE ISSUER, OR OF ANY SUCCESSOR TO THE ISSUER, AS SUCH, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR TO THE ISSUER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, DIRECTORS, MEMBERS,

EMPLOYEES OR AGENTS, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS BOND.

As specified in the Indenture, the Series 2012 Bonds stated to mature on _____ 1, _____, _____ 1, _____, _____ 1, _____, and _____ 1, _____ are referred to herein as the "Term Bonds". The Term Bonds are subject to mandatory sinking fund redemption prior to their stated maturities from money required to be deposited in the Bond Fund for such purpose and shall be redeemed in part, by lot or other customary method, at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on October 1 in each of the years as set forth in the Indenture.

The Series 2012 Bonds are subject to mandatory, optional and special redemption as set forth in the Indenture.

Money used to pay premium, if any, on Bonds to be redeemed must constitute Available Money. Notwithstanding anything to the contrary herein, no Subordinate Bond or any portion thereof may be redeemed pursuant to this Section if any Senior Bond (defined herein) is then Outstanding, except that the Subordinate Bonds may be redeemed on any Interest Payment Date if the principal and interest due on the Senior Bonds at such time has been paid in full, or if no Senior Bonds remain Outstanding.

Reference is hereby made to the Indenture for a description of the rights, duties and obligations of the Issuer, the Trustee and the Holders of the Bonds, the terms upon which the Bonds are issued, a description of the property and interests pledged for the payment of the Bonds, the relative claims of the various Series of Bonds against such property and interests, the terms upon which such property and interest are pledged and the terms and conditions upon which the Bonds will be deemed to be paid, at or prior to maturity or redemption of the Bonds, if any, upon the making of provision for the payment thereof in the manner set forth in the Indenture. The terms and provisions contained in the Indenture are hereby incorporated herein by reference and the Holder of this Bond, by purchase hereof, assents to all of such terms and provisions.

The Bonds are being issued for the purpose of providing financing for the acquisition, construction and equipping of a 135-unit senior living facility to be located in the City of Lake Wales, Florida (the "Project"), to fund capitalized interest on the Bonds, to make deposits to reserve funds established with respect to the Bonds, and to pay costs in connection with the issuance of the Bonds. The proceeds of the Bonds are being used by the Issuer to finance a loan ("Loan") by the Issuer to One HC – Lake Wales, LLC (the "Borrower"), a Florida limited liability company organized and existing under the laws of the State, pursuant to a Loan Agreement dated as of December 1, 2012 (as amended and supplemented from time to time, the "Loan Agreement") among the Issuer, the Trustee, and the Borrower. Pursuant to the Loan Agreement, the Borrower is obligated to make payments sufficient to pay principal of, premium, if any, and interest on the Bonds, which obligation is evidenced by separate promissory notes (the "Series 2012A Note" and "Series 2012B Note", collectively, the "Notes"). The liability of the Borrower under the Loan Agreement is limited as provided therein.

The Loan in relation to the Series 2012A Bonds is secured by a mortgage lien on and security interest in the Project (the "First Mortgage"). The Series 2012A Bonds (together with any Additional Bonds issued under the Indenture, the "Senior Bonds") are secured by the assignment of payments made in respect of the Series 2012A Note, which is further secured by the First Mortgage on a senior lien basis prior in all respects to the payments related to the Series 2012B Bonds (the "Subordinate Bonds"). The deposits to be made to the Accounts in the Bond Fund for the Subordinate Bonds under the Indenture are subordinate to the deposits to be made to the Accounts in the Bond Fund for the Senior Bonds under the Indenture. The Bond Fund Accounts for the Senior Bonds and the Debt Service Reserve Account for the Senior Bonds have been specifically pledged and set aside to secure or provide for the payment of principal of and interest on the Senior Bonds.

Reference is hereby made to the Indenture and the Loan Agreement, copies of which are on file with the Trustee, for the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer, the Borrower, the Trustee and the Holders of the Bonds, the terms upon which this Bond is issued, and the terms and conditions upon which this Bond will be deemed to be paid, at or prior to maturity or prepayment of this Bond, upon the making of provision for the payment hereof in the manner set forth in the Indenture, to all of the terms and conditions of which the Holder of this Bond hereby assents. The Holder of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms and provisions of the Indenture and the Loan Agreement.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the State to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this Bond, do exist, have happened and have been performed in regular and due form as required by law.

Neither the members of the Governing Body of the Issuer nor any person executing this Bond shall be personally liable on this Bond or be subject to any personal liability or accountability by reason of the issuance of this Bond.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture unless the Certificate of Authentication hereon has been executed by the Trustee by manual signature.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of the Mayor of the Issuer, and has caused its seal or a facsimile thereof to be reproduced hereon and attested by the manual or facsimile signature of the Clerk of the Issuer.

CITY OF LAKE WALES, FLORIDA

By: _____
Mayor

Attest:

By: _____
Clerk

[Signature Page of Series 2012A Bond]

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the Indenture referred to herein.

Date of Authentication: _____

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

By: _____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please print or typewrite Name and Address,
including Zip Code, and Federal Taxpayer Identification or
Social Security Number of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to register the transfer of the within Bond on the books kept for registration thereof,
with full power of substitution in the premises.

Dated: _____

Signature guaranteed by:

NOTICE: Signature must be guaranteed by a
member firm of the New York Stock
Exchange or a commercial bank or trust
company.

NOTICE: The signature to this Assignment
must correspond with the name as it
appears on the face of the within Bond in
every particular, without alteration or
enlargement or any change whatsoever.

EXHIBIT B

[FORM OF SERIES 2012B BOND]

NOTICE: Unless this certificate is presented by an authorized representative of The Depository Trust Company to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

R-_____

\$_____

THE TRANSFER OF THIS SUBORDINATE SERIES 2012B BOND IS RESTRICTED TO PURCHASERS WHO ARE EITHER "ACCREDITED INVESTORS" OR "QUALIFIED INSTITUTIONAL BUYERS" WITHIN THE MEANING OF THE SECURITIES ACT OF 1933, AS AMENDED.

UNITED STATES OF AMERICA

STATE OF FLORIDA

**CITY OF LAKE WALES, FLORIDA
SENIOR HOUSING COMMUNITY REVENUE BONDS
(VIAVITA ON THE RIDGE PROJECT)
SUBORDINATE SERIES 2012B (THE "BONDS")**

THIS BOND AND THE ISSUE OF WHICH IT FORMS A PART ARE NOT GENERAL OBLIGATIONS OF THE ISSUER BUT ARE LIMITED OBLIGATIONS PAYABLE SOLELY FROM THE MONEY AND PROPERTIES PLEDGED FOR PAYMENT THEREOF.

<u>Maturity Date:</u>	<u>Dated Date:</u>	<u>Interest Rate:</u>	<u>CUSIP No.:</u>
_____ 1, _____	Date of Delivery	_____ %	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The **CITY OF LAKE WALES, FLORIDA** (the "Issuer"), a municipal corporation duly organized and validly existing under the laws of the State of Florida (the "State"), for value received, promises to pay, subject to the provisions hereof and of the Indenture, to the Registered Owner named above on the Maturity Date specified above, or upon earlier redemption as described herein, the Principal Amount shown above and to pay interest on the unpaid principal

amount hereof at the Interest Rate specified above until payment of the principal or redemption price hereof has been made. Interest on this Bond is payable on each _____ 1, commencing _____ 1, 2013 (each such date being hereinafter referred to as an "Interest Payment Date") and on any other date on which payment of principal of this Bond is due. Interest hereon will be computed on the basis of a 360-day year of twelve 30-day months.

Any term used herein as a defined term but not defined herein shall be as defined in the Indenture.

This Bond is payable in lawful money of the United States of America. The principal of and premium, if any, on this Bond is payable at the Designated Office of the Trustee in Jacksonville, Florida, upon presentation and surrender of this Bond.

This Bond is one of a duly authorized issue of revenue bonds of the Issuer, aggregating \$_____ in principal amount, designated as "City of Lake Wales, Florida Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project) Subordinate Series 2012B (the "Series 2012B Bonds"). Simultaneously with the issuance of the Series 2012B Bonds, the Issuer is issuing \$_____ aggregate principal amount of its Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project) Series 2012A (the "Series 2012A Bonds"), as more fully set forth in the Indenture (the Series 2012A Bonds and the Series 2012B Bonds are collectively referred to as the "Series 2012 Bonds," and each as a "Series" and collectively with any Additional Bonds issued under the Indenture, the "Bonds"). The Bonds are issued under and pursuant to the laws of the State, particularly Chapter 159, Part II, Florida Statutes, as amended (the "Act"), and a Trust Indenture dated as of December 1, 2012 (as amended and supplemented from time to time, the "Indenture"), between the Issuer and Wells Fargo Bank, National Association, as trustee (the "Trustee").

THIS BOND IS A SPECIAL, LIMITED OBLIGATION OF THE ISSUER. THE BONDS AND THE INTEREST THEREON DO NOT CONSTITUTE NOR GIVE RISE TO A GENERAL OBLIGATION OR A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE ISSUER, POLK COUNTY, FLORIDA (THE "COUNTY"), THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATIONS. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION OF THE STATE NOR THE ISSUER NOR THE COUNTY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE BONDS, THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO EXCEPT FROM REVENUES PLEDGED THEREFOR UNDER THE INDENTURE, ALL AS MORE FULLY SET FORTH IN THE INDENTURE. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER, IF ANY, OF THE ISSUER, THE COUNTY, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE BONDS OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THIS BOND AGAINST ANY PAST, PRESENT OR FUTURE OFFICER, DIRECTOR, MEMBER, EMPLOYEE OR AGENT

OF THE ISSUER, OR OF ANY SUCCESSOR TO THE ISSUER, AS SUCH, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR TO THE ISSUER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES OR AGENTS, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS BOND.

The Series 2012B Bonds are subject to redemption as set forth in the Indenture.

Money used to pay premium, if any, on Bonds to be redeemed must constitute Available Money. Notwithstanding anything to the contrary herein, no Subordinate Bond (defined herein) or any portion thereof may be redeemed pursuant to this Section if any Senior Bond (defined herein) is then Outstanding, except that the Subordinate Bonds may be redeemed on any Interest Payment Date if the principal and interest due on the Senior Bonds at such time has been paid in full, or if no Senior Bonds remain Outstanding.

Reference is hereby made to the Indenture for a description of the rights, duties and obligations of the Issuer, the Trustee and the Holders of the Bonds, the terms upon which the Bonds are issued, a description of the property and interests pledged for the payment of the Bonds, the relative claims of the various Series of Bonds against such property and interests, the terms upon which such property and interest are pledged and the terms and conditions upon which the Bonds will be deemed to be paid, at or prior to maturity or redemption of the Bonds, if any, upon the making of provision for the payment thereof in the manner set forth in the Indenture. The terms and provisions contained in the Indenture are hereby incorporated herein by reference and the Holder of this Bond, by purchase hereof, assents to all of such terms and provisions.

The Bonds are being issued for the purpose of providing financing for the acquisition, construction and equipping of a 135-unit senior living facility currently located in the City of Lake Wales, Florida (the "Project"), to fund capitalized interest, to make deposits to reserve funds established with respect to the Bonds, and to pay costs in connection with the issuance of the Bonds. The proceeds of the Bonds are being used by the Issuer to finance a loan ("Loan") by the Issuer to One HC – Lake Wales, LLC (the "Borrower"), a Florida limited liability company organized and existing under the laws of the State, pursuant to a Loan Agreement dated as of December 1, 2012 (as amended and supplemented from time to time, the "Loan Agreement") among the Issuer, the Trustee, and the Borrower. Pursuant to the Loan Agreement, the Borrower is obligated to make payments sufficient to pay principal of, premium, if any, and interest on the Bonds, which obligation is evidenced by separate promissory notes (the "Series 2012A Note" and "Series 2012B Note", collectively, "Notes"). The liability of the Borrower under the Loan Agreement is limited as provided therein.

The Loan in relation to the Series 2012B Bonds is secured by a mortgage lien on and security interest in the Project (the "Second Mortgage"). The Series 2012A Bonds (together with any Additional Bonds issued under the Indenture, the "Senior Bonds") are secured by the assignment of payments made in respect of the Series 2012A Note, which is further secured by a

First Mortgage on a senior lien basis prior in all respects to the payments related to the Series 2012B Bonds (the "Subordinate Bonds"). The deposits to be made to the Accounts in the Bond Fund for the Subordinate Bonds under the Indenture are subordinate to the deposits to be made to the Accounts in the Bond Fund for the Senior Bonds under the Indenture. The Bond Fund Accounts for the Senior Bonds and the Debt Service Reserve Account for the Senior Bonds have been specifically pledged and set aside to secure or provide for the payment of principal of and interest on the Senior Bonds.

Reference is hereby made to the Indenture and the Loan Agreement, copies of which are on file with the Trustee, for the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer, the Borrower, the Trustee and the Holders of the Bonds, the terms upon which this Bond is issued, and the terms and conditions upon which this Bond will be deemed to be paid, at or prior to maturity or prepayment of this Bond, upon the making of provision for the payment hereof in the manner set forth in the Indenture, to all of the terms and conditions of which the Holder of this Bond hereby assents. The Holder of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms and provisions of the Indenture and the Loan Agreement.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the State to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this Bond, do exist, have happened and have been performed in regular and due form as required by law.

Neither the members of the Governing Body of the Issuer nor any person executing this Bond shall be personally liable on this Bond or be subject to any personal liability or accountability by reason of the issuance of this Bond.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture unless the Certificate of Authentication hereon has been executed by the Trustee by manual signature.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of the Mayor of the Issuer, and has caused its seal or a facsimile thereof to be reproduced hereon and attested by the manual or facsimile signature of the Clerk of the Issuer.

CITY OF LAKE WALES, FLORIDA

By: _____
Mayor

Attest:

By: _____
Clerk

[Signature Page of Series 2012B Bond]

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the Indenture referred to herein.

Date of Authentication: _____

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

By: _____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please print or typewrite Name and Address,
including Zip Code, and Federal Taxpayer Identification or
Social Security Number of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to register the transfer of the within Bond on the books kept for registration thereof,
with full power of substitution in the premises.

Dated: _____

Signature guaranteed by:

NOTICE: Signature must be guaranteed by a
member firm of the New York Stock
Exchange or a commercial bank or trust
company.

NOTICE: The signature to this Assignment
must correspond with the name as it
appears on the face of the within Bond in
every particular, without alteration or
enlargement or any change whatsoever.

EXHIBIT C

FORM OF OPERATIONS AND MAINTENANCE RESERVE FUND REQUISITION

Requisition No. _____ Date: _____

To: Wells Fargo Bank, National Association, as Trustee (the "Trustee") under the Trust Indenture dated as of December 1, 2012 (the "Indenture"), relating to the City of Lake Wales, Florida Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project) Series 2012A and Subordinate Series 2012B

Attention: Trust Department

The undersigned Borrower Representative designated pursuant to the terms of the aforesaid Indenture and a Loan Agreement of even date therewith (the "Agreement") relating to the Bonds identified above among One HC – Lake Wales, LLC, a Florida limited liability company (the "Borrower"), the Trustee and the City of Lake Wales, Florida hereby requests that there be paid from the Operations and Maintenance Reserve Fund, created by the Indenture, the sum set forth below, and in that connection with respect to the use of the proceeds of the Bonds, I HEREBY CERTIFY, as follow:

An obligation in each of the amounts set forth below has been incurred in connection with the Project and is authorized to be paid from the Operations and Maintenance Reserve Fund.

<u>Payee</u> <u>Name and Address</u>	<u>Purpose</u>	<u>Amount</u>
		\$
		\$
		\$
Total		

The Borrower hereby certifies that:

(1) all evidence, statements, and other writings required to be furnished under the terms of the Agreement and the Indenture are true and omit no material fact, the omission of which may make them misleading; and

(2) all money previously disbursed from the Operations and Maintenance Reserve Fund has been used solely to pay for costs allowed by the Agreement, and the Borrower has written evidence to support this item of warranty.

Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Indenture.

ONE HC – LAKE WALES, LLC

By: _____
Name: _____
Title: _____

EXHIBIT D

FORM OF INSURANCE AND TAX ESCROW FUND REQUISITION

Requisition No. _____ Date: _____

To: Wells Fargo Bank, National Association, as Trustee (the "Trustee") under the Trust Indenture dated as of December 1, 2012 (the "Indenture"), relating to the City of Lake Wales, Florida Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project) Series 2012A and Subordinate Series 2012B

Attention: Trust Department

The undersigned Borrower Representative designated pursuant to the terms of the aforesaid Indenture and a Loan Agreement of even date therewith (the "Agreement") relating to the Bonds identified above among One HC – Lake Wales, LLC, a Florida limited liability company (the "Borrower"), the Trustee and the City of Lake Wales, Florida hereby requests that there be paid from the Insurance and Tax Escrow Fund, created by the Indenture, the sum set forth below, and in that connection with respect to the use of the proceeds of the Bonds, I HEREBY CERTIFY, as follow:

An obligation in each of the amounts set forth below has been incurred in connection with the Project and is authorized to be paid from the Insurance and Tax Escrow Fund.

Payee

Name and Address

Purpose

Amount

\$
\$
\$

Total

The Borrower hereby certifies that:

(1) all evidence, statements, and other writings required to be furnished under the terms of the Agreement and the Indenture are true and omit no material fact, the omission of which may make them misleading; and

(2) all money previously disbursed from the Insurance and Tax Escrow Fund has been used solely to pay for costs allowed by the Agreement, and the Borrower has written evidence to support this item of warranty.

Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Indenture.

ONE HC – LAKE WALES, LLC

By: _____
Name: _____
Title: _____

EXHIBIT E

FORM OF REPAIR AND REPLACEMENT FUND REQUISITION

Requisition No. _____ Date: _____

To: Wells Fargo Bank, National Association, as Trustee (the "Trustee") under the Trust Indenture dated as of December 1, 2012 (the "Indenture"), relating to the City of Lake Wales, Florida Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project) Series 2012A and Subordinate Series 2012B

Attention: Trust Department

The undersigned Borrower Representative designated pursuant to the terms of the aforesaid Indenture and a Loan Agreement of even date therewith (the "Agreement") relating to the Bonds identified above among One HC – Lake Wales, LLC, a Florida limited liability company (the "Borrower"), the Trustee and the City of Lake Wales, Florida hereby requests that there be paid from the Repair and Replacement Fund, created by the Indenture, the sum set forth below, and in that connection with respect to the use of the proceeds of the Bonds, I HEREBY CERTIFY, as follow:

An obligation in each of the amounts set forth below has been incurred in connection with the Project and is authorized to be paid from the Repair and Replacement Fund.

Payee

Name and Address

Purpose

Amount

\$

\$

\$

Total

The Borrower hereby certifies that:

(1) all evidence, statements, and other writings required to be furnished under the terms of the Agreement and the Indenture are true and omit no material fact, the omission of which may make them misleading; and

(2) all money previously disbursed from the Repair and Replacement Fund has been used solely to pay for costs allowed by the Agreement, and the Borrower has written evidence to support this item of warranty.

Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Indenture.

ONE HC – LAKE WALES, LLC

By: _____
Name: _____
Title: _____

EXHIBIT "C"

LOAN AGREEMENT

LOAN AGREEMENT

Dated as of December 1, 2012

among

THE CITY OF LAKE WALES, FLORIDA,
as Issuer

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

and

ONE HC – LAKE WALES, LLC,
as Borrower

Relating to

\$ _____
City of Lake Wales, Florida
Senior Housing Community Revenue Bonds
(ViaVita on the Ridge Project)

Consisting of:

\$ _____ Series 2012A
\$ _____ Subordinate Series 2012B

The interest of the City of Lake Wales, Florida in this Loan Agreement (except for Reserved Rights of the Issuer) has been assigned to Wells Fargo Bank, National Association (the "Trustee") under the Trust Indenture of even date herewith, and is subject to the security interest of the Trustee.

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LOAN AGREEMENT

THIS **LOAN AGREEMENT**, dated as of December 1, 2012 (this "Loan Agreement"), is by and among the **CITY OF LAKE WALES, FLORIDA**, a municipal corporation duly organized and validly existing under the laws of the State of Florida (together with its successors, the "Issuer"), **WELLS FARGO BANK, NATIONAL ASSOCIATION**, as Trustee (the "Trustee"), a national banking association organized and existing under and by virtue of the laws of the United States of America, in its capacity as Trustee under the Indenture described below and **ONE HC – LAKE WALES, LLC**, a Florida limited liability company, created and existing under the laws of the State of Florida (the "Borrower").

RECITALS:

WHEREAS, the Borrower has requested the assistance of the Issuer to finance the acquisition, construction and equipping of a senior living facility known as the ViaVita on the Ridge Project (as more particularly described herein, the "Project"), located in the City of Lake Wales, Florida; and

WHEREAS, the Issuer is authorized by the provisions of Chapter 159, Part II, Florida Statutes, as amended (the "Act") to issue one or more series of its revenue bonds and to loan the proceeds thereof to finance the acquisition, construction, and equipping of a senior living facility for use as rental housing; and

WHEREAS, in order to provide such assistance, the Issuer has provided for the issuance, pursuant to a Trust Indenture dated as of the date hereof (the "Indenture"), between the Issuer and the Trustee of the Series 2012 Bonds, consisting of the Series 2012A Bonds and the Series 2012B Bonds, all as identified in the Indenture; and

WHEREAS, under this Loan Agreement, the Issuer shall lend the proceeds of the Series 2012 Bonds to the Borrower and the Borrower is obligated to make loan payments sufficient to pay the principal of, premium, if any, and interest on the Series 2012 Bonds; and

WHEREAS, in order to evidence the obligation to make loan payments sufficient to pay the principal of, premium, if applicable, and interest on the Series 2012 Bonds pursuant to this Loan Agreement, the Borrower has agreed to execute and deliver to the Issuer its promissory notes, for each series of Series 2012 Bonds, in an original principal amount equal to the aggregate principal amount of the Series 2012 Bonds, in substantially the forms attached hereto as Exhibit D (the "Series 2012 Notes"); and

WHEREAS, the Bonds issued under the Indenture will be secured by an assignment and pledge of all right, title and interest of the Issuer in and to this Agreement, the Series 2012 Notes, and the separate First Mortgage and Security Agreement dated as of December 1, 2012 from the Borrower to the Issuer and Second Mortgage and Security Agreement dated as of December 1, 2012 from the Borrower to the Issuer (collectively, the "Mortgages");

NOW, THEREFORE, for and in consideration of the mutual agreements hereinafter contained, and for other consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1. Definitions. All capitalized terms used herein and defined in the Indenture or in the Land Use Restriction Agreement of even date herewith (as amended and supplemented, the "Land Use Restriction Agreement"), among the Issuer, the Borrower and the Trustee, shall have the meanings ascribed to them in the Indenture or in the Land Use Restriction Agreement, as applicable.

Section 1.2. Rules of Construction. In this Loan Agreement, unless the context otherwise requires:

(a) The singular form of any word used herein, including the terms defined in Section 1.01 of the Indenture, shall include the plural, and vice versa. The use herein of a word of any gender shall include correlative words of all genders.

(b) Unless otherwise specified, references to Articles, Sections and other subdivisions of this Loan Agreement are to the designated Articles, Sections and other subdivisions of this Loan Agreement as originally executed. The words "hereof," "herein," "hereunder" and words of similar import refer to this Loan Agreement as a whole.

(c) The headings or titles of the several articles and sections, and the table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the provisions hereof.

(d) The parties acknowledge that each party to this Loan Agreement and their respective counsel have participated in the drafting and revision of this Loan Agreement and the other Bond Documents. Accordingly, the parties agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Loan Agreement, any of the other Bond Documents or any amendment or supplement or exhibit hereto or thereto.

ARTICLE II

REPRESENTATIONS

Section 2.1. Representations and Covenants of the Issuer. The Issuer represents and covenants that, as of the Closing Date:

(a) The Issuer is a municipal corporation duly organized and validly existing under the laws of the State of Florida. Pursuant to a resolution adopted by the Governing Body of the Issuer, the Issuer has authorized the execution and delivery of the Bonds, the Indenture and the other Bond Documents to which it is a party, and the performance by the Issuer of all of its obligations hereunder and under the other Bond Documents to which it is a party.

(b) The Issuer has found and determined that the issuance of the Bonds under the Indenture and the acquisition, construction and equipping of the Project by the Borrower will further the purposes of the Act.

(c) The Issuer has complied with all of the provisions of the laws of the State relating to the Bond Documents, including the Act, and has full power and authority to consummate all transactions described in the Bonds, the Bond Documents and any and all other agreements relating thereto, and to perform all of its obligations hereunder and thereunder.

(d) The Issuer has not pledged and covenants that it will not pledge the amounts derived from this Loan Agreement other than to secure the Bonds (except for Reserved Rights, which the Issuer retains).

(e) The Issuer, or bond counsel at the direction of the Issuer, will duly file Internal Revenue Service Form 8038 which shall contain the information required to be filed pursuant to Section 149 of the Code.

Section 2.2. Representations and Covenants of the Borrower. The Borrower hereby represents and covenants as follows, as of the Closing Date:

(a) The Borrower is a Florida limited liability company created and existing under the laws of the State of Florida is in good standing and is duly qualified to transact business in the State, is not in violation of any provision of its Organizational Documents, has power to enter into the Borrower Documents and has duly authorized the execution and delivery of the Borrower Documents.

(b) Neither the execution and delivery of the Borrower Documents, the consummation of the transactions described herein and therein, nor the fulfillment of or compliance with the terms and conditions thereof conflict with or result in a breach of the terms, conditions, or provisions of the Borrower's Organizational Documents or any restriction or any agreement or instrument to which the Borrower is now a party or by which the Borrower is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Borrower under the terms of any instrument or agreement.

(c) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the best knowledge of the Borrower, threatened against or affecting the Borrower, nor to the best of the knowledge of the Borrower is there any basis therefor, wherein an unfavorable decision, ruling, or finding would materially and adversely affect the transactions described in the Bond Documents or which would adversely affect, in any way, the validity or enforceability of the Bonds or the Bond Documents or any material agreement or instrument to which the Borrower is a party used or contemplated for use in the consummation of the transactions contemplated hereby.

(d) The Project is of the type authorized and permitted by the Act.

(e) The Borrower will not take or permit to be taken any action which would have the effect, directly or indirectly, of subjecting interest on any of the Tax-Exempt Bonds to federal income taxation.

(f) The Borrower will use due diligence to cause the Project to be acquired, constructed, equipped, and operated in accordance with the laws, rulings, regulations and ordinances of the State and the departments, agencies and political subdivisions thereof. The Borrower has obtained or will cause to be obtained all requisite approvals of the State and of other federal, State, regional and local governmental bodies for the acquisition, rehabilitation, equipping and operation of the Project. The Borrower has or will acquire fee simple title to the Project.

(g) The Borrower agrees to fully and faithfully perform all the duties and obligations which the Issuer has covenanted and agreed in the Indenture to cause the Borrower to perform and any duties and obligations which the Borrower or the Issuer is required by the Indenture to perform. The foregoing shall not apply to any duty or undertaking of the Issuer which by its nature cannot be delegated or assigned.

(h) The Borrower agrees to retain such records and provide to the Issuer all information necessary to enable the Issuer to complete and file all forms and reports required by the laws of the State and the Code in connection with the Project and the Bonds.

(i) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it or the Issuer is a party or of which it is a beneficiary; that it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project; and that it has not relied on the Issuer for any guidance or expertise in analyzing the financial or other consequences of such financing transactions or otherwise relied on the Issuer in any manner except to issue the Bonds in order to provide funds to lend to the Borrower.

(j) The Permitted Encumbrances do not and will not materially and adversely affect (1) the ability of the Borrower to pay in full the principal of and interest on the Series 2012 Notes in a timely manner or (2) the use of the Project for the use currently being made thereof, the operation of the Project as currently being operated or the value of the Project.

(k) The Borrower (i) has no knowledge of any material liability that has been incurred or is expected to be incurred by the Borrower that is or remains unsatisfied for any taxes or penalties with respect to any employee benefit plan, within the meaning of Section 3(3) of ERISA, or any "plan," within the meaning of Section 4975(e)(1) of the Code or any other benefit plan (other than a multiemployer plan) maintained, contributed to, or required to be contributed to by the Borrower or by any entity that is under common control with the Borrower within the meaning of ERISA Section 4001(a)(14) (a "Plan") or any plan that would be a Plan but for the fact that it is a multiemployer plan within the meaning of ERISA Section 3 (37); and (ii) has made and shall continue to make when due all required contributions to all such Plans, if any. Each such Plan has been and will be administered in compliance with its terms and the applicable action shall be taken or fail to be taken that would result in the disqualification of loss of tax-exempt status of any such Plan intended to be qualified and/or tax-exempt.

(l) The Borrower has no known material contingent liabilities.

(m) The Borrower has no material financial obligation under any indenture, mortgage, deed of trust, loan agreement, or other agreement or instrument to which the Borrower is a party or by which the Borrower or the Project is otherwise bound, other than obligations incurred in the ordinary course of the operation of the Project and other than obligations under the Mortgages and the other Bond Documents.

(n) The Borrower has not borrowed or received other debt financing that has not been heretofore repaid in full.

(o) The Borrower (1) has not entered into the Loan or any Borrower Document with the actual intent to hinder, delay, or defraud any creditor and (2) received reasonably equivalent value in exchange for its obligations under the Borrower Documents. Giving effect to the transactions described in the Borrower Documents, and, in reliance upon the appraisal of _____, dated _____, the fair market value of the Borrower's assets exceeds and will, immediately following the execution and delivery of the Borrower Documents, exceed the Borrower's liabilities. The Borrower does not intend to, and does not believe that it will, incur debts and liabilities (including, without limitation, contingent liabilities and other commitments) beyond its ability to pay such debt as they mature (taking into account the timing and amounts to be payable on or in respect of obligations of the Borrower).

(p) The Borrower is not (1) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended; (2) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (3) subject to any other federal or state law or regulation that purports to restrict or regulate its ability to borrow money.

(q) The Project is not located in a flood hazard area as defined by the Federal Insurance Administration.

(r) There is no proceeding threatened or pending for the total or partial condemnation, appropriation, or recapture of any material portion of the Project that would

materially affect such Borrower's performance under the Borrower Documents, or the use, value, or operation of the Project.

(s) All security deposits collected in connection with the Project are being held (i) in accordance with all applicable laws and (ii) in a segregated eligible account.

(t) The Borrower will cause the Project to be constructed in a timely manner in accordance with the places and specifications prepared therefor.

(u) The Project constitutes one or more separate tax parcels.

Section 2.3. Special Purpose Entity Covenants. The Borrower agrees as follows:

(a) To maintain books and records separate from any other person or entity;

(b) To maintain its accounts separate from any other person or entity;

(c) Not to commingle its assets with those of any other entity;

(d) To conduct its own business in its own name;

(e) To maintain separate financial statements;

(f) To pay its own liabilities out of its own funds;

(g) To observe all applicable business organization formalities;

(h) To pay the salaries of its own employees and maintain a sufficient number of employees in light of its contemplated business operations;

(i) Not to guarantee or become obligated for the debts of any other entity or hold out its credit as being available to satisfy the obligations of others;

(j) Not to acquire obligations of its partners, members or shareholders;

(k) To allocate fairly and reasonably any overhead for shared office space;

(l) To use separate stationery, invoices and checks;

(m) Not to pledge its assets for the benefit of any other entity or make any loans or advances to any entity;

(n) To hold itself out as a separate entity;

(o) To correct any known misunderstanding regarding its separate identity; and

(p) To maintain adequate capital in light of its contemplated business operations.

Section 2.4. Representations and Covenants of the Trustee. The Trustee represents and covenants that:

(a) It has full power and authority to carry on its business as now being conducted and to enter into the Bond Documents to which it is a party and the transactions contemplated thereby.

(b) The Bond Documents to which it is a party have been duly executed and delivered by the Trustee.

(c) The Bond Documents to which it is a party constitute valid, legal, binding, and enforceable obligations of the Trustee (subject to bankruptcy, insolvency or creditor rights laws generally, and principles of equity generally).

(d) The execution, delivery, and performance by the Trustee of the Bond Documents to which it is a party will not cause or constitute, including due notice or lapse of time or both, a default under or conflict with organizational documents or other agreements or otherwise materially or adversely affect performance of duties.

(e) To the knowledge of the Trustee, the execution, delivery, and performance by the Trustee of the Bond Documents to which it is a party will not violate any law, regulation, order, or decree of any governmental authority.

(f) All consents, approvals, authorizations, orders, or filings of or with any court or governmental agency or body, if any, required to be obtained or made by the Trustee for the execution, delivery, and performance by the Trustee of the Bond Documents to which it is a party have been obtained or made.

(g) There is no pending action, suit, or proceeding, arbitration or governmental investigation against the Trustee, an adverse outcome of which would materially affect performance by the Trustee under the Bond Documents.

Section 2.5. Special Arbitrage Certifications. The Issuer covenants not to cause or direct any money on deposit in any Fund or Account under the Indenture to be used in a manner which would cause the Tax-Exempt Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code, and the Borrower certifies and covenants to and for the benefit of the Issuer and the Holders that so long as there are any Tax-Exempt Bonds Outstanding, money on deposit in any Fund or Account under the Indenture in connection with the Tax-Exempt Bonds, whether such money was derived from the proceeds of the sale of the Tax-Exempt Bonds or from any other source, will not be used in a manner which will cause the Tax-Exempt Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code. In furtherance of this covenant, the Issuer, the Trustee, and the Borrower have entered into the Tax Agreement and covenant to comply with all of the terms and conditions thereof.

Section 2.6. Tax Exempt Status of Tax-Exempt Bonds. The Borrower hereby represents, warrants and agrees that it will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion from gross income of the recipients thereof of the interest on the Tax-Exempt Bonds for federal income tax purposes and, if it should

take or permit, or omit to take or cause to be taken, any such action, the Borrower shall take or cause to be taken all lawful actions necessary to rescind or correct such actions or omissions promptly upon having knowledge thereof. In furtherance of this covenant, the Issuer, the Trustee, and the Borrower have entered into the Tax Agreement and covenant to comply with all of the terms and conditions thereof.

Section 2.7. Land Use Restriction Agreement. In order to maintain the exclusion of interest on the Tax-Exempt Bonds from gross income for purposes of federal income taxation and to assure compliance with the Act and certain additional requirements of the Issuer, the Borrower hereby agrees that it shall, concurrently with or before the execution and delivery of the Bonds, execute and deliver and cause to be recorded the Land Use Restriction Agreement with respect to the Project. The Borrower shall comply with every term of the Land Use Restriction Agreement. The Borrower agrees to cause any amendments to the Land Use Restriction Agreement to be recorded in the appropriate official public records.

Section 2.8. Tax Representations, Covenants and Warranties of Borrower.

(a) The Borrower represents, covenants and warrants as follows:

(i) The Borrower shall not take any action or omit to take any action which, if taken or omitted, respectively, would adversely affect the excludability of interest on the Tax-Exempt Bonds from the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes. The Borrower and the Issuer shall execute such amendments hereof and supplements hereto (and shall comply with the provisions thereof) as may, in the opinion of Bond Counsel, be necessary to preserve or perfect such exclusion. The Borrower shall comply with each specific covenant in this Section at all times prior to the last maturity of the Tax-Exempt Bonds, unless and until there shall have been delivered to the Trustee and the Issuer an opinion of Bond Counsel to the effect that failure to comply with such covenant shall not adversely affect the excludability of interest on the Tax-Exempt Bonds from the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes, and thereafter such covenant shall no longer be binding upon Borrower.

(ii) All representations, warranties, and certifications made by the Borrower in connection with the delivery of the Bonds on the closing date, including, but not limited to, those representations, warranties, and certifications contained in any certificate concerning the tax-exempt status of the Tax-Exempt Bonds executed by the Borrower, are and shall be true, correct, and complete in all respects.

(iii) The weighted average maturity, calculated in accordance with section 147(b) of the Code, of the Tax-Exempt Bonds does not exceed 120% of the average reasonably expected remaining economic life of the Project, calculated in accordance with section 147(b) of the Code, financed or refinanced with the proceeds of the Tax-Exempt Bonds.

(iv) The Borrower shall not use or permit the use of any proceeds of the Tax-Exempt Bonds or any income from the investment thereof

- (A) to provide any airplane, skybox, or other private luxury box, any facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises, or
 - (B) to pay or otherwise finance costs of issuance of the Bonds (e.g., underwriting compensation, trustee and rating agency fees, printing costs, Issuer fees, and fees and expenses of counsel) in an amount which exceeds 2% of the sales proceeds (exclusive of accrued interest) of the Tax-Exempt Bonds.
- (v) The Borrower shall not take any action or omit to take any action with respect to the Gross Proceeds of the Tax-Exempt Bonds or of any amounts expected to be used to pay the principal thereof or the interest thereon which, if taken or omitted, respectively, would cause any Tax-Exempt Bond to be classified as an "arbitrage bond" within the meaning of section 148 of the Code.
- (vi) Except as provided in the Indenture and this Agreement, the Borrower shall not pledge or otherwise encumber, or permit the pledge or encumbrance of, any money, investment, or investment property as security for payment of any amounts due under this Agreement or the Series 2012 Notes relating to the Bonds and shall not establish any segregated reserve or similar fund for such purpose and shall not prepay any such amounts in advance of the redemption date of an equal principal amount of the Tax-Exempt Bonds.
- (vii) The Borrower shall not, at any time prior to the final maturity of the Tax-Exempt Bonds, direct or permit the Trustee to invest Gross Proceeds in any Investment (or to use Gross Proceeds to replace money so invested), if as a result of such investment the Yield of all Investments acquired with Gross Proceeds (or with money replaced thereby) on or prior to the date of such investment exceeds the Yield of the Tax-Exempt Bonds to stated maturity, except as permitted by section 148 of the Code and Regulations thereunder.
- (viii) Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the Issuer, and the Borrower shall not take nor omit to take any action which would cause the Tax-Exempt Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.
- (ix) The Borrower shall not direct or instruct the Trustee to invest gross proceeds of the Tax-Exempt Bonds in any manner which is inconsistent with the Indenture.
- (x) In the issuance of the Tax-Exempt Bonds, The Borrower has not (i) employed an "abusive arbitrage device" within the meaning of Section 1.148-10(a) of the Regulations; (ii) overburdened the tax exempt bond market by issuing more bonds, issuing bonds earlier or allowing bonds to remain outstanding longer than reasonably necessary to accomplish the governmental purpose for which the Bonds were issued; or

(iii) employed a "device" to obtain a material financial advantage (based on arbitrage), within the meaning of section 149(d)(4) of the Code, apart from savings attributable to lower interest rates.

(xi) The Borrower shall exercise, on behalf of the Issuer, any election with respect to the Tax-Exempt Bonds pursuant to the Code or the Regulations, and the Issuer will cooperate with the Borrower and execute any form or statement required by the Code or the Regulations to perfect any such election.

(xii) Anything in this Agreement to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that the Issuer and the Trustee may rely conclusively on the truth and accuracy of any certificate, opinion, notice, representation or instrument made or provided by the Borrower in order to establish the existence of any fact or statement of affairs solely within the knowledge of the Borrower, and which is required to be noticed, represented or certified by the Borrower hereunder or in connection with any filings, representations or certifications required to be made by the Borrower in connection with the issuance and delivery of the Bonds.

(xiii) The Borrower, for the benefit of the Issuer, each Bondholder and the Trustee, hereby represents that it has not taken, or permitted to be taken on its behalf, and agrees that it will not take, or permit to be taken on its behalf, any action which would adversely affect the exclusion from gross income for federal income tax purposes of the interest paid on the Tax-Exempt Bonds, and that it will make and take, or require to be made and taken, such acts and filings as may from time to time be required under the Code to maintain the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Bonds, including, but not limited to, maintaining continuous compliance with the requirements of section 142(d) of the Code. The Borrower agrees that it will not make any changes in the Project which will result in a violation of the limitation of the maturity of the Tax-Exempt Bonds under section 147(b) of the Code. Without limiting the generality of the foregoing, the Borrower agrees that it will file or record such documents and take any other steps as are necessary and as required in the opinion of Bond Counsel in order to ensure that the requirements and restrictions set forth in the Land Use Restriction Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of the Land Use Restriction Agreement substantially in the form originally filed in the land records office in the county where the Project is located, and the rerecording of such document if required under the laws of the State to continue its effectiveness. The Borrower hereby covenants to include such requirements and restrictions in any documents transferring any interest in the Project to another to the end that such transferee has notice of, and is bound by, such restrictions and to obtain the agreement from any transferee to so abide.

(xiv) There is no issue of tax exempt obligations that has been, or will be, sold or issued at substantially the same time as the Tax-Exempt Bonds, the payment of the principal of or interest on which is secured, directly or indirectly, by any obligation of the Borrower or the Project.

(xv) The Borrower will take such action or actions, including being a party to or consenting to such amendments of this Agreement or such other documents pertaining to the Bonds, as may be necessary, in the opinion of Bond Counsel, to comply fully with all applicable rules, rulings, regulations policies, procedures or other official statements promulgated or proposed by the IRS pertaining to obligations the interest on which is excludable from gross income under section 103 of the Code, and which pertain to the Tax-Exempt Bonds.

(xvi) The Project is located wholly within the County.

(xvii) The Sale Proceeds of each issue of Tax-Exempt Bonds will be expended for the purposes set forth in this Agreement and in the Indenture and no portion thereof in excess of 2% of the proceeds of the Tax-Exempt Bonds of such issue, within the meaning of section 147(g) of the Code, will be expended to pay Costs of Issuance with respect to the Tax-Exempt Bonds of such issue.

(b) Rebate. The Borrower agrees to take all steps necessary to compute and pay any rebatable arbitrage in accordance with section 148(f) of the Code, including:

(i) Delivery of Documents and Money on Computation Dates. The Borrower shall retain a Rebate Analyst to provide the calculations required under Section 4.7 of the Indenture. The Borrower shall deliver to the Trustee, within 55 days after each Computation Date (as defined in the Tax Agreement),

- (1) a statement, signed by a Rebate Analyst, stating the Rebate Amount as of such Computation Date; and
- (2) if such Computation Date is not the Final Computation Date (as defined in the Tax Agreement), an amount which, together with any amount then held for the credit of the Rebate Fund, is equal to at least 90% of the Rebate Amount in respect of the Tax-Exempt Bonds as of such Installment Computation Date, less any prior payments made to the United States for "rebatable arbitrage" (as that term is defined in section 148(f) of the Code) in respect of the Tax-Exempt Bonds, or (b) if such Computation Date is the Final Computation Date, an amount which, together with any amount then held for the credit of the Rebate Fund in respect of the Tax-Exempt Bonds, is equal to the Rebate Amount as of such Final Computation Date, less any prior payments made to the United States for "rebatable arbitrage" (as that term is defined in section 148(f) of the Code) in respect of such issue of Tax-Exempt Bonds; and
- (3) an Internal Revenue Service Form 8038-T completed as of such Computation Date.

(ii) Correction of Underpayments. If the Borrower shall discover or be notified as of any date that any payment paid to the United States Treasury pursuant to

this Section 2.8(b) of an amount described in Section 2.8(b)(i)(1) or (2) above shall have failed to satisfy any requirement of Section 1.148-3 of the Regulations (whether or not such failure shall be due to any default by the Borrower, the Issuer, or the Trustee), the Borrower shall (1) pay to the Trustee (for deposit to the Rebate Fund) and cause the Trustee to pay to the United States Treasury from the Rebate Fund the Rebate Amount, together with any penalty and/or interest due, as specified in Section 1.148-3(h) of the Regulations, within 175 days after any discovery or notice and (2) deliver to the Trustee an Internal Revenue Service Form 8038-T completed as of such date. If such Rebate Amount, together with any penalty and/or interest due, is not paid to the United States Treasury in the amount and manner and by the time specified in the Regulations the Borrower shall take such steps as are necessary to prevent the Tax-Exempt Bonds from becoming arbitrage bonds, within the meaning of section 148 of the Code.

(iii) Records. The Borrower shall retain all of its accounting records relating to the Debt Service Fund and the Rebate Fund and all calculations made in preparing the statements described in this Section 2.8(b) for at least three (3) years after the later of the final maturity of the Tax-Exempt Bonds or the first date on which no Tax-Exempt Bonds are Outstanding.

(iv) Fees and Expenses. The Borrower agrees to retain and pay all of the reasonable fees and reasonable expenses of a Rebate Analyst in connection with computing the Rebate Amount.

(v) No Diversion of Rebateable Arbitrage. The Borrower will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Tax-Exempt Bonds which is not purchased at fair market value or includes terms that the Borrower would not have included if the Tax-Exempt Bonds were not subject to section 148(f) of the Code.

(vi) Modification of Requirements. If at any time during the term of this Agreement the Issuer, the Trustee, or the Borrower desires to take any action which would otherwise be prohibited by the terms of this Section, such Person shall be permitted to take such action if it shall first obtain and provide to the other Persons named herein an Opinion of Bond Counsel to the effect that such action shall not adversely affect the exclusion of interest on the Tax-Exempt Bonds from gross income of the Holders thereof for federal income tax purposes and shall be in compliance with the laws of the State and the terms of this Agreement.

(c) Yield on Investment of Gross Proceeds. The Borrower will restrict the cumulative, blended Yield on the investment of the Gross Proceeds of any issue of Tax-Exempt Bonds, to the Yield of such issue, other than amounts (i) not subject to yield restriction due to any applicable temporary period under section 148(b) of the Code, deposited in a Reasonably Required Reserve or Replacement Fund, the Rebate Fund, a bona fide debt service fund (including the Debt Service Fund), or as a minor portion, or (ii) invested at a restricted yield by virtue of being invested in obligations described in section 103(a) of the Code that are not

"specified private activity bonds" within the meaning of section 57(a)(5) of the Code to the extent required by the Code or the Regulations.

(d) Residential Rental Property. The Borrower hereby represents, covenants and agrees that the Project will be maintained and operated as a "qualified residential rental project" within the meaning of section 142(d) of the Code, on a continuous basis during the Qualified Project Period, as defined in the Land Use Restriction Agreement. To that end, the Borrower has entered into the Land Use Restriction Agreement for the Project. All of the representations, covenants and agreements of the Borrower contained in Sections 2 and 3 of such Land Use Restriction Agreement are hereby incorporated in this Agreement by reference.

(e) Tenant Requirements. At all times the Borrower will comply with the applicable requirements of Revenue Procedure 98-147 and Section 142(d) of the Code with respect to the Project. Section 142(d) of the Code requires that the Borrower must make (i) not less than 20% of the Project's units available to persons whose incomes are at or below 50% of the local area median income, as adjusted from time to time, or (ii) not less than 40% of the Project's units available to persons whose incomes are at or below 60% of the local area median income, as adjusted from time to time. The Borrower has elected to use the 20% threshold for the Project.

(f) Examination by IRS. The Borrower acknowledges that, in the event of an examination by the Internal Revenue Service of the exclusion of interest on the Tax-Exempt Bonds from the gross income of the owners thereof for federal tax purposes, the Issuer will likely be treated as the "taxpayer", and the Borrower agrees to respond in a commercially reasonable manner on behalf of, and at the direction of, the Issuer to such examination and to pay the costs of the counsel selected by the Issuer to provide a defense regarding the exclusion of the interest on the Tax-Exempt Bonds from the gross income of the owners thereof for federal income tax purposes. PURSUANT TO SECTION 6.5 OF THIS AGREEMENT, THE BORROWER SHALL INDEMNIFY AND HOLD HARMLESS THE ISSUER AND THE TRUSTEE AGAINST ANY AND ALL COSTS, LOSSES, CLAIMS, DAMAGES, OR LIABILITY OF, OR RESULTING FROM, SUCH AN EXAMINATION AND THE SETTLEMENT THEREOF BY THE ISSUER AND THE TRUSTEE (INCLUDING THE COST OF THE ISSUER'S AND THE TRUSTEE'S LEGAL COUNSEL), EXCEPT AS A RESULT OF THE WILLFUL MISCONDUCT, BAD FAITH, OR FRAUD OF THE ISSUER (WITH RESPECT TO INDEMNIFICATION OF THE ISSUER) OR THE NEGLIGENCE OF THE TRUSTEE (WITH RESPECT TO INDEMNIFICATION OF THE TRUSTEE).

ARTICLE III

ISSUANCE OF BONDS; LOAN TO BORROWER; RELATED OBLIGATIONS

Section 3.1. Issuance of Series 2012 Bonds; Deposit of Proceeds. To provide funds to assist the Borrower in financing the acquisition, rehabilitation and equipping of the Project, the Issuer, concurrently with the execution and delivery of this Loan Agreement, and upon satisfaction of the conditions to the delivery of the Series 2012 Bonds set forth in Section 2.07 of the Indenture, will issue, sell and deliver the Series 2012 Bonds and will deposit the proceeds of the Series 2012 Bonds with the Trustee in accordance with Section 5.02 of the Indenture.

Section 3.2. The Loan; Basic Loan Payments; and Additional Payments.

(a) The Loan. The Issuer agrees, upon the terms and conditions herein, to lend to the Borrower the proceeds received by the Issuer from the sale of the Series 2012 Bonds by causing such proceeds to be deposited with the Trustee for disposition as provided in the Indenture. The obligation of the Issuer to make the Loan shall be deemed fully discharged upon the deposit of the proceeds of the Bonds with the Trustee. The Loan shall be evidenced by the Series 2012 Notes.

(b) Deposit of Project Revenues; Loan Payments; Basic Loan Payments; and Additional Loan Payments. The Borrower shall cause all Project Revenues to be deposited with the Trustee upon receipt by the Borrower or the Manager. The Project Revenues shall be used to pay the Basic Loan Payments and the Additional Loan Payments, as provided in this Section 3.2(b), in such lawful money of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

(i) Basic Loan Payments. The Project Revenues shall be used to pay, as Basic Loan Payments, the following amounts:

(1) on or before the 15th day of each month, commencing _____ 15, 2012, until such time as the principal of and the premium, if any, and interest on, the Bonds shall have been paid in full, or provisions made for such full payment in accordance with the provisions of the Indenture, to the Trustee, a sum equal to the Interest Requirement on then Outstanding Bonds for such month; and

(2) on or before the 15th day of each month, commencing _____ 15, 2012, to the Trustee, a sum equal to the Principal Requirement on then Outstanding Bonds for such month.

The monthly installments of Basic Loan Payments described in (1) and (2) above payable by the Borrower under this Loan Agreement shall in any event be equal in the aggregate to an amount that, with other funds in the respective Accounts in the Bond Fund then available for the payment of principal and interest on the Bonds, shall be sufficient to provide for the payment in full of the

interest on, premium, if any, and principal of the Bonds as they become due and payable.

Except as otherwise provided in the Indenture, the Project Revenues shall also be used to pay, as Basic Loan Payments, to the Trustee for deposit in the Bond Fund, such amounts as shall, together with any other money available therefor, be sufficient to pay all amounts, if any, required to redeem each Series of Bonds pursuant to the provisions of Article III of the Indenture as and when they become subject to redemption pursuant thereto, together with any related redemption premium associated therewith, all such payments to be made by the Borrower to the Trustee, for deposit into the related Bond Fund Accounts on or before the date such moneys are required by said provisions of the Indenture.

(ii) Additional Loan Payments. The Project Revenues shall be used by the Trustee to pay, in addition to the Basic Loan Payments, the following costs and expenses (to the extent such costs and expenses are not paid from the proceeds of the sale of the Bonds), which are the Additional Loan Payments:

(1) the Ordinary Trustee's Fees and Expenses and Extraordinary Trustee's Fees and Expenses, and all other fees and other costs of the Trustee, including without limitation, fees and expenses of counsel to the Trustee, payable to the Trustee for services or indemnity under the Indenture and the Borrower Documents (including services in connection with the administration and enforcement thereof and compliance therewith);

(2) all fees and other costs incurred for services of such agents, attorneys and independent accountants as are employed by the Issuer, the Borrower, or the Trustee to perform services required pursuant to this Loan Agreement, the other Bond Documents or the Indenture;

(3) the Issuer's Fees and Expenses and all other fees and costs of the Issuer, including without limitation fees and expenses of counsel to the Issuer and amounts necessary to pay a third-party compliance agent to review the Borrower's compliance with the requirements of the Land Use Restriction Agreement, not otherwise paid under this Loan Agreement or the Indenture, related to the issuance of the Bonds or in connection with its administration and enforcement of, and compliance with or interpretation of, the Indenture or any of the Borrower Documents, or otherwise in connection with the Project and the Bonds;

(4) all amounts advanced by the Issuer or the Trustee under authority of the Indenture or any of the Borrower Documents that the Borrower is obligated to repay;

(5) any amounts required to be deposited in the respective Debt Service Reserve Accounts in order to satisfy the applicable Debt Service

Reserve Requirement with respect to the Senior Bonds pursuant to Section 5.04 of the Indenture; and should funds be withdrawn from a Debt Service Reserve Account, the Borrower shall restore the difference between the amount on deposit in the applicable Debt Service Reserve Account and the related Debt Service Reserve Requirement from the next available deposits of Project Revenues and other deposits to the Revenue Fund made in accordance with the Indenture;

(6) amounts sufficient to maintain balances in the Repair and Replacement Fund, the Insurance and Tax Escrow Fund and the Operations and Maintenance Reserve Fund, equal to the amounts required pursuant to the Indenture;

(7) all fees and expenses of the Rebate Analyst in connection with the provision of the rebate calculations required under the Tax Agreement, and if a deposit is required to be made to the Rebate Fund as a result of any calculation made pursuant to the Tax Agreement, the Borrower shall cause to be paid from Project Revenues the amount of such deposit in accordance with the terms of the Indenture;

(8) amounts required to be deposited in the Operating Fund sufficient to pay the Operating Expenses of the Project, as provided for in the Budget and in the Indenture;

(9) the Dissemination Agent Fee payable in accordance with and as provided under the Indenture and Continuing Disclosure Agreement; and

(10) the fees and expenses of any Servicer engaged pursuant to Section 6.2 hereof.

(iii) Revenue Fund. As security for its obligations to make the payments required in subsections (i) and (ii) above, the Borrower shall pay (or cause the Manager to pay) all Project Revenues from the Project to the Trustee beginning on _____ 15, 2012 for deposit in the Revenue Fund in accordance with the first paragraph of this Section 3.2(b).

(iv) Miscellaneous. In the event the Borrower shall fail to pay, or fail to cause to be paid, any Loan Payments as required by this Section 3.2(b) (except to the extent amounts due under 3.2(b) are paid from amounts on deposit in a Debt Service Reserve Account, the Repair and Replacement Fund or the Surplus Fund other than with respect to the Subordinate Bonds), the payment not paid shall continue as an obligation hereunder of the Borrower until the unpaid amount shall have been fully paid, and the Borrower shall pay, or cause to be paid, the same with interest thereon from the date of non-payment until the date so paid at the Default Rate. The requirement that interest be paid at the Default Rate shall

be in addition to and not in lieu of any other remedy that may exist for the failure of the Borrower to make the payments required in this Section 3.2.

The Borrower shall pay, or cause to be paid, in accordance with the terms of this Section 3.2, the Loan Payments without any further notice thereof.

The Borrower shall be permitted to distribute, free and clear of any and all liens or encumbrances on, or right to recovery of, such funds hereunder, to any Person any funds properly disbursed to the Borrower from the Surplus Fund subject to the terms and provisions of the Indenture.

Section 3.3. Obligations Unconditional; Limited Recourse. The obligations of the Borrower to make the payments required in Section 3.2 and other Sections hereof and to perform and observe the other agreements contained herein shall be absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach by the Issuer or the Trustee of any obligation to the Borrower whether hereunder or otherwise, or out of any Indebtedness or liability at any time owing to the Borrower by the Issuer or the Trustee. Until such time as the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Borrower (a) will not suspend or discontinue any payments provided for in Section 3.2 hereof, (b) will perform and observe all other agreements contained in this Loan Agreement, and (c) except as provided in Article VIII hereof, will not terminate this Loan Agreement for any cause, including, without limiting the generality of the foregoing, failure of the Borrower to complete the acquisition, construction and equipping of the Project, the occurrence of any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, the taking by eminent domain of title to or temporary use of any or all of the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of the Issuer or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement or otherwise.

Nothing contained in this Section shall be construed to release the Issuer from the performance of any of the agreements on its part herein contained, and in the event the Issuer or the Trustee fails to perform any such agreement on its part, the Borrower may institute such action against the Issuer or the Trustee as the Borrower may deem necessary to compel performance so long as such action does not abrogate the obligations of the Borrower contained in the first sentence of this Section. The Borrower may, at its own cost and expense and in its name or in the name of the Issuer and with proper notice to the Issuer, prosecute or defend any action or proceeding or take any other action involving third persons which the Borrower deems reasonably necessary in order to secure or protect the Borrower's right of possession, occupancy and use of the Project, and in such event the Issuer hereby agrees to cooperate fully with the Borrower, at the Borrower's sole cost and expense, and to take all action necessary to effect the substitution of the Borrower for the Issuer in any such action or proceeding if the Borrower shall so request.

Notwithstanding the foregoing or any other provision or obligation to the contrary contained in this Loan Agreement or any other Bond Document, with the exception of any and all indemnities provided in the Bond Documents, which such indemnities shall be a general obligation of the Borrower, (a) the liability of the Borrower under this Loan Agreement and the other Bond Documents to any person or entity, including, but not limited to, the Trustee or the Issuer and their successors and assigns, is limited to the Borrower's interest in the Project, the Project Revenues and the amounts held in the Funds and Accounts created under the Indenture or other Bond Documents or any rights of the Borrower under any guarantees relating to the Project, and such persons and entities shall look exclusively thereto, to such other security as may from time to time be given for the payment of obligations arising out of this Loan Agreement or any other agreement securing the obligations of the Borrower under this Loan Agreement, including but not limited to the Mortgages and the Land Use Restriction Agreement; and (b) from and after the date of this Loan Agreement, no deficiency or other personal judgment, nor any order or decree of specific performance (other than pertaining to this Loan Agreement, any agreement pertaining to the Project or any other agreement securing the Borrower's obligations under this Loan Agreement), shall be rendered against the Borrower nor any member of the Borrower, the assets of the Borrower (other than the Borrower's interest in the Project, this Loan Agreement, amounts held in the Funds and Accounts created under the Indenture, any rights of the Borrower under the Bond Documents or any rights of the Borrower under any guarantees relating to the Project), its officers, directors or members or their heirs, personal representatives, successors, transferees assigns, as the case may be, in any action or proceeding arising out of this Loan Agreement and the Indenture or any agreement securing the obligations of the Borrower under this Loan Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding.

Section 3.4. Assignment of Issuer's Rights. As security for the payment of the Bonds, the Issuer in the Indenture assigns to the Trustee certain of the Issuer's rights under this Loan Agreement, including the right to receive payments hereunder (except for any deposits to the Rebate Fund and the Reserved Rights), and the Borrower hereby assents to such assignment and agrees to make payments directly to the Trustee, without defense or set off by reason of any dispute between the Borrower and the Issuer or the Trustee. By virtue of such assignment and certain obligations of the Borrower to the Trustee, the Trustee shall have the right to enforce the obligations of the Borrower hereunder, subject to the limitations hereof, including the limitations in Section 3.3.

Section 3.5. Amounts Remaining in Funds. It is agreed by the parties hereto that after (a) payment in full of the Bonds, or provision for such payment having been made as provided in the Indenture, (b) payment of all fees, charges and expenses of the Trustee in accordance with the terms of the Indenture, and (c) payment of all other amounts required to be paid under this Loan Agreement and the Indenture, any amounts remaining in the Funds and Accounts held by the Trustee under the Indenture, subject to the application of money in the Rebate Fund as provided in the Tax Agreement, shall be applied by the Trustee as provided in Section 5.16 of the Indenture. The Issuer shall have no claim to such amounts.

Section 3.6. Borrower Required to Pay if Project Fund Insufficient. In the event the money in the Project Fund available for payment of the amounts described in Section 5.03 of the Indenture is insufficient to pay such amounts in full, the Borrower agrees to pay such

insufficiency. The Issuer does not make any warranty, either express or implied, that the money which will be paid into the Project Fund and which, under the provisions of this Loan Agreement, will be available for payment of the Costs of the Project, will be sufficient to pay all the costs which will be incurred in that connection. The Borrower agrees that if, after exhaustion of the money in the Project Fund, the Borrower pays any portion of such Costs of the Project pursuant to the provisions of this Section, it will not be entitled to any reimbursement therefor from the Issuer or from the Trustee or from the Holders of any of the Bonds, nor will it be entitled to any diminution of the loan payments payable under Section 3.2 hereof. The obligation of the Borrower to complete the construction of the Project will survive any termination of this Loan Agreement.

Section 3.7. Security for Payments Under the Series 2012 Bonds. Contemporaneously with the issuance of the Series 2012 Bonds, as security for the payment of the Bonds, the Issuer will execute and deliver the Indenture, under the terms of which all of the right, title, interest, and remedies of the Issuer in this Loan Agreement (except the Reserved Rights), the Series 2012 Notes and the Mortgages, together with all revenues and amounts to be received and all property to be held by the Issuer thereunder, will be assigned and will be the subject of a grant of a security interest to the Trustee and will be pledged as security for, among other things, the payment of the Bonds. The Borrower hereby consents to such assignment and grant of a security interest and hereby agrees that its obligations to make all payments under this Loan Agreement will be absolute and will not be subject to any defense, except payment, or to any right of setoff, counterclaim, or recoupment arising out of any breach by the Issuer of any obligation to the Borrower, whether hereunder or otherwise, or arising out of any Indebtedness or liability at any time owing to the Borrower by the Issuer. The Borrower further agrees that all Basic Loan Payments required to be made under this Loan Agreement will be paid directly to the Trustee for the account of the Issuer. The Trustee will have all rights and remedies herein accorded to the Issuer (except for Reserved Rights), but shall not have assumed any obligation of the Issuer hereunder or under any of the Bond Documents, and any reference herein to the Issuer will be deemed, with the necessary changes in detail, to include the Trustee, and the Trustee and the Bondholders are deemed to be and are third party beneficiaries of the representations, covenants, and agreements of the Borrower (but not any obligation of the Issuer) herein contained. Pursuant to the Indenture, the lien on the real property included in the Project and the security interest in the personal property included in the Project granted to the Issuer pursuant to the Mortgages will be assigned to the Trustee as security for the payment of the Bonds.

Section 3.8. Warranty of Title. The Borrower warrants that (a) it has acquired, or simultaneously with the issuance of the Series 2012 Bonds will acquire, good and indefeasible fee simple title to the Mortgaged Property, (b) the Borrower is or will be the legal owner of all real and personal property included in the Project, and (c) the Project is and will be free from all adverse claims, security interests, and encumbrances, other than Permitted Encumbrances.

Section 3.9. Title Insurance. The Borrower, prior to or simultaneously with the issuance of the Series 2012 Bonds, will furnish the Title Policy. The Borrower will furnish within the time limit specified in any binder an original of the Title Policy. The mortgagee's title policy will insure that the Trustee has a valid lien on the real property described in Exhibit "A" to the Mortgages subject only to Permitted Encumbrances. There will be deleted from the Title Policy the standard exceptions for discrepancies, encroachments, overlaps, conflicts in boundary

lines, servitudes, shortages in area, or other matters which would be disclosed by an accurate survey and inspection of the Mortgaged Property, for mechanics' and materialmen's liens, or for rights or claims of parties in possession and easements or claims of easements not shown by the public records. The Title Policy will contain the standard zoning endorsement and will not contain an exception for matters shown by a current survey. In lieu of the standard zoning endorsement the Borrower may provide an opinion of Independent Counsel to the effect that the Project is properly zoned or evidence of proper zoning from appropriate government officials. Any Net Proceeds payable either to the Issuer or the Borrower under the Title Policy will be subject to the lien of the Indenture, will be paid to the Trustee, and held by the Trustee in the Project Fund, and, at the Borrower's written direction, will be either (a) used to acquire or construct replacement or substitute property within the area of operation of the Issuer for that to which title has been lost, or (b) used to redeem Bonds pursuant to Section 3.01 of the Indenture. Any proceeds of the Title Policy remaining after the Bonds are no longer Outstanding will be paid to the Borrower.

Section 3.10. Borrower's Covenants Regarding Title. The Borrower agrees to protect, preserve, and defend its interest in the Project and its title thereto, to appear and defend such interest and title in any action or proceeding affecting or purporting to affect the Project, the liens of the Mortgages thereon, or any of the rights of the Trustee thereunder, and to pay on demand all costs and expenses reasonably incurred by the Trustee in or in connection with any such action or proceeding, including reasonable attorneys' fees, whether any such action or proceeding progresses to judgment and whether brought by or against the Trustee. The Trustee will be reimbursed for any such costs and expenses in accordance with the provisions of Section 6.14 hereof. If the Borrower does not take the action contemplated herein, the Trustee or Issuer may, but will not be under any obligation to, appear or intervene in any such action or proceeding and retain counsel therein and defend the same or otherwise take such action therein as it may be advised and may settle or compromise the same and, in that behalf and for any of such purposes, may expend and advance such sums of money as it may deem necessary, and such sums will be an advance payable in accordance with Section 6.14 hereof.

Section 3.11. Priority. The Senior Bonds and the related Series 2012 Notes payment shall be secured by a first, senior lien on the Project under the First Mortgage and in the manner described in the Indenture. The Subordinate Bonds and related Series 2012 Notes payment shall be secured by a second, junior lien on the Project under the Second Mortgage, subordinate to the lien in favor of the Senior Bonds and related Series 2012 Notes payment and in the manner described in the Indenture.

ARTICLE IV

THE PROJECT

Section 4.1. Acquisition and Construction of the Project. The Borrower's interest in any land, buildings and equipment acquired with the proceeds of the Bonds or amounts deposited in the Project Fund shall be a part of the Project, shall belong to and be the property of the Borrower, and shall be subject to this Loan Agreement.

The Borrower agrees that it will acquire the Project immediately upon issuance of the Bonds, substantially in accordance with the description set forth in Exhibit A hereto, and the Borrower agrees to use its best efforts to cause the acquisition of the Project to be completed as of the Closing Date and construction and equipping of the Project to be completed as soon as practicable and with all reasonable dispatch following the Closing Date.

Section 4.2. Disbursement of Project Fund. Amounts in the Project Fund shall be disbursed by the Trustee as provided in the Indenture, upon delivery by the Borrower to the Trustee of a requisition, substantially in the form attached hereto as Exhibit B, executed by a Borrower Representative setting forth the nature of the amounts to be paid and the name of the payee and certifying that the amounts being paid are Costs of the Project. The execution of each requisition submitted for disbursements by the Borrower shall constitute the certification, warranty, and agreement of the Borrower as follows:

- (a) the Project is free and clear of all liens and encumbrances except Permitted Encumbrances;
- (b) all evidence, statements, and other writings required to be furnished under the terms of this Loan Agreement and the Indenture are true and omit no material fact, the omission of which may make them misleading;
- (c) all money previously disbursed from the Project Fund has been used solely to pay for costs allowed by this Loan Agreement, and the Borrower has written evidence to support this item of warranty;
- (d) none of the items for which payment is requested have formed the basis for any payment previously made from the Project Fund; and
- (e) all bills for labor, materials, and fixtures used, or on hand and to be used, in the rehabilitation or equipping of the Project have been paid.

Section 4.3. Operating Expenses. The Borrower agrees to pay when due all Operating Expenses. The Borrower agrees to review and approve invoices for Operating Expenses on a timely basis. The Borrower (or the Manager) shall be entitled to request the disbursement from the Operating Fund of the monthly Operating Requirements by the Trustee to fund the costs of operating the Project as provided pursuant to Section 5.08 of the Indenture.

The Borrower shall establish and maintain an Operating Account in a federally insured financial institution. Money provided to the Borrower from the Operating Fund pursuant to

Section 5.08 of the Indenture shall be held in the Operating Account and used by the Borrower or the Manager to pay Operating Expenses. Upon written direction the Borrower, amounts on deposit in the Operating Account in excess of the amount needed to pay or be reserved to pay actual Operating Expenses shall be transferred by the Borrower to the Trustee for deposit in the Revenue Fund. Any balance in the Operating Account at such time that transfers from the Operating Fund to the Operating Account are not permitted pursuant to Section 5.08 of the Indenture shall be promptly transferred by the Borrower to the Trustee for deposit in the Operating Fund.

If actual Operating Expenses and other actual disbursements with respect to the Project in any month exceed amounts budgeted therefor for that month, the Borrower may requisition from the Operations and Maintenance Reserve Fund or the Surplus Fund the amount of such excess in the manner provided in Section 5.09 and Section 5.13 of the Indenture. However, if there are two such requests by the Borrower in any fiscal quarter that are in excess of 10% of the amounts budgeted therefor in any month, then (i) the Borrower must notify the Trustee and the Underwriter; and (ii) the Borrower must prepare or cause the Manager to prepare a report that describes the reasons for the additional expenses and the circumstances surrounding the additional expenses. If the Borrower ascertains that the actual expenses with respect to the Project in any month will continue to exceed amounts budgeted therefor for that month, then the Borrower will prepare or cause the Manager to prepare a revised Budget for the upcoming 12-month period which reflects the actual Operating Expenses in connection with the Project.

Section 4.4. Maintenance and Modification of Project; Removal of Equipment. The Borrower agrees that during the term of this Loan Agreement it will at its own expense (i) keep the Project in a safe condition, (ii) keep the buildings and all other improvements forming a part of the Project in good repair and in good operating condition, (iii) maintain any licenses and certifications necessary to continue to operate the Project as contemplated hereby, and (iv) use the Equipment in the regular course of its business only. The Borrower may, also at its own expense, from time to time make any Modifications to the Project it may deem desirable for its business purposes that do not, in the opinion of an Independent Architect filed with the Trustee, adversely affect the operation or value of the Project, and provided further, that such Modifications shall not cause the Debt Service Coverage Ratio to fall below the required Coverage Test. Modifications to the Project so made by the Borrower will be on the Mortgaged Property, will become a part of the Project, and will become subject to the lien of the Mortgages. Any contract for such Modifications which is in an amount in excess of \$1,000,000 will be made only by a contractor who furnishes performance and labor and material payment bonds in the full amount of such contract, made by the contractor thereunder as the principal and a surety company or companies rated "A" or higher by A. M. Best & Company, Inc. Such bonds must name the Borrower, the Issuer, and the Trustee as obligees, and all Net Proceeds received under such bonds will be paid over to the Trustee and deposited in the Project Fund to be applied to the completion of the Modifications. Such money held by the Trustee in the Project Fund will be invested from time to time, as provided in Article VI of the Indenture.

The Borrower will execute a conditional assignment directing the Architect who has prepared any plans and specifications for any Modifications to make available to the Trustee a complete set of the plans and specifications, which assignment will be effective only upon a Default hereunder by the Borrower. Each construction contract executed by the Borrower for

construction of any Modifications must contain a provision that, or by separate agreement such contractors must agree that, upon a Default by the Borrower hereunder, such contracts with the contractors and/or sub-contractors will be deemed assigned to the Trustee should the Trustee so direct and in which case the Trustee will be responsible for the carrying out of all the terms and conditions thereof in place of the Borrower in such contracts. The Borrower covenants to include such conditional assignments in all contracts and subcontracts executed for work to be performed on the Mortgaged Property.

The Borrower further agrees that at all times during the construction of Modifications which cost in excess of \$250,000, the construction contract for such Modifications must be on a "fixed" or "guaranteed maximum price" basis and the Borrower must maintain or cause to be maintained in full force and effect Builder's Risk-Completed Value Form insurance to the full insurable value of such Modifications. The Borrower will not permit any mechanics' or materialmen's or other statutory liens to be perfected or remain against the Project for labor or materials furnished in connection with any Modifications so made by it, provided that it will not constitute a Default hereunder upon such lien being filed, if the Borrower notifies promptly the Trustee, in writing, of any such liens, and the Borrower in good faith and in accordance with applicable law contests promptly such liens in the same manner as is provided for the contest of Impositions in Section 4.7 hereof; and in such event the Borrower may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom.

The Borrower will not do or permit others under its control to do any work in or about the Project or related to any repair, rebuilding, restoration, replacement, alteration of, or addition to the Project, or any part thereof, unless the Borrower has first procured and paid for all requisite municipal and other governmental permits and authorizations. All such work must be done in a good and workmanlike manner and in compliance with all applicable building, zoning, and other laws, ordinances, governmental regulations, and requirements and in accordance with the requirements, rules, and regulations of all insurers under the policies required to be carried under the provisions of Article V hereof.

If no Default under this Loan Agreement has happened and is continuing, in any instance where the Borrower in its discretion determines that any items of Equipment or parts thereof have become inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary, the Borrower may remove such items of Equipment or parts thereof from the Mortgaged Property and sell, trade in, exchange, or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the Issuer therefor, provided that the Borrower will:

(a) Substitute and install anywhere in the Project items of replacement equipment or related property having equal or greater value or utility (but not necessarily having the same function) in the operation of the Project for the purpose for which it is intended, provided such removal and substitution will not impair the nature of the Project, all of which replacement equipment or related property will be free of all liens, security interests, and encumbrances (other than Permitted Encumbrances), will become subject to the security interest of the Mortgages, and will be held by the Borrower on the same terms and conditions as the items originally constituting Equipment, or

(b) In the case of: (i) the sale of any such Equipment, (ii) the trade-in of such Equipment for other machinery, furnishings, equipment, or related property not to become part of the Equipment and subject to the security interest of the Mortgages, or (iii) any other disposition thereof when replacement property is not purchased, the Borrower will pay to the Trustee the proceeds of such sale or disposition or an amount equal to the credit received upon such trade-in for deposit into the applicable Special Redemption Account of the Bond Fund. In the case of the sale, trade-in, or other disposition of any such Equipment to the Borrower, or an Affiliate, the Borrower will pay to the Trustee an amount equal to the greater of the amounts and credits received therefor or the fair market value thereof at the time of such sale, trade-in, or other disposition (as certified by the Borrower, with evidence of the basis therefor) for deposit into the applicable Special Redemption Account of the Bond Fund.

Except to the extent that amounts are deposited into the Bond Fund as provided in the preceding subsection (b), the removal from the Project of any portion of the Equipment pursuant to the provisions of this Section will not entitle the Borrower to any abatement or diminution of the Basic Loan Payments payable under Section 3.2 hereof.

If prior to such removal and disposition of items of Equipment from the buildings and the Mortgaged Property, the Borrower has acquired and installed machinery, furnishings, equipment, or related property with its own funds which become part of the Equipment and subject to the security interest of the Mortgages and which have equal or greater utility, but not necessarily the same functions, as the Equipment to be removed, the Borrower may take credit to the extent of the amount so spent by it against the requirement that it either substitute and install other machinery and equipment having equal or greater value or that it make payment to the Trustee for deposit into the applicable Special Redemption Account of the Bond Fund.

The Borrower will promptly provide written notice to the Trustee of each such removal, substitution, sale, or other disposition referred to in subsection (b) of the Section and will pay to the Trustee such amounts as are required by the provisions of subsection (b) of this Section to be paid promptly into the Bond Fund after the sale, trade-in, or other disposition requiring such payment; provided, that no such report and payment need be made until the amount to be paid into the applicable Special Redemption Account of the Bond Fund on account of all such sales, trade-ins, or other dispositions not previously reported in the aggregate has a value of at least \$250,000. All amounts deposited in the Bond Fund pursuant to this Section 4.4 will be used to redeem Bonds pursuant to Section 3.02 of the Indenture on the earliest date Bonds can be redeemed at par. The Borrower will not remove, or permit the removal of, any of the Equipment from the buildings or Mortgaged Property except in accordance with the provisions of this Section 4.4. The Trustee is not responsible for verifying or validating any amounts received pursuant to this Section 4.4.

Section 4.5. Management of the Project. The Borrower shall initially retain the Manager identified in the Indenture to manage the Project pursuant to the Management Agreement. The fees of the Manager shall be payable solely from available money in the Revenue Fund established in the Indenture and from other money of the Borrower. No Person shall be engaged by the Borrower as the Manager (other than the initial Manager named in the Indenture) unless such Person or a principal officer (or in the case of a limited liability company, manager) thereof (a) shall have at least 5 years of demonstrated experience in the management

and leasing of affordable senior living facilities, including having (or in the case of such an officer or manager, overseeing) not less than 500 units under management subject to restrictions similar to those contained in the Land Use Restriction Agreement and (b) have its employees bonded for not less than the \$500,000 as required by Section 5.1(h) hereof. The Borrower shall instruct the Manager that all Project Revenues collected by the Manager shall be remitted to the Trustee not later than 3 Business Days following receipt and all management agreements entered into by the Borrower shall be subject to cancellation by the Trustee at any time without the payment of any penalty or liability upon the occurrence of a Default under this Loan Agreement. In the event any Management Agreement is terminated, the Borrower shall manage the Project itself until such time as it can engage a qualified successor Manager to manage the Project in accordance with the provisions of this Section. The Borrower shall so engage a successor Manager on the earliest practicable date. Any successor Management Agreement shall have substantially the same terms, tenor and fee structure as the Management Agreement originally entered into with the Manager identified in the Indenture, and shall be subject to the provision of Section 4.6 hereof regarding forbearance of fees. Prior to entering into a contract with any successor Manager, the Borrower must first deliver to the Trustee a certificate of the proposed successor manager stating that it has reviewed, understands, and will comply with the restrictions contained in the Land Use Restriction Agreement.

Section 4.6. Forbearance and Subordination of Fees. The Borrower hereby agrees that it, any member of the Borrower, and any Manager which is an Affiliate of the Borrower, shall forbear from taking any management, administration or other fees, or any portions thereof, in the event and to the extent that money in the Revenue Fund is insufficient in any month to make all current and deferred deposits (other than deposits to the Surplus Fund) provided in the Indenture, and that the payment of such fees be made and in accordance with Section 5.04 of the Indenture. The foregoing is not intended to limit any development fee the Borrower is lawfully entitled to from the Project Fund. The Borrower agrees that any management agreement entered into with respect to the Project during the term of this Loan Agreement shall be subject to this Section and shall contain provisions consistent herewith.

Section 4.7. Taxes and Impositions.

(a) Subject to paragraph (c) of this Section 4.7, the Borrower agrees to pay, prior to delinquency, all real property taxes and assessments, general and special, and all other taxes and assessments of any kind or nature whatsoever, which are assessed or imposed upon the Project, or become due and payable, and which create, may create or appear to create a lien upon the Project, or any part thereof, or upon any personal property, equipment or other facility used in the operation or maintenance thereof (all of which taxes, assessments and other governmental and non-governmental charges of like nature are hereinafter referred to as "Impositions"); provided, however, that if, by law, any such Imposition is payable, or may at the option of the taxpayer be paid, in installments, the Borrower may pay the same together with any accrued interest on the unpaid balance of such Imposition in installments as the same become due and before any fine, penalty, interest or cost may be added thereto for the nonpayment of any such installment and interest. Payments made by the Trustee on behalf of the Borrower from funds held under the Indenture in the Insurance and Tax Escrow Fund shall, to the extent of such payments, discharge the Borrower's obligations hereunder.

(b) If at any time after the date hereof there shall be assessed or imposed (i) a tax or assessment on the Project in lieu of or in addition to the Impositions payable by the Project pursuant to subparagraph (a) hereof or (ii) a license fee, tax or assessment imposed on the Trustee and measured by or based, in whole or in part, upon the amount of the outstanding Series 2012 Notes, then all such taxes, assessments or fees shall be deemed to be included within the term "Impositions," as defined in subparagraph (a) hereof, and the Borrower shall pay and discharge the same as herein provided with respect to the payment of Impositions.

(c) Subject to the applicable State law provisions, the Borrower shall have the right before any delinquency occurs to contest or object to the amount or validity of any Imposition by appropriate legal proceedings, but this shall not be deemed or construed in any way as relieving, modifying, or extending the Borrower's covenant to pay any such Imposition at the time and in the manner provided in this Section 4.7, unless the Borrower has given prior written notice to the Trustee of the Borrower's intent to so contest or object to an Imposition, and unless, at the Trustee's sole option, (i) the Borrower shall demonstrate to the Trustee's satisfaction that the legal proceedings shall conclusively operate to prevent the sale of the Project, or any part thereof, to satisfy such Imposition prior to final determination of such proceedings; (ii) the Borrower shall furnish a good and sufficient bond or surety as requested by and satisfactory to the Trustee; or (iii) the Borrower shall have provided a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of such proceedings.

(d) The Borrower shall deposit with the Trustee amounts sufficient to pay the annual Impositions as set forth in the Budget to be next due on the Project, in accordance with the provisions of the Indenture. The Borrower further agrees to cause all bills, statements or other documents relating to Impositions to be sent or mailed directly to the Trustee. Upon receipt of such bills, statements or other documents, and provided the Borrower has deposited sufficient funds pursuant to this Section 4.7(d), the Trustee shall, so long as no Default has occurred, pay such amounts as may be due thereunder out of the funds so deposited. If at any time and for any reason the funds so deposited are or will be insufficient to pay such amounts as may then or subsequently be due, the Trustee shall notify the Borrower, and the Borrower shall immediately deposit an amount equal to such deficiency with, or as directed by, the Trustee. If the Borrower fails to deposit sums sufficient to fully pay such Impositions at least 30 days before delinquency thereof, the Trustee may, at the Trustee's election, but without any obligation to do so, advance any amounts required to make up the deficiency, which advances, if any, shall be secured by the Mortgages and shall be repayable to the Trustee as herein elsewhere provided.

(e) The Borrower covenants and agrees not to suffer, permit or initiate the joint assessment of the real and personal property or any other procedure whereby the lien of the real property taxes and the lien of the personal property taxes shall be assessed, levied or charged to the related Project as a single lien.

Section 4.8. Utilities. The Borrower shall pay, or cause to be paid, when due, all utility charges which are incurred for the benefit of the Project or which may become a charge or lien against the Project for gas, electricity, water or sewer services furnished to the Project and all other taxes, assessments or charges of a similar nature, whether public or private, affecting the Project or any portion thereof, whether or not such taxes, assessments or charges are liens thereon.

Section 4.9. Hazardous Waste Covenant. In addition to and without limitation of all other representations, warranties and covenants made by the Borrower under this Loan Agreement, the Borrower further represents, warrants and covenants that the Borrower will not use Hazardous Substances on, from or affecting the Project in any manner which violates Environmental Laws, and that to the best of the Borrower's knowledge, no tenant, subtenant, prior tenant or prior subtenant have used Hazardous Substances on, from, or affecting the Project in any manner which violates any Environmental Law. Without limiting the foregoing, the Borrower shall not cause or permit the Project or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose of, transfer, produce or process Hazardous Substances, except in compliance with all Environmental Laws, nor shall the Borrower cause or knowingly permit, as a result of any intentional act or omission on the part of the Borrower or any tenant or subtenant, a release of Hazardous Substances onto the Project. The Borrower shall comply with and require compliance by all tenants and subtenants with all Environmental Laws and shall obtain and comply with, and require that all tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder. The Borrower shall conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other action required by a governmental authority under any applicable Environmental Law to clean up and remove all Hazardous Substances on, from or affecting the Project in accordance with all applicable federal, State and local laws, ordinances, rules and regulations. The Borrower shall defend, indemnify and hold harmless the Issuer, the Underwriter, and the Trustee from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to, (a) the presence, disposal, release or threatened release of any Hazardous Substances which are on or from the Project which affect the soil, water, vegetation, buildings, personal property, persons, animals or otherwise, (b) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Substances on or from the Project, and/or (c) any violation of laws, orders, regulations, requirements or demands of government authorities, or written requirements of the Issuer and the Trustee, which are based upon or in any way related to such Hazardous Substances, including, without limitation, reasonable attorney and consultant fees, investigation and laboratory fees, court costs and litigation expenses. In the event the Project is foreclosed upon, or a deed in lieu of foreclosure is tendered, the Borrower shall deliver the Project in a manner and condition that shall conform with all applicable federal, State and local laws, ordinances, rules or regulations affecting the Project. The provisions of this paragraph shall be in addition to any and all other obligations and liabilities the Borrower may have to the Issuer and the Trustee at common law or under the Bond Documents, and shall survive the termination of this Loan Agreement and defeasance of the Bonds.

The indemnifications and protections set forth in this Section shall be extended, with respect to the Issuer, to its Governing Body, officers, employees, agents and persons under the Issuer's control or supervision, with respect to the Trustee and the Underwriter, to any of their respective directors, officers, employees, agents and persons under their control or supervision.

Anything to the contrary in this Loan Agreement notwithstanding, the covenants of the Borrower contained in this Section shall remain in full force and effect after the termination of this Loan Agreement and the defeasance of the Bonds until the later of (a) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may

be brought and (b) payment in full or the satisfaction of such claim or cause of action and of all expenses and charges incurred by the Issuer or the Trustee relating to the enforcement of the provisions herein specified.

For the purposes of this Section, the Borrower shall not be deemed an employee, agent or servant of the Issuer or person under the Issuer's control or supervision.

Section 4.10. Needs Assessment Analysis. The Borrower will contract for a Needs Assessment Analysis to be prepared with respect to the Project every 5 years from the date of completion of the Project and then will submit copies of the report to the Issuer and the Trustee. The Needs Assessment Analysis must be conducted and prepared by an Independent consulting engineer reasonably acceptable to the Trustee and that, in the objective and reasonable opinion of the Borrower, is experienced in conducting needs assessment analysis for senior independent and assisted living projects. Such Needs Assessment Analysis shall identify the major maintenance requirements (including the replacement of machinery and appliances), for the next 5 years and the estimated costs thereof and include recommendations for (a) the monthly amount to be deposited to the Repair and Replacement Fund and (b) the Repair and Replacement Reserve Requirement. The Borrower shall revise the Repair and Replacement Reserve Requirement (and advise the Trustee of the revised Repair and Replacement Reserve Requirement) based on the recommendation of the Independent consulting engineer and the Borrower shall promptly implement any recommendations contained in the Needs Assessment Analysis to the maximum extent practicable.

Section 4.11. Trade Payables Covenant. The Borrower covenants (the "Trade Payables Covenant") that, commencing with the first full Fiscal Year following Stable Occupancy, it shall maintain at least 80% of its trade accounts payable at less than 90 days, provided that any trade account payable that is the subject of a bona fide dispute, the resolution of which is being diligently pursued by the Borrower, shall be excluded from such computation. For the purposes of this Section "trade accounts payable" means those trade accounts payable with respect to the operation of the Project as determined by generally accepted accounting principles.

(a) *Testing Compliance.* Compliance with the Trade Payables Covenant shall be tested by the Borrower at the end of each Fiscal Year based on the Borrower's audited financial statements required pursuant to Section 6.9(a)(ii) hereof.

(b) *Failure to Meet Trade Payables Covenant.* If the Trade Payables Covenant is not met at the end of any Fiscal Year, and is not remedied within 30 days after the end of such Fiscal Year, the Borrower shall, within 60 days of receipt of the report showing such deficiency, complete a report setting forth in detail the reasons for such deficiency and shall adopt a specific plan setting forth steps designed to meet the Trade Payables Covenant by the end of the second quarter following the date such report and plan are required. If at the end of such second quarter the Borrower is still not in compliance with the Trade Payables Covenant, the Borrower shall employ a Management Consultant within 45 days of the delivery to the Trustee of the financial statement demonstrating

noncompliance with the Trade Payables Covenant. The Management Consultant shall, within 90 days of its engagement by the Borrower, prepare recommendations with respect to the operations of the Project such that the Borrower will comply with the Trade Payables Covenant. No Default shall occur if the Borrower's plan and, if required, the Management Consultant's recommendations, are delivered and followed pursuant to this Section.

ARTICLE V

INSURANCE; DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET PROCEEDS

Section 5.1. Required Insurance. The Borrower shall procure and maintain continuously in effect during the term of this Loan Agreement policies of insurance with respect to the Project insuring against such hazards and risks and in such amounts as are customary for a prudent owner of properties comparable to those comprising the Project. Without limiting the generality of the foregoing, the Borrower shall maintain the following insurance with one or more reputable insurance companies meeting the requirements set forth in Section 5.2 hereof with respect to the Project:

(a) insurance against loss or damage to the Project by fire and any of the risks covered by insurance of the type now known as "fire and extended coverage" in an amount not less than the greater of (i) the full replacement cost of the Project and/or (ii) the outstanding principal amount of the Bonds, and with a deductible from the loss payable for any casualty acceptable to the Issuer; the policies of insurance carried in accordance with this paragraph (a) shall contain the "Replacement Cost Endorsement;"

(b) business interruption or loss of rent insurance in an amount equal to the greater of: (A) an amount equal to the maximum scheduled principal and interest payments on the Notes during any twelve month period, or (B) the gross amount of annual income projected (or, if greater, actual) for the Project based upon the projected (or, if greater, actual) occupancy of the Project; provided that such coverage shall be adjusted annually on each anniversary date of the policy to comply with the provisions of this Section 5.1(b);

(c) comprehensive general liability insurance (including coverage for elevators and escalators, if any, on the Project and, if any construction of new Modifications occurs after execution of this Loan Agreement, completed operations coverage for two years after construction of any Modifications has been completed) on an "occurrence basis" against claims for "personal injury," including, without limitation, bodily injury, death or property damage occurring on, in or about the Project and the adjoining streets, sidewalks and passageways, such insurance to afford immediate minimum protection to a limit in no event less than \$1,000,000 with respect to personal injury or death to any one or more persons or damage to property;

(d) workers' compensation insurance (including employer's liability insurance) for all employees of the Borrower engaged on or with respect to the Project in such amount as is required by law;

(e) during the course of any construction or repair of the Project, builder's completed value risk insurance against "all risks of physical loss" during construction or repair, with deductibles as are common in similar policies obtained by prudent owners of property similar in use to the Project and located in the same area in which the Project is located, in non-reporting form, at the Borrower's option covering the total value of work performed and equipment,

supplies and materials furnished; such policy of insurance shall contain the "permission to occupy upon completion of work or occupancy" endorsement;

(f) boiler and machinery insurance covering pressure vessels, air tanks, boilers, machinery, pressure piping, heating, air conditioning and elevator equipment and escalator equipment, provided any improvements contain equipment of such nature, and insurance against loss of occupancy or use arising from any breakdown of the same, in such amounts as are commonly obtained by prudent owners of property similar in use to the Project and located in the same area in which the Project is located;

(g) flood insurance if the Project is in an area identified as a special flood hazard area pursuant to the Flood Disaster Protection Act of 1973, as amended, or other applicable law, unless the Project has been removed from the area by application, with such insurance to be at least the amount available under the National Flood Insurance Act of 1968;

(h) fidelity bonds or employee dishonesty insurance in an amount not less than \$500,000 covering all officers, agents, and employees of the Borrower responsible for causing the proceeds of Bonds to be disbursed and covering all officers, agents, and employees of the Manager responsible for handling Project Revenues; and

(i) such other insurance, including for wind damage, in such amounts and against such hazards and risks, as is commonly obtained by prudent owners of property similar in use to the Project and located in the same area in which the Project is located.

All policies of insurance required by the terms of this Loan Agreement shall contain an endorsement or agreement by the insurer that any loss shall be payable in accordance with the terms of such policy, notwithstanding any act or negligence of the Borrower which might otherwise result in forfeiture of said insurance and the further agreement of the insurer waiving all rights of setoff, counterclaim or deductions against the Borrower.

Section 5.2. Delivery of Insurance Policies; Payment of Premiums. All policies of insurance provided for in Section 5.1 shall be issued by companies licensed to do business in the State, and such insurance companies must have an "investment grade" rating from a nationally recognized rating agency (a "Qualified Insurer"). Such policies shall be at least in amounts as required by the provisions of this Loan Agreement. All policies of insurance (except workers compensation insurance) shall name the Trustee as a named or an additional insured and shall have (i) attached thereto a lender's loss payable endorsement for the benefit of the Trustee, which endorsement indicates that all insurance proceeds in excess of \$250,000 are payable directly to the Trustee and (ii) a clause in favor of the Trustee stating that there can be no changes, including modifications, amendments or cancellations, to the respective policy without 30 days prior written notice to the Trustee. The Borrower shall furnish the Trustee with an original or certified copies of certificates of insurance for all required insurance.

The Borrower shall not obtain (i) any umbrella or blanket liability or casualty insurance policy unless, in each case, the Trustee's interest is included therein as provided in this Loan Agreement and such policy is issued by a Qualified Insurer, or (ii) separate insurance concurrent in form or contributing in the event of loss with that required in Section 5.1 to be furnished by, or

which may be reasonably required to be furnished by, the Borrower. In the event the Borrower obtains separate insurance or an umbrella or a blanket policy, the Borrower shall notify the Trustee of the same and shall cause certified copies of each policy to be delivered as required in Section 5.1. Any blanket policy shall specifically allocate to the Project the amount of coverage from time to time required hereunder and shall otherwise provide the same protection as would a separate policy insuring only the Project in compliance with the provisions of Section 5.1.

Prior to the expiration of each such policy, the Borrower shall furnish the Trustee with evidence satisfactory to the Trustee of the reissuance of the existing policy or the issuance of a new policy continuing insurance in force, as required by this Loan Agreement. All such policies shall contain a provision that such policies will not be canceled or materially amended in any manner, including without limitation, amended to reduce the scope or limits of coverage, without 20 days' prior written notice to the Trustee. In all cases, the Borrower shall immediately give notice to the Trustee of any notice received by the Borrower of any expiration, cancellation or modification of, or material reduction of coverage under, any such policy. The Borrower shall not consent to any material amendment to or the cancellation of any such policy without the prior approval of the Trustee.

In the event the Borrower fails to provide, maintain, keep in force or deliver and furnish to the Trustee the certificates of insurance required by this Loan Agreement or make the deposits required hereunder, the Trustee may, but is not required to do so, procure such insurance as provided for in Section 5.1, and the Borrower will immediately pay all premiums thereon promptly upon demand by the Trustee (to the extent such amounts are not paid from money in the Insurance and Tax Escrow Fund held under the Indenture), and, until such payment is made by the Borrower, the amount of all such premiums shall be secured by this Loan Agreement.

The Borrower shall deposit with the Trustee, in accordance with Sections 5.04 and 5.10 of the Indenture, amounts sufficient to pay when due estimated aggregate annual insurance premiums on all policies of insurance required by this Loan Agreement. Such amounts shall be disbursed as provided in the Indenture.

Upon occurrence of a Default, the Trustee may, at any time at the Trustee's option, apply, or cause to be applied, any sums or amounts received pursuant hereto, or as rents or income of the Project or otherwise, to the payment of principal and interest of the Bonds or other amounts payable under the Indenture in such manner and order as the Trustee may elect. The receipt, use or application of any such sums by the Trustee hereunder shall not be construed to affect any of the rights or powers of the Trustee under the terms of the Bond Documents or any of the obligations of the Borrower under the Bond Documents.

Section 5.3. Insurance Proceeds. After the occurrence of any casualty to the Project, or any part thereof, the Borrower shall give prompt written notice thereof to the Trustee and each insurer and promptly submit a claim to insurer for payment of insurance proceeds; the Borrower shall provide the Trustee with a copy of such claim.

(a) All Insurance Proceeds in excess of \$300,000 with respect to the Project shall be paid to the Trustee, and each insurer is hereby authorized and directed to make payment for any such loss directly to the Trustee instead of payment to the Borrower. Any Insurance Proceeds

shall be applied as provided in this Section 5.3 and Section 5.17 of the Indenture. Damage or destruction of the Project shall not affect the lien of the Mortgages or the obligations of the Borrower hereunder, and the Trustee is authorized, at the Trustee's option, to compromise and settle all loss claims on said policies if not adjusted promptly by the Borrower.

(b) Notwithstanding the application of Insurance Proceeds to the payment of a portion of the Bonds pursuant to the Indenture, any unpaid portion of the Bonds shall remain in full force and effect, and the Borrower shall not be excused in the payment thereof. If any act or occurrence of any kind or nature on which insurance was not obtained or obtainable shall result in damage to or loss or destruction of the Project, the Borrower shall give immediate notice thereof to the Trustee and, unless otherwise so instructed by the Trustee, shall promptly, at the Borrower's sole cost and expense, whether or not the Insurance Proceeds are adequate to cover such cost and expense, restore, repair, replace and rebuild the Project as nearly as possible to its value, condition and character immediately prior to such damage, loss or destruction, in accordance with plans and specifications submitted to and approved by the Trustee, provided that such Restoration is permitted by law.

(c) Except as provided below, nothing contained in this Loan Agreement shall be deemed to excuse the Borrower from repairing or maintaining the Project, as provided herein. The application or release by the Trustee of any Insurance Proceeds shall not cure or waive any Default or notice of default under this Loan Agreement or invalidate any act done pursuant to such notice. If the Insurance Proceeds are not applied to the Restoration of the Project, the Borrower shall not be required to perform any Restoration on the portion of the Project damaged or destroyed, and the failure to do so shall not constitute a Default under this Loan Agreement.

(d) All net Insurance Proceeds shall be applied at the option of the Borrower either (i) to the payment of the Bonds in accordance with the Indenture, or (ii) to the Restoration of the Project (if permitted by law, and to the extent not permitted by law, such Insurance Proceeds shall be applied to the payment of the Bonds), except that (A) the proceeds of any loss of rents insurance shall be deposited in the Revenue Fund under the Indenture and applied as therein provided and (B) any surplus proceeds shall be applied to the payment of the Bonds.

(e) Unless the Borrower exercises its option to apply the Insurance Proceeds to the payment of the Bonds in accordance with the provisions of the Indenture, and so long as any Bonds shall be outstanding and unpaid, and whether or not Insurance Proceeds are sufficient or available therefor, the Borrower shall promptly commence and complete with all reasonable diligence that Restoration of the Project as nearly as possible to the same value and revenue producing capacity which existed immediately prior to such loss or damage in accordance with plans and specifications prepared by an Independent Architect ("Restoration Plans"), and in compliance with all legal requirements. Any Restoration shall be effected in accordance with procedures to be first submitted to and approved by the Trustee as provided in this Section 5.3. The Borrower shall pay all costs of such Restoration to the extent not paid from Net Proceeds available therefor pursuant to this Section 5.3. If such Restoration is not permitted by law, the Insurance Proceeds shall be applied to the payment of the Bonds.

(f) To exercise the option provided in paragraph (e) above, within thirty (30) days following the deposit of Insurance Proceeds or awards in accordance with the provisions of the

Indenture, the Borrower shall give written notice of the option it has selected to the Trustee. If such notice is to exercise the option of prepaying the Bonds, the Trustee shall apply the Net Proceeds of such Insurance Proceeds in the manner provided in Section 5.17 of the Indenture. If such notice is to exercise the option of Restoration or if no such notice is received, the provisions of paragraph (e) above shall control.

Section 5.4. Disbursement of Insurance Proceeds and Condemnation Awards.

(a) All Net Proceeds of Insurance Proceeds and/or Condemnation Awards received by the Trustee as provided in Section 5.3 hereof shall be applied as provided in this Section.

(b) If no Default shall exist hereunder and if the Borrower has elected Restoration and such Restoration is permitted by law, all Net Proceeds shall be deposited in the Project Fund and disbursed in accordance with the provisions of Section 5.03 of the Indenture to pay or reimburse the Borrower for the payment of the costs, fees and expenses incurred for the Restoration of the Project as required under Section 5.3 hereof; provided that no distribution of Net Proceeds for Restoration shall be made until the Trustee shall have received the following:

(i) Restoration Plans and procedures for the Restoration of the Project as required by Section 5.3(e) hereof.

(ii) Evidence satisfactory to the Trustee that the Project Revenues (including the proceeds of any loss of rent insurance and other funds irrevocably committed to the payment of such amounts) to be received during, and after completion of, the Restoration of the Project in accordance with the approved Restoration Plans, will be sufficient and available to make all payments and deposits when due hereunder, including without limitation to pay all principal of, premium, if any, and interest on the Bonds when due, to make all required deposits into the Funds and Accounts required by Section 5.04 of the Indenture, to pay all other Operating Expenses of the Project, and to pay the debt service on any Indebtedness (other than the Bonds) then outstanding or to be incurred in connection with such Restoration.

(iii) Construction schedules and budgets and independently verified estimates and other evidence (including, if required by the Trustee, stipulated sum or guaranteed maximum cost construction contracts) to establish the total amount of the costs, fees and expenses necessary to complete the Restoration of the Project in accordance with the approved Restoration Plans, and of the time period required to complete such Restoration.

(iv) A certificate from an Independent Architect or contractor appointed by the Borrower and acceptable to the Trustee upon which the Trustee may conclusively rely that the Net Proceeds available therefor together with funds deposited with the Trustee, or irrevocably committed by or on behalf of the Borrower, shall be sufficient to fully pay all costs, fees and expenses necessary for the Restoration of the Project in accordance with the approved Restoration

Plans and all legal requirements, free and clear of all mechanic's liens and other liens or claims for lien which are not Permitted Encumbrances.

(v) A waiver of any rights of subrogation from any insurer under any Insurance Policy which, at any time claims that no liability exists as to the Borrower or the owner or insured under such Insurance Policies.

(vi) Such Architect's and engineer's certificates, waivers of lien, contractor's sworn statements, title insurance endorsements, surveys, opinions of counsel and such other evidences of cost, payment and performance as the Trustee may reasonably require and upon which it may conclusively rely.

(c) If, within 60 days after the receipt of such Net Proceeds, the Borrower shall fail to furnish sufficient funds and the other items required by paragraph (b) of this Section or if any other Default shall then exist or shall occur hereunder at any time (whether before or after the commencement of such Restoration) the Trustee may declare the entire principal balance of the Bonds or any portion thereof to be immediately due and payable and to avail itself of any and all remedies afforded hereunder upon a Default and whether or not the Bonds shall be so accelerated such Net Proceeds, or any portion thereof, then held by the Trustee or other depository hereunder may be applied as provided in the Indenture.

(d) No payment made prior to the final completion of the Restoration of the Project in accordance with the approved Restoration Plans shall exceed 90% of the value of the work performed from time to time, as such value shall be evidenced by an Independent Architect's or contractor's certificate to that effect, delivered to the Trustee, upon which the Trustee may conclusively rely; and at all times the undisbursed balance of such proceeds remaining in the hand of the Trustee or such other depository, together with funds deposited or irrevocably committed to the satisfaction of the Trustee by or on behalf of the Borrower to pay the cost of such Restoration, shall be sufficient to pay the entire unpaid cost of the Restoration free and clear of all liens or claims for lien, other than any Permitted Encumbrances evidenced by an Independent Architect's or contractor's certificate to that effect, delivered to the Trustee, upon which the Trustee may conclusively rely.

(e) Any surplus which may remain out of such Net Proceeds after payment of all costs, fees and expenses (including expenses of the Trustee and its counsel, agents, experts or other consultants retained in connection with such Restoration) of such Restoration shall be applied to the redemption of Bonds as provided in Section 3.01 of the Indenture.

(f) The Borrower shall make written monthly progress reports to the Trustee as to the status of construction and compliance with the budget prepared in connection with the Restoration of the Project.

Section 5.5. Report of Insurance Consultant; Insurance Commercially Unavailable.

(a) The insurance required to be maintained pursuant to this Article V shall be subject to the annual review of the Insurance Consultant, and the Borrower agrees that it will follow any recommendations of the Insurance Consultant. In order to establish compliance with this Article

V, the Borrower agrees that it will deliver to the Trustee at or prior to the Closing Date and then annually thereafter within five months after the end of each Fiscal Year, a report of the Insurance Consultant setting forth a description of the insurance maintained, or caused to be maintained pursuant to this Article V and then in effect (including any alternative plan as permitted by Section 5.5(b) hereof) and stating whether, in the opinion of the Insurance Consultant, such insurance, the manner of providing such insurance and any reductions or eliminations of the amount of any insurance coverage during the Fiscal Year covered by such report comply with the requirements of this Article V and adequately protect the Project and the Borrower's operations.

(b) In the event that any insurance required by Section 5.1 hereof is commercially unavailable at a reasonable cost, the Borrower, upon notice to the Trustee, may provide such substitute coverage, if any, as is recommended by the Insurance Consultant at a reasonable cost. The Borrower shall make a continuing good faith effort to secure the insurance required by Section 5.1 hereof, and if the insurance becomes commercially available at a reasonable cost, the Borrower shall acquire such insurance upon expiration of the substitute insurance or as otherwise recommended by the Insurance Consultant.

Section 5.6. Obligation to Continue Payments. If prior to full payment of the Bonds (or provision for payment thereof in accordance with the provisions of the Indenture) the Project or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty, or title to, or the temporary use of, the Project or any portion thereof shall be taken under the exercise of the power of eminent domain by any governmental body or any person, firm or corporation acting under governmental authority, the Borrower shall nevertheless be obligated to continue to pay the amounts specified in Section 3.2 hereof.

Section 5.7. Insufficiency of Net Proceeds. If, in accordance with this Loan Agreement, the Borrower elects to complete the Restoration of the Project and the Net Proceeds are insufficient to pay in full the cost of any Restoration, the Borrower will nonetheless complete the work and will pay any cost in excess of the amount of the Net Proceeds held by the Trustee. The Borrower agrees that if by reason of any such insufficiency of the Net Proceeds, the Borrower shall make any payments pursuant to the provisions of this Section, the Borrower shall not be entitled to any reimbursement therefor from the Issuer, the Trustee, or the Holders, nor shall the Borrower be entitled to any diminution of the amounts payable under Section 3.2 hereof.

Section 5.8. Cooperation of Issuer. The Issuer shall cooperate fully with the Borrower at the expense of the Borrower in filing any proof of loss with respect to any insurance policy covering the casualties described in Section 5.1 hereof and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Project or any part thereof or any property of the Borrower in connection with which the Project is used and will, to the extent it may lawfully do so, permit the Borrower to litigate in any proceeding resulting therefrom in the name and on behalf of the Issuer. In no event will the Issuer voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim or any prospective or pending condemnation proceeding with respect to the Project or any part thereof without the written consent of the Borrower Representative.

ARTICLE VI

OTHER AGREEMENTS

Section 6.1. Successor to Issuer. The Issuer will do all things in its power to maintain its existence or assure the assumption of its obligations hereunder and under the Indenture by any corporation or political subdivision succeeding to its powers under the Act.

Section 6.2. Servicing the Loan; Servicing Agreement. The Controlling Holders may direct the Borrower to enter into a Servicing Agreement with a Servicer to perform such functions with respect to the servicing of the Loan as may be set forth in such Servicing Agreement. Such functions may include, without limitation: assuring the maintenance of insurance as required by this Loan Agreement and the payment of premiums therefor; inspection of the Project; review of the Borrower's compliance with the Land Use Restriction Agreement; monitoring the procedures for the collection of Project Revenues and their remittance to the Trustee; and review of the Borrower's obligations under the Borrower Documents to assure compliance with the terms thereof by the Borrower.

Section 6.3. Assignment, Selling and Leasing. Except as otherwise provided in the Mortgages, after the completion of the acquisition, construction and equipping of the Project as described in Section 4.1 hereof, this Loan Agreement may be assigned and the Project sold or leased (other than by reason of foreclosure or deed in lieu of foreclosure), as a whole, by the Borrower only as permitted by Section 6.4 hereof or subject to each of the following conditions:

(a) The assignee, purchaser or lessee shall assume the obligations of the Borrower hereunder and under the other Borrower Documents, in writing in form and substance reasonably satisfactory to the Trustee to the extent of the interest assigned or sold, and shall provide written evidence to the Issuer and the Trustee of the experience of such assignee, purchaser or lessee or any Related Party thereto in the ownership and operation of facilities similar to the Project.

(b) The assignee, purchaser or lessee shall deliver an opinion of Independent Counsel in form and substance reasonably satisfactory to the Trustee that the assumption described in paragraph (a) above is a valid and enforceable obligation of the assignee, purchaser or lessee.

(c) The Borrower shall, within 10 days after the delivery thereof, furnish or cause to be furnished to the Issuer and the Trustee a true and complete copy of each assignment, assumption of obligation, or contract of sale, as the case may be.

(d) The Borrower shall provide a Favorable Opinion of Bond Counsel to the effect that such assignment, sale or lease does not adversely affect the exclusion from gross income of the recipients thereof of interest on the Tax-Exempt Bonds for federal income tax purposes.

(e) No Default with respect to the Bonds Outstanding after such assignment, sale or lease shall have occurred and be continuing hereunder or under any other Borrower Document, unless such Default is cured or waived in connection with such assignment, sale or lease, and the Borrower shall deliver a Compliance Certificate to that effect.

(f) The delivery to the Trustee of an opinion of Counsel to the effect the successor to the Borrower hereunder is duly qualified to transact business in the State and obligated to maintain an agent in the State on whom service of process may be made in connection with any actions against the Borrower arising out of the Borrower Documents.

(g) Compliance with the requirements of the Land Use Restriction Agreement, including any consents required thereunder;

(h) The assignee, purchaser or lessee must deliver an opinion of Independent Counsel to the effect that, regardless of the assumption described above, a valid and enforceable first lien on and perfected security interest in the Project and other collateral securing the Bonds will remain and any such assignments and other documents executed for purposes of this Section 6.3 are valid by delivered and enforceable obligations of such parties enforceable in accordance with their terms.

It is hereby expressly stipulated and agreed that any disposition of the Project by the Borrower in violation of this Section will be null, void and without effect, will cause a reversion of title to the transferor Borrower, and will be ineffective to relieve the Borrower of its obligations under this Loan Agreement, the Land Use Restriction Agreement and any other document, agreement or instrument evidencing or securing the Borrower's obligations thereunder. The Borrower will include, verbatim or by incorporation by reference, all requirements and restrictions contained in this Loan Agreement and the Land Use Restriction Agreement in any deed or other documents transferring any interest in the Project to any other person or entity to the end that such transferee has notice of and is bound by such restrictions, and will obtain the express written assumption of this Loan Agreement and the Land Use Restriction Agreement by any such transferee.

Section 6.4. Continued Existence; Sale of the Project. The Borrower agrees that during the term of this Loan Agreement it will maintain its existence, will continue to be a limited liability company in good standing in the State, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another legal entity or permit one or more other legal entities to consolidate with or merge into it or sell, divest or otherwise dispose of the Project; provided that the Borrower may, without violating the agreement contained in this Section, consolidate with or merge into another legal entity, or permit one or more legal entities to consolidate with or merge into it, or sell or otherwise transfer to another legal entity all or substantially all of its assets as an entirety and thereafter dissolve or may sell or otherwise transfer title to the Project; provided that if the surviving, resulting or transferee legal entity, as the case may be, is not the Borrower, then such legal entity shall be a single purpose entity whose only business operations shall be operation of the Project and whose only assets and liabilities shall be the Project (and assets and liabilities related thereto) and the Borrower Documents and permitted debt hereunder, and shall assume in writing in form and substance satisfactory to the Issuer all of the obligations of the Borrower under this Loan Agreement and the other Borrower Documents; (b) that in the opinion of Independent Counsel, this Loan Agreement shall be a valid and enforceable obligation of such surviving, resulting or transferee entity; (c) that no Default has occurred and is continuing hereunder; and (d) that prior to such acquisition, consolidation, merger or transfer, the Borrower shall furnish a Compliance Certificate to the Issuer and the Trustee.

Section 6.5. Indemnification.

(a) **THE BORROWER SHALL DEFEND, PROTECT, INDEMNIFY, AND SAVE HARMLESS THE HOLDERS, THE TRUSTEE, THE ISSUER, THE COUNTY AND THEIR RESPECTIVE OFFICERS, DIRECTORS, AND AGENTS AGAINST AND FROM ANY AND ALL CLAIMS ASSERTED AGAINST ANY OF THEM BY ANY PERSON (EXCEPT, WITH RESPECT TO THE HOLDERS, TRUSTEE AND THEIR RESPECTIVE AGENTS, ANY CLAIMS ARISING FROM ITS WILLFUL MISCONDUCT OR GROSS NEGLIGENCE, AND, WITH RESPECT TO THE HOLDERS OR THEIR RESPECTIVE AGENTS, ANY CLAIMS BROUGHT BY ANY OWNER OF THE BONDS (INCLUDING ANY SUBSEQUENT OWNER OF THE BONDS) WHICH DIRECTLY ARISE FROM ANY ACT OR OMISSION OF ANY HOLDER IN CONNECTION WITH THE INITIAL AND ANY SUBSEQUENT SALE OF THE BONDS), AND ANY LOSS OR EXPENSE (INCLUDING ALL REASONABLE ATTORNEYS' FEES) IN CONNECTION THEREWITH, BY REASON OF (I) ANY ACCIDENT, INJURY (INCLUDING DEATH) OR DAMAGE TO ANY PERSON OR PROPERTY, HOWEVER CAUSED, RESULTING FROM, CONNECTED WITH OR GROWING OUT OF ANY ACT OF COMMISSION OR OMISSION OF THE BORROWER, OR ANY AGENTS, ASSIGNEES, CONTRACTORS OR SUBCONTRACTORS OF THE BORROWER OR ANY USE, NONUSE, POSSESSION, OCCUPATION, CONDITION, OPERATION, SERVICE, DESIGN, CONSTRUCTION, ACQUISITION, MAINTENANCE OR MANAGEMENT OF, OR ON, OR IN CONNECTION WITH, THE PROPERTY, OR ANY PART THEREOF, (II) ANY BREACH OR DEFAULT ON THE PART OF THE BORROWER IN THE PERFORMANCE OF ANY OF ITS OBLIGATIONS UNDER ANY OF THE BORROWER DOCUMENTS (INCLUDING THE FAILURE TO COMPLY WITH ANY APPLICABLE GOVERNMENTAL REQUIREMENTS RELATED TO ENVIRONMENTAL MATTERS), (III) ANY ACT OR NEGLIGENCE OF THE BORROWER OR OF ANY OF ITS AGENTS OR LICENSEES, (IV) ANY ACT OR NEGLIGENCE OF ANY ASSIGNEE OR LESSEE OF THE BORROWER, (V) THE FINANCING OF THE PROJECT AND THE ISSUANCE AND SALE OF THE BONDS, OR (VI) THE EXECUTION, DELIVERY AND PERFORMANCE OF THEIR OBLIGATIONS UNDER THE BOND DOCUMENTS. THE COVENANTS OF THE BORROWER SET FORTH IN CLAUSES (I) THROUGH (VII) OF THIS SECTION SHALL EACH (UNLESS OTHERWISE NOTED) SURVIVE THE PAYMENT IN FULL OF THE BONDS, AND SHALL APPLY REGARDLESS OF WHETHER SUCH CLAIMS ARE AGAINST OR ARE SUFFERED OR SUSTAINED BY THE HOLDERS, THE TRUSTEE, THE ISSUER, THE COUNTY OR ANY OF THEIR RESPECTIVE AGENTS OR ARE AGAINST ANY PERSON TO WHOM THE HOLDERS, THE TRUSTEE, THE ISSUER, THE COUNTY OR ANY OF THEIR RESPECTIVE AGENTS MAY BECOME LIABLE THEREFOR. NEITHER THE HOLDERS, THE TRUSTEE, THE COUNTY, NOR THE ISSUER NOR ANY OTHER PARTY TO THIS TRANSACTION (OTHER THAN THE BORROWER) SHALL BE LIABLE FOR ANY INJURY OR DAMAGE OCCURRING DURING THE TERM THE BONDS ARE OUTSTANDING TO ANY PERSON, OR TO ANY PROPERTY OF THE BORROWER OR ANY OF ITS AGENTS OR ANY OTHER PERSON, WHO OR WHICH MAY BE UPON THE PROPERTY, AND THE BORROWER HEREBY RELEASES THE HOLDERS, THE TRUSTEE, THE ISSUER AND THE COUNTY FROM, AND AGREES THAT THEY SHALL NOT BE LIABLE FOR, AND THE BORROWER SHALL HOLD THEM HARMLESS FROM, ANY SUCH LIABILITY. THE BORROWER MAY, AND IF SO REQUESTED BY THE TRUSTEE OR THE ISSUER, SHALL, UNDERTAKE TO DEFEND, AT ITS SOLE COST AND EXPENSE, ANY AND ALL CLAIMS BROUGHT AGAINST THE HOLDERS, THE TRUSTEE, THE ISSUER, THE COUNTY OR ANY OF THEIR RESPECTIVE AGENTS IN CONNECTION WITH ANY OF THE MATTERS MENTIONED IN THIS SECTION, PROVIDED THAT, AS A CONDITION TO THE BORROWER'S OBLIGATIONS UNDER THIS SECTION, THE TRUSTEE AND THE ISSUER SHALL GIVE THE BORROWER TIMELY NOTICE OF AND FORWARD TO THE BORROWER EVERY**

DEMAND, NOTICE, SUMMONS OR OTHER PROCESS RECEIVED WITH RESPECT TO ANY CLAIM WITHIN THE PURVIEW HEREOF.

(b) THE PARTIES INTEND THAT NEITHER THE ISSUER NOR THE COUNTY NOR ANY OF THEIR OFFICIALS, DIRECTORS, OFFICERS OR EMPLOYEES SHALL INCUR PECUNIARY LIABILITY BY REASON OF THE TERMS OF ANY OF THE DOCUMENTS, OR THE UNDERTAKINGS REQUIRED OF THE ISSUER OR THEM UNDER ANY OF THE DOCUMENTS BY REASON OF THE ISSUANCE OF THE BONDS OR THE EXECUTION AND DELIVERY OF ANY OF THE DOCUMENTS, OR THE PERFORMANCE OF ANY ACT REQUIRED OF THE ISSUER OR ITS OFFICIALS, DIRECTORS, OFFICERS OR EMPLOYEES BY ANY OF THE DOCUMENTS, OR THE PERFORMANCE OF ANY ACT REQUESTED OF THE ISSUER BY THE BORROWER, INCLUDING ALL CLAIMS, LIABILITIES OR LOSSES ARISING IN CONNECTION WITH THE VIOLATION OF ANY STATUTES OR REGULATIONS PERTAINING TO THE FOREGOING. NOTWITHSTANDING THE FOREGOING, IF THE ISSUER, THE COUNTY OR ANY OF THEIR COMMISSIONERS, OFFICIALS, DIRECTORS, OFFICERS OR EMPLOYEES SHOULD INCUR ANY SUCH PECUNIARY LIABILITY, THE BORROWER SHALL INDEMNIFY AND HOLD THE ISSUER AND ITS OFFICIALS, DIRECTORS, OFFICERS AND EMPLOYEES HARMLESS AGAINST ALL CLAIMS BY OR ON BEHALF OF ANY PERSON, FIRM OR CORPORATION OR OTHER LEGAL ENTITY ARISING OUT OF THE SAME, AND ALL REASONABLE COSTS AND EXPENSES INCURRED IN CONNECTION WITH ANY SUCH CLAIM OR IN CONNECTION WITH ANY ACTION OR PROCEEDING BROUGHT THEREON, AND, UPON NOTICE FROM THE ISSUER, THE BORROWER SHALL DEFEND THE ISSUER AND THE COUNTY AND THEIR RESPECTIVE OFFICIALS, DIRECTORS, OFFICERS AND EMPLOYEES IN ANY ACTION OR PROCEEDING ALLEGING ANY PECUNIARY LIABILITY.

(c) NOTWITHSTANDING THE FOREGOING, THE ISSUER AND THE COUNTY SHALL BE INDEMNIFIED BY THE BORROWER WITH RESPECT TO LIABILITIES ARISING FROM THEIR RESPECTIVE OWN NEGLIGENCE OR BREACH OF CONTRACTUAL DUTY, BUT NOT FOR ANY LIABILITIES ARISING FROM THE ISSUER'S OR THE COUNTY'S OWN BAD FAITH, FRAUD OR WILLFUL MISCONDUCT.

(d) IN ADDITION TO ANY OTHER AMOUNTS PAYABLE UNDER ANY OF THE BORROWER DOCUMENTS BY WAY OF INDEMNIFICATION OR OTHERWISE, THE BORROWER HEREBY AGREES TO PAY AND TO INDEMNIFY AND SAVE THE ISSUER HARMLESS FROM AND AGAINST ANY DAMAGE, LOSS, COST OR EXPENSE (INCLUDING REASONABLE ATTORNEYS' FEES) WHICH THE ISSUER MAY INCUR OR BE SUBJECT TO AS A CONSEQUENCE, DIRECT OR INDIRECT, OF (A) ANY BREACH BY THE BORROWER OF ANY WARRANTY, COVENANT, TERM OR CONDITION IN, OR THE OCCURRENCE OF ANY DEFAULT (OTHER THAN BY THE ISSUER) UNDER, ANY OF THE BORROWER DOCUMENTS, TOGETHER WITH ALL EXPENSES RESULTING FROM THE COMPROMISE (BUT ONLY WITH THE BORROWER'S CONSENT) OR DEFENSE OF ANY CLAIMS OR LIABILITIES ARISING AS A RESULT OF ANY SUCH BREACH OR DEFAULT AND (B) ANY DEFENSE AGAINST ANY LEGAL ACTION COMMENCED TO CHALLENGE THE VALIDITY OF ANY OF THE BORROWER DOCUMENTS.

THIS INDEMNIFICATION COVENANT SHALL SURVIVE PAYMENT OR DEFEASANCE OF THE LOAN AND THE BONDS AND, AS TO THE TRUSTEE (IF THE BONDS HAVE NOT BEEN PAID OR DEFEASED), ITS RESIGNATION OR REMOVAL.

Section 6.6. Recording and Filing.

(a) At the time of the issuance of each Series of Bonds, the Borrower will cause the filing of all financing statements necessary to perfect the security interest of the Trustee and the Issuer in the Borrower Documents.

(b) The Trustee agrees that it will cause to be filed all necessary continuation statements within the time prescribed by the State Uniform Commercial Code - Secured Transactions in order to continue the financing statements in connection with the security interests identified in this Loan Agreement or the Indenture filed on or before the Closing Date. The Trustee shall have no duty to determine, at any time, whether the financing statements filed in connection with the security interests identified in this Loan Agreement or otherwise were or remain sufficient to perfect such security interests under applicable law.

(c) Not earlier than 60 days nor later than 30 days before each fifth anniversary date after the Closing Date, the Borrower shall cause an opinion of Counsel to be given to the Trustee to the effect that all security agreements, financing statements, continuation statements, notices and other instruments required by applicable law have been recorded or filed or rerecorded or refiled in such manner and in such places as are required by law in order fully to preserve the rights of the Holders and the Trustee in the assignment to the Trustee of certain rights under this Loan Agreement pursuant to the Indenture and in the Project pursuant to the Mortgages.

(d) The Borrower and the Issuer shall execute and deliver all instruments and shall furnish all information and evidence deemed necessary or advisable by such Counsel in order to enable such Counsel to render the opinion referred to in subsection (c) of this Section 6.6. The Borrower shall file and refile and record and rerecord or cause to be filed and refiled and recorded and re-recorded all instruments required to be filed and refiled and recorded and rerecorded pursuant to the law of the State and shall continue or cause to be continued the liens of such instruments for so long as the Bonds shall be outstanding, except as otherwise required in this Loan Agreement.

(e) The Borrower will not suffer any liens to exist upon the Project as a result of any claims brought against the Borrower pursuant to a right or interest not existing in connection with or as permitted by this Loan Agreement or the Mortgages.

Section 6.7. Nonrecourse to Representatives of Issuer. No deficiency or other personal judgment, nor any order shall be rendered against the Issuer or any members of the Governing Body, employees or officers of the Issuer, their heirs, personal representatives, successors, transferees or assigns, as the case may be, in any action or proceeding arising out of this Loan Agreement or the Indenture or any other Bond Document, or any judgment, order or decree rendered pursuant to any such action or proceeding. Any obligation of the Issuer hereunder is payable by the Issuer solely from the Trust Estate, and nothing in this Loan Agreement shall be considered as assigning or pledging any other funds of the Issuer other than the Trust Estate.

Section 6.8. Amendment of Borrower Documents. Neither the Issuer nor the Borrower shall amend, supplement, alter, modify or terminate any Borrower Document, except

as otherwise provided in such document, without the prior written consent of the Trustee, which may be given only as provided in Article XI of the Indenture. Nothing in this Section shall prohibit any assignment or transfer otherwise permitted by Section 6.3 or 6.4.

Section 6.9. Financial Statements and Reports.

(a) The Borrower shall deliver or cause to be delivered to the Trustee, (i) on or before the 15th day after the end of each calendar quarter, current financial statements prepared on an accrual basis itemizing income and expenses from the Project for the previous quarter, and (ii) within 120 days after the end of each Fiscal Year of the Borrower, Audited Financial Statements of the Borrower prepared on an accrual basis, which shall include a balance sheet, income statement and a statement of sources and uses of funds for the preceding Fiscal Year, together with a certificate prepared by the Independent Certified Public Accountants in substantially the form of Exhibit C reporting on such Audited Financial Statements setting forth (A) the calculation of the Debt Service Coverage Ratio for the Fiscal Year reflected in said Audited Financial Statements, (B) the Net Income Available for Debt Service, if any, for such Fiscal Year, and upon request shall submit quarterly financial statements. The Trustee does not have a duty to review such financial statements or declare an Event of Default based on the content and does not have a duty to verify the accuracy of such statements.

(b) The Audited Financial Statements submitted pursuant to paragraph (a) hereof shall be certified as true and correct by the party submitting such statement and shall be reported by a public accounting firm selected by the Borrower.

(c) The Borrower will deliver to the Issuer and the Trustee, within 120 days after the end of each Fiscal Year, a written statement signed by a Borrower Representative stating, as to the signer thereof, that (i) a review of the activities of the Borrower during such year and of performance under this Loan Agreement has been made under their supervision, and (ii) to the best of the knowledge of such Borrower Representative, based on such review, the Borrower has fulfilled all of its obligations throughout such year in all material respects, or, if there has been a default in the fulfillment of any such obligation, specifying each such Default known to such Borrower Representative and the nature and status thereof.

(d) The Borrower shall provide to any Holder of more than \$1,000,000 of the Bond Obligation which identifies itself to the Borrower and provides the Borrower with its contact information copies of any financial statements or other information described in paragraphs (a), and (c) of this Section 6.9. Upon the written request of the Trustee or any Holder of more than \$500,000 of the Bond Obligation, the Borrower promptly and at its own expense shall obtain and furnish to the Trustee or such Holder any information which the Borrower may be entitled to request and receive under the Management Agreement or any other agreement or arrangement pertaining to the Project.

Section 6.10. Budget.

(a) On or before January 1, 2014 and on or before January 1 of each year for the annual period commencing on the following January 1, the Borrower, shall prepare a Budget of anticipated Project Revenues and Operating Expenses for the succeeding Fiscal Year, and shall

submit a copy of such Budget to the Trustee. Such Budget shall show there to be sufficient income to achieve the Coverage Test provided for in Section 6.19 hereof.

(b) The Budget shall be prepared on a cash basis and should provide a proposed budget for the next Fiscal Year in sufficient detail including income and expenses, deposits to the Repair and Replacement Fund and any other required funds and payments of principal of, premium (if any) and interest on the Bonds. The Budget shall report income on a 30-day lag period and shall not assume any prepayment on the Bonds. The Budget shall demonstrate sufficient cash flow to pay all required expenses, payments of scheduled interest, principal and premium (if any) on the Bonds and the funding of any reserves as required in the flow of funds in the Indenture prior to the release of any funds from the Surplus Fund. The Budget shall be certified in writing as true and correct by the Borrower.

(c) The Budget may be amended from time to time, by the Borrower, during the course of the Fiscal Year, and such amendments shall be certified and submitted in the same manner as the Budget. Aggregate increases in a new or amended Budget in the category of costs to be paid or reimbursed from the Revenue Fund shall not exceed 20% on an annual basis unless the Borrower provides to the Trustee a statement of an Independent Certified Public Accountant or Management Consultant to the effect that the increase is reasonable under the circumstances.

(d) Notwithstanding the foregoing, the failure of the Borrower to maintain the Coverage Test or the Borrower to adopt a Budget showing that such ratios will be achieved, shall not constitute a Default hereunder except as set forth in Section 6.19 hereof.

(e) Each Budget shall include provision for payment by the Borrower of the costs, fees and expenses payable or incurred under this Loan Agreement and the Indenture including, without limitation, the costs of maintaining the insurance coverage required pursuant to Section 5.1 and all applicable ad valorem taxes (or payment in lieu of taxes), if any, assessed against the Project payable by the Borrower, and all Administration Expenses.

Section 6.11. Notices of Certain Events. The Borrower hereby covenants to notify the Issuer and the Trustee in writing of the occurrence of any Default known to it hereunder or any event which, with the passage of time or service of notice, or both, would constitute a Default hereunder, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto. Such notice shall be given promptly, and in no event less than 10 Business Days after the Borrower receives notice or knowledge of the occurrence of any such event. The Borrower further agrees that it will, and will require the Manager to, give prompt written notice to the Trustee if Insurance Proceeds or Condemnation Awards are received with respect to the Project and are not used to repair or replace the Project, which notice shall state the amount of such proceeds or awards.

Section 6.12. Inspection of Project Books; Right of Access. At any time during normal business hours upon not less than two Business Days' notice, the Trustee, the Issuer or any Holder of more than \$1,000,000 of the Bond Obligation may have access to the Project and all books and records of the Borrower pertaining to the Project and shall be permitted to inspect the same, discuss the affairs of the Borrower and the Project with appropriate representatives of

the Borrower, the Manager and the Borrower's outside accountants and shall be permitted to make copies of any of such records.

Section 6.13. Limitations on Indebtedness. Except for Indebtedness represented by the Series 2012 Bonds, the Borrower may incur any Indebtedness only if, after giving effect to all other Indebtedness incurred by the Borrower, such additional Indebtedness could be incurred pursuant to at least one of the following paragraphs. If any additional Indebtedness so incurred is related to improvements of facilities on property which is not subject to the Mortgages, such property is required to be subjected to a first mortgage lien under the First Mortgage prior to incurring such additional indebtedness.

(1) Senior Long-Term Indebtedness may be incurred if prior to the incurrence thereof, one of the following conditions is met:

(A) there is made available a certificate from an authorized Borrower Representative certifying that the Debt Service Coverage Ratio, taking into account all Outstanding Senior Long-Term Indebtedness and the Senior Long-Term Indebtedness to be incurred as if it had been incurred at the beginning of such period, for the most recent Fiscal Year preceding the date of delivery of the referenced certificate for which audited financial statements are available is not less than 1.25 on all Outstanding Senior Bonds and Senior Parity Indebtedness; or

(B) there is made available (a) a certificate from an authorized Borrower Representative accompanied by the report of a Consultant certifying that the Debt Service Coverage Ratio, taking into account all Senior Outstanding Long-Term Indebtedness, but not the Senior Long-Term Indebtedness then proposed to be incurred, for the most recent Fiscal Year preceding the date of delivery of the referenced certificate, for which audited financial statements are available, is not less than 1.25 on all Outstanding Senior Bonds and Senior Parity Indebtedness; and (b) a report of such Consultant stating that the projected or forecasted Debt Service Coverage Ratio, taking the proposed Senior Long-Term Indebtedness into account, for (i) in the case of Senior Long-Term Indebtedness to finance capital improvements, the Fiscal Year immediately succeeding the year in which such capital improvements are expected to be placed in operation (except that with respect to capital improvements to include living units, such projection/forecast will be for the earlier to occur of (1) the first full Fiscal Year succeeding the date on which Stable Occupancy occurs, or (2) the first full Fiscal Year following the Fiscal Year in which occurs the date which is 18 months from the date such capital improvements are expected to be put in service), or (ii) in the case of Senior Long-Term Indebtedness not financing capital improvements, the Fiscal Year immediately succeeding the year in which the Senior Long-Term Indebtedness is incurred, is not less than 1.25 on all Outstanding Senior Bonds and Senior Parity Indebtedness.

If Senior Long-Term Indebtedness is incurred for the purpose of completing the construction or equipping of facilities for which Senior Long-Term Indebtedness has theretofore been incurred, the Trustee will receive prior to the incurrence thereof (i) a written statement of the Architect for such facility setting forth the Architect's estimate of the cost of completing the facility and the date on which the facility will be completed and (ii) an Officer's Certificate stating that the proceeds of such additional Senior Long-Term Indebtedness, together with any

other moneys available for such purpose, will be sufficient to cover the cost of completing the facility.

(2) Senior Long-Term Indebtedness may be incurred to refund any Outstanding Senior Long-Term Indebtedness if prior to the incurrence thereof: (i) either (a) the Trustee receives a certificate stating that, taking into account the Senior Long-Term Indebtedness proposed to be incurred, the existing Senior Long-Term Indebtedness to remain Outstanding after the refunding and the refunding of the existing Senior Long-Term Indebtedness to be refunded, Maximum Annual Debt Service will not be increased by more than 10%, or (b) one of the conditions described in subparagraph (1) above is met with respect to such proposed Senior Long-Term Indebtedness, (ii) the Debt Service Coverage Ratio after refunding any Outstanding Senior Long-Term Indebtedness will not be lower than it would be assuming no refunding of such Outstanding Long-Term Indebtedness, and (iii) the Trustee receives an opinion of Counsel stating that upon the incurrence of such proposed Senior Long-Term Indebtedness and the application of the proceeds thereof, the Outstanding Senior Long-Term Indebtedness to be refunded will no longer be Outstanding.

(3) Short-Term Indebtedness may be incurred if immediately after the incurrence of such Indebtedness the aggregate Outstanding principal amount of Short-Term Indebtedness of the Borrower does not exceed 10% of the Project Revenues for the most recent Fiscal Year for which audited Financial Statements are available; provided, however, that for a period of at least 30 consecutive calendar days in each Fiscal Year, Short-Term Indebtedness will be reduced to not greater than of \$500,000.

(4) Additional Subordinate Indebtedness may be incurred to finance improvements or additions to the Project upon the prior written approval of the holders of a majority in an aggregate principal amount of the Subordinate Bonds and any Subordinate Parity Indebtedness then outstanding.

Notwithstanding the foregoing provisions described above, nothing will preclude the Borrower from incurring any liability under a line of credit, letter of credit, standby bond purchase agreement or similar credit enhancement or liquidity facility established in connection with any related Bonds incurred in accordance with the provisions above that are required to be purchased at the option of the Holders thereof.

Section 6.14. Advances by Trustee.

(a) In the event the Borrower shall fail to pay, or fail to cause to be paid (including payment from amounts held in the Insurance and Tax Escrow Fund for that purpose), any Impositions required to be paid by the provisions of Section 4.7, or maintain, or cause to be maintained, the full insurance coverage required by the provisions of Section 5.1, the Trustee, without prior notice to the Borrower, may (but shall be under no obligation to) pay such Impositions or obtain or maintain the required policy of insurance, and pay the premium or premiums on the same.

(b) The Borrower shall notify the Trustee any time it is aware of any unsafe or dangerous condition existing at the Project. In the event that the Borrower, any tenant of the

Project, or any other Person, shall permit any unsafe or dangerous condition to exist in the Project and the Trustee is notified by any party of such conditions, the Trustee may (but shall be under no obligation to) notify the Borrower in writing of such condition, and if the Borrower shall fail to correct such condition, or cause such condition to be corrected, within 30 calendar days after receipt of such notice, the Trustee may (but shall be under no obligation to) make the required correction, improvement, or repair.

(c) All amounts so advanced by any Person pursuant to subsection (a) or (b) of this Section shall be promptly reimbursed by the Borrower to the Person making the advance with interest at the Default Rate from the date of such advance.

Section 6.15. Continuing Disclosure. The Borrower and Dissemination Agent have entered into the Continuing Disclosure Agreement. While this Loan Agreement is in effect, the Borrower shall at all times remain a party to the Continuing Disclosure Agreement, or if the Continuing Disclosure Agreement terminates, it shall enter into a similar agreement to provide for the dissemination of the financial statements and notices required by Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. The Borrower agrees that while the Bonds are Outstanding, it will perform its obligations under the Continuing Disclosure Agreement. Notwithstanding any other provision of this Loan Agreement, failure of the Borrower to comply with the Continuing Disclosure Agreement shall not be a Default.

Section 6.16. Related Party Transactions. Except with respect to agreements related to the development of the Project and the Management Agreement, the Borrower shall not enter into any transaction, including, without limitation, the purchase, sale, lease, or exchange of property or the rendering of any service, with any Affiliate except in the ordinary course of business and pursuant to the reasonable requirements of the Borrower's business and upon terms found by the governing body of the Borrower to be fair and reasonable and no less favorable to the Borrower than would be obtained in a comparable arm's length transaction with a Person not an Affiliate.

Section 6.17. Purchase of Tax-Exempt Bonds. Neither the Borrower nor any "related person" to the Borrower (within the meaning of Section 147(a)(2) of the Code), pursuant to any arrangement, formal or informal, will purchase any of the Bonds, unless the Borrower or such Related Person delivers a Favorable Opinion of Bond Counsel to the Trustee and the Issuer.

Section 6.18. Release of Certain Land and Subordination; Granting of Easements. The parties hereto reserve the right at any time and from time to time to (a) effect the release and removal from the Mortgages of any part (or interest in such part) of the Mortgaged Property with respect to which the Borrower proposes to convey fee title to a public utility or public body in order that utility services or public services may be provided to the Project, or to effect the subordination of the lien of the Mortgages to rights granted to a public utility or public body in order that utility services or public services may be provided to the Project, (b) grant easements, licenses, rights of way (including the dedication of public highways), and other rights or privileges in the nature of easements with respect to any property included in the Project, free from the lien of the Mortgages, or (c) release existing easements, licenses, rights of way, and other rights or privileges with or without consideration; provided, that if at the time any such

release, removal, or grant is made any of the Bonds are Outstanding and unpaid, the Borrower must deposit with the Trustee the following:

- (a) a copy of the such amendment as executed,
- (b) a resolution or action of the Governing Body of the Borrower (i) giving an adequate legal description of that portion of the Mortgaged Property to be released or subordinated, (ii) stating the purpose for which the Borrower desires the release or subordination, (iii) requesting such release or subordination, and (iv) approving an appropriate amendment to the Mortgages,
- (c) a certificate of the Borrower to the effect that the Borrower is not in default under any of the provisions of this Loan Agreement and that neither any building nor any other improvement constituting part of the Project are located on a portion of the Mortgaged Property with respect to which the release or subordination is to be granted, accompanied by a plat of survey of the Mortgaged Property certified by a registered surveyor of the State depicting (i) the boundaries of the portion of the Mortgaged Property with respect to which the release or subordination is to be granted, (ii) all improvements located on the property surveyed and the relation of the improvements by distances to the boundaries of the portion of such property with respect to which the release or subordination is to be granted, and (iii) all easements and rights of way with recording data and instruments establishing the same,
- (d) a copy of the instrument conveying the title to or subordinating the lien of the Mortgages in favor of a public utility or public body, and
- (e) other than with respect to utility easements, a certificate of an architect, dated not more than 60 days prior to the date of the release or subordination and stating that, in the opinion of the person signing such certificate, (i) the portion of the Mortgaged Property so proposed to be released or with respect to which the subordination is proposed or with respect to which an easement, license or right of way is proposed to be granted is necessary or desirable in order to obtain utility services or public services to benefit the Project and (ii) the release or subordination so proposed to be made will not impair the usefulness of the Project as a senior living facility and will not destroy the means of ingress thereto and egress therefrom.

If such release or subordination relates to a part of the Mortgaged Property on which transportation or utility facilities are located, the Borrower will retain an easement to use such transportation or utility facilities to the extent necessary for the efficient operation of the Project as a senior living facility. Any money consideration received in connection with the release of any portion of the Mortgaged Property or the subordination of the lien of the Mortgages pursuant to this Section 6.18 will be deposited in a Special Redemption Account of the Bond Fund and used to redeem Bonds pursuant to Section 3.01 of the Indenture on the earliest date Bonds can be redeemed at par.

If all of the conditions of this Section are met, the Trustee is authorized to release any such property from the lien of the Mortgages or subordinate such lien or execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right of way, or other right or privilege.

No release or conveyance effected under the provisions of this Section will entitle the Borrower to any abatement or diminution of the Loan Payments payable under Section 3.2 hereof.

Section 6.19. Debt Service Coverage Ratio. The Borrower agrees to prescribe and charge such rents, fees, rates and other charges relating to the Project and to restrict Operating Expenses relating to the Project so as to achieve on each Ratio Evaluation Date (determined on an annualized basis) commencing with the Ratio Evaluation Date for the first Ratio Period following the earlier of December 31, 2015 or Stable Occupancy, a Debt Service Coverage Ratio of 1.20 on all Senior Bonds and Senior Parity Indebtedness (the "Coverage Test").

The Borrower shall submit to the Trustee a report evidencing its compliance or non compliance with the Coverage Test within 30 days (90 days after the Annual Evaluation Date) of the Ratio Evaluation Date for the Ratio Period in question. The Quarterly Ratio Evaluation Date report shall be calculated by the Borrower, but the Annual Evaluation Date report shall be based on Audited Financial Statements, as required in Section 6.9 hereof. The Borrower shall in turn distribute such report to the Issuer and the Trustee, at the Borrower's expense.

If on any Ratio Evaluation Date, the Borrower shall have failed to meet the Coverage Test applicable to such Ratio Evaluation Date, the Borrower shall, within 30 days after delivery of the report disclosing such failure, deliver a certificate setting forth in reasonable detail the reasons for such deficiency and adopting a specific plan setting forth steps to be taken designed to raise the Debt Service Coverage Ratio to the level to comply with the Coverage Test for future periods.

If the Borrower fails to meet the Coverage Test by the next Ratio Evaluation Date immediately subsequent to delivery of the certificate required in the preceding paragraph, the Borrower shall, within 30 days after delivery of the certificate disclosing such deficiency, retain a Consultant to submit a written report and recommendations with respect to the rents, fees, rates and other charges relating to the Project and with respect to improvements or changes in the operations and scope of the services delivered by the Borrower so as to permit the Borrower to comply with the Coverage Test, which report shall state the extent to which prior recommendations (if any) of the Consultant may not have been complied with by the Borrower. A copy of such report shall be sent by the Borrower to the Issuer and the Trustee as soon as practicable but in no event later than 90 days after the applicable Ratio Evaluation Date. The Borrower shall revise or cause to be revised such rents, fees, rates and other charges in conformity with any recommendation of the Consultant and shall otherwise follow the recommendations of the Consultant to the extent permitted by law. At least quarterly, following the submission of its initial report, the Consultant shall submit to the Issuer, the Trustee and the Underwriter progress report(s) indicating whether or not the recommendations contained in its initial report are being complied with. If the Borrower continuously complies with the recommendations of the Consultant, failure to comply with the Coverage Test for any Ratio Period will not constitute an Event of Default hereunder. However, should the Debt Service Coverage Ratio on any Annual Evaluation Date be below 1.00, such shall constitute an Event of Default hereunder.

Section 6.20 Liquidity Covenant. The Borrower covenants that it will calculate the Days' Cash on Hand as of June 30 and December 31 of each Fiscal Year, commencing with the first such date after the earlier of December 31, 2015 or Stable Occupancy (each such June 30 and December 31 being a "Testing Date"). The Borrower shall deliver a certificate setting forth such calculation to the Trustee not less than 45 days after each Testing Date.

The Borrower is required to conduct its business so that on each Testing Date the Borrower shall have no less than 100 Days' Cash on Hand on each Testing Date (the "Liquidity Requirement").

If the amount of Days' Cash on Hand as of any Testing Date is less than the Liquidity Requirement, the Borrower shall, within 30 days after delivery of the certificate disclosing such deficiency, deliver a certificate to the Issuer and the Trustee setting forth in reasonable detail the reasons for such deficiency and adopting a specific plan setting forth steps to be taken designed to raise the level of Days' Cash on Hand to the Liquidity Requirement for future periods.

If the Borrower has not raised the level of Days' Cash on Hand to the Liquidity Requirement by the next Testing Date immediately subsequent to delivery of the certificate required in the preceding paragraph, the Borrower shall, within 30 days after receipt of the certificate disclosing such deficiency, retain a Consultant to make recommendations with respect to the rates, fees and charges of the Borrower and the Borrower's methods of operation and other factors affecting its financial condition in order to increase the Days' Cash on Hand to the Liquidity Requirement for future periods. A copy of the Consultant's report and recommendations, if any, shall be filed by the Borrower with the Issuer and the Trustee within 60 days after the date such Consultant is retained. The Borrower shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of the Borrower) and permitted by law.

Notwithstanding any other provision of this Loan Agreement, failure of the Borrower to achieve the Liquidity Requirement for any Testing Date shall not constitute an Event of Default under this Loan Agreement if the Borrower takes all action necessary to comply with the procedures set forth above for adopting a plan and follows each recommendation contained in such plan or Consultant's report to the extent feasible (as determined in the reasonable judgment of the Borrower) and permitted by law.

Section 6.21 Occupancy Covenant. The Borrower covenants that for each fiscal quarter which ends not less than 60 days following the issuance of the first permanent certificate of occupancy for and licensing of the Project, and (b) ending with the first full fiscal quarter following Stable Occupancy (each an "Occupancy Quarter"), the Borrower will use its best efforts to have occupied the percentage of the total number of units at or above the requirements set forth below, which levels shall be measured as of the last day of the applicable Occupancy Quarter (the "Occupancy Requirement"):

Assisted Living Community	
Occupancy Quarter	Occupancy Requirements Percent
First	14%
Second	24%
Third	32%
Fourth	40%
Fifth	47%
Sixth	53%
Seventh	59%
Eighth	64%
Ninth	71%
Tenth	77%
Eleventh	82%
Twelfth	85%

Within five (5) Business Days following the end of each Occupancy Quarter, the Borrower shall provide the Trustee with the percentage of units occupied at the end of such Occupancy Quarter. If the percentage of units occupied for any Occupancy Quarter is less than the Occupancy Requirement set forth above for that Occupancy Quarter and if the Occupancy Requirement for the next Occupancy Quarter is not met, the Borrower Representative shall retain a Consultant within 30 days thereafter to make recommendations regarding the actions to be taken to increase the percentage of units occupied to at least the Occupancy Requirement set forth above for future periods. Within 60 days of retaining any such Consultant, the Borrower Representative shall cause a copy of the Consultant's report and recommendations, if any, to be filed with the Issuer and the Trustee. The Borrower shall follow or cause to be followed each recommendation of the Consultant to the extent feasible (as determined in the reasonable judgment of the Borrower) and permitted by law. The Borrower shall not be required to obtain a Consultant's report in any two consecutive Occupancy Quarters.

Notwithstanding any other provision of this Loan Agreement, failure of the Borrower to achieve the Occupancy Requirement for any Occupancy Quarter shall not constitute an Event of Default under the Loan Agreement if the Borrower takes all action necessary to comply with the procedures set forth above for obtaining a Consultant's report and adopting a plan and follows each recommendation contained in such Consultant's report to the extent feasible (as determined in the reasonable judgment of the Borrower) and permitted by law.

Section 6.22. Subordination and Partial Deferral of Management Fees. The payment of all fees under the Management Agreement is subordinate to the payment of debt service on the Senior Bonds.

Upon the occurrence of Default under this Agreement, 25% of the base monthly management fees and reimbursable expenses [and 100% of the quarterly incentive fee] will be deferred until the Default is cured. In addition, if the payment of any fees under the Management Agreement would cause the Borrower to be in default under any financial

covenants set forth herein, up to 50% of the base monthly management fees [and 100% of the quarterly incentive fee] will be deferred until the payment of such fees does not cause a default under any such financial covenants. Deferred management fees will be payable over a 24-month period commencing with the month in which no Default exists and provided that the payment deferred management fees would not cause a default.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.1. Defaults. Each of the following shall constitute a "Default" hereunder:

(a) Failure by the Borrower to pay any Basic Loan Payments or any amounts due on any Parity Indebtedness or Subordinate Parity Indebtedness; provided that failure to make a Basic Loan Payment shall not constitute a Default to the extent that the amounts on deposit in the Surplus Fund, the Operations and Maintenance Reserve Fund, the Bond Fund, the Repair and Replacement Fund and the Debt Service Reserve Fund (to the extent applicable thereto) are sufficient and available to pay principal, premium (if any) and interest due on the related Series of Bonds on the next Bond Payment Date; and provided further that failure to pay the portion of the Loan related to the Subordinate Bonds or failure to pay amounts due with respect to any Subordinate Parity Indebtedness shall not constitute a Default hereunder while any Senior Bonds are Outstanding.

(b) Failure by the Borrower to make, or cause to be made, any Additional Loan Payment or amounts required to be paid under Sections 3.2(b)(ii), 4.3, 4.7, 4.8, 5.1 and 6.14 on or before the date due.

(c) Failure by the Borrower to meet the Coverage Test covenant, the Liquidity Requirement or the Occupancy Requirement if (a) the Borrower fails to engage a Consultant or (b) the Borrower fails to implement any of the Consultant's reasonable recommendations to the extent possible, as provided in this Loan Agreement.

(d) Failure by the Borrower to perform or observe any of its covenants or agreements contained in this Loan Agreement, the Tax Agreement, the Land Use Restriction Agreement or any of the other Borrower Documents other than as specified in paragraphs (a) through (c) of this Section 7.1, and such failure shall continue for the period and after the notice specified in Section 7.2 hereof.

(e) The dissolution or liquidation of the Borrower or the filing by the Borrower of a voluntary petition in bankruptcy, or adjudication of the Borrower as a bankrupt, or assignment by the Borrower for the benefit of its creditors or the entry by the Borrower into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Borrower in any proceeding instituted under the provisions of State law or the federal bankruptcy statute, as amended, or under any similar act which may hereafter be enacted. The term "dissolution or liquidation of the Borrower," as used in this Section 7.1(e), shall not be construed to include the cessation of the existence of the Borrower resulting either from a merger or consolidation of the Borrower into or with another entity or a dissolution or liquidation of the Borrower following a transfer of all or substantially all of its assets as an entirety, under the conditions permitting such actions contained in Section 6.4 hereof.

(f) The occurrence or continuance of a "default," a "Default," an "event of Default" or "Event of Default" under the Mortgages, the Land Use Restriction Agreement or the Indenture.

The provisions of paragraph (d) of this Section are subject to the following limitation: if by reason of Force Majeure the Borrower is unable in whole or in part to carry out any of its agreements contained herein (other than its obligations contained in Article III hereof), the Borrower shall not be deemed in Default during the continuance of such inability, if, but only if such Default is cured as provided in Section 7.2. The Borrower agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the Borrower from carrying out its agreements, provided that, subject to the preceding sentence, the settlement of strikes and other industrial disturbances shall be entirely within the discretion of the Borrower and the Borrower shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Borrower unfavorable to the Borrower.

The Trustee shall not be deemed to have knowledge of any Default hereunder other than a Default under paragraph (a) or (b) hereof, unless a Responsible Officer of the Trustee shall have received actual knowledge or shall have been specifically notified in writing of such Default by the Issuer, the Borrower or by the Holders of at least 25% of the Bond Obligation.

Section 7.2. Notice of Default: Opportunity to Cure. Except as provided below, no default under Section 7.1(d) hereof shall constitute a Default hereunder until:

(a) The Trustee or the Issuer, by Mail, shall give notice to the Borrower of such default specifying the same; and

(b) The Borrower shall have had 30 days after receipt of such notice to correct the default and shall not have corrected it or, if such default cannot be corrected within 30 days, shall have failed to initiate and diligently pursue appropriate corrective action, provided, that in any event such default must be remedied within 120 days after the date of occurrence thereof.

Section 7.3. Remedies. Subject to the provisions of Section 7.2 hereof, whenever any Default under Section 7.1 hereof shall have happened and be continuing, any or all of the following remedial steps shall be available:

(a) The Trustee may, and at the written request of the Controlling Holders of the Bonds shall, declare the outstanding principal balance and interest accrued on the Loan and all payments required to be made by the Borrower under Section 3.2 hereof with respect to the Bonds for the remainder of the term of this Loan Agreement to be immediately due and payable, whereupon the same shall become immediately due and payable. Upon any such acceleration of the Loan, the Bonds shall be subject to mandatory redemption as provided in Section 3.01 of the Indenture.

(b) The Trustee, for and on behalf of the Issuer, may, and with the consent of the Controlling Holders of the Bonds shall, take whatever action at law or in equity may appear necessary or desirable to collect the payments required to be made by the Borrower under Section 3.2 hereof then due and thereafter to become due, including, without limitation, pursuing remedies under the Mortgages and the remedies under Section 8.02 of the Indenture.

(c) The Issuer or the Trustee may take whatever action at law or in equity as may be necessary or desirable to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Loan Agreement.

The provisions of clause (a) of this Section 7.3, however, are subject to the condition that if, at any time after the Loan shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, there shall have been deposited with the Trustee a sum sufficient to pay all the principal of the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal as provided herein, and the reasonable expenses of the Trustee, and any and all other Defaults known to the Trustee (other than in the payment of principal of and interest on the Loan due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Controlling Holders of the Bonds by written notice to the Issuer and to the Trustee, may, on behalf of the Holders of all the Bonds, rescind and annul such declaration and its consequences and waive such default; provided that no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

In case the Trustee or the Issuer shall have proceeded to enforce its rights under this Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Issuer, then, and in every such case, the Borrower, the Trustee and the Issuer shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Borrower, the Trustee and the Issuer shall continue as though no such action had been taken, subject to the results of any such proceedings or any settlement thereof.

The Borrower covenants that, in case a Default shall occur with respect to the payment of the Loan payable under Section 3.2(a) hereof, then, upon demand of the Trustee, the Borrower will pay to the Trustee the whole amount that then shall have become due and payable under said Section, with interest, to the extent permitted by law, on the amount then overdue at the Default Rate until such amount has been paid.

In case the Borrower shall fail forthwith to pay such amounts upon such demand, the Trustee shall be entitled and empowered to institute any action or proceeding at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Borrower and collect in the manner provided by law the money adjudged or decreed to be payable.

In case proceedings shall be pending for the bankruptcy or for the reorganization of the Borrower under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Borrower or in the case of any other similar judicial proceedings relative to the Borrower, or the creditors or property of the Borrower, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid

pursuant to this Loan Agreement and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Borrower, its creditors or its property, and to collect and receive any money or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Indenture after the deduction of its charges and expenses. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee, and to pay to the Trustee any amount due it for compensation and expenses, including expenses and fees of counsel incurred by it up to the date of such distribution.

Section 7.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive of any other available remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article. Such rights and remedies as are given the Issuer hereunder shall also extend to the Trustee, and the Trustee and the Holders, subject to the provisions of the Indenture, shall be entitled to the benefit of all covenants and agreements herein contained.

Section 7.5. Attorney's Fees and Expenses. If a Default hereunder occurs and if the Issuer or the Trustee, or the representative or agent of either, should employ attorneys or incur expenses for the enforcement of any obligation or agreement of the Borrower contained herein or in the other Borrower Documents, the Borrower on demand will pay to the Issuer or the Trustee, as the case may be, the reasonable fees of such attorneys and the reasonable expenses so incurred, including all costs of any and all investigations, proceedings and court appeals.

Section 7.6. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Loan Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE VIII

OPTIONS TO TERMINATE AGREEMENT

Section 8.1. Grant of Option to Terminate. The Borrower shall have, and is hereby granted, the option to terminate this Loan Agreement as a whole at any time the Borrower declares it will cease to use the Project by reason of:

(a) the damage or destruction of all or a significant portion of the Project (with property damage equal to at least \$1,000,000) to such extent that, in the reasonable opinion of the Borrower, the Restoration thereof would not be economical;

(b) the condemnation of all or part of the Project or the taking by condemnation of such part, use or control of the Project (with the value of the property so taken or condemned equaling at least \$1,000,000) as to render it unsatisfactory to the Borrower for its intended use, provided that any temporary taking by condemnation shall not give rise to the option unless, in the Borrower's reasonable opinion, such temporary taking shall render the Project unsatisfactory to the Borrower for its intended use for a period of at least six months;

(c) any changes in the Constitution of the State or the Constitution of the United States or of legislative or administrative action (whether State, federal, or local), by which this Loan Agreement shall become void or unenforceable or impossible of performance in accordance with the intent and purposes hereof; or

(d) the Borrower may also prepay the Loan in whole and terminate this Loan Agreement if the Loan is prepaid in whole and in amounts necessary to redeem the Bonds pursuant to Section 3.02 of the Indenture.

Section 8.2. Exercise of Option to Terminate. To exercise such options, the Borrower shall, within 90 days following the event authorizing such termination, if any, give written notice to the Issuer and the Trustee, and shall specify therein the date of termination, which date shall be not less than 50 days nor more than 90 days from the date such notice is mailed, and shall make arrangements satisfactory to the Trustee for the giving of the required notice of redemption of all of the Bonds. In order to exercise such option, the Borrower shall pay, or cause to be paid, on or prior to the applicable redemption date, to the Trustee, an amount equal to the sum of the following:

(a) An amount of money which, when added to the amounts then on deposit under the Indenture and available for such purpose will be sufficient to retire and redeem all the Outstanding Bonds on the earliest possible redemption date after notice as provided in the Indenture, including, without limitation, the principal amount thereof, premium, if any, all interest to accrue to said redemption date; plus

(b) An amount of money equal to the Ordinary Trustee's Fees and Expenses and Extraordinary Expenses under the Indenture accrued and to accrue until such final payment and redemption of the Bonds, including fees and expenses related to such redemption; plus

(c) An amount of money equal to the Issuer's Fees and Expenses under this Loan Agreement accrued and to accrue until such final payment and redemption of the Bonds.

ARTICLE IX

MISCELLANEOUS

Section 9.1. Confidential Information. Except for the information to be provided pursuant to the Continuing Disclosure Agreement, the Borrower shall not be required to disclose, or to permit the Issuer, the Trustee or others to acquire access to, any trade secrets of the Borrower or any other processes, techniques or information reasonably deemed by the Borrower to be proprietary or confidential, except as may be appropriate under the State law for the prosecution or defense of any legal or equitable action arising hereunder or for the collection of a judgment or to insure compliance with the Bond Documents.

Section 9.2. Entire Agreement. The Bond Documents together constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, between the Issuer and the Borrower with respect to the subject matter hereof.

Section 9.3. Notices. All notices, certificates or other communications shall be sufficiently given and shall be deemed given on the second day following the date on which the same have been mailed by first class mail, postage prepaid, addressed as provided in the Indenture. A duplicate copy of each notice, certificate or other communication given hereunder by either the Issuer or the Borrower to the other shall also be given to the Trustee and the Manager.

Section 9.4. Assignments. This Loan Agreement may not be assigned by either party without consent of the other except that the Issuer shall assign to the Trustee its rights under this Loan Agreement (except its Reserved Rights) and the Borrower may assign its rights under this Loan Agreement as provided by Sections 6.3 and 6.4 hereof.

Section 9.5. Severability. If any provision of this Loan Agreement shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 9.6. Execution of Counterparts. This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.7. Rights of Trustee. The Trustee shall have and be protected by all of the rights, powers, indemnities, privileges, immunities and other protections provided to the Trustee under the Indenture which are hereby incorporated herein by reference.

Section 9.8. Amendments, Changes and Modifications. Subsequent to the issuance of the Bonds and prior to their payment in full (or provision for payment thereof having been made in accordance with the provisions of the Indenture), this Loan Agreement may not be effectively amended, supplemented, modified, altered or terminated except by an instrument in writing signed by the parties hereto, and only as permitted in Section 6.8 hereof.

Section 9.9. Governing Law. This Loan Agreement shall be governed exclusively by and construed in accordance with the laws of the State applicable to contracts made and performed in the State.

Section 9.10. Term of Agreement. This Loan Agreement shall be in full force and effect from the date hereof until the later of (a) such time as all the Bonds shall have been fully paid or provision made for such payment pursuant to Article VII of the Indenture, or (b) such time as the Borrower has paid, or caused to be paid, all amounts payable hereunder.

Section 9.11. No Liability of Issuer's Officers. No recourse under or upon any obligation, covenant, or agreement contained in this Loan Agreement, or for any claim based thereon, or under any judgment obtained against the Issuer, or by the enforcement of any assessment or penalty or otherwise or by any legal or equitable proceeding by virtue of any constitution, rule of law or equity, or statute or otherwise or under any other circumstances, under or independent of the Indenture, shall be had against any member of the Governing Body or officer, as such, past, present, or future of the Issuer, or any, for the payment for or to the Issuer or any receiver thereof, of any sum that may be due and unpaid by the Issuer upon the Bonds. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such member of the Governing Body or officer, as such, to respond by reason of any act or omission on his part or otherwise, for the payment for or to the Issuer or any receiver thereof, of any sum that may remain due and unpaid upon the Bonds, is hereby expressly waived and released as a condition of and in consideration for the execution of this Loan Agreement and the issuance of the Bonds.

Section 9.12. Receipt of and Compliance with Indenture. The Borrower acknowledges that it has received an executed copy of the Indenture, and accepts and agrees to the provisions thereof, including, without limitation, the provisions of Section 9.04 of the Indenture with respect to compensation and indemnification of the Trustee, and agrees that it will take all such actions as are required or contemplated of it under the Indenture to preserve and protect the rights of the Trustee, the Issuer and of the Holders thereunder and that it will not take any action which would cause a default or Event of Default thereunder. It is agreed by the Borrower and the Issuer that all redemption of Bonds prior to maturity shall be effected as provided in the Indenture. The Borrower hereby agrees that its interest in the Mortgaged Property and its rights hereunder are subject to and subordinated to the interest and rights of the Trustee under the Indenture and acknowledges that the Trustee has entered into the Indenture in reliance upon the assignment to the Trustee of the Issuer's rights under this Loan Agreement and the Borrower's provision of indemnity. The Borrower covenants that it will perform all of the Issuer's obligations and covenants under the Indenture to the extent that they can be performed by the Borrower thereunder. The Borrower further agrees that it will reimburse the Issuer for any expenses incurred in the administration of any of the foregoing agreements and this Loan Agreement and will hold the Issuer harmless from any liabilities thereunder. The Borrower further covenants that it will perform all of the duties and obligations of the Borrower that are set forth in the Indenture.

Section 9.13. Usury; Total Interest. This Loan Agreement is subject to the express condition, and it is agreed, that at no time shall Basic Loan Payments hereunder or under the other Bond Documents that are or are construed to be payments of interest on the unpaid

principal amount of the Bonds reflect interest that is borne at a rate in excess of the maximum permitted by law. The Borrower shall not be obligated or required to pay, nor shall the Issuer be permitted to charge or collect, interest borne at a rate in excess of such maximum rate. If by the terms of this Loan Agreement, the Series 2012 Notes, or the other Bond Documents the Borrower is required to make such payments reflecting interest borne at a rate in excess of such maximum rate, such payments shall be deemed to be reduced immediately and automatically to reflect such maximum rate. This Loan Agreement is also subject to the condition that amounts paid hereunder representing late payment or penalty charges or the like shall only be payable to the extent permitted by law.

Section 9.14. Survival.

(a) The rights of the Trustee to payment under this Loan Agreement shall survive the Trustee's resignation or removal, the discharge of this Loan Agreement and defeasance of the Bonds.

(b) Notwithstanding anything in this Loan Agreement or any of the Bond Documents to the contrary, the rights, protections, indemnities and immunities afforded to the Trustee hereunder shall survive the resignation or removal of the Trustee and the payment in full or defeasance of the Bonds.

Section 9.15. Tax Agreement Controls. In any matter relating to the exclusion of interest on the Bonds from gross income for federal income tax purposes, the terms and provisions of the Tax Agreement shall control in the event of any conflict between this Loan Agreement and the Tax Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Loan Agreement under seal, all as of the day and year first above mentioned.

CITY OF LAKE WALES, FLORIDA

By: _____
Mayor

[Issuer Signature Page of Loan Agreement]

ONE HC – LAKE WALES, LLC

By: _____

Name: _____

Title: _____

[Borrower Signature Page of Loan Agreement]

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

By: _____

Name: _____

Title: _____

[Trustee Signature Page of Loan Agreement]

EXHIBIT A

DESCRIPTION OF THE PROJECT

The Project will consist of the 135-unit senior living facility and related support facilities known as ViaVita on the Ridge Project and located at the corner of Buck Moore Road and Bel Ombre Circle, Lake Wales, Florida.

EXHIBIT B

FORM OF REQUISITION

Requisition No. _____ Date: _____

To: Wells Fargo Bank National Association, as Trustee (the "Trustee") under the Trust Indenture dated as of December 1, 2012 (the "Indenture"), relating to the City of Lake Wales, Florida Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project) Series 2012A and Subordinate Series 2012B

Attention: Trust Department

The undersigned Borrower Representative designated pursuant to the terms of the aforesaid Indenture and a Loan Agreement of even date therewith (the "Agreement") relating to the Bonds identified above among One HC – Lake Wales, LLC, a Florida limited liability company (the "Borrower"), the Trustee and the City of Lake Wales, Florida hereby requests that there be paid from the Project Fund, created by the Indenture, the sum set forth below, and in that connection with respect to the use of the proceeds of the Bonds, I HEREBY CERTIFY, as follow:

An obligation in each of the amounts set forth below has been incurred in connection with the acquisition, construction and equipping of the Project, constitutes a Cost of the Project, and such obligation or amount represents a capital cost of the Project and not a cost of issuance of the Bonds.

Payee

Name and Address

Purpose

Amount

\$

\$

\$

Total

The Borrower hereby certifies that:

(1) the Project is free and clear of all liens and encumbrances except Permitted Encumbrances;

(2) all evidence, statements, and other writings required to be furnished under the terms of the Loan Agreement and the Indenture are true and omit no material fact, the omission of which may make them misleading;

(3) all money previously disbursed from the Project Fund has been used solely to pay for costs allowed by the Agreement, and the Borrower has written evidence to support this item of warranty;

(4) none of the items for which payment is requested have formed the basis for any payment previously made from the Project Fund; and

(5) all bills for labor, materials, and fixtures used, or on hand and to be used, in the construction of the Project have been paid.

Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Indenture.

ONE HC – LAKE WALES, LLC

By: _____

Name: _____

Title: _____

EXHIBIT C

FORM OF RELEASE CERTIFICATE

for the Period Ended _____, 20__

CITY OF LAKE WALES, FLORIDA

\$ _____

**Senior Housing Community Revenue Bonds
(ViaVita on the Ridge Project)**

Consisting of:

\$ _____ **Series 2012A**

\$ _____ **Subordinate Series 2012B**

I, _____, an authorized representative of One HC – Lake Wales, LLC, as "Borrower" for the above described Bonds (the "Bonds"), do hereby certify that (a) no Event of Default or event which with the passage of time or the giving of notice or both would constitute an Event of Default of which the Borrower has knowledge has occurred or is continuing, (b) the Debt Service Reserve Requirement related to the Senior Bonds and the required Repair and Replacement Fund, Rebate Fund and Operations and Maintenance Reserve Fund deposits have been fully funded, (c) all amounts due and owing to or with respect to the Subordinate Bonds have been paid and the required Debt Service Reserve Requirement deposit relating to the Subordinate Bonds has been made, (d) Days' Cash on Hand exceeds the Liquidity Requirement, and (e) the Net Income Available for Debt Service and Debt Service Coverage Ratio calculations for the ViaVita on the Ridge Project for the twelve months ending December 31, _____, as set forth below, are true and correct. Terms used herein as defined terms have the meanings provided in the Trust Indenture dated as of December 1, 2012 with regard to the Bonds.

Senior Bonds:

Net Income Available for Debt Service

Divided by: Annual Debt Service:

Debt Service Coverage Ratio: _____

Dated _____

ONE HC – LAKE WALES, LLC

By: _____

Name: _____

Title: _____

The undersigned _____, certifies that (a) it has reviewed the audited financial of the Borrower for the period ending _____, (b) the foregoing calculation of the Debt Service Coverage Ratio is correct, (c) the Net Income Available for Debt Service as of the last day of such Fiscal Year was ____ and (d) the percentage of Project Revenues paid to the Manager as fees under the Management Agreement with regard to such Fiscal Year was ____%.

**[INDEPENDENT CERTIFIED PUBLIC
ACCOUNTANT]**

Dated: _____

By: _____

EXHIBIT D
FORM OF SENIOR LIVING PROMISSORY NOTES

EXHIBIT D-1

[FORM OF SERIES 2012A NOTE]

\$ _____

December __, 2012

FOR VALUE RECEIVED, the Borrower executing this Senior Living Promissory Series 2012A Note, and its successors and assigns (the "Borrower"), promises to pay to Wells Fargo Bank, National Association, or its successor, as trustee (the "Trustee") under that certain Trust Indenture dated as of December 1, 2012 (the "Indenture"), between the Trustee and the City of Lake Wales, Florida (the "Issuer"), (1) the principal sum of \$ _____ payable on _____ 1, _____, or such earlier dates as required in the Indenture or the Loan Agreement (as defined below), and interest accrued on the unpaid portion thereof, from the date hereof at the rate for each day of accrual equal to the rates of interest borne by the bonds of the Issuer designated as Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project) Series 2012A ("Series 2012A Bonds") at the time Outstanding (as defined in the Indenture) payable on the dates and computed as described in the Indenture and the Loan Agreement, relating to principal and interest on the Series 2012A Bonds, and (2) all other amounts specified in the Indenture and Loan Agreement at the times described in the Indenture and Loan Agreement. Simultaneously with the issuance of the Series 2012A Bonds, the Issuer is issuing \$ _____ aggregate principal amount of its Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project) Subordinate Series 2012B (the "Series 2012B Bonds"), as more fully set forth in the Indenture (the Series 2012A Bonds and the Series 2012B Bonds are collectively referred to as the "Series 2012 Bonds," and each as a "Series"), the obligation of the Borrower to repay the same being evidenced by a separate Series 2012B Note.

Payments under this Senior Living Promissory Series 2012A Note shall be applied to the payment of the debt service on the Series 2012A Bonds, and other amounts due under the Loan Agreement.

This Senior Living Promissory Series 2012A Note and the payments required to be made hereunder have been irrevocably assigned, without recourse, to the Trustee under the Indenture and such payments will be made directly to the Trustee for the account of the Issuer pursuant to such assignment. All the terms, conditions and provisions of the Indenture, the Loan Agreement and the Bonds are hereby incorporated as a part of this Senior Living Promissory Series 2012A Note.

The principal hereof (and premium, if any) and the interest hereon shall be payable at Jacksonville, Florida, the designated corporate trust office of the Trustee. All such payments shall be in immediately available funds or in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

If the specified date for any such payment shall be a day other than a Business Day (as defined in the Indenture), then such payment may be made on the next succeeding day which is a Business Day without additional interest and with the same force and effect as if made on the specified date for such payment.

All sums due hereon shall be payable at the opening of business of the designated corporate trust office of the Trustee on the date such payments become due.

This Senior Living Promissory Series 2012A Note is executed and delivered by the Borrower pursuant to the Loan Agreement, dated as of December 1, 2012 (the "Loan Agreement"), among the Issuer, the Borrower and the Trustee relating to the Bonds, to evidence a loan by the Issuer to the Borrower thereunder from proceeds of the Series 2012 Bonds. To the extent that any provision of this Senior Living Promissory Series 2012A Note contradicts or is inconsistent with the provisions of the Loan Agreement, the provisions of the Loan Agreement shall control and supersede the contradictory or inconsistent provision herein.

The Borrower shall prepay the outstanding principal sum hereof, as a whole or in part, in the same amount and on the same dates, and with the same premiums, if any, as Series 2012A Bonds called for redemption prior to their maturity in accordance with the provisions of the Indenture. Presentation, demand, protest and notice of dishonor are hereby expressly waived by the Borrower.

This Senior Living Promissory Series 2012A Note is secured by the First Mortgage (as defined in the Indenture).

If an Event of Default, as defined in the Indenture or the Loan Agreement, shall occur, the principal hereof and accrued interest hereon may, at the option of the holder hereof, be declared due and payable in the manner and with the effect provided in the Indenture or the Loan Agreement.

This Senior Living Promissory Series 2012A Note is a contract made under and shall be construed in accordance with and governed by the laws of the State of Florida.

ONE HC – LAKE WALES, LLC

By: _____
Name: _____
Title: _____

EXHIBIT D-1

[FORM OF SERIES 2012B NOTE]

\$ _____

December __, 2012

FOR VALUE RECEIVED, the Borrower executing this Senior Living Promissory Series 2012B Note, and its successors and assigns (the "Borrower"), promises to pay to Wells Fargo Bank, National Association, or its successor, as trustee (the "Trustee") under that certain Trust Indenture dated as of December 1, 2012 (the "Indenture"), between the Trustee and the City of Lake Wales, Florida (the "Issuer"), (1) the principal sum of \$ _____ payable on _____, or such earlier dates as required in the Indenture or the Loan Agreement (as defined below), and interest accrued on the unpaid portion thereof, from the date hereof at the rate for each day of accrual equal to the rates of interest borne by the bonds of the Issuer designated as Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project) Subordinate Series 2012B ("Series 2012B Bonds") at the time Outstanding (as defined in the Indenture) payable on the dates and computed as described in the Indenture and the Loan Agreement, relating to principal and interest on the Bonds, and (2) all other amounts specified in the Indenture and Loan Agreement at the times described in the Indenture and Loan Agreement. Simultaneously with the issuance of the Series 2012B Bonds, the Issuer is issuing \$ _____ aggregate principal amount of its Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project) Series 2012A (the "Series 2012A Bonds"), as more fully set forth in the Indenture (the Series 2012A Bonds and the Series 2012B Bonds are collectively referred to as the "Series 2012 Bonds," and each as a "Series"), the obligation of the Borrower to repay the same being evidenced by a separate Series 2012A Note.

Payments under this Senior Living Promissory Series 2012B Note shall be applied to the payment of the debt service on the Series 2012B Bonds, and other amounts due under the Loan Agreement.

This Senior Living Promissory Series 2012B Note and the payments required to be made hereunder have been irrevocably assigned, without recourse, to the Trustee under the Indenture and such payments will be made directly to the Trustee for the account of the Issuer pursuant to such assignment. All the terms, conditions and provisions of the Indenture, the Loan Agreement and the Bonds are hereby incorporated as a part of this Senior Living Promissory Series 2012B Note.

The principal hereof (and premium, if any) and the interest hereon shall be payable at Jacksonville, Florida, the designated corporate trust office of the Trustee. All such payments shall be in immediately available funds or in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

If the specified date for any such payment shall be a day other than a Business Day (as defined in the Indenture), then such payment may be made on the next succeeding day which is a Business Day without additional interest and with the same force and effect as if made on the specified date for such payment.

All sums due hereon shall be payable at the opening of business of the designated corporate trust office of the Trustee on the date such payments become due.

This Senior Living Promissory Series 2012B Note is executed and delivered by the Borrower pursuant to the Loan Agreement, dated as of December 1, 2012 (the "Loan Agreement"), among the Issuer, the Borrower and the Trustee relating to the Bonds, to evidence a loan by the Issuer to the Borrower thereunder from proceeds of the Series 2012 Bonds. To the extent that any provision of this Senior Living Promissory Series 2012B Note contradicts or is inconsistent with the provisions of the Loan Agreement, the provisions of the Loan Agreement shall control and supersede the contradictory or inconsistent provision herein.

The Borrower shall prepay the outstanding principal sum hereof, as a whole or in part, in the same amount and on the same dates, and with the same premiums, if any, as Series 2012B Bonds called for redemption prior to their maturity in accordance with the provisions of the Indenture. Presentation, demand, protest and notice of dishonor are hereby expressly waived by the Borrower.

This Senior Living Promissory Series 2012B Note is secured by the Second Mortgage (as defined in the Indenture).

If an Event of Default, as defined in the Indenture or the Loan Agreement, shall occur, the principal hereof and accrued interest hereon may, at the option of the holder hereof, be declared due and payable in the manner and with the effect provided in the Indenture or the Loan Agreement.

This Senior Living Promissory Series 2012B Note is a contract made under and shall be construed in accordance with and governed by the laws of the State of Florida.

ONE HC – LAKE WALES, LLC

By: _____
Name: _____
Title: _____

EXHIBIT "D"

LAND USE RESTRICTION AGREEMENT

THIS INSTRUMENT PREPARED
BY AND RETURN TO:
Mark T. Mustian, Esq.
Nabors, Giblin & Nickerson, P.A.
1500 Mahan Drive, Suite 200
Tallahassee, Florida 32308

NGN Draft No.6 11/27/12
806.03

ABOVE SPACE RESERVED FOR
RECORDING PURPOSES ONLY

LAND USE RESTRICTION AGREEMENT

This Land Use Restriction Agreement (the "Agreement") is made and entered into as of December 1, 2012, by and among the CITY OF LAKE WALES, FLORIDA, a municipal corporation of the State of Florida (the "Issuer") whose mailing address is 201 W. Central Avenue, Lake Wales, Florida 33853, WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, with a corporate trust office in Jacksonville, Florida (the "Trustee"), pursuant to the Trust Indenture dated as of December 1, 2012 securing the Issuer's Senior Housing Community Revenue Bonds (Via Vita on the Ridge Project) Series 2012A (the "Series 2012A Bonds"), its Senior Housing Community Revenue Bonds (Via Vita on the Ridge Project) Subordinate Series 2012B (the "Series 2012B Bonds"), (collectively, the "Series 2012 Bonds") in the combined aggregate principal amount of \$ _____, and the Borrower referenced below.

WHEREAS, pursuant to and in accordance with the Act (hereinafter defined), the Issuer has determined to issue its Series 2012 Bonds and to lend the proceeds thereof to One HC – Lake Wales, LLC, a Florida limited liability company (the "Borrower"), for the purpose of financing a portion of the cost of the acquisition of land, buildings, and equipment, the construction of improvements thereto and to the acquisition of equipment to be installed therein, all owned by the Borrower and to be located in the City of Lake Wales, Florida, funding a debt service reserve fund, funding capitalized interest and paying a portion of the costs of issuing such Series 2012 Bonds; and

WHEREAS, the Issuer intends to assign to the Trustee, as security for the Series 2012 Bonds, the Notes and the security therefor and substantially all of the Issuer's rights under the Loan Agreement, the Indenture and the Mortgages; and

WHEREAS, as a condition of making the Loan and in connection with the issuance of the Series 2012 Bonds, the parties hereto have agreed to enter into this Agreement in order to preserve the tax-exempt status of interest on the Series 2012 Bonds;

NOW, THEREFORE, in consideration of the premises and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Issuer, the Trustee and the Borrower hereby agree as follows:

Section 1. Definitions and Interpretation. All initially capitalized, undefined terms used herein shall have the meanings assigned to such terms in the Indenture. In addition, the following words and phrases shall have the following meanings:

"Act" means Chapter 159, Part II, Florida Statutes, as amended or supplemented from time to time.

"Affiliated Party" of any person means a person such that (i) the relationship between such persons would result in a disallowance of losses under Section 267 or 707(b) of the Code, or (ii) such persons are members of the same controlled group of corporations as defined in Section 1563(a) of the Code, except that "more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein, or (iii) a related person within the meaning of Section 144(a) or 147(a) of the Code.

"Agreement" means this Land Use Restriction Agreement, dated as of December 1, 2012, as the same may be amended, modified, supplemented or restated from time to time.

"Applicable Income Limit" means fifty percent (50%) of area median gross income (within the meaning of Section 142(d) of the Code) for Polk County, Florida, Standard Metropolitan Statistical Area, as determined by the Secretary of the United States Department of the Treasury in a manner consistent with determinations of lower income families and area median gross income under Section 8 of the Housing Act of 1937, as amended (or if such program is terminated, under such program as in effect immediately before such termination), including adjustments for family size.

"Area Median Gross Income" means the median gross income for the area in which the Project is located as determined under Section 8 of the Housing Act of 1937 (or, if such program is terminated, under such program as in effect immediately before such termination) and as published annually by HUD.

"Bond Closing Date" means the date of delivery of the Series 2012 Bonds.

"Business Day" means any day other than a Saturday, Sunday or a day when banks are authorized to be closed under the laws of the States of Florida or New York or the New York Stock Exchange is closed.

"Certificate of Continuing Program Compliance" means the certificate required to be delivered by the Borrower to the Issuer and the Trustee pursuant to Section 4(f) hereof.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations thereunder, or any successor statute, together with corresponding and applicable final, temporary or proposed regulations and revenue rulings issued or amended with respect thereto by the Treasury Department or Internal Revenue Service of the United States. Any reference to a particular provision of the Code shall be deemed to include (a) any successor provision or any successor Internal

Revenue Law and (b) the applicable regulations, whether final, temporary or proposed, under such provision or successor provision.

"County" means Polk County, Florida.

"Current Annual Family Income" is determined in accordance with Section 8 of the Housing Act of 1937 (the "Housing Act"), as amended (or, if such program is terminated, under such program as in effect immediately before such termination) and includes the forms of income described in the Income Certification as promulgated by the Issuer from time to time in accordance with the Housing Act.

"Eligible Persons" means persons or families determined by the Issuer to be of low, middle or moderate income and "eligible persons" under the Act applicable to the Project, which determination includes, but is not limited to, an income limit which shall not exceed 150% of the median family (family of four) income for the County; provided that persons 65 years of age or older shall be defined as "Eligible Persons" regardless of their incomes.

"First Mortgage" means the First Mortgage and Security Agreement, dated as of December 1, 2012, as the same may be amended, modified, supplemented or restated from time to time, that grants a first mortgage on and security interest in the Land, the buildings and equipment comprising the Project, made from the Borrower to the Issuer, as assigned to the Trustee.

"Income Certification" means the certification required to be obtained from each Lower-Income Tenant by the Borrower pursuant to Section 4(a) hereof.

"Indenture" means the Trust Indenture, dated as of even date herewith, between the Issuer and the Trustee relating to the issuance of the Series 2012 Bonds, as amended or supplemented from time to time.

"Land" means the real property described in Exhibit "A" attached hereto.

"Loan" means the loan in an amount equal to the principal amount of the Series 2012 Bonds, made by the Issuer to the Borrower from the proceeds of the Series 2012 Bonds, as evidenced by the Notes and described in this Agreement and secured by the Loan Agreement and the Loan Documents.

"Loan Agreement" means that certain Loan Agreement, dated as of even date herewith, entered into by and among the Borrower, the Trustee and the Issuer, as amended or supplemented from time to time.

"Loan Documents" means this Agreement, the Mortgages, the Loan Agreement, the Notes, and the Tax Agreement, as such documents may be amended, modified, supplemented or restated from time to time.

"Lower-Income Tenant" means individuals or families whose income does not exceed fifty percent (50%) of the Area Median Gross Income; provided, however, that if all the occupants of a unit are students (as defined in Section 151(c)(4) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code, the occupants of that Unit shall in no event be deemed to be "Lower-Income Tenants". The income of individuals and Area Median Gross Income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and Area Median Gross Income under Section 8 (or, if such program is terminated, under such program in effect immediately before such termination). Determinations under the preceding sentence shall include adjustments for family size as prescribed under Section 8, e.g., a family of four generally will qualify if the family has an income of sixty percent (60%) or less of the area median income; a family of three having an income of fifty-four percent (54%) or less generally will qualify; a family of two having an income of forty-eight percent (48%) or less generally will qualify; and a single individual having an income of forty-two percent (42%) or less generally will qualify.

"Mortgages" means, collectively, the First Mortgage and Second Mortgage.

"Notes" means those certain Senior Living Promissory Notes dated December 1, 2012 made by the Borrower, as maker, to the Issuer, as payee to evidence the obligation of the Borrower to repay the Loan, together with all extensions, renewals, modification, amendments, supplements or substitutions thereto, as assigned to the Trustee.

"Outstanding" means, with respect to the Series 2012 Bonds, those Series 2012 Bonds that are "Outstanding" in accordance with the terms of the Indenture.

"Permitted Encumbrances" shall have the meaning ascribed to such term in the Mortgages.

"Project" means the senior living housing development located on the Land.

"Qualified Bond Counsel" means an attorney, or firm of attorneys, of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions, appointed by the Issuer.

"Qualified Project Period" means the period commencing on the first day on which at least ten percent (10%) of the residential units in the Project are first occupied (as certified in writing by the Borrower to the Issuer) (or, if later, the date on which the Series 2012 Bonds are issued) and ending on the latest of the following: (i) the date that is fifteen (15) years after the date on which at least fifty percent (50%) of the residential units in the Project are first occupied (as certified in writing by the Borrower to the Issuer); (ii) the first day on which no Series 2012 Bond issued with respect to the Project is Outstanding; or (iii) the date on which any assistance provided with respect to the Project under Section 8 terminates (as certified in writing by the Borrower to the Issuer).

"Regulations" means the regulations promulgated by the United States Department of the Treasury pursuant to the Code, as amended from time to time.

"Rental Housing" shall mean a residential rental project within the meaning of Section 1.103-8(b)(4) of the Treasury Regulations under Section 142(d) of the Code. As such, Rental Housing shall consist of a building or structure or proximate buildings or structures, (a) containing one or more similarly constructed residential units which are to be used on other than a transient basis and any facilities which are functionally related and subordinate to such units, and (b) all of the residential units which are rented or available for rental on a continuous basis to members of the general public in accordance with the requirements of Section 142(d) of the Code. Rental Housing consists of similar residential units together with any functionally related and subordinate facilities within the meaning of Section 142(d) of the Code. A building or structure is a discrete edifice or other man-made construction consisting of an independent (i) foundation, (ii) outer walls, and (iii) roof, and containing one or more similarly constructed residential units. Buildings or structures are proximate if they are all located on a single parcel of land or several parcels of land which are contiguous except for the interposition of a road, street, stream or similar property. Proximate buildings or structures are part of the same project only if owned for federal tax purposes by the same person and if the buildings are financed pursuant to a common plan. In no event shall Rental Housing include a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium, rest home, or trailer park or court. Furthermore, Rental Housing shall not include any building or structure which contains fewer than five residential units, one residential unit of which is occupied by an owner of the units or a party related to such owner.

"Second Mortgage" means the Second Mortgage and Security Agreement, dated as of December 1, 2012, as the same may be amended, modified, supplemented or restated from time to time, that grants a second mortgage on and security interest in the Land, the buildings and equipment comprising the Project, made from the Borrower to the Issuer, as assigned to the Trustee.

"Section 8" means Section 8 of the United States Housing Act of 1937.

"Series 2012 Bonds" has the meaning provided in the introductory paragraph of this Agreement.

"State" means the State of Florida.

"Term of this Agreement" means the term determined pursuant to Section 7 hereof.

Unless the context clearly requires otherwise, as used in this Agreement, words of the masculine, feminine or neuter gender shall be construed to include any other gender when appropriate, and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The titles and headings of the sections of this Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

Section 2. Residential Rental Property. The Issuer and the Borrower hereby declare their understanding and intent that, during the term of this Agreement, the Project is to be owned, managed and operated as a "project for residential rental property" as such phrase is utilized in Section 142(d) of the Code and shall be owned, managed and operated as Rental Housing. The Borrower hereby represents, covenants, warrants and agrees that:

(a) (1) The Project is being acquired and constructed for the purpose of providing a "qualified residential rental project" as such phrase is used in Section 142(d) of the Code, (2) the Borrower shall own the entire Project for federal tax purposes, and (3) the Project shall be owned, managed and operated as a multifamily residential rental property comprised of a building or structure or several proximate buildings or structures containing similarly constructed units, together with any functionally related and subordinate facilities and no other facilities, in accordance with Section 142(d) of the Code and Section 1.103-8(b) of the Regulations, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) The Project is comprised of one or more similarly constructed units, each of which contains separate and complete facilities for living, sleeping, eating, cooking and sanitation for an individual or a family, including a living area, a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink.

(c) None of the units in the Project will at any time be (1) utilized on a transient basis, (2) used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, nursing home, hospital, sanitarium, rest home, trailer court or park, or (3) rented for lease periods of less than six (6) months.

(d) All of the units in the Project will be rented or available for rent on a continuous basis to members of the general public and the Borrower will not give preference to any particular class or group in renting the units in the Project, except to the extent that units are required to be leased or rented to Lower-Income Tenants or Eligible Persons, and units may be restricted as to age. Lower-Income Tenants will have equal access to and enjoyment of all common facilities of the Project.

(e) The Land consists of a parcel of real property or parcels of real property that are contiguous except for the interposition of a road, street, stream or similar property and the Project comprises buildings, structures and facilities that are geographically contiguous and functionally related.

(f) The Borrower or a related person, as defined in Section 147(a) of the Code, shall not occupy any of the units in the Project; provided, however, that the Borrower or a related person may occupy a unit in a building or structure that contains five or more units if the Borrower or related person is a resident manager or other necessary employee (e.g., maintenance and security personnel).

(g) None of the proceeds of the Series 2012 Bonds (including investment earnings) will be used to provide a health club facility, skybox or any other private luxury box, an

airplane, or store the principal business of which is the sale of alcoholic beverages for consumption off premises or a facility used primarily for gambling.

(h) The Borrower shall not discriminate on the basis of race, creed, religion, color, sex, marital status, family status, handicapped status or national origin in the lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

The requirements of this Section 2 shall terminate on the later of (i) the end of the Qualified Project Period or (ii) the end of the remaining term of the Series 2012 Bond with the longest maturity, as such requirement is interpreted pursuant to the Code, unless otherwise terminated pursuant to Section 7 hereof.

Section 3. Lower-Income Tenants and Eligible Persons. The Borrower hereby represents, warrants and covenants as follows:

(a) There shall be no default hereunder so long as, at all times during the Qualified Project Period, not less than twenty percent (20%) of the completed units in the Project shall be occupied by Lower-Income Tenants, as required by Section 142(d) of the Code.

(b) At all times during which any Series 2012 Bonds are Outstanding, those units that are not occupied by Lower-Income Tenants and are available for rental to tenants other than Lower-Income Tenants in accordance with Section 3(a) hereof will be rented to or available for rent by Eligible Persons.

(c) At all times during the later of the end of the Qualified Project Period or the date on which no Series 2012 Bonds are Outstanding, all of the units in the Project will be rented as a residential dwelling, on a continuous basis and may not be used or converted to owner-occupied housing or other residential or business use. For purposes of this requirement, a building or structure will not be deemed to be held for rental use if it contains less than five units, any unit of which is occupied by the owner of the units.

(d) For purposes of paragraphs (a) and (b) of this Section 3, a unit occupied by an individual or family who at the commencement of the occupancy of such unit is a Lower-Income Tenant (or Eligible Person) shall be counted as occupied by a Lower-Income Tenant (or Eligible Person) during such individual's or family's tenancy in such unit, even though such individual or family ceases to be a Lower-Income Tenant (or Eligible Person). However, the preceding sentence shall cease to apply to any Lower-Income Tenant whose income under the most recent determination exceeds one hundred forty percent (140%) of the applicable income limit or to any Eligible Person (other than persons 65 years of age or older) whose income under the most recent determination exceeds one hundred fifty percent (150%) of the applicable area median income if after such determination but before the next determination, any unit of comparable or smaller size in the Project is occupied by a new resident whose income exceeds the applicable income limit. In addition, a unit that was occupied by a Lower-Income Tenant (or Eligible Person) shall be counted as occupied by a Lower-Income Tenant (or Eligible Person) until it is reoccupied other than for a temporary period not

exceeding 31 days, at which time the unit shall be considered to be occupied by a Lower-Income Tenant (or Eligible Person) only if the individual or family then occupying the unit satisfies the definition of a Lower-Income Tenant (or Eligible Person).

Section 4. Reporting Requirements, Payment of Issuer's Annual Compliance Fee and Maintenance.

(a) During the Qualified Project Period, the Borrower shall obtain from each Lower-Income Tenant, at the time of such Lower Income Tenant's initial occupancy in the Project, an Income Certification dated immediately prior to the initial occupancy of such Lower Income Tenant in the Project in the form and containing the information required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(d) of the Code.

(b) At all times during which any Series 2012 Bonds are Outstanding, the Borrower shall obtain from each Eligible Person residing in the Project, at the time of such person's or family's initial occupancy in the Project, an Income Certification in form and content acceptable to the Issuer.

(c) The Borrower shall file with the Issuer, on or before January 30 of each year, copies of the Income Certifications specified in Sections 4(a) and (b) hereof obtained by the Borrower during the previous calendar year.

(d) At all times during the Qualified Project Period, the Borrower will obtain and maintain on file from each Lower-Income Tenant residing in the Project the information demonstrating each tenant's income eligibility.

(e) The Borrower shall maintain complete and accurate records pertaining to the incomes of and rentals charged to Lower-Income Tenants and Eligible Persons residing in the Project, and shall permit, upon 5 Business Days' notice to the Borrower, any duly authorized representative of the Issuer or the Trustee to inspect the books and records of the Borrower pertaining to the incomes of and rentals charged to all tenants residing in the Project. All tenant lists, applications, and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Borrower which is unrelated to the Project, and shall be maintained, as required by the Issuer from time to time, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the Issuer or the Trustee. Failure to keep such lists and applications or to make them available to the Issuer or the Trustee will be a default hereunder.

(f) On or before January 30 of each year, the Borrower shall prepare and submit to the Issuer rent rolls and to the Issuer and the Trustee a Certificate of Continuing Program Compliance, in form and content approved by the Issuer, executed by the Borrower stating (i) the percentage of units that were occupied by Lower-Income Tenants and Eligible Persons, respectively, as of the 20th day of the previous month, (ii) that at all times during the previous month at least 20%

of the units were occupied by Lower-Income Tenants (as determined in accordance with Section 3 of this Agreement), and (iii) that no default has occurred under this Agreement or, if such a default has occurred, the nature of such default and the steps, if any, the Borrower has taken or proposes to take to correct such default.

(g) Commencing on August 1, 2014, and continuing on August 1 of every year thereafter, the Borrower shall submit to the Secretary of the Department of the Treasury (at such time and in such manner as the Secretary shall prescribe) an annual certification as to whether the Project continues to meet the requirements of Section 142(d) of the Code. The Borrower shall simultaneously send copies of such certifications to the Trustee and Issuer. The Borrower acknowledges that failure to file such certification may subject the Borrower to penalty (presently, though subject to change, one hundred dollars (\$100) per day for every day after the due date that the report is not filed) as provided in Section 6652(j) of the Code.

(h) Reserved.

(i) The Borrower shall immediately notify the Trustee and the Issuer of any change in the management of the Project.

(j) The Borrower will keep the buildings, parking areas, roads and walkways, recreational facilities, landscaping and all other improvements of any kind now or hereafter erected as part of the Project, in good condition and repair (normal wear and tear excepted), will not commit or suffer any waste and will not do or suffer to be done anything which would or could increase the risk of fire or other hazard to the Project or any part thereof. In order to ensure the Borrower's compliance with this covenant, the Issuer and/or its representatives are hereby authorized to enter upon and inspect the Project at any time during normal business hours upon reasonable notice and subject to the rights of tenants. Notwithstanding the foregoing, the Issuer has no affirmative duty to make such inspections.

(k) The Borrower will construct and operate the Project so that it conforms in all material respects with all applicable zoning, planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over the Project, including, but not limited to, the Americans with Disabilities Act of 1990, as amended.

Section 5. Fair Housing Laws. The Borrower will comply with all fair housing laws, rules, regulations or orders applicable to the Project. All advertising and promotional material used in connection with the Project shall contain the phrase "Fair Housing Opportunity."

Section 6. Covenants to Run With the Land. The covenants, reservations and restrictions set forth herein shall be deemed covenants running with the Borrower's interest in the Land and, except as provided in Section 7 hereof, shall pass to and be binding upon the Borrower's assigns and successors in title to the Land or the Project; provided, however, that upon the termination of this Agreement in accordance with the terms hereof said covenants, reservations and restrictions shall automatically and without further action expire. Except as provided in Section 7 hereof, each and every contract, deed or other instrument hereafter executed covering or conveying the Land or the Project or any portion thereof shall conclusively be held to have been executed,

delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments. If a portion or portions of the Project are conveyed, all of such covenants, reservations and restrictions shall run to each portion of the Project.

Section 7. Term. This Agreement shall remain in full force and effect until the later of (i) the expiration of the Qualified Project Period and (ii) the date as of which no Series 2012 Bonds are Outstanding; provided, however, that this Agreement shall terminate in the event of involuntary noncompliance with the provisions of this Agreement caused by fire, seizure, requisition, foreclosure or transfer by deed in lieu of foreclosure, change in a federal law or an action of a federal agency that prevents the Issuer from enforcing the provisions hereof, or condemnation or a similar event (as determined by Qualified Bond Counsel), but only if an opinion of Qualified Bond Counsel is obtained to the effect that such termination will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2012 Bonds, and within a reasonable period thereafter (i) the Series 2012 Bonds are retired in full or (ii) the proceeds received as a result of such event are used to finance a development that complies with the provisions hereof and any other applicable requirements of the Code and the Regulations. In such event, upon the request of the Borrower, with the consent of the Issuer which consent shall not be unreasonably withheld or delayed and at the expense of the Borrower, the parties hereto shall execute an appropriate document in recordable form to evidence such automatic termination. In the case of foreclosure or transfer of title by deed in lieu of foreclosure or similar event (as determined by Qualified Bond Counsel), such termination will cease to be in effect if, at any time during the remainder of the Qualified Project Period, the Borrower, or a "related person" to any such person within the meaning of Section 147(a) of the Code, obtains an interest in the Project for federal tax purposes.

Section 8. Correction of Noncompliance. The failure of the Borrower to comply with any of the provisions of Section 2 or 3 of this Agreement shall not be deemed a default hereunder unless such failure has not been corrected within a period of sixty (60) days following the date that Borrower learned of such failure or should have learned of such failure by the exercise of reasonable diligence. Not later than the Business Day next succeeding the day on which the Trustee or the Issuer learns of such failure, the Trustee or the Issuer shall attempt with reasonable diligence to notify the Borrower of such failure by telephonic communication. In addition, the Trustee or Issuer, as the case may be, shall send to all parties to this Agreement (including Borrower) written notice of such failure in accordance with Section 18 hereof.

Section 9. Modification and Termination of Tax Covenants. To the extent any amendments, modifications or changes to the Regulations or the Code shall, in the written opinion of Qualified Bond Counsel filed with the Issuer, the Borrower, and the Trustee, impose requirements upon the ownership, occupancy or operation of the Project different than those imposed by the Regulations or the Code and stated herein, and the Borrower's failure to comply with such different requirements would produce a material and substantial risk that interest on the Series 2012 Bonds will become includable in gross income for federal income tax purposes, then this Agreement shall be amended and modified in accordance with such requirements. The parties hereto agree to execute, deliver and record, if applicable, any and all documents or instruments necessary in the opinion of and in the form approved by Qualified Bond Counsel to effectuate the intent of this Section 9.

Section 10. Burden and Benefit. The Issuer, the Trustee and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the Land in that the Borrower's legal interest in the Land and the Project is rendered less valuable thereby. The Trustee, the Issuer and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the Land by enhancing and increasing the enjoyment and use of the Land and the Project by Lower-Income Tenants and Eligible Persons, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Series 2012 Bonds were issued. The Borrower hereby expressly acknowledges that this Agreement is necessary to preserve the exclusion from gross income for federal income tax purposes of interest on the Series 2012 Bonds issued by the Issuer to finance the Loan and covenants and agrees that in connection with the acquisition, construction, ownership and operation of the Project, it shall and shall require any subsequent purchaser of the Project to fully comply with all terms and conditions of this Agreement.

Section 11. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project.

Section 12. Remedies; Enforceability. If a violation of any of the provisions hereof occurs or is attempted which is not cured within the applicable cure period, the Issuer and its successors and assigns may institute and prosecute any proceeding at law or in equity to abate, prevent or enjoin any such violation or attempted violation, to compel specific performance hereunder, or to recover monetary damages caused by such violation or attempted violation (other than for principal and interest due under the Loan which shall be non-recourse as provided in Section 3.3 of the Loan Agreement). The provisions hereof are imposed upon and made applicable to the Land and shall run with the Land and shall be enforceable against the Borrower or any other person or entity that has or had an ownership interest in the Project at the time of such violation or attempted violation. No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage or waive the right of any party entitled to enforce the provisions hereof or to obtain relief against or recover for the continuation or repetition of such breach or violation or any similar breach or violation hereof at any later time or times. Except as otherwise provided in Section 13 below and in Section 3.3 of the Loan Agreement, the liability of the Borrower under this Agreement is and shall be limited to the interest of the Borrower in the Project, it being specifically understood and agreed that neither the Borrower nor any partners or joint venturers comprising the Borrower, nor any officers, directors, members or employees of the Borrower, if any, shall have any personal liability with respect to the obligations of the Borrower set forth herein, and that any party seeking to enforce personal liability against the Borrower or any partners or joint venturers comprising the Borrower, or any officers, directors, members or employees of the Borrower, if any, shall look only to said interest of the Borrower in the Project for the satisfaction of such liability.

Section 13. Indemnification. The Borrower hereby covenants and agrees that it shall indemnify and hold harmless the Issuer, the County and the Trustee and their respective officers, directors, officials, employees and agents from and against any and all claims by or on behalf of any person arising from any cause whatsoever in connection with this Agreement, the Loan, the Project or the sale of the Series 2012 Bonds to finance the Project, any and all claims arising from any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in

connection with the Project or the sale of the Series 2012 Bonds to finance the Project, and all costs, reasonable counsel fees, expenses or liabilities incurred in connection with any such claim or proceeding brought thereon; except that the Borrower shall not be required to indemnify any person for damages caused by the negligence or willful misconduct or breach of contract of such person or for losses relating to principal and interest. In the event that any action or proceeding is brought against the Issuer, the County, the Trustee or any of their respective officers, directors, officials, employees or agents, with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the indemnified party (which notice shall be given in a timely manner so as not to impair Borrower's rights to defend), shall assume the investigation and defense thereof, including the employment of counsel reasonably acceptable to the indemnified party and the payment of all fees and expenses, including such fees and expenses on appeal, if any. The indemnified party shall have the right to employ separate counsel in any such action or proceedings and to participate in the defense thereof, but, unless such separate counsel is employed with the approval and consent of the Borrower, or because of a conflict of interest between the Borrower and the indemnified party, the Borrower shall not be required to pay the fees and expenses of such separate counsel. The Borrower agrees to execute any additional documents deemed necessary by the Issuer, the County or the Trustee to evidence the indemnification provided for in this Section 13. At the request of the Issuer or the County, Borrower agrees, in addition to the above indemnification, to pay the reasonable costs and expenses of the Lake Wales City Attorney, the County Attorney of the County, or both, in connection with the action or proceeding giving rise to the indemnification.

The Borrower hereby further indemnifies, and agrees to defend and hold harmless, the Trustee, the Issuer, any member, officer, official or employee of the Trustee and the Issuer, and each Person, if any, who controls the Trustee, the County and the Issuer, and any official thereof, within the meaning of Section 15 of the Securities Act of 1933, as amended, against any and all losses, claims, damages, liabilities or expenses whatsoever caused by any untrue or misleading statement, or alleged untrue or misleading statement, of a material fact contained in any preliminary official statement, official statement, private placement memorandum, or other offering or disclosure document relating to the Series 2012 Bonds ("Disclosure Statement") or the omission or alleged omission of any material fact of any Disclosure Statement, necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. Notwithstanding the foregoing, the Borrower shall have no indemnification obligation with respect to any statement or omission for which the indemnified party is responsible.

While the Borrower has possession of the Project, the Borrower also shall pay and discharge and shall indemnify and hold harmless the Issuer and the Trustee from (a) any lien or charge upon payments by the Borrower to the Issuer and the Trustee hereunder, and (b) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges other than income and other similar taxes in respect of any portion of the Project. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges other than income and other similar taxes, are sought to be imposed, the Issuer or the Trustee shall give prompt notice to the Borrower and the Borrower shall have the sole right and duty to assume, and will assume, the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion.

In addition thereto, the Borrower will pay upon demand all of the reasonable fees and expenses paid or incurred by the Trustee and/or the Issuer in enforcing the provisions hereof, including such fees and expenses on appeal, if any.

Section 14. Reserved.

Section 15. Filing. This Agreement shall be duly recorded in the office of the Clerk of Court for the County within ten days following its execution.

Section 16. Governing Law. This Agreement shall be governed by the laws of the State of Florida, without regard to the principles of conflicts of laws. The venue for any proceeding hereunder shall be a court of appropriate jurisdiction in the County.

Section 17. Amendments.

(a) This Agreement shall not be amended, revised, or terminated except by a written instrument, executed by the parties hereto or their successors in title, and duly recorded in the office of the Clerk of Court of the County. Anything to the contrary notwithstanding, the parties hereby agree to amend this Agreement to the extent required in the opinion of Qualified Bond Counsel, in order for interest on the Series 2012 Bonds to remain exempt from federal income taxation under Section 103 of the Code. The Borrower agrees, from time to time, to take such other actions and steps necessary to comply, and to cause the Project to comply, with the requirements of Section 142(d) of the Code and to enter into modifications and amendments to this Agreement to the extent required by any interpretation of federal law, by any amendment to the Code or by any Regulation promulgated thereunder (and the parties hereto agree that this Agreement shall be deemed to be automatically amended to impose such requirements pending execution of any such amendment), in each case so that interest on the Series 2012 Bonds remains exempt from federal income taxes. If either the Borrower or the Issuer fails to perform its obligations under this clause (a) within a reasonable period of time after gaining actual knowledge of such failure, the Trustee shall be authorized by such other parties (and is hereby appointed as their respective true and lawful attorney-in-fact) to execute, deliver and record, on behalf of such other parties, as applicable, any such amendment; provided that the Trustee shall take no action pursuant to this sentence without first notifying the Borrower and the Issuer in writing of its intention to take such action and without first providing the Borrower or the Issuer, as applicable, an opportunity to comply with the requirements of this clause (a).

(b) Subject in all respects to the other provisions of this Agreement and the Indenture, the Issuer, the Trustee and the Borrower may from time to time enter into one or more amendments or supplements to this Agreement for any of the following purposes:

- (i) To correct or amplify the description of the Project;
- (ii) To evidence the succession of another person or entity to the Issuer, the Trustee or the Borrower and the agreement by any successor to perform the covenants of their predecessor;

- (iii) To make such changes to the covenants hereof to the extent required by Sections 9 and 17(a) hereof in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Series 2012 Bonds;
- (iv) To cure any ambiguities, to correct or supplement any provisions of this Agreement which may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Agreement, which will not be inconsistent with the provisions of this Agreement, provided that such action will not adversely affect the interests of the owners of the Series 2012 Bonds; or
- (v) Upon delivery of an opinion of Qualified Bond Counsel to the effect that such amendment or supplement will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2012 Bonds, to amend the covenants of the Borrower hereunder to the extent consistent with any applicable amendment to the Code or Regulations.

Section 18. Notice. All notices and other communications required or permitted under this Agreement must be in writing and shall be deemed to have been duly given (i) when delivered, if sent by registered or certified mail (return receipt requested), (ii) when delivered, if delivered personally, (iii) when transmitted, if sent by facsimile if a confirmation of transmission is produced by the sending machine (and a copy of each facsimile promptly shall be sent by first class United States mail, postage fully prepaid) or (iv) on the following Business Day, if sent by overnight mail or overnight courier, in each case to the parties at the following addresses (or at such other addresses that may be specified by like notice):

If to Issuer:	City of Lake Wales, Florida 201 W. Central Avenue Lake Wales, Florida 33853
If to Trustee:	Wells Fargo Bank, National Association 225 Water Street Jacksonville, Florida 32202 Attention: Thomas C. Alderson
If to Borrower:	One HC – Lake Wales, LLC 350 South Main Street, Suite 308 Doylestown, Pennsylvania 18901 Attention: Stuart Mills

A duplicate copy of each notice, certificate or other communication given hereunder by either the Issuer or the Borrower to the others shall also be given to the Trustee.

Section 19. Severability. If any provision hereof shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 20. Reserved.

Section 21. Multiple Counterparts. This Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 22. Negative Covenants. During the Term of this Agreement, the Borrower shall not:

(a) Except pursuant to the provisions of this Agreement, the Loan Agreement and the Mortgages, or except upon a sale or transfer of the Project in accordance with the terms of this Agreement, the Loan Agreement and the Mortgages, encumber any of the mortgaged property, including the grant of commercial leases (other than for vending machines, coin operated laundry facilities and similar amenities functionally related and subordinate to the Project and granted in connection with the day to day operation of a senior living facility), or permit the conveyance, transfer or encumbrance of such property (except for such leases and for residential leases) except as otherwise provided herein. Nothing in this paragraph shall prohibit the granting of easements for the purpose of providing utility services (including cable television or private satellite television) to the Project.

(b) Demolish any part of the Project necessary for the operation thereof for its intended purposes or substantially subtract from any real or personal property of the Project; or

(c) Permit the use of the dwelling accommodations of the Project for any purpose except rental residences in compliance with Section 142(d) of the Code.

Section 23. Application of Insurance and Condemnation Proceeds. If during the Term of this Agreement the Project is damaged or destroyed or if all or a portion thereof is taken through eminent domain proceedings, or under threat thereof, proceeds from insurance on the Project or any condemnation awards pertaining to such eminent domain proceedings shall be applied as provided in the Loan Agreement and the Mortgages.

Section 24. Compliance with the Act, Regulations Thereunder and Issuer Policy. The Borrower will comply with the Act, with any regulations promulgated thereunder and with the policies of the Issuer, of which the Borrower will be notified from time to time.

Section 25. Assignment. The interest of the Issuer in this Agreement shall be assigned to the Trustee and the rights of the Issuer hereunder shall be enforceable by the Trustee. Other than in connection with the enforceability of the Issuer's rights by the Trustee, the Issuer shall, notwithstanding such assignment, continue to provide all approvals, consents and related affirmative

actions required of the Issuer hereunder. The Borrower's interest may be assigned as provided in the Loan Agreement.

Section 26. Reliance. The Issuer, the Borrower and the Trustee hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all persons interested in the legality and validity of the Series 2012 Bonds and in the exemption from federal income taxation of the interest on the Series 2012 Bonds. In performing their duties and obligations hereunder, the Issuer and the Trustee may rely upon statements and certificates of the Borrower, the Lower-Income Tenants, Eligible Persons and tenants of the Project that are believed to be genuine and to have been executed by the proper person or persons, and upon audits of the books and records of the Borrower pertaining to occupancy of the Project.

Section 27. Relationship with Loan Documents. The terms, covenants and restrictions of this Agreement, other than those set forth in Sections 2, 3, 4, 6, 7, 9, 12, 13 and 22 hereof, are and shall at all times hereafter remain subject and subordinate, in all respects, to the liens, rights and interests created under the Loan Agreement and Mortgages. Upon a conveyance or other transfer of title to the Project pursuant to a foreclosure (judicial or under power of sale) or deed in lieu of foreclosure under the Mortgages, the person who acquires title to the Project pursuant to such foreclosure or deed in lieu of foreclosure (unless such person is the Borrower or an Affiliated Party to the Borrower, in which event this Agreement shall remain in full force and effect) shall acquire such title free and clear of the terms, covenants and restrictions of this Agreement, other than those set forth in Sections 2, 3, 4, 6, 7, 9, 12, 13 and 22 hereof, and, from and after the date on which such person acquires title to the Project, the terms, covenants and restrictions of this Agreement, other than those set forth in Sections 2, 3, 4, 6, 7, 9, 12, 13 and 22 hereof, shall automatically terminate and be of no force and effect; provided that Sections 2, 3, 4, 6, 7, 9, 12, 13 and 22 hereof shall also terminate and be of no force and effect under the circumstances set forth in Section 7 hereof. Notwithstanding any other provision of this Agreement to the contrary, all obligations of the Borrower under this Agreement for the payment of money and all claims for damages against the Borrower occasioned by breach or alleged breach by the Borrower of its obligations under this Agreement, including indemnification obligations, shall not be a lien on the Project and no person shall have the right to enforce such obligations other than directly against the Borrower as provided in Section 12 hereof. No subsequent Borrower of the Project shall be liable or obligated for the breach or default of any obligation of any prior Borrower under this Agreement, including but not limited to any payment or indemnification obligation, if such Borrower shall have taken title to the Project as a result of a foreclosure or deed in lieu of foreclosure, but such obligations shall be treated as personal to the person who was the Borrower at the time the default or breach was alleged to have occurred and such person shall remain liable for any and all damages occasioned thereby even after such person ceases to be the Borrower.

The Borrower warrants that it has not, and will not, execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith, subject in all respects to the provisions of this Section 27.

IN WITNESS WHEREOF, the Issuer, the Trustee and the Borrower have caused this Agreement to be executed by their duly authorized representatives, all as of the date first above written.

CITY OF LAKE WALES, FLORIDA

By: _____
Mayor

Attest: _____
Clerk

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

By: _____
Name: _____
Title: _____

[SIGNATURES CONTINUED ON NEXT PAGE]

ONE HC – LAKE WALES, LLC, a Florida
limited liability company

By: _____
Name: _____
Title: _____

Witness: _____
Printed Name: _____

Witness: _____
Printed Name: _____

STATE OF FLORIDA)
) ss:
COUNTY OF POLK)

I hereby certify that on this day before me, _____, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgments, personally appeared _____, personally known to me or producing _____ as identification, who executed the foregoing instrument as Mayor of the City of Lake Wales, Florida, and severally acknowledged before me that he executed the same as such officer in the name and on behalf of said Issuer.

Witness my hand and official seal in the County and State, last aforesaid this ____ day of _____ 2012.

[Seal]

Notary Public
Printed Name: _____
Commission No. _____
My Commission Expires: _____

STATE OF FLORIDA)
) ss:
COUNTY OF POLK)

I hereby certify that on this day before me, _____, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgments, personally appeared _____, personally known to me or producing _____ as identification, who executed the foregoing instrument as Clerk of the City of Lake Wales, Florida, and severally acknowledged before me that she executed the same as such officer in the name and on behalf of said Issuer.

Witness my hand and official seal in the County and State, last aforesaid this ____ day of _____, 2012.

[Seal]

Notary Public
Printed Name: _____
Commission No. _____
My Commission Expires: _____

STATE OF FLORIDA)
) ss:
COUNTY OF _____)

I hereby certify that on this day before me, _____, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgments, personally appeared _____, personally known to me or producing proper identification, who executed the foregoing instrument as authorized signatory of WELLS FARGO BANK, NATIONAL ASSOCIATION, and severally acknowledged before me that he/she executed the same as such officer in the name and on behalf of said bank.

Witness my hand and official seal in the County and State, last aforesaid this ____ day of _____, 2012.

[Seal]

Notary Public
Printed Name: _____
Commission No. _____
My Commission Expires: _____

STATE OF FLORIDA)
) ss:
COUNTY OF _____)

I hereby certify that on this day before me, _____, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgments, personally appeared _____, personally known to me or producing proper identification, who executed the foregoing instrument as _____ of ONE HC – LAKE WALES, LLC, a Florida limited liability company, on behalf of its successors and assigns, and severally acknowledged before me that he/she executed the same as such officer in the name and on behalf of said limited liability company.

Witness my hand and official seal in the County and State, last aforesaid this ____ day of _____, 2012.

[Seal]

Notary Public
Printed Name: _____
Commission No. _____
My Commission Expires: _____

EXHIBIT "A"

LEGAL DESCRIPTION

EXHIBIT "E"

ASSIGNMENTS OF MORTGAGE AND SECURITY AGREEMENT

Prepared by and after
recorded mail to:

Mark T. Mustian, Esq.
Nabors, Giblin & Nickerson, P.A.
1500 Mahan Drive, Suite 200
Tallahassee, Florida 32308

**ASSIGNMENT OF FIRST MORTGAGE AND SECURITY AGREEMENT
(ViaVita on the Ridge Project)**

KNOW ALL MEN BY THESE PRESENTS: that, in consideration of the sum of **TEN AND NO/100 DOLLARS (\$10.00)** and other good and valuable consideration, in hand paid by **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association, as Trustee (the "Trustee" or "Assignee") to the **CITY OF LAKE WALES, FLORIDA**, a public body corporate and politic existing under the laws of the State of Florida (the "City" or "Assignor") pursuant to that certain Trust Indenture dated as of December 1, 2012, by and between the City and the Trustee (the "Indenture"), relating to the City's \$_____ City of Lake Wales, Florida Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project), Series 2012A (the "Series 2012A Bonds") at or before the ensealing and delivery of these presents, the receipt and sufficiency of which are hereby acknowledged, and in accordance with the terms of the Indenture, the City has granted, bargained, sold, assigned, transferred and set over, and by these presents does grant, bargain, sell, assign, transfer and set over unto Assignee a certain First Mortgage and Security Agreement, dated as of December 1, 2012 (the "Mortgage") made by One HC – Lake Wales, LLC, a Florida limited liability company (the "Borrower"), as Mortgagor, to the City, as Mortgagee, upon lands situate and being in Polk County, Florida, and more particularly described in Exhibit A attached hereto and made a part hereof (the "Property"), as recorded under Clerk's File No. _____, in the Public Records of Polk County, Florida;

TOGETHER with all of the City's rights, title and interest in and to that certain Senior Living Promissory Series 2012A Note in the original principal amount of _____ DOLLARS (\$_____) of the Mortgagor as described in the Mortgage, and the money due and to become due thereon (the "2012A Note") from date thereof;

SUBJECT TO certain rights that the City has reserved under the Loan Agreement, dated as of December 1, 2012, between the City and the Mortgagor to enforce the Land Use Restriction Agreement, dated as of December 1, 2012, among the City, the Trustee and the Mortgagor and to indemnification, to collect certain fees and costs, to give consents and to receive notices and reports.

THIS ASSIGNMENT is made without recourse and without warranties of any kind.

IN WITNESS WHEREOF, this instrument has been duly executed to be effective as of the 1st day of December, 2012.

THE CITY OF LAKE WALES, FLORIDA, a public body corporate and politic existing under the laws of the State of Florida

(SEAL)

By: _____
Mayor

Address: 201 West Central Avenue
Lake Wales, Florida 33853

[Signature page to Assignment of Mortgage]

STATE OF FLORIDA
COUNTY OF POLK

The foregoing instrument was acknowledged before me this _____ day of December, 2012, by Michael S. Carter, Mayor of the City of Lake Wales, Florida, that he is personally known to me or has produced a valid driver's license as identification.

WITNESS my hand and official seal in the County and State last aforesaid this _____ day of December, 2012.

NOTARY PUBLIC, STATE OF FLORIDA

(Name of Notary Public, Print, Stamp or Type
as Commissioned)

Personally known to me, or Produced
identification:

(Type of Identification Produced)

[Signature page to Assignment of Mortgage]

EXHIBIT A

LEGAL DESCRIPTION

Prepared by and after
recorded mail to:

Mark T. Mustian, Esq.
Nabors, Giblin & Nickerson, P.A.
1500 Mahan Drive, Suite 200
Tallahassee, Florida 32308

**ASSIGNMENT OF SECOND MORTGAGE AND SECURITY AGREEMENT
(ViaVita on the Ridge Project)**

KNOW ALL MEN BY THESE PRESENTS: that, in consideration of the sum of **TEN AND NO/100 DOLLARS (\$10.00)** and other good and valuable consideration, in hand paid by **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association, as Trustee (the "Trustee" or "Assignee") to the **CITY OF LAKE WALES, FLORIDA**, a public body corporate and politic existing under the laws of the State of Florida (the "City" or "Assignor") pursuant to that certain Trust Indenture dated as of December 1, 2012, by and between the City and the Trustee (the "Indenture"), relating to the City's \$_____ City of Lake Wales, Florida Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project), Subordinate Series 2012B (the "Series 2012B Bonds") at or before the ensealing and delivery of these presents, the receipt and sufficiency of which are hereby acknowledged, and in accordance with the terms of the Indenture, the City has granted, bargained, sold, assigned, transferred and set over, and by these presents does grant, bargain, sell, assign, transfer and set over unto Assignee a certain First Mortgage and Security Agreement, dated as of December 1, 2012 (the "Mortgage") made by One HC – Lake Wales, LLC, a Florida limited liability company (the "Borrower"), as Mortgagor, to the City, as Mortgagee, upon lands situate and being in Polk County, Florida, and more particularly described in Exhibit A attached hereto and made a part hereof (the "Property"), as recorded under Clerk's File No. _____, in the Public Records of Polk County, Florida;

TOGETHER with all of the City's rights, title and interest in and to that certain Senior Living Promissory Series 2012B Note in the original principal amount of _____ DOLLARS (\$_____) of the Mortgagor as described in the Mortgage, and the money due and to become due thereon (the "2012B Note") from date thereof;

SUBJECT TO certain rights that the City has reserved under the Loan Agreement, dated as of December 1, 2012, between the City and the Mortgagor to enforce the Land Use Restriction Agreement, dated as of December 1, 2012, among the City, the Trustee and the Mortgagor and to indemnification, to collect certain fees and costs, to give consents and to receive notices and reports.

THIS ASSIGNMENT is made without recourse and without warranties of any kind.

IN WITNESS WHEREOF, this instrument has been duly executed to be effective as of the 1st day of December, 2012.

THE CITY OF LAKE WALES, FLORIDA, a public body corporate and politic existing under the laws of the State of Florida

(SEAL)

By: _____
Mayor

Address: 201 West Central Avenue
Lake Wales, Florida 33853

[Signature page to Assignment of Mortgage]

STATE OF FLORIDA
COUNTY OF POLK

The foregoing instrument was acknowledged before me this _____ day of December, 2012, by Michael S. Carter, Mayor of the City of Lake Wales, Florida, that he is personally known to me or has produced a valid driver's license as identification.

WITNESS my hand and official seal in the County and State last aforesaid this _____ day of December, 2012.

NOTARY PUBLIC, STATE OF FLORIDA

(Name of Notary Public, Print, Stamp or Type
as Commissioned)

Personally known to me, or Produced
identification:

(Type of Identification Produced)

[Signature page to Assignment of Mortgage]

EXHIBIT A

LEGAL DESCRIPTION

EXHIBIT A

LEGAL DESCRIPTION

EXHIBIT "F"

BOND PURCHASE AGREEMENT

**CITY OF LAKE WALES, FLORIDA
SENIOR HOUSING COMMUNITY REVENUE BONDS
(VIAVITA ON THE RIDGE PROJECT)
SERIES 2012A**

[December __], 2012

BOND PURCHASE AGREEMENT

City of Lake Wales, Florida
Lake Wales, Florida

One HC – Lake Wales, LLC
Estero, Florida

To the Addressees:

The undersigned, Piper Jaffray & Co. (the “Purchaser”), being duly authorized, hereby offers to enter into this Bond Purchase Agreement (this “Purchase Agreement”) with the City of Lake Wales, Florida (the “Issuer”) and One HC – Lake Wales, LLC (the “Company”), for the purchase by the Purchaser and the sale by the Issuer of the Bonds referred to in Section 1 hereof. This offer is made subject to acceptance by the Issuer and the Company of this Purchase Agreement, which acceptance shall be evidenced by the execution of this Purchase Agreement by duly authorized officers of the respective parties prior to 5:00 P.M., Eastern Standard Time on December __, 2012. Upon such acceptance, execution and delivery, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Issuer, the Company and the Purchaser. The Company and the Issuer acknowledge and agree that: (i) the primary role of Purchaser as an underwriter, is to purchase securities for resale to investors in an arms-length commercial transaction among the Company, the Issuer and Purchasers and that the Purchaser has financial and other interests that differ from those of the Company and the Issuer; (ii) Purchaser is not acting as a municipal advisor, financial advisor or fiduciary to the Company, the Issuer or any other person or entity and has not assumed any advisory or fiduciary responsibility to the Company or the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and proceedings leading thereto (irrespective of whether Purchaser has provided other services or is currently providing other services to the Company or the Issuer on other matters); (iii) the only obligations Purchaser has to the Company or the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement; and (iv) the Company and the Issuer have consulted their own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate in connection with the transaction contemplated herein. Capitalized terms used herein, but not otherwise defined herein, shall have the meanings assigned to them in the Bond Indenture (as defined below) or in the Preliminary and Final Official Statements referred to in Section 2 hereof.

1. Purchase and Sale. Upon the terms and conditions and based on the representations, warranties and covenants hereinafter set forth, the Purchaser hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Purchaser, all (but not less than all) of \$[] in aggregate principal amount of City of Lake Wales, Florida Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project), Series 2012A (the "Bonds"), at the purchase price of \$[] (which represents the par amount of the Bonds less underwriter's discount of \$[] [plus/minus original issue premium/discount of \$[]]).

2. Authorizing Instruments. The Bonds shall be as described in, and shall be authorized by a resolution adopted by the Issuer on June 19, 2012, as amended by a resolution adopted by the Issuer on August 7, 2012 and a resolution adopted by the Issuer on November 28, 2012 (collectively, the "Resolution"). The Bonds shall be issued and secured under and pursuant to a Trust Indenture dated as of December 1, 2012 (the "Bond Indenture"), between the Issuer and Wells Fargo Bank, National Association, as bond trustee (in such capacity, the "Bond Trustee"), and shall be payable solely from the funds pledged therefor under the Bond Indenture (the "Trust Estate"), including the revenues derived by the Issuer under a Loan Agreement dated as of December 1, 2012 (the "Loan Agreement"), by and among the Issuer, the Company and the Trustee, and other amounts held in any fund or account established pursuant to the Bond Indenture (other than the Rebate Fund). The Company will evidence its obligations with respect to the Bonds by issuing its promissory note (the "Senior Note").

The Senior Note will be secured on a senior lien basis to the Subordinate Note issued pursuant to the Loan Agreement. The Senior Note will be secured by a security interest in certain revenues of the Company and by a First Mortgage and Security Agreement, dated as of December 1, 2012, between the Company and the Trustee (the "First Mortgage"), relating to certain property of the Company including, but not limited to, approximately 15 acres of land located on Buck Moore Road, just south of Bel Ombre Circle, Lake Wales, Florida and all improvements to be constructed thereon, including a senior living facility containing a total of 135 units consisting of 92 independent living units and 43 assisted living units and associated support and common facilities (the "Project").

The Bonds shall be dated their date of delivery (the "Closing Date"), and shall have the terms specified in the Preliminary Official Statement dated [November 28, 2012] (the "Preliminary Official Statement") and the Final Official Statement dated [December __, 2012] (the "Final Official Statement"), including the maturities and interest rates set forth in Exhibit A annexed hereto. The Bonds shall be subject to redemption as described in Exhibit B hereto.

3. Public Offering of Bonds. The Purchaser agrees to make a bona fide public offering of the Bonds, solely pursuant to the Preliminary Official Statement and the Final Official Statement at the initial offering prices set forth on the inside cover page of the Final Official Statement, reserving, however, the rights to (i) change such initial offering prices as the Purchaser shall deem necessary in connection with the marketing of the Bonds and (ii) offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts)

at concessions to be determined by the Purchaser. The Purchaser also reserves the right to over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above that which might otherwise prevail in the open market and to discontinue such stabilizing, if commenced, at any time.

4. Use of Proceeds. The proceeds to be received by the Issuer from the sale of the Bonds will be loaned to the Company pursuant to the Loan Agreement to be used, together with other available moneys, for the purposes of: (i) financing and refinancing all or a portion of the costs of acquiring, construction and equipping of the Project; (ii) funding any necessary reserves; (iii) paying capitalized interest on the Bonds; and (iv) paying costs associated with issuance of the Bonds.

5. Preliminary and Final Official Statements.

(a) The Company has caused to be prepared, and the Issuer and the Company hereby confirm that they have heretofore made available to the Purchaser the Preliminary Official Statement. The Company agrees to deliver to the Purchaser, at such address as the Purchaser shall specify, as many copies of the Final Official Statement as the Purchaser shall reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") under the Securities Exchange Act of 1934, as amended, (the "1934 Act") and with the rules of the Municipal Securities Rulemaking Board (the "MSRB"). The Company agrees to deliver such Final Official Statement within seven business days after the execution hereof. It is understood that, in undertaking to deliver a Final Official Statement pursuant to this subparagraph (a), the Issuer is not undertaking any responsibility for the accuracy or completeness of any of the information in the Preliminary Official Statement or the Final Official Statement except for the information contained under the captions "THE ISSUER" and "LITIGATION – Issuer."

(b) The Issuer and the Company by their acceptance hereof, ratify and approve the Preliminary Official Statement as of its date and authorize and approve the Final Official Statement (the Final Official Statement and any amendments or supplements that may be authorized for use with respect to the Bonds are herein referred to collectively as the "Official Statement"), consent to their distribution and use by the Purchaser and authorize the execution of the Final Official Statement by a duly authorized officer of the Company.

(c) The Purchaser shall give notice to the Issuer and the Company on the date after which no participating underwriter, as such term is defined in the Rule, remains obligated to deliver Final Official Statements pursuant to paragraph (b)(4) of the Rule.

6. Representations, Warranties and Covenants of the Issuer. The Issuer represents and agrees with the Purchaser and the Company that:

(a) The Issuer is a municipal corporation created and existing under the laws of the State of Florida (the "State") and has full power and authority to adopt the Resolution,

to enter into and to perform its obligations under the Bond Indenture, the Loan Agreement, an Assignment of First Mortgage and Security Agreement dated as of December 1, 2012 (the "Mortgage Assignment") from the Issuer to the Trustee, and this Purchase Agreement (collectively, the "Issuer Documents"); and when executed and delivered by the respective parties thereto, the Issuer Documents will constitute the legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases.

(b) By official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has approved and authorized the distribution of the Preliminary Official Statement and the Final Official Statement and authorized and approved the execution and delivery of the Issuer Documents and the consummation by the Issuer of the transactions contemplated thereby.

(c) To the knowledge of the Issuer, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or threatened against the Issuer seeking to restrain or enjoin the sale or issuance of the Bonds, or in any way contesting or affecting any proceedings of the Issuer taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Bonds, in any way contesting the validity or enforceability of the Issuer Documents or contesting in any way the completeness or accuracy of the Official Statement or the existence or powers of the Issuer relating to the sale of the Bonds.

(d) The statements and information contained in the Official Statement under the captions "THE ISSUER" and "LITIGATION – Issuer" are true and correct in all material respects, and the information contained under the captions "THE ISSUER" and "LITIGATION – Issuer" in the Official Statement does not and, except as contemplated by paragraph (g) below, will not as of the Closing Date (hereinafter defined) contain an untrue statement of a material fact or omit any statement or information concerning the Issuer which is necessary to make such statements and information contained therein, in the light of the circumstances under which they were made, not misleading.

(e) The Issuer will furnish such information, execute such instruments and take such other action in cooperation with the Purchaser, at the expense of the Purchaser or Company as the Purchaser may reasonably request in endeavoring (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Purchaser may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions; provided, however, that in no event shall the Issuer be required to take any action which would subject it to general or unlimited service of process in any jurisdiction in which it is not now so subject.

(f) The execution and delivery by the Issuer of the Issuer Documents and compliance with the provisions on the Issuer's part contained therein will not conflict with or constitute a material breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Issuer under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Issuer Documents.

(g) If, at any time prior to the earlier of (i) receipt of notice from the Purchaser pursuant to Section 5(c) hereof that the Final Official Statement is no longer required to be delivered under the Rule or (ii) 90 days after the Closing (as defined herein), an event occurs, of which the Issuer has knowledge, which might or would cause the information contained in the Official Statement under the headings "THE ISSUER" and "LITIGATION – Issuer" as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the Issuer will notify the Purchaser and the Company, and if in the opinion of the Purchaser or the Company such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer will cooperate with the Company and the Purchaser to prepare and furnish to the Purchaser and the Company (at the expense of the Company) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Purchaser) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances existing at the time the Official Statement is delivered to a bond purchaser, not misleading.

The execution and delivery of this Purchase Agreement by the Issuer shall constitute a representation by the Issuer to the Purchaser and the Company that the representations and agreements contained in this Section are true as of the date hereof; provided, however, that as to information furnished by the Company pursuant to this Purchase Agreement, the Issuer is relying solely on such information in making the Issuer's representations and agreements, and as to all matters of law the Issuer is relying on the advice of bond counsel and its counsel; and provided further, that no member, officer, agent or employee of the Issuer or the governing body of the Issuer shall be individually liable for the breach of any representation, warranty or agreement contained herein.

7. Representations, Warranties and Covenants of the Company. In order to induce the Purchaser to enter into this Purchase Agreement and in order to induce the Issuer to enter into the Loan Agreement and this Purchase Agreement, the Company represents, warrants and covenants to the Purchaser and the Issuer as follows:

(a) The Company is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Florida and is qualified to transact

business as a limited liability company in good standing under the laws of the State of Florida.

(b) The Company is authorized under the laws of the State of Florida to carry out and consummate all of the transactions contemplated on its part by this Purchase Agreement, the Loan Agreement, the Senior Note, the Borrower's Tax Agreement to be dated the date of issuance of the Bonds (the "Tax Agreement"), the Land Use Restriction Agreement dated as of December 1, 2012 (the "Land Use Restriction Agreement") by and among the Company, the Issuer and the Trustee, the Continuing Disclosure Agreement to be dated the date of issuance of the Bonds, between the Company and the Trustee, as dissemination agent (the "Disclosure Agreement"), the Environmental Indemnity dated as of December 1, 2012 (the "Environmental Indemnity") from the Company to the Issuer and the Trustee, the First Mortgage, the Preliminary Official Statement and the Final Official Statement (collectively, the "Company Documents").

(c) The Company has all necessary power and authority (i) to conduct its business and operate all of its properties and facilities, including the Project; (ii) to execute and deliver the Company Documents and to perform its obligations under the Company Documents; and (iii) to carry out and consummate all the transactions contemplated on its part by the Company Documents.

(d) Excluding the information contained in the sections entitled "UNDERWRITING," "THE ISSUER" and "LITIGATION – Issuer" and information relating to The Depository Trust Company as to which no view is expressed, the Official Statement is, and as of the Closing Date will be, true and correct in all material respects, and the Official Statement does not and, except as contemplated by paragraph (e) below, will not contain any untrue or misleading statement of a material fact or omit to state any material fact thereof necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

(e) If, at any time prior to the earlier of (i) receipt of notice from the Purchaser pursuant to Section 5(c) hereof that the Final Official Statement is no longer required to be delivered under the Rule or (ii) 90 days after the Closing (as defined herein), an event occurs which might or would cause the information contained in the Official Statement as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the Company will notify the Purchaser and the Issuer, and if in the opinion of the Purchaser such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Company will cooperate with the Issuer and the Purchaser to prepare and furnish to the Purchaser and the Issuer (at the expense of the Company) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Purchaser) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading.

(f) The Company has duly authorized all actions required to be taken by it for the execution and delivery of the Company Documents, and due performance of the Company Documents.

(g) The Loan Agreement, the Senior Note, the Disclosure Agreement, the Tax Agreement, the Land Use Restriction Agreement, the Environmental Indemnity, and the First Mortgage are substantially in the forms approved by the Company and upon the execution and delivery thereof, each will constitute the valid and legally binding obligation of the Company, enforceable in accordance with its terms (subject in each case to usual principles of equity and to any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights, as generally from time to time in effect).

(h) The Company will apply the moneys loaned by the Issuer from the proceeds of the sale of the Bonds as specified in the Bond Indenture, the Loan Agreement, the Preliminary and Final Official Statements and this Purchase Agreement.

(i) Except as described in the Preliminary and Final Official Statements, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending (as to which the Company has received notice or service of process) or, to the knowledge of the Company, threatened against or affecting the Company (or, to the knowledge of the Company, any meritorious basis therefor) (i) attempting to limit, enjoin or otherwise restrict or prevent the Company from functioning, or contesting or questioning the existence of the Company or the titles of the current officers of the Company to their offices or (ii) wherein an unfavorable decision, ruling or finding would adversely affect (A) the existence or powers of the Company; (B) the financial position of the Company; (C) the transactions contemplated hereby or by the documents referred to in (D) immediately below; (D) the validity or enforceability of the Bonds, the Bond Indenture, the Loan Agreement, the Senior Note, this Purchase Agreement, the Land Use Restriction Agreement, the Environmental Agreement, the First Mortgage, the Tax Agreement, the Disclosure Agreement or any agreement or instrument to which the Company is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the aforesaid documents; or (E) the exclusion of the interest on the Bonds from gross income of the purchasers thereof for purposes of federal income taxation.

(j) The execution and delivery by the Company of the Company Documents and the compliance by the Company with the provisions thereof, do not conflict with or constitute on the part of the Company a violation of, breach of or default under (i) its Articles of Organization, Operating Agreement or any other governing instruments; (ii) any constitutional provision, statute, indenture, mortgage, lease, resolution, note, agreement or other agreement or instrument to which it is a party or by which it is bound; or (iii) any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its properties. All consents, approvals, authorizations and orders of governmental or regulatory authorities, if any, that are required to be obtained by the Company in connection with the issuance and sale of the Bonds, the execution and delivery of this Purchase Agreement, and the consummation of

the transactions contemplated by the Company Documents have been duly obtained and remain in full force and effect, except that no representation is made as to compliance with any applicable state securities or “Blue Sky” laws.

(k) Neither the Company nor anyone acting on its behalf has, directly or indirectly, offered the Bonds for sale to, or solicited any offer to buy the same from, anyone other than the Purchaser.

(l) The Preliminary and Final Official Statements have been duly authorized by the Company, and the Company has consented to the use of the Preliminary and Final Official Statements by the Purchaser in connection with the offering of the Bonds.

(m) Neither the Securities and Exchange Commission nor any state securities commission has issued or, to the best of the knowledge of the Company, threatened to issue, any order against the Company preventing or suspending the use of the Preliminary Official Statement or the Final Official Statement or otherwise seeking to enjoin the offer or sale of the Bonds.

(n) Any certificate signed by an authorized officer of the Company and delivered to the Issuer or the Purchaser shall be deemed a representation and warranty by the Company to the Issuer or the Purchaser as to the statements made therein.

(o) The Company has and will cooperate with the Purchaser and its counsel in any endeavor to qualify the Bonds for offering and sale under the securities or “Blue Sky” laws of such jurisdictions of the United States of America as the Purchaser may request; provided, however, that the Company will not be required to qualify as a foreign corporation or file any special or general consents to service of process under the laws of any state.

(r) Except as disclosed in the Official Statement, for the past five years, the Company has filed all annual reports when and where they are required to be filed pursuant to any continuing disclosure agreement or undertaking executed and delivered by the Company pursuant to the Rule that has been binding upon the Company, and has filed all required notices of “listed events,” as described in the Rule, when and where such notices are required to be filed pursuant to such continuing disclosure agreement or undertaking.

(s) The Company has not incurred any material liability, direct or contingent, and there has been no material adverse change in the financial position, results of operations or condition, financial or otherwise, of the Company since the formation of the Company, which is not described in the Official Statement, whether or not arising from transactions in the ordinary course of business.

(t) Between the date hereof and the Closing Date (as defined herein), the Company will not, without the prior written consent of the Purchaser, except as described in or contemplated by the Official Statement, incur any material liabilities, direct or contingent, other than in the ordinary course of business.

8. Closing. By no later than 1:00 P.M., Eastern Standard Time, on [] (the "Closing Date"), the Issuer will deliver, or cause to be delivered, to or upon the order of the Purchaser, the Bonds, in definitive form, duly executed and authenticated, together with the other documents required in Section 10 hereof, and the Purchaser will accept such delivery and pay the purchase price of the Bonds. Payment for the Bonds shall be made in immediately available funds by check or by bank wire transfer payable to the order of the Bond Trustee on behalf of the Issuer.

The closing of the sale of the Bonds as aforesaid (the "Closing") shall be held via teleconference, except that physical delivery of the Bonds shall be made to the Trustee as agent for The Depository Trust Company, for the account of the Purchaser. Unless otherwise requested by the Purchaser at or prior to the Closing, the Bonds will be delivered at the Closing in fully registered form, registered to Cede & Co., and in the form of one certificate for each maturity of the Bonds.

9. Closing Conditions. (A) The obligations of the Purchaser hereunder shall be subject (i) to the performance by the Issuer and the Company of their respective obligations to be performed hereunder at and prior to the Closing or such earlier time as may be specified herein; (ii) to the accuracy of each of the representations and warranties of the Issuer and the Company contained herein as of the date hereof and as of the time of the Closing, as if made at and as of the time of the Closing; and (iii) to the following conditions, including the delivery by the Issuer and the Company of such documents as are contemplated hereby in form and substance satisfactory to the Purchaser and its counsel:

(a) At the time of the Closing (i) the Final Official Statement, the Bond Indenture, the Loan Agreement, the Senior Note, the Disclosure Agreement, the Land Use Regulatory Agreement, the Environmental Agreement, the First Mortgage, and the Mortgage Assignment shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Purchaser; (ii) the Issuer shall have duly adopted and there shall be in full force and effect such resolutions, including the Resolution as, in the reasonable opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby;

(b) The Issuer shall deliver or cause to be delivered its City of Lake Wales, Florida Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project), Subordinate Series 2012B (the "Series 2012B Bonds"), in the principal amount of \$[], to or upon the order of the purchasers thereof (the "Series 2012B Purchasers") in definitive form, duly executed and authenticated, together with the other documents required pursuant to a bond placement agreement with the placement agent for the Series 2012B Bonds (the "Series 2012B Placement Agent") in connection therewith, and the Series 2012B Purchasers shall accept such delivery and pay the purchase price of the Series 2012B Bonds, prior to or simultaneously with the Closing;

(c) At or prior to the Closing, the Purchaser shall have received the following documents:

(i) The approving opinion of Bond Counsel, dated the date of the Closing and substantially in the form attached to the Preliminary Official Statement and the Final Official Statement as Appendix E thereto.

(ii) The supplemental opinion of Bond Counsel, dated the date of the Closing and in a form reasonably acceptable to the Purchaser and its counsel.

(iii) An opinion of counsel to the Company, dated the date of the Closing and in a form reasonably acceptable to the Purchaser, its counsel and Bond Counsel.

(iv) An opinion of Counsel to the Issuer, dated the date of the Closing and in a form reasonably acceptable to the Purchaser, its counsel and Bond Counsel.

(v) An opinion of Foley & Lardner LLP, Jacksonville, Florida, Counsel to the Purchaser, dated the date of the Closing and addressed to the Purchaser, to the effect that the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended (the "1933 Act"), and the Bond Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended, and based upon their participation in the preparation of the Official Statement as Counsel to the Purchaser and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, as of the date of the Closing such Counsel has no reason to believe that the Official Statement as of its date contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for the financial and statistical data included therein, as to which no view need be expressed), or that the Official Statement (together with any amendments or supplements thereto), as of the date of the Closing contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except as aforesaid); and the Disclosure Agreement satisfies the requirements of Section (b)(5)(i) of the Rule, which provide for an undertaking for the benefit of the holders, including beneficial owners, of the Bonds to provide certain annual financial information and event notices to various information repositories at the times and in the manner required by the Rule.

(vi) A certificate of the Issuer, dated the date of the Closing, signed by an authorized officer of the Issuer in form and substance reasonably satisfactory to the Purchaser, its counsel and Bond Counsel, to the effect that the representations and warranties of the Issuer contained herein are true and correct in all material respects as of the Closing and that the Issuer has performed its obligations under this Purchase Agreement.

(vii) A certificate of the Company, dated the Closing Date, signed by an authorized officer of the Company in form and substance reasonably satisfactory to the Purchaser, its counsel and Bond Counsel, to the effect that the representations and warranties of the Company contained herein are true and correct in all material respects as of the Closing and that the Company has performed its obligations under this Purchase Agreement.

(viii) The Final Official Statement, duly executed on behalf of the Company by a duly authorized officer thereof.

(ix) Executed counterparts of the Bond Indenture, the Loan Agreement, the Senior Note, the Land Use Restriction Agreement, the Environmental Indemnity, the Disclosure Agreement, the First Mortgage, the Mortgage Assignment, and the Tax Agreement, together with due evidence of the recording of any Uniform Commercial Code financing statements required with respect thereto.

(x) Certified copy of the Resolution, authorizing the issuance, sale, execution and delivery of the Bonds and the execution, delivery and performance of the Bond Indenture, the Loan Agreement and this Purchase Agreement, and authorizing the use of the Preliminary and Final Official Statements by the Purchaser in connection with the offering of the Bonds.

(xi) Certified copies of the resolutions of the Company authorizing the execution, delivery and performance of the Loan Agreement, the Land Use Restriction Agreement, the Disclosure Agreement, the Senior Note, the Environmental Indemnity, the First Mortgage, the Tax Agreement and this Purchase Agreement, and authorizing the use of the Preliminary and Final Official Statements by the Purchaser in connection with the offering of the Bonds.

(xii) A specimen of the Bonds.

(xiii) Evidence of maintenance of insurance required by the Loan Agreement.

(xiv) Copies of the (A) Articles of Organization of the Company, certified as of a recent date by the Secretary of State of Florida and (B) Operating Agreement of the Company, together with a certificate of an officer of the Company that such Articles of Organization and Operating Agreement have not been amended, modified, revoked or rescinded and are in full force and effect as of the Closing Date.

(xv) A certificate of the Secretary of State of the State of Florida with respect to the good standing of the Company.

(xvi) Internal Revenue Service Form 8038, signed by an authorized officer of the Issuer.

(xvii) Evidence of the public hearing and approval relating thereto as required by Section 147(f) of the Code.

(xviii) The Construction Contract, the Architect's Agreement and other agreements related to the construction of the Project, along with a collateral assignment of such agreements to the Trustee.

(xix) One signed copy of a request and authorization to the Bond Trustee to authenticate and deliver the Bonds.

(xx) The Financial Feasibility Study of Moore Stephens Lovelace, P.A., in the form attached as "APPENDIX A" to the Final Official Statement.

(xxi) A letter from Moore Stephens Lovelace, P.A., the financial feasibility consultant (a) consenting to the use of the Financial Feasibility Study in the Preliminary Official Statement and the Final Official Statement, (b) confirming that as of the Closing Date no facts have come to their attention which would lead them to believe that the conclusions in the Financial Feasibility Study are unreasonable or inaccurate, and (c) stating that the portions of the Final Official Statement summarizing or describing their Financial Feasibility Study and in "APPENDIX A" to the Final Official Statement are true and correct in all material respects and do not contain any untrue or incorrect statement of a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(xxii) Such additional legal opinions, certificates, proceedings, instruments and other documents as counsel for the Purchaser may reasonably request to evidence compliance by the Issuer and the Company with the legal requirements, the truth and accuracy, as of the time of Closing, of the representations of the Issuer and the Company herein contained and the due performance or satisfaction by the Issuer and the Company, at or prior to the Closing, of all agreements then required to be performed and all conditions then required to be satisfied by the Issuer and the Company at the Closing.

(B) The Issuer shall have the right to, and upon the request of the Company shall, cancel its obligation to issue, sell and deliver the Bonds hereunder, by notifying the Purchaser in writing, of its election to do so between the date hereof and the Closing if the Series 2012B Bonds are not placed by the Series 2012B Placement Agent in an aggregate principal amount which, together with the aggregate principal amount of the Bonds purchased hereunder, does not equal or exceed the amount necessary, in the reasonable opinion of the Company, to fully fund the plan of finance. If the obligation to issue, sell and deliver the Bonds is cancelled pursuant to this paragraph, neither the Purchaser nor the Issuer nor the Company shall be under further obligation hereunder except that the respective obligations to indemnify and pay expenses, as provided in Sections 12 and 16 hereof, shall continue in full force and effect.

10. Conditions to Obligations of the Purchaser. The Purchaser shall have the right to cancel its obligations to purchase and accept delivery of the Bonds hereunder by notifying the Issuer and the Company, in writing, of its election to do so between the date hereof and the Closing if, in the Purchaser's sole and reasonable judgment, any of the following events shall occur on or after the date hereof and prior to the Closing:

(a) legislation shall be enacted or be actively considered for enactment by the Congress, or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either House of the Congress by a committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or the United States Tax Court shall be rendered, or a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed to be made with respect to federal taxation upon revenues or other income of the general character to be derived by the Company or the Issuer or by any similar body, or upon interest on obligations of the general character of the Bonds, or other action or events shall have transpired that have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated in connection herewith; or

(b) any legislation, ordinance or regulation shall be enacted or be actively considered for enactment by the Issuer, any governmental body, department or agency of the State of Florida or a decision by any court of competent jurisdiction within the State of Florida shall be rendered that, in the opinion of the Purchaser, materially and adversely affects the market price of the Bonds; or

(c) any action shall have been taken by the Securities and Exchange Commission that would require the registration of the Bonds under the 1933 Act, or the qualification of the Bond Indenture under the Trust Indenture Act of 1939, as amended (the "TIA"); or

(d) any event shall have occurred or shall exist that, in the Purchaser's sole and reasonable judgment, either (i) makes untrue or incorrect in any material respect any statement or information contained in the Preliminary and Final Official Statements, or (ii) is not reflected in the Preliminary and Final Official Statements and should be reflected therein in order to make the statements and information contained therein not misleading in any material respect, and, in either such event, the Company or the Issuer refuse to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Purchaser to enforce contracts for the sale of the Bonds; or

(e) there shall have occurred any outbreak of, or escalation in, hostilities or other national or international calamity or crisis or a financial crisis, including, but not limited to, (i) the United States engaging in hostilities or (ii) a declaration of war or a national emergency by the United States (including acts of terrorism) on or after the date

hereof which, in the sole opinion of the Purchaser, would affect materially and adversely the ability of the Purchaser to market the Bonds; or

(f) trading shall be suspended, or new or additional trading or loan restrictions shall be imposed, by the New York Stock Exchange or other national securities exchange or governmental authority with respect to obligations of the general character of the Bonds or a general banking moratorium shall be declared by federal, Florida or New York authorities; or

(g) there shall have occurred any change in the financial condition or affairs of the Company, the effect of which, in the sole judgment of the Purchaser, is so material and adverse as to make it impracticable or inadvisable to proceed with the offering or delivery of the Bonds; or

(h) Any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance, sale or delivery of the Bonds or in any way contesting or questioning any authority for or the validity of the Bonds or the money or revenues pledged to the payment thereof or any of the proceedings of the Issuer or the Company taken with respect to the issuance and sale thereof.

11. Termination. If the Issuer or the Company is unable to satisfy the conditions to the obligations of the Purchaser contained in this Purchase Agreement, or if the obligations of the Purchaser to purchase and accept delivery of the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate at the option of the Purchaser or the Company and neither the Purchaser nor the Issuer nor the Company shall be under further obligation hereunder; except that the respective obligations to indemnify and pay expenses, as provided in Sections 12 and 16 hereof, shall continue in full force and effect.

12. Indemnification. (a) To the fullest extent permitted by applicable law, the Company agrees to indemnify and hold harmless the Purchaser, the Issuer or the other persons described in subsection (b) below against any and all losses, damages, expenses (including reasonable legal and other fees and expenses), liabilities or claims (or actions in respect thereof), (i) to which the Purchaser, the Issuer or the other persons described in subsection (b) below may become subject under any federal or state securities laws or other statutory law or at common law or otherwise, caused by or arising out of or based upon any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in the Preliminary and Final Official Statements and not furnished by the indemnified party (it being understood and agreed that the only information furnished by the Issuer is contained under the captions "THE ISSUER" and "LITIGATION – Issuer") and the only information furnished by the Purchaser is contained under the caption "UNDERWRITING") and (ii) to which the parties indemnified hereunder or any of them may become subject under the 1933 Act, the 1934 Act, the TIA, or the rules or regulations under said Acts, insofar as such losses, claims, damages, expenses, actions or liabilities arise out of or are based upon the failure to register the Bonds or any security therefor under the 1933 Act or to qualify the Bond

Indenture under the TIA; provided, however the Company shall not be required to indemnify or hold harmless the Issuer for the negligence or willful misconduct of the Issuer.

(b) The indemnity provided under this Section 13 shall extend upon the same terms and conditions to each officer, director, employee, agent or attorney of the Purchaser or the Issuer, and each person, if any, who controls the Purchaser or the Issuer within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act. Such indemnity shall also extend, without limitation, to any and all expenses whatsoever reasonably incurred by any indemnified party in connection with investigating, preparing for or defending against, or providing evidence, producing documents or taking any other reasonable action in respect of any such loss, damage, expense, liability or claim (or action in respect thereof), whether or not resulting in any liability, and shall include any loss to the extent of the aggregate amount paid in settlement of any litigation, commenced or threatened, or of any claim whatsoever as set forth herein if such settlement is effected with the written consent of the Company, which consent shall not be unreasonably withheld, but if settled with such consent or if there be a final judgment for the plaintiff the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment.

(c) Within a reasonable time after an indemnified party under paragraphs (a) and (b) of this Section 12 shall have been served with the summons or other first legal process or shall have received written notice of the threat of a claim in respect of which an indemnity may be claimed, such indemnified party shall, if a claim for indemnity in respect thereof is to be made against the Company under this Section 12, notify the Company in writing of the commencement thereof; but the omission to so notify the Company shall not relieve it from any liability that it may have to any indemnified party other than pursuant to paragraphs (a) and (b) of this Section 12. The Company shall be entitled to participate at its own expense in the defense, and if the Company so elects within a reasonable time after receipt of such notice, or all indemnified parties seeking indemnification in such notice so direct in writing, the Company shall assume the defense of any suit brought to enforce any such claim, and in either such case, such defense shall be conducted by counsel chosen promptly by the Company and reasonably satisfactory to the indemnified party; provided however, that, if the defendants in any such action include such an indemnified party and the Company, or include more than one indemnified party and any such indemnified party shall have been advised by its counsel that there may be legal defenses available to such indemnified party that are different from or additional to those available to the Company or another defendant indemnified party, and that in the reasonable opinion of such counsel are sufficient to make it undesirable for the same counsel to represent such indemnified party and the Company, or another defendant indemnified party, such indemnified party shall have the right to employ separate counsel (who is reasonably acceptable to the Company) in such action, and in such event the reasonable fees and expenses of such counsel shall be borne by the Company. Nothing contained in this paragraph (c) shall preclude any indemnified party, at its own expense, from retaining additional counsel to represent such party in any action with respect to which indemnity may be sought from the Company hereunder.

(d) If the indemnification provided for in paragraphs (a) and (b) of this Section 12 is unavailable or insufficient to hold harmless and indemnify any indemnified party in respect of any losses, damages, expenses, liabilities, or claims (or actions in respect thereof) referred to therein, then the Company, on the one hand, and the Purchaser, on the other hand, shall

contribute to the amount paid or payable by the indemnified party as a result of such losses, claims, damages, expenses, actions or liabilities in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Purchaser on the other hand from the offering of the Bonds. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, the Company on the one hand and the Purchaser on the other hand shall contribute to such amount paid or payable by the indemnified party in such proportion as is appropriate to effect not only such relative benefits but also the relative fault of the Company on the one hand and the Purchaser on the other in connection with the statements or omissions that resulted in such losses, claims, damages, expenses, actions or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Purchaser on the other hand shall be deemed to be in such proportion so that the Purchaser is responsible for that portion represented by the percentage that the underwriting discount payable to the Purchaser hereunder (i.e., the excess of the aggregate public offering price for the Bonds as set forth on the inside cover page of the Final Official Statement over the price to be paid by the Purchaser to the Issuer upon delivery of the Bonds as specified in Section 1 hereof) bears to the aggregate public offering price as described above, and the Company is responsible for the balance. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Purchaser on the other hand and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Purchaser agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, damages, expenses, liabilities, claims or actions referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim.

13. Limitation of Liability of Issuer. The Issuer shall not be directly, indirectly, contingently or otherwise liable for any costs, expenses, losses, damaging claims or actions of any conceivable kind under any conceivable theory under this Purchase Agreement or any document or instrument referred to herein or by reason of or in connection with this Purchase Agreement or other document or instrument except to the extent it receives amounts from the Company available for such purpose.

14. Survival of Indemnity. The indemnity and contribution provided by Section 12 hereof shall be in addition to any other liability that the Company may otherwise have hereunder, at common law or otherwise, and is provided solely for the benefit of the Purchaser, the Issuer and each director, officer, employee, agent, attorney and controlling person referred to therein, and their respective successors, assigns and legal representatives, and no other person may acquire or have any right under or by virtue of such provisions of this Purchase Agreement. The indemnity and contribution provided by Section 12 hereof shall survive the termination or performance of this Purchase Agreement.

15. Survival of Representations. All representations, warranties and agreements of the Company set forth in or made pursuant to this Purchase Agreement shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Purchaser and shall survive the delivery of and payment for the Bonds.

16. Payment of Expenses. If the Bonds are sold and delivered to the Purchaser by the Issuer, the Company shall pay, out of the proceeds of the Bonds or from its own funds, any expenses incident to the performance of its obligations hereunder, including but not limited to: (i) the cost of the preparation, reproduction, printing, distribution, mailing, execution, delivery, filing and recording, as the case may be, of this Purchase Agreement, the Bond Indenture, the Loan Agreement, the Senior Note, the Land Use Restriction Agreement, the Tax Agreement, the Disclosure Agreement, the First Mortgage, the Mortgage Assignment, the Preliminary Official Statement, the Final Official Statement, the Financial Feasibility Study and all other agreements and documents required in connection with the consummation of the transactions contemplated hereby; (ii) the cost of the preparation, engraving, printing, execution and delivery of the definitive Bonds and CUSIP numbers with respect thereto; (iii) the fees and disbursements of Bond Counsel, counsel for the Issuer, counsel for the Company, counsel for the Bond Trustee, counsel for the Purchaser, feasibility consultant and any other experts retained by the Company; (iv) the acceptance fees of the Bond Trustee; (v) the cost of transportation and lodging for officials and representatives of the Issuer and the Company in connection with attending meetings and the Closing; and (vi) the cost of qualifying the Bonds under the laws of such jurisdictions as the Purchaser may designate, including filing fees and fees and disbursements of counsel for the Purchaser in connection with such qualification and the preparation of Blue Sky Memoranda.

The Company shall also pay any expenses incident to the performance of its obligations hereunder and, if the Bonds are not sold by the Issuer to the Purchaser, the Company shall pay all reasonable expenses incident to the performance of the Issuer's obligations hereunder as provided above.

The Purchaser shall pay (i) the cost of preparing and publishing all advertisements approved by it relating to the Bonds upon commencement of the offering of the Bonds; (ii) the cost of the transportation and lodging for officials and representatives of the Purchaser to attend meetings and the Closing; and (iii) any fees of the Municipal Securities Rulemaking Board in connection with the issuance of the Bonds.

17. Benefit of the Agreement. This Purchase Agreement shall inure to the benefit of and be binding upon the Issuer, the Company and the Purchaser and their respective successors and assigns. Nothing in this Purchase Agreement is intended or shall be construed to give any person, firm or corporation, other than the parties hereto and their respective successors and assigns, and the persons entitled to indemnity and contribution under Section 12 hereof, and their respective successors, assigns and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Purchase Agreement or any provision herein contained. This Purchase Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the parties hereto and their respective successors and assigns, and the persons entitled to indemnity and contribution under Section 12 hereof, and their respective

successors, assigns and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser who purchases the Bonds from the Purchaser or other person or entity shall be deemed to be a successor merely by reason of such purchase.

18. Notices. Any notice or other communication to be given to the Issuer or the Company under this Purchase Agreement may be given by delivering the same in writing to the address shown below, and any notice under this Purchase Agreement to the Purchaser may be given by delivering the same in writing to the Purchaser, as follows:

To the Issuer:	City of Lake Wales, Florida c/o Albert C. Galloway, Jr. 202 East Stuart Avenue Lake Wales, Florida 33859
To the Company:	One HC – Lake Wales, LLC 350 South Main Street, Suite 308 Doylestown, Pennsylvania 18901
together with copies to:	Baker Hostetler 200 South Orange Avenue, Suite 2300 Orlando, Florida 32801 Attn: Albert Bustamante, Esq.
To the Purchaser:	Piper Jaffray & Co. 4250 Lakeside Drive, Suite 216 Jacksonville, Florida 32210 Attn: Matthew Weaver
together with a copy to:	Foley & Lardner LLP One Independent Drive, Suite 1300 Jacksonville, FL 32202 Attn: Chauncey W. Lever, Jr., Esq.

19. Waiver and Release of Personal Liability. No recourse under or upon any obligation, indemnity, covenant or agreement contained in this Purchase Agreement or under any judgment obtained against the Issuer, or by the enforcement of any assessment or by legal or equitable proceedings by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of this Purchase Agreement, shall be had against any trustee, director, member, commissioner, officer, employee or agent, as such, past, present or future, of the Issuer, either directly or through the Issuer, or otherwise, for the payment for or to the Issuer or any receiver thereof, or to the Purchaser or otherwise of any amount that may become owed by the Company hereunder. Any and all personal liability of every nature, whether at common law or in equity, or by statute or constitution or otherwise, of any trustee, director, member, commissioner, officer, employee or agent, as such, to respond by reason of any act or omission on his part or otherwise, for the payment for or to the Issuer or any receiver thereof, the Purchaser or otherwise, of any amount that may become owed by the Issuer

hereunder is hereby expressly waived and released as a condition of and in consideration for the execution of this Purchase Agreement.

20. Governing Law. This Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

21. Effective Time of this Agreement. This Purchase Agreement shall become effective upon the acceptance hereof by the Issuer and the Company.

22. Truth-In-Bonding Statement. The Issuer is proposing to issue \$_____ aggregate principal amount of Bonds and loan the proceeds thereof to the Company, together with other available funds, for the purposes of (i) financing and refinancing all or a portion of the costs of acquiring, construction and equipping of senior living facilities, consisting of 135 residential units located on an approximately 15-acre site at the corner of Buck Moore Road and Bel Ombre Circle in Lake Wales, Florida; (ii) funding any necessary reserves; (iii) paying capitalized interest on the Bonds; and (iv) paying costs associated with issuance of the Bonds. The Bonds are expected to be repaid over a period of approximately [] years. At a true interest cost of []% per annum, total interest paid over the life of the Bonds will be \$[]. The sources of repayment or security for the Bonds are the revenues derived from the Loan Agreement and the Senior Note and certain other moneys pledged and assigned to the Trustee under the Bond Indenture. Authorizing the Bonds will not result in moneys not being available to finance the other services of the Issuer. This truth-in-bonding statement prepared pursuant to Section 218.385(2) and (3) of the Florida Statutes, as amended, is for informational purposes only and shall not affect or control the actual terms and conditions of the Bonds. A disclosure letter dated the date hereof prepared pursuant to Section 218.385(6), Florida Statutes, as amended, is attached hereto as Exhibit D.

23. Severability. If any provisions of this Purchase Agreement shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstance shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or Sections in this Purchase Agreement contained, shall not affect the remaining portions of this Purchase Agreement, or any part thereof.

24. Execution in Counterparts. This Purchase Agreement may be signed in any number of counterparts, each of which shall be an original, but all of which shall constitute but one and the same instrument.

Very truly yours,

PIPER JAFFRAY & CO.,
as Purchaser

By: _____
Matthew Weaver, Managing Director

[Signature Page to Bond Purchase Agreement.]

Accepted and agreed to as
of the date first above written:

CITY OF LAKE WALES, FLORIDA, as Issuer

By: _____

Name: _____

Title: _____

[Signature Page to Bond Purchase Agreement.]

Accepted and agreed to as
of the date first above written:

ONE HC – LAKE WALES, LLC

By: _____

Name: _____

Title: _____

[Signature Page to Bond Purchase Agreement.]

EXHIBIT A

Maturities, Amounts, Interest Rates, Prices and Yields

EXHIBIT B

Redemption of the Bonds

(a) ***Optional Redemption.*** The Bonds are subject to optional redemption by the Issuer, at the direction of the Borrower, on or after _____ 1, _____, in whole or in part at any time, at the redemption prices as a percentage of par amount set forth below, plus accrued interest to the redemption date:

Redemption Period

Redemption Price

(i) ***Mandatory Sinking Fund Redemption.*** The Bonds maturing _____ 1, _____ are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest on _____ 1 and _____ 1 of each year and in the principal amounts shown below:

Date

Amount (\$)

Date

Amount (\$)

*Maturity

3. ***Mandatory Redemption.*** Bonds shall be called for redemption (a) in whole or in part in the event the Project or any portion thereof is damaged or destroyed or taken in a condemnation proceeding and Net Proceeds resulting therefrom are to be applied to the payment of the Series 2012 Notes as provided in Section 5.3 of the Loan Agreement, which Net Proceeds are to be used to redeem Series 2012 Bonds at the election of the Borrower made pursuant to Section 5.3 of the Loan Agreement, (b) in whole in the event the Borrower exercises its option to terminate the Loan Agreement pursuant to Article VIII thereof (and cause all of the Bonds to be redeemed as provided in Article III hereof), (c) in whole or in part from proceeds of the Title Policy pursuant to Section 3.9 of the Loan Agreement or pursuant to Section 6.18 of the Loan Agreement, (d) in part in the event of excess amounts remaining in the Project Fund upon completion of the Project as provided in Section 5.03(e) hereof, or (e) in whole in the event the Borrower is required to prepay the Loan following a "Default" under the Loan Agreement.

4. ***Special Redemption Upon Determination of Taxability.*** The Bonds shall be subject to redemption in whole, upon the earliest date upon which notice may be given, upon the occurrence of a Determination of Taxability, at a price equal to 105% of par, plus accrued interest to the redemption date.

Capitalized terms used herein, but not otherwise defined herein, shall have the meanings assigned to them in the Bond Indenture.

EXHIBIT C

[Reserved]

EXHIBIT D

Disclosure Statement

[_____] , 2012

City of Lake Wales, Florida
Lake Wales, Florida

Re: \$[_____] City of Lake Wales, Florida Senior Housing Community Revenue
 Bonds (ViaVita on the Ridge Project), Series 2012A

Ladies and Gentlemen:

In connection with the proposed issuance by the City of Lake Wales, Florida (the "Issuer"), of \$[_____] in aggregate principal amount of its Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project), Series 2012A (the "Bonds"), Piper Jaffray & Co. (the "Purchaser") is preparing to underwrite a public offering of the Bonds. Arrangements for underwriting the Bonds will include a Bond Purchase Agreement between the Issuer and the Purchaser that will embody the negotiations in respect thereof.

The purpose of this letter is to furnish, pursuant to the provisions of Section 218.385(6), Florida Statutes, as amended, certain information in respect of the arrangements contemplated for the underwriting of the Bonds as follows:

- (a) The nature and estimated amounts of expenses to be incurred by the Purchaser in connection with the purchase and reoffering of the Bonds are set forth in Schedule I attached hereto.
- (b) There are no "finders," as defined in Section 218.386, Florida Statutes, as amended, connected with the issuance of the Bonds.
- (c) The underwriting spread (i.e., the difference between the price at which the Bonds will be initially offered to the public by the Purchaser and the price to be paid to the Issuer for the Bonds) will be \$[_____] per \$1,000 bond, or \$[_____] which is exclusive of expenses listed in Schedule I hereto, all of which will be reimbursed to the Purchaser by the Borrower at closing.
- (d) The Purchaser will charge a management fee of \$[_____] per \$1,000, or \$[_____].
- (e) There is no fee, bonus or other compensation to be paid by the Purchaser in connection with the issuance of the Bonds to any person not regularly employed or retained by the Purchaser.

(f) The names and addresses of the Purchaser is:

Piper Jaffray & Co.
4250 Lakeside Drive, Suite 216
Jacksonville, Florida 32210
Attn: Matthew Weaver

We understand that you do not require any further disclosure from the Purchaser pursuant to Section 218.385(6), Florida Statutes, as amended.

Very truly yours,

PIPER JAFFRAY & CO.

By: _____
Managing Director

Schedule I
EXPENSES

ITEM	PER \$1,000 BOND	TOTAL
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Total:

*May not be exact due to rounding.

EXHIBIT "G"

BOND PLACEMENT AGREEMENT

**CITY OF LAKE WALES, FLORIDA
SENIOR HOUSING COMMUNITY REVENUE BONDS
(VIAVITA ON THE RIDGE PROJECT)
SUBORDINATE SERIES 2012B**

[____], 2012

BOND PLACEMENT AGREEMENT

City of Lake Wales, Florida
Lake Wales, Florida

One HC – Lake Wales, LLC
Estero, Florida

To the Addressees:

The undersigned Piper Jaffray & Co. (the "Placement Agent"), hereby offers to enter into this Bond Placement Agreement (this "Placement Agreement") with the City of Lake Wales, Florida (the "Issuer") and One HC – Lake Wales, LLC (the "Company") which, upon your mutual acceptance of this offer, will be binding upon each of you and upon the Placement Agent. Terms not otherwise defined herein shall have the same meanings as set forth in the Bond Indenture described below. This offer is made subject to your mutual acceptance of this Placement Agreement on or before 5:00 P.M. Eastern Standard Time, on [____], 2012.

1. Placement and Sale. Upon the terms and conditions and in reliance upon the respective representations, warranties and covenants herein, the Placement Agent hereby agrees to use its best efforts to privately place on behalf of the Issuer and the Company all (but not less than all) of \$[____] City of Lake Wales, Florida Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project), Subordinate Series 2012B (the "Bonds"), at a price of \$[____] being the initial principal amount thereof (the "Purchase Price"). As compensation for its services in placing the Bonds, the Company shall pay the Placement Agent a fee of \$[____] to be paid by wire transfer in immediately available funds on the closing date. In order to induce the Issuer and the Placement Agent to enter into this Placement Agreement and to sell and place the Bonds, respectively, the Company has joined and entered into this Placement Agreement. The Placement Agent's responsibilities under this Placement Agreement are limited to assisting the Issuer in the sale of the Bonds by the Issuer directly to the purchasers thereof and the Placement Agent assumes no obligation whatever itself to purchase the Bonds whether or not the purchasers agree to purchase the Bonds in sufficient amounts and whether or not the purchasers or some of them fail to abide by their agreements to purchase the Bonds, except as otherwise provided in Section 24 hereof. The duties of the Placement Agent shall be solely as provided in this Placement Agreement, and no implied covenants or obligations shall be read into this Placement Agreement against the Placement Agent. Except as otherwise provided herein, the Placement Agent may act or refrain from acting in reliance upon any resolution or other document transmitted to it on behalf of the Issuer or the Company. In the event that the

Placement Agent is unable to place all of the Bonds, the Placement Agent shall not be liable for any action taken or omitted to be taken pursuant to this Placement Agreement except for its failure to use its best efforts to place the Bonds. The Company and the Issuer acknowledge and agree that: (i) the primary role of Placement Agent is to use its best efforts to sell securities to investors in an arms-length commercial transaction among the Issuer, the Company and Placement Agent and that the Placement Agent has financial and other interests that differ from those of the Company and the Issuer, (ii) Placement Agent is not acting as a municipal advisor, financial advisor or fiduciary to the Company, the Issuer or any other person or entity and has not assumed any advisory or fiduciary responsibility to the Company or the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and proceedings leading thereto (irrespective of whether the Placement Agent has provided other services or is currently providing other services to the Company on other matters), (iii) the only obligations Placement Agent has to the Issuer and the Company with respect to the transaction contemplated hereby expressly are set forth in this Placement Agreement, and (iv) the Issuer and the Company have each consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate in connection with the transaction contemplated herein. Capitalized terms used herein, but not otherwise defined herein, shall have the meanings assigned to them in the Bond Indenture (as defined below) or in the Private Placement Memorandum referred to in Section 2 hereof.

2. Authorizing Instruments. The Bonds shall be as described in, and shall be authorized by a resolution adopted by the Issuer on June 19, 2012, as amended by a resolution adopted by the Issuer on August 7, 2012 and a resolution adopted by the Issuer on November 28, 2012 (collectively, the "Resolution"). The Bonds shall be issued and secured under and pursuant to a Trust Indenture dated as of December 1, 2012 (the "Bond Indenture"), between the Issuer and Wells Fargo Bank, National Association, as bond trustee (in such capacity, the "Trustee"), and shall be payable solely from the funds pledged therefor under the Bond Indenture (the "Trust Estate"), including the revenues derived by the Issuer under a Loan Agreement dated as of December 1, 2012 (the "Loan Agreement"), between the Issuer and the Company and other amounts held in any fund or account established pursuant to the Bond Indenture (other than the Rebate Fund). The Company will evidence its obligations with respect to the Bonds by issuing a promissory note (the "Subordinate Note"). The Subordinate Note will be secured on a junior and subordinate basis to the Senior Note issued pursuant to the Loan Agreement.

The Subordinate Note will be secured by certain revenues of the Company (the "Project Revenues") subordinate and junior to the lien on and security interest of the Senior Bonds issued pursuant to the Loan Agreement. The Subordinate Note will be additionally secured by a Second Mortgage and Security Agreement, dated as of December 1, 2012 between the Company and the Trustee, relating to certain property of the Company including, but not limited to, all real property comprising the Project, as defined in the Private Placement Memorandum, and all improvements thereto (the "Second Mortgage"). The lien on and security interest in the property subject to the Second Mortgage (the "Property") and the rights under the Second Mortgage of the holders of the Subordinate Note will be subordinate and junior to the lien on and security interest in the Property and the rights thereunder of the holders of the Senior Bonds under and pursuant to a First Mortgage and Security Agreement, dated as of December 1, 2012, between the Company and the Trustee.

The Bonds shall be dated their date of delivery, and shall have the terms specified in the Private Placement Memorandum dated [November 28], 2012 (the "Private Placement Memorandum"), including the maturities and interest rates set forth in Exhibit A annexed hereto. The Bonds shall be subject to redemption as described in Exhibit B hereto.

3. Placement of Bonds. The Placement Agent agrees to use its best efforts to cause the purchase of all of the Bonds at the offering price set forth on the cover of the Private Placement Memorandum, reserving, however, the rights to change such initial offering price as the Placement Agent shall deem necessary in connection with the marketing of the Bonds. The Placement Agent also reserves the right to overalloc or effect transactions that stabilize or maintain the market price of the Bonds at levels above that which might otherwise prevail in the open market and to discontinue such stabilizing, if commenced, at any time. The offering of the Bonds will only be made to "accredited investors" or "qualified institutional buyers" under the Securities Act of 1933, as amended (the "1933 Act").

4. Use of Proceeds. The proceeds to be received by the Issuer from the sale of the Bonds will be loaned to the Company pursuant to the Loan Agreement to be used, together with other available moneys, for the purposes of: (i) financing and refinancing all or a portion of the costs of acquiring, construction and equipping of a senior living facility, consisting of 135 independent living and assisted living units, including approximately 27 affordable units, and related support and common facilities located on an approximately 15-acre site at the corner of Buck Moore Road and Bel Ombre Circle in Lake Wales, Florida (the "Project"); (ii) funding any necessary reserves; (iii) paying interest during construction of the Project; and (iv) paying costs associated with issuance of the Bonds.

5. Private Placement Memorandum.

(a) The Company has caused to be prepared, and the Issuer and the Company hereby confirm that they have heretofore made available to the Placement Agent, the Private Placement Memorandum. The Company has delivered to the Placement Agent, at such address as the Placement Agent has specified, as many copies of the Private Placement Memorandum as the Placement Agent requested as necessary to comply with paragraph (b)(4) of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") under the Securities Exchange Act of 1934, as amended, (the "1934 Act") and with the rules of the Municipal Securities Rulemaking Board (the "MSRB").

(b) The Issuer and the Company by their acceptance hereof, ratify and approve the Private Placement Memorandum, ratify their consent to the distribution and use thereof by the Placement Agent and authorize the execution of the Private Placement Memorandum by a duly authorized officer of the Company; provided, however, that the Issuer is not passing on any part of the Private Placement Memorandum other than the Sections entitled "ISSUER" and "LITIGATION – The Issuer."

(c) The Placement Agent shall give notice to the Issuer and the Company on the date after which no participating underwriter, as such term is defined in the Rule, remains obligated to deliver the Private Placement Memorandum pursuant to paragraph (b)(4) of the Rule.

6. Representations, Warranties and Covenants of the Issuer. The Issuer represents and agrees with the Placement Agent and the Company that:

(a) The Issuer is a municipal corporation organized and existing under the laws of the State of Florida (the "State") and has full power and authority to adopt the Resolution, to enter into and to perform its obligations under the Bond Indenture, the Loan Agreement, the Assignment of Second Mortgage and Security Agreement, dated as of December 1, 2012 (the "Mortgage Assignment") from the Issuer to the Trustee, the Subscription Escrow Agreement (as defined in Section 7, below) and this Placement Agreement (collectively, the "Issuer Documents"); and when executed and delivered by the respective parties thereto, the Issuer Documents will constitute the legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases.

(b) By official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has approved and authorized the distribution of the Private Placement Memorandum and authorized and approved the execution and delivery of the Issuer Documents and the consummation by the Issuer of the transactions contemplated thereby.

(c) To the knowledge of the Issuer, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending against the Issuer seeking to restrain or enjoin the sale or issuance of the Bonds, or in any way contesting or affecting any proceedings of the Issuer taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Bonds, in any way contesting the validity or enforceability of the Issuer Documents or contesting in any way the completeness or accuracy of the Private Placement Memorandum or the existence or powers of the Issuer relating to the sale of the Bonds.

(d) The statements and information contained in the Private Placement Memorandum under the captions "THE ISSUER" and "LITIGATION – Issuer" are true and correct in all material respects, and the information contained under the captions "THE ISSUER" and "LITIGATION – Issuer" in the Private Placement Memorandum does not and, except as contemplated by paragraph (g) below, on the Closing Date (as hereinafter defined) will not, contain an untrue statement of a material fact or omit any statement or information concerning the Issuer which is necessary to make such statements and information therein, in the light of the circumstances under which they were made, not misleading.

(e) The Issuer will furnish such information, execute such instruments and take such other action in cooperation with the Placement Agent, at the expense of the Placement Agent or Company as the Placement Agent may reasonably request in endeavoring (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States

as the Placement Agent may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions; provided, however, that in no event shall the Issuer be required to take any action which would subject it to general or unlimited service of process in any jurisdiction in which it is not now so subject.

(f) The execution and delivery by the Issuer of the Issuer Documents and compliance with the provisions on the Issuer's part contained therein will not conflict with or constitute a material breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Issuer under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Issuer Documents.

(g) If, at any time prior to the earlier of (i) receipt of notice from the Placement Agent pursuant to Section 5(c) hereof that the Private Placement Memorandum is no longer required to be delivered under the Rule or (ii) 90 days after the Closing (as defined herein), an event occurs, of which the Issuer has knowledge, which might or would cause the information contained in the Private Placement Memorandum under the headings "THE ISSUER" and "LITIGATION – Issuer," as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the Issuer will notify the Placement Agent and the Company, and if in the opinion of the Placement Agent or the Company such event requires the preparation and publication of a supplement or amendment to the Private Placement Memorandum, the Issuer will cooperate with the Company and the Placement Agent to prepare and furnish to the Placement Agent and the Company (at the expense of the Company) a reasonable number of copies of an amendment of or supplement to the Private Placement Memorandum (in form and substance satisfactory to counsel for the Placement Agent) which will amend or supplement the Private Placement Memorandum so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at the time the Private Placement Memorandum is delivered to a bond purchaser, not misleading.

The execution and delivery of this Placement Agreement by the Issuer shall constitute a representation by the Issuer to the Placement Agent and the Company that the representations and agreements contained in this Section are true as of the date hereof; provided, however, that as to information furnished by the Company pursuant to this Placement Agreement, the Issuer is relying solely on such information in making the Issuer's representations and agreements, and as to all matters of law, the Issuer is relying on the advice of bond counsel and its counsel; and provided further, that no member, officer, agent or employee of the Issuer or the governing body of the Issuer shall be individually liable for the breach of any representation, warranty or agreement contained herein.

7. Representations, Warranties and Covenants of the Company. In order to induce the Placement Agent to enter into this Placement Agreement and in order to induce the Issuer to enter into the Bond Indenture, Loan Agreement, the Subscription Escrow Agreement (as defined below), and this Placement Agreement, the Company represents, warrants and covenants to the Placement Agent and the Issuer as follows:

(a) The Company is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Florida and is qualified to transact business as a limited liability company in good standing under the laws of the State of Florida.

(b) The Corporation is authorized under the laws of the State of Florida to carry out and consummate all of the transactions contemplated on its part by this Placement Agreement, the Loan Agreement, the Subordinate Note, the Borrower's Tax Agreement to be dated the date of issuance of the Bonds (the "Tax Agreement"), the Subscription Escrow Agreement for One – HC Lake Wales, LLC dated as of December 1, 2012 (the "Subscription Escrow Agreement") by and among the Company, the Issuer and Wells Fargo Bank, National Association, as escrow Agent, the Continuing Disclosure Agreement dated as of the Closing Date, between the Company and the Trustee, as dissemination agent (the "Disclosure Agreement"), the Second Mortgage, and the Private Placement Memorandum (collectively, the "Company Documents").

(c) The Company has all necessary corporate power and authority (i) to conduct its business and operate all of its properties and facilities, including the Project; (ii) to execute and deliver the Company Documents and to perform its obligations under the Company Documents; and (iii) to carry out and consummate all the transactions contemplated on its part by the Company Documents.

(d) Excluding the information contained in the sections entitled "PLACEMENT AGENT," "THE ISSUER" and "LITIGATION – Issuer" and information relating to The Depository Trust Company as to which no view is expressed, the Private Placement Memorandum is true and correct in all material respects, and the Private Placement Memorandum does not and, except as contemplated by paragraph (e) below, as of the Closing Date will not, contain any untrue statement of a material fact or omit to state any statement or information necessary to make the statements and information contained therein, in the light of the circumstances under which they were made, not misleading.

(e) If, at any time prior to the earlier of (i) receipt of notice from the Placement Agent pursuant to Section 5(c) hereof that the Private Placement Memorandum is no longer required to be delivered under the Rule or (ii) 90 days after the Closing (as defined herein), an event occurs which might or would cause the information contained in the Private Placement Memorandum, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the Company will notify the Placement Agent and the Issuer, and if in the opinion of the Placement Agent or the Company such event requires the preparation and publication of a supplement or amendment to the Private Placement Memorandum, the

Company will cooperate with the Issuer and the Placement Agent to prepare and furnish to the Placement Agent and the Issuer (at the expense of the Company) a reasonable number of copies of an amendment of or supplement to the Private Placement Memorandum (in form and substance satisfactory to counsel for the Placement Agent) which will amend or supplement the Private Placement Memorandum so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at the time the Private Placement Memorandum is delivered to a purchaser, not misleading.

(f) The Company has duly authorized all actions required to be taken by it for the execution and delivery of the Company Documents, and due performance by the Company of the Company Documents.

(g) The Loan Agreement, Subordinate Note, the Disclosure Agreement, the Tax Agreement, and the Second Mortgage are substantially in the forms approved by the Company and upon the execution and delivery thereof, each will constitute the valid and legally binding obligation of the Company, enforceable in accordance with its terms (subject in each case to usual principles of equity and to any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally as from time to time in effect).

(h) The Company will apply the moneys loaned by the Issuer from the proceeds of the sale of the Bonds as specified in the Bond Indenture, the Loan Agreement, the Private Placement Memorandum and this Placement Agreement.

(i) Except as described in the Private Placement Memorandum, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending (as to which the Company has received notice or service of process) or, to the knowledge of the Company, threatened against or affecting the Company (or, to the knowledge of the Company, any meritorious basis therefor) (i) attempting to limit, enjoin or otherwise restrict or prevent the Company from functioning, or contesting or questioning the existence of the Company or the titles of the current officers of the Company to their offices or (ii) wherein an unfavorable decision, ruling or finding would adversely affect (A) the existence or powers of the Company; (B) the financial position of the Company; (C) the transactions contemplated hereby or by the documents referred to in (D) immediately below; (D) the validity or enforceability of the Bonds, the Bond Indenture, the Loan Agreement, Subordinate Note, this Placement Agreement, , the Second Mortgage, the Tax Agreement, the Disclosure Agreement, or any agreement or instrument to which the Company is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the aforesaid documents; or (F) the exclusion of the interest on the Bonds from gross income of the purchasers thereof for purposes of federal income taxation.

(j) The execution and delivery by the Company of the Company Documents and the compliance by the Company with the provisions thereof, do not conflict with or constitute on the part of the Company a violation of, breach of or default under (i) its Articles of Organization, Operating Agreement or any other governing instruments;

(ii) any constitutional provision, statute, indenture, mortgage, lease, resolution, note, agreement or other agreement or instrument to which it is a party or by which it is bound; or (iii) any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its properties. All consents, approvals, authorizations and orders of governmental or regulatory authorities, if any, that are required to be obtained by the Company in connection with the issuance and sale of the Bonds, the execution and delivery of this Placement Agreement, and the consummation of the transactions contemplated by the Company Documents have been duly obtained and remain in full force and effect, except that no representation is made as to compliance with any applicable state securities or "Blue Sky" laws.

(k) Neither the Company nor anyone acting on its behalf has, directly or indirectly, offered the Bonds for sale to, or solicited any offer to buy the same from, anyone other than through the Placement Agent.

(l) The Private Placement Memorandum has been duly authorized by the Company, and the Company has consented to the use of the Private Placement Memorandum by the Placement Agent in connection with the offering of the Bonds.

(m) Neither the Securities and Exchange Commission nor any state securities commission has issued or, to the best of the knowledge of the Company, threatened to issue, any order against the Company preventing or suspending the use of the Private Placement Memorandum or otherwise seeking to enjoin the offer or sale of the Bonds.

(n) Any certificate signed by an authorized officer of the Company and delivered to the Issuer or the Placement Agent shall be deemed a representation and warranty by the Company to the Issuer or the Placement Agent as to the statements made therein.

(o) The Company has and will cooperate with the Placement Agent and its counsel in any endeavor to qualify the Bonds for offering and sale under the securities or "Blue Sky" laws of such jurisdictions of the United States of America as the Placement Agent may request; provided, however, that the Company will not be required to qualify as a foreign company or file any special or general consents to service of process under the laws of any state.

(r) Except as disclosed in the Private Placement Memorandum, for the past five years the Company has filed all annual reports when and where they are required to be filed pursuant to any continuing disclosure agreement or undertaking executed and delivered by the Company pursuant to the Rule that has been binding upon the Company, and has filed all required notices of "listed events," as described in the Rule, when and where such notices are required to be filed pursuant to such continuing disclosure agreement or undertaking.

(s) The Company has not incurred any material liability, direct or contingent, and there has been no material adverse change in the financial position, results of operations or condition, financial or otherwise, of the Company since the Company was

organized, which is not described in the Private Placement Memorandum, whether or not arising from transactions in the ordinary course of business.

(t) Between the date hereof and the Closing Date, the Company will not, without the prior written consent of the Placement Agent, except as described in or contemplated by the Private Placement Memorandum, incur any material liabilities, direct or contingent, other than in the ordinary course of business.

8. [Reserved].

9. Closing. By no later than 1:00 P.M., Eastern Standard Time, on [] (the "Closing Date"), the Issuer will deliver, or cause to be delivered, to or upon the order of the Placement Agent, the Bonds, in definitive form, duly executed and authenticated, together with the other documents required in Section 10 hereof, and the Placement Agent will accept such delivery and pay the purchase price of the Bonds with funds transferred to the Placement Agent by Wells Fargo Bank, National Association, as escrow agent (the "Escrow Agent") pursuant to and in accordance with the Subscription Escrow Agreement together with any funds of the Placement Agent to be used to purchase Bonds pursuant to Section 24 hereof. Payment for the Bonds shall be made in immediately available funds by check or by bank wire transfer payable to the order of the Trustee on behalf of the Issuer.

The closing of the sale of the Bonds as aforesaid (the "Closing") shall be held via teleconference, except that physical delivery of the Bonds shall be made to the Trustee as agent for The Depository Trust Company, for the account of the Placement Agent. Unless otherwise requested by the Placement Agent at or prior to the Closing, the Bonds will be delivered at the Closing in fully registered form, registered to Cede & Co., and in the form of one certificate for each maturity of the Bonds.

10. Closing Conditions. (A) The obligations of the Placement Agent hereunder shall be subject (i) to the performance by the Issuer and the Company of their respective obligations to be performed hereunder at and prior to the Closing or such earlier time as may be specified herein; (ii) to the accuracy of each of the representations and warranties of the Issuer and the Company contained herein as of the date hereof and as of the time of the Closing, as if made at and as of the time of the Closing; and (iii) to the following conditions, including the delivery by the Issuer and the Company of such documents as are contemplated hereby in form and substance satisfactory to the Placement Agent and its counsel:

(a) At the time of the Closing (i) the Private Placement Memorandum, the Bond Indenture, the Loan Agreement, the Subordinate Note, the Disclosure Agreement, the Subscription Escrow Agreement, the Tax Agreement, the Second Mortgage, and the Mortgage Assignment shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Placement Agent; (ii) the Issuer shall have duly adopted and there shall be in full force and effect such resolutions, including the Resolution as, in the reasonable opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby;

(b) The Issuer shall deliver or cause to be delivered its City of Lake Wales, Florida Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project), Series 2012A (the "Series 2012A Bonds"), in an aggregate principal amount of \$[____], to or upon the order of the purchasers thereof (the "Series 2012A Purchaser") in definitive form, duly executed and authenticated, together with the other documents required by the Series 2012A Purchaser pursuant to a bond purchase agreement in connection therewith, and the Series 2012A Purchaser shall accept such delivery and pay the purchase price of the Series 2012A Bonds, prior to or simultaneously with the Closing;

(c) At or prior to the Closing, the Placement Agent shall have received the following documents:

(i) The approving opinion of Bond Counsel, dated the Closing Date and substantially in the form attached to the Private Placement Memorandum as Appendix E thereto.

(ii) The supplemental opinion of Bond Counsel, dated the Closing Date and in a form reasonably acceptable to the Placement Agent and its counsel.

(iii) An opinion of counsel to the Company, dated as of the Closing Date and in a form reasonably acceptable to the Placement Agent, its counsel and Bond Counsel.

(iv) An opinion of Counsel to the Issuer, dated the Closing Date and in a form reasonably acceptable to the Placement Agent, its counsel and Bond Counsel.

(v) An opinion of Foley & Lardner LLP, Jacksonville, Florida, Counsel to the Placement Agent, dated the Closing Date and addressed to the Placement Agent, to the effect that the Bonds are not subject to the registration requirements of the 1933 Act, and the Bond Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended, and based upon their participation in the preparation of the Private Placement Memorandum as Counsel to the Placement Agent and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Private Placement Memorandum, as of the date of the Closing such Counsel has no reason to believe that the Private Placement Memorandum (together with any amendments or supplements thereto), as of its date contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for the financial and statistical data included therein, as to which no view need be expressed), or that the Private Placement Memorandum, as of the date of the Closing, contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading

(except as aforesaid); and the Disclosure Agreement satisfies the requirements of Section (b)(5)(i) of the Rule, which provide for an undertaking for the benefit of the holders, including beneficial owners, of the Bonds to provide certain annual financial information and event notices to various information repositories at the times and in the manner required by the Rule.

(vi) A certificate of the Issuer, dated the Closing Date, signed by an authorized officer of the Issuer in form and substance reasonably satisfactory to the Placement Agent, its counsel and Bond Counsel, to the effect that the representations and warranties of the Issuer contained herein are true and correct in all material respects as of the Closing and that the Issuer has performed its obligations under this Placement Agreement.

(vii) A certificate of the Company, dated the Closing Date, signed by an authorized officer of the Company in form and substance reasonably satisfactory to the Placement Agent, its counsel and Bond Counsel, to the effect that the representations and warranties of the Company contained herein are true and correct in all material respects as of the Closing and that the Company has performed its obligations under this Placement Agreement.

(viii) The Private Placement Memorandum, duly executed on behalf of the Company by a duly authorized officer thereof.

(ix) Executed counterparts of the Bond Indenture, the Loan Agreement, the Subordinate Note, the Disclosure Agreement, the Second Mortgage, the Mortgage Assignment, the Tax Agreement and the Subscription Escrow Agreement, together with due evidence of the recording of any Uniform Commercial Code financing statements required with respect thereto.

(x) Certified copy of the Resolution, authorizing the issuance, sale, execution and delivery of the Bonds and the execution, delivery and performance of the Bond Indenture, the Loan Agreement, the Subscription Escrow Agreement, and this Placement Agreement, and authorizing the use of the Private Placement Memorandum by the Placement Agent in connection with the offering of the Bonds.

(xi) Certified copies of the resolutions of the Company authorizing the execution, delivery and performance of the Loan Agreement, the Disclosure Agreement, the Subordinate Note, the Second Mortgage, the Tax Agreement, and this Placement Agreement, and authorizing the use of the Private Placement Memorandum by the Placement Agent in connection with the offering of the Bonds.

(xii) A specimen of the Bonds.

(xiii) Evidence of maintenance of insurance required by the Loan Agreement.

(xiv) Copies of the (A) Articles of Organization of the Company, certified as of a recent date by the Secretary of State of Florida and (B) Operating Agreement of the Company, together with a certificate of an officer of the Company that such Articles of Organization and Operating Agreement have not been amended, modified, revoked or rescinded and are in full force and effect as of the Closing Date.

(xv) A Certificate of the Secretary of State of the State of Florida with respect to the good standing of the Company.

(xvi) Internal Revenue Service Form 8038, signed by an authorized officer of the Issuer.

(xvii) Evidence of the public hearing and approval relating thereto as required by Section 147(f) of the Code.

(xviii) One signed copy of a request and authorization to the Bond Trustee to authenticate and deliver the Bonds.

(xix) Financial Feasibility Study of Moore Stephens Lovelace, P.A., in the form attached as "APPENDIX A" to the Private Placement Memorandum.

(xx) A letter from Moore Stephens Lovelace, P.A., the financial feasibility consultant (a) consenting to the use of the Financial Feasibility Study in the Private Placement Memorandum, (b) confirming that as of the Closing Date no facts have come to their attention which would lead them to believe that the conclusions in the Financial Feasibility Study are unreasonable or inaccurate, and (c) stating that the portions of the Private Placement Memorandum summarizing or describing their Financial Feasibility Study and in "APPENDIX A" to the Private Placement Memorandum are true and correct in all material respects and do not contain any untrue or incorrect statement of a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(xxi) Such additional legal opinions, certificates, proceedings, instruments and other documents as counsel for the Placement Agent may reasonably request to evidence compliance by the Issuer and the Company with the legal requirements, the truth and accuracy, as of the time of Closing, of the representations of the Issuer and the Company herein contained and the due performance or satisfaction by the Issuer and the Company, at or prior to the Closing, of all agreements then required to be performed and all conditions then required to be satisfied by the Issuer and the Company at the Closing.

(B) The Issuer shall have the right to, and upon the request of the Company shall, cancel its obligation to issue the Bonds hereunder, by notifying the Placement Agent in writing, of its election to do so between the date hereof and the Closing if the Bonds are not placed by the Placement Agent in an aggregate principal amount which, together with the aggregate principal amount of the Series 2012A Bonds purchased by the Series 2012A Purchaser does not equal or

exceed the amount necessary, in the reasonable opinion of the Company, to fully fund the plan of finance. If the obligation to issue, sell and deliver the Bonds is cancelled pursuant to this paragraph, neither the Placement Agent nor the Issuer nor the Company shall be under further obligation hereunder except that the respective obligations to indemnify and pay expenses, as provided in Sections 13 and 17 hereof, shall continue in full force and effect.

11. Conditions to Obligations of the Placement Agent. The Placement Agent shall have the right to cancel its obligations to place the Bonds hereunder by notifying the Issuer and the Company, in writing, of its election to do so between the date hereof and the Closing if, in the Placement Agent's sole and reasonable judgment, any of the following events shall occur on or after the date hereof and prior to the Closing:

(a) legislation shall be enacted or be actively considered for enactment by the Congress, or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either House of the Congress by a committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or the United States Tax Court shall be rendered, or a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed to be made with respect to federal taxation upon revenues or other income of the general character to be derived by the Company or the Issuer or by any similar body, or upon interest on obligations of the general character of the Bonds, or other action or events shall have transpired that have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated in connection herewith; or

(b) any legislation, ordinance or regulation shall be enacted or be actively considered for enactment by the Issuer, any governmental body, department or agency of the State of Florida or a decision by any court of competent jurisdiction within the State of Florida shall be rendered that, in the opinion of the Placement Agent, materially and adversely affects the market price of the Bonds; or

(c) any action shall have been taken by the Securities and Exchange Commission that would require the registration of the Bonds under the 1933 Act, or the qualification of the Bond Indenture under the Trust Indenture Act of 1939, as amended (the "TIA"); or

(d) any event shall have occurred or shall exist that, in the Placements Agent's sole and reasonable judgment, either (i) makes untrue or incorrect in any material respect any statement or information contained in the Private Placement Memorandum, or (ii) is not reflected in the Private Placement Memorandum and should be reflected therein in order to make the statements and information contained therein not misleading in any material respect, and, in either such event, the Company or the Issuer refuse to permit the Private Placement Memorandum to be supplemented to supply such statement or information, or the effect of the Private Placement Memorandum as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Placement Agent to enforce contracts for the sale of the Bonds; or

(e) there shall have occurred any outbreak of, or escalation in, hostilities or other national or international calamity or crisis or a financial crisis, including, but not limited to, (i) the United States engaging in hostilities or (ii) a declaration of war or a national emergency by the United States (including acts of terrorism) on or after the date hereof which, in the sole opinion of the Placement Agent, would affect materially and adversely the ability of the Placement Agent to market the Bonds; or

(f) trading shall be suspended, or new or additional trading or loan restrictions shall be imposed, by the New York Stock Exchange or other national securities exchange or governmental authority with respect to obligations of the general character of the Bonds or a general banking moratorium shall be declared by federal, Florida or New York authorities; or

(g) there shall have occurred any change in the financial condition or affairs of the Company, the effect of which, in the sole judgment of the Placement Agent, is so material and adverse as to make it impracticable or inadvisable to proceed with the offering or delivery of the Bonds; or

(h) Any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance, sale or delivery of the Bonds or in any way contesting or questioning any authority for or the validity of the Bonds or the money or revenues pledged to the payment thereof or any of the proceedings of the Issuer or the Company taken with respect to the issuance and sale thereof.

12. Termination. If the Issuer or the Company is unable to satisfy the conditions to the obligations of the Placement Agent contained in this Placement Agreement, or if the obligations of the Placement Agent to purchase and accept delivery of the Bonds shall be terminated for any reason permitted by this Placement Agreement, this Placement Agreement shall terminate at the option of the Placement Agent and neither the Placement Agent nor the Issuer nor the Company shall be under further obligation hereunder; except that the respective obligations to indemnify and pay expenses, as provided in Sections 13 and 17 hereof, shall continue in full force and effect.

13. Indemnification. (a) To the fullest extent permitted by applicable law, the Company agrees to indemnify and hold harmless the Placement Agent, the Issuer or the other persons described in subsection (b) below against any and all losses, damages, expenses (including reasonable legal and other fees and expenses), liabilities or claims (or actions in respect thereof), (i) to which the Placement Agent, the Issuer or the other persons described in subsection (b) below may become subject under any federal or state securities laws or other statutory law or at common law or otherwise, caused by or arising out of or based upon any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in the Private Placement Memorandum and not furnished by the indemnified party (it being understood that the only information furnished by the Issuer is contained under the captions "THE ISSUER" and "LITIGATION – Issuer" and that the only information furnished by the Placement Agent is contained under the "PLACEMENT AGENT") and (ii) to which the parties indemnified hereunder or any of them may become subject under the 1933 Act, the Securities and Exchange Act of 1934, as amended ("the 1934 Act"), the TIA, or

the rules or regulations under said Acts, insofar as such losses, claims, damages, expenses, actions or liabilities arise out of or are based upon the failure to register the Bonds or any security therefor under the 1933 Act or to qualify the Bond Indenture or the Master Indenture under the TIA; provided, however the Company shall not be required to indemnify or hold harmless the Issuer for the negligence or willful misconduct of the Issuer.

(b) The indemnity provided under this Section 13 shall extend upon the same terms and conditions to each officer, director, employee, agent or attorney of the Placement Agent or the Issuer, and each person, if any, who controls the Placement Agent or the Issuer within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act. Such indemnity shall also extend, without limitation, to any and all expenses whatsoever reasonably incurred by any indemnified party in connection with investigating, preparing for or defending against, or providing evidence, producing documents or taking any other reasonable action in respect of any such loss, damage, expense, liability or claim (or action in respect thereof), whether or not resulting in any liability, and shall include any loss to the extent of the aggregate amount paid in settlement of any litigation, commenced or threatened, or of any claim whatsoever as set forth herein if such settlement is effected with the written consent of the Company, which consent shall not be unreasonably withheld, but if settled with such consent or if there be a final judgment for the plaintiff the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment.

(c) Within a reasonable time after an indemnified party under paragraphs (a) and (b) of this Section 13 shall have been served with the summons or other first legal process or shall have received written notice of the threat of a claim in respect of which an indemnity may be claimed, such indemnified party shall, if a claim for indemnity in respect thereof is to be made against the Company under this Section 13, notify the Company in writing of the commencement thereof; but the failure to so notify the Company shall not relieve it from any liability that it may have to any indemnified party other than pursuant to paragraphs (a) and (b) of this Section 13. The Company shall be entitled to participate at its own expense in the defense, and if the Company so elects within a reasonable time after receipt of such notice, or all indemnified parties seeking indemnification in such notice so direct in writing, the Company shall assume the defense of any suit brought to enforce any such claim, and in either such case, such defense shall be conducted by counsel chosen promptly by the Company and reasonably satisfactory to the indemnified party; provided however, that, if the defendants in any such action include such an indemnified party and the Company, or include more than one indemnified party and any such indemnified party shall have been advised by its counsel that there may be legal defenses available to such indemnified party that are different from or additional to those available to the Company or another defendant indemnified party, and that in the reasonable opinion of such counsel are sufficient to make it undesirable for the same counsel to represent such indemnified party and the Company, or another defendant indemnified party, such indemnified party shall have the right to employ separate counsel (who is reasonably acceptable to the Company) in such action, and in such event the reasonable fees and expenses of such counsel shall be borne by the Company. Nothing contained in this paragraph (c) shall preclude any indemnified party, at its own expense, from retaining additional counsel to represent such party in any action with respect to which indemnity may be sought from the Company hereunder.

(d) If the indemnification provided for in paragraphs (a) and (b) of this Section 13 is unavailable or insufficient to hold harmless and indemnify any indemnified party in respect of any losses, damages, expenses, liabilities, or claims (or actions in respect thereof) referred to therein, then the Company, on the one hand, and the Placement Agent, on the other hand, shall contribute to the amount paid or payable by the indemnified party as a result of such losses, claims, damages, expenses, actions or liabilities in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Placement Agent on the other hand from the offering of the Bonds. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, the Company on the one hand and the Placement Agent on the other hand shall contribute to such amount paid or payable by the indemnified party in such proportion as is appropriate to effect not only such relative benefits but also the relative fault of the Company on the one hand and the Placement Agent on the other in connection with the statements or omissions that resulted in such losses, claims, damages, expenses, actions or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Placement Agent on the other hand shall be deemed to be in such proportion so that the Placement Agent is responsible for that portion represented by the placement fee payable to the Placement Agent hereunder and the Company is responsible for the balance. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Placement Agent on the other hand and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Placement Agent agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, damages, expenses, liabilities, claims or actions referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim.

14. Limitation of Liability of Issuer. The Issuer shall not be directly, indirectly, contingently or otherwise liable for any costs, expenses, losses, damaging claims or actions of any conceivable kind under any conceivable theory under this Placement Agreement or any document or instrument referred to herein or by reason of or in connection with this Placement Agreement or other document or instrument except to the extent it receives amounts from the Company available for such purpose.

15. Survival of Indemnity. The indemnity and contribution provided by Section 13 hereof shall be in addition to any other liability that the Company may otherwise have hereunder, at common law or otherwise, and is provided solely for the benefit of the Placement Agent, the Issuer and each director, officer, employee, agent, attorney and controlling person referred to therein, and their respective successors, assigns and legal representatives, and no other person may acquire or have any right under or by virtue of such provisions of this Placement

Agreement. The indemnity and contribution provided by Section 13 hereof shall survive the termination or performance of this Placement Agreement.

16. Survival of Representations. All representations, warranties and agreements of the Company set forth in or made pursuant to this Placement Agreement shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Placement Agent and shall survive the delivery of and payment for the Bonds.

17. Payment of Expenses. If all of the Bonds are sold and delivered by the Issuer on the Closing Date, the Company shall pay, out of the proceeds of the Bonds or from its own funds, any expenses incident to the performance of its obligations hereunder, including but not limited to: (i) the cost of the preparation, reproduction, printing, distribution, mailing, execution, delivery, filing and recording, as the case may be, of this Placement Agreement, the Bond Indenture, the Loan Agreement, the Subordinate Note, the Disclosure Agreement, the Second Mortgage, the Private Placement Memorandum, the Tax Agreement, the Financial Feasibility Study, the Subscription Escrow Agreement, and all other agreements and documents required in connection with the consummation of the transactions contemplated hereby; (ii) the cost of the preparation, engraving, printing, execution and delivery of the definitive Bonds and CUSIP numbers with respect thereto; (iii) the fees and disbursements of Bond Counsel, counsel for the Issuer, counsel for the Company, counsel for the Trustee, counsel for the Placement Agent, accountants, feasibility consultant and any other experts retained by the Company; (iv) the acceptance fees of the Trustee; (v) the cost of transportation and lodging for officials and representatives of the Issuer and the Company in connection with attending meetings and the Closing; and (vi) the cost of qualifying the Bonds under the laws of such jurisdictions as the Placement Agent may designate, including filing fees and fees and disbursements of counsel for the Placement Agent in connection with such qualification and the preparation of Blue Sky Memoranda.

The Company shall also pay any expenses incident to the performance of its obligations hereunder and, if the Bonds are not sold by the Issuer to the Placement Agent, the Company shall pay all reasonable expenses incident to the performance of the Issuer's obligations hereunder as provided above.

The Placement Agent shall pay (i) the cost of preparing and publishing all advertisements approved by it relating to the Bonds upon commencement of the offering of the Bonds; (ii) the cost of the transportation and lodging for officials and representatives of the Placement Agent to attend meetings and the Closing; and (iii) any fees of the Municipal Securities Rulemaking Board in connection with the issuance of the Bonds.

18. Benefit of the Agreement. This Purchase Agreement shall inure to the benefit of and be binding upon the Issuer, the Company and the Placement Agent and their respective successors and assigns. Nothing in this Placement Agreement is intended or shall be construed to give any person, firm or company, other than the parties hereto and their respective successors and assigns, and the persons entitled to indemnity and contribution under Section 13 hereof, and their respective successors, assigns and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Placement Agreement or any provision herein contained. This Purchase Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the parties hereto and their respective successors and assigns, and the

persons entitled to indemnity and contribution under Section 13 hereof, and their respective successors, assigns and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser who purchases the Bonds from the Placement Agent or other person or entity shall be deemed to be a successor merely by reason of such purchase.

19. Notices. Any notice or other communication to be given to the Issuer or the Company under this Placement Agreement may be given by delivering the same in writing to the address shown below, and any notice under this Placement Agreement to the Placement Agent may be given by delivering the same in writing to the Placement Agent, as follows:

To the Issuer:	City of Lake Wales, Florida c/o Albert C. Galloway, Jr. 202 East Stuart Avenue Lake Wales, Florida 33859
To the Corporation:	One HC – Lake Wales, LLC 350 South Main Street, Suite 308 Doylestown, Pennsylvania 18901
together with copies to:	Baker Hostetler 200 South Orange Avenue, Suite 2300 Orlando, Florida 32801 Attn: Albert Bustamante, Esq.
To the Placement Agent:	Piper Jaffray & Co. 4250 Lakeside Drive, Suite 216 Jacksonville, Florida 32210 Attn: Matthew Weaver
together with a copy to:	Foley & Lardner LLP One Independent Drive, Suite 1300 Jacksonville, FL 32202 Attn: Chauncey W. Lever, Jr., Esq.

20. Waiver and Release of Personal Liability. No recourse under or upon any obligation, indemnity, covenant or agreement contained in this Placement Agreement or under any judgment obtained against the Issuer, or by the enforcement of any assessment or by legal or equitable proceedings by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of this Placement Agreement, shall be had against any trustee, director, member, commissioner, officer, employee or agent, as such, past, present or future, of the Issuer, either directly or through the Issuer, or otherwise, for the payment for or to the Issuer or any receiver thereof, or to the Placement Agent or otherwise of any amount that may become owed by the Company hereunder. Any and all personal liability of every nature, whether at common law or in equity, or by statute or constitution or otherwise, of any trustee, director, member, commissioner, officer, employee or agent, as such, to respond by reason of any act or omission on his part or otherwise, for the payment for or to the Issuer or any receiver

thereof, the Placement Agent or otherwise, of any amount that may become owed by the Issuer hereunder is hereby expressly waived and released as a condition of and in consideration for the execution of this Placement Agreement.

21. Governing Law. This Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

22. Effective Time of this Agreement. This Purchase Agreement shall become effective upon the acceptance hereof by the Issuer and the Company.

23. Truth-In-Bonding Statement. The Issuer is proposing to issue \$[] aggregate principal amount of Bonds and loan the proceeds thereof to the Company, or an affiliate thereof, for the purposes of (i) financing and refinancing all or a portion of the costs of acquiring, construction and equipping of a senior living facility, consisting of 135 units located on an approximately 15-acre site at the corner of Buck Moore Road and Bel Ombre Circle in Lake Wales, Florida; (ii) funding any necessary reserves; (iii) paying capitalized interest; and (iv) paying costs associated with issuance of the Bonds. The Bonds are expected to be repaid over a period of approximately [] years. At a true interest cost of []% per annum, total interest paid over the life of the Bonds will be \$[]. The sources of repayment or security for the Bonds are the revenues derived from the Loan Agreement and the Subordinate Note and certain other moneys pledged and assigned to the Trustee under the Bond Indenture. Authorizing the Bonds will not result in moneys not being available to finance the other services of the Issuer. This truth-in-bonding statement prepared pursuant to Section 218.385(2) and (3) of the Florida Statutes, as amended, is for informational purposes only and shall not affect or control the actual terms and conditions of the Bonds. A disclosure letter dated the date hereof prepared pursuant to Section 218.385(6), Florida Statutes, as amended, is attached hereto as Exhibit D.

24. Contingency. Notwithstanding anything to the contrary contained herein, in the event the Placement Agent is unable to place all of the Bonds pursuant to the provisions hereof prior to the Closing Date, the Placement Agent hereby agrees to purchase for its own account up to \$[] aggregate principal amount of Bonds at a purchase price of par (the "Purchased Bonds") on the Closing Date upon the terms and conditions and based on the representations, warranties and covenants set forth herein. The Placement Agent shall have the right to sell such Purchased Bonds at any time to other accredited investors or qualified institutional buyers in accordance with applicable securities laws at prices no greater than par. In connection with any such purchase of the Purchased Bonds by the Placement Agent, the Placement Agent agrees to wire the purchase price in immediately available funds to the Trustee not later than 1:00 P.M. Eastern Standard Time on the Closing Date in accordance with instructions provided by the Trustee and the Company. Any such sale to the Placement Agent will be made pursuant to the provisions of this paragraph and will not be made pursuant to a Subscription Escrow Agreement, and the Placement Agent shall not be required to sign a Subscription Escrow Agreement or make any deposit with the Escrow Agent pursuant thereto. In connection with its purchase and sale of the Purchased Bonds on or prior to the Closing Date, all agreements and protections provided herein to the Placement Agent shall apply to the purchase and sale by the Placement Agent of the Purchased Bonds, including but not limited to, provisions relating to conditions to the obligations of the Placement Agent

hereunder, closing conditions, termination, payment of expenses and indemnity. In consideration of the Placement Agent's agreement to purchase the Purchased Bonds pursuant to the provisions of this Section, the Company agrees to pay the Placement Agent a fee in the amount of \$[_____], which fee shall be (i) payable to the Placement Agent at Closing even if all of the Bonds have been placed by the Placement Agent prior to Closing and (ii) separate from and in addition to the Placement Agent's fee for placing the Bonds payable pursuant to Section 1 hereof.

25. Severability. If any provisions of this Placement Agreement shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstance shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or Sections in this Placement Agreement contained, shall not affect the remaining portions of this Placement Agreement, or any part thereof.

26. Execution in Counterparts. This Purchase Agreement may be signed in any number of counterparts, each of which shall be an original, but all of which shall constitute but one and the same instrument.

Very truly yours,

PIPER JAFFRAY & CO.,
as Placement Agent

By: _____
Matthew Weaver, Managing Director

[Signature Page to Bond Placement Agreement.]

Accepted and agreed to as
of the date first above written:

CITY OF LAKE WALES, FLORIDA, as Issuer

By: _____

Name: _____

Title: _____

[Signature Page to Bond Placement Agreement.]

Accepted and agreed to as
of the date first above written:

ONE HC – LAKE WALES, LLC

By: _____
Name: _____
Title: _____

[Signature Page to Bond Placement Agreement.]

EXHIBIT A

Maturities, Amounts, Interest Rates, Prices and Yields

<u>Principal Amount</u>	<u>Due</u>	<u>Interest Rate</u>	<u>Price</u>
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EXHIBIT B

Redemption of the Bonds

1. ***Optional Redemption.*** The Bonds are subject to optional redemption by the Issuer, at the direction of the Borrower, on or after _____ 1, _____, in whole or in part at any time, at the redemption prices as a percentage of par amount set forth below, plus accrued interest to the redemption date; provided, however, no Bonds, or any portion thereof, shall be redeemed pursuant to optional redemption if any Senior Bonds remain Outstanding:

Redemption Period

Redemption Price

2. ***Mandatory Sinking Fund Redemption.*** The Bonds maturing _____ 1, _____ are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest on _____ 1 and _____ 1 of each year and in the principal amounts shown below:

Date

Amount (\$)

Date

Amount (\$)

*Maturity

3. ***Mandatory Redemption.*** Bonds shall be called for redemption (a) in whole or in part in the event the Project or any portion thereof is damaged or destroyed or taken in a condemnation proceeding and Net Proceeds resulting therefrom are to be applied to the payment of the Series 2012 Notes as provided in Section 5.3 of the Loan Agreement, which Net Proceeds are to be used to redeem Series 2012 Bonds at the election of the Borrower made pursuant to Section 5.3 of the Loan Agreement, (b) in whole in the event the Borrower exercises its option to terminate the Loan Agreement pursuant to Article VIII thereof (and cause all of the Bonds to be redeemed as provided in Article III hereof), (c) in whole or in part from proceeds of the Title Policy pursuant to Section 3.9 of the Loan Agreement or pursuant to Section 6.18 of the Loan Agreement, (d) in part in the event of excess amounts remaining in the Project Fund upon completion of the Project as provided in Section 5.03(e) hereof, or (e) in whole in the event the Borrower is required to prepay the Loan following a "Default" under the Loan Agreement.

4. ***Special Redemption Upon Determination of Taxability.*** The Bonds shall be subject to redemption in whole, upon the earliest date upon which notice may be given, upon the occurrence of a Determination of Taxability, at a price equal to 105% of par, plus accrued interest to the redemption date.

Capitalized terms used herein, but not otherwise defined herein, shall have the meanings assigned to them in the Bond Indenture.

EXHIBIT C

Reserved

EXHIBIT D

Disclosure Statement

[____], 2012

City of Lake Wales, Florida
Lake Wales, Florida

Re: \$[____] City of Lake Wales, Florida Senior Housing Community Revenue
Bonds (ViaVita on the Ridge Project), Subordinate Series 2012B

Ladies and Gentlemen:

In connection with the proposed issuance by the City of Lake Wales, Florida (the "Issuer"), of \$[____] in aggregate principal amount of its Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project), Subordinate Series 2012B (the "Bonds"), Piper Jaffray & Co. (the "Placement Agent") is arranging a private placement of the Bonds. Arrangements for placing the Bonds will include a Bond Placement Agreement among the Issuer, One HC-Lake Wales, LLC (the "Company") and the Placement Agent that will embody the negotiations in respect thereof.

The purpose of this letter is to furnish, pursuant to the provisions of Section 218.385(6), Florida Statutes, as amended, certain information in respect of the arrangements contemplated for the underwriting of the Bonds as follows:

- (a) The nature and estimated amounts of expenses to be incurred by the Placement Agent in connection with the placement of the Bonds are set forth in Schedule I attached hereto, all of which will be reimbursed to the Placement Agent by the Company at closing.
- (b) There are no "finders," as defined in Section 218.386, Florida Statutes, as amended, connected with the issuance of the Bonds.
- (c) The Placement Agent will be paid a placement fee of \$[____] per \$1,000 bond and a fee of \$[____] for its agreement to purchase \$[____] in Bonds, pursuant to the Bond Placement Agreement. There is no fee, bonus or other compensation to be paid by the Placement Agent in connection with the issuance of the Bonds to any person not regularly employed or retained by the Placement Agent, except as specifically enumerated as expenses referred to in paragraph (a) above to be incurred by the Placement Agent as set forth in Schedule I attached hereto.
- (f) The name and address of the Placement Agent is:

Piper Jaffray & Co.

4250 Lakeside Drive, Suite 216
Jacksonville, Florida 32210
Attn: Matthew Weaver

We understand that you do not require any further disclosure from the Placement Agent pursuant to Section 218.385(6), Florida Statutes, as amended.

Very truly yours,

PIPER JAFFRAY & CO.

By: _____
Managing Director

Schedule I
EXPENSES

ITEM	PER \$1,000 BOND	TOTAL
------	---------------------	-------

Total:

EXHIBIT "H"

PRIVATE PLACEMENT MEMORANDUM

NOTICE TO INVESTORS

THE SUBORDINATE BONDS MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED UNLESS SUCH OFFER, SALE OR TRANSFER COMPLIES WITH THE LEGEND SET FORTH ON THE SUBORDINATE BONDS AND REPRODUCED BELOW, AND BY ITS ACCEPTANCE OF A SUBORDINATE BOND, EACH PURCHASER AND EACH TRANSFEREE OF A SUBORDINATE BOND IS AND SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED, COVENANTED, ACKNOWLEDGED AND AGREED THAT THE SUBORDINATE BONDS WILL BEAR A LEGEND SUBSTANTIALLY SIMILAR IN THE FORM SET FORTH BELOW:

THIS SUBORDINATE BOND IS AN EXEMPT SECURITY UNDER SECTION 3(A)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT. THIS SUBORDINATE BOND SHALL NOT BE TRANSFERRED EXCEPT IN THE AUTHORIZED DENOMINATION OF \$100,000 AND INTEGRAL MULTIPLES OF \$5,000 IN EXCESS THEREOF AND EXCEPT TO AN "ACCREDITED INVESTOR" OR A "QUALIFIED INSTITUTIONAL BUYER". EACH BENEFICIAL HOLDER OF THIS SUBORDINATE BOND AGREES BY PURCHASE OF SUCH BOND TO ABIDE BY THIS LIMITATION.

No dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Private Placement Memorandum, and if given or made, such information or representations must not be relied upon as having been authorized by the Borrower, the Issuer, or the Placement Agent. This Private Placement Memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby in any state to any person to whom it is unlawful to make such offer in such state. Except where otherwise indicated, this Private Placement Memorandum speaks as of the date hereof.

The Placement Agent has provided the following sentence for inclusion in this Private Placement Memorandum. The Placement Agent has reviewed the information in this Private Placement Memorandum in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Placement Agent does not guarantee the accuracy or completeness of such information. The information contained in this Private Placement Memorandum has been furnished by the Borrower, DTC and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Placement Agent. EXCEPT UNDER THE HEADINGS "THE ISSUER" AND "LITIGATION - ISSUER," THE INFORMATION CONTAINED HEREIN IS NOT TO BE CONSTRUED AS A REPRESENTATION BY THE ISSUER. THE INFORMATION WITH RESPECT TO THE BORROWER IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION OF, THE ISSUER. THE INFORMATION REGARDING DTC HAS BEEN OBTAINED FROM DTC, BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY THE ISSUER OR THE BORROWER. THIS PRIVATE PLACEMENT MEMORANDUM DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUER, THE BORROWER OR THE PLACEMENT AGENT AND ANY ONE OR MORE OF THE PURCHASERS OR HOLDERS OF THE SUBORDINATE BONDS.

Neither the Issuer, its counsel, nor any of its members, agents, employees or representatives has reviewed this Private Placement Memorandum or investigated the statements or representations contained herein, except for those statements relating to the Issuer set forth under the captions "THE ISSUER" and "LITIGATION – Issuer" herein. Except with respect to the information contained under such captions, neither the Issuer, its counsel, nor any of its members, agents, employees or representatives makes any representation as to the completeness, sufficiency and truthfulness of the statements set forth in this Private Placement Memorandum. Members of the Issuer and any other persons executing the Subordinate Bonds are not subject to personal liability by reason of the issuance of the Subordinate Bonds.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Private Placement Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

THE SUBORDINATE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT, AND THE TRUST INDENTURE AND THE LOAN AGREEMENT HAVE NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SUBORDINATE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF LAWS OF THE STATES IN WHICH SUBORDINATE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SUBORDINATE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE PLACEMENT AGENT MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SUBORDINATE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE.

Certain statements included or incorporated by reference in this Private Placement Memorandum constitute "forward looking statements." Such statements are generally identifiable by the terminology used such as "forecast," "plan," "expect," "estimate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD LOOKING STATEMENTS. NO PARTY HAS ANY OBLIGATION TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD LOOKING STATEMENTS IF OR WHEN THE EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

FINANCING PARTICIPANTS

Issuer

City of Lake Wales, Florida

Bond Counsel

Nabors, Giblin & Nickerson, P.A.
Tampa, Florida

Issuer's Counsel

Albert C. Galloway, Jr., P.A.
Lake Wales, Florida

Borrower

One HC - Lake Wales, LLC
Estero, Florida

Borrower's Counsel

Baker & Hostetler LLP
Orlando, Florida

Developer

Heartland Development, LLC
Estero, Florida

Management Company

CRSA/LCS Management, LLC
Memphis, Tennessee

Placement Agent

Piper Jaffray & Co.
Jacksonville, Florida

Placement Agent's Counsel

Foley & Lardner LLP
Jacksonville, Florida

Trustee

Wells Fargo Bank, National Association
Jacksonville, Florida

Trustee's Counsel

Akerman Senterfitt
Jacksonville, Florida

Feasibility Consultant

Moore, Stephens, Lovelace, P.A.
Clearwater, Florida

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APPENDIX E PROPOSED FORM OF BOND COUNSEL OPINION

SUMMARY STATEMENT

The information set forth in this Summary Statement is subject in all respects to more complete information set forth elsewhere in this Private Placement Memorandum, which should be read in its entirety. The offering of the Subordinate Bonds to potential investors is made only by means of this entire Private Placement Memorandum. No person is authorized to detach this Summary Statement from this Private Placement Memorandum or otherwise to use it without this entire Private Placement Memorandum. For the definitions of certain words and terms used in this Summary Statement, see "Definitions of Certain Terms" in APPENDIX B hereto.

Suitability for Investment and Offering

While the Subordinate Bonds are not subject to registration under the Securities Act of 1933, as amended (the "Securities Act"), the Placement Agent (as defined herein) and the Borrower (as defined herein) have determined that the Subordinate Bonds are not suitable for investment by persons other than, and will offer the Subordinate Bonds only to, "accredited investors" and "qualified institutional buyers" as defined in the Securities Act, and the rules promulgated thereunder. See "NOTICE TO INVESTORS" on the inside cover pages of this Private Placement Memorandum and "DESCRIPTION OF THE SUBORDINATE BONDS – Limitations on Transferability of the Subordinate Bonds" herein for certain restrictions on transfers of the Subordinate Bonds.

INVESTMENT IN THE SUBORDINATE BONDS POSES SIGNIFICANT ECONOMIC RISKS. Prospective investors in the Subordinate Bonds should have such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the Subordinate Bonds and should have the ability to bear the economic risks of such prospective investment, including a complete loss of such investment. No dealer, broker, salesman or other person has been authorized by the Issuer (as defined herein), the Placement Agent or the Borrower to give any information or to make any representations, other than those contained in this Private Placement Memorandum. Each prospective investor shall have the opportunity to ask questions of representatives of the Placement Agent as such prospective investor deems necessary in order to make an informed decision with respect to the purchase of the Subordinate Bonds; provided, however, any responses thereto shall be based solely on the information contained in this Private Placement Memorandum. Questions should be directed to the Placement Agent at Piper Jaffray & Co., 4250 Lakeside Drive, Suite 216, Jacksonville, Florida, 32210, Attention: Matthew Weaver, phone number (904) 381-9844.

Potential investors in the Subordinate Bonds, other than Qualified Institutional Buyers, will be required to execute and deliver a Subscription Agreement in the form attached hereto as Exhibit A and deliver a check in the amount of their investment (the "Subscription Amount") to Wells Fargo Bank, National Association, as escrow agent thereof. See also "INTRODUCTION – Suitability for Investment and Offering" herein.

The Issuer and the Subordinate Bonds

The City of Lake Wales, Florida (the "Issuer"), is a Florida municipal corporation and is authorized by Chapter 159, Part II, Florida Statutes, as amended (the "Act") to issue tax-exempt revenue bonds and loan the proceeds thereof to one or more persons, firms or private corporations, or use such proceeds to defray the cost of acquiring, by purchase or by construction, of certain qualifying healthcare and retirement facilities. The Issuer proposes to issue its Senior Housing Community Subordinate Revenue Bonds (ViaVita on the Ridge Project), Subordinate Series 2012B (the "Subordinate

Bonds”) pursuant to the Act and a Trust Indenture, dated as of December 1, 2012 (the “Trust Indenture”), between the Issuer and Wells Fargo Bank, National Association, as bond trustee (in such capacity, the “Trustee”).

The proceeds of the Subordinate Bonds will be used to make a loan to One HC - Lake Wales, LLC (the “Borrower”), pursuant to a Loan Agreement (the “Loan Agreement”), among the Issuer, the Borrower and the Trustee, which, together with other available funds of the Borrower, will be used to: (i) finance a portion of the cost of the acquisition by the Borrower of certain real property consisting of approximately 15 acres located on Buck Moore Road, just south of Bel Ombre Circle, Lake Wales, Florida (the “Site”), together with the improvements constructed or to be constructed thereon consisting of a 135-unit senior living facility and related support facilities, including all buildings, structures and improvements now or hereafter constructed thereon, and all fixtures, machinery, equipment, furniture, furnishings and other personal property hereafter attached to, located in or used in connection with any such structures, buildings or improvements, and all additions, substitutes and replacements thereto, whether now owned or hereafter acquired, all of which is located in Lake Wales, Florida (the “Project” or “ViaVita on the Ridge”), (ii) fund a debt service reserve account for the Subordinate Bonds, (iii) fund an account to pay capitalized interest on the Subordinate Bonds during construction of the Project and for a period of nine months after completion, and (iv) pay certain costs of issuance associated with the issuance of the Subordinate Bonds. See “THE BORROWER AND THE PROJECT,” “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

As a condition of and contemporaneously with the issuance of the Subordinate Bonds, the Issuer will issue its Senior Housing Community Revenue Bonds (ViaVita on the Ridge), Series 2012A (the “Series 2012A Bonds” and with the Subordinate Bonds, the “Series 2012 Bonds”), for the purpose of loaning the proceeds to the Borrower to, among other things, (i) finance a portion of the cost of the acquisition by the Borrower of the ViaVita on the Ridge; (ii) fund an account to pay capitalized interest on the Series 2012A Bonds during construction of the Project and for a period of nine months after completion; (iii) fund a debt service reserve account for the Series 2012A Bonds; and (iv) pay certain costs of issuance. It is currently anticipated that the Series 2012A Bonds will be sold pursuant to a public offering. **The Series 2012A Bonds are not being offered pursuant to this Private Placement Memorandum.** See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

THE SUBORDINATE BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE ISSUER AND ARE NOT A DEBT OR LIABILITY OF POLK COUNTY, FLORIDA (THE “COUNTY”), THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF. THE SUBORDINATE BONDS DO NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE, IN ANY MANNER, THE ISSUER, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAX OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THE SUBORDINATE BONDS. THE SUBORDINATE BONDS ARE PAYABLE SOLELY FROM THE FUNDS PLEDGED FOR THEIR PAYMENT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE LOAN AGREEMENT. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY, ISSUER, NOR THE STATE SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE SUBORDINATE BONDS.

The Borrower and the Project

The Borrower, One HC - Lake Wales, LLC, a multi-member, manager-managed, Florida limited liability company will own and construct ViaVita on the Ridge. The Borrower is a special purpose entity formed to develop and own ViaVita on the Ridge. In order to undertake the development and operation of ViaVita on the Ridge, the Borrower has assembled a team of companies and individuals,

some of which are affiliated with the Borrower, with expertise in the design, financing, construction and operation of senior living facilities. Members of this team include Heartland Development, LLC (the “Developer”), an affiliate of the Borrower, CRSA/LCS Management, LLC (the “Manager”), WPC III, Inc. d/b/a Winter Park Construction (the “Contractor”), and OutsideIn Architecture, LLC (the “Architect”).

The Borrower expects to acquire the Site and to commence construction of the Project promptly following the issuance of the Series 2012 Bonds. ViaVita on the Ridge will be comprised of a senior living facility containing a total of 135 units consisting of 92 independent living units and 43 assisted living units, of which approximately 27 units will be affordable housing, and additional related support or common facilities. The gross square footage of the Project is anticipated to be approximately 148,000 square feet.

Security and Sources of Payment for the Subordinate Bonds

General. The Subordinate Bonds will be limited obligations of the Issuer payable by the Trustee solely from the Revenues pledged under the Trust Indenture, which generally consist of loan repayments to be made by the Borrower pursuant to the Loan Agreement. See “SECURITY FOR THE SUBORDINATE BONDS – The Loan Agreement” herein. See also “LOAN AGREEMENT” in APPENDIX B hereto.

The Subordinate Bonds will be issued under and will be equally and ratably secured under the Trust Indenture, pursuant to which the Issuer will assign and pledge to the Trustee: (1) a promissory note of the Borrower in the aggregate principal amount of the Subordinate Bonds (the “Series 2012B Note”), which Series 2012B Note shall be subordinate in all respects to the lien and security interest granted to the holders of the Series 2012A Note under the Loan Agreement; (2) certain rights of the Issuer under the Loan Agreement; (3) the funds and accounts (excluding the Rebate Fund), including the money and investments in such funds, which the Trustee holds under the terms of the Trust Indenture (subordinate in all respects to the lien and security interest granted to the holders of Senior Bonds); and (4) such other property as may from time to time be pledged to the Trustee as additional security for such Subordinate Bonds or which may come into possession of the Trustee pursuant to the terms of the Loan Agreement or the Trust Indenture.

Prospective Holders of the Subordinate Bonds should note that the payments of principal of, premium, if any, and interest on the Subordinate Bonds will be made solely from amounts on deposit in the Surplus Fund remaining after all other Funds and Accounts under the Trust Indenture, including without limitation, provision for Operating Expenses and payments of principal of, premium, if any, and interest on the Senior Bonds, and provision for various reserves. See “SECURITY FOR THE SUBORDINATE BONDS – The Trust Indenture – The Surplus Fund” herein.

Certain Covenants of the Borrower

Debt Service Coverage Ratio

The Borrower has agreed in the Loan Agreement to prescribe and charge such rents, fees and charges in connection with ViaVita on the Ridge and restrict Operating Expenses relating to the Project so as to achieve on each Ratio Evaluation Date (determined on an annualized basis), commencing with the Ratio Evaluation Date for the first Ratio Period following the earlier of December 31, 2015 or Stable Occupancy, a Debt Service Coverage Ratio of 1.20 on all Senior Bonds and Senior Parity Indebtedness (the “Coverage Test”). The Borrower shall submit to the Trustee a report evidencing its compliance or non-compliance with the Coverage Test within 30 days (90 days after the Annual Evaluation Date) of the Ratio Evaluation Date for the Ratio Period in question. The Borrower

shall in turn distribute such report to the Issuer and the Trustee, at the Borrower's expense. Failure of the Borrower to meet the rate covenant does not constitute a Default with respect to the Series 2012 Bonds, except as described below. See "SECURITY FOR THE SUBORDINATE BONDS – LOAN AGREEMENT – Debt Service Coverage Ratio" herein and "APPENDIX B – THE LOAN AGREEMENT". For the definitions of certain terms used in this section, see "DEFINITIONS" in APPENDIX B hereto.

Liquidity Covenant

Under the Liquidity Covenant contained in the Loan Agreement, Borrower covenants to conduct its business such that, as of and on June 30 and December 31 of each Fiscal Year (each, a "Testing Date"), commencing with the first such date after the earlier of December 31, 2015 or Stable Occupancy, Borrower shall have no less than 100 Days' Cash on Hand on such Testing Date (the "Liquidity Requirement"). In the event the amount of Borrower's Days' Cash on Hand as of any Testing Date is less than the Liquidity Requirement, the Borrower must deliver a certificate disclosing this deficiency and, within 30 days thereafter, deliver a certificate to the Issuer and the Trustee setting forth in reasonable detail the reasons for the deficiency and adopting a specific plan setting forth steps to be taken designed to increase the level of the Days' Cash on Hand to the Liquidity Requirement in future periods. Failure of the Borrower to meet the liquidity covenant does not constitute a Default with respect to the Series 2012 Bonds, except as described below. See "SECURITY FOR THE BONDS – LOAN AGREEMENT – Liquidity Covenant."

"Stable Occupancy" is defined to mean the first full calendar year in which the average occupancy of the units in the Project is equal to or greater than 85%, as evidenced by a certificate executed by a Borrower Representative and delivered to the Trustee.

The Trust Indenture defines "Days' Cash on Hand" to mean, as of the date of calculation, the amount determined by dividing (a) the amount of Cash and Investments on such date by (b) the quotient obtained by dividing Operating Expenses (including interest on investments but excluding provisions for bad debt amortization, depreciation or any other noncash expenses) as shown on the most recent annual audited financial statements (or, with respect to any calculation of Days' Cash on Hand as of any June 30, as reflected in the unaudited trailing twelve month financial statements for the period ending such June 30, as derived from the quarterly financial statements delivered pursuant hereto) by 365.

See "APPENDIX B – THE TRUST INDENTURE" and "THE LOAN AGREEMENT".

Occupancy Covenant

Borrower covenants in the Loan Agreement to satisfy an "Occupancy Requirement." The Occupancy Requirement provides that for each "Occupancy Quarter", which is each fiscal quarter which ends not less than 60 days following the issuance of the first certificate of occupancy for the Project and ending with the first full fiscal quarter following Stable Occupancy (as such term is described above), Borrower will use its best efforts to have occupied the percentage of the total number of units at or above the requirements set forth in the Loan Agreement and below, which levels are measured as of the last day of the applicable Occupancy Quarter.

Occupancy Quarter	Occupancy Requirements Percent
First	14%
Second	24%
Third	32%
Fourth	40%
Fifth	47%
Sixth	53%
Seventh	59%
Eighth	64%
Ninth	71%
Tenth	77%
Eleventh	82%
Twelfth	85%

Within five Business Days after the end of each Occupancy Quarter, the Borrower shall provide the Trustee with the percentage of units occupied at the end of each such Occupancy Quarter.

Financial Feasibility Study

Management's financial forecast for the years ending December 31, 2013, 2014, 2015, 2016 and 2017 in APPENDIX A hereto was examined by Moore, Stephens, Lovelace, P.A., independent certified public accountants, Clearwater, Florida as stated in the report appearing in Appendix A. The Financial Feasibility Study should be read in its entirety for an understanding of the Financial Feasibility Study and the underlying assumptions. As noted in the Financial Feasibility Study, any forecast is subject to uncertainties. Inevitably, some assumptions used to develop the Financial Feasibility Study will not be realized and unanticipated events and circumstances may occur. The actual financial results achieved will vary from those in the Financial Feasibility Study and the variations may be material. The Financial Feasibility Study is not expected to be updated with final pricing information for the Series 2012 Bonds. See APPENDIX A to this Private Placement Memorandum.

Financial Reporting and Disclosure

The Borrower has agreed to provide certain financial information to the Trustee for the benefit of the holders of the Series 2012 Bonds pursuant to the Trust Indenture. Furthermore, the Borrower will enter into an agreement for the benefit of the holders of the Series 2012 Bonds to provide certain information quarterly and annually, and to provide notice of certain events to information repositories and to the initial purchasers of the Subordinate Bonds. For further information, see "TRUST INDENTURE – Financial Reporting" in APPENDIX B hereto and "CONTINUING DISCLOSURE" herein.

Risk Factors

AN INVESTMENT IN THE SUBORDINATE BONDS INVOLVES A SIGNIFICANT DEGREE OF RISK, INCLUDING THOSE RISKS SET FORTH UNDER THE HEADING "RISK FACTORS" HEREIN. A PROSPECTIVE SUBORDINATE BONDHOLDER IS ADVISED TO READ THE ENTIRE PRIVATE PLACEMENT MEMORANDUM, INCLUDING SUCH SECTION, FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SUBORDINATE BONDS.

CAREFUL CONSIDERATION SHOULD BE GIVEN TO THESE RISKS AND OTHER RISKS DESCRIBED ELSEWHERE IN THIS PRIVATE PLACEMENT MEMORANDUM.

PRIVATE PLACEMENT MEMORANDUM

relating to

Up To \$4,500,000
CITY OF LAKE WALES, FLORIDA
Senior Housing Community Revenue Bonds
(ViaVita on the Ridge),
Subordinate Series 2012B

INTRODUCTION

Purpose of this Private Placement Memorandum. This Private Placement Memorandum, including the cover page, Summary Statement and Appendices hereto, is provided to furnish information with respect to the issuance, sale and delivery by the City of Lake Wales, Florida (the "Issuer") of its Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project), Subordinate Series 2012B (the "Subordinate Bonds"). All capitalized terms used in this Private Placement Memorandum and not otherwise defined herein have the same meaning as in the hereinafter described Loan Agreement and Trust Indenture. The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of its terms and conditions. All statements herein are qualified in their entirety by reference to each document. See APPENDIX B hereto for certain definitions and for excerpted provisions of certain of the principal financing documents.

The City of Lake Wales, Florida (the "Issuer") is a Florida municipal corporation and is authorized by Chapter 159, Part II, Florida Statutes, as amended (the "Act") to issue tax-exempt revenue bonds and loan the proceeds thereof to one or more persons, firms or private corporations, or use such proceeds to defray the cost of acquiring, by purchase or by construction, of certain qualifying healthcare and retirement facilities. The Issuer proposes to issue its Subordinate Bonds pursuant to the Act and a Trust Indenture, dated as of December 1, 2012 (the "Trust Indenture"), between the Issuer and Wells Fargo Bank, National Association, as bond trustee (in such capacity, the "Trustee").

The proceeds of the Subordinate Bonds will be used to make a loan to One HC - Lake Wales, LLC (the "Borrower"), pursuant to a Loan Agreement (the "Loan Agreement"), among the Issuer, the Borrower and the Trustee, which, together with other available funds of the Borrower, will be used to: (i) finance a portion of the costs of the acquisition by the Borrower of certain real property consisting of approximately 15 acres of land located on Buck Moore Road, just south of Bel Hombre Circle, Lake Wales, Florida (the "Site") and the design of and acquisition and construction on the Site of a 135-unit senior living facility, including approximately 27 affordable units, and related support facilities, including all buildings, structures and improvements now or hereafter constructed thereon, and all fixtures, machinery, equipment, furniture, furnishings, and other personal property hereinafter attached to, located in or used in connection with any such structures, buildings or improvements, and all additions, substitutes and replacements thereto, whether now owned or hereafter acquired (the "Project" or "ViaVita on the Ridge"); (ii) fund a debt service reserve account for the Subordinate Bonds; (iii) fund an account to pay capitalized interest during construction of ViaVita on the Ridge and for a period of nine months after completion; and (iv) pay certain costs of issuance associated with the issuance of the Subordinate Bonds. See "THE BORROWER AND THE PROJECT," "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

As a condition of and contemporaneously with the issuance of the Subordinate Bonds, the Issuer will issue pursuant to the Trust Indenture its Senior Housing Community Revenue Bonds (ViaVita on the Ridge), Series 2012A (the "Series 2012A Bonds" and, with the Subordinate Bonds, the "Series 2012 Bonds"), for the purpose of loaning the proceeds to the Borrower to, among other things, (i) finance a portion of the costs of ViaVita on the Ridge; (ii) fund an account to pay capitalized interest during construction of the Project and for a period of nine months after completion; (iii) fund a debt service reserve account for the Series 2012A Bonds; and (iv) pay certain costs of issuance. It is currently anticipated that the Series 2012A Bonds will be sold pursuant to a public offering. The aggregate principal amount of the Series 2012 Bonds shall not exceed \$31,000,000. **The Series 2012A Bonds are not being offered pursuant to this Private Placement Memorandum.** See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

THE SUBORDINATE BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE ISSUER AND ARE NOT A DEBT OR LIABILITY OF POLK COUNTY, FLORIDA (THE "COUNTY"), THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF. THE SUBORDINATE BONDS DO NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE, IN ANY MANNER, THE ISSUER, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAX OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THE SUBORDINATE BONDS. THE SUBORDINATE BONDS ARE PAYABLE SOLELY FROM THE FUNDS PLEDGED FOR THEIR PAYMENT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE LOAN AGREEMENT. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE ISSUER, THE COUNTY, NOR THE STATE SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE SUBORDINATE BONDS.

Suitability for Investment and Offering. While the Subordinate Bonds are not subject to registration under the Securities Act of 1933, as amended (the "Securities Act"), the Placement Agent (as defined herein) and the Borrower have determined that the Subordinate Bonds are not suitable for investment by persons other than, and will offer the Subordinate Bonds only to, "accredited investors" and "qualified institutional buyers" as defined in the Securities Act, and the rules promulgated thereunder. See "NOTICE TO INVESTORS" on the inside cover page of this Private Placement Memorandum and "DESCRIPTION OF THE SUBORDINATE BONDS – Limitations on Transferability of the Subordinate Bonds" herein for certain restrictions on transfers of the Subordinate Bonds.

INVESTMENT IN THE SUBORDINATE BONDS POSES SIGNIFICANT ECONOMIC RISKS. Prospective investors in the Subordinate Bonds should have such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the Subordinate Bonds and should have the ability to bear the economic risks of such prospective investment, including a complete loss of such investment. No dealer, broker, salesman or other person has been authorized by the Issuer, the Placement Agent or the Borrower to give any information or to make any representations, other than those contained in this Private Placement Memorandum. Each prospective investor shall have the opportunity to ask questions of representatives of the Placement Agent as such prospective investor deems necessary in order to make an informed decision with respect to the purchase of the Subordinate Bonds; provided, however, any responses thereto shall be based solely on the information contained in this Private Placement Memorandum. Questions should be directed to the Placement Agent at Piper Jaffray & Co., 4250 Lakeside Drive, Suite 216, Jacksonville, Florida 32210, Attention: Matthew Weaver, phone number (904) 381-9844.

Each prospective investor, other than a Qualified Institutional Buyer (a "Subscriber"), will be required to execute and deliver a Subscription Agreement in the form attached hereto as Exhibit A (the "Subscription Agreement") and deliver a check in the amount of its investment (the "Subscription

Amount”) to Wells Fargo Bank, National Association, as escrow agent thereof (the “Escrow Agent”), pursuant to an Escrow Agreement (the “Escrow Agreement”), among the Issuer, the Borrower and the Escrow Agent. The Subscription Amount will be held in escrow by the Escrow Agent pursuant to and in accordance with the Escrow Agreement until the earlier of (i) the date of issuance of the Subordinate Bonds (the “Closing Date”), (ii) [REDACTED], 2012 (unless extended for up to an additional 90 days at the option of the Placement Agent, hereinafter referred to as the “Termination Date”) or (iii) rescission of this Subscription Agreement by the Subscriber in accordance with the terms of the Subscription Agreement. On the Closing Date, the Escrow Agent shall transfer the Subscription Amount to the Placement Agent. The Placement Agent shall transfer the Subscription Amount to Wells Fargo Bank, National Association, as the bond trustee of the Subordinate Bonds, in exchange for the delivery of a Subordinate Bond in a principal amount equal to the Subscription Amount. The Subordinate Bonds shall be in “book-entry” form registered in the name of The Depository Trust Company, as securities depository (“DTC”), and the Subscriber shall be the beneficial owner of a principal amount of Subordinate Bonds in a principal amount equal to the Subscription Amount. Delivery of the Subordinate Bonds shall be accepted through DTC and the beneficial ownership of the Subordinate Bonds in a principal amount equal to the Subscription Amount shall be credited to the brokerage account of the Subscriber held by the Placement Agent. (See “APPENDIX C – BOOK-ENTRY-ONLY SYSTEM”). Also on or promptly after the Closing Date, the Escrow Agent shall deliver to the Subscriber any interest on the Subscription Amount earned from investment of the Subscription Amount in money market funds during the escrow period, in accordance with delivery instructions provided by the Subscriber. If, for any reason, the Subordinate Bonds are not issued by the Termination Date, the Subscription Amount and the interest earnings thereon shall be delivered to the Subscriber, in accordance with delivery instructions provided in the Subscription Agreement, and the Subscription Agreement shall be terminated.

Security and Sources of Payment. The Subordinate Bonds will be limited obligations of the Issuer payable by the Trustee solely from the Trust Estate pledged under the Trust Indenture, which generally consists of loan repayments to be made by the Borrower pursuant to the Loan Agreement. See “SECURITY FOR THE SUBORDINATE BONDS” herein. See also “LOAN AGREEMENT” in APPENDIX B hereto.

The Subordinate Bonds will be issued under and will be equally and ratably secured under the Trust Indenture, pursuant to which the Issuer will assign and pledge to the Trustee: (1) a promissory note of the Borrower in the aggregate principal amount of the Subordinate Bonds (the “Series 2012B Note” and, with the Series 2012A Note described below, the “Series 2012 Notes”) (which Series 2012B Note shall be subordinate in all respects to the lien and security interest granted to the holders of Senior Bonds under the Trust Indenture); (2) certain rights of the Issuer under the Loan Agreement; (3) the funds and accounts (excluding the Rebate Fund), including the money and investments in such funds, which the Trustee holds under the terms of the Trust Indenture (subordinate in all respects to the lien and security interest granted to the holders of Senior Bonds); and (4) such other property as may from time to time be pledged to the Trustee as additional security for such Subordinate Bonds or which may come into possession of the Trustee pursuant to the terms of the Loan Agreement or the Trust Indenture. Simultaneously with the issue of the Series 2012A Bonds, the Borrower shall deliver a promissory note to Issuer, which shall be assigned to the Trustee, in the aggregate principal amount equal to the aggregate principal amount of the Series 2012A Bonds, securing the Series 2012A Bonds (the “Series 2012A Note”).

Prospective Holders of the Subordinate Bonds should note that the payments of principal of, premium, if any, and interest on the Subordinate Bonds will be made solely from amounts on deposit in the Surplus Fund remaining after all other Funds and Accounts under the Trust Indenture, including without limitation, provision for Operating Expenses and payments of principal of, premium, if any, and

interest on the Senior Bonds, and provision for various reserves. See "SECURITY FOR THE SUBORDINATE BONDS – The Trust Indenture – The Surplus Fund" herein.

Risk Factors. AN INVESTMENT IN THE SUBORDINATE BONDS INVOLVES A SIGNIFICANT DEGREE OF RISK INCLUDING THOSE RISKS SET FORTH UNDER THE HEADING "RISK FACTORS" HEREIN. A PROSPECTIVE SUBORDINATE BONDHOLDER IS ADVISED TO READ THE ENTIRE PRIVATE PLACEMENT MEMORANDUM, INCLUDING SUCH SECTION FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SUBORDINATE BONDS. CAREFUL CONSIDERATION SHOULD BE GIVEN TO THESE RISKS AND OTHER RISKS DESCRIBED ELSEWHERE IN THIS PRIVATE PLACEMENT MEMORANDUM.

THE ISSUER

General

The Issuer is a municipal corporation created and existing under the laws of the State of Florida. The Issuer is authorized by the Act to issue bonds for the purpose of providing certain qualified facilities within the City of Lake Wales, Florida. The Issuer is governed by a City Commission consisting of five members. At present, the members of the City Commission of the Issuer and their offices are as follows:

<u>Name</u>	<u>Office</u>	<u>Expiration of Current Term</u>
Michael S. Carter	Mayor/Commissioner	May 1, 2014
Terry Y. Howell	Commissioner	May 1, 2013
Christopher Lutton	Commissioner	May 1, 2016
Jonathan Thornhill	Commissioner	May 1, 2013
Betty Wojcik	Commissioner	May 1, 2015

By a resolution dated June 19, 2012, as amended and restated by a resolution adopted November 28, 2012 (collectively, the "Resolution"), Issuer authorized and approved, among other things, the issuance and sale of the Series 2012 Bonds, the Project, the execution and delivery of the Series 2012 Bonds, Trust Indenture, the Loan Agreement, the Mortgages, the Land Use Restriction Agreement, and the Escrow Agreement.

THE SUBORDINATE BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES PLEDGED THEREFOR UNDER THE TRUST INDENTURE. THE SUBORDINATE BONDS ARE NOT A DEBT OR LIABILITY OF - THE COUNTY, THE STATE, OR OF ANY POLITICAL SUBDIVISION THEREOF. THE SUBORDINATE BONDS DO NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE, IN ANY MANNER, THE ISSUER, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAX OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THE SUBORDINATE BONDS. NEITHER THE FAITH

AND CREDIT NOR THE TAXING POWER OF THE ISSUER, THE COUNTY, OR THE STATE, SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SUBORDINATE BONDS.

Disclosure Required by Florida Blue Sky Laws

Section 517.051 Florida Statutes and Rule 69W-400.003, Florida Administrative Code, provide for the exemption from registration of certain governmental securities and require that, if an issuer or guarantor of governmental securities has been in default at any time after December 31, 1975 as to principal and interest on any obligation issued or guaranteed by it, its securities may not be offered or sold in Florida except by means of an offering circular containing full and fair disclosure, as prescribed by rules of the Florida Department of Financial Services, Office of Financial Regulation, Division of Securities (the "Department of Financial Services"). Under the rules of the Department of Financial Services, the prescribed disclosure is not required if the information is not an appropriate disclosure in that the information would not be considered material by a reasonable investor.

The Issuer has the power to issue bonds for the purpose of financing and refinancing projects for other borrowers, which bonds are payable from the revenues of the particular project or borrower. Revenue bonds issued by the Issuer for parties other than the Borrower may have been or may be in default as to principal and interest. The source of payment, however, for any such defaulted bond is separate and distinct from the source of payment for the Subordinate Bonds and, therefore, any default on such bonds is not considered a material fact with respect to payment of the Subordinate Bonds.

To the knowledge of the Issuer, the Borrower is not and has not been in default at any time after December 31, 1975 as to principal or interest with respect to any of its obligations.

Limited Participation

The Issuer has had limited participation in the preparation of this Private Placement Memorandum and makes no representation as to its content other than the information included under this heading and the information relating to it under the heading "LITIGATION – Issuer".

THE BORROWER AND THE PROJECT

The Borrower - General

The Borrower, One HC - Lake Wales, LLC, a multi-member, manager-managed, Florida limited liability company formed on December 14, 2011, will own ViaVita on the Ridge. The Borrower is a special purpose entity formed to develop and own the Project. In order to undertake the development and operation of ViaVita on the Ridge, the Borrower has assembled a team of companies and individuals, some of which are affiliated with the Borrower, with expertise in the design, financing, construction and operation of senior living facilities. Members of this team include Heartland Development, LLC (the "Developer"), an affiliate of the Borrower, CRSA/LCS Management, LLC (the "Manager"), WPC III, Inc. d/b/a Winter Park Construction (the "Contractor"), and OutsideIn Architecture, LLC (the "Architect"). Set forth below is a description of the Borrower, the development and operation team, and the Project.

The manager of the Borrower is Stuart D. Mills. Mr. Mills is also the representative of Heartland Communities, LLC, a newly formed Florida limited liability company, which will own approximately 40% of the membership interests in the Borrower. The sole member and manager of

Heartland Communities, LLC is Stuart D. Mills. Heartland Communities, LLC's mission is to own, develop and operate faith sponsored senior living communities serving seniors by providing the best value lifestyle and care within that particular faith sponsored community. Heartland Communities, LLC seeks to provide residents the opportunity to maximize their quality of life in an age-in-place environment that will nurture each person in mind, body and spirit. In connection with the development of the Project, the Borrower has entered into a Pledge Agreement dated December __, 2012 (the "Pledge Agreement") with John G. Noonan, as Bishop of the Catholic Diocese of Orlando (the "Diocese") pursuant to which the Borrower will make certain financial contributions to the Diocese and the Diocese will provide certain benefits to Borrower and the Project.

Other members of the Borrower are investors, some of which are single member, member-managed limited liability companies, the managers of which are members of the Borrower's Board of Directors. The managers of these members include F. Thomas Ustler, Mark Rieker, Albert W. Mandia and James Rusnov. Directors representing more than 50% of the membership interests in the Borrower other than Limited Membership Interests) must approve certain "Major Decisions" of the Borrower, such as incurring debt in excess of \$50,000, engaging a Manager for the Project or closing the Project.

[Disclosure regarding Borrower's governance structure and equity investor(s) holding Limited Membership Interest(s) to come.]

Heartland Development, LLC (the "Developer") is affiliated with Heartland Communities, LLC, and has entered into a Development Agreement dated as of September 24, 2012 (the "Development Agreement") with the Borrower to develop the Project. The Developer's development team is comprised of a combination of persons experienced in senior care finance and development and a local Florida based team of development and construction professionals and consultants who have experience in the local community and faith based organizations with specific expertise in project development, real estate and senior care facilities. For further information regarding the Developer and the Developer's Project Team, see "THE BORROWER AND THE PROJECT – The Developer" herein.

Borrower's Board of Directors

Stuart D. Mills, President and Manager. Mr. Mills has been an executive in the senior housing business for over twenty years and has assisted with the development of 24 different facilities in five states. He began his career in retail real estate development and migrated to the senior care business in the early 1990s. Each senior care community he has developed is owned by a separate entity, with Mr. Mills as a manager. Mr. Mills holds a B.S. degree in Business Administration from Monmouth University in New Jersey. Mr. Mills has also completed diverse real estate projects that have included shopping centers, single family homes, multi-family homes, retail facilities and senior communities in New Jersey, Ohio, Pennsylvania, Virginia, New York, Colorado and Florida.

F. Thomas Ustler, CRE. Mr. Ustler works a consultant, broker and advisor to real estate developers, property owners and investors in Central Florida. He focuses on commercial brokerage and consulting for a select group of clients. Specific expertise includes evaluating the highest and best use potential of real estate and coordinating necessary approvals with the appropriate governmental authorities. Mr. Ustler has served as a consultant and realtor for the Catholic Diocese of Orlando since 1968. Mr. Ustler graduated from the University of Florida with a BS in agriculture in 1962 and received his Counselor of Real Estate (CRE) designation in 1992. He serves as a consultant to the Developer and its related affiliates, coordinating project planning, development and promoting faith sponsored projects.

Mark Rieker, Owner's Representative. Mr. Rieker has over thirty years of experience in construction development, construction and project management. He has successfully managed and

delivered over \$2 billion in projects, ranging in size from very small tenant improvements to \$50 million high-rise towers. His direct experience includes healthcare, senior care, veterinary medicine, warehouse and industrial, Class-A office, retail, restaurants, multi-family residential, condominiums, hotel/hospitality, entertainment, educational and civic projects. In 2004, Rieker and Associates was incorporated and in 2006 Mr. Rieker joined with Patrick Duley to form Rieker Duly Construction Company, a licensed Florida commercial general contracting firm, located in Orlando, Florida. Mr. Rieker holds a B.S. in Architectural Engineering & Construction Management from the University of Kansas and he is involved in civic and community-based charities and programs individually and through his companies.

Albert W. Mandia, Director of Finance. Mr. Mandia has 43 years of financial and management experience, the last six years in the senior living industry. Mr. Mandia's experience in the senior care industry includes arranging the financing of six senior housing projects. In addition to his work in the finance function, he also established a management company, of which he is the chief operating officer. Mr. Mandia has also served as a chief financial officer in the commercial banking and mortgage industries.

James Rusnov, Owner's Representative. Mr. Rusnov is President and Chief Executive Officer of Rusnov Real Estate Partners, LLC and a Senior Consultant with Project Management Consultants, LLC. Mr. Rusnov has diverse real estate development experience in both the public and private sectors. He served as Executive Assistant to then Cleveland Mayor (now Senator) George Voinovich from 1979 to 1985. In 1985, Mr. Rusnov and associates began a \$60 million waterfront redevelopment project along the Cuyahoga River in downtown Cleveland, known as "Nautica." Nautica was completed in phases from 1987 through 1994 and includes residential, commercial and entertainment components, including both new construction and historic renovation on a 28 acre site. Nautica has received several national awards. Since 1995, Mr. Rusnov has focused on the senior housing industry in Ohio and neighboring states. Mr. Rusnov is also active with the Catholic Diocese of Cleveland, serving in various volunteer capacities, including as the Capital Improvements Program Manager, Catholic Charities Facilities Corporation from 2004-2008. Mr. Rusinov graduated from Marquette University in 1974 with a BA degree in Political Science and Economics. He continued graduate studies at the University of Akron and received certification from the National Development Council in 1987.

Affiliates and Company Relationships

Heartland Communities, LLC is a holding company that will own various membership interests in certain other faith sponsored, senior living developments in central Florida. The developments will feature independent living and assisted living residences for seniors. In addition to Borrower, Heartland Communities, LLC has formed four new limited liability companies which are affiliated with Borrower and which expect to undertake the following projects:

- One HC - Lady Lake, LLC (ViaVita Lady of the Lake) (The Villages) expects to develop and own a community providing independent living and assisted care in faith sponsorship with St. Timothy Catholic Church and other area Catholic Churches;
- One HC - St. Petersburg, LLC (ViaVita of St. Petersburg) expects to develop and own a community providing independent living and assisted care in faith sponsorship with the Catholic Diocese of St. Petersburg, along with other area Catholic Churches; and
- One HC - Ocala, LLC (ViaVita of Ocala) expects to develop and own a community providing independent living and assisted care in faith sponsorship with Queen of Peace Catholic Church and other area Catholic Churches.

The Site is owned by Sunset Development Group of Polk, LLC ("Sunset Development"). Heartland Communities, LLC has entered into a purchase and sale agreement with Sunset Development to purchase the Site, and Heartland Communities, LLC has entered into a separate agreement to sell the Site to the Borrower for a purchase price of \$1,650,000. The Borrower expects to close the purchase of the Site concurrently with, or soon after, the date the Series 2012 Bonds are issued. The principals of Sunset Development include F. Thomas Ustler, the manager of Sunset Development and a member of the Borrower's board of directors, and Alberto Bustamonte. Mr. Bustamonte is a partner of Baker and Hostetler LLP and represents the Borrower. Mr. Ustler and Mr. Bustamonte own an aggregate 50% interest in Sunset Development.

Furthermore, Stuart D. Mills, or entities in which he has an ownership interest or control, have participated in, owned, managed or otherwise overseen various other senior community living projects. A listing of these projects and affiliated entities is set forth herein under "THE BORROWER AND THE PROJECT - The Developer".

The Pledge Agreement

Under the Pledge Agreement, the Borrower and the Diocese have entered into a relationship intended to benefit seniors of the local Catholic community, while providing a source of financial and charitable support to four local parishes; Holy Spirit Catholic Church, Lake Wales, St. Joseph's Catholic Church, Winter Haven, St. Matthew's Catholic Church, Winter Haven, and St. Ann's Catholic Church, Haines City (each, a "Parish") by Borrower. During the planning, feasibility analysis, construction and operation of ViaVita on the Ridge, the Diocese will provide communication support to the ViaVita on the Ridge for prospective Project residents, through offering ongoing promotional advertisement in Parish bulletins, making Project informational brochures available to Parish members, and maintaining a visible supportive relationship with Project residents. Upon establishment of ViaVita on the Ridge, the Diocese is permitted to recommend an advisory representative to the Project's management to participate in the Project's board of advisors. In consideration of this support, during the term of the Pledge Agreement and any ongoing promotion of ViaVita on the Ridge by the Diocese, Borrower shall donate/contribute to the Diocese 50% of the first month's rent paid by any resident who moves into any part of ViaVita on the Ridge and 50% of the rent paid by such resident on the 13th month of such tenant's residence at ViaVita on the Ridge. Furthermore, on an annual basis, Borrower will contribute not less than 10% of the net annual profit from the Project to the Diocese. All such payments shall be made to the extent funds are available therefor in the Surplus Fund after payment of principal of and interest on the Subordinate Bonds. The majority of the donations/contributions provided for in the Pledge Agreement will be distributed by the Diocese to the Parishes and allocated to each Parish's mission and senior programs. The Pledge Agreement has an initial term ending five years after the first resident makes rent payments, which shall automatically renew for additional five year terms unless cancelled by one of the parties, and it is cancelable by either party for cause upon 30 days notice, provided that the defaulting party shall have 30 days after notice to cure any default. Notwithstanding the foregoing, ViaVita on the Ridge is open to all persons, irrespective of religion, and the Borrower expects that ViaVita on the Ridge will include a resident population with significant diversity. See "APPENDIX B - THE PLEDGE AGREEMENT".

The Developer

The Developer is a single member, Florida limited liability company with a principal business office located in Estero, Florida. Stuart D. Mills is the sole member and manager of Developer. Developer has assembled a development team consisting of company executives and independent consultants to undertake the Project. Based in Estero, Florida and with an office in Doylestown, Pennsylvania, the members of Developer's development team have developed over 10 senior living facilities in New Jersey, New Hampshire, Pennsylvania and Virginia over the past 20 years.

The Development Agreement

Under the Development Agreement, the Developer has assigned Stuart D. Mills as the project administrator and Scott Connell as key personnel to oversee and manage the performance of all of Developer's services. Generally, the Developer will act as Borrower's development services consultant and administrator, by (a) assisting Borrower in the planning, design and completion of the work required to develop, construct, furnish and equip ViaVita on the Ridge, including, without limitation, overseeing, coordinating and administering design and development of ViaVita on the Ridge, and acting as the representative of Borrower in monitoring and dealing with the Contractor; and (b) administering, arranging, supervising and coordinating the decorating, furnishing and equipping of ViaVita on the Ridge. Among other services to be provided by the Developer pursuant to the Development Agreement are design review services, site visits, and certain development services prior to the Completion Date, which services include advising and assisting Borrower in planning, designing and decorating ViaVita on the Ridge, administering the selection and installation of furniture, fixtures and equipment necessary or appropriate to operate and maintain ViaVita on the Ridge, including operating equipment and information technology systems consistent with a Design Guide prepared by Borrower, administering completion of the design and development of the Project and assisting with coordination, administration and supervision of the design and development of ViaVita on the Ridge.

During the term of the Development Agreement, Developer shall be paid a development fee consisting of \$1,500,000, which will be paid in installments as follows: (a) \$500,000 to be paid at closing of the issuance of the Series 2012 Bonds; (b) \$375,000 paid monthly over the construction period; and (c) \$625,000 paid at stabilization. Furthermore, Borrower will reimburse the Developer for certain reimbursable expenses.

Key Staff

The key members of the Developer's Project team, in addition to Mr. Mills, are listed below:

Scott Connell, Project Manager: Mr. Connell has over 35 years of experience in the land development industry in Florida. He has worked for the last fifteen years in managing, coordinating and implementing the business plans for various residential and commercial development projects in Florida. His responsibilities have included the management of HOA and community operations, overseeing and being responsible for financial, property, marketing and sales efforts. He has also overseen the integration of and orchestrated multiple disciplines of development services.

Linda Fitz, Controller: Linda Fitz has 26 years of accounting experience, the last 15 of which have involved real estate development, construction and rental properties. Ms. Fitz has controlled the accounting for 16 construction projects and the corporate-level accounting for the development companies for each of these projects. Ms. Fitz has knowledge in the accounting for various financing alternatives, including tax exempt and taxable variable rate bonds, conventional loans and low income housing tax credits. Ms. Fitz received her Associates' degree in accounting from Central City Business Institute in Syracuse, New York.

Ronald Singer, CPA, Director of Asset Management: Ron Singer has over 25 years of financial and operational experience in the healthcare industry. Mr. Singer has experience in feasibility and acquisition forecasting and modeling, asset start up management and receiver/debtor turnaround and also has experience in providing senior living management and financial service support to multi-site, multi-state operations. Mr. Singer earned a bachelor's degree in Accounting from Temple University and a MBA in Health Care Financial Management, also from Temple

University. Mr. Singer is a certified public accountant (CPA) and a Licensed Nursing Home Administrator (LNHA).

Robert E. Francis, Financial Analyst: Mr. Francis has over 45 years of experience in the financial services industry. For the past six years, he has specialized in analysis of development projects in the senior living industry. Previously, he had spent over 30 years in commercial banking, finishing that segment of his career as CFO of one of the bank subsidiaries for a multi bank holding company. He has also served as Director of Planning to a firm in the mortgage industry. He is a licensed realtor in Pennsylvania and New Jersey. Mr. Francis earned his BS in Finance from Drexel University and also holds a MBA in Management from the Fox School of Business at Temple University.

Roger Otto, Manger of Design and Construction: Mr. Otto has been involved with more than 90 successful construction projects. These include mainly ground up buildings, but also incorporate remodelings, face-lifts, interior finish and additions. Mr. Otto moved to Florida in 1982 to set up the southeast office for a successful mid-western general contractor, becoming a vice president and part owner. He was previously employed by one of the largest design-build developer contractors in the country. Mr. Otto received his B.S. in Civil Engineering. He began his career as an estimator/project manager and became a Class A Certified General Contractor (inactive) in Florida.

Related Prior Experience

Developer has selected the Project as its initial operation in Florida. Developer has not developed any independent living or assisted communities as of the date of this Private Placement Memorandum. However, prior to the inception of the Developer, Stuart Mills, the manager of the Developer and owner of four other development companies, developed certain development projects, including the following:

Developing Entity	Owner/ Name of Community	Location	Level(s) of Care Under Management	Year Community Opened	Independent Living (Units/Beds)	Assisted Living Units/Beds	Dementia Care (Units/Beds)	Low-Income Housing
Whitehall Capital Corporation	WHO Mayfair Hampton, LLC / Mayfair Hampton	Hampton, VA	Assisted Living	1998		40/55		
Whitehall Capital Corporation	WHO Eden Hall, LLC / Eden Hall Hampton	Hampton, VA	Dementia Care	1998			36/46	
Whitehall Capital Corporation	One Hanover, LLC / Daybreak at Hanover	Hanover, VA	Dementia Care	1999			36/46	
Whitehall Capital Corporation	One Roanoke, LLC / Eden at Roanoke	Roanoke, VA	Dementia Care	1999			36/46	
Whitehall Capital	One Lynchburg, LLC / The Fields at	Lynchburg, VA	Assisted Living	1999		40/55		

Corporation	Lynchburg							
Whitehall Capital Corporation	Two Lynchburg, LLC / Daybreak at Lynchburg	Lynchburg, VA	Dementia Care	1999			36/46	
International Senior Development, LLC	One Boyertown Properties, LP / Chestnut Knoll	Boyertown, PA	Dementia Care; Assisted Living	2000		48/58	38/47	
International Senior Development, LLC	Two Reading, LP / Providence House	Reading, PA	Low-Income Housing	2000				85 units
International Senior Development, LLC	Three Reading, LP / Manor House	Reading, PA	Independent Living / Assisted Living	2000	70/70	24/24		
International Senior Development, LLC	Four Woodbury Mews, LLC / The Crossings at Woodbury Mews	Woodbury, NJ	Independent Living	2003	130 unit			
International Senior Development, LLC	Three Woodbury News, LLC / The Gardens at Woodbury Mews	Woodbury, NJ	Dementia Care / Assisted Living	2004		55/65	108/43	
National Commonlife Development, LLC	One Douglassville Properties, LP / Keystone Villa	Douglassville, PA	Independent Living / Assisted Living / Dementia Care	2005	108/108	48/88	24/24	
National Commonlife Development, LLC	Clayton Providence House, LP / Clayton Mews	Clayton, NJ	Low-Income Housing	2005				103 units
Mills Development Group, LLC	Bentley Commons-Bedford, LLC / Bentley Commons at Bedford	Bedford, NH	Assisted Living	2008		85 units		
Mills Development Group, LLC	KM Properties-Lynchburg, LLC / Bentley Commons at Lynchburg	Lynchburg, VA	Independent Living / Assisted Living		43/72	65/65		
Mills Development	Bentley Commons-Keene, LLC /	Keene, NH	Independent Living /	2008	72/144	37/37		

Group, LLC	Bentley Commons at Keene		Assisted Living		
Mills Development Group, LLC	Bentley Commons- Staunton, LLC	Staunton, VA	Independent Living	2009	108

Source: Developer

The Project

Introduction

The Borrower expects to acquire approximately 15 acres on Buck Moore Road, just south of Bel Ombre Circle, Lake Wales, Florida (the “Site”) and to commence construction of ViaVita on the Ridge promptly following the issuance of the Series 2012 Bonds. ViaVita on the Ridge will be comprised of a senior living facility containing a total of 135 units consisting of 92 independent living units (each, an “ILU”) and 43 assisted living units (each, an “ALU”), of which approximately 27 units will be affordable housing, plus additional support and common areas. The gross square footage of the Project is anticipated to be approximately 148,000 square feet.

ViaVita on the Ridge will be designed to include multi-use, open areas reminiscent of a Spanish or Italian piazza or square. Cafés, fitness clubs, dining and other common area elements will be presented as shops along a common “street” complete with lamp posts, landscaping and occasional markets and other activities. Also known as an “age in place” facility, the new design incorporates ADA accessible spaces in all common areas and residential units, allows for units to be expanded and contracted, and provides common areas that can be reconfigured. Sustainable and active facility design is employed in the development program.

Some of the key features of ViaVita on the Ridge include:

- Incorporates traditional residential qualities of privacy, choice, and personalization of resident surroundings
- Incorporates a variety of familiar finishes and varied colors and textures throughout the facility environment
- Sustainable elements and materials for medical and spiritual fulfillment
- Reduced operational and energy impact
- Variety of spatial experiences, including access to programmed outdoor courtyards
- Resident autonomy by making spaces easy to find, identify and use
- Transportation to shopping, entertainment, doctor visits, and religious services
- “Green” design features that focus on access to natural light, air quality, water and energy savings

Living Units and Common Areas

Common areas at ViaVita on the Ridge are planned to include a garden view dining room, a poolside dining room, two private dining rooms, fitness/exercise studio, grotto wine bar, coffee/gift shop, screened-in porches, arbor garden, hair salon, resident laundry facilities, game room, movie theatre, full kitchen for planned resident activities and guest chef demonstrations, administrative offices and storage. Exterior features at ViaVita on the Ridge are planned to include a heated outdoor swimming pool and the grounds will be professionally landscaped to create extensive perennial gardens and walking paths. Each level of care has its own common and support areas; however, all residents of the Project shall be served by a main kitchen. ViaVita on the Ridge will contain approximately 100 parking spaces. See “PROJECT PICTURES” inside the cover page hereof.

The living units are expected to consist of the following:

Independent Living Units

The ILUs are expected to be located in the residential portion of ViaVita on the Ridge, within a 3-story configuration. Each unit will feature a living area, bedroom, dining space, full kitchen and bath. ILUs will be offered unfurnished, however they will be available furnished upon request. Supportive services for ILU residents will include three meals per day, seven days per week, housekeeping services, including linens and towels, transportation upon request and planned social activities on and off site. Management anticipates the ILUs to be available for occupancy approximately 14 months after the Series 2012 Bonds are issued.

Number of Units	Unit Type	Square Feet	Monthly Fee ⁽¹⁾
59	One Bedroom	800 sq.ft.	\$2,705
27	Two Bedroom	960 sq.ft.	\$3,525 ⁽²⁾
6	Two Bedroom w/Den	1,200 sq.ft.	\$3,925

Source: Financial Feasibility Study; Management.

Notes: (1) ILU residents will be required to pay a one-time, non-refundable application fee, initially of \$2,500.

(2) The second person fee for ILUs is \$750 per month.

The following services, amenities and conditions are included in the monthly rent for the Independent Living Units: three meals per day, housekeeping and linen services, an array of activity and social programs, exercise activities, scheduled transportation for outside shopping, social activities and medical appointments. Health promotion and wellness programs will include an on-site wellness clinic, and assistance with arranging Home Health Services as requested. There will be a 24 hour monitored emergency response system provided for residents with a Licensed Practical Nurse (LPN) on site 24 hours per day, 7 days a week.

Independent Living Unit Projected Occupancy

Year Ending December 31	Average Units Occupied	Units Available	Average Occupancy Percentage
2013 ⁽¹⁾	7	92	8%
2014	58	92	63%
2015	86	92	94%
2016	87	92	95%
2017	87	92	95%

Source: Financial Feasibility Study; Management.

Notes: (1) ILUs are expected to become available for occupancy in approximately 14 months after the Series 2012 Bonds are issued, and fill to a 95% occupancy level over an 18 month period at an average of approximately 4.8 units per month.

Assisted Living Units

ALUs will be located in a dedicated wing within ViaVita on the Ridge and shall include a variety of one- and two-bedroom designs with full kitchens and private baths. Supportive services for ALU residents will include three meals per day, seven days per week, housekeeping services, including linens and towels, transportation upon request, and planned social activities on and off site. Management anticipates the ALUs to be available for occupancy approximately 14 months after the Series 2012 Bonds are issued.

Number of Units	Unit Type	Square Feet	Monthly Fee ⁽¹⁾
20	One Bedroom	800 sq.ft.	\$ 3,450
23	Two Bedrooms	960 sq.ft.	\$ 2,825 ⁽²⁾

Source: Financial Feasibility Study; Management.

Notes: (1) ALU residents will be required to pay a one-time, non-refundable application fee, initially of \$1,500.
(2) ALU two-bedroom units will be marketed as dual-occupancy apartments at a monthly rate of \$2,825 per person.

The following services, amenities and conditions are included in the monthly rent for the Assisted Living Units: three meals per day, with assistance if needed, housekeeping and linen services, exercise activities, and scheduled transportation for social activities and medical appointments. Other services for residents will include personalized assistance with bathing, dressing, grooming, incontinence management and medication supervision. Health promotion and wellness programs will include an on-site wellness clinic, and assistance with arranging Home Health Services as necessary. There will be a

24 hour monitored emergency response system provided for residents with a LPN on site 24 hours per day, 7 days per week.

Assisted Living Unit Projected Occupancy

Year Ending December 31	Average Units Occupied	Units Available	Average Occupancy Percentage
2013 ⁽¹⁾	4	66	7%
2014	41	66	63%
2015	61	66	92%
2016	61	66	92%
2017	61	66	92%

Source: Financial Feasibility Study; Management.

Notes: (1) ALUs are expected to become available for occupancy approximately 14 months after the Series 2012 Bonds are issued and fill to a 92% occupancy level over an 18 month period at an average of approximately 3.4 units per month.

Water and Sewer Improvements

The Issuer expects to undertake certain improvements to its water and sewer system to extend the facilities to serve the Project. The Issuer expects to receive a federal Community Development Block Grant to pay all or a portion of the costs of such improvements. In the event that construction of such improvements is delayed, the ability of the Borrower to commence operation of the Project could be adversely affected.

The Land Use Restriction Agreement

During the term of the Land Use Restriction Agreement, ViaVita on the Ridge shall be owned, managed and operated as a “project for residential rental property”, as such phrase is utilized in Section 142(d) of the Code and shall be owned and managed as Rental Housing (as such term is defined by the Land Use Restriction Agreement). In order for the Series 2012 Bonds to be treated as “exempt facility bonds” for a “qualified residential rental project”, ViaVita on the Ridge must meet certain tenant requirements and income restrictions set forth in Section 142(d) of the Code. Section 142(d) requires that the Borrower must make (i) not less than 20% of the Project’s units available to persons whose incomes are at or below 50% of the local area median income, as adjusted from time to time, or (ii) not less than 40% of ViaVita on the Ridge’s units available to persons whose incomes are at or below 60% of the local area median income, as adjusted from time to time. The Borrower has elected to use the 20% threshold for ViaVita on the Ridge. To assist with complying with the requirements of the Code, the Borrower will represent, warrant and covenant, among other things, in the Land Use Restriction Agreement that ViaVita on the Ridge is being acquired and constructed for the purpose of providing a “qualified residential rental project”, subject to Section 142(d) of the Code, the Borrower shall own the entire Project for federal tax purposes and the Project shall be owned, managed and operated as a multifamily residential rental property in accordance with Section 142(d) of the Code and in accordance with other federal or State requirements as may be imposed thereby on ViaVita on the Ridge from time

to time, and that not less than 20% of the completed units in ViaVita on the Ridge shall be occupied by Lower-Income Tenants, as required by Section 142(d) of the Code.

The Land Use Restriction Agreement will have the effect of reducing the potential universe of tenants eligible to reside in ViaVita on the Ridge. See “RISK FACTORS AND INVESTMENT CONSIDERATIONS – Project Risks” herein and “APPENDIX B – THE LAND USE RESTRICTION AGREEMENT” attached hereto.

Project Permits and Licensure.

The Borrower anticipates receipt of all permits and authority from the applicable governmental agencies to develop the Project as planned, including, but not limited to, site development permit, construction, permit monument and building site permit, SWFWMD permit, and NPDES permit. In the Loan Agreement, Borrower represents and covenants to obtain or cause to be obtained all necessary approvals of the State or other federal, State, regional and local government bodies for the acquisition, rehabilitation, equipping and operation of the Project.

In order to operate the assisted living component of the Project, Borrower is obligated to apply to the Florida Agency for Health Care Administration (“AHCA”) for the required assisted living facility licensing. An AHCA assisted living facility application must be made on forms provided by ACHA, submitted under oath and accompanied by the appropriate fee. This application must include information which is required by the State statute and rule, including, but not limited to provider/licensee information, number of beds, management company information, and various required disclosures.

See “RISK FACTORS AND INVESTMENT CONSIDERATIONS – Licensing and Regulatory Compliance of the Project” herein.

The Manager

CRSA/LCS Management, LLC (“CRSA/LCS”) and its affiliates, headquartered in Memphis, Tennessee, and its predecessor, CRSA Management, LLC, have been involved with the Project since March, 2012, serving as the Project’s manager as hereinafter described.

In April 2010, CRSA Management, LLC, which was established in 1989, and its affiliates sold certain of their assets to CRSA Acquisition LLC and its wholly owned subsidiaries, including CRSA/LCS.

CRSA/LCS and its affiliate specialize in operating multi-level and continuing care retirement communities similar to ViaVita on the Ridge. CRSA/LCS and its affiliates are nationally recognized leaders in the marketing and management of senior living facilities throughout the United States. Together, CRSA/LCS and Life Care Services currently manage 94 retirement care communities serving over 28,000 residents in 31 states and the District of Columbia.

Management Agreement

Pursuant to the Management Agreement between the Borrower and the Manager dated as of March 30, 2012 (the “Management Agreement”), the Manager will, among other things: (1) recruit, hire and train a director who will manage the day-to-day operations of ViaVita on the Ridge, subject to and in accordance with the budgets, directives and policies established and issued from time to time by the Borrower; (2) oversee and manage various marketing efforts, programs, policies, training and

procedures related to ViaVita on the Ridge; (3) establish and maintain a system of financial controls for the Project; (4) provide various monthly and annual reports related to financial and operational measurements; (5) assist and advise Borrower on personnel matters; (6) provide additional enumerated services to Borrower, such as providing access to national contracts for certain services and supplies, providing access to certain insurance programs and providing access to operations quality assurance policy and procedure manuals; (7) provide development-stage consulting services, in connection with the planning and development of ViaVita on the Ridge; (8) provide management consulting services which, generally, will be to review ideas presented by Borrower, provide opinions or answers to specific questions on issues raised by Borrower and provide Project management, financial services, human resources, compliance, healthcare consulting, information technology and risk management skills and advice; (9) provide pre-opening services covering a wide range of services and skills, including, but not limited to, establishing financial procedures, preparing an initial operating budget, adapting job descriptions, establishing contacts with regulatory authorities, developing manuals and training materials, interviewing and hiring department heads, orienting and training staff and establishing vendor relationships.

Under the Management Agreement, the Manager will be paid a monthly Management Fee equal to the greater of (x) \$12,500, subject to annual increase by the same percentage increase as the increase in the United States Consumer Price Index for All Urban Consumers from the prior year, or (y) 5.00% of total gross operating revenue, plus additional management consulting fees, pre-opening fees, sales incentives, reimbursable expenses and various other fees. The payment of all fees and obligations due under the Management Agreement is subordinate to the payment of debt service on the Series 2012 Bonds. Upon an event of default under the Trust Indenture, 50% of the base monthly management fees and 100% of the initial marketing and sales incentive fee will be deferred until the event of default is cured. Deferred management fees will be payable over a 24-month period commencing with the month in which no event of default exists, provided that the payment of any of the deferred management fees would not cause an event of default.

The Borrower has agreed in the Management Agreement to maintain a variety of forms of insurance coverage for the Project. The Management Agreement provides, among other things, that any award of monetary damages against Manager, its affiliates, employees and agents shall not be greater than: (i) insurance proceeds collected with respect to the matter plus (ii) the aggregate monthly Management Fees theretofore paid to Manager pursuant to the Management Agreement. The Management Agreement further provides that there will be no award of punitive or exemplary damages.

Under the Trust Indenture, Borrower and Trustee shall execute a collateral assignment of the Management Agreement to the Trustee, consented to by Manager, as additional security for the Bonds.

Key Personnel of Manager

Edward R. Kenny, President and Chief Executive Officer: Edward R. Kenny is a manager of CRSA/LCS Management, LLC and serves as its President and Chief Executive Officer. He is a graduate of Providence College in Providence, Rhode Island with a bachelor of science degree in health services administration. Mr. Kenny joined Life Care Services in 1979 and has administrative experience in four Life Care Services-managed communities. He was promoted to director of operations management in 1987, became vice president in 1989, was promoted to senior vice president in 1990, became executive vice president and secretary in 2001, was promoted to president and chief executive officer in 2006, and became a manager of Life Care Services in 2010.

M. Earl Wade, Chief Operating Officer: M. Earl Wade is a manager of CRSA/LCS Management, LLC and serves as its Chief Operating Officer. Prior to joining Manager (and its predecessor entity), Mr. Wade served as a Partner with the accounting firm of Ernst & Whinney (now Ernst & Young). In this capacity he led the firm's senior housing consulting practice and was heavily involved in the conduct of financial feasibility studies, market research, systems design and litigation support. Mr. Wade has authored numerous articles on the development and financing of senior housing facilities and has been a frequent speaker at national conferences and conventions. He also served as a member of the Advisory Committee to the National Continuing Care Data Base developed by the American Association of Homes and Services for the Aging (known as Leading Age) and has served as a member of the NIC Owner Operator Advisory Council. Mr. Wade is a graduate of The University of Alabama with a degree in Accounting. He is a former member of the Board of Directors of Trezevant Manor, a continuing care retirement community located in Memphis, Tennessee and BayWoods, a cooperative retirement community in Annapolis, Maryland.

Thomas Clements, Vice President/Director of Operations Management: In this role, Mr. Clements is responsible all of Manager's oversight and management responsibilities related to projects and developments included in the LCS Clements Business Unit. He previously served as Vice President of Operations for CRSA Management, LLC, the predecessor company to Manager. Mr. Clements has more than 30 years of retirement living and senior housing experience. He has been involved in the operations of over 15 senior living communities, including full service continuing care retirement communities, retirement cooperatives, rental retirement housing, free standing assisted living and free standing skilled nursing facilities; both for profit and not for profit. Mr. Clements is currently licensed as a nursing home administrator in Virginia, and has previously been licensed in California and North Carolina. Prior to joining CRSA in 2004, Mr. Clements served as Executive Director for Logan Square East in Philadelphia, General Manager of Atlantic Shores Cooperative in Virginia Beach, and President of Westminster Canterbury in Virginia Beach. Mr. Clements is a graduate of the University of Virginia.

Donald P. Selheimer, Finance Manager: Mr. Donald P. Selheimer previously served as Senior Vice President of Finance and Accounting Services for CRSA Management, LLC, the predecessor company to Manager. Prior to joining CRSA in 1994, Mr. Selheimer served as Corporate Controller for Peninsula United Methodist Homes, Inc. (PUMH). PUMH is a Wilmington, Delaware, based multi facility owner operator and manager of life care, nursing and home health care entities. In his capacity as Corporate Controller for PUMH, Mr. Selheimer was responsible for all financial reporting, accounting issues and compliance as well as filing of all required IRS documents. Mr. Selheimer served as a Senior Manager for KPMG Peat Marwick's National Long Term Care Consulting Practice, located in Chicago, Illinois. Additionally, Mr. Selheimer served as a member of Ernst & Young's National Retirement Center Consulting Group. Mr. Selheimer is a past member of the Advisory Panel for the LeadingAge Continuing Care Data Base. Mr. Selheimer has been a presenter of industry information at local and State conferences. In addition, Mr. Selheimer co-authored the article The Impact of the Eighties of Small Business - Trends and Issues which was presented at the small business administration conference in Washington, D.C. Mr. Selheimer graduated from the University of Alabama with a M.A. in Finance and a B.S. in Commerce and Business Administration. Mr. Selheimer is a past President of The Alabama Finance Association, and member of the Financial Management Association.

Bruce Cannon, Vice President of Business Development: Mr. Bruce Cannon serves as Vice President, Director of Business Development for Manager. In this role, he is responsible for overseeing business development, including those related to new project developments and

management opportunities for the LCS Family of companies. Mr. Cannon previously served as Executive Vice President and Chief Financial Officer of CRSA Management, LLC, the predecessor company to Manager and CRSA Development, as well as served as a member of the Company's Board of Directors. He has more than 25 years of retirement living and senior housing experience. Mr. Cannon has been involved in the preparation of more than 100 financial feasibility studies and planning analysis for retirement communities involved with entrance fee, rental, assisted living, skilled nursing and healthcare related facilities. In this capacity, he has been involved with the issuance of more than \$1.5 billion of retirement living and long-term care financings. Prior to joining CRSA in 1989, Mr. Cannon served as a member of Ernst & Whinney's National Retirement Center Consulting Group. In addition, Mr. Cannon has also served as a member of the Advisory Committee to the National Continuing Care Data Base developed by Leading Age and has served as a faculty instructor of Leading Age's Retirement Housing Professionals certification program. Mr. Cannon holds a Bachelor Degree in Accounting from the University of Alabama.

Selected communities include the following:

TABLE 2 – COMMUNITIES MANAGED BY CRSA/LCS AND AFFILIATES

<u>Community</u>	<u>Location</u>	<u>Residential Units</u>	<u>Assisted Living or Personal Care Units</u>	<u>Nursing Beds</u>
Danberry at Inverness	Vestavia, AL	160	72	0
Westminster Village of the Mid South	Blytheville, AR	414	0	0
Sierra Winds	Peoria, AZ (Phoenix)	240	0	70
La Costa Glen	Carlsbad, CA	630	88	58
Meadow Ridge	Redding, CT	226	20	50
Residences at Thomas Circle	Washington, DC	121	55	27
East Ridge Retirement Village	Miami, FL	248	52	60
Spring Harbor	Columbus, GA	196	60	40
Cottage Grove Place	Cedar Rapids, IA	166	19	16
Clare Oaks	Bartlett, IL	164	33	120
Westminster Village West Lafayette	West Lafayette, IN	191	76	58
Christwood	Covington, LA	119	30	20
Bay Woods of Annapolis	Annapolis, MD	147	39	27
Henry Ford Village	Dearborn, MI	855	96	89
Ozarks Methodist Manor	Marionville, MO	58	56	60
The Cedars of Chapel Hill	Chapel Hill, NC	288	4	44
Galloway Ridge	Pittsboro, NC	301	51	40
Sumner on Ridgewood	Akron, OH	101	72	24
Green Country Village	Bartlesville, OK	99	30	28
Dallas Retirement Village	Dallas, OR	87	85	121
Heritage of Green Hills	Reading, PA	196	76	0
Laurel Crest	West Columbia, SC	84	22	12
Rolling Green Village	Greenville, SC	423	74	44
Village at Germantown	Germantown, TN	199	18	30

Source: Manager

The Contractor

ViaVita on the Ridge will be constructed by WPC III, Inc. d/b/a Winter Park Construction, located in Maitland, Florida (the "Contractor"). Winter Park Construction was formed in 1974. WPC III, Inc. d/b/a Winter Park Construction, a Florida corporation, was formed in 2006 and currently has a staff of 78 professionals.

Construction Agreement

Guaranteed Maximum Price Agreement

Contractor and Borrower have entered into an AIA Document A102-2007 Standard Form of Agreement dated as of June 7, 2012 (the "Construction Agreement"). The Contractor agrees in the Construction Agreement to furnish all labor, materials or incidentals required to construct ViaVita on the Ridge, a 3-story independent living/assisted living facility. The Construction Agreement provides that, in consideration of the construction work provided by Contractor, Borrower will pay to Contractor a guaranteed maximum price of \$16,382,231.00 (the "G-Max Price"), subject to additions and deductions by change order. Any cost saving to the G-Max Price, excluding general conditions and Contractor's fixed fees, shall be split between the Borrower and the Contractor. No disbursements of cost savings will be used for any other purposes until the Project is complete. Under the Construction Agreement, the Contractor warrants all labor, materials and workmanship on each building for one year from the date of final inspection of such building per the Contractor's standard contractor's warranty #09-01-10, which is non-transferrable and non-assignable. Extended warranties are not included, unless expressly stated, nor are warranties beyond the Contractor's standard one year warranty.

Insurance Under the Construction Agreement

The Construction Agreement requires the Contractor to purchase and maintain insurance and provide bonds as set forth therein, including, without limitation, Commercial General Liability coverage with a limit of \$1,000,000 per occurrence and \$5,000,000 annual aggregate; Personal Injury and Advertising Injury with a limit of \$1,000,000; Products-Completed Operations (to be maintained at least 2 years after the date of Substantial Completion) at \$1,000,000; Workers' Compensation at an amount required by Florida Statutes; Employer's Liability; Automobile Liability at \$1,000,000 for each occurrence and \$1,000,000 for each accident; Excess or Umbrella Liability coverage of \$5,000,000; and Pollution Coverage. All insurance coverage procured by the Contractor shall be provided by insurance companies having policy holder ratings no lower than "A" and financial ratings not lower than "XII" in the Best's Insurance Guide.

Consequential Damages Under the Construction Agreement

In the Construction Agreement, the Contractor and the Borrower waive claims against each other for consequential damages arising out of or relating to the Construction Agreement, which mutual waiver includes:

- (i) damages incurred by the Borrower for rental expenses, for losses of use, income, profit, financing, business and reputation, and for loss of management or employee productivity or of the services of such persons; and
- (ii) damages incurred by the Contractor for principal office expenses including the compensation of personnel stationed there, for losses of financing, business and reputation, and for loss of profit except anticipated profit arising directly from the work contemplated by the Construction Agreement.

This mutual waiver is applicable, without limitation, to all consequential damages due to either party's termination in accordance with applicable provisions of the Construction Agreement. However, nothing contained in the foregoing related to the waiver of consequential damages is deemed to preclude an award of liquidated direct damages, when applicable, in accordance with the requirements of the Contract Documents.

Liquidated Damages Under the Construction Agreement

The Construction Agreement provides that if the Contractor fails to achieve Substantial Completion, as described in the Construction Agreement, of any one or more of the specified buildings more than 45 days after the deadline for such milestone, Contractor must pay to the Borrower, as total damages, \$6,436 per day per building for each calendar day that Substantial Completion of the specified building is delayed. Total damages to be paid by the Contractor shall not exceed \$315,000.00.

Moreover, in the event that Contractor achieves Substantial Completion of any one or more buildings earlier than 30 days prior to the milestone deadline for Substantial Completion applicable to any one or more buildings, Contractor shall be entitled to receive a bonus in the amount of \$1,000.00 per day per building for each building that Contractor substantially completes earlier than 30 days prior to the milestone deadline for Substantial Completion applicable to each building. Contractor's entitlement to the bonus referenced in the foregoing sentence shall only be applicable to Contractor's early completion of any one or more of the occupied buildings forming part of the work in the Construction Agreement.

Performance and Payment Bond

Under the Construction Agreement, Contractor is obligated to provide to Borrower, prior to commencing work on the Project, an unconditional Payment and Performance Bond in the amount of the G-Max Price in a form acceptable to Borrower. Borrower has received a letter from Guignard Company dated February 24, 2012 in connection with the Contractor and its construction of the Project. Under the letter, Guignard Company states that Guignard Company has handled Performance and Payment Bond requirements for Contractor since 1988 and that, during this period, bonds have continuously been provided by CNA Surety Group. The letter states that CNA Surety Group has a 2011 Best's Rating of A, XV, and is US Department of Treasury listed at \$795,783,000.

Though maximum limits have not been established, Guignard Company has stated that it would consider requests for single bonds in the \$100,000,000 range, with an aggregate work program of \$300,000,000. The letter provides that should Contractor be awarded the contract for construction, Guignard Company would be pleased to provide Performance and Payment Bonds. The Trustee, on behalf of the Holders of the Series 2012 Bonds, will be added to any performance and payment bond as a third party obligee.

It is required that a Performance and Payment Bond shall be obtained, in place and in full force and effect as of the date of Closing.

Key Personnel

Tracy S. Forrest, Chairman and Chief Executive Officer: Tracy S. Forrest, Chairman and Chief Executive Officer of the Contractor, founded and has guided Winter Park Construction since 1974. Mr. Forrest has received further education through the Harvard Business School Executive Education program. He is a state of Florida certificate general contractor and a registered state building contractor. Mr. Forrest sits on the boards of directors of Old Florida National Bank and Rollins College, Hamilton Holt School in Winter Park, Florida.

Jeffrey D. Forrest, President: Jeffrey D. Forrest, president of the Contractor, has over 34 years of experience in the construction industry. Mr. Forrest is currently attending Harvard Business School and will graduate from the OPM Program in February 2013. In addition he has received further education through various executive education programs including the Harvard Business School Executive Education program and the SMU Cox Executive Education program. He is a state certified general contractor holding a Class A license in the states of Florida, Louisiana, North Carolina, South Carolina and Tennessee.

Charles T. Reynolds, Vice President of Pre-Construction & Estimating: Charles T. Reynolds has over 36 years of experience in the construction industry and focuses on estimating and design/build aspects of projecting building costs at the Contractor. Mr. Reynolds began working with the Contractor in 1993 and has managed the company's estimating process since that time. Mr. Reynolds also has developed estimating software to estimate building costs, which software generates various reports, which reflect pricing and historical information. Mr. Reynolds received his architectural design degree from Draughtons College, Nashville, Tennessee and a C.P.M. from Vanderbilt University.

Kevin A. Corrado, Chief Operating Officer: Kevin A. Corrado joined the Contractor in 1994 and brings over 26 years of experience in the construction industry to the company. He attended Hillsborough Community College. Mr. Corrado conducts day-to-day supervision over all Contractor operations personnel and assists the company's pre-construction department, oversees planning of logistics, conceptual scheduling and general condition requirements. He also works with the Contractor's accounting, scheduling and IT staff during each project, from initial planning to completion.

Craig Gum, Business Development Manager: Craig Gum has been with the Contractor since 2005 and is the Business Development Manager at the Contractor. He earned a Bachelor of Science Construction Management degree from Northeast Louisiana University and began work in the construction industry in 1985. His project history includes extensive work including civil, municipal, retail centers, industrial, medical, assisted living and hospital facilities. As business development manager, he oversees client relationships, as well as facilitating the pre-construction process. Mr. Gum's recent project experience includes: The Sonata at Melbourne, Serenades by Sonata and Oakmonte Village at Lake Mary – Phase I.

Paul Caruana, Project Executive: Paul Caruana is a project executive with the Contractor with over 33 years of construction experience in the construction industry. Mr. Caruana is involved in all phases of the project, from initial conception through completion. He joined the Contractor in 1986 and his responsibilities include direct client communication, oversight of project manager regarding negotiating subcontractor and supplier contracts, job cost control, construction schedule and coordination with the project superintendent, architect and owner. Mr. Caruana attended Erie Community College and has participated in numerous continuing education programs. Mr. Caruana's recent project experience includes: Vacation Village at Parkway, Seven Eagles Town Homes and The Sonata at Melbourne.

Frank Gerlach, General Superintendent: Frank Gerlach is a general superintendent for the Contractor and has over 29 years of experience in the construction industry in commercial, resort, multifamily and residential projects. Mr. Gerlach joined the Contractor in 1997 and currently supervises and coordinates the Contractor's projects, reporting directly to the senior operations manager and Chief Operating Officer. His recent project experience includes: Arbor Glen and Verano Apartments. Mr. Gerlach completed 1,000 hours of masonry construction training from the Board of Cooperative Educational Services, graduating first in his class and has participated in various continuing education programs.

The Contractor has provided construction services to over 650 construction projects. The following is a list of various current and recently completed projects undertaken by Contractor.

Project Name	Location	Project Type	Value	Completion Date
Oakmonte Village at Lake Mary – ALF	Lake Mary, FL	Assisted Living Facility	\$8.7 Million	February, 2013
Heroes Manor at Camp Lejeune Phase I	Camp Lejeune, NC	Military Housing	\$28.5 Million	February, 2012
Lost Creek Apartments	Sarasota, FL	Multifamily	\$18.3 Million	May, 2012
University House Central Florida	Orlando, FL	Student Housing	\$34.3 Million	June, 2012
The Grandview at Las Vegas – Tower 5	Las Vegas, NV	200 unit, 20 story timeshare building	\$52 Million	August, 2013
Vacation Village at Parkway 2B Sitework	Kissimmee, FL	Sitework for future timeshare buildings 20 & 21	\$2.5 Million	February, 2012
Desert Club	Las Vegas, NV	Administration Building Renovation	\$1.1 Million	February, 2012
Storm Proofing Drainage Pumps – 3, 6 & 30	New Orleans, LA	Renovation/Restoration	\$11 Million	February, 2012
Oakmonte Village at Lake Mary – Villas	Lake Mary, FL	Senior Living Villas	\$1.5 Million	May, 2012
The Sonata at Melbourne	Melbourne, FL	Assisted Living Facility/Independent Living Facility	\$14.5 Million	April, 2012
Oakmonte Village at Lake Mary	Lake Mary, FL	Assisted Living Facility/Independent Living Facility	\$25.6 Million	June, 2009
Serenades by Sonata	Longwood, FL	Memory Care Facility	\$4 Million	August, 2011
Victoria Park	Davenport, FL	Multifamily	\$25.7 Million	October, 2009
Heritage Crossing Neighborhood at Reunion® Resort	Reunion, FL	Multifamily	\$27 Million	November, 2005
The Vista at Lost Lake	Clermont, FL	Multifamily	\$23.2 Million	December, 2007
Verano Apartment Homes	Kissimmee, FL	Multifamily	\$31.3 Million	October, 2008
Arbor Glen	Lakeland, FL	Multifamily	\$24.7 Million	September, 2008
Oaks at Riverview	Tampa, FL	Multifamily	\$18.9 Million	November, 2005
Seven Eagles Neighborhood at Reunion® Resort	Reunion, FL	Hospitality	\$11.9 Million	November, 2005

Source: Contractor

The Construction Monitor

The Borrower has engaged Special Asset Services, Inc., Oviedo, Florida (the "Construction Monitor") to serve as Construction Monitor for the Project. The Construction Monitor is providing the services under the Loan Agreement for the benefit of the Trustee. Founded in 2009, the Construction Monitor provides construction monitoring services to banks and other real estate lenders. The principals of the Construction Monitor are Hiram R. McLeod and Robin A. McLeod. Mr. McLeod graduated from the University of Florida School of Architecture with a bachelor's degree in Building Construction in 1982. Since 1984 he has held a Florida general contractors license. He worked in various phases of the construction industry prior to founding the Construction Monitor. Prior to the formation of the Construction Monitor, Ms. McLeod served as a property manager for an office complex in Winter Park, Florida.

The Construction Monitor and its principals have provided construction monitoring services to Regions Bank, RBC Bank, Old Florida National Bank, Pinnacle Bank, Fairwinds Credit Union, M&I Bank, United Legacy Bank, Citizens Bank of Florida, Anderen Bank, and UCF Federal Credit.

The Construction Monitor has been engaged to provide a full pre-closing document review for the Project and other activities, including, among other things, review of plans and specifications for the construction project to determine sufficiency to complete the Project, as proposed, a pre-construction meeting with project team to review details of the Project, review of value engineering, scheduling, budgets, permitting, review of construction plans, contracts, required insurances to accommodate compliance with state regulations, as well as the requirements for licensure pursuant to the Florida Construction Statutes.

In addition to the pre-construction review, the Construction Monitor will review and approve construction progress requisitions and change orders on a monthly basis throughout the Project's construction period. This will include monthly site visits, review of testing reports, authorization of Contractor's application for payment and taking pertinent progress photos of construction of the Project. The Construction Monitor will oversee substantial compliance with percentages of completion to the approved plans and specifications, and will perform an overall review of safety and workmanship.

Construction Monitor Agreement

By a letter agreement dated July 19, 2012 ("Construction Monitor Agreement"), between the Construction Monitor and the Borrower, the Construction Monitor will provide monthly progress construction inspection review services consisting of, among other things, verification of construction budgets, review of environmental reports, and reviews of surveys, zoning and architectural documents for the Project. Monthly services, including, but not limited to, site visits, review of construction progress, review of testing reports, change orders, safety and workmanship matters and other pertinent project information will also be supplied by the Construction Monitor for the Project. Construction Monitor will be compensated \$950 per month for the monthly progress construction inspection services per inspection and compensation for a pre-closing document review will be \$1,800.

The Architect

The Architect, OutsideIn Architecture, LLC (the "Architect"), provides full service planning, development and design and project management consulting services and currently utilizes 15 different contract consultants, selected on a project basis for the level of skill needed, project location and specialty. Darren Azdell is the principal/architect of the Architect. The Architect has one full time employee and has performed architectural services on over 130 projects. In addition, the Architect has contracted with two additional consultants to work on the Project. Pursuant to an AIA Document B-

102, as amended, dated as of June 28, 2012 (the "Architect Agreement"), by and between the Borrower and the Architect, the Architect will provide certain design and consulting services for the Project.

Key Personnel:

Darren Azdell, Architect of Record: Darren Azdell is the principal/architect with OutsideIn Architecture, LLC and has over 20 years of experience in project management, commercial development, architecture, interior design, construction and property management. Mr. Azdell has a background in design-build-development and is a published designer who has overseen the design and building of over 19 million square feet of premium office, lab, institutional, industrial and multi-family and government facilities over the last decade. Mr. Azdell has served as Adjunct Associate Professor for the University of South Florida for over 14 years in the areas of Real Estate and Architecture, with an emphasis on sustainable development. Mr. Azdell earned a Master of Architecture degree, summa cum laude, from the University of South Florida. He also performed post-bachelor work at the University of Florida, Vicenza Institute of Architecture, Vicenza, Italy, and holds Certificates in Building Construction, Real Estate Development, Sustainable Planning and Design, Engineering and Associated Technologies the University of South Florida, University of Florida and Florida State University. Professional affiliations and awards include American Institute of Architects, Urban Land Institute, US Green Building Council, FA/AIA Bronze Medal, Addy, AGC and NAIOP design awards.

Frank Richarz, Design Architect. Mr. Richarz has over 16 years of experience in commercial development, architecture, construction, and property management. He has worked for the past 10 years with the current design team. He is a registered architect in Florida. Mr. Richarz holds a Masters of Architecture and a BS from the University of South Florida and certified in LEED and associated technologies.

Frederick Link, Project Architect. Mr. Link has over 16 years of experience in commercial development, architecture, and construction. He has worked for the past 10 years with the current design team. He has specific experience in computer-aided drafting and design (CADD), interdisciplinary coordination, and quality assurance. He is a licensed architect in Arizona. Mr. Link holds a Bachelor in Environmental Design from the University of Minnesota College of Architecture, and is certified in LEED and associated technologies.

Owner's Representative

The Borrower has engaged Mark Reiker, one of its members of the Borrower's Board of Directors, to serve as the Owner's Representative during construction of the Project. See "*Borrower's Board of Directors*," above.

Assignment of Construction Contracts

Each of the Construction Agreement, the Construction Monitor Agreement, the Architect's Agreement and Owner's Representative Agreement will be collaterally assigned to the Trustee as additional security for the Series 2012 Bonds.

PLAN OF FINANCE

Subordinate Bonds

The Subordinate Bonds will be issued by the Issuer and the proceeds of the Subordinate Bonds will be loaned to the Borrower. The proceeds of the Subordinate Bonds will be used, together with other available funds of the Borrower; to (i) finance a portion of the costs of the Project; (ii) fund an account to pay capitalized interest on the Subordinate Bonds during construction of the Project and for a period of nine months after completion of the Project; (iii) fund a debt service reserve account for the Subordinate Bonds; and (iv) pay certain costs of issuance associated with the Subordinate Bonds.

Senior Bonds

As a condition of and contemporaneously with the issuance of the Subordinate Bonds, the Issuer will issue the Series 2012A Bonds for the purpose of loaning the proceeds to the Borrower to, among other things, (i) finance a portion of the costs of the Project; (ii) fund an account to pay capitalized interest on the Series 2012A Bonds during construction of the Project and for a period of nine months after completion of the Project; (iii) fund a debt service reserve account for the Series 2012A Bonds; and (iv) pay certain costs of issuance associated with the Series 2012A Bonds. The Series 2012A Bonds are "Senior Bonds" under the Trust Indenture and payments of principal of, premium, if any, and interest on the Subordinate Bonds is subordinate to such payments of the Series 2012A Bonds, any Additional Bonds issued pursuant to the Trust Indenture, and any Senior Parity Indebtedness (collectively, "Senior Obligations").

It is currently anticipated that the Series 2012A Bonds will be sold pursuant to a public offering.

The Series 2012A Bonds are not being offered pursuant to this Private Placement Memorandum. The Series 2012 Bonds and the Subordinate Bonds are collectively hereinafter referred to as the "Series 2012 Bonds". See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are as follows:

SOURCES OF FUNDS

Series 2012A Bonds	\$
Subordinate Bonds	
Equity Contribution from the Borrower	
Total Sources of Funds	

USES OF FUNDS

Deposit to Project Fund
Deposit to Series 2012A Reserve Account
Deposit to Subordinate Series 2012B Reserve Account ^(a)
Deposit to Capitalized Interest Account
Bond issuance costs ^(b)
Total Uses of Funds

- (a) The amount to be deposited in the Series 2012B Subordinate Reserve Account is estimated based upon the issuance of \$4,000,000 in principal amount of Subordinate Bonds. If more or less than \$4,000,000 in principal amount of Subordinate Bonds are issued, the amount deposited into the Series 2012B Subordinate Reserve Account shall be increased or reduced accordingly.
- (b) Management estimates, based on information provided by the Placement Agent, that bond issuance costs will approximate this amount, including legal fees, accounting fees, Underwriter's discount, Placement Agent's fees, and other costs associated with the issuance of the Series 2012 Bonds. Costs in excess of 2% of the sale amount of the Series 2012 Bonds (which equals the par amount of the Series 2012 Bonds plus net original issue premium) will be paid from an equity contribution from the Borrower.

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ESTIMATED ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth the estimated amounts required for the payment of principal and interest due on the Bonds at maturity or by mandatory sinking fund redemption for each fiscal year of the Borrower ending December 31.

Fiscal Year Ended December 31	Series 2012A Bonds		Subordinate Series 2012B Bonds ⁽³⁾		Total Debt Service	
	Principal	Interest	Principal	Interest		
2013						
2014						
2015						
2016						
2017						
2018						
2019						
2020						
2021						
2022						
2023						
2024						
2025						
2026						
2027						
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2041						
2042						
2043						
2044						
2045						
2046						
2047	-	-	-			

(1) Assumes the sale and issuance of \$4,000,000 in aggregate principal amount of Subordinate Bonds. If more than \$4,000,000 principal amount of Subordinate Bonds are issued, the aggregate principal amount of the Series 2012A Bonds may be decreased.

THE SUBORDINATE BONDS

General Description

The Subordinate Bonds will be issued pursuant to the Trust Indenture. The Subordinate Bonds will be issued as fully registered bonds in Authorized Denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof.

So long as The Depository Trust Company, New York, New York ("DTC") acts as securities depository for the Subordinate Bonds, as described in "BOOK-ENTRY ONLY SYSTEM" in APPENDIX C hereto, all references herein to "Owner," "owner," "Holder" or "holder" of any Subordinate Bonds or to "Subordinate Bondowner," "Bondholder," "bondowner" or "bondholder" are deemed to refer to Cede & Co., as nominee for DTC, and not to Participants, Indirect Participants or Beneficial Owners (as defined herein).

The Subordinate Bonds will be initially issued in fully registered form and, when issued, will be registered in the name of Cede & Co. as nominee of DTC. DTC will act as Securities Depository for the Subordinate Bonds. Individual purchases of interests in the Subordinate Bonds will be made in book-entry form in Authorized Denominations. Purchasers of such interests will not receive certificates representing their interest in the Subordinate Bonds except in the event that use of the book-entry system for the Subordinate Bonds is discontinued as described below. For a description of the method of payment of principal, premium, if any, and interest on the Subordinate Bonds and matters pertaining to transfers and exchanges while in the book-entry only system, see the information in "BOOK-ENTRY ONLY SYSTEM" in APPENDIX C hereto.

So long as Cede & Co. is the registered owner, the Trustee will pay such principal of, premium, if any, and interest on the Subordinate Bonds to DTC, which will remit such principal, premium, if any, and interest to the Direct and Indirect Participants which, in turn, will remit such payments to the Beneficial Owners of the Subordinate Bonds. See "BOOK-ENTRY ONLY SYSTEM" in APPENDIX C hereto.

If either (a) the Issuer receives notice from DTC (or any successor Securities Depository) to the effect that such Securities Depository is unable or unwilling to discharge its responsibility as Securities Depository for the Subordinate Bonds or, (b) the Issuer elects with the prior written consent of the Borrower to discontinue the use of the Securities Depository and the Issuer fails to establish a securities depository/book-entry system relationship with another Securities Depository, then the Issuer and any Fiduciary each shall do or perform or cause to be done or performed all acts or things, not adverse to the rights of the Holders, as are necessary or appropriate to discontinue use of such Securities Depository for the Subordinate Bonds and to transfer the ownership of each of the Subordinate Bonds to such person or persons, including another Securities Depository, as the Holder of the Subordinate Bonds may direct in accordance with the Trust Indenture. Any expenses of such discontinuance and transfer, including expenses of printing new certificates to evidence the Subordinate Bonds, shall be paid by the Borrower.

Limitations on Transferability of Subordinate Bonds

Purchasers are advised to consult legal counsel prior to making any resale, pledge or transfer of the Subordinate Bonds.

Transfers of the Subordinate Bonds may be made only in accordance with the legend appearing on the Subordinate Bonds. Each such Subordinate Bond will bear a legend substantially in the form which states:

THIS SUBORDINATE BOND IS AN EXEMPT SECURITY UNDER SECTION 3(A)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT. THIS SUBORDINATE BOND SHALL NOT BE TRANSFERRED EXCEPT IN THE AUTHORIZED DENOMINATION OF \$100,000 AND INTEGRAL MULTIPLES OF \$5,000 IN EXCESS THEREOF AND EXCEPT TO AN "ACCREDITED INVESTOR" OR A "QUALIFIED INSTITUTIONAL BUYER." EACH BENEFICIAL HOLDER OF THIS SUBORDINATE BOND AGREES BY PURCHASE OF SUCH BOND TO ABIDE BY THIS LIMITATION. ANY PURCHASER OF THIS SUBORDINATE BOND AFTER THE INITIAL OFFER MUST BE AND SHALL BE DEEMED TO BE AN "ACCREDITED INVESTOR" AS DEFINED IN THE SECURITIES ACT.

Interest on the Subordinate Bonds

Interest on the Subordinate Bonds will be initially payable on _____ 1, 2013, and annually on each _____ 1 thereafter (each, an "Interest Payment Date") at the Interest Rate (as set forth on the inside front cover).

Redemption of Subordinate Bonds

Optional Redemption. The Subordinate Bonds are subject to optional redemption prior to maturity at the direction of the Borrower, on or after _____ 1, 2017, in whole or in part at any time, at a redemption price of 100% of the principal amount thereof, and without premium, plus accrued interest to the Redemption Date; provided, however, that no Subordinate Bond may be redeemed while any Senior Obligation remains outstanding.

Mandatory Redemption.

The Series 2012 Bonds shall be called for redemption (1) in whole or in part in the event the Project or any portion thereof is damaged or destroyed or taken in a condemnation proceeding and Net Proceeds resulting therefrom are to be applied to the payment of the Series 2012 Notes as provided in the Loan Agreement, which Net Proceeds are to be used to redeem the Series 2012 Bonds at Borrower's election pursuant to the Loan Agreement, (2) in whole in the event the Borrower exercises its option to terminate the Loan Agreement due to the events permitting termination listed therein (and cause all of the Bonds to be redeemed as provided in the Trust Indenture), (3) in whole or in part from the proceeds of the Title Policy pursuant to the Loan Agreement or the proceeds of a sale or release of property under the Mortgages pursuant to the Loan Agreement, (4) in part in the event of excess amounts remaining in the Project Fund upon completion of the Project as provided in the Trust Indenture, or (5) in whole in the event the Borrower is required to prepay the Loan following a "Default" under the Loan Agreement. See "APPENDIX B – THE INDENTURE" and "—THE LOAN AGREEMENT".

If called for redemption at any time pursuant to (1) through (5) in the paragraph immediately above, the Series 2012 Bonds to be redeemed shall be subject to redemption by the Issuer prior to maturity, in whole at any time or, in the case of redemption pursuant to clause (1), (3) or (4) above, in part, at any time (less than all of the Series 2012 Bonds to be selected in accordance with the provisions of the Trust Indenture, as described therein under the caption "Selection of Bonds to be Redeemed") at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date; such redemption date to be a date determined by the Borrower, and in the case of a

redemption pursuant to clause (5) immediately above, to be the earliest practicable date as determined by the Trustee following acceleration of amounts due under the Loan Agreement.

Notwithstanding anything to the contrary in the Trust Indenture, no Subordinate Bond, or any portion thereof, may be redeemed as provided in the two immediately preceding paragraphs if any of the Senior Bonds are then Outstanding.

Mandatory Sinking Fund Redemption

The Series 2012B Bonds are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest on 1 of each year and in the principal amounts shown below:

SERIES 2012B BONDS MATURING 1, 2047

Date	Amount	Date	Amount
† <u>Maturity</u>			

The amount of Subordinate Bonds required to be redeemed by mandatory sinking fund redemption in each year shall be reduced by the amount of any Subordinate Bonds purchased by the Borrower in the open market, including purchases the Issuer, at the Borrower's request, may direct the Trustee to make from the respective Principal Account that would otherwise be used for mandatory sinking fund redemption (so long as the amounts remaining therein shall be sufficient for any other mandatory sinking fund redemption then required), or delivered to the Trustee for cancellation. See "APPENDIX B –THE TRUST INDENTURE".

Special Redemption Upon Determination of Taxability

The Subordinate Bonds shall be subject to redemption, in whole, upon the earliest date upon which notice may be given as provided in the Trust Indenture, upon occurrence of a Determination of Taxability, at a price equal to 105% of par, plus accrued interest to the redemption date. As it relates to the Subordinate Bonds, "Determination of Taxability" occurs when (i) the Issuer is advised in writing by the Internal Revenue Service ("Service") that the Service has made a final determination, from which no further right of administrative appeal exists, that interest on any Subordinate Bonds is includable in gross income for federal income tax purposes as a result of any action, or failure to act, by the Issuer or the Borrower, or (ii) the Issuer receives written notice from any existing or former Holder (or Beneficial Owner) of any Subordinate Bond that the Service has issued a statutory notice of deficiency or similar notice to such Holder (or Beneficial Owner) which asserts, in effect, that interest on any Subordinate Bonds is includable in the gross income of such Holder (or Beneficial Owner) for federal income tax purposes (together with a copy of such notice of deficiency or similar notice), as a result of any action, or failure to act, by the Issuer or the Borrower. See "APPENDIX B –THE TRUST INDENTURE".

Selection of Bonds to be Redeemed

Subordinate Bonds may be redeemed only in Authorized Denominations. If less than all of the Subordinate Bonds are being redeemed: (i) the principal amount of such Bonds to be redeemed shall be designated by the Borrower in writing to the Trustee and (ii) the particular Subordinate Bonds or portions thereof to be redeemed shall be selected by the Trustee by lot or in such manner as the Trustee in its discretion may deem proper. Subject to requirements of any Clearing Agency (as such term is

defined in the Trust Indenture), if it is determined that less than all of the principal amount represented by any Subordinate Bond is to be called for redemption, then, following notice of intention to redeem such principal amount, the Holder thereof shall surrender such Bond to the Trustee on or before the applicable redemption date for (a) payment on the redemption date to such Holder of the redemption price of the amount called for redemption and (b) delivery to such Holder of a new Subordinate Bond or Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such Bond, which shall be an Authorized Denomination. A new Subordinate Bond representing the unredeemed balance of such Bond shall be issued to the Holder thereof, without charge therefor. If the Holder of any Subordinate Bond or integral multiple of the Authorized Denomination selected for redemption shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the amount called for redemption (and to that extent only), and interest shall cease to accrue from the date fixed for redemption.

Notwithstanding the foregoing, except for mandatory sinking fund redemptions discussed above, no Subordinate Bond may be redeemed as provided in the Trust Indenture if any Senior Bond is then Outstanding.

See "APPENDIX B – THE TRUST INDENTURE".

Notice of Redemption

In the event any of the Subordinate Bonds are called for redemption, the Trustee shall give notice, in the name of the Issuer, of the redemption of such Bonds, which notice shall (i) specify the Subordinate Bonds to be redeemed, the CUSIP number of the Subordinate Bonds (if any), the redemption date, the redemption price and the place or places where amounts due upon such redemption will be payable (which shall be the designated corporate trust office of the Trustee) and, if less than all of the Subordinate Bonds are to be redeemed, the numbers of the Subordinate Bonds, and the portions of the Subordinate Bonds, to be so redeemed and (ii) state that on the redemption date the Subordinate Bonds to be redeemed shall cease to bear interest. Such notice may set forth any additional information relating to such redemption and must reference that, with respect to optional redemptions only, if the Trustee does not have funds in its possession on the redemption date sufficient to pay the redemption price (including interest accruing to the redemption date) of all of such Subordinate Bonds to be optionally redeemed for any reason (including, but not limited to, failure to issue any refunding obligations intended for such purpose on or prior to the redemption date), then the purported optional redemption and such notice of redemption shall be void. Such event shall not constitute an Event of Default under the Trust Indenture. The notice shall be given by Mail to the Holders of the Subordinate Bonds to be redeemed, at least thirty (30) days but no more than sixty (60) days prior to the date fixed for redemption. Upon presentation and surrender of the Subordinate Bonds so called for redemption at the place or places of payment, such Subordinate Bonds shall be redeemed.

Notwithstanding the foregoing, with respect to optional redemptions only, if the Trustee does not have funds in its possession on the redemption date sufficient to pay the redemption price (including interest accruing to the redemption date) of all Subordinate Bonds to be optionally redeemed for any reason (including, but not limited to, failure to issue any refunding obligations intended for such purpose on or prior to the redemption date), then the purported optional redemption and such notice of redemption shall be void. Such event shall not constitute an Event of Default under the Trust Indenture.

If required by law or applicable regulation, notice of redemption shall also be provided by Trustee, via first-class mail, to all organizations registered with the United States Securities and Exchange Commission as securities depositories and to at least one information service of national

recognition which disseminates redemption information with respect to tax-exempt securities. If Trustee fails to give notice as provided in the immediately preceding sentence, such failure shall not affect the sufficiency of the proceedings for redemption. Furthermore, the validity of the proceedings for redemption of the Subordinate Bonds of any Holder to whom notice is properly given shall not be affected if Trustee fails to provide notice to a Holder or if such notice is defective. Notices mailed as provided in the Trust Indenture (related to Notice of Redemption) shall be conclusively presumed to have been duly given, whether or not the Holders receive such notice.

The Trustee may give any other or additional redemption notice as it deems necessary or desirable, but it is not obligated to give or provide any additional notice or information.

Any Subordinate Bonds which have been duly selected for redemption and which are deemed to be paid in accordance with Article VII of the Trust Indenture shall cease to bear interest on the specified redemption date.

See "APPENDIX B –THE TRUST INDENTURE".

Payment of Redemption Price

For the redemption of any of the Subordinate Bonds, the Trustee shall cause to be deposited in the applicable Special Redemption Account of the Bond Fund, whether out of Project Revenues or any other money constituting the Trust Estate, including Net Proceeds of any Insurance Proceeds or Condemnation Awards available for such purpose pursuant to the Loan Agreement, or otherwise, an amount sufficient to pay the principal of, premium, if any, and interest to become due on the date fixed for such redemption. The obligation of the Issuer to cause any such deposit to be made under the Trust Indenture shall be reduced by the amount of money in such Special Redemption Account available for and used on such redemption date for payment of the principal of, premium, if any, and accrued interest on the Subordinate Bonds to be redeemed. See "APPENDIX B – THE TRUST INDENTURE".

Effect of Notice of Redemption

If notice of redemption has been given in the manner provided in Article III of the Trust Indenture, and money for the redemption is held by the Trustee for that purpose, the Subordinate Bonds so called for redemption shall become due and payable on the redemption date, and interest thereon shall cease to accrue on such date; and such Bonds shall thereafter no longer be entitled to any security or benefit under the Trust Indenture except to receive payment of the redemption price thereof.

If any Subordinate Bonds called for redemption shall not be so paid on the redemption date upon proper surrender of the Subordinate Bonds for redemption, the redemption price and, to the extent lawful, interest thereon shall, until paid, bear interest from the redemption date at the rate borne by the Subordinate Bonds immediately before the redemption date.

Notwithstanding the foregoing, with respect to optional redemptions only, if the Trustee does not have funds in its possession on the redemption date sufficient to pay the redemption price (including interest accruing to the redemption date) of all of the Subordinate Bonds to be optionally redeemed for any reason (including, but not limited to, failure to issue any refunding obligations intended for such purpose on or prior to the redemption date), then the purported optional redemption and such notice of redemption shall be void. Such event shall not constitute an Event of Default under the Trust Indenture. See "APPENDIX B –THE TRUST INDENTURE".

Redemption Payments

At the written request by any Holder upon the payment of the redemption price of Subordinate Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent possible, bear the CUSIP number identifying, by issue and maturity, the Subordinate Bonds being redeemed with the proceeds of such check or other transfer. In addition, if such check or other transfer of funds includes more than one Series of Bonds being redeemed, such check or other transfer must set forth the dollar amount of each such Series being redeemed. See "APPENDIX B –THE TRUST INDENTURE".

SECURITY FOR THE SUBORDINATE BONDS

Sources of Payment

The Subordinate Bonds will be issued under and will be equally and ratably secured under the Trust Indenture, pursuant to which the Issuer will assign and pledge to the Trustee: (1) a promissory note of the Borrower in the aggregate principal amount of the Subordinate Bonds (the "Series 2012B Note" and, with the Series 2012A Note, the "Series 2012 Notes") (which Series 2012B Note shall be subordinate in all respects to the lien and security interest granted to the holders of the Series 2012A Note under the Loan Agreement); (2) certain rights of the Issuer under the Loan Agreement; (3) the funds and accounts (excluding the Rebate Fund), including the money and investments in such funds, which the Trustee holds under the terms of the Trust Indenture (subordinate in all respects to the lien and security interest granted to the holders of Senior Bonds); and (4) such other property as may from time to time be pledged to the Trustee as additional security for such Subordinate Bonds or which may come into possession of the Trustee pursuant to the terms of the Loan Agreement or the Trust Indenture. Simultaneously with the issue of the Series 2012A Bonds, the Borrower shall deliver a promissory note to Issuer, which shall be assigned to the Trustee, in the aggregate principal amount equal to the aggregate principal amount of the Series 2012A Bonds, securing the Series 2012A Bonds (the "Series 2012A Note").

Prospective Holders of the Subordinate Bonds should note that the payments of principal of, premium, if any, and interest on the Subordinate Bonds will be made solely from amounts on deposit in the Surplus Fund remaining after all other Funds and Accounts under the Trust Indenture, including without limitation, provision for Operating Expenses and payments of principal of, premium, if any, and interest on the Senior Bonds, and provision for various reserves. See "SECURITY FOR THE SUBORDINATE BONDS – The Trust Indenture – The Surplus Fund" herein.

Limited Obligations

THE SUBORDINATE BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE ISSUER AND ARE NOT A DEBT OR LIABILITY OF THE COUNTY, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF. THE SUBORDINATE BONDS DO NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE IN ANY MANNER, THE ISSUER, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAX OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THE SUBORDINATE BONDS. THE SUBORDINATE BONDS ARE PAYABLE SOLELY FROM THE FUNDS PLEDGED FOR THEIR PAYMENT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE LOAN AGREEMENT. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE ISSUER, THE COUNTY, OR

THE STATE SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SUBORDINATE BONDS.

The Loan Agreement

Loan Agreement and Repayment of Loan

The Loan Agreement and the Series 2012 Notes obligate the Borrower to deposit with the Trustee all Project Revenues to be used as monthly payments equal to the Interest Requirement on the then Outstanding Bonds for such month and the Principal Requirement on the then Outstanding Bonds for such month. The monthly payments described in the immediately preceding sentence shall in any event be equal in the aggregate to an amount that, with other funds in the respective Accounts in the Bond Fund then available for the payment of principal and interest on the Bonds, shall be sufficient to provide for the payment in full of the interest on, premium, if any, and principal of the Bonds as they become due and payable.

"Project Revenues" is defined in the Trust Indenture to mean for any period, all cash operating and non-operating revenues of the Project, including Unrestricted Contributions, less (a) any extraordinary and nonrecurring items (including any real property tax refunds), (b) income derived from the sale of assets not in the ordinary course of business which is permitted under the Bond Documents, (c) security, cleaning or similar deposits of tenants until applied or forfeited, (d) Net Proceeds of Insurance Proceeds or Condemnation Awards and (e) any amount disbursed to the Borrower from the Surplus Fund, but including as Project Revenues (i) any such Net Proceeds resulting from business interruption insurance or other insurance or condemnation proceeds retained by the Borrower and (ii) amounts received by the Borrower or the Trustee pursuant to any payment guaranty, operating guaranty or similar agreement with respect to the Project. Amounts received by the Borrower as a government grant with respect to water and wastewater services shall not be included within Project Revenues. See "APPENDIX B –THE LOAN AGREEMENT".

Except as otherwise provided in the Indenture, the Project Revenues shall also be used to pay, as Basic Loan Payments, to the Trustee for deposit in the Bond Fund, such amounts as shall, together with any other money available therefor, be sufficient to pay all amounts, if any, required to redeem each Series of Bonds pursuant to the provisions of Article III of the Trust Indenture as and when they become subject to redemption pursuant thereto, together with any related redemption premium associated therewith, all such payments to be made by the Borrower to the Trustee, for deposit into the related Bond Fund Accounts on or before the date such moneys are required by said provisions of the Trust Indenture.

In addition to the foregoing, Borrower will also cause Project Revenues to be remitted to the Trustee, from time to time, and used to pay certain costs and expenses, to the extent not paid from proceeds of sale of the Series 2012 Bonds, as Additional Loan Payments. Such costs and expenses include:

- (1) the Ordinary Trustee's Fees and Expenses and Extraordinary Trustee's Fees and Expenses, and all other fees and other costs of the Trustee, including without limitation, fees and expenses of counsel to the Trustee, payable to the Trustee for services or indemnity under the Trust Indenture and the Borrower Documents (including services in connection with the administration and enforcement thereof and compliance therewith);
- (2) all fees and other costs incurred for services of such agents, attorneys and independent accountants as are employed by the Issuer, the Borrower, or the Trustee to perform

services required pursuant to the Loan Agreement, the other Bond Documents or the Trust Indenture;

- (3) the Issuer's Fees and Expenses and all other fees and costs of the Issuer, including without limitation fees and expenses of counsel to the Issuer and amounts necessary to pay a third-party compliance agent to review the Borrower's compliance with the requirements of the Land Use Restriction Agreement, not otherwise paid under the Loan Agreement or the Trust Indenture, related to the issuance of the Series 2012 Bonds or in connection with its administration and enforcement of, and compliance with or interpretation of, the Trust Indenture or any of the Borrower Documents, or otherwise in connection with the Project and the Series 2012 Bonds;
- (4) all amounts advanced by the Issuer or the Trustee under authority of the Indenture or any of the Borrower Documents that the Borrower is obligated to repay;
- (5) any amounts required to be deposited in the Senior Debt Service Reserve Accounts in order to satisfy the applicable Debt Service Reserve Requirement with respect to the Senior Bonds pursuant to the Trust Indenture; and should funds be withdrawn from a Senior Debt Service Reserve Account, the Borrower shall restore the difference between the amount on deposit in the applicable Debt Service Reserve Account and the related Debt Service Reserve Requirement from the next available deposits of Project Revenues and other deposits to the Revenue Fund made in accordance with the Trust Indenture;
- (6) amounts sufficient to maintain balances in the Repair and Replacement Fund, the Insurance and Tax Escrow Fund and the Operations and Maintenance Reserve Fund, equal to the amounts required pursuant to the Trust Indenture;
- (7) all fees and expenses of the Rebate Analyst in connection with the provision of the rebate calculations required under the Tax Agreement, and if a deposit is required to be made to the Rebate Fund as a result of any calculation made pursuant to the Tax Agreement, the Borrower shall cause to be paid from Project Revenues the amount of such deposit in accordance with the terms of the Trust Indenture;
- (8) amounts required to be deposited in the Operating Fund sufficient to pay the Operating Expenses of the Project, as provided for in the Budget and in the Trust Indenture;
- (9) the Dissemination Agent Fee payable in accordance with and as provided under the Trust Indenture and Continuing Disclosure Agreement; and
- (10) the fees and expenses of any Servicer engaged pursuant to the Loan Agreement.

As security for its obligations to make the loan payments described in this Section, the Borrower must pay or cause the Manager to pay all Project Revenues from the Project to the Trustee beginning on 15, 2013 for deposit in the Revenue Fund, in such manner as is provided in the Loan Agreement.

All Additional Loan Payments shall be made by the Borrower to the Trustee for deposit by the Trustee into the Revenue Fund, to be used by the Trustee for disbursement in the order specified in the Trust Indenture.

Under the Loan Agreement, the Borrower shall pay, or cause to be paid, in accordance with the terms of the Loan Agreement, the Loan Payments without any further notice thereof. The Borrower

shall be permitted to distribute, free and clear of any and all liens or encumbrances on, or right to recovery of, such funds under the Loan Agreement, to any Person any funds properly disbursed to the Borrower from the Surplus Fund subject to the terms and provisions of the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS - Surplus Fund" below.

The obligations of the Borrower to make the payments required in the Loan Agreement and to perform and observe the other agreements contained therein are absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach by the Issuer or the Trustee of any obligation to the Borrower whether thereunder or otherwise, or out of any Indebtedness or liability at any time owing to the Borrower by the Issuer or the Trustee. Until such time as the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Trust Indenture, the Borrower (a) will not suspend or discontinue any payments provided for in the Loan Agreement, (b) will perform and observe all other agreements contained in the Loan Agreement, and (c) except as provided in Article VIII of the Loan Agreement, will not terminate the Loan Agreement for any cause, including, without limiting the generality of the foregoing, failure of the Borrower to complete the acquisition, rehabilitation and equipping of the Project, the occurrence of any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, the taking by eminent domain of title to or temporary use of any or all of the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of the Issuer or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Loan Agreement or otherwise.

Nothing contained in the foregoing or succeeding paragraphs shall be construed to release the Issuer from the performance of any of the agreements on its part contained in the Loan Agreement, and in the event the Issuer or the Trustee fails to perform any such agreement on its part, the Borrower may institute such action against the Issuer or the Trustee as the Borrower may deem necessary to compel performance so long as such action does not abrogate the obligations of the Borrower as specified in the Loan Agreement. The Borrower may, at its own cost and expense and in its name or in the name of the Issuer and with proper notice to the Issuer, prosecute or defend any action or proceeding or take any other action involving third persons which the Borrower deems reasonably necessary in order to secure or protect the Borrower's right of possession, occupancy and use of the Project, and in such event the Issuer agrees in the Loan Agreement to cooperate fully with the Borrower, at the Borrower's sole cost and expense, and to take all action necessary to effect the substitution of the Borrower for the Issuer in any such action or proceeding if the Borrower shall so request.

Notwithstanding the foregoing or any other provision or obligation to the contrary contained in the Loan Agreement or any other Bond Document, with the exception of any and all indemnities provided in the Bond Documents, which such indemnities shall be a general obligation of the Borrower, (a) the liability of the Borrower under the Loan Agreement and the other Bond Documents to any person or entity, including, but not limited to, the Trustee or the Issuer and their successors and assigns, is limited to the Borrower's interest in the Project, the Project Revenues and the amounts held in the Funds and Accounts created under the Trust Indenture or other Bond Documents or any rights of the Borrower under any guarantees relating to the Project, and such persons and entities shall look exclusively thereto, to such other security as may from time to time be given for the payment of obligations arising out of the Loan Agreement or any other agreement securing the obligations of the Borrower under the Loan Agreement, including but not limited to the Mortgages and the Land Use Restriction Agreement; and (b) from and after the date of the Loan Agreement, no deficiency or other personal judgment, nor any order or decree of specific performance (other than pertaining to the Loan Agreement, any agreement pertaining to the Project or any other agreement securing the Borrower's

obligations under the Loan Agreement), shall be rendered against the Borrower nor any member of the Borrower, the assets of the Borrower (other than the Borrower's interest in the Project, the Loan Agreement, amounts held in the Funds and Accounts created under the Trust Indenture, any rights of the Borrower under the Bond Documents or any rights of the Borrower under any guarantees relating to the Project), its officers, directors or members or their heirs, personal representatives, successors, transferees assigns, as the case may be, in any action or proceeding arising out of the Loan Agreement and the Trust Indenture or any agreement securing the obligations of the Borrower under the Loan Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding.

Pursuant to the Trust Indenture, the Issuer will pledge and assign its right, title and interests (except certain Reserved Rights) and all amounts payable (other than certain fees and expenses due to the Issuer) under the Loan Agreement, the Series 2012 Notes, the Mortgages and the Land Use Restriction Agreement to the Trustee, in trust, to be held and applied pursuant to the provisions of the Trust Indenture, for the benefit of the Holders.

Borrower Covenants under the Loan Agreement and the Tax Agreement

Among the covenants, representations and warranties made by Borrower in the Loan Agreement and the Tax Agreement, the Borrower covenants: to not take, omit to take or cause to be taken any action which, as a result, would adversely affect the exclusion of interest on the Series 2012 Bonds from gross income for federal income tax purposes; to take or omit taking any action with respect to the Gross Proceeds of the Series 2012 Bonds or of amounts expected to be used to pay principal or interest thereon which, as a result, would cause the Series 2012 Bonds to be classified as "arbitrage bonds" under Section 148 of the Code; the Sale Proceeds of each issue of Series 2012 Bonds will be expended for purposes set forth in the Loan Agreement and Trust Indenture and no portion thereof in excess of 2% of the proceeds of the Series 2012 Bonds of such issue, as described in Section 147(g) of the Code, will be expended on Costs of Issuance related thereto; to take all steps necessary to compute and pay any rebatable arbitrage in accordance with Section 148(f) of the Code; to restrict the cumulative, blended Yield on the investment of the Gross Proceeds of any issue of Series 2012 Bonds to the Yield of such issue, subject to certain exceptions; that the Project will be maintained and operated as a "qualified residential rental project", in accordance with Section 142(d) of the Code, continually during the Qualified Project Period; that Borrower will comply with the applicable requirements of Revenue Procedure 98-147 (related to residential rental property for purposes of Sections 142(d) and 145(d) of the Code) and Section 142(d) of the Code with respect to the Project; and that, in the event of an examination by the Internal Revenue Service of the exclusion of interest on the Series 2012 Bonds from the gross income of the owners thereof for federal income tax purposes, Borrower will respond in a commercially reasonable manner on behalf of and at the direction of the Issuer and will pay costs of counsel selected by Issuer to provide a defense regarding such exclusion.

Debt Service Coverage Ratio

The Borrower has agreed in the Loan Agreement to prescribe and charge such rents, fees and charges in connection with the Project and restrict Operating Expenses relating to the Project so as to achieve on each Ratio Evaluation Date (determined on an annualized basis), commencing with Ratio Evaluation Date for the first Ratio Period following the earlier of December 31, 2015 or Stable Occupancy, a Debt Service Coverage Ratio of 1.20 on all Senior Bonds and Senior Parity Indebtedness (the "Coverage Test"). The Borrower shall submit to the Trustee a report evidencing its compliance or non-compliance with the Coverage Test within 30 days (90 days after the Annual Evaluation Date) of the Ratio Evaluation Date for the Ratio Period in question. The Quarterly Ratio Evaluation Date report may be calculated by the Borrower, but the Annual Evaluation Date report shall be based on Audited Financial Statements, as required in the Loan Agreement. The Borrower shall in turn distribute such report to the Issuer and the Trustee at the Borrower's expense. "Stable Occupancy" is

defined to mean the first full calendar year in which the average occupancy of the units in the Project is equal to or greater than 85%, as evidenced by a certificate executed by a Borrower Representative and delivered to the Trustee.

If on any Ratio Evaluation Date, the Borrower fails to meet the Coverage Test applicable to such Ratio Evaluation Date, the Borrower shall, within 30 days after delivery of the report disclosing such failure, deliver a certificate setting forth in reasonable detail the reasons for such deficiency and adopting a specific plan setting forth steps to be taken designed to raise the Debt Service Coverage Ratio to the level to comply with the Coverage Test for future periods. Furthermore, in the event that the Coverage Test is not met by the next Ratio Evaluation Date, retain a consultant to provide a written report and recommendations with respect to the rents, fees, rates and charges relating to the Project and with respect to improvements or changes to the operations and scope of services delivered by Borrower to enable the Borrower to comply with the Coverage Test.

In the Trust Indenture, "Debt Service Coverage Ratio" is defined to mean, for any period, the ratio obtained by dividing Net Income Available for Debt Service for such period by the Maximum Annual Debt Service Requirement (net of any funds set aside in the Debt Service Reserve Fund to reduce debt service) on the date of calculation on Senior Bonds and Senior Parity Indebtedness, in each case, as calculated by the Borrower and certified to the Trustee in writing and supported by the Audited Financial Statements described in the Loan Agreement.

If the Borrower continuously complies with the recommendations of the consultant, failure to comply with the Coverage Test for any Ratio Period will not constitute an Event of Default under the Loan Agreement. Failure by the Borrower to satisfy the Coverage Test covenant constitutes a Default under the Loan Agreement only if the Debt Service Coverage Ratio on any Annual Evaluation Date falls below 1.00.

Failure of the Borrower to meet the Coverage Test does not constitute a Default with respect to the Subordinate Bonds, except as described above. See "APPENDIX B – THE LOAN AGREEMENT".

Liquidity Covenant

Under the Liquidity Covenant contained in the Loan Agreement, Borrower covenants to conduct its business such that, as of and on June 30 and December 31 of each Fiscal Year (each, a "Testing Date"), commencing with the first such date after the earlier of December 31, 2015 or Stable Occupancy, Borrower shall have no less than 100 Days' Cash on Hand on such Testing Date (the "Liquidity Requirement"). In the event the amount of Borrower's Days' Cash on Hand as of any Testing Date is less than the Liquidity Requirement, the Borrower must within 30 days after delivery of a certificate disclosing this deficiency, deliver a certificate to the Issuer and the Trustee setting forth in reasonable detail the reasons for the deficiency and adopting a specific plan setting forth steps to be taken designed to increase the level of the Days' Cash on Hand to the Liquidity Requirement in future periods.

If the Borrower has not raised the level of Days' Cash on Hand to the Liquidity Requirement by the next Testing Date immediately subsequent to delivery of the certificate required in the preceding paragraph, the Borrower shall, within 30 days after receipt of the certificate disclosing such deficiency, retain a consultant to make recommendations with respect to the rates, fees and charges of the Borrower and the Borrower's methods of operation and other factors affecting its financial condition in order to increase the Days' Cash on Hand to the Liquidity Requirement for future periods. A copy of the consultant's report and recommendations, if any, shall be filed by the Borrower with the Issuer and the Trustee within 60 days after the date such consultant is retained. The Borrower shall follow each

recommendation of the consultant applicable to it to the extent feasible (as determined in the reasonable judgment of the Borrower) and permitted by law.

Notwithstanding any other provision in the Loan Agreement, if the Borrower fails to achieve the Liquidity Requirement for any Testing Date, such failure will not constitute an Event of Default under the Loan Agreement if the Borrower takes all action necessary to comply with the procedures set forth therein for adopting a plan and follows each recommendation contained in such plan or consultant's report to the extent feasible (as determined in the reasonable judgment of the Borrower) and permitted by law.

The Trust Indenture defines "Days' Cash on Hand" to mean, as of the date of calculation, the amount determined by dividing (a) the amount of Cash and Investments on such date by (b) the quotient obtained by dividing Operating Expenses (including interest on investments but excluding provisions for bad debt amortization, depreciation or any other noncash expenses) as shown on the most recent annual audited financial statements (or, with respect to any calculation of Days' Cash on Hand as of any June 30, as reflected in the unaudited trailing twelve month financial statements for the period ending such June 30, as derived from the quarterly financial statements delivered pursuant hereto) by 365.

See "APPENDIX B –THE INDENTURE" and "-- THE LOAN AGREEMENT".

Occupancy Covenant

Borrower covenants in the Loan Agreement to satisfy an "Occupancy Requirement." The Occupancy Requirement provides that for each "Occupancy Quarter", which is each fiscal quarter which ends not less than 60 days following the issuance of the first certificate of occupancy for the Project and ending with the first full fiscal quarter following Stable Occupancy, Borrower will use its best efforts to have occupied the percentage of the total number of units at or above the requirements set forth in the Loan Agreement and below, which levels are measured as of the last day of the applicable Occupancy Quarter.

Occupancy Quarter	Occupancy Requirements Percent
First	14%
Second	24%
Third	32%
Fourth	40%
Fifth	47%
Sixth	53%
Seventh	59%
Eighth	64%
Ninth	71%
Tenth	77%
Eleventh	82%
Twelfth	85%

Within five Business Days after the end of each Occupancy Quarter, the Borrower shall provide the Trustee with the percentage of units occupied at the end of each such Occupancy Quarter. The Borrower's failure to meet the Occupancy Requirement for any Occupancy Quarter, after failing to meet the Occupancy Requirement for the immediately preceding Occupancy Quarter, shall require the

Borrower to retain a consultant, who will prepare a report and recommendations on actions to be taken to increase the number of units occupied to at least the Occupancy Requirement set forth for future periods. Such report and recommendations, if any, are to be supplied to the Issuer and the Trustee, and the Borrower must follow consultant's recommendations to the extent feasible (as determined in the reasonable judgment of the Borrower) and permitted by law. There is no obligation for the Borrower to obtain a consultant's report in any two consecutive Occupancy Quarters.

Notwithstanding any other provision of the Loan Agreement, the Borrower's failure to achieve the Occupancy Requirement for any Occupancy Quarter shall not constitute an Event of Default under the Loan Agreement if the Borrower takes all action necessary to comply with the procedures set forth in the Loan Agreement for obtaining a consultant's report and adopting a plan and follows each recommendation contained in such consultant's report to the extent feasible (as determined in the reasonable judgment of the Borrower) and permitted by law. See "APPENDIX B – THE LOAN AGREEMENT".

Insurance

Under the Loan Agreement, the Borrower is required to maintain insurance against loss or damage to the Project by fire and other risks covered by fire and extended coverage insurance in an amount not less than the greater of the full replacement cost of the Project and/or the outstanding principal amount of the Bonds, and with a deductible from the loss payable for any casualty acceptable to the Issuer; business interruption or loss of rent insurance in amounts equal to the greater of an amount equal to the maximum scheduled principal and interest payments on the Notes during any twelve-month period, or the gross amount of annual projected (or, if greater, actual) rentals for the Project based upon the projected (or, if greater, actual) occupancy of the Project; provided that such coverage shall be adjusted annually on each anniversary date of the policy to comply with the Loan Agreement; comprehensive general liability insurance (including certain coverage provided in the Loan Agreement) on an occurrence basis against claims for personal injury, including, without limitation, bodily injury, death or property damage; workers' compensation insurance for all employees of Borrower engaged on or with respect to the Project; during the construction or repair of improvements on the property, builders' completed value risk insurance against all risks of physical loss during construction or repair as provided in the Loan Agreement; boiler and machinery insurance; flood insurance if the property is in an area identified as a special flood hazard area; fidelity bonds or employee dishonesty insurance; and such other insurance, including for wind and water damage, in such amounts and against such hazards and risks, as is commonly obtained by prudent owners of property similar in use as the Project and in the area in which the Project is location, all as further described in the Loan Agreement.

All policies of insurance required by the Loan Agreement will contain an endorsement or agreement by the insurer that any loss will be payable in accordance with the terms of such policy notwithstanding any act or negligence of the Borrower, which might otherwise result in forfeiture of said insurance, and further agreement of the insurer waiving all rights of set-off, counterclaim or deductions against the Borrower. See "APPENDIX B - THE LOAN AGREEMENT."

For additional detail, representations, warranties or covenants of Borrower, see "APPENDIX B –THE LOAN AGREEMENT", "THE MORTGAGE", and "THE LAND USE RESTRICTION AGREEMENT".

The Series 2012 Notes

The Borrower has executed separate promissory notes evidencing its obligation to pay amounts due and owing under the Loan Agreement in connection with the Series 2012 Bonds. In the event the

Issuer issues Additional Bonds pursuant to the Trust Indenture, one of the conditions of the Trust Indenture is the execution of an additional promissory note reflecting the payment obligation relating to such Additional Bonds. The Issuer has endorsed the Series 2012 Notes in favor of the Trustee, and assigned its rights to same pursuant to the Trust Indenture.

The Mortgages

To secure, among other things, the payment and performance of each and every obligation, covenant and agreement of Borrower contained in the Series 2012 Notes, the Loan Agreement, and the Trust Indenture, including, without limitation, the payment of all amounts required be paid by Borrower under the Loan Agreement and the Notes, the Borrower will mortgage and grant to the Trustee, among other things, all of Borrower's interests, estates or other claims, both in law and in equity, which Borrower now has or may hereafter acquire in the Premises, the Personal Property (as defined in the Mortgages) and the Improvements (all of the foregoing are sometimes collectively referred to herein as the "Premises" or the "Mortgaged Property"). Borrower will grant a mortgage encumbering the Mortgaged Property securing its obligations under the Series 2012A Note and to repay any subsequently issued Senior Obligations (the "First Mortgage") and a second mortgage encumbering the Mortgaged Property on a subordinate basis to the First Mortgage to secure its obligations under the Series 2012B Note and any subsequently issued Subordinate Indebtedness (the "Second Mortgage" and, with the First Mortgage, the "Mortgages"). The Mortgages provide that notwithstanding anything contained therein to the contrary, the enforcement of the Mortgages is subject to the provisions of the Loan Agreement, and the assignment of the Issuer's rights thereto pursuant to the Trust Indenture, and specifically to Section 8.02(a) of the Trust Indenture, which provides that if an Event of Default has occurred with respect to the payment of principal of or interest on the Subordinate Bonds (but an Event of Default does not exist with respect to the Senior Bonds) while any Senior Bonds remain Outstanding, then the Trustee shall not, among other things, exercise any other available remedies, including foreclosure of the Mortgages. The Series 2012A Bonds shall be secured by the assignment of and payments made in respect of the Series 2012A Note and further secured by the First Mortgage on a senior lien basis prior in all respects to the payment of the Series 2012B Bonds. The Trust Indenture also provides that the Series 2012B Bonds shall be secured by the assignment of and payments made in respect of the Series 2012B Note and further secured by the Second Mortgage but on a subordinated junior lien basis in all respects to the payment of the Series 2012A Bonds. The Mortgaged Property includes generally all the land, buildings, fixtures and equipment comprising the Project, including the Site. See "APPENDIX B - THE TRUST INDENTURE" and "THE MORTGAGE".

Assignment of the Mortgage

The Issuer has assigned the rights granted to it by the Mortgages (absent certain reserved rights) to the Trustee pursuant to recorded Assignments of the Mortgages.

Assignment of Other Bond Documents

The Issuer's rights in the Bond Documents, other than certain reserved rights with respect to indemnification, payment of fees and otherwise, have been assigned to the Trustee for the benefit of the holders of the Bonds, pursuant to the Trust Indenture. See "APPENDIX B -THE TRUST INDENTURE".

Under the Loan Agreement, the Borrower is required to make loan payments sufficient to duly and punctually pay the principal of, premium, if any, and interest on the Subordinate Bonds, and to make certain other payments. See "LOAN AGREEMENT" in APPENDIX B hereto.

The Trust Indenture

Project Fund

The Indenture creates a Project Fund, which contains a Bond Proceeds Account, a Costs of Issuance Account, a Capitalized Interest Account (with Series 2012A Bonds and Series 2012B Bonds subaccounts) and an Equity Account. Funds shall be disbursed from the Costs of Issuance Account to pay Costs of Issuance. On the date six months after the Closing Date, Trustee shall pay any remaining balance in the Costs of Issuance Account to the Bond Proceeds Account in the Project Fund. The Trustee shall disburse funds in the Series 2012A Subaccount of the Capitalized Interest Account to pay interest on the Series 2012A Bonds on and through nine months following completion of the Project and shall disburse money in the Series 2012B Subaccount of the Capitalized Interest Account to pay interest due on the Subordinate Bonds on and through nine months following completion of the Project. Any amounts remaining in the Capitalized Interest Account after such respective dates shall be released into the Bond Proceeds Account of the Project Fund and the Capitalized Interest Account shall be closed.

On and after the Closing Date, amounts on deposit in the Bond Proceeds Account and the Equity Account of the Project Fund will be applied to payment of the costs of acquiring and constructing the Project by disbursement of such amounts in accordance with requisitions of Borrower submitted to Trustee. Net Proceeds, related to Insurance Proceeds or Condemnation Awards, deposited in the Project Fund in accordance with the Loan Agreement shall be applied as provided therein.

Any amounts remaining in the Project Fund (other than the Equity Account) on the date of receipt by the Trustee from a Borrower Representative of a certification that the Project has been completed, accompanied by a lien-free certificate of occupancy for the Project, shall, unless the Issuer and Trustee receive a Favorable Opinion of Bond Counsel otherwise, be transferred to the Special Redemption Account for the Series 2012 A Bonds (unless no Series 2012A Bonds remain Outstanding, and then to the Special Redemption Account for the Subordinate Bonds) and be utilized by the Trustee to redeem Bonds pursuant to the Trust Indenture, provided, that (i) any amounts in the Capitalized Interest Account of the Project Fund to be used to pay interest on the Bonds through a date which is up to six months after receipt of such lien-free certificate of occupancy (unless a later date is authorized by a Favorable Opinion of Bond Counsel) may continue to be used for such purpose, and (ii) in the event that upon receipt of such lien-free certificate of occupancy the Capitalized Interest Account of the Project Fund has not been funded in an amount sufficient to pay interest on the Bonds through the date which is six months after such receipt (unless a later date is authorized by a Favorable Opinion of Bond Counsel), excess amounts in the Project Fund may be transferred to the Capitalized Interest Account for such purpose prior to application to the redemption of Bonds as described above. Amounts remaining in the Equity Account upon receipt of a lien-free certificate of occupancy for the Project shall be, upon the request of the Borrower, transferred to the Borrower; provided that the required amounts are on deposit in the Operations and Maintenance Reserve Fund, the Insurance and Tax Escrow Fund, the Repair and Replacement Fund, the Administration Fund and each Debt Service Reserve Account, and otherwise shall be used to make up such shortfalls on a pro-rata basis. See "APPENDIX B – THE TRUST INDENTURE – THE SUBORDINATE BONDS – Redemption of the Subordinate Bonds-Mandatory Redemption".

The Loan Agreement provides that in the event the money in the Project Fund available for payment of the amounts described in the Trust Indenture is insufficient to pay such amounts in full, the Borrower agrees to pay such insufficiency. The Issuer does not make any warranty, either express or implied, that the money which will be paid into the Project Fund and which, under the provisions of the Loan Agreement, will be available for payment of the Costs of the Project, will be sufficient to pay all

the costs which will be incurred in that connection. See "APPENDIX B –THE LOAN AGREEMENT".

Revenue Fund and Flow of Project Revenues

A Revenue Fund will be established under the Trust Indenture. There shall be deposited in the Revenue Fund (i) all Loan Payments and other amounts paid to the Trustee under the Loan Agreement (other than prepayments required to redeem Bonds pursuant to the Trust Indenture, which shall be deposited in the related Special Redemption Account), (ii) all other amounts required to be so deposited pursuant to the terms of the Trust Indenture or of the Tax Agreement, including investment earnings to the extent provided in the Trust Indenture, (iii) any amounts derived from the Loan Agreement or the Mortgages to be applied to payment of amounts intended to be paid from the Revenue Fund, (iv) all Project Revenues, and (v) such other money as are delivered to the Trustee by or on behalf of the Issuer or the Borrower with directions for deposit of such money in the Revenue Fund.

Money on deposit in the Revenue Fund shall be disbursed on the 15th day of each month in the following order of priority:

(1) To the Operating Fund, an amount equal to the Operating Requirement (less any amounts to be paid to the Manager for its Management Fee pursuant to Section 5 below, or to a Manager which is an affiliate of the Borrower for its Management Fee pursuant to (11) below), together with such additional Operating Expenses requested in writing by a Borrower Representative pursuant to and after satisfaction of the conditions specified in the Loan Agreement;

(2) To the respective Interest Accounts for the Senior Bonds, the applicable Interest Requirement for such Series of Bonds for the then-current calendar month, together with an amount equal to any unfunded Interest Requirement for any prior month and, at the written direction of a Borrower Representative, to the holder of any Parity Indebtedness an amount, as certified by a Borrower Representative, equal to the interest due on such Parity Indebtedness in such month, together with an amount, as certified by a Borrower Representative, equal to any unfunded interest for any prior month;

(3) To the respective Principal Accounts for the Senior Bonds, an amount equal to the applicable Principal Requirement for such Series of Bonds for the then-current calendar month, together with an amount equal to any unfunded Principal Requirement from any prior month and, at the written direction of a Borrower Representative, to the holder of any Parity Indebtedness an amount, as certified by a Borrower Representative, equal to the principal due in such month, together with an amount equal to any unfunded principal for any prior month;

(4) To each Debt Service Reserve Account for the Senior Bonds, the amount, if any, required to be paid into the Debt Service Reserve Account for the Senior Bonds pursuant to the Loan Agreement to restore the amount on deposit therein to the Debt Service Reserve Requirement applicable thereto;

(5) To any Manager which is not an Affiliate of the Borrower, the Management Fee (other than any Subordinate Management Fee), payable in such month in accordance with the Budget, subject to the provisions of the Loan Agreement;

(6) Subject to the provisions of the Trust Indenture relating to the Insurance and Tax Escrow Fund, an amount equal to one-twelfth of the amount for the current year for annual premiums for insurance required to be maintained pursuant to the Loan Agreement and for annual real estate taxes, or other charges for governmental services for the current year, as provided in the Budget;

(7) Subject to the provisions of the Trust Indenture relating to the Repair and Replacement Fund, to the Repair and Replacement Fund, commencing with the month of [REDACTED], an amount equal to the one-twelfth of the Repair and Replacement Reserve Requirement;

(8) Subject to the provisions of the Trust Indenture relating to the Administration Fund, for transfer to the Administration Fund, an amount equal to one-sixth (1/6) of the Administration Expenses (other than the Rebate Analyst Fee) scheduled to be due and payable on or before the next succeeding Interest Payment Date;

(9) To the Administration Fund, the amount of any Rebate Analyst Fee then due;

(10) To the Rebate Fund, to the extent of any deposit required to be made thereto pursuant to the Tax Agreement;

(11) To any Manager which is an Affiliate of the Borrower, the Management Fee (other than any Subordinate Management Fee) payable in such month in accordance with the Budget; and

(12) To the Surplus Fund, all remaining amounts.

In the event that, for any month, there are insufficient funds in the Revenue Fund to fund any one or more of the uses set forth in clauses (1) through (11) above, the amount not funded in such month due to such insufficiency of Project Revenues shall be added to the amount to be funded in subsequent months under the same clause until such amount has been in fact funded. Failure to deposit sufficient Project Revenues to make the deposits described above shall not, in itself, constitute an Event of Default under the Indenture. See "APPENDIX B –THE INDENTURE".

Bond Fund

The Trust Indenture creates a Bond Fund. In connection with each Series of Bonds, the Bond Fund will contain a Principal Account, an Interest Account, and a Special Redemption Account. There shall be deposited into the respective Principal Accounts (a) monies transferred from the Revenue Fund, as provided in the Trust Indenture; (b) monies transferred in respect to principal payable on the Bonds from the Surplus Fund, the Operations and Maintenance Reserve Fund, the Repair and Replacement Fund, the applicable Debt Service Reserve Accounts, and the Operating Fund pursuant to the Trust Indenture; and (c) any other amounts deposited with Trustee with directions from Borrower to deposit such monies in the applicable Principal Account.

Moreover, there shall be deposited into the respective Interest Account for the Bonds (a) all accrued interest, if any, on the sale and delivery of the applicable Series of Bonds; (b) monies transferred to such Interest Account from the Revenue Fund, as provided in the Trust Indenture; (c) monies transferred in respect to interest payable on the Bonds from the Surplus Fund, the Operations and Maintenance Reserve Fund, the Repair and Replacement Fund, the applicable Debt Service Reserve Accounts, and the Operating Fund pursuant to the Trust Indenture; and (d) any other amounts deposited with Trustee with directions from Borrower to deposit such monies in the applicable Interest Account.

In the event the amount on deposit in an Interest Account or Principal Account on any Bond Payment Date is insufficient to make the payments or deposits described in the two immediately preceding paragraphs, Trustee shall make up for such deficit by transferring amounts from the following funds in the following order:

- (a) Surplus Fund;
- (b) Operations and Maintenance Reserve Fund;
- (c) Repair and Replacement Fund
- (d) Applicable Debt Service Reserve Accounts; and
- (e) Operating Fund;

provided, however that no such shortfalls related to any Subordinate Bond shall be made up unless specifically required by the Indenture.

Except as otherwise provided in the Trust Indenture, monies in each Principal Account will be used for payment of principal on the applicable Series of Bonds as the same shall become due and payable on any Principal Payment Date, including a Principal Payment Date resulting from redemption of the Bonds pursuant to the Trust Indenture. Except as otherwise provided in the Trust Indenture, monies in each Interest Account will be used for payment of interest on such Bonds as same shall become due and payable on any Bond Payment Date. The balance, if any, in the Principal Accounts and the Interest Accounts on each Bond Payment Date after making the payments required in the two immediately preceding sentences shall be transferred to the Revenue Fund.

Deposits into the Special Redemption Account shall include (a) any Net Proceeds of Insurance Proceeds or Condemnation Awards to be transferred to a Special Redemption Account pursuant to the Indenture; and (b) all other payments made by or on behalf of the Issuer with respect to the redemption of the Bonds pursuant to the Indenture. Amounts on deposit in each Special Redemption Account shall be used to pay the redemption price of Bonds of the related Series being redeemed.

See "APPENDIX B –THE TRUST INDENTURE".

Debt Service Reserve Fund

The Trust Indenture directs the Trustee to establish and maintain a Reserve Account in the Debt Service Reserve Fund securing the Subordinate Bonds (hereinafter, the "Subordinate Reserve Account") so long as any of the Subordinate Bonds are outstanding.

Payments into each Reserve Account. Pursuant to the Trust Indenture, upon the issuance of the Subordinate Bonds, the Trustee will deposit into the Subordinate Reserve Account an amount equal

to the Debt Service Reserve Account Requirement. The "Debt Service Reserve Account Requirement" means, with respect to the Subordinate Reserve Account, the least of (i) the maximum amount of Annual Debt Service which shall be payable during the current or any succeeding Bond Year on the Subordinate Bonds, (ii) an amount equal to 10% of the proceeds of the Subordinate Bonds, or (iii) an amount equal to 125% of the average annual debt service with respect to the Subordinate Bonds.

The Series 2012A Bonds will be secured by a separate Reserve Account in the Debt Service Reserve Fund (the "2012A Reserve Account") held solely for the benefit of the Series 2012A Bonds. Holders of the Subordinate Bonds will have no rights to any moneys or securities on deposit in the 2012A Reserve Account or any other Reserve Account established solely as security for other Bonds, and the Trustee for the Series 2012A Bonds will have no rights to any moneys or securities on deposit in the Subordinate Reserve Account or any other Reserve Account established solely as security for other Bonds.

After the date of issuance of the Series 2012 Bonds, with respect to each other Series of Bonds which is stated in the Supplemental Indenture related thereto to be entitled to the benefits and security of a Reserve Account in the Debt Service Reserve Fund (other than the Subordinate Reserve Account and the Series 2012A Reserve Account) the Debt Service Reserve Account Requirement with respect to any separate Reserve Account shall be equal to the amount set forth in such Supplemental Indenture (which may be \$0.00).

Use of Moneys in the Subordinate Reserve Account. All amounts in the Subordinate Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making up any deficiency in the amount available for the payment of principal or interest on a Subordinate Bond when due and payable to the Holder of such Subordinate Bond. In the event the amount on deposit in the Surplus Fund on any date are insufficient to pay principal of, premium, if any, or interest then coming due on any Subordinate Bonds, the only moneys available to pay the principal or interest on a Subordinate Bond are moneys on deposit in the Subordinate Reserve Account; provided, however, such amounts may not be sufficient to pay the principal or interest becoming due on a Subordinate Obligation on any such date. See "SECURITY FOR THE SUBORDINATE BONDS –Trust Indenture."

Replenishment of Amounts Drawn from a Reserve Account. In the case of any withdrawal from the Subordinate Reserve Account, the Borrower shall pay to the Trustee from funds on deposit in the Surplus Fund and available therefor, amounts sufficient to restore the amount on deposit in the Subordinate Reserve Account to an amount equal to the applicable Debt Service Reserve Account Requirement as described under "Surplus Fund," below. Any such withdrawal from the Subordinate Reserve Account shall not in and of itself constitute a default or an Event of Default under the Trust Indenture. The Borrower is not permitted to make deposits to the Subordinate Reserve Account if amounts on deposit in the Surplus Fund and available are insufficient, and it will not constitute an Event of Default under the Indenture if the Borrower fails to timely pay any of the monthly installments when due into the Subordinate Reserve Account.

See "APPENDIX B –THE TRUST INDENTURE".

Repair and Replacement Fund

A Repair and Replacement Fund will be established under the Trust Indenture, into which the Trustee shall deposit (i) money transferred from the Revenue Fund in the amounts and on the dates as described in the Trust Indenture and (ii) any other amounts required to be deposited into the Repair and Replacement Fund under the Trust Indenture or under the Loan Agreement or the Mortgages and delivered to the Trustee with instructions to deposit the same therein. The Trustee shall apply money on deposit in the Repair and Replacement Fund, upon request of a Borrower Representative, but not

more often than once a month, to pay to or to reimburse the Borrower for paying the cost of replacements or items of extraordinary maintenance or repair which may be required to keep the Project in sound condition. The Borrower will submit a requisition to Trustee, in such manner as provided in the Indenture, for payment of such repair and replacement costs from money on deposit in the Repair and Replacement Fund, provided no Event of Default shall then exist under the Trust Indenture.

The Repair and Replacement Fund shall also be used to remedy any deficiency in the Bond Fund related to the Senior Bonds, on any Interest Payment Date after exhaustion of the Surplus Fund and the Operations and Maintenance Reserve Fund, without any prior consents as provided in the Trust Indenture. If total amounts on deposit in the Repair and Replacement Fund are not sufficient to pay all of such repair and replacement costs when due, then funds in the Operations and Maintenance Fund may be disbursed until exhausted, and then the Borrower shall pay the excess amount of such costs directly (which Borrower monies may be reimbursed from monies available in the Repair and Replacement Fund at a later date when they become available). See "APPENDIX B – THE TRUST INDENTURE".

Administration Fund

An Administration Fund will be established and funded pursuant to the Trust Indenture, into which Trustee will deposit (i) money transferred from the Revenue Fund as provided in the Trust Indenture and (ii) any other amounts required to be deposited in the Administration Fund pursuant to the Trust Indenture, the Loan Agreement or the Mortgages with instructions to deposit the same in the Administration Fund. The Trustee will disburse amounts from the Administration Fund necessary for payment of Administration Expenses then due automatically to the parties due such payment upon presentation of an invoice for payment from such requesting party without any approval of the Borrower. See "APPENDIX B – THE TRUST INDENTURE".

Surplus Fund

A Surplus Fund is established under the Trust Indenture, into which the Trustee will deposit amounts provided in the Trust Indenture and amounts delivered to it with instructions to deposit the same in the Surplus Fund. Money in the Surplus Fund shall be applied each month, when needed as follows: (i) transferred to an Interest Account in the Bond Fund for the Senior Bonds to pay interest on the Senior Bonds to the extent amounts on deposit in such Interest Account are insufficient therefor, (ii) transferred to a Principal Account in the Bond Fund for the Senior Bonds to pay principal on the Senior Bonds to the extent amounts on deposit in such Principal Account are insufficient therefor, (iii) transferred to the Revenue Fund to the extent of any deficiency in the amounts needed to fully make all transfers from the Revenue Fund pursuant to the Trust Indenture (other than to the Surplus Fund), (iv) transferred to or upon the direction of the Borrower Representative to the Operating Account for the payment of Operating Expenses when the Borrower has certified to the Trustee that there are insufficient moneys in the Operating Fund or Operating Account to pay Operating Expenses, (v) paid to the Trustee an amount equal to any unpaid Extraordinary Trustee's Fees and Expenses then due, (vi) transferred to the Operations and Maintenance Reserve Fund an amount sufficient to establish in such Fund or restore such Fund to the Operations and Maintenance Reserve Requirement and (vii) paid to the Manager, any Subordinate Management Fee then owing.

If on or after any Annual Evaluation Date, (i) the Trustee receives a certificate signed by a Borrower Representative stating that the Borrower has satisfied the Coverage Test (determined by including the Management Fee and the Subordinate Management Fee in Operating Expenses actually paid and as shown in a report by a certified public accountant delivered by the Borrower to the Trustee pursuant to the Loan Agreement) for the Fiscal Year ending on such December 31, upon which the Trustee may conclusively rely, (ii) no Event of Default, or event which with the passage of time or the

giving of notice or both would constitute an Event of Default, has occurred and is continuing, (iii) the Debt Service Reserve Requirement with respect to the Senior Bonds and the required Repair and Replacement Fund and Operations and Maintenance Reserve Fund deposits have been fully funded, and (iv) Days' Cash on Hand exceeds the Liquidity Requirement, then the Trustee shall transfer (1) to the Interest Account for the Subordinate Bonds, the applicable Interest Requirement for Subordinate Bonds due and owing on the next succeeding Interest Payment Date, together with an amount equal to any unfunded Interest Requirement for any prior period and to the holder of any Subordinate Parity Indebtedness an amount equal to the interest due on the next succeeding interest payment date, together with an amount equal to any unfunded interest for any prior period; and (2) to the Principal Account for the Subordinate Bonds, an amount equal to the applicable Principal Requirement for the Subordinate Bonds due and owing on the next succeeding Bond Payment Date, together with an amount equal to any unfunded Principal Requirement from any prior period and to the holder of any Subordinate Parity Indebtedness an amount equal to the principal due on the next principal payment date with respect thereto, together with an amount equal to any unfunded principal for any prior period. The Trustee shall thereafter transfer such amount, if any, as shall be necessary to restore the amount on deposit in the Debt Service Reserve Account with respect to the Subordinate Bonds to the Debt Service Reserve Requirement applicable thereto. The amount remaining in the Surplus Fund after such transfer is deemed "Surplus Cash". Following the foregoing transfers and within two Business Days after written request by the Borrower Representative to the Trustee, the Trustee shall disburse from the Surplus Fund to the Borrower an amount equal to the lesser of (i) the Surplus Cash as of such Annual Evaluation Date or (ii) the Surplus Cash available on the date of disbursement. Such amounts shall be utilized by the Borrower to, among other things, pay amounts owing under the Pledge Agreement to be paid from net income of the Project.

Notwithstanding anything to the contrary in the Trust Indenture, the Trustee shall not make disbursements from the Surplus Fund to the Borrower as provided in the immediately preceding paragraph unless the Trustee has received the financial reports and certificates then due as set forth in the Loan Agreement. See "APPENDIX B – THE TRUST INDENTURE".

Subordination of Subordinate Bonds

The Trust Indenture provides that deposits to be made to the Accounts in the Bond Fund for the Subordinate Bonds under the Trust Indenture, and payment of Debt Service on the Subordinate Bonds, shall be subordinate to the deposits to be made to the Accounts in the Bond Fund and the Debt Service Reserve Fund for the Senior Bonds under the Trust Indenture. The Accounts in the Bond Fund and the Debt Service Reserve Fund for any Series of Senior Bonds have been specifically pledged and set aside to secure or provide for the payment of principal of premium, if any, and interest on such Series of Senior Bonds. See "APPENDIX B – THE TRUST INDENTURE".

Rebate Fund

The Trustee shall deposit or transfer to the credit of the Rebate Fund each amount delivered to the Trustee by the Borrower for deposit thereto and each amount directed by the Borrower in writing to be transferred thereto. Within five (5) days after each receipt or transfer of funds to the Rebate Fund in accordance with the Loan Agreement relating to payments with provisions of the Loan Agreement, the Trustee shall withdraw from the Rebate Fund and pay to the United States of America the balance of the Rebate Fund. Within five (5) days after receipt from the Borrower of any amount pursuant to the Loan Agreement relating to correction of underpayments, the Trustee shall withdraw such amount from the Rebate Fund and pay such amount to the United States of America. All payments to the United States of America pursuant to this Section shall be made by the Trustee for the account and in the name of the Issuer and shall be paid by check by the Borrower, accompanied by other

necessary documentation. Funds in the Rebate Fund shall not be part of the Trust Estate. See "APPENDIX B – THE INDENTURE."

Other Covenants of the Borrower

Under the Loan Agreement, the Mortgage and the Land Use Restriction Agreement, the Borrower is required to comply with certain other covenants and agreements. See "APPENDIX B – LOAN AGREEMENT," "THE MORTGAGE" and "THE LAND USE RESTRICTION AGREEMENT".

Issuance of Additional Bonds

"Additional Bonds" are defined in the Trust Indenture to mean the additional parity Senior Bonds secured on a senior lien basis authorized to be issued by the Issuer pursuant to the terms and conditions of the Trust Indenture. So long as no Event of Default has then occurred and is continuing, the Issuer at the request of a Borrower Representative may issue Additional Bonds for the purpose of (i) financing the costs of making such Modifications to the Project as the Borrower may deem necessary or desirable, (ii) financing the cost of completing any Modifications, (iii) refunding any Bonds, (iv) funding a debt service reserve fund for such Series of Bonds, if required by the Supplemental Indenture for such Series of Bonds, and (v) in each such case, paying the costs of the issuance and sale of the Additional Bonds, paying capitalized or funded interest and such other costs reasonably related to the financing as shall be agreed upon by the Borrower and the Issuer.

The terms of Additional Bonds, the purchase price to be paid therefor, and manner in which the proceeds therefrom are to be disbursed shall be determined by the Borrower and the sale of any Additional Bonds shall be the sole responsibility of the Borrower. The Issuer and the Trustee shall enter into such amendments or supplements to the Trust Indenture as are required to effect the issuance of the Additional Bonds. Furthermore, the Borrower, the Trustee and the Issuer must enter into an amendment to the Loan Agreement to provide for additional Basic Loan Payments (as such term is defined in the Loan Agreement) in an amount at least sufficient to pay principal of, premium, if any, and interest on the Additional Bonds when due and to provide for any additional terms or changes to the Loan Agreement required because of such Additional Bonds. An amount equal to any increase in the Debt Service Reserve Requirement attributable to issuance of the Additional Bonds shall be deposited in the applicable Debt Service Reserve Account of the Debt Service Reserve Fund at the time of delivery of the Additional Bonds, unless the purchaser of such Additional Bonds shall not require a debt service reserve account to secure such Additional Bonds, in which case said Additional Bonds will not be secured by the Debt Service Reserve Fund. As a condition for the issuance of Additional Bonds, the Borrower shall evidence compliance to the Trustee and the Issuer with the requirements for the issuance of Senior Parity Indebtedness under the Loan Agreement, as set forth below.

Senior Long-Term Indebtedness may be incurred under the Loan Agreement if prior to the incurrence thereof, one of the following conditions is met:

- A. There is made available a certificate from an authorized Borrower Representative certifying that the Debt Service Coverage Ratio, taking into account all Outstanding Senior Long-Term Indebtedness and the Senior Long-Term Indebtedness to be incurred as if it had been incurred at the beginning of such period, for the most recent Fiscal Year preceding the date of delivery of the referenced certificate for which audited financial statements are available is not less than 1.25 on all Outstanding Senior Bonds and Senior Parity Indebtedness; or

- B. There is made available (a) a certificate from the authorized Borrower Representative accompanied by the report of a Consultant certifying that the Debt Service Coverage Ratio, taking into account all Senior Outstanding Long-Term Indebtedness, but not the Senior Long-Term Indebtedness then proposed to be incurred, for the most recent Fiscal Year preceding the date of delivery of the referenced certificate, for which audited financial statements are available, is not less than 1.25 on all Outstanding Senior Bonds and Senior Parity Indebtedness; and (b) a report of such Consultant stating that the projected or forecasted Debt Service Coverage Ratio, taking the proposed Senior Long Term Indebtedness into account, for (i) in the case of Senior Long-Term Indebtedness to finance capital improvements, the Fiscal Year immediately succeeding the year in which such capital improvements are expected to be placed into operation (except that with respect to capital improvements to include living units, such projection/forecast will be for the earlier to occur of (1) the first full Fiscal Year succeeding the date on which Stable Occupancy occurs, or (2) the first Full Fiscal Year following the Fiscal Year in which occurs the date which is 18 months from the date such capital improvements are expected to be put in service), or (ii) in the case of Senior Long-Term Indebtedness not financing capital improvements, the Fiscal Year immediately succeeding the year in which the Senior Long-Term Indebtedness is incurred, is not less than 1.25 on all Outstanding Senior Bonds and Senior Parity Indebtedness.

If Senior Long-Term Indebtedness is incurred for the purpose of completing the construction or equipping of facilities for which Senior Long-Term Indebtedness has theretofore been incurred, the Trustee will receive prior to the incurrence thereof (i) a written statement of the Architect for such facility setting forth the Architect's estimate of the cost of completing the facility and the date on which the facility will be completed and (ii) an Officer's Certificate stating that the proceeds of such additional Senior Long-Term Indebtedness, together with any other moneys available for such purpose, will be sufficient to cover the cost of completing the facility.

Senior Long-Term Indebtedness may be incurred to refund any Outstanding Senior Long-Term Indebtedness if prior to the incurrence thereof: (i) either (a) the Trustee receives a certificate stating that, taking into account the Senior Long-Term Indebtedness proposed to be incurred, the existing Senior Long-Term Indebtedness to remain Outstanding after the refunding and the refunding of the existing Senior Long-Term Indebtedness to be refunded, Maximum Annual Debt Service will not be increased by more than 10%, or (b) one of the conditions described above and in the Loan Agreement is met with respect to such proposed Senior Long-Term Indebtedness, (ii) the Debt Service Coverage Ratio after refunding any Outstanding Senior Long-Term Indebtedness will not be lower than it would be assuming no refunding of such Outstanding Senior Long-Term Indebtedness, and (iii) the Trustee receives an opinion of Counsel stating that upon the incurrence of such proposed Senior Long-Term Indebtedness and the application of the proceeds thereof, the Outstanding Senior Long-Term Indebtedness to be refunded will no longer be Outstanding.

Short-Term Indebtedness may be incurred if immediately after the incurrence of such Indebtedness the aggregate Outstanding principal amount of Short-Term Indebtedness of the Borrower does not exceed 10% of the Project Revenues for the most recent Fiscal Year for which audited Financial Statements are available; provided, however, that for a period of at least 30 consecutive calendar days in each Fiscal Year, Short-Term Indebtedness will be reduced to not greater than \$500,000.

Additional Subordinate Indebtedness may be incurred to finance improvements or additions to the Project upon the prior written approval of the holders of a majority in an aggregate principal amount of the Subordinate Bonds or any Subordinate Parity Indebtedness then outstanding.

Notwithstanding the foregoing, nothing will preclude the Borrower from incurring any liability under a line of credit, letter of credit, standby bond purchase agreement or similar credit enhancement or liquidity facility established in connection with any related Bonds incurred in accordance with the provisions above that are required to be purchased at the option of the Holders thereof.

The Trust Indenture does not authorize the issuance of additional Subordinate Bonds. See “APPENDIX B – THE TRUST INDENTURE”.

Parity Indebtedness

The Trust Indenture does provide that the Issuer and the Trustee acknowledge that, as permitted by the Loan Agreement, the Borrower is permitted, under certain circumstances, to incur Parity Indebtedness that is secured by a lien on and security interest in all or any portion of the Project or the Project Revenues, secured on an equal and ratable basis with the Outstanding Senior Bonds under the First Mortgage. See “APPENDIX B – THE TRUST INDENTURE” and “– THE LOAN AGREEMENT”.

Remedies

The Indenture provides that, upon the occurrence of an Event of Default thereunder, the Trustee may and at the written request of the Controlling Holders or in certain cases the written request of 75% of the Holders of the Senior Bond Obligation if any Senior Bonds remain Outstanding, or unanimous written consent of the Holders of the Subordinate Bonds, if no Senior Bonds remain Outstanding, declare the Bonds to be immediately due and payable and pursue certain other remedies. The Trust Indenture provides that, notwithstanding any other provision contained therein, if an Event of Default with respect to the payment of principal of or interest on the Subordinate Bonds occurs (but an Event of Default does not exist with regard to the Senior Bonds) while any Senior Bonds remain outstanding, then the Trustee shall not accelerate the Bonds and shall not exercise any of the remedies available pursuant to the Trust Indenture or applicable law without the consent of the Holders of all of the Senior Bonds.

The Trust Indenture also provides that in the event the holders of the Subordinate Bonds and any Subordinate Parity Indebtedness have not been paid interest due and owing for any consecutive 24-month period, the Holders of a majority in aggregate principal amount of the Subordinate Bonds and Subordinate Parity Indebtedness outstanding shall have the right to require the Borrower to engage a consultant to submit a written report and recommendations with respect to the rents, fees, rates and other charges related to the Project and with respect to improvements or changes in the operations and scope of services delivered by the Borrower so as to permit debt service on the Subordinate Bonds and Subordinate Parity Indebtedness to be paid.

For more information related to acceleration and other remedies under the Trust Indenture, see “APPENDIX B – THE TRUST INDENTURE”.

RISK FACTORS

General Risk Factors

A PROSPECTIVE BONDOWNER IS ADVISED TO READ THE ENTIRE PRIVATE PLACEMENT MEMORANDUM, INCLUDING THE APPENDICES HERETO, AND SPECIAL REFERENCE IS MADE TO THE SECTION “SECURITY FOR THE SUBORDINATE BONDS”

AND THIS SECTION FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SUBORDINATE BONDS.

As described herein under the caption "SECURITY FOR THE SUBORDINATE BONDS," except to the extent that the principal of, premium, if any, and interest on the Subordinate Bonds may be payable under certain circumstances from proceeds of insurance, sale or condemnation awards, such principal, premium, if any, and interest will be payable solely from amounts paid by the Borrower under the Loan Agreement (excluding certain payments to the Issuer with respect to its Reserved Rights).

No representation or assurance is given or can be made that revenues will be realized by the Borrower sufficient to ensure the payment of the principal and interest on the Subordinate Bonds in the amounts and at the times required to pay debt service on the Subordinate Bonds when due. The ability of the Borrower to generate sufficient revenues may be impacted by a number of factors. Some, but not necessarily all of these risk factors are discussed in this section below; these risk factors should be considered by investors contemplating any purchase of the Subordinate Bonds. Neither the Placement Agent nor the Issuer has made any independent investigation of the extent to which any such factors may have an adverse effect on the revenues of the Borrower.

General

The Subordinate Bonds are special and limited obligations of the Issuer, payable solely from and secured exclusively by the funds and other security pledged to secure such Subordinate Bonds, on a subordinate basis to all Senior Obligations, pursuant to the Trust Indenture, including the payments to be made by the Borrower under the Loan Agreement, and do not constitute a general obligation of the Issuer, the County, the State or any political subdivision thereof. The inability of the Borrower to construct, fully lease up and/or maintain the Project would prevent the Borrower from achieving the forecasted revenues and could adversely affect the Borrower's ability to make payments under the Loan Agreement.

Certain risks are inherent in the successful development and operation of facilities such as the Project. Such risks should be considered in evaluating the Project's ability to generate sufficient revenues to pay principal of or premium, if any, and interest on the Subordinate Bonds when due. No representations or assurances can be made that the receipts derived from the operation of the Project, as presently estimated or otherwise, will be realized by the Borrower, the Issuer or the Trustee on behalf of the Holders of the Subordinate Bonds, or any other party, in amounts necessary to pay the principal of and interest on the Subordinate Bonds. The estimates of revenues and expenses associated with the Project are subject to change and may be adversely affected by unforeseen events and conditions, changes in demand for facilities similar to the Project, fluctuations in public confidence, both in the Project and in the services provided by the Project and changes in government licensing procedures, regulations and competition.

The following discussion is not intended to be exhaustive, but includes certain significant factors that should be considered along with other factors set forth elsewhere in this Private Placement Memorandum. The order of inclusion of these risks and other investment considerations is not intended to be representative of the importance or probability of such risks or investment considerations. In order for prospective purchasers of the Subordinate Bonds to identify risk factors and make an informed investment decision, prospective purchasers should be thoroughly familiar with this entire Private Placement Memorandum and the Appendices hereto so as to make a judgment as to whether the Subordinate Bonds are an appropriate investment, and obtain such additional information as they deem advisable in connection with their evaluation of the Subordinate Bonds for investment.

Subordinate Debt

Payment of the principal of and interest on the Subordinate Bonds, and the exercise of remedies in the event of a default, is subordinate to the payment of all Senior Obligations outstanding from time to time under the Trust Indenture. There can be no assurance that funds will be available for payment of the Subordinate Bonds after satisfaction of such prior obligations. Upon an Event of Default, no remedies are available to the holders of the Subordinate Bonds unless and until all of the Senior Obligations are paid in full. See "SECURITY FOR THE SUBORDINATE BONDS – The Trust Indenture" herein.

The Borrower was organized in Florida for the sole purpose of acquiring, developing and operating the Project. It has and is not expected to have any assets other than the Project and the rights and revenues incident thereto and has no intention to acquire other assets. The ability of the Borrower to pay and perform its obligations under the Loan Agreement and the Notes will depend primarily upon the ability of the Project to generate sufficient revenues.

The Borrower has limited resources and is dependent on its successful construction and operation of the Project to meet its obligations under the foregoing documents. Under the terms of the Loan Agreement, none of the members of the Borrower are liable for the debts or losses of the Borrower, nor are they obligated to contribute any funds to or on behalf of the Borrower in excess of their initial capital contributions, irrespective of whether the revenues of the Project are sufficient to pay operating expenses and debt service requirements with respect to the Series 2012 Bonds.

Impact of Market Turmoil

The disruption of the credit and financial markets in the last several years has resulted in volatility in the financial markets, fluctuations in interest rates, reduced economic activity, increased business failures and increased consumer and business bankruptcies, and is considered a major cause of the current economic crisis. In addition, as investor confidence has waned, investments previously recognized as stable, such as tax-exempt bond funds, have experienced significant withdrawals. This could affect the market demand for the Subordinate Bonds. In addition, the current market conditions have affected and could continue to adversely affect the value of any investments the Borrower may have and could cause the Borrower's ability to borrow to fund capital expenditures to be more limited and more expensive.

In response to disruption of the markets, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Financial Reform Act") was enacted and approved by the President on July 21, 2010. The Financial Reform Act includes broad changes to the existing financial regulatory structure, including the creation of new federal agencies to identify and respond to risks to the financial stability of the United States. Additional legislation is pending or under active consideration by Congress and regulatory action is being considered by various Federal agencies and the Federal Reserve Board and foreign governments, which are intended to increase the regulation of domestic and global credit markets. The effects of the Financial Reform Act and of these legislative, regulatory and other governmental actions, if implemented, are unclear.

Investment in Senior Living Facilities Carries Risk

Since the financial crisis that began in 2008, a number of senior living facilities, including independent living and assisted living facilities, have experienced financial difficulties leading, in some cases, to foreclosure or transfer of title in lieu of foreclosure. During the past seven years, three entities of which Stuart Mills, the managing member of both the Borrower and the Developer, was the managing member have had real property foreclosed upon or given a deed in lieu of foreclosure. The

three entities that owned these properties were Bentley Commons – Staunton, LLC, Three Woodbury Mews, LLC and Four Woodbury Mews, LLC. In each case, the senior living facility owned by the respective entity was transferred to the holder of the note and mortgage secured by such project in lieu of foreclosure.

Financial Feasibility Study

Management's financial forecast of the Borrower and the examination report prepared by Moore, Stephens, Lovelace, P.A., are included in APPENDIX A hereto. Management's financial forecast is based on assumptions made by the management of the Borrower. As stated in the Financial Feasibility Study, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. In addition, the financial forecast is only for the five years ending December 31, 2017, and consequently does not cover the whole period during which the Subordinate Bonds may be outstanding. Actual operating results may be affected by many uncontrollable factors, including but not limited to, changes in employee relations, increased taxes or government controls, changes in applicable governmental regulations, changes in demographic trends, increased competition which may affect occupancy levels changes in the retirement living and health care industries, changes in general economic conditions, changes in management and increased inflation, all of which could result in changes in, or failure to execute, the Borrower's plans as reflected in the forecast and result in increased costs and/or lower than anticipated revenues. The Financial Feasibility Study should be read in its entirety, including management's notes and assumptions set forth therein. See APPENDIX A hereto. None of the Issuer, its counsel, the Placement Agent and its counsel, Bond Counsel or any other party other than the Borrower has participated in developing and formulating the assumptions and the disclosure contained in the Financial Feasibility Study.

BECAUSE THERE IS NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE ASSUMPTIONS MADE, NO GUARANTEE CAN BE MADE THAT MANAGEMENT'S FINANCIAL FORECAST IN THE FINANCIAL FEASIBILITY STUDY WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY UNCONTROLLABLE FACTORS, INCLUDING BUT NOT LIMITED TO INCREASED COSTS, LOWER THAN ANTICIPATED REVENUES, EMPLOYEE RELATIONS, TAXES, GOVERNMENTAL CONTROLS, CHANGES IN APPLICABLE GOVERNMENTAL REGULATION, CHANGES IN DEMOGRAPHIC TRENDS, CHANGES IN THE REAL ESTATE MARKET, CHANGES IN THE RETIREMENT LIVING AND HEALTH CARE INDUSTRIES, AND GENERAL ECONOMIC CONDITIONS.

Management's financial forecast contained in APPENDIX A is a forward-looking statement based on the information currently available to the Borrower, but a number of factors, including those disclosed in APPENDIX A, could cause actual performance of the Borrower to be materially different from management's financial forecast.

Limited Obligations

THE SUBORDINATE BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE ISSUER AND ARE NOT A DEBT OR LIABILITY OF THE ISSUER, THE COUNTY, THE STATE, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF. THE SUBORDINATE BONDS DO NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE, IN ANY MANNER, THE ISSUER, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAX OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THE SUBORDINATE BONDS. THE SUBORDINATE BONDS ARE PAYABLE SOLELY FROM THE FUNDS PLEDGED FOR THEIR PAYMENT IN ACCORDANCE WITH THE TRUST

INDENTURE AND THE LOAN AGREEMENT. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE ISSUER, THE COUNTY OR THE STATE SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE SUBORDINATE BONDS.

Uncertainty of Revenues

The Borrower has no assets other than the proposed Project (and certain undeveloped land) and is not expected to have any revenues except those derived from operations of the Project. As noted elsewhere, except to the extent that the Holders receive under certain circumstances, proceeds of insurance, sale or condemnation awards, the Subordinate Bonds will be payable solely from payments or prepayments to be made by the Borrower under the Loan Agreement. The ability of the Borrower to make payments under the Loan Agreement is dependent upon the generation by the Borrower of revenues in the amounts necessary for the Borrower to pay the principal, premium, if any, and interest on the Senior Bonds, as well as other operating and capital expenses, and, lastly, the principal of, premium if any, and interest on the Subordinate Bonds. The realization of future revenues and payment of operating expenses are subject to, among other things, the capabilities of the management of the Borrower and the Manager, government regulation and future economic and other conditions that are unpredictable and that may affect revenues and payment of principal of and interest on the Subordinate Bonds. Furthermore, the Borrower sets resident fees on, among other things, forecasts and actuarial tables. If the number of deaths and permanent transfers to its health care facilities are less than assumed, the revenues of the Borrower could be adversely affected. No representation or assurance can be made that revenues will be realized by the Borrower in amounts sufficient to make the required payments with respect to debt service on the Subordinate Bonds.

Risks of Real Estate Investment

General. Development, ownership and operation of real estate, such as the Project, involves certain risks, including the risk of adverse changes in general economic and local conditions, including the possible future oversupply and lagging demand for housing; adverse use of adjacent or neighboring real estate; community acceptance of the Project; changes in the cost of operation of the Project; difficulties or restrictions in the Borrower's ability to raise rents charged; adverse weather and delays in rehabilitation; population decreases; uninsured losses; failure of residents to pay rent; operating deficits and mortgage foreclosure; lack of attractiveness of the property to residents; adverse changes in neighborhood values; and adverse changes in zoning laws, federal and local rent controls, other laws and regulations and real property tax rates. Such losses also include the possibility of fire or other casualty or condemnation. If the Project, or any parts of the Project, were uninhabitable during restoration after damage or destruction, the residence units or common areas affected would not be available during the period of restoration, which could adversely affect the ability of the Project to generate sufficient revenues to pay debt service on the Series 2012 Bonds. Changes in general or local economic conditions and changes in interest rates and the availability of mortgage funding may render the sale or refinancing of the Project difficult or unattractive. These conditions may have an adverse effect on the demand for the Project as well as the market price received for the Project in the event of a sale or foreclosure of the Project. Many other factors may adversely affect the operation of facilities like the Project and cannot be determined at this time.

Failure to Maintain Occupancy

The revenues of the Borrower depend in large part upon the ability of the Borrower to attract sufficient numbers of residents to the Project and to maintain substantial occupancy throughout the term of the Subordinate Bonds. This depends to some extent on factors outside management's control, such as the residents' right to terminate their leases, subject to the conditions provided in the leases.

The economic viability of the Project also depends on the Borrower's ability to re-lease units becoming available when residents decease, withdraw, or are permanently transferred to the Project's assisted living facility. If the Project fails to maintain high occupancy levels as forecasted in the Financial Feasibility Study, there may be insufficient funds to pay the debt service on the Subordinate Bonds.

Competition

The Borrower provides services in areas where other competitive facilities exist, including facilities in the City of Lake Wales, and may face additional competition in the future as a result of the construction or renovation of competitive facilities in the primary or secondary market area of the Borrower. There may also arise in the future competition from other independent living facilities or assisted living facilities, some of which may offer similar facilities, but not necessarily similar services, at lower prices. See "APPENDIX A – Financial Feasibility Study" for a description of competitive facilities in the Lake Wales area.

State Licensure

The Borrower is required to secure licenses from the State of Florida Agency for Health Care Administration ("AHCA") to operate the ALF. Assisted living facilities in the State are licensed facilities which undertake through their ownership or management to provide, for a period exceeding 24 hours, housing, food service, and one or more personal services for one or more adults, not related to the owner or the administrator by blood or marriage. In addition, assisted living facilities may provide extended congregate care, limited nursing services or limited mental health services when specifically licensed to do so. Assisted living facilities are subject to various licensure requirements, including requirements regarding maintenance of facilities, preparation and annual updating of a comprehensive emergency maintenance plan, number and qualification of personnel, sanitary conditions, and care and maintenance of patients.

The success of the Borrower and the Project will be dependent in a large part upon the timely and successful development of the Project in accordance with applicable standards imposed by the AHCA so as to be able to obtain the appropriate permits and authority to open the Project as planned. Failure to successfully develop the Project and begin operations as planned could result in the failure of the Borrower's plan of business and result in the loss of the investment. Although the Borrower believes that the Project will receive such approvals, there can be no assurance that such approvals will be obtained in a timely fashion or that changes in the Project will not be required.

AHCA may revoke or suspend an Assisted Living Community's license for a number of reasons, including: (a) an intentional or negligent act seriously affecting a facility resident's health, safety or welfare; (b) misappropriation or conversion of resident property; (c) a determination by AHCA that the Project owner lacks the financial ability to provide continuing adequate care to residents; or (d) a licensee's failure during re-licensure to meet minimum licensing standards or applicable rules. Furthermore, AHCA may seek an injunction in various circumstances, including to enforce applicable requirements against an Assisted Living Community when a violation has not been corrected by the imposition of administrative fines or when the violation materially affects resident health, safety or welfare. Also, AHCA may seek the appointment of a receiver in the same circumstances as indicated above with respect to nursing homes.

Licensing Delay

The timeline to achieve licensure for health care or assisted living may be longer than expected and negatively impact occupancy levels and revenues of the Borrower. Any delay in licensing and full operation of the Project would result in losses in excess of those projected in the Financial Feasibility

Study in APPENDIX A. The Borrower will apply to the AHCA for licenses to operate the Project and anticipates licensure upon completion of the Project.

Damage, Destruction or Condemnation.

Although the Borrower will be required to obtain and maintain certain insurance against damage or destruction as set forth in the Loan Agreement and the Mortgages, there can be no assurance that the Project will not suffer losses for which insurance cannot be or has not been obtained or that the amount of any such loss, or the period during which the Project cannot generate Project Revenues, will not exceed the coverage of such insurance policies.

If the Project or any portion of the Project is damaged or destroyed, or is taken in a condemnation proceeding, funds derived from proceeds of insurance or any such condemnation award for the Project must be applied as provided in the Loan Agreement to restore or rebuild the Project or to redeem the Bonds. There can be no assurance that the amount of funds available to restore or rebuild the Project or to redeem the Bonds will be sufficient for that purpose, or that any remaining portion of the Project will generate Project Revenues sufficient to pay the expenses of the Project and the debt service on the Series 2012 Bonds remaining outstanding.

Risk of Tenant Non-Payment of Rent.

There can be no assurance that any tenant of the Project will pay rent when due. No governmental agency has guaranteed the rental payments due from tenants. Thus, there can be no assurance that the rental payments received from the tenants will be sufficient to enable the Borrower to make timely debt service payments on the Notes, or to enable the Issuer to make timely payments of principal premium, if any, and interest on the Series 2012 Bonds. Leases can be terminated by the Borrower for nonpayment of rent by tenants.

Construction Risk

Construction of the Project is subject to typical risks associated with construction projects, including, but not limited to, delays in permit issuance or other approvals, strikes, labor strife, procurement delays, materials shortages, natural disasters, adverse weather conditions, environmental issues, restrictions related to endangered species, fire, casualties, acts of God, acts of public enemies, terrorism, governmental orders, change orders, insurrections, riots, subcontractor disputes, contract disputes, or other issues or adverse conditions which are not reasonably anticipated by the Borrower, the Manager, the Developer, the Contractor or any of their contractors or agents or beyond their control. Construction delays could result in delays in marketing the Project to potential residents, delays in opening the Project to residents, inability of the Project to achieve occupancy rate targets, adversely impact revenue generation, or delay substantial completion of the Project. Furthermore, the Borrower may need to extend substantial completion or occupancy for any of a variety of reasons, including negligence and failures of the Borrower, the Developer, the Manager, the Contractor or any of their subcontractors or agents. Change orders and cost overruns could deplete allocated Project funds, resulting in insufficient funds to complete construction and achieve substantial completion. In turn, the receipt of revenues which would be used to pay the Series 2012 Bonds may be delayed or foregone altogether.

The Borrower has anticipated that the proceeds from the issuance of the Series 2012 Bonds, along with other funds acquired in connection with the Project, will be sufficient to complete construction and equipping of the Project based on, among other things, the G-Max Price set forth in the Construction Agreement. Change orders or modifications in the work set forth in the Construction Agreement may result in increases in Project costs. The Construction Agreement provides that if the

Contractor does not achieve substantial completion by 45 days after the agreed upon deadlines set forth in the Construction Agreement, the Contractor must pay to the Borrower \$6,436 per day per building as liquidated damages for each calendar day that substantial completion of the specified building is delayed, subject to a cap of \$315,000. Moreover, the Contractor shall provide a payment and performance bond in connection with the Project. In the event the Borrower must recover funds under the liquidated damages provisions of the Construction Agreement or under the payment and performance bonds, there is no guaranty that Borrower will not be required to institute litigation in order to achieve such recovery. Other cost increases or delays could arise which do not give rise to claims for liquidated damages or payments under the payment and performance bond. See "THE BORROWER AND THE PROJECT – The Contractor".

Construction Monitor Approval of Construction Draws

Borrower's ability to receive funds from the Project Fund is subject to Borrower's compliance with requirements under the Construction Monitoring Agreement. If Borrower fails to meet such requirements, the Construction Monitor may suspend construction draws, which in turn could delay substantial completion and could result in cost overruns. As a result, Borrower may not have access to sufficient funds to pay the Loan Payments under the Loan Agreement when due, thereby triggering a default under the Loan Agreement and the Trust Indenture. In the event the outstanding principal balance and interest accrued on the Loan are accelerated, it is likely that the Project Fund would contain insufficient amounts to make such payments. See "THE BORROWER AND THE PROJECT – The Construction Monitor", "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS – Loan Agreement and Repayment of Loan", "APPENDIX B – THE INDENTURE" and "THE LOAN AGREEMENT".

Marketing and Management

The successful operation of the Project is dependent upon the efforts of the Manager. The Borrower has contracted with the Manager for marketing and day-to-day management and operation of the Project. The Borrower does not currently have the capacity to duplicate the services offered by the Manager. If the Borrower were to terminate its relationship with the Manager, it would need to hire and train a management team for the Project or contract for similar services with other companies. For more information, see "THE BORROWER AND THE PROJECT- The Manager".

Project Risks

Adequacy of the Project as Security. The security for the Series 2012 Bonds includes a lien on the Project, evidenced by the Mortgages which have been granted in favor of the Trustee. If the Borrower fails to make sufficient and timely payments required under the Loan Agreement, it may be necessary for the Issuer and the Trustee to exercise their remedies under the Mortgages or the Trust Indenture, including foreclosure.

There can be no assurance that if and when the Trustee forecloses and obtains possession of the Project or realizes amounts from the sale thereof, that resulting proceeds or Project Revenues (if the Project is retained and operated by the Trustee), would be sufficient to pay debt service on the Series 2012 Bonds in full when due and operating expenses of the Project. The Trustee is not in the business of operating facilities such as the Project and any amounts which might be realized from operation of the Project are uncertain. Further, attempts to foreclose under the Mortgages or to obtain other remedies under such document, the Trust Indenture, the Loan Agreement or any other documents relating to the Series 2012 Bonds may be met with protracted litigation and/or bankruptcy proceedings, which could cause delays, and a court may decide not to order specific performance of covenants contained in such documents. Thus, there can be no assurance that upon the occurrence of an event of

default on the Series 2012 Bonds the Trustee will be able to obtain possession of the Project or generate proceeds of sale or revenues from the Project, or obtain other relief, in a timely fashion.

Facilities are Special Purpose Facilities. The Project is being specifically constructed for senior living residential rental housing purposes and is subject to physical restrictions that limit the alternative uses that can be made of such property. The Land Use Restriction Agreement also imposes significant restrictions on the use of the Project which could remain in effect, even in the event of foreclosure of the Mortgages. See “APPENDIX B – THE LAND USE RESTRICTION AGREEMENT”. If the Borrower is unable to operate the Project successfully as a senior living residential rental housing facility, the number of entities that would be interested in purchasing or leasing the Project from the Borrower for other purposes could be extremely limited, and the ability of the Trustee to lease or sell the Project to third parties would be adversely affected. Therefore, there is no assurance that the Trustee could realize sufficient proceeds from the foreclosure of the Mortgages and the sale of the Project thereunder to pay the Series 2012 Bonds in their entirety.

Qualifying Residential Rental Housing Requirements. The Project is subject to significant regulation which, among other things, affects the eligibility of tenants who may reside in the Project and the rents which may be charged to tenants. The Land Use Restriction Agreement requires that the Borrower operate the Project in accordance with Section 142 of the Code, among other things. In order for the Bonds to be treated as “exempt facility bonds” for a “qualified residential rental project”, the Project must meet certain tenant requirements and income restrictions set forth in Section 142(d) of the Code. Section 142(d) requires that the Borrower must make (i) not less than 20% of the Project’s units available to persons whose incomes are at or below 50% of the local area median income, as adjusted from time to time, or (ii) not less than 40% of the Project’s units available to persons whose incomes are at or below 60% of the local area median income, as adjusted from time to time. The Borrower has elected to use the 20% threshold for the Project. The Borrower has agreed that not less than 20% of the completed units in the Project shall be occupied by Lower-Income Tenants, as required by Section 142(d) of the Code. The restriction is necessary to maintain the tax-exempt status of the Series 2012 Bonds. However, these restrictions may limit the ability of the Borrower to increase the rentals charged to the tenants of the Project to the extent required to compensate for increasing expenses. See “THE BORROWER AND THE PROJECT – The Land Use Restriction Agreement” herein and “APPENDIX B - THE LAND USE RESTRICTION AGREEMENT”. The foregoing rental housing requirements may adversely affect the occupancy and revenues of the Project and may limit the Borrower’s ability to refinance the Project. Furthermore, there is no assurance that the Borrower will be able to rent a sufficient number of units to comply with these requirements to maintain the continued tax-exempt status of the Series 2012 Bonds.

Other Government Regulation. The Project is and will continue to be subject to rules and regulations promulgated by various agencies and bodies of federal, state and local governments which have jurisdiction over such matters as employment, environment, safety, traffic and health. The impact of such rules and regulations on the Project is unknown and cannot be predicted. Future orders, pursuant to existing or subsequently enacted rules or regulations, may require the expenditure by the Borrower of substantial sums to effect compliance therewith.

Loss of Parish Support; Early Termination of Pledge Agreement

Under the Pledge Agreement, the Diocese agrees, throughout the planning, feasibility analysis, construction and operation of the Project, to provide communication support to the Project by recommending and referring seniors from within the Parish community to the Project. Moreover, the Diocese agrees to offer promotional advertisement in Parish bulletins, make the Project’s informational brochures available to members of the Parishes within the Parishes offices and maintain a visible

supportive relationship with the residents of the Project. The intent of the Pledge Agreement is one of mutual support, cooperation, goodwill and charitable contribution.

The initial term of the Pledge Agreement is five years, beginning on the date that Borrower accepts rent payments from residents of the Project. The Pledge Agreement will renew for like terms, unless the Diocese or the Borrower notifies the other of an intention to terminate prior to the expiration of the then-current term. Either party may elect to terminate the Pledge Agreement for cause during its term on thirty (30) days prior written notice to the other party; provided, however, that the defaulting party shall have 30 days to cure such default following notice. Upon termination, with the exception of the provision of the Pledge Agreement related to Borrower's indemnification of the Parishes, neither party shall have any liability or obligation to the other party.

A component of the marketing and operational strategies for the Project is to establish and steward a relationship between the Project and a local faith community. The Financial Feasibility Study specifically notes that a component of demand for the Project will be derived from the sponsorship of the Parishes and their 19,000+ members. As noted above, the Parishes agree in the Pledge Agreement to provide various forms of support to the Project, such as promotional backing and recommending and referring Parish residents to the Project. Early termination of such a relationship could adversely affect marketing opportunities in the Diocese and, in particular, the Parish communities. Furthermore, the possibility could exist for the Diocese to terminate its relationship established under the Pledge Agreement with the Project and enter a similar relationship with a competing, local senior housing community.

There is no assurance or guarantee that the Project, the Borrower or the Manager would be able to establish a subsequent, similar support relationship with an alternative faith-based community within the area of the Project pursuant to a pledge agreement, a similar instrument or any other mechanism. See "THE BORROWER AND THE PROJECT – The Pledge Agreement," herein.

No Assurance of Residents; Uncertainty of Occupancy and Monthly Fee Collections

Except to the extent that the Series 2012 Bonds will be payable from the proceeds of insurance, condemnation awards or sale, the Series 2012 Bonds will be payable solely from payments or prepayments made by the Borrower under the Loan Agreement and the Notes. The financial feasibility of the Project and the payment, when due, of principal of, redemption premium, if any, and interest on the Series 2012 Bonds depends largely on the continuing ability of the Borrower to achieve and maintain levels of occupancy of the Project by residents who are capable of paying the full amount of the monthly fees. If the Project fails to achieve and maintain the levels of occupancy discussed in the Financial Feasibility Study, there may be insufficient funds to pay principal of, redemption premium, if any, and interest on the Series 2012 Bonds and the related Notes.

There can be no assurance that occupancy will meet or exceed the levels needed for the feasibility of the Project. Occupancy at the Project may be affected by myriad factors, including crime, neighborhood characteristics, condition of the Project, competition from existing or future senior housing facilities which are constructed in areas served by the Project, financial markets and general economic conditions, and other factors. As noted elsewhere in this Private Placement Memorandum, Borrower is required to maintain certain minimum occupancy at the Project by lower income persons or families. There can be no assurance that Borrower will be able to rent a sufficient number of units to comply with these requirements and achieve occupancy for rental rates which will enable it to make timely payments under the Loan Agreement and the Series 2012 Notes.

Regular increases in monthly fees may be necessary to offset increasing operating costs and expenses. There can be no assurance that such increases can or will be made, that increases in expenses

will not be greater than assumed, that residents will be able to pay such increased fees or that such increases will not adversely affect the occupancy rate of the Project. The possibility exists that residents who, unexpectedly, become unable to make monthly payments to the Borrower may be allowed to remain residents in the Project even though the costs of caring for such residents could have an adverse effect on the financial condition of the Borrower. The number of prospective residents who can afford to pay monthly fees may be affected by general economic conditions in the area. In particular, a depressed housing market may prevent prospective residents from selling their homes and establishing residence at the Project.

The monthly fees related to the Project are described in “THE BORROWER AND THE PROJECT” hereinabove. If actual operating experience is substantially different from the experience forecasted by the Borrower as of the date of this Private Placement Memorandum, the revenues of the Borrower could be less than needed in order to make full payments under the Loan Agreement and the Notes.

Utilization Demand

Several factors could, if implemented, affect demand for services provided at the Project including: (i) efforts by insurers and governmental agencies to reduce utilization of long-term care facilities by such means as preventive medicine and home health care programs; (ii) advances in scientific and medical technology; (iii) a decline in the population, a change in the age composition of the population or a decline in the economic conditions of the service area for the Project; and (iv) increased or more effective competition from retirement communities and long-term care facilities now or hereafter located in the service area of the facility.

The Nature of the Income of the Elderly

A large percentage of the monthly income of the residents of the Borrower's facilities will be fixed income derived from pensions and social security. In addition, some residents may liquidate assets in order to pay the fees and other charges for occupancy of the Borrower's facilities. If, due to inflation or otherwise, substantial increases in fees and other charges are required to cover increases in operating costs, nursing care costs, wages, benefits and other expenses, residents may have difficulty paying or may be unable to pay such increased fees and other charges. Furthermore, investment income of the residents may be adversely affected by declines in market interest rates and stock prices, which may also result in payment difficulties.

Healthcare Reform Act

Health care reform continues to be an important priority of President Obama's administration. On November 7, 2009, the U.S. House of Representatives passed the Affordable Health Care for America Act and on December 24, 2009, the Senate passed the Patient Protection and Affordable Care Act. To bridge the differences between the two bills, on March 21, 2010, the House of Representatives passed the Patient Protection and Affordable Care Act (H.R. 3590) without amendment. H.R. 3590 was signed into law by President Obama on March 23, 2010. Also on March 21, the House also passed Health Care and Education Reconciliation Act of 2010 (H.R. 4872) (the “reconciliation bill”), which modified certain provisions in H.R. 3590. Next, the House and Senate both passed a modified version of the reconciliation bill on March 25, 2010, President Obama signed the reconciliation bill on March 30, 2010. Together, H.R. 3590, which is now Public Law 111-148, and H.R. 4872, which is now, Public Law 111-152, form the basis of the health care reform, that impact providers (“Health Care Reform Statutes”).

Generally, the Health Care Reform Statutes require most U.S. citizens and legal residents to have health insurance, create state-based health benefit exchanges and a tax credit system to help the uninsured purchase coverage, require employers to either provide insurance or pay tax penalties for employees that receive tax credits, impose new regulations on health plans and expand Medicaid. On June 28, 2012, the Supreme Court of the United States, in *National Federation of Independent Business v. Sebelius*, No. 11-393, upheld the vast majority of the Health Care Reform Statutes. It is unclear how the comprehensive health care reform statutes may impact the Borrower.

Possible Changes in Tax Status

Failure of the Borrower or the Issuer to comply with certain requirements of the Code, or adoption of amendments to the Code to restrict the use of tax-exempt bonds for facilities such as those being financed with Subordinate Bond proceeds, could cause interest on the Subordinate Bonds to be included in the gross income of Bondholders or former Bondholders for federal income tax purposes.

Lack of Marketability for the Subordinate Bonds

The Subordinate Bonds are not rated. When any Bondholder attempts to resell its Subordinate Bonds, this absence of a rating could adversely affect the market price and marketability thereof.

There can be no assurance that there will be a secondary market for the Subordinate Bonds, and the absence of such a market for the Subordinate Bonds could result in investors not being able to resell the Subordinate Bonds should they need to or wish to do so.

Bankruptcy

If the Borrower were to file a petition for relief under the Federal Bankruptcy Code, the security interests created under the Trust Indenture in its revenues and certain of its accounts receivable and other property acquired after the filing (and under certain conditions some or all thereof acquired within 120 days prior to the filing) may not be enforceable. The filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Borrower and its property and as an automatic stay of any act or proceeding to enforce a lien upon its property. If the bankruptcy court so ordered, the Borrower's property, including its accounts receivable and proceeds thereof, could be used for the benefit of the Borrower despite the security interest of the Trustee therein, provided that "adequate protection" is given to the lienholder.

In a bankruptcy proceeding, the petitioner could file a plan for the adjustment of its debts which modifies the rights of creditors generally, or any class of creditors, secured or unsecured. The plan, when confirmed by the court, binds all creditors who had notice or knowledge of the plan and discharges all claims against the debtor provided for in the plan. No plan may be confirmed unless, among other conditions, the plan is in the best interests of creditors, is feasible and has been accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly in favor of junior creditors. Certain judicial decisions have cast doubt upon the right of a trustee, in the event of a health care facility's bankruptcy, to collect and retain for the benefit of bondholders portions of revenues consisting of Medicare and other governmental receivables.

On April 20, 2005, the Healthcare Bankruptcy Bill was enacted (the "Healthcare Bankruptcy Act"). The stated goal of the Healthcare Bankruptcy Act was to encourage healthcare companies to consider the patients' rights and interests when administering their bankruptcy cases related to (1) disposal of patient records, (2) transferring patients to new facilities, (3) appointment of a patient ombudsman, and (4) exclusions of a debtor from Medicare and other federal healthcare programs.

In the event of bankruptcy of the Borrower, there is no assurance that certain covenants, including tax covenants, contained in the Trust Indenture, the Loan Agreement, and certain other documents would survive. Accordingly, the Borrower, as debtor in possession, or a bankruptcy trustee could take action that would adversely affect the exclusion of interest on the Subordinate Bonds from gross income of the holders of the Subordinate Bonds for federal income tax purposes.

Liquidation of Security May Not be Sufficient in the Event of a Default

The Trustee and the Issuer must look solely to the Project Revenues, the Mortgaged Property and any funds held under the Trust Indenture to pay and satisfy the Subordinate Bonds in accordance with their terms. The Bondholders are dependent upon the success of the Borrower's facilities and the value of the Borrower's assets for the payment of the principal of, premium, if any, and interest on, the Subordinate Bonds. The Borrower has not made any representations to Bondholders regarding the current market value of the Project. In the event of a default, the value of the Mortgaged Property may be less than the amount of the outstanding Bonds, since the Project exists for the narrow use as an independent living facility and an assisted living facility. In addition, even without consideration of the special purpose nature of the Project, the sale of property at a foreclosure sale may not result in the full value of such property being obtained. The special design features of an independent living facility and an assisted living facility and the continuing rights of residents under continuing care and lease agreements may make it difficult to convert the Project to other uses, which may have the effect of reducing its attractiveness to potential purchasers. In the event of a default and subsequent foreclosure and sale of the Mortgaged Property, amounts received therefrom would first be applied to the payment of outstanding principal and interest due on all Senior Obligations on a pro rata basis. Bondholders have no assurance that the value of the Mortgaged Property would be sufficient to pay the outstanding principal and interest due under the terms of the Subordinate Bonds and other Subordinate Obligations, after payment of the Senior Obligations. Accordingly, in the event of foreclosure and sale of the Mortgaged Property, Subordinate Bondholders may not receive any, or may receive only a portion of, principal and interest due under the terms of the Subordinate Bonds. See "SECURITY FOR THE SUBORDINATE BONDS – *Subordination of Subordinate Bonds*" herein.

Additional Senior Indebtedness and Parity Subordinate Debt

The Trust Indenture permits the Borrower to incur indebtedness which may be equally and ratably secured with the Subordinate Bonds. Any such Additional Subordinate Parity Indebtedness would be entitled to share ratably with the holders of the Subordinate Bonds in any moneys realized from the exercise of remedies in the event of a default under the Loan Agreement. Additionally, the Trust Indenture permits the Borrower to incur additional indebtedness which is secured by Senior Parity Indebtedness on a parity with the Senior Bonds (including the Series 2012 Bonds) and on a senior lien basis to the Subordinate Bonds and all other Subordinate Obligations issued and outstanding from time to time. The issuance of additional senior indebtedness could reduce the Senior Debt Service Coverage Ratio and could impair the ability of the Borrower to maintain its compliance with certain covenants required in the Loan Agreement. See "TRUST INDENTURE" in APPENDIX B hereto. There is no assurance that, despite compliance with the conditions upon which additional indebtedness may be incurred at the time such debt is created, the ability of the Borrower to make the necessary payments to repay the Subordinate Bonds may not be materially adversely affected upon the incurrence of additional indebtedness.

Possible Limitations on the Mortgages

The pledge of and security interest in the Borrower's revenues and the lien on the Borrower's interest in the Project and security interest in the equipment, fixtures and personal property, may be limited by the following: (i) statutory liens; (ii) rights arising in favor of the United States of America or any agency thereof; (iii) present or future prohibitions against assignment contained in any federal statutes or regulations; (iv) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction; (v) federal bankruptcy or state insolvency laws affecting assignments of revenues earned after any effective institution of bankruptcy or insolvency proceedings by or against the Borrower; (vi) rights of third parties in any revenues, including revenues converted to cash, not in possession of the Trustee; and (vii) the requirement that appropriate continuation statements be filed in accordance with the Florida Uniform Commercial Code.

Certain Matters Relating to Enforceability of the Loan Agreement

The obligations of the Borrower under the Loan Agreement will be limited to the same extent as the obligations of debtors typically are affected by bankruptcy, insolvency and the application of general principles of creditors' rights and as additionally described below.

Amendments to Documents

Certain amendments to the Trust Indenture, the Loan Agreement and the Mortgages may be made without notice to or the consent of the holders of the Subordinate Bonds. Such amendments could affect the security for the Subordinate Bonds. Certain amendments, however, are not permitted without the consent of the holder of each outstanding Subordinate Bond affected thereby, including (1) extensions in the stated maturity of the principal, or any installment of interest on, any Subordinate Bond, or (2) any reduction in the principal amount of or interest on any Subordinate Bond. See "TRUST INDENTURE – Modifications of Bond Documents," and "– LOAN AGREEMENT," in APPENDIX B hereto.

Environmental Matters

Health care providers are subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations which address, among other things, health care operations, facilities and properties owned or operated by health care providers. Among the type of regulatory requirements faced by health care providers are (a) air and water quality control requirements, (b) waste management requirements, including medical waste disposal, (c) specific regulatory requirements applicable to asbestos, polychlorinated biphenyls and radioactive substances, (d) requirements for providing notice to employees and members of the public about hazardous materials handled by or located at clinics, (e) requirements for training employees in the proper handling and management of hazardous materials and wastes and (f) other requirements.

In its role as the owner and operator of properties or facilities, the Borrower may be subject to liability for investigating and remedying any hazardous substances that may have migrated off of its property. Typical health care operations include, but are not limited to, in various combinations, the handling, use, storage, transportation, disposal and discharge of hazardous, infectious, toxic, radioactive, flammable and other hazardous materials, wastes, pollutants or contaminants. As such, health care operations are particularly susceptible to the practical, financial and legal risks associated with compliance with such laws and regulations. Such risks may (a) result in damage to individuals, property or the environment, (b) interrupt operations and increase their cost, (c) result in legal liability, damages, injunctions or fines and (d) result in investigations, administrative proceedings, penalties or other governmental agency actions. There is no assurance that the Borrower will not encounter such risks in

the future, and such risks may result in material adverse consequences to the operations or financial condition of the Borrower.

At the present time management of the Borrower is not aware of any pending or threatened claim, investigation or enforcement action regarding such environmental issues which, if determined adversely to the Borrower, would have a material adverse effect on its operations or financial condition. No recent environmental surveys or investigations have been prepared by the Borrower or any independent party.

Uncertainty of Investment Income

The investment earnings of, and accumulations in, certain funds established pursuant to the Trust Indenture are not guaranteed and there can be no assurance that investment income will be realized on investments at rates comparable to historical returns.

Taxation of Interest on the Subordinate Bonds

Because the existence and continuation of the excludability of the interest on the Subordinate Bonds from federal gross income depends upon events occurring after the date of issuance of the Subordinate Bonds, the opinion of Bond Counsel described under the caption "TAX MATTERS" herein assumes the compliance by the Borrower and the Issuer with the provisions of the Code and the regulations relating thereto. No opinion is expressed by Bond Counsel with respect to the excludability of the interest on the Subordinate Bonds in the event of noncompliance with such provisions. The failure of the Borrower or the Issuer to comply with the provisions of the Code and the regulations thereunder may cause the interest on the Subordinate Bonds to become includable in gross income as of the date of issuance.

Other Possible Risk Factors

The occurrence of any of the following events, or other unanticipated events, could adversely affect the operations of the Borrower:

1. Reinstatement or establishment of mandatory governmental wage, rent or price controls;
2. Inability to control increases in operating costs, including salaries, wages and fringe benefits, supplies and other expenses, given an inability to obtain corresponding increases in revenues from residents whose incomes will largely be fixed;
3. Unionization, employee strikes and other adverse labor actions which could result in a substantial increase in expenditures without a corresponding increase in revenues;
4. Adoption of other federal, state or local legislation or regulations having an adverse effect on the future operating or financial performance of the Borrower;
5. The cost and availability of energy;
6. Increased unemployment or other adverse economic conditions in the service areas of the Borrower which would increase the proportion of patients who are unable to pay fully for the cost of their care;

7. Any increase in the quantity of indigent care provided which is mandated by law or required due to increased needs of the community in order to maintain the charitable status of the Borrower;
8. Inflation or other adverse economic conditions;
9. Changes in tax, pension, social security or other laws and regulations affecting the provisions of health care and other services to the elderly;
10. Inability to control the diminution of patients' assets or insurance coverage with the result that the patients' charges are reimbursed from government reimbursement programs rather than private payments;
11. The occurrence of natural disasters, including, but not limited to, hurricanes, floods or earthquakes, or failures of storm water detention devices during such naturally occurring events, which may damage the facilities of the Borrower, interrupt utility service to the Project, or otherwise impair the operation and generation of revenues from said Project; or
12. Cost and availability of any insurance, such as malpractice, fire, automobile and general comprehensive liability, that organizations such as the Borrower generally carry.

CONTINUING DISCLOSURE

General

The Issuer has determined that no financial or operating data concerning it is material to any decision to purchase, hold or sell the Subordinate Bonds, and the Issuer will not provide any such information. The Borrower has undertaken all responsibilities for any continuing disclosure to holders of the Subordinate Bonds as described below, and the Issuer shall have no liability to the holders or any other person with respect to continuing disclosure pursuant of the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Commission Act of 1934.

The Borrower will covenant for the benefit of the holders of the Subordinate Bonds, pursuant to a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), between the Borrower and Wells Fargo Bank, National Association, as dissemination agent (the "Dissemination Agent") to provide or cause to be provided (i) each year, certain financial information and operating data relating to the Borrower and the Project described in the form of Continuing Disclosure Agreement in APPENDIX D hereto (the "Annual Report") by not later than the date 140 days after the last day of the fiscal year of the Borrower, commencing with the Annual Report for the fiscal year ended [December 31, 2013]; provided, however, that if the audited financial statements of the Borrower are not available by such date, unaudited financial statements will be included in the Annual Report and audited financial statements will be provided when and if available; (ii) quarterly reports ("Quarterly Reports") of certain financial information and operating data relating to the Borrower by not later than 45 days after the last day of the immediately preceding fiscal quarter of the Borrower, commencing with the quarter ended [March 31, 2013], and (iii) certain additional information and timely notices of the occurrence of certain enumerated events described in the form of Continuing Disclosure Agreement in APPENDIX D hereto ("Additional Information").

The Annual Report, the Quarterly Reports and the Additional Information will be filed by or on behalf of the Borrower and made available to holders of the Subordinate Bonds through EMMA (<http://emma.msrb.org>), the information repository of the Municipal Securities Rulemaking Board, to comply with Rule 15c2-12 (as amended from time to time the "Rule") of the Securities and Exchange Commission (the "SEC"). These covenants have been made in order to assist the Placement Agent and registered brokers, dealers and municipal securities dealers in complying with the requirements of the Rule. In addition, the Borrower shall provide or cause the Dissemination Agent to provide copies of the Annual Report, the Quarterly Reports and the Additional Information directly to all initial purchasers of the Subordinate Bonds, as provided in the Continuing Disclosure Agreement.

Failure to Comply. In the event of a failure of the Borrower to comply with any provision of the Continuing Disclosure Agreement, any owner of Bonds or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Borrower to comply with the obligations under the Continuing Disclosure Agreement. A failure to comply with the Continuing Disclosure Agreement shall not be deemed an Event of Default under the Trust Indenture. The sole remedy under the Continuing Disclosure Agreement in the event of any failure of the Borrower to comply with the Continuing Disclosure Agreement shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damage thereunder under any circumstances

LITIGATION

Issuer

To the knowledge of the Issuer, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending against the Issuer seeking to restrain or enjoin the sale or issuance of the Subordinate Bonds, or in any way contesting or affecting any proceedings of the Issuer taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Subordinate Bonds, the validity or enforceability of the documents executed by the Issuer in connection with the Subordinate Bonds, the completeness or accuracy of the Private Placement Memorandum or the existence or powers of the Issuer relating to the sale of the Subordinate Bonds.

Borrower

The Borrower experiences routine litigation and claims incident to the conduct of its affairs, but there is no litigation pending or, to the Borrower's knowledge, threatened against the Borrower, wherein an unfavorable decision would (i) adversely affect the ability of the Borrower to operate its facilities or to carry out its obligations under the Trust Indenture, the Loan Agreement, the Mortgages or any other agreements delivered in connection with the issuance of the Subordinate Bonds, or (ii) have a material adverse impact on the financial position or results of operations of the Borrower.

Notwithstanding the foregoing, certain affiliates of Borrower and the manager of the Developer, which is the sole member of Borrower, Stuart Mills, are currently personally subject to or involved in certain litigation. Such matters are described as follows:

Aspen Senior Living, LLC v. Stuart Mills, 9th Cir. Orange County, FL, No. 2009-CA-025421-0. Bentley Commons – Clermont, LLC, a company in which Stuart Mills was a member in the form of his ownership in MPG-Clermont, LLC, borrowed \$2,000,000 from SunTrust Bank to develop an independent and assisted living community in Clermont, Florida. Mr. Mills

executed the loan documents, including a personal guarantee. The note for the loan was assigned to Aspen Senior Living, LLC. Mr. Mills then transferred his interest in this project to Timothy Stevens and Glenn Kaplan with the agreement that they indemnify Mr. Mills and remove him from the debt guarantee as soon as was practicable. Aspen, sometime later sued Mr. Mills for his portion of the \$2,000,000 and Mr. Mills has joined Stevens and Kaplan as the proper defendants by indemnification in the suit. Mr. Mills has also filed counterclaims in the action. The suit has been in the Orlando court for several years.

LEGAL MATTERS

The validity of the Subordinate Bonds and certain other legal matters are subject to the approving opinion of Nabors, Giblin & Nickerson, P.A., Bond Counsel ("Bond Counsel"). A complete copy of the proposed form of Bond Counsel Opinion is contained in APPENDIX E hereto. Bond Counsel has not undertaken independently to verify and therefore expresses no opinion as to the accuracy, completeness, fairness or sufficiency of any of the information or statements contained in this Private Placement Memorandum or any exhibits, appendices, schedules or attachments hereto except as to the accuracy of the information in portions hereof captioned "THE SUBORDINATE BONDS" (excluding the information relating to Book-Entry-Only System as to which no opinion is expressed) and "SECURITY FOR THE SUBORDINATE BONDS" and APPENDIX B hereto, to the extent such portions purport to summarize the Trust Indenture or Loan Agreement, and except as to the accuracy of the information under the caption "TAX MATTERS" herein. Certain legal matters will be passed upon for the Issuer by its counsel, Albert C. Galloway, Jr., P.A., Lake Wales, Florida; for the Borrower by its special counsel, Baker & Hostetler, LLP, Orlando, Florida; and for the Placement Agent by its counsel, Foley & Lardner LLP, Jacksonville, Florida.

The various legal opinions to be delivered concurrently with the delivery of the Subordinate Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

FINANCIAL FEASIBILITY STUDY

Management's financial forecast for the years ending December 31, 2013, 2014, 2015, 2016 and 2017 in APPENDIX A hereto was examined by Moore, Stephens, Lovelace, P.A., independent certified public accountants, Clearwater, Florida as stated in their report appearing in Appendix A. The Financial Feasibility Study should be read in its entirety for an understanding of the Financial Feasibility Study and the underlying assumptions. As noted in the Financial Feasibility Study, any forecast is subject to uncertainties. Inevitably, some assumptions used to develop the Financial Feasibility Study will not be realized and unanticipated events and circumstances may occur. The actual financial results achieved will vary from those in the Financial Feasibility Study and the variations may be material. The Financial Feasibility Study is not expected to be updated with final pricing information for the Series 2012 Bonds. See APPENDIX A to this Private Placement Memorandum.

TAX MATTERS

Legal matters incident to the authorization, validity and issuance of the Subordinate Bonds are subject to the unqualified approving opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, whose opinion will be available at the time of delivery of the Subordinate Bonds. It is anticipated that the approving opinion will be in substantially the form attached to this Private Placement Memorandum as "APPENDIX E – FORM OF BOND COUNSEL OPINION".

Qualified Residential Rental Project

Sections 103 and 142 of the Internal Revenue Code of 1986, as amended (the "Code"), provide an exclusion from federal gross income for interest on "private activity bonds" the proceeds of which are used to provide "qualified residential rental projects" where either (a) 20% or more of the residential units in the project are occupied by individuals whose income is 50% or less of the area median gross income, or (b) 40% or more of the residential units in the project are occupied by individuals whose income is 60% or less of the area median gross income. The Borrower has elected to set aside at least 20% of the residential units in the Project for individuals whose income is 50% or less of the area median gross income. The area median gross income is based on a family of four and is subject to increase or decrease based on family size. The set aside requirement will apply until the later of 15 years after 50% of the units in the Project are occupied or the date the last Series 2012 Bond is retired.

The Code requires the Borrower to certify compliance with the set-aside requirement. Tenants who initially qualified under the applicable income limit continue to so qualify unless either an increase in family income or a decrease in family size causes the family's income to exceed the applicable limit by more than 40%. If the failure of a tenant to continue to qualify causes the Project to no longer be in compliance with the set-aside requirement, then the Borrower must rent the next comparably sized or smaller unit which becomes vacant to a qualifying tenant.

The Code includes requirements which the Issuer and the Borrower must continue to meet after the issuance of the Series 2012 Bonds in order that interest thereon not be included in gross income for federal income tax purposes. The Issuer or the Borrower's failure to meet the requirements may cause interest on the Series 2012 Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. The Issuer and the Borrower have covenanted in the Trust Indenture, the Loan Agreement and the Land Use Restriction Agreement to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Series 2012 Bonds.

Opinion of Bond Counsel

In the opinion of Bond Counsel, the form of which is included as Appendix E hereto, under existing statutes, regulations, rulings and court decisions, the interest on the Subordinate Bonds (a) is excludable from gross income except during the period such Subordinate Bonds are held by a person who is a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code, and (b) is not subject to the federal alternative minimum tax imposed on individuals. Such interest will be includable in the calculation of a corporation's alternative minimum taxable income. In rendering this opinion, Bond Counsel has assumed continuing compliance with the covenants of the Issuer and the Borrower set forth in the preceding paragraphs.

Internal Revenue Code of 1986

The Code contains a number of provisions that apply to the Subordinate Bonds, including, among other things, restrictions relating to the use or investment of the proceeds of the Bonds and the

payments of certain arbitrage earnings in excess of the "yield" on the Subordinate Bonds to the Treasury of the United States. Noncompliance with such provisions may result in interest on the Subordinate Bonds being included in gross income for federal income tax purposes retroactive to their date of issue.

Collateral Tax Consequences

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of, the Subordinate Bonds. Prospective purchasers of the Subordinate Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to various types of corporations relating to (1) denial of interest deduction to purchase or carry such Subordinate Bonds, (2) the branch profits tax and (3) the inclusion of interest on the Subordinate Bonds in passive income for certain "Subchapter S" corporations. In addition, the interest on the Subordinate Bonds may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SUBORDINATE BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUALS OR CORPORATE BONDHOLDERS INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Other Tax Matters

Interest on the Subordinate Bonds may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the Subordinate Bonds should consult their tax advisors as to the income tax status of interest on the Subordinate Bonds in their particular state or local jurisdictions.

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Subordinate Bonds. In some cases these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Subordinate Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Subordinate Bonds and their market value. No assurances can be given that additional legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the Subordinate Bonds. For example, the President of the United States recently recommended the introduction of legislation which includes a provision that would subject the interest on tax-exempt bonds (including the Subordinate Bonds), held by taxpayers with incomes above certain thresholds to taxation for taxable years beginning after 2012. There can be no assurance that this legislation will be introduced or enacted, and if introduced or enacted, whether it will be introduced or enacted in the form proposed by the President or in a modified form. If enacted into law, such legislation could affect the market price or marketability of the Subordinate Bonds.

NO RATING

The Subordinate Bonds are not rated.

PLACEMENT AGENT

Piper Jaffray & Co. will serve as Placement Agent (in such capacity, the "Placement Agent") for the Subordinate Bonds and will receive a fee not to exceed \$30/\$1,000 for acting as Placement Agent. In the Bond Placement Agreement for the Subordinate Bonds, the Borrower has agreed to indemnify the Placement Agent and the Issuer against certain liabilities.

The Borrower may enter into agreements with one or more consultants to provide for the referral to the Placement Agent of potential investors in the Subordinate Bonds. The Borrower would compensate any such consultants directly pursuant to such agreements and any such consultants would not be compensated by the Placement Agent. Any compensation paid to any such consultants would be in addition to the fee paid to the Placement Agent and the total compensation to be paid to the Placement Agent and any consultant will not exceed \$40/\$1,000.

FORWARD LOOKING INFORMATION

This Private Placement Memorandum includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Borrower intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are generally identifiable by the use of the words "forecast," "believe," "expect," "intend," "anticipate," "estimate," "project," or similar expressions. Forward-looking statements are not guarantees of future performance and involve known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Such risks and uncertainties include, but are not limited to, those described under the caption, "RISK FACTORS" herein as well as changes in national and local economic conditions. No party has an obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

MISCELLANEOUS

The references herein to the Act, the Trust Indenture, the Loan Agreement and other materials are only brief outlines of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is hereby made to such instruments, documents and other materials, copies of which will be furnished by the Trustee upon request for further information.

Any statements in this Private Placement Memorandum involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The attached APPENDICES A through E are integral parts of this Private Placement Memorandum and should be read in their entirety together with all of the foregoing statements.

It is anticipated that CUSIP identification numbers will be printed on the Subordinate Bonds, but neither the failure to print such numbers on any Subordinate Bond nor any error in the printing of such numbers will constitute cause for a failure or refusal by the purchaser thereof to accept delivery of or pay for any Subordinate Bonds.

The information assembled in this Private Placement Memorandum has been supplied by the Borrower and other sources believed to be reliable, and, except for the statements under the headings "THE ISSUER" and "LITIGATION – Issuer" the Issuer makes no representations with respect to the accuracy of such information. The Borrower has agreed to indemnify the Issuer and the Placement Agent against certain liabilities relating to the Private Placement Memorandum.

The Issuer is not authorized to make any representations and makes no representations on behalf of the Borrower or with respect to the Project or as to the accuracy or completeness of the information relating to the Borrower or the Project and the cost thereof, or the information pertaining to the Borrower or the Project in this Private Placement Memorandum.

ONE HC-LAKE WALES, LLC

**By: Heartland Communities, LLC, Managing
Member**

By: _____
Stuart D. Mills, Managing Member

APPENDIX A

FINANCIAL FEASIBILITY STUDY

APPENDIX B

DEFINITIONS OF CERTAIN TERMS AND EXCERPTS OF CERTAIN PROVISIONS OF CERTAIN PRINCIPAL DOCUMENTS

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

THE INFORMATION PROVIDED IN THIS APPENDIX E HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE ISSUER, THE BORROWER OR THE PLACEMENT AGENT AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE CONTINUING ACCURACY OF SUCH INFORMATION SUBSEQUENT TO THE DATE OF THIS PRIVATE PLACEMENT MEMORANDUM.

The Depository Trust Company, New York, New York ("DTC") will act as securities depository for the Subordinate Bonds. The Subordinate Bonds will be issued as fully registered Subordinate Bonds, registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate for each series of the Subordinate Bonds will be issued in the aggregate principal amount of the Subordinate Bonds of each maturity thereof and will be deposited with DTC.

DTC, the world's largest depository, is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing Borrower" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments from over one hundred (100) countries that DTC's Participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing Borrowers, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Borrower ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Borrower and Fixed Income Clearing Borrower, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing Borrowers that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Subordinate Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Subordinate Bonds on DTC's records. The ownership interest of each actual purchaser of each Subordinate Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Subordinate Bonds are to be accomplished by entries made on the books of Direct and Indirect of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Subordinate Bonds, except in the event that use of the book-entry system for the Subordinate Bonds is discontinued.

To facilitate subsequent transfers, all Subordinate Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co or such other name as may be requested by an authorized representative of DTC. The deposit of the Subordinate Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Subordinate Bonds, DTC's records reflect only the identity of the Direct Participants to whose accounts such Subordinate Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Subordinate Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Subordinate Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Subordinate Bonds may wish to ascertain that the nominee holding the Subordinate Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent by the Bond Trustee to DTC. If less than all of the Subordinate Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Subordinate Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Subordinate Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Subordinate Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants or Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, nor its nominee, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Subordinate Bonds at any time by giving reasonable notice to the Issuer or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Series Subordinate Bond certificates are required to be printed and delivered.

Subject to the policies and procedures of DTC (or any successor securities depository), the Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event Subordinate Bonds certificates will be printed and delivered.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SUBORDINATE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE HOLDER OF THE SUBORDINATE BONDS OR REGISTERED OWNERS OF THE SUBORDINATE BONDS SHALL MEAN DTC AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SUBORDINATE BONDS.

The Issuer can make no assurances that DTC will distribute payments of principal of, redemption price, if any, or interest on the Subordinate Bonds to the Direct Participants, or that Direct and Indirect Participants will distribute payments of principal of, redemption price, if any, or interest on the Subordinate Bonds or redemption notices to the Beneficial Owners of such Subordinate Bonds or that they will do so on a timely basis, or that DTC or any of its Participants will act in a manner described in this Private Placement Memorandum. The Issuer is not responsible or liable for the failure of DTC to make any payment to any Direct Participant or failure of any Direct or Indirect Participant to give any notice or make any payment to a Beneficial Owner in respect to the Subordinate Bonds or any error or delay relating thereto.

The rights of holders of beneficial interests in the Subordinate Bonds and the manner of transferring or pledging those interests are subject to applicable state law. Holders of beneficial interests in the Subordinate Bonds may want to discuss the manner of transferring or pledging their interest in the Subordinate Bonds with their legal advisors.

NONE OF THE ISSUER, THE BORROWER OR THE BOND TRUSTEE SHALL HAVE ANY OBLIGATION WITH RESPECT TO ANY DEPOSITORY PARTICIPANT OR BENEFICIAL OWNER OF THE SUBORDINATE BONDS DURING SUCH TIME THE SUBORDINATE BONDS ARE REGISTERED IN THE NAME OF A SECURITIES DEPOSITORY PURSUANT TO A BOOK-ENTRY ONLY SYSTEM OF REGISTRATION.

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX E

PROPOSED FORM OF BOND COUNSEL OPINION

EXHIBIT "I"

SUBSCRIPTION AGREEMENT

EXHIBIT "A"

THE OFFER AND SALE OF THE CITY OF LAKE WALES, FLORIDA SENIOR HOUSING COMMUNITY REVENUE BONDS (VIAVITA ON THE RIDGE PROJECT), SUBORDINATE SERIES 2012B, IS MADE ONLY BY MEANS OF THE PRIVATE PLACEMENT MEMORANDUM, AS AMENDED OR SUPPLEMENTED FROM TIME TO TIME.

SUBSCRIPTION BOOKLET

FOR

CITY OF LAKE WALES, FLORIDA
SENIOR HOUSING COMMUNITY REVENUE BONDS
(VIAVITA ON THE RIDGE PROJECT)
SUBORDINATE SERIES 2012B

CAREFULLY REVIEW AND FOLLOW THE INSTRUCTIONS TO SUBSCRIBERS
IMMEDIATELY FOLLOWING THIS COVER PAGE

INSTRUCTIONS TO SUBSCRIBERS

To subscribe, please follow these steps:

I. SUBSCRIPTION AGREEMENT

You should complete, execute and return the Subscription Agreement and a check or wire in the Subscription Amount to:

Wells Fargo Bank, National Association
1 Independent Drive, Suite 620
Jacksonville, Florida 32202
Attention: Thomas C. Alderson III
(904) 351 – 7256

Wiring instructions:

Wells Fargo Bank, N.A.
ABA 121000248
a/c#[]
BNF: CORP TRUST CLEARING
FFC: []
Attn: Thomas C. Alderson III, 904-351-7256

(a) If you are an individual, all required information on the Signature Page for Individuals (page A-9) should be completed and signed by such individual. If joint ownership is applicable, each joint owner should sign. The categories of “accredited investor” to which such individual belongs should be checked on Schedule A of the Subscription Agreement. Additionally, each individual should complete a W-9 attached hereto as Schedule B.

(b) If the subscriber is a corporation, all required information on the Signature Page for Entities (page A-10) should be completed and signed by an appropriate representative of such entity. The categories of “accredited investor” to which you belong should be checked on Schedule A of the Subscription Agreement and Exhibit A thereto, Certificate of Corporate Investor, should be completed and signed. Additionally, each corporation should complete a W-9 attached hereto as Schedule B.

(c) If the subscriber is a partnership or limited liability company, all required information on the Signature Page for Entities (page A-10) should be completed and signed by an appropriate representative of such entity. The categories of “accredited investor” to which such entity belongs should be checked on Schedule A of the Subscription Agreement and Exhibit B thereto, Certificate of Partnership or Limited Liability Company Investor, should be completed and signed. Additionally, each partnership or limited liability company should complete a W-9 attached hereto as Schedule B.

(d) If the subscriber is a trust, all required information on the Signature Page for Entities (page A-10) should be completed and signed by an appropriate representative of such

entity. The categories of “accredited investor” to which such entity belongs should be checked on Schedule A of the Subscription Agreement and Exhibit C thereto, Certificate of Trust Investor, should be completed and signed. Additionally, each trust should complete a W-9 attached hereto as Schedule B.

II. PRIVATE PLACEMENT MEMORANDUM

By your execution of the Subscription Agreement, you acknowledge receipt of the Private Placement Memorandum dated November [], 2012.

CITY OF LAKE WALES, FLORIDA
SENIOR HOUSING COMMUNITY REVENUE BONDS
(VIAVITA ON THE RIDGE PROJECT)
SUBORDINATE SERIES 2012B

SUBSCRIPTION AGREEMENT

TO: City of Lake Wales, Florida
c/o Albert C. Galloway, Jr.
202 East Stuart Avenue
Lake Wales, Florida 33859

One HC – Lake Wales, LLC
350 South Main Street, Suite 308
Doylestown, Pennsylvania 18901

Ladies and Gentlemen:

You have informed the undersigned (hereinafter referred to as the “Subscriber”) that the City of Lake Wales, Florida (the “Issuer”) is offering its Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project), Subordinate Series 2012B (the “Series 2012B Bonds”), the proceeds of which will be loaned to One HC – Lake Wales, LLC (the “Company”), all as described in the Private Placement Memorandum, as amended or supplemented from time to time (the “Memorandum”), furnished to the Subscriber. The minimum initial investment by the Subscriber hereunder shall be One Hundred Thousand and 00/100 Dollars (\$100,000.00), and investments in excess thereof shall be made in increments of Five Thousand and 00/100 Dollars (\$5,000.00). Each investor must be an “accredited investor,” as such term is defined in Regulation D (“Regulation D”) promulgated under the Securities Act of 1933 (the “Securities Act”).

1. Subscription. Simultaneously with the execution and delivery of this Subscription Agreement, the Subscriber has delivered a check or wire transfer in the amount of \$_____ (the “Subscription Amount”) to Wells Fargo Bank, National Association, as escrow agent thereof (the “Escrow Agent”), pursuant to a Subscription Escrow Agreement dated as of November 28, 2012 (the “Escrow Agreement”), among the Issuer, the Company and the Escrow Agent, in accordance with the instructions set forth on page A-1 (Instructions to Subscribers) hereto. The Subscription Amount will be held in escrow by the Escrow Agent pursuant to and in accordance with the Escrow Agreement until the earlier of (i) the date of issuance of the Series 2012B Bonds (the “Closing Date”), (ii) the Termination Date (as defined in Section 6 hereof) or (iii) rescission of this Subscription Agreement by the Subscriber in accordance with Section 6 hereof. On the Closing Date, the Escrow Agent shall transfer the Subscription Amount to Piper Jaffray & Co., the placement agent for the Series 2012B Bonds (the “Placement Agent”). The Placement Agent shall transfer the Subscription Amount to Wells Fargo Bank, National Association, as the bond trustee of the Series 2012B Bonds, in exchange for the delivery of a Series 2012B Bond in a principal amount equal to the Subscription Amount.

The Series 2012B Bonds shall be in “book-entry” form registered in the name of The Depository Trust Company, as securities depository (“DTC”), and the Subscriber shall be the beneficial owner of a principal amount of Series 2012B Bonds in a principal amount equal to the Subscription Amount. Delivery of the Series 2012B Bonds shall be accepted through DTC and the beneficial ownership of the Series 2012B Bonds in a principal amount equal to the Subscription Amount shall be credited to the brokerage account of the Subscriber held by the Placement Agent. Also on the Closing Date or within ten business days thereafter, the Escrow Agent shall deliver to the Subscriber any interest earnings on the Subscription Amount during the escrow period, in accordance with delivery instructions provided by the Subscriber. If, for any reason, the Series 2012B Bonds are not issued by the Termination Date or the Subscriber rescinds its subscription pursuant to Section 6 hereof, the Subscription Amount and the interest earnings thereon shall be delivered to the Subscriber, in accordance with delivery instructions provided in this Subscription Agreement and this Subscription Agreement shall be terminated.

2. Acceptance of Agreement. It is understood and agreed that this Subscription Agreement is made subject to the following terms and conditions:

(a) The Subscriber understands that the Subscription Amount will be deposited in the Escrow Account held and invested by the Escrow Agent in accordance with the Escrow Agreement. The deposit of the Subscription Amount by the Escrow Agent into the Escrow Account shall constitute acceptance by the Issuer and the Company of the executed Subscription Agreement.

(b) The Subscriber acknowledges and agrees that the Series 2012B Bonds will be in “book-entry only” form held with The Depository Trust Company, New York, New York serving as securities depository.

(c) The Subscriber acknowledges and agrees that the Series 2012B Bonds initially will be credited to a brokerage account of the Subscriber held by the Placement Agent for the sole purpose of accepting the Series 2012B Bonds. The Subscriber agrees to provide any information reasonably requested by the Placement Agent in connection with the opening of such account. Upon the written direction of the Subscriber, the Placement Agent will transfer the Series 2012B Bonds of the Subscriber to another brokerage account in accordance with the directions of the Subscriber. Prior to such written direction, the Subscriber agrees to confirm that the brokerage firm to which the Subscriber will direct the Placement Agent to transfer the Series 2012B Bonds will accept the Series 2012B Bonds on its behalf.

3. Representations and Warranties as to Accredited Investor Status. The Subscriber hereby represents and warrants to the Issuer and the Company that the Subscriber is an “accredited investor” within the meaning of Regulation D and is included within the accredited investor category or categories checked on the Prospective Investor Questionnaire attached to this Agreement as Schedule A.

4. Other Representations and Warranties of the Undersigned. The Subscriber hereby represents and warrants to the Issuer and the Company as follows:

(a) The Subscriber understands that the Series 2012B Bonds will not be registered under the Securities Act or any state securities act in reliance on an exemption from registration thereof, and the Series 2012B Bonds are being acquired for the Subscriber's own account for investment, with no intention of distributing or selling any portion thereof or with a view to any distribution thereof within the meaning of the Securities Act, and will not be transferred by the Subscriber in violation of the Securities Act or the then applicable rules or regulations thereunder (unless transferred in accordance with the provisions of Rule 144, promulgated under the Securities Act) or applicable state securities laws. No one other than the Subscriber has any interest in or any right to acquire the Series 2012B Bonds.

(b) The Subscriber's financial condition is such that the Subscriber has adequate means of providing for his, her or its current needs and possible personal contingencies, has no need for liquidity with respect to the Subscriber's investment in the Series 2012B Bonds, and is able to bear the risk of holding the Series 2012B Bonds for an indefinite period of time and the risk of loss of his, her or its entire investment.

(c) The Subscriber has such knowledge and experience in financial and business matters that the Subscriber is capable of evaluating the merits and risks of acquisition of the Series 2012B Bonds and of making an informed investment decision with respect thereto.

(d) The Subscriber has received and read and understands and is familiar with the Memorandum and this Subscription Agreement.

(e) The Subscriber has been afforded an opportunity to ask questions of and receive answers from the Issuer and the Company and/ or their respective officers concerning the offering of the Series 2012B Bonds and an opportunity to obtain any additional information (to the extent the Issuer or the Company and or their respective officers have such information or could acquire it without unreasonable effort or expense) necessary to verify the accuracy of information otherwise furnished by the Issuer or the Company and their respective officers.

(f) No representations have been made to the Subscriber regarding the exact or approximate length of time that the Subscriber will be required to own the Series 2012B Bonds.

(g) The Subscriber represents and warrants that the Subscriber is not acquiring the Series 2012B Bonds based upon any representation, oral or written, by any person with respect to the future value of, or income from, the Series 2012B Bonds but rather upon an independent examination and judgment as to the prospects of the Company.

(h) The Subscriber represents and warrants that the Series 2012B Bonds were not offered by means of publicly disseminated advertisements or sales literature, nor is the Subscriber aware of any offers made to other persons by such means.

(i) The Subscriber is aware that the Subscriber's rights to transfer the Series 2012B Bonds are restricted by the Securities Act and applicable state securities laws. There will be no secondary market for the Series 2012B Bonds, and neither the Issuer nor the Company has made any representation as to the prospects of a secondary market for the Series 2012B Bonds.

The Subscriber will not offer for sale, sell or otherwise transfer or dispose of the Series 2012B Bonds without complying with applicable securities laws and regulations.

(j) If the Subscriber is a trust or other entity qualified to acquire the Series 2012B Bonds, the individual signing this Subscription Agreement has been empowered and granted full authority to execute this Subscription Agreement on the Subscriber's behalf and bind it hereto.

(k) The address set forth below is the Subscriber's true and correct address, and the Subscriber has no present intention of becoming domiciled in any other state or jurisdiction.

(l) The Subscriber has full power and authority to make the representations referred to herein, and to purchase the Series 2012B Bonds pursuant to the Memorandum, and to execute and deliver this Subscription Agreement, and any other required documents.

(m) All information provided by the Subscriber pursuant to this Subscription Agreement, including all information provided in the Prospective Investor Questionnaire attached hereto, is true and correct in all respects as of the date hereof.

(n) The Subscriber acknowledges and is aware of the following:

- (i) Investment in the Series 2012B Bonds involves substantial risks, including the risk of total loss; and
- (ii) No state or federal agency has made any finding or determination as to the fairness of the terms of the offering and sale of the Series 2012B Bonds.

(o) The Subscriber acknowledges and agrees that the Subscriber has not been coerced or otherwise compelled to subscribe for the Series 2012B Bonds.

(p) The Subscriber is not an "employee benefit plan" subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

5. Indemnification. The Subscriber acknowledges that the Subscriber understands the meaning and legal consequences of the representations and warranties contained in this Subscription Agreement, and hereby agrees to indemnify and hold the Issuer and the Company harmless from and against any and all loss, damage or liability due to or arising out of a breach of any representation or warranty of the Subscriber contained herein. Notwithstanding any of the representations, warranties, acknowledgements or agreements made herein by the Subscriber, the Subscriber does not hereby or in any other manner waive any rights granted to the Subscriber under federal or state securities laws.

6. Termination or Rescission of Agreement.

(a) The Subscriber agrees that this Agreement shall not be canceled, terminated or rescinded, except as provided in this section. This Subscription Agreement shall survive the death or disability of the Subscriber.

(b) In the event that (i) closing does not occur by [____], or a date not more than 90 days after [____], as determined in the sole discretion of the Placement Agent by giving written notice to the Issuer, the Company, the Escrow Agent and the Subscriber by [____] (the "Termination Date") or (ii) the Subscriber hereto rescinds its offer to purchase Series 2012B Bonds in accordance with paragraphs (c) or (d) below, this Subscription Agreement shall be null and void and of no further force and effect, and no party shall have any rights against any other party hereunder, and the Escrow Agent shall promptly return or cause to be returned to the Subscriber this Subscription Agreement, the Subscription Amount (without deduction) and any interest earned on the Subscription Amount.

(c) The Subscriber may rescind its offer to purchase any Series 2012B Bonds for a period of three (3) days after the tender (payment) of the Subscription Amount is made by the Subscriber to the Escrow Agent for the purchase of any Series 2012B Bonds by giving written notice of rescission to the Issuer, the Company and the Escrow Agent during such period.

(d) Notwithstanding anything to the contrary herein, including the provisions of paragraph (a) above, in the event that the Memorandum is supplemented or amended at any time after execution and delivery of this Subscription Agreement and payment of the Subscription Amount is made by the Subscriber, for a period of ten (10) days after the distribution of such supplement or amendment (the "Supplement") the Subscriber may rescind its offer to purchase any Series 2012B Bonds by giving written notice of rescission to the Issuer, the Company and the Escrow Agent during such period. In the event that the Subscriber elects not to rescind its offer within the ten (10) day period following distribution of the Supplement, the Subscriber agrees to acknowledge in writing its receipt of the Supplement and its election not to rescind upon the request of the Issuer or the Company.

7. Miscellaneous.

(a) All notices or other communications given or made hereunder shall be in writing and shall be (i) personally delivered; (ii) mailed by registered or certified mail, return receipt requested, postage prepaid; (iii) sent by private overnight mail courier service; or (iv) delivered by telex, telegram, facsimile or other electronic means, if to the Subscriber at the address set forth on the signature page hereto, if to the Issuer at City of Lake Wales, Florida c/o Albert C. Galloway, Jr., 202 East Stuart Avenue, Lake Wales, Florida 33859, if to the Company at One HC – Lake Wales, LLC, 350 South Main Street, Suite 308, Doylestown, Pennsylvania 18901 and if to the Escrow Agent at Wells Fargo Bank, National Association, 1 Independent Drive, Suite 620, Jacksonville, Florida 32202, Attention: Thomas C. Alderson III, or at such other place as the parties hereto may designate by written notice to the other parties. If personally delivered, such notice or communication shall be deemed delivered upon actual receipt; if sent by U.S. mail, such notice or communication shall be deemed delivered as of the date of delivery indicated on the receipt issued by the relevant postal service, or if the addressee

fails or refuses to accept delivery, as of the date of such failure or refusal; if sent by overnight courier, such notice or communication shall be deemed delivered upon receipt; and if electronically transmitted, such notice or communication shall be deemed delivered the next business day after transmission (and sender shall bear the burden of proof of delivery).

(b) Notwithstanding the place where this Subscription Agreement may be executed by any of the parties hereto, the parties expressly agree that all the terms and provisions hereof shall be construed in accordance with and governed by the laws of the State of Florida.

(c) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and may be amended only by a writing executed by all parties hereto.

(d) All references herein to the masculine shall include the feminine and the neutral, as shall be appropriate.

8. Series 2012B Bonds Legend. The Subscriber agrees that the following legend shall be set forth on the Series 2012B Bonds:

THIS BOND IS AN EXEMPT SECURITY UNDER SECTION 3(A)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE ACT. THIS BOND SHALL NOT BE TRANSFERRED EXCEPT IN THE AUTHORIZED DENOMINATION OF \$100,000 AND INTEGRAL MULTIPLES OF \$5,000 IN EXCESS THEREOF AND EXCEPT TO AN "ACCREDITED INVESTOR" OR QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN REGULATION D UNDER THE SECURITIES ACT). EACH BENEFICIAL HOLDER OF THIS BOND AGREES BY PURCHASE OF SUCH BOND TO ABIDE BY THIS LIMITATION.

[Remainder of Page Intentionally Left Blank; Signature Pages Follow]

CITY OF LAKE WALES, FLORIDA
SENIOR HOUSING COMMUNITY REVENUE BONDS
(VIAVITA ON THE RIDGE PROJECT)
SUBORDINATE SERIES 2012B

SUBSCRIPTION AGREEMENT

SIGNATURE PAGE FOR INDIVIDUALS AND JOINT ACCOUNTS

I/we hereby subscribe for \$_____ principal amount of Series 2012B Bonds.

_____ Signature	_____ Print Name	_____ Identification No.	_____ Date
--------------------	---------------------	-----------------------------	---------------

_____ Signature	_____ Print Name	_____ Identification No.	_____ Date
--------------------	---------------------	-----------------------------	---------------

_____ _____ _____ Residential Address	_____ _____ _____ Mailing Address (if different)
--	---

Email: _____

Type of Ownership (Initial One)	_____ Individual
	_____ Tenants in Common (Both Parties Sign)
	_____ Joint Tenants with Right of Survivorship (Both Parties Sign)
	_____ Community Property (Both Parties Sign)

CITY OF LAKE WALES, FLORIDA
SENIOR HOUSING COMMUNITY REVENUE BONDS
(VIAVITA ON THE RIDGE PROJECT)
SUBORDINATE SERIES 2012B

SUBSCRIPTION AGREEMENT

SIGNATURE PAGE FOR ENTITIES

The Subscriber entity hereby subscribes for \$_____ principal amount of Series 2012B Bonds.

Form of Organization: ____ Partnership, ____ Limited Liability Company, ____ Corporation,
____ Trust, ____ Other (Describe:_____)

Full Name of Subscriber:_____

Tax I.D. No.:_____

Address: _____

Telephone:_____

Email: _____

The Subscriber warrants that he/she has full power and authority to execute this Subscription Agreement on behalf of the above entity, and investment in the Series 2012B Bonds is not prohibited by the governing documents of the entity.

Name: _____
(Entity Name)

By: _____
(Signature)

(Signer's Printed Name)

(Signer's Title)

Date: _____

SCHEDULE A

CITY OF LAKE WALES, FLORIDA
SENIOR HOUSING COMMUNITY REVENUE BONDS
(VIAVITA ON THE RIDGE PROJECT)
SUBORDINATE SERIES 2012B

PROSPECTIVE INVESTOR QUESTIONNAIRE

TO: City of Lake Wales, Florida
c/o Albert C. Galloway, Jr.
202 East Stuart Avenue
Lake Wales, Florida 33859

One HC – Lake Wales, LLC
350 South Main Street, Suite 308
Doylestown, Pennsylvania 18901

Ladies and Gentlemen:

The Subscriber is furnishing the information contained herein in order to demonstrate that the Subscriber is qualified to purchase City of Lake Wales, Florida Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project), Subordinate Series 2012B (the “Series 2012B Bonds”), in accordance with the provisions of the Securities Act of 1933, as amended (the “Securities Act”), applicable state securities laws and other applicable legal restrictions. The Subscriber understands that (a) the addressees will rely on the representations and information contained herein as evidence of such qualification, (b) Series 2012B Bonds will not be registered under the Securities Act or under any state or federal securities laws in reliance upon the exemptions from registration available thereunder, and (c) this Questionnaire is not an offer of any Series 2012B Bonds or any other securities to the Subscriber. The Subscriber also agrees that the Issuer and One HC – Lake Wales, LLC (the “Company”) may rely upon the information provided herein in determining whether to accept the subscription of the Subscriber under the Subscription Agreement.

Accordingly, the Subscriber hereby makes the following representations and provides the following information:

The Subscriber is an “accredited investor” because the Subscriber is *(Please check each applicable box in this section)* :

- ☐ A bank as defined in Section 3(a)(2) of the Securities Act, or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the

Securities Act whether acting in its individual or fiduciary capacity; a broker-dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”); an insurance company as defined in Section 2(13) of the Securities Act; an investment company registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”), or a business development company as defined in Section 2(a)(48) of the Investment Company Act; or a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.

- ☐ A private business development company as defined in Section 202(a)(22) of the Advisers Act.
- ☐ An organization described in Section 501(c)(3) of the Internal Revenue Code, as amended (the “Code”), a corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the Series 2012B Bonds, with total assets in excess of \$5,000,000.
- ☐ A director, executive officer or member of the Company.
- ☐ A natural person whose individual net worth, or joint net worth with that person’s spouse, at the time of his or her purchase exceeds \$1,000,000; provided the net worth calculation excludes the value of the person’s primary residence, and the indebtedness secured by such property up to the estimated fair market value of the property (except if the amount of such indebtedness exceeds the amount outstanding 60 days preceding the time of the person’s purchase, other than as a result of the purchase of the primary residence, such excess shall be counted as a liability), and indebtedness secured by the principal residence in excess of the estimated fair market value is to be included as a liability.
- ☐ A natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person’s spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.
- ☐ A trust with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Series 2012B Bonds, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D promulgated by the Securities and Exchange Commission under the Securities Act.
- ☐ An entity in which all of the equity owners are accredited investors (as defined above) (each equity owner must also submit in writing how such equity owner meets the “accredited investor” status – please contact the Company for further instructions).

IN WITNESS WHEREOF, the Subscriber has executed this Prospective Investor Questionnaire this _____ day of _____, 20____.

**FOR COMPLETION BY PROSPECTIVE INVESTORS
WHO ARE INDIVIDUALS:**

Name: _____ Name: _____
(print or type) (print or type)

Signature: _____ Signature: _____

**FOR COMPLETION BY PROSPECTIVE INVESTORS
WHO ARE ENTITIES:**

Name: _____
(print or type)

By: _____
(signature of authorized representative)

Its: _____
(name and title of authorized representative)

(Check One)

_____ Limited Liability Company
_____ Partnership
_____ Corporation
_____ Trust
_____ Other
(Specify _____)

PROSPECTIVE INVESTOR QUESTIONNAIRE

EXHIBIT A

CERTIFICATE OF CORPORATE INVESTOR

CERTIFICATE OF _____ (the "Corporation")
(Name of Corporation)

The undersigned, being the duly elected and acting Secretary or Assistant Secretary of the Corporation, hereby certifies as follows:

1. That the Corporation was incorporated under the laws of the State of _____ and commenced business on _____.

2. That a true and correct copy of the Certificate or Articles of Incorporation and Bylaws of the Corporation are attached hereto and that, as of the date hereof, the Certificate or Articles of Incorporation and Bylaws have not been amended (except as to any attached amendments) or revoked and are still in full force and effect.

3. That the board of directors of the Corporation has determined that the investment in and the purchase of City of Lake Wales, Florida Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project), Subordinate Series 2012B (the "Series 2012B Bonds"), is of benefit to the Corporation and has determined to make such investment on behalf of the Corporation. Attached hereto is a true, correct and complete copy of resolutions of the board of directors (or an appropriate committee thereof) of the Corporation duly authorizing this investment, and said resolutions have not been revoked, rescinded or modified and, at the date hereof, are in full force and effect.

4. That the following named individuals are duly elected officers of the Corporation, who hold the offices set opposite their respective names and who are duly authorized to execute any and all documents in connection with the Corporation's investment in the Series 2012B Bonds, and that the signatures written opposite their names and titles are correct and genuine signatures.

Name		Title		Signature

IN WITNESS THEREOF, I have executed this certificate and affixed the seal of the Corporation this ____ day of _____, 20____, and declare that it is truthful and correct.

(Name of Corporation)

By: _____

Name: _____

Title: _____

PROSPECTIVE INVESTOR QUESTIONNAIRE

EXHIBIT B

CERTIFICATE OF PARTNERSHIP OR LIMITED LIABILITY COMPANY INVESTOR

CERTIFICATE OF _____ (the "Company")
(Name of Partnership or LLC)

The undersigned, constituting all of the partners or members of the Company who must consent to the proposed investment by the Company, hereby certify as follows:

1. That the Company commenced business on _____ and was established pursuant to a Partnership Agreement or Limited Liability Company Agreement/Operating Agreement dated as of _____ (the "Agreement").

2. That a true and correct copy of the Agreement is attached hereto and that, as of the date hereof, the Agreement has not been amended (except as to any attached amendments) or revoked and is still in full force and effect.

3. That we have the authority to determine, and have determined, (i) that the investment in, and the purchase of City of Lake Wales, Florida Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project), Subordinate Series 2012B (the "Series 2012B Bonds"), is of benefit to the Company and (ii) to make such investment on behalf of the Company.

4. That _____ is (are) authorized to execute all necessary documents in connection with the Company's investment in the Series 2012B Bonds.

IN WITNESS WHEREOF, I/we have executed this certificate this _____ day of _____, 20____ and declare that it is truthful and correct.

(Name of Company)

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

(attach additional sheets if necessary)

PROSPECTIVE INVESTOR QUESTIONNAIRE

EXHIBIT C

CERTIFICATE OF TRUST INVESTOR

CERTIFICATE OF _____ (the "Trust")
(Name of Trust)

The undersigned, constituting all of the trustees of the Trust who must consent to the proposed investment by the Trust, hereby certify as follows:

1. That the Trust commenced business on and was established pursuant to a Trust Agreement dated _____ (the "Agreement").

2. That a true and correct copy of the Agreement is attached hereto and that, as of the date hereof, the Agreement has not been amended (except as to any attached amendments) or revoked and is still in full force and effect.

3. That, as the Trustee(s) of the Trust, I/we have determined that an investment in and the purchase of City of Lake Wales, Florida Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project), Subordinate Series 2012B (the "Series 2012B Bonds"), is of benefit to the Trust and have determined to make such investment on behalf of the Trust.

4. That _____ is/are authorized to execute on behalf of the Trust, any and all documents in connection with the Trust's investment in the Series 2012B Bonds,

IN WITNESS WHEREOF, we have executed this certificate as the Trustee(s) of the Trust this _____ day of _____, 20____, and declare that it is truthful and correct.

(Name of Trust)

By: _____
Trustee

By: _____
Trustee
(attach additional sheets if necessary)

SCHEDULE B

W-9 Form

EXHIBIT "J"

ESCROW AGREEMENT

SUBSCRIPTION ESCROW AGREEMENT

THIS SUBSCRIPTION ESCROW AGREEMENT (this “Escrow Agreement”), dated [November 28], 2012, is entered into by and among the City of Lake Wales, Florida (the “Issuer”), One HC – Lake Wales, LLC (the “Company”) and Wells Fargo Bank, National Association, as escrow agent (the “Escrow Agent”).

WHEREAS, the Issuer is offering its City of Lake Wales, Florida Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project), Subordinate Series 2012B (the “Bonds”), the proceeds of which will be loaned to the Company, all as described in the Private Placement Memorandum dated [November 28], 2012, as amended or supplemented from time to time (the “Memorandum”),

WHEREAS, the Bonds will be purchased by investors (each, a “Subscriber” or “Investor”) in minimum denominations of \$100,000 and multiples of \$5,000 in excess thereof, pursuant to and in accordance with a subscription agreement among the Company, the Issuer and each Subscriber (each, a “Subscription Agreement”), or by qualified institutional buyers,

WHEREAS, each Subscriber will deliver an executed Subscription Agreement together with a Subscription Amount (as defined below) to the Escrow Agent, to be held and invested by the Escrow Agent in accordance with the terms hereof until the date of issuance of the Bonds (the “Closing Date”) (unless otherwise terminated on the Termination Date (as defined herein) or pursuant to the rescission rights of the Subscriber under the terms of the Subscription Agreement), at which time, the Escrow Agent shall transfer the Subscription Amount to Piper Jaffray & Co., the placement agent for the Bonds (the “Placement Agent”), which shall then transfer the Subscription Amount to Wells Fargo Bank, National Association, as bond trustee for the Bonds (the “Trustee”), pursuant to a Trust Indenture between the Issuer and the Bond Trustee, in exchange for the delivery of the Bonds to The Depository Trust Company (“DTC”), as securities depository for each Subscriber as beneficial owner of Bonds in a principal amount equal to the Subscriber’s Subscription Amount, as more fully described in the Subscription Agreement, and

WHEREAS, the Escrow Agent is willing to accept the appointment as escrow agent upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises set forth above and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Escrow of Subscription Amount.

(a) On or before the commencement of the offering of the Bonds, the Issuer shall establish or cause to be established an escrow account with the Escrow Agent (the “Escrow Account”). All funds received by the Escrow Agent from Investors in payment for the Bonds

("Subscription Amount") shall be deposited and retained in the Escrow Account by the Escrow Agent and invested as stated below.

(b) In the event that any checks deposited in the Escrow Account are returned or prove uncollectible after the funds represented thereby have been released by the Escrow Agent, then the Company shall promptly reimburse the Escrow Agent for any and all costs incurred for such, upon request, and the Escrow Agent shall deliver the returned checks to the Company and shall assign to the Company all rights and claims with respect thereto. The Escrow Agent shall be under no duty or responsibility to enforce collection of any check delivered to it hereunder. The Escrow Agent reserves the right to deny, suspend or terminate participation by an Investor to the extent the Escrow Agent deems it advisable or necessary to comply with applicable laws.

2. Identity of Investors. A copy of the Memorandum is attached as **Exhibit A** to this Escrow Agreement. As soon as practicable upon receipt of each Subscription Agreement, the Escrow Agent shall provide the Placement Agent a copy of each Subscription Agreement by electronic means to matthew.p.hinson@pjc.com. The Escrow Agent shall maintain a list of the Investors who have paid for the Bonds showing the name, address, tax identification number, amount of Bonds subscribed for and the amount paid and deposited with the Escrow Agent and shall provide copies of this list to the Issuer, the Company and the Placement Agent upon request. This information comprising the identity of Investors shall be in the format set forth on **Exhibit B** to this Escrow Agreement (the "List of Investors"). No Subscription Amount so deposited shall be subject to any liens or charges by the Issuer, the Company or the Escrow Agent, or judgments or creditors' claims against the Issuer or the Company. Neither the Company nor the Issuer shall be entitled to any Subscription Amount on deposit in the Escrow Account unless and until the Bonds are issued, at which time the Issuer shall be entitled to receive the Subscription Amount on deposit in the Escrow Account in exchange for delivery of the Bonds to DTC. The Escrow Agent, the Company and the Placement Agent will treat all Investor information as confidential. The Escrow Agent shall not be required to accept any Subscription Amount which is not accompanied by IRS form W-9 completed by the Subscriber.

3. Disbursement of Funds.

(a) Subject to paragraph (b) below, (i) on the Closing Date, the Escrow Agent shall pay the Subscription Amount to the Placement Agent and (ii) within ten business days after the Closing Date the Escrow Agent shall pay all interest earned on the Subscription Amount paid by each Investor in the Escrow Account to such Investor by first class United States Mail at the address appearing on the List of Investors, or at such other address or wire instructions as are furnished to the Escrow Agent by the Investor in writing.

(b) If the Closing Date does not occur by the Termination Date (as defined in Section 4 hereof) or the Subscription Agreement is otherwise rescinded by the Subscriber pursuant to the terms of the Subscription Agreement, the Escrow Agent shall, within ten (10) business days after the Termination Date or receipt of the rescission notice, respectively, refund to each Investor (or, in the case of a rescission, to such Investor who has provided the rescission notice) by first class United States Mail at the address appearing on the List of Investors, or at such other address or wire instructions as are furnished to the Escrow Agent by the Investor in writing, all sums paid

by the Investor for Bonds and received by the Escrow Agent, together with the interest earned on such funds in the Escrow Account.

4. Term of Escrow. The "Termination Date" shall be [____], or a date not more than 90 days after [____], as determined in the sole discretion of the Placement Agent by giving written notice in accordance with the terms of the Subscription Agreement. After the Termination Date, the Escrow Agent shall not accept any additional amounts representing payments by prospective Investors.

5. Duty and Limitation on Liability of the Escrow Agent.

(a) The Escrow Agent's rights and responsibilities shall be governed solely by this Escrow Agreement. Neither the Memorandum, nor any other agreement or document shall govern the Escrow Agent even if such other agreement or document is referred to herein, is deposited with, or is otherwise known to, the Escrow Agent.

(b) The Escrow Agent shall be under no duty to determine whether the Issuer or Company is complying with the terms of the Memorandum or the Bonds. The Escrow Agent shall not be responsible for, or be required to enforce, any of the terms or conditions of the Memorandum or agreement to which the Issuer or the Company is a party relating to the Bonds.

(c) The Escrow Agent may conclusively rely upon and shall be fully protected in acting upon any statement, certificate, notice, request, consent, order or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent shall have no duty or liability to verify any such statement, certificate, notice, request, consent, order or other document.

(d) The Escrow Agent shall be under no obligation to institute and/or defend any action, suit or proceeding in connection with this Escrow Agreement unless first indemnified by the Company to its satisfaction in accordance with the terms hereof.

(e) The Escrow Agent may consult counsel of its own choice with respect to any question arising under this Escrow Agreement and the Escrow Agent shall not be liable for any action taken or omitted in good faith upon the advice of such counsel.

(f) The Escrow Agent shall not be liable for any action taken or omitted by it except to the extent that a court of competent jurisdiction determines that the Escrow Agent's negligence or willful misconduct was the primary cause of loss.

(g) The Escrow Agent is acting solely as escrow agent hereunder and owes no duties, covenants or obligations, fiduciary or otherwise, to any person by reason of this Escrow Agreement, except as otherwise explicitly set forth in this Escrow Agreement, and no implied duties, covenants or obligations, fiduciary or otherwise, shall be read into this Escrow Agreement against the Escrow Agent.

(h) In the event of any disagreement between any of the parties to this Escrow Agreement, or between any of them and any other person, including any Investor, resulting in adverse or conflicting claims or demands being made in connection with the matters covered by this Escrow Agreement, or in the event that the Escrow Agent is in doubt as to what action it should take hereunder, the Escrow Agent may, at its option, refuse to comply with any claims or demands on it, or refuse to take any other action hereunder, so long as such disagreement continues or such doubt exists, and in any such event, the Escrow Agent shall not be or become liable in any way or to any person for its failure or refusal to act, and the Escrow Agent shall be entitled to continue so to refrain from acting until (i) the rights of all interested parties shall have been fully and finally adjudicated by a court of competent jurisdiction, or (ii) all differences shall have been adjudged and all doubt resolved by agreement among all of the interested persons, and the Escrow Agent shall have been notified thereof in writing signed by all such persons. Notwithstanding the foregoing, the Escrow Agent may in its discretion obey the order, judgment, decree or levy of any court, whether with or without jurisdiction, and the Escrow Agent is hereby authorized in its sole discretion to comply with and obey any such orders, judgments, decrees or levies.

(i) In the event that any controversy should arise with respect to this Escrow Agreement, the Escrow Agent shall have the right, at its option, to institute an interpleader action in any court of competent jurisdiction to determine the rights of the parties.

(j) IN NO EVENT SHALL THE ESCROW AGENT BE LIABLE, DIRECTLY OR INDIRECTLY, FOR ANY SPECIAL, INDIRECT OR CONSEQUENTIAL LOSSES OR DAMAGES OF ANY KIND WHATSOEVER (INCLUDING WITHOUT LIMITATION LOST PROFITS), EVEN IF THE ESCROW AGENT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES AND REGARDLESS OF THE FORM OF ACTION.

(k) The parties agree that the Escrow Agent had no role in the preparation of the Memorandum, has not reviewed any such documents, and makes no representations or warranties with respect to the information contained therein or omitted therefrom.

(l) The Escrow Agent shall have no obligation, duty or liability with respect to compliance with any federal or state securities, disclosure or tax laws concerning the issuance, offering or sale of the Bonds.

(m) The Escrow Agent shall have no duty or obligation to monitor the application and use of the Subscription Amount once transferred to the Placement Agent, that being the sole obligation and responsibility of the Placement Agent.

(n) The Escrow Agent shall not be responsible or liable for any failure or delay in the performance of its obligation under this Escrow Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; wars; acts of terrorism; civil or military disturbances; sabotage; epidemic; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Escrow Agent shall use commercially

reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

6. Escrow Agent's Fee. The Escrow Agent shall be entitled to compensation for its services as stated in the fee schedule attached hereto as **Exhibit C**, which compensation shall be paid by the Company. The fee agreed upon for the services rendered hereunder is intended as full compensation for the Escrow Agent's services as contemplated by this Escrow Agreement; provided, however, that in the event that the conditions for the disbursement of funds under this Escrow Agreement are not fulfilled, or the Escrow Agent renders any material service not contemplated in this Escrow Agreement, or there is any assignment of interest in the subject matter of this Escrow Agreement, or any material modification hereof, or if any material controversy arises hereunder, or the Escrow Agent is made a party to any litigation relating to this Escrow Agreement, or the subject matter hereof, then the Escrow Agent shall be reasonably compensated for such extraordinary services and reimbursed for all costs and expenses, including attorney's fees and expenses, occasioned by any delay, controversy, litigation or event, and the same shall be paid by the Company. The Company's obligations under this Section 6 shall survive the resignation or removal of the Escrow Agent and the assignment or termination of this Escrow Agreement.

7. Investment of Subscription Amount; Income Allocation and Reporting.

(a) The Escrow Agent shall invest the Subscription Amount, including any and all interest and investment income, in the Wells Fargo Institutional Money Market Account (IMMA). Any interest received by the Escrow Agent with respect to the Subscription Amount, including reinvested interest, shall be held by the Escrow Agent for the benefit of the Subscriber until disbursed pursuant to Section 3 of this Escrow Agreement.

(b) The Escrow Agent shall be entitled to sell or redeem any such investments as the Escrow Agent deems necessary to make any payments or distributions required under this Escrow Agreement. The Escrow Agent shall have no responsibility or liability for any loss which may result from any investment or sale of investment made pursuant to this Escrow Agreement. The parties acknowledge that the Escrow Agent is not providing investment supervision, recommendations, or advice.

(c) The Company agrees to indemnify and hold the Escrow Agent harmless from and against any and all taxes, additions for late payment, interest, penalties and other expenses that may be assessed against the Escrow Agent on or with respect to each Subscription Amount unless any such tax, addition for late payment, interest, penalties and other expenses shall be determined by a court of competent jurisdiction to have been primarily caused by the Escrow Agent's negligence or willful misconduct. The terms of this paragraph shall survive the assignment or termination of this Escrow Agreement and the resignation or removal of the Escrow Agent.

8. Notices. All notices, requests, demands, and other communications under this Escrow Agreement shall be in writing and shall be deemed to have been duly given (a) on the date of service if served personally on the party to whom notice is to be given, (b) on the day of

transmission if sent by facsimile to the facsimile number given below, with written confirmation of receipt, (c) on the day after delivery to Federal Express or similar overnight courier or the Express Mail service maintained by the United States Postal Service, or (d) on the fifth day after mailing, if mailed to the party to whom notice is to be given, by first class mail, registered or certified, postage prepaid, and properly addressed, return receipt requested, to the party as follows:

If to the Issuer:

City of Lake Wales, Florida
c/o Albert C. Galloway, Jr.
202 East Stuart Avenue
Lake Wales, Florida 33859

If to the Company:

One HC – Lake Wales, LLC
350 South Main Street, Suite 308
Doylestown, Pennsylvania 18901

If to Escrow Agent:

Wells Fargo Bank, National Association
1 Independent Drive, Suite 620
Jacksonville, FL 32202

Any party may change its address for purposes of this section by giving the other party written notice of the new address in the manner set forth above.

9. Indemnification of Escrow Agent. The Company hereby indemnifies, defends and holds harmless the Escrow Agent from and against, any and all loss, liability, cost, damage and expense, including, without limitation, reasonable counsel fees and expenses, which the Escrow Agent may suffer or incur by reason of any action, claim or proceeding brought against the Escrow Agent arising out of or relating in any way to this Escrow Agreement or any transaction to which this Escrow Agreement relates unless such loss, liability, cost, damage or expense is finally determined by a court of competent jurisdiction to have been primarily caused by the negligence or willful misconduct of the Escrow Agent. The terms of this Section 9 shall survive the assignment or termination of this Escrow Agreement and the resignation or removal of the Escrow Agent.

10. Resignation. The Escrow Agent may resign upon thirty (30) days' advance written notice to the Company. If a successor escrow agent is not appointed within the thirty (30) day period following such notice, the Escrow Agent may petition any court of competent jurisdiction to name a successor escrow agent or interplead the Subscription Amount with such court, whereupon the Escrow Agent's duties hereunder shall terminate.

11. Successors and Assigns. Except as otherwise provided in this Escrow Agreement, no party hereto shall assign this Escrow Agreement or any rights or obligations hereunder without the prior written consent of the other parties hereto and any such attempted assignment without such prior written consent shall be void and of no force and effect. This Escrow Agreement shall inure to the benefit of and shall be binding upon the successors and permitted assigns of the parties hereto. Any corporation or association into which the Escrow Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer all or substantially all of its corporate trust business and assets, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which the Escrow Agent is a party, shall be and become the successor escrow agent under this Escrow Agreement and shall have and succeed to the rights, powers, duties, immunities and privileges as its predecessor, without the execution or filing of any instrument or paper or the performance any further act.

12. Governing Law; Jurisdiction. This Escrow Agreement shall be construed, performed, and enforced in accordance with, and governed by, the internal laws of the State of Florida, without giving effect to the principles of conflicts of laws thereof.

13. Severability. In the event that any part of this Escrow Agreement is declared by any court or other judicial or administrative body to be null, void, or unenforceable, said provision shall survive to the extent it is not so declared, and all of the other provisions of this Escrow Agreement shall remain in full force and effect.

14. Amendments; Waivers. This Escrow Agreement may be amended or modified, and any of the terms, covenants, representations, warranties, or conditions hereof may be waived, only by a written instrument executed by the parties hereto, or in the case of a waiver, by the party waiving compliance. Any waiver by any party of any condition, or of the breach of any provision, term, covenant, representation, or warranty contained in this Escrow Agreement, in any one or more instances, shall not be deemed to be nor construed as a further or continuing waiver of any such condition, or of the breach of any other provision, term, covenant, representation, or warranty of this Escrow Agreement. The Company agrees that any requested waiver, modification or amendment of this Escrow Agreement shall be consistent with the terms of the Memorandum.

15. Entire Agreement. This Escrow Agreement contains the entire understanding among the parties hereto with respect to the escrow contemplated hereby and supersedes and replaces all prior and contemporaneous agreements and understandings, oral or written, with regard to such escrow.

16. References to Escrow Agent. No printed or other matter in any language (including, without limitation, the Memorandum, any supplement or amendment relating thereto, notices, reports and promotional material) which mentions the Escrow Agent's name or the rights, powers, or duties of the Escrow Agent shall be issued by the Company or on the Company's behalf unless the Escrow Agent shall first have given its specific written consent thereto.

17. Section Headings. The section headings in this Escrow Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Escrow Agreement.

18. Counterparts. This Escrow Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute the same instrument.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed the day and year first set forth above.

CITY OF LAKE WALES, FLORIDA

By: _____
Its: _____

ONE HC – LAKE WALES, LLC

By: _____
Its: _____

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Escrow Agent

By: _____
Its: _____

EXHIBIT A

COPY OF PRIVATE PLACEMENT MEMORANDUM

EXHIBIT B

List of Investors

Pursuant to the Escrow Agreement dated [____], 2012 by and among the City of Lake Wales, Florida (the "Issuer"), One HC – Lake Wales, LLC, (the "Company"), and Wells Fargo Bank, National Association, as escrow agent (the "Escrow Agent"), the Escrow Agent hereby certifies that the following Investors have paid money for the purchase of City of Lake Wales, Florida Senior Housing Community Revenue Bonds (ViaVita on the Ridge Project), Subordinate Series 2012B (the "Bonds"), and the money has been deposited with the Escrow Agent:

1. Name of Investor
 Address
 Tax Identification Number
 Amount of Bonds subscribed for
 Amount of money paid and deposited with Escrow Agent

2. Name of Investor
 Address
 Tax Identification Number
 Amount of Bonds subscribed for
 Amount of money paid and deposited with Escrow Agent

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: _____
Its: _____
Date: _____

EXHIBIT C

ESCROW AGENT FEES