

MEMORANDUM

DATE: October 1, 2014

TO: Honorable Mayor and City Commissioners

FROM: Kenneth Fields, City Manager

SUBJECT: Resolution 2014-13, For purposes of (1) approving the forms of amendatory documents regarding the reissuance of the Series 2008 Bonds and (2) holding a public hearing pursuant to Section 147(f) of the Internal Revenue Code regarding the issuance of Public Finance Authority Revenue Bonds - **Public Hearing**

SYNOPSIS: The approval of the documents will be the final step for the reissuance of the Series 2008 Bonds and the public hearing for an issuance by the Public Finance Authority for purposes of Section 147(f) of the Internal Revenue Code for the future issuance of bonds will provide the project with the ability to finance additional improvements, as described below.

RECOMMENDATION

Water's Edge of Lake Wales, LLC is requesting that the City Commission:

1. Hold a public hearing regarding the issuance by the Public Finance Authority of its Revenue Bonds (Water's Edge of Lake Wales Project), Series 2014A (the "Public Finance Authority Bonds").
2. Adopt Resolution 2014-13 (the "Resolution") approving the substantially final forms of the First Amendment to Bond Indenture and First Amendment to Loan Agreement regarding the reissuance of the City of Lake Wales, Florida Retirement Facility Revenue Bonds (Water's Edge of Lake Wales, LLC Project), Series 2008A and Retirement Facility Revenue Bonds (Water's Edge of Lake Wales, LLC Project), Taxable Series 2008B originally issued in the principal amount of \$26,025,000 and \$860,000, respectively (collectively, the "Amendments"). The Amendments provide for the restructuring of certain terms for the Series 2008 Bonds, including a reduction in the interest rate. The adoption of the Resolution also approves, for purposes of Section 147(f) of the Internal Revenue Code, the future issuance of the Public Finance Authority Bonds.

BACKGROUND

The City previously issued the Series 2008 Bonds pursuant to an Indenture of Trust dated as of April 1, 2008 to generate funds to make a loan to Water's Edge of Lake Wales, LLC, a Florida limited liability company (the "Borrower"), for the purpose of financing and refinancing the senior living facilities (the "2008 Project") described in the Resolution. The 2008 Project was completed. The Borrower has now reached an agreement with the other parties to the 2008 Bond

transaction to implement the Amendments and to have the National Church Residences, with management experience and liquidity support, assist the Borrower and become obligated to provide certain management activities and financial backing for the Series 2008 Bonds.

A hearing was held by the City Commission on March 18, 2014 regarding the reissuance of the Series 2008 Bonds. The City initially approved the reissuance pursuant to Resolution No. 2014-06 adopted March 18, 2014.

The Amendment documentation has now been finalized and is presented for consideration as attached to the Resolution.

Additional improvements to the 2008 Project, including the construction of villa units, is now desired to be undertaken by the Borrower, described below. In order to finance such additional improvements, the Borrower is working with the Public Finance Authority to issue bonds and has requested the City Commission consider approving the additional financing after holding a public hearing. On September 23, 2014, a Notice of Public Hearing was published in *The Lakeland Ledger* noticing a hearing to be held by the City Commission on the date hereof at 6:00 p.m. regarding the issuance of the Public Finance Authority Bonds.

PROJECT

The Public Finance Authority Bonds are expected to be used to finance the costs of the acquisition, construction, installation and equipping of senior care facilities located at 10 West Grove Avenue, Lake Wales, Florida 33853, including the construction of five single-story duplex villas and renovation of the dining room, reception area and common areas of the congregate care and assisted living building, along with improvements to the property's landscaping, site amenities, entry gateway and wayfinding and signage (the "2014 Project"). The 2014 Project is also to be owned by the Borrower. National Church Residences, a nonprofit Ohio corporation, is undertaking the sponsorship and management of the 2014 Project from the Public Finance Authority.

Adoption of the Resolution shall not be construed as an approval of any necessary rezoning applications or for any other regulatory permits relating to the 2014 Project.

The City's adoption of the Resolution shall not be construed to:

- a) Attest to the Borrower's ability to repay the indebtedness represented by the Public Finance Authority Bonds.
- b) Have waived any right of the City or stop the City from asserting any rights or responsibilities it may have in that regard.

The Resolution grants the final authority for the reissuance of the Series 2008 Bonds and approves the issuance by the Public Finance Authority.

OTHER OPTIONS

Not adopt the Resolution. The Borrower will have to pursue other refinancing alternatives and would not be approved to have the additional funding for the 2014 Project.

FISCAL IMPACT

The Borrower will pay the bond reissuance costs including the City's Attorney and Bond Counsel fees and expenses, and **advertising costs**. Neither the Series 2008 Bond issue nor the Public Finance Authority Bonds constitute an indebtedness or pledge of the general credit or taxing power of the City.

ATTACHMENT

Resolution 2014-13

00932498.docx

RESOLUTION 2014-13

A RESOLUTION OF THE CITY OF LAKE WALES, FLORIDA APPROVING THE FORMS OF A FIRST AMENDMENT AND SUPPLEMENT TO INDENTURE OF TRUST AND FIRST AMENDMENT AND SUPPLEMENT TO LOAN AGREEMENT, RESPECTIVELY, IN EACH CASE TO AMEND CERTAIN PROVISIONS OF AN INDENTURE OF TRUST AND LOAN AGREEMENT AND AUTHORIZING THE REISSUANCE AND RESTRUCTURING OF THE CITY OF LAKE WALES, FLORIDA RETIREMENT FACILITY REVENUE BONDS (WATER'S EDGE OF LAKE WALES, LLC PROJECT), SERIES 2008A AND CITY OF LAKE WALES, FLORIDA RETIREMENT FACILITY REVENUE BONDS (WATER'S EDGE OF LAKE WALES, LLC PROJECT), TAXABLE SERIES 2008B; AUTHORIZING THE EXECUTION AND DELIVERY OF ALL OTHER RELATED INSTRUMENTS; APPROVING THE ISSUANCE BY THE PUBLIC FINANCE AUTHORITY OF NOT TO EXCEED \$7,000,000 REVENUE BONDS (WATER'S EDGE OF LAKE WALES PROJECT), SERIES 2014A; PROVIDING CERTAIN MATTERS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

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

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

Section 2: *Findings:*

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

B. The Bonds were issued to finance and refinance the costs of acquiring, constructing and equipping of senior care facilities including, but not limited to, 22 single-story duplex villas, a three-story building containing 63 independent living apartments, a two-story

building containing 30 assisted living units, 16 memory support (dementia) assisted living units, six respite/rehabilitation assisted living units, and related common areas (including a two-story, approximately 21,000 square foot community center) located in Lake Wales, Florida (the "Project"). The Project has now been constructed and placed in service.

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

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

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

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

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

(3) Hamlin Capital, as the Bondholder Representative (the "Bondholder Representative"), has been assisting Water's Edge of Lake Wales, LLC (the "Borrower") in reviewing the revenues available from the Project to manage the operating expenses and the debt service and has expressed a willingness to restructure the Bonds to assist in stabilizing the Project.

(4) The Bondholder Representative and the Borrower have requested that the Issuer agree to certain amendments to the Indenture and Loan Agreement which will restructure the Bonds and grant debt service relief to the Borrower.

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

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

E. The Issuer is authorized and empowered to authorize and execute certain amendments to the Indenture and the Loan Agreement, the revised forms of the Bonds, and all other related instruments related to such amendments and reissuance.

F. The Borrower has now requested that the Issuer consider approving the issuance of bonds by the Public Finance Authority, a commission organized under and pursuant to the provisions of Sections 66.0301, 66.0303 and 66.0304 of the Wisconsin Statutes in an amount not to exceed \$7,000,000 (the "Public Finance Authority Bonds"), by holding a public hearing on the date hereof, as described in the notice attached hereto as Exhibit C for the financing of additional improvements to the Project as described therein (the "Project Improvements").

Section 3: *Authorization and Execution of First Amendment and Supplement to Indenture of Trust, First Amendment and Supplement to Loan Agreement and Bonds.* The First Amendment and Supplement to Indenture of Trust (the "First Amendment to Bond Indenture"), substantially in the form attached hereto as Exhibit A with such changes, corrections, insertions and deletions as may be approved by the Mayor or Deputy Mayor of the Issuer (the "Mayor") (which shall not materially modify the terms thereof), such approval to be evidenced conclusively by his or her execution thereof as described below, is hereby approved and authorized; the Issuer hereby authorizes and directs the Mayor to date and execute, and the City Clerk or assistant or deputy City Clerk (the "City Clerk") to attest under the official seal of the Issuer, the First Amendment to Bond Indenture to the Trustee; and all of the provisions of the First Amendment to Bond Indenture, when executed and delivered by the Issuer as authorized herein, and by the Trustee, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

The First Amendment and Supplement to Loan Agreement (the "First Amendment to Loan Agreement"), substantially in the form attached hereto as Exhibit B with such changes, corrections, insertions and deletions as may be approved by the Mayor (which shall not materially modify the terms thereof), such approval to be evidenced conclusively by his or her execution thereof as described below, is hereby approved and authorized; the Issuer hereby authorizes and directs the Mayor to date and execute, and the City Clerk to attest under the official seal of the Issuer, the First Amendment to Loan Agreement; and all of the provisions of the First Amendment to Loan Agreement, when executed and delivered by the Issuer as authorized herein, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

The replacement Bonds are to be in substantially the form set forth in Exhibits A and B attached to the First Amendment to Bond Indenture. The Bonds shall be executed on behalf of the Issuer with the manual or facsimile signature of the Mayor and the official seal of the Issuer, and be attested and countersigned with the manual or facsimile signature of the City Clerk. In case any one or more of the officers who shall have signed or sealed the Bonds or whose facsimile signature shall appear thereon shall cease to be such officer of the Issuer before the Bonds so signed and sealed has been actually sold and delivered, such Bonds may nevertheless be reissued as herein provided and may be reissued as if the person who signed or sealed such Bonds had not ceased to hold such office. The Bonds may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of such Bonds shall hold the proper office of the Issuer, although, at the date of such Bonds, such person may not have held such office or may not have been so authorized. The Issuer may adopt and use for such

purposes the facsimile signatures of any such persons who shall have held such offices at any time after the date of the adoption of this Resolution, notwithstanding that either or both shall have ceased to hold such office at the time the Bonds shall be actually sold and delivered.

Section 4: TEFRA Approval. Having considered any and all comments and concerns expressed at the public hearing held today, the City Commission hereby approves the issuance of not to exceed \$7,000,000 of bonds by the Public Finance Authority as described on Exhibit C hereto to finance costs of the Project Improvements for purposes of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"). The Project Improvements to be financed with the proceeds of such bonds are located in the City and are owned by the Borrower and managed by the Sponsor.

The Public Finance Authority Bonds and the interest on the Public Finance Authority Bonds shall not constitute a debt, liability or obligation of the City or of the State of Florida or of any political subdivision thereof, but shall be payable solely from the revenues or other moneys specifically provided by the Borrower or the Sponsor for the payment of the Public Finance Authority Bonds and neither the faith and credit nor any taxing power of the City or of the State of Florida or of any political subdivision thereof is pledged to the payment of the principal or interest on the Public Finance Authority Bonds.

Section 5: Authorization of Certificates and Other Instruments. The Mayor is hereby authorized and directed to date and execute, and the City Clerk is hereby authorized and directed to attest under the official seal of the Issuer, certificates of the Issuer certifying such facts as the City Attorney or Bond Counsel shall require in connection with the amendments to the Indenture, the Loan Agreement and the reissuance of the Bonds, and to execute and deliver such other instruments, including but not limited to, a revised Tax Certificate relating to certain requirements set forth in Section 148 of the Code, revised forms of the Bonds, a tax return and such other documents as shall be necessary or desirable to perform the Issuer's obligations under the Indenture and the Code, as applicable, and to consummate the transactions hereby authorized.

Section 6: City Commission Members of the Issuer Exempt from Personal Liability. No recourse under or upon any obligation, covenant or agreement of this Resolution or for any claim based thereon or otherwise in respect thereof, shall be had against any City Commission member of the Issuer, as such, past, present or future, either directly or through the Issuer it being expressly understood (a) that no personal liability whatsoever shall attach to, or is or shall be incurred by, the City Commission member of the Issuer, as such, under or by reason of the obligations, covenants or agreements contained in this Resolution or implied therefrom, and (b) that any and all such personal liability, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such City Commission member of the Issuer, as such, are waived and released as a condition of, and as a consideration for, the execution of this Resolution, on the part of the Issuer.

Section 7: *No Third Party Beneficiaries.* Except such other persons as may be expressly described in this Resolution, nothing in this Resolution, expressed or implied, is intended or shall be construed to confer upon any person, other than the Issuer and the Sponsor, any right, remedy or claim, legal or equitable, under and by reason of this Resolution, or any provision thereof, all provisions thereof being intended to be and being for the sole and exclusive benefit of the Issuer, the Borrower and the Sponsor.

Section 8: *Limited Obligation.* THE AMENDMENTS DESCRIBED HEREIN AND IN THE INDENTURE REGARDING THE BONDS AND THE DOCUMENTS SECURING THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE ISSUER, THE CITY, THE STATE NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER, OR TO LEVY AD VALOREM TAXES ON ANY PROPERTY WITHIN THEIR TERRITORIAL LIMITS TO PAY THE PRINCIPAL, PREMIUM, IF ANY, OR INTEREST ON SUCH BONDS OR OTHER PECUNIARY OBLIGATIONS OR TO PAY THE SAME FROM ANY FUNDS THEREOF OTHER THAN SUCH REVENUES, RECEIPTS AND PROCEEDS SO PLEDGED, AND THE BONDS SHALL NOT CONSTITUTE A LIEN UPON ANY PROPERTY OWNED BY THE ISSUER, THE CITY OR THE STATE OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, OTHER THAN THE BORROWER'S PAYMENTS PURSUANT TO THE LOAN AGREEMENT AND THE PROPERTY RIGHTS, RECEIPTS, REVENUES AND PROCEEDS PLEDGED BY THE BORROWER OR THE SPONSOR THEREFOR UNDER AND AS PROVIDED IN THE INDENTURE AND ANY OTHER AGREEMENTS SECURING THE BONDS.

Section 9: *Severability.* If any provision of this Resolution shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable in any context, the same shall not affect any other provision herein or render any other provision (or such provision in any other context) invalid, inoperative or unenforceable to any extent whatever.

Section 10: *Captions.* The captions and headings in this Resolution are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Resolution.

Section 11: *Authorizations.* The Mayor and any member of the City Commission, the City Manager, the City Attorney, the City Clerk, Bond Counsel and such other officials and employees of the Issuer as may be designated by the Issuer are each designated as agents of the Issuer and are authorized and empowered, collectively or individually, to take all action and steps and to execute all instruments, documents, and contracts on behalf of the Issuer that are necessary or desirable in connection with the amendments, and which are specifically authorized or are not inconsistent with the terms and provisions of this Resolution.

Section 12: *Repealer.* All resolutions or parts thereof in conflict herewith are hereby repealed.

APPROVED AND ADOPTED by the City of Lakes Wales, Florida this 7th day of October, 2014.

CITY OF LAKE WALES, FLORIDA

(SEAL)

By: _____

Name: Eugene Fultz

Title: Mayor

ATTEST:

APPROVED AS TO FORM:

By: _____

Name: Clara VanBlargan

Title: City Clerk

By: _____

Name: Albert C. Galloway, Jr.

Title: City Attorney

EXHIBIT A

FORM OF

FIRST AMENDMENT AND SUPPLEMENT TO INDENTURE OF TRUST

EXHIBIT B

**FORM OF
FIRST AMENDMENT AND SUPPLEMENT TO LOAN AGREEMENT**

EXHIBIT C

NOTICE OF PUBLIC HEARING

FIRST AMENDMENT AND SUPPLEMENT TO INDENTURE OF TRUST

between

**CITY OF LAKE WALES, FLORIDA,
as Issuer**

and

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

Relating to the Reissuance of:

**City of Lake Wales, Florida
Retirement Facility Revenue Bonds
(Water's Edge of Lake Wales, LLC Project),
Series 2008A**

**City of Lake Wales, Florida
Taxable Retirement Facility Revenue Bonds
(Water's Edge of Lake Wales, LLC Project),
Series 2008B**

Dated as of October 1, 2014

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS

Section 1.01.	Definitions.....	4
Section 1.02.	Recital Incorporation	4
Section 1.03.	Additional Definitions.....	5

ARTICLE II TERMS REGARDING REISSUANCE OF BONDS

Section 2.01.	Authorized Amount of Reissued Series 2008 Bonds	5
Section 2.02.	Authorization of Terms and Interest Rates Regarding Reissued Series 2008 Bonds	5
Section 2.03.	Execution of New Bonds, Signatures	7
Section 2.04.	Delivery of Reissued Series 2008 Bonds	7
Section 2.05.	Cancellation and Destruction of Previous Series 2008 Bonds by the Bond Trustee	7

ARTICLE III AMENDMENTS TO BOND INDENTURE

Section 3.01.	Amendments Relating to Interest Rate Change; Put Option.....	8
Section 3.02.	Negotiated Rate Opinion	8
Section 3.03.	Accrued Amounts	8
Section 3.04.	Amendments to Sections of Original Indenture.....	9

ARTICLE IV MISCELLANEOUS

Section 4.01.	Titles, Headings, Etc	11
Section 4.02.	Severability	11
Section 4.03.	Governing Law.....	11
Section 4.04.	Notices	12

EXHIBIT A - FORM OF REISSUED SERIES 2008A BOND

EXHIBIT B - FORM OF REISSUED SERIES 2008B BOND

FIRST AMENDMENT AND SUPPLEMENT TO INDENTURE OF TRUST

THIS FIRST AMENDMENT AND SUPPLEMENT TO INDENTURE OF TRUST dated as of October 1, 2014 amends and supplements an Indenture of Trust dated as of April 1, 2008 (the "Original Indenture") between CITY OF LAKE WALES, FLORIDA, a municipal corporation duly organized and validly existing under the laws of the State of Florida (the "Issuer"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association with trust powers having an office in Columbia, Maryland, as bond trustee (the "Bond Trustee"), being authorized to accept and execute trusts of the character herein set out,

WITNESSETH:

WHEREAS, the Issuer is authorized by Chapter 166, Florida Statutes, Part II, Chapter 159, Florida Statutes, and other applicable provisions of law (collectively, the "Act"), to sell and deliver its bonds for the purpose of financing or refinancing the cost of any "health care facility" or "project," as such terms are defined in the Act; and

WHEREAS, the Issuer is further authorized by the Act to loan proceeds of its bonds in the amount of all or part of the cost of the health care facility or project for which such bonds have been authorized; and

WHEREAS, the execution and delivery of this First Amendment and Supplement to Indenture of Trust (the "First Amendment to Bond Indenture," and hereinafter collectively with the Original Indenture, referred to as the "Bond Indenture"), and the reissuance of the Series 2008 Bonds hereinafter authorized under this First Amendment to Bond Indenture, pursuant to the provisions of the Act, have been in all respects duly and validly authorized by a resolution duly adopted and approved by the Issuer; and

WHEREAS, the Issuer is authorized by law and deems necessary, in accordance with its powers described above, to undertake certain amendments and the restructuring of its outstanding bonds known as "City of Lake Wales, Florida Retirement Facility Revenue Bonds (Water's Edge of Lake Wales, LLC Project), Series 2008" which were previously issued in two series, one tax-exempt and one taxable, and are hereby being reissued under new terms and conditions effective as of October 16, 2014 (all such bonds from time to time outstanding under the terms of the Bond Indenture being hereinafter referred to as the "Series 2008 Bonds"); and

WHEREAS, the proceeds of the Series 2008 Bonds were loaned to Water's Edge of Lake Wales, LLC (the "Obligor") pursuant to the Loan Agreement dated as of April 1, 2008 (the "Original Loan Agreement") between the Issuer and the Obligor, which is simultaneously herewith being amended and supplemented by that certain First Amendment and Supplement to Loan Agreement dated as of October 1, 2014 (the "First Amendment to Loan Agreement"); and

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

WHEREAS, the Series 2008 Bonds were issued on April 28, 2008 and were initially sold through an underwriting by Raymond James & Associates, Inc. to accredited investors and qualified institutional buyers which are clients of Hamlin Capital Management, LLC, a limited liability company organized and existing under the laws of the State of Delaware, as representative of the beneficial owners of the Series 2008 Bonds (the "Bondholder Representative"); and

WHEREAS, the Obligor has been reviewing the revenues available from the 2008 Project to manage its operating expenses and the debt service and has requested that the Bondholder Representative consent to and approve reducing the interest rate on the Series 2008 Bonds allowing a reduction for the principal amount paid on the Series 2008 Bonds when purchased in lieu of redemption, and revising certain sinking fund payments on the Series 2008 Bonds as described herein to assist in stabilizing the 2008 Project; and

WHEREAS, the Obligor has reached an agreement with National Church Residences, an Ohio non-profit organization (the "Sponsor") on March 31, 2014, which agreement is conditioned upon implementing certain amendments as described herein in order to remedy, cure and/or prevent any existing, immediate or initial defaults, to assist the Obligor with liquidity support and to provide the Obligor with the Sponsor's management experience from similar facilities; and

WHEREAS, Lake Wales Retirement Center, Inc. ("LWRC"), which is the sole member of the Obligor, has reorganized by the resignation and transfer out of its previous directors and the appointment of new directors to its board, and the Sponsor is the sole member of LWRC which was effective on March 31, 2014; and

WHEREAS, the Trustee (at the direction of the Bondholder Representative), the Bondholder Representative and the Obligor have requested that the Issuer enter into this First Amendment to Bond Indenture in order to amend certain provisions of the Original Indenture to reissue the Series 2008 Bonds, to reissue the Series 2008 Notes as the 2014 Obligations; and

WHEREAS, the Trustee, at the direction of the Bondholder Representative, solely in its capacity as trustee, also has agreed to execute and deliver this First Amendment to Bond Indenture and to effect the provisions described herein; and

WHEREAS, to continue to secure the payment of the principal of and interest on the Series 2008 Bonds, premium, if any, and in order to change certain provisions regarding the interest thereon, and the amount of principal paid when purchased in lieu of redemption, and to secure the performance and observance of the covenants and conditions herein contained the Issuer has authorized the execution and delivery of this First Amendment to Bond Indenture; and

WHEREAS, the Issuer has determined to reissue the two series of Series 2008 Bonds as described and set forth hereunder and the Original Indenture as amended hereby, designated "City of Lake Wales, Florida Retirement Facility Revenue Bonds (Water's Edge of Lake Wales, LLC Project), Series 2008A" and "City of Lake Wales, Florida Taxable Retirement Facility Revenue Bonds (Water's Edge of Lake Wales, LLC Project), Series 2008B" (hereinafter collectively, called the "Series 2008 Bonds") in the aggregate principal amount of \$_____ and \$_____, respectively, for the purposes of assisting the Obligor with the ability to stabilize the financing terms for the 2008 Project and be afforded some relief from debt service; and

WHEREAS, the reissued Series 2008 Bonds, the Bond Trustee's authentication certificate and the assignment are to be substantially in the forms set forth in Exhibit A and Exhibit B hereto, with such necessary or appropriate variations, omissions, and insertions as permitted or required by this First Amendment to Bond Indenture; and

WHEREAS, it is now necessary to issue new bonds to replace the Series 2008 Bonds pursuant to Section 2.02 hereof; and

WHEREAS, the Series 2008 Bonds were secured by certain notes previously issued in the principal amount of \$26,025,000 and were designated as the "Water's Edge of Lake Wales, LLC, Series 2008A and Series 2008B Notes (the "Series 2008 Notes") issued under a Master Trust Indenture dated as of April 1, 2008 (the "Original Master Trust Indenture") as well as being issued under and pursuant to Supplemental Master Trust Indenture Number 1 dated as of April 1, 2008 (the "Supplemental Indenture"), supplementing and amending the Original Master Trust Indenture (collectively, the "Master Trust Indenture"), between the Obligor acting as the Obligated Group Representative and Wells Fargo Bank, National Association, as master trustee (in such capacity, the "Master Trustee"); and

WHEREAS, the Series 2008 Notes are being replaced pursuant to a First Amendment to Supplemental Master Trust Indenture Number 1 dated as of October 1, 2014 (the "Amendment to Supplemental Master Indenture") whereby certain 2014 Obligations dated October 16, 2014 (the "2014 Obligations") shall be issued and secured by the Master Trust Indenture; and

WHEREAS, all things necessary to make the reissued Series 2008 Bonds, when authenticated by the Bond Trustee and reissued as in the Bond Indenture provided, the valid, binding, and legal limited and special obligations of the Issuer and to constitute this First

Amendment to Bond Indenture a valid, binding, and legal instrument for the security of the Series 2008 Bonds in accordance with its terms, have been done and performed;

NOW, THEREFORE, THIS FIRST AMENDMENT TO BOND INDENTURE WITNESSETH:

That the Issuer, in consideration of the premises and of the mutual covenants herein contained and of the acceptance of the reissued Series 2008 Bonds by the owners thereof and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, in order to continue to secure the payment of the principal of, premium, if any, and interest on all Series 2008 Bonds at any time Outstanding under this First Amendment to Bond Indenture and the Original Indenture, affirms and acknowledges security granted to the holders in the Original Indenture as set forth therein. Further, the Issuer adds as additional security for the performance and observance of all the covenants and conditions in the Series 2008 Bonds herein and therein, states the additional security as follows:

The payments under the Support Agreement dated as of October 1, 2014 from National Church Residences are granted to the Bond Trustee, and the Bond Trustee is hereby authorized to receive any and all such property as and for additional security for the payment of the Series 2008 Bonds, and to hold and apply all such property subject to the terms hereof and the Original Indenture.

TO HAVE AND TO HOLD the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended to be, to the Bond Trustee and its successors in said trust and assigns forever, together with the previously granted trust estate in the Original Indenture.

THE FIRST AMENDMENT TO BOND INDENTURE FURTHER WITNESSETH and it is expressly declared that the following amendments shall be hereby agreed to, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Bond Trustee and with the respective owners from time to time of the Series 2008 Bonds as follows:

ARTICLE I DEFINITIONS

Section 1.01. Definitions. All defined words and phrases used in the Original Indenture and in the Original Loan Agreement shall have the meaning given and ascribed to such words and phrases in this First Amendment to Bond Indenture as supplemented by the defined terms in the Recitals hereof and the following definitions in this Article I.

Section 1.02. Recital Incorporation. The defined terms in the recitals set forth in the beginning of this First Amendment to Bond Indenture are hereby incorporated herein.

Section 1.03. Additional Definitions

"Default Rate" shall mean a rate of interest increased by 2% over the then current applicable interest rate borne by the Series 2008 Bonds.

"Forbearance Agreement" shall mean the Forbearance Agreement dated as of March 31, 2014 by and among the Bond Trustee, the Bondholder Representative and the Obligor.

"Purchase Price" shall be as defined in Section 3.04(h) hereof.

"Put Option" shall mean the optional right of the Bondholder Representative to mandatorily tender the Series 2008 Bonds as described in Section 3.01(b) hereof for payment.

"Put Option Date" shall mean March 31, 2024 or such earlier date set in accordance with Section 3.01(b) hereof.

"Rate Negotiation Period" shall be from June 30, 2023 through September 30, 2023.

"Support Agreement" shall mean the Support Agreement dated as of October 16, 2014 by and between the Sponsor and the Bond Trustee on file with the Bond Trustee and securing the Series 2008 Bonds as set forth therein.

**ARTICLE II
TERMS REGARDING REISSUANCE OF BONDS**

Section 2.01. Authorized Amount of Reissued Series 2008 Bonds. The total principal amount of reissued Series 2008A Bonds and Series 2008B Bonds that may be reissued hereunder is hereby expressly limited to \$_____ and \$_____, respectively.

Section 2.02. Authorization of Terms and Interest Rates Regarding Reissued Series 2008 Bonds.

(a) There is hereby authorized to be reissued hereunder the Series 2008 Bonds in the amounts set forth in Section 2.01. The Series 2008A Bonds upon reissuance shall be dated October 16, 2014 and shall be numbered consecutively upward from RA-2 and the Series 2008B Bonds upon reissuance shall be dated October 16, 2014 and shall be numbered consecutively upward from RB-2.

(b) The Series 2008A Bonds shall bear interest effective October 16, 2014 with such interest rates being at the rates and subject to adjustment during the periods as set forth in the Series 2008A Bond form attached hereto as Exhibit A. The mandatory sinking fund redemptions set forth in Section 5.05 of the Original Indenture are hereby amended as set forth below. The amortization schedule for the Series 2008A Bonds shall be further adjusted automatically by the Bond Trustee upon any payment in lieu of redemption by the Obligor as provided in Section 5.13 of the Indenture, as amended pursuant to Section 3.04(h) hereof, of the

full corresponding principal amount of the Series 2008A Bonds after payment of the discounted Purchase Price, which shall be credited in inverse order of the mandatory sinking fund payments set forth below:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2024	\$540,000	2034	\$1,085,000
2025	580,000	2035	1,165,000
2026	620,000	2036	1,250,000
2027	665,000	2037	1,340,000
2028	715,000	2038	1,435,000
2029	765,000	2039	1,540,000
2030	820,000	2040	1,655,000
2031	880,000	2041	1,775,000
2032	945,000	2042	1,900,000
2033	1,015,000	2043*	2,040,000

*Maturity

(c) The Series 2008B Bonds shall have a new final maturity date of October 1, 2024 and shall bear interest effective October 16, 2014 at a rate of 7.88% as set forth in the Series 2008B Bond form attached hereto as Exhibit B. The mandatory sinking fund redemptions set forth in Section 5.05 of the Original Indenture are hereby amended and the amortization schedule for the Series 2008B Bonds is as follows:

<u>Year</u>	<u>Amount</u>
2014	\$
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024*	

*Maturity

(d) Section 5.05(c) of the Original Indenture shall be hereby amended and replaced to state as follows:

"(c) On or before the thirtieth day prior to each sinking fund payment date, the Bond Trustee shall proceed to select for redemption (by lot in such manner as the Bond Trustee may determine) from all Series 2008 Bonds Outstanding maturing on October 1, 2043 or October 1, 2024, as the case may be, a principal amount of such Series 2008 Bonds equal to the aggregate principal amount of such Series 2008 Bonds redeemable with the required sinking fund payment, and shall call such Series 2008 Bonds or portions thereof for redemption from the sinking fund on the next October 1, and give notice of such call."

Section 2.03. Execution of New Bonds, Signatures. The reissued Series 2008 Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of its Mayor or Vice Mayor and its seal, or a facsimile thereof, shall be thereunto affixed or imprinted and attested by the City Clerk of the City of Lake Wales, Florida or any designated Deputy Clerk.

Section 2.04. Delivery of Reissued Series 2008 Bonds. Upon the execution and delivery of this First Amendment to Bond Indenture, the Issuer shall execute and deliver to the Bond Trustee and the Bond Trustee shall authenticate the Series 2008 Bonds and deliver them to DTC on behalf of the prior holders of the Series 2008 Bonds registered with the Bond Trustee as hereinafter in this Section provided. New CUSIP numbers shall be set forth on the reissued Series 2008 Bonds at the expense of the Obligor.

Prior to the delivery by the Bond Trustee of any of the reissued Series 2008 Bonds there shall be filed with and delivered to the Bond Trustee:

(a) A certified copy of a resolution of the Issuer authorizing the execution and delivery of the First Amendment to Loan Agreement and this First Amendment to Bond Indenture and the reissuance of the Series 2008 Bonds.

(b) Original executed counterparts of the First Amendment to Loan Agreement, this First Amendment to Bond Indenture, and the 2014 Obligations.

(c) The Support Agreement duly executed by the Bond Trustee and the Sponsor.

(d) An Opinion of Bond Counsel addressed to the Bond Trustee (or a reliance letter relating thereto) to the effect that the Series 2008 Bonds have been duly and validly authorized, reissued and delivered and constitute valid and binding special and limited obligations of the Issuer, enforceable against the Issuer in accordance with their terms and that the interest payable on the Series 2008A Bonds is excludable from gross income for federal income tax purposes as of the date hereof.

Section 2.05. Cancellation and Destruction of Previous Series 2008 Bonds by the Bond Trustee. The previously issued Series 2008 Bonds shall be delivered to the Bond Trustee for the cancellation thereof and for replacement pursuant to this Article II with the delivery of the reissued Series 2008 Bonds hereunder and such prior Series 2008 Bonds shall be promptly

cancelled and treated in accordance with the Bond Trustee's standard retention policies and a certificate of destruction evidencing such destruction shall be furnished by the Bond Trustee to the Issuer and the Obligor upon written request.

ARTICLE III AMENDMENTS TO BOND INDENTURE

Section 3.01. Amendments Relating to Interest Rate Change; Put Option. The terms and provisions of the Original Indenture are hereby modified and amended to add the following terms and provisions relating to the reissuance of the Series 2008 Bonds:

(a) Rate Change. On or before June 1, 2023 the Bond Trustee shall provide written notice to the Bondholder Representative, the Obligor and the Issuer that the Rate Negotiation Period commences on June 30, 2023 and ends on September 30, 2023. Pursuant to Section 3.01 of the First Amendment to Loan Agreement, the Obligor has agreed to negotiate with the Bondholder Representative in good faith to arrive at a mutually agreeable interest rate to apply to the Series 2008A Bonds to be effective on or after **[November]** 1, 2024, and to provide a jointly executed notice to the Issuer and the Bond Trustee of the agreed upon interest rate no later than five (5) business days prior to the end of the Rate Negotiation Period. Should the Rate Negotiation Period expire without the Bond Trustee having received the joint notice confirming the new interest rate to be in effect for the Series 2008A Bonds, then effective on and after **[November]** 1, 2024 the interest rate for the Series 2008A Bonds shall be set at seven and a quarter percent (7.25%).

(b) Put Option. On and after October 1, 2023 through October 31, 2023 the Bondholder Representative shall have the option and the right to give written notice to the Obligor and the Bond Trustee of a mandatory tender of the Series 2008 Bonds (the "Put Option") to occur on March 31, 2024 or such earlier mandatory tender date as may be agreed to in writing by the Obligor, the Bond Trustee and the Bondholder Representative (the "Put Option Date"). On the Put Option Date the holders shall be required to tender the Series 2008 Bonds for payment in full at the par amount thereof and monies shall be required to be deposited by the Obligor with the Bond Trustee as required by Section 3.02 of the First Amendment to Loan Agreement.

Section 3.02. Negotiated Rate Opinion. The Obligor has agreed pursuant to Section 2.01 of the First Amendment to Loan Agreement to provide the Bond Trustee and the Issuer with an Opinion of Bond Counsel as of the effective date of the new rate that the conversion of the interest rate on the Series 2008A Bonds to the new interest rate as set forth in Section 3.01(a) above does not adversely affect the tax-exempt status of the Series 2008A Bonds.

Section 3.03. Accrued Amounts. The Obligor has agreed to pay the Accrued Amounts only in accordance with the provision of the Amendment to the Supplemental Master Indenture and the Bond Trustee acknowledges that such amounts shall be calculated and provided by the Master Trustee thereunder and are secured hereby. Accrued Amounts shall

only be payable by the Obligor under the specific circumstances set forth in the Amendment to the Master Indenture, and are otherwise not due and owing by the Obligor nor a liability thereof.

Section 3.04. Amendments to Sections of Original Indenture. The following Sections and Subsections of the Original Indenture are hereby amended and supplemented as follows:

(a) Section 3.12 of the Original Indenture is hereby amended to add the following as subsection (d) thereof:

"(d) Notwithstanding any other provision hereof, the Bond Trustee shall not draw the moneys on deposit in the Series 2008A Debt Service Reserve Account for the payment of the principal of and interest on the Series 2008A Bonds unless the Bondholder Representative provides prior written consent to a draw. The moneys in the Series 2008A Debt Service Reserve Account shall only be used in accordance with Section 3.14(a) hereof."

(b) Section 8.05(a)(ii) of the Original Indenture shall be amended and replaced with the following subsection in lieu thereof:

"(ii) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied first, to the payment of the interest on overdue installments of principal at the rate of interest borne by each Bond and then to the principal then due and unpaid upon all of the Bonds, without preference or priority of any Bond over any other Bond, or of any series of Bonds over any other series of Bonds, to the Persons entitled thereto without any discrimination or privilege."

(c) Section 8.12 of the Original Indenture shall be amended and replaced with the following section in lieu thereof:

"Section 8.12. Waiver Of Events Of Default. The Bond Trustee may in its discretion, but only with the consent of the Bondholder Representative, waive any Event of Default hereunder and its consequences, and shall do so upon the written request of the Bondholder Representative of the Owners of a majority in the Aggregate Principal Amount of the Bonds then Outstanding; provided, however, that the Bond Trustee may not waive an Event of Default described in subparagraph (a) of Section 8.01 hereof without the written consent of 66 2/3% of the registered owners of the Bonds then Outstanding."

(d) Section 9.02 of the Original Indenture is hereby supplemented to add the following subsection (c) hereto:

"(c) to pay to the Bondholder Representative any reasonable and necessary amounts relating to the Bonds as and when the same become due and all expenses (including attorneys fees) reasonably and necessarily made or incurred by the Bondholder Representative in connection with the Bonds and exercising any fiduciary duties with respect thereto, as and when the same become due and to reimburse the Bondholder Representative upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Bondholder Representative."

(e) Notwithstanding any of the provisions of the Original Indenture to the contrary, the Bond Trustee and the Issuer agree that (i) any and all notices to the Owners of the Bonds shall be directed solely to the Bondholder Representative except with respect to any notice regarding the redemption of Bonds pursuant to Article V, and (ii) no action or proceeding, or enforcement measure shall be undertaken with respect to the rights and remedies set forth in Article VIII of the Original Indenture unless the Bondholder Representative shall provide prior written consent.

(f) The following Section 8.13 is hereby added to the Original Indenture:

"Section 8.13. Default Rate. The Bond Trustee shall increase the interest rate on the Bonds to instead accrue at the Default Rate upon the occurrence of any Event of Default."

(g) Section 5.04 of the Original Indenture is hereby amended and supplemented to add the following sentence as the last sentence thereof:

"No mandatory redemption from excess cash flow as provided in this Section 5.04 shall be required during any period the Support Agreement is in full force and effect securing the Series 2008 Bonds."

(h) Section 5.13 of the Original Indenture is hereby amended and replaced in its entirety with the following section:

"Section 5.13 Purchase In Lieu Of Redemption. The Obligor shall have the option to cause the Series 2008 Bonds to be purchased in lieu of redemption pursuant to this Article V. Such option may be exercised by delivery to the Bond Trustee on or prior to the Business Day preceding the redemption date of a written notice of the Obligor specifying that the Series 2008 Bonds shall be subject to purchase pursuant to this Section 5.13. Such purchases shall be of Series 2008 Bonds in amounts of not less than \$5,000 and any multiple in excess thereof. Upon delivery of such notice, the Series 2008 Bonds shall be subject to mandatory tender at the Purchase Price (as defined below) on any Business Day not less than ____ days after delivery of the Obligor's written notice. Any payment for Series 2008 Bonds purchased in lieu of redemption shall be credited against the mandatory sinking fund payment

for the Series 2008 Bonds in inverse order thereof and against any par amount of the Series 2014 Obligation. For purposes of this Section 5.13, "Purchase Price" shall mean from the period beginning October 16, 2014 through and including October 16, 2021 a price of 80% of the aggregate par amount of the Series 2008 Bonds purchased in lieu of redemption and from the period beginning October 16, 2021 through and including October 16, 2024 a price of 82% of the aggregate par amount of the Series 2008 Bonds purchased in lieu of redemption. The discounted principal amounts payable as the Purchase Price shall pay the corresponding full par amount of the Series 2008 Bonds and the differential amount of principal that would have been otherwise due upon a redemption shall be extinguished upon the payment of the Purchase Price. Upon a purchase of the Series 2008 Bonds as provided in this Section (at 80% or 82%, respectively), the Bond Trustee shall cancel the principal amount of 100% of the Series 2008 Bonds upon payment of the Purchase Price and such indebtedness is thereby extinguished. On and after October 16, 2024 any purchase in lieu of redemption by the Obligor shall only be upon a Purchase Price consented to by the Bondholder Representative in writing and filed with the Bond Trustee."

ARTICLE IV MISCELLANEOUS

Section 4.01. Titles, Headings, Etc. The titles and headings of the articles, sections and subdivisions of this First Amendment to Bond Indenture have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms of provisions hereof.

Section 4.02. Severability. In the event any provision of this First Amendment to Bond Indenture shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 4.03. Governing Law. This First Amendment to Bond Indenture shall be governed and construed in accordance with the laws of the State of Florida.

[Remainder Of Page Intentionally Left Blank]

Section 4.04. Notices. The addresses for notices in Section 11.10 of the Original Indenture are hereby amended and revised as follows:

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

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

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

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Bond Indenture to be executed by its duly authorized officers, all as of the date first above written.

CITY OF LAKE WALES, FLORIDA

By: _____
Mayor

ATTEST:

By: _____
City Clerk

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Bond Trustee

By: _____
Authorized Signatory

Consented to in accordance with Article X of the Original Indenture:

HAMLIN CAPITAL MANAGEMENT, LLC,
As Bondholder Representative

By: _____

Name: Joseph J. Bridy

Title: Partner

Consented to in accordance with Section 10.04 of the Original Indenture:

WATER'S EDGE OF LAKE WALES, as Obligor

By: _____

Name: _____

Title: _____

[Signature Page | First Amendment and Supplement to Indenture of Trust]

EXHIBIT A

FORM OF REISSUED SERIES 2008A BONDS

**CITY OF LAKE WALES, FLORIDA
RETIREMENT FACILITY REVENUE BONDS
(WATER'S EDGE OF LAKE WALES, LLC PROJECT),
SERIES 2008A**

No. RA-2 \$ _____

<u>Interest Rate</u> _____% (Subject to adjustment)	<u>Maturity Date</u> October 1, 2043	<u>Reissuance Date</u> October 16, 2014	<u>CUSIP No.</u> _____
-----------------------------------------------------------	-----------------------------------------	--------------------------------------------	---------------------------

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ MILLION _____ THOUSAND AND
NO/DOLLARS

CITY OF LAKE WALES, FLORIDA, a municipal corporation duly organized and validly existing under the laws of the State of Florida (the "Issuer"), for value received, hereby promises to pay, from the sources described herein, to the registered owner specified above, or registered assigns, the principal amount specified above (discounted upon certain prepayments as described herein), on the maturity date specified above (unless this Series 2008A Bond shall have been called for prior redemption) and to pay, from such sources, interest on said sum on April 1 and October 1 of each year, commencing _____ 1, 2014 at the interest rate specified above (subject to adjustment as described below), until payment of the principal hereof has been made or provided for. This Series 2008A Bond will bear interest from the most recent interest payment date to which interest has been paid or provided for.

THE ISSUER, POLK COUNTY, FLORIDA, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE OF FLORIDA, SHALL NOT BE LIABLE OR OBLIGATED (GENERALLY, SPECIALLY, MORALLY OR OTHERWISE) TO PAY THE PRINCIPAL OF THIS SERIES 2008A BOND OR THE PREMIUM, IF ANY, OR INTEREST HEREON EXCEPT, WITH RESPECT TO THE ISSUER, SOLELY FROM THE SOURCES IDENTIFIED IN THE HEREINAFTER DEFINED BOND INDENTURE AND LOAN AGREEMENT, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE ISSUER, POLK COUNTY, FLORIDA, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THIS SERIES 2008A BOND.

This Series 2008A Bond and the Series of bonds of which it is a part have been reissued under and pursuant to the provisions of Chapter 166, Florida Statutes, Part II, Chapter 159, Florida Statutes, and other applicable provisions of law (the "Act"). The Series 2008A Bonds were originally issued on April 28, 2008 and reissued on October 16, 2014 as described herein. This Bond is a special and limited obligation of the Issuer payable solely from the revenues, receipts and resources of the Issuer received from the Obligor (hereinafter defined) pledged to its payment and not from any other revenues, funds or assets of the Issuer. No owner of any Series 2008A Bonds has the right to compel the Issuer to pay the principal of, interest or redemption premium, if any, on the Series 2008A Bonds, except from such sources.

The principal of and premium, if any, on this Series 2008A Bond are payable through the Depository Trust Company or, if certificated, upon the presentation and surrender hereof at the Columbia, Maryland, trust office of Wells Fargo Bank, National Association, as bond trustee, or at the designated corporate trust office of its successor in trust (the "Bond Trustee") under an Indenture of Trust dated as of April 1, 2008, as amended and supplemented by a First Amendment and Supplement to Indenture of Trust dated as of October 1, 2014 (collectively, the "Bond Indenture"), by and between the Issuer and the Bond Trustee. Interest on this Series 2008A Bond will be paid on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), by check or draft mailed to the person in whose name this Series 2008A Bond is registered (the "registered owner") in the registration records of the Issuer maintained by the Bond Trustee at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such interest payment date (the "Regular Record Date") or by wire transfer of same day funds upon receipt by the Bond Trustee prior to the Regular Record Date of a written request by a registered owner of \$1,000,000 or more in aggregate principal amount of Series 2008A Bonds. The CUSIP number and appropriate dollar amounts for each CUSIP number shall accompany all payments of principal of, redemption premium, if any, and interest on the Series 2008A Bonds. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner hereof at the close of business on a Special Record Date (as defined in the hereinafter defined Loan Agreement), for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Bond Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Bondholder Representative and the registered owners of such Series 2008A Bonds not less than ten days prior to such Special Record Date. Alternative means of payment of interest may be used if mutually agreed upon between the owner of this Series 2008A Bond and the Bond Trustee, as provided in the Bond Indenture. All such payments shall be made in lawful money of the United States of America without deduction for the services of the Bond Trustee.

This Series 2008A Bond is issued pursuant to a book entry system administered by The Depository Trust Company (together with any successor thereto, "Securities Depository"). The book entry system will evidence beneficial ownership of the Series 2008A Bonds with transfers of ownership affected on the register held by the Securities Depository pursuant to rules and

procedures established by the Securities Depository. So long as the book entry system is in effect, transfer of principal, interest and premium payments, and provisions of notices or other communications, to beneficial owners of the Series 2008A Bonds will be the responsibility of the Securities Depository as set forth in the Bond Indenture.

This Series 2008A Bond is one of a duly authorized issue of bonds of the Issuer known as "City of Lake Wales, Florida Retirement Facility Revenue Bonds (Water's Edge of Lake Wales, LLC Project), Series 2008A" (the "Series 2008A Bonds") which have been reissued in an aggregate principal amount of \$_____. The Series 2008A Bonds were issued for the purpose of providing funds to be loaned to Water's Edge of Lake Wales, LLC, a Florida limited liability company (the "Obligor"), and the proceeds were used to (i) finance and refinance a portion of the cost of acquisition and construction of certain senior care and living facilities, (ii) fund certain reserve funds, (iii) fund capitalized interest, and (iv) pay a portion of the costs of issuance of the Series 2008A Bonds. The Series 2008A Bonds were issued simultaneously with the Issuer's City of Lake Wales, Florida Taxable Retirement Facility Revenue Bonds (Water's Edge of Lake Wales, LLC Project), Series 2008B" (the "Series 2008B Bonds," and together with the Series 2008A Bonds, the "Series 2008 Bonds"). The Series 2008B Bonds have been reissued in the aggregate principal amount of \$_____. The Series 2008B Bonds were issued for the purpose of providing funds loaned to the Obligor and were used to fund certain reserve funds, working capital and pay a portion of the costs of issuance of the Series 2008 Bonds.

To provide for its loan repayment obligations, the Obligor has entered into a Loan Agreement dated as of April 1, 2008, between the Issuer and the Obligor, as amended and supplemented by the First Amendment and Supplement to Loan Agreement dated as of October 1, 2014 (collectively, the "Loan Agreement"). The Obligor previously issued its Series 2008A Note and Series 2008B Note (collectively, the "Series 2008 Notes"). The Series 2008 Notes were issued pursuant to a Master Trust Indenture dated as of April 1, 2008, between the Obligor and Wells Fargo Bank, National Association, as master trustee (the "Master Trustee") and a Supplemental Master Trust Indenture Number 1, dated as of April 1, 2008 between the Obligor and the Master Trustee (collectively, the "Master Indenture"). Pursuant to the Master Indenture and a Mortgage and Security Agreement dated as of April 1, 2008, from the Obligor to the Master Trustee (the "Mortgage"), the Obligor has pledged and granted a security interest in, among other things, the Gross Revenues (as defined in the Master Indenture) and the Mortgaged Property (as defined in the Mortgage) to the Master Trustee to secure the Series 2008 Notes.

The Series 2008 Notes have now been cancelled and replaced with the Obligor's 2014 Obligations issued pursuant to the Master Indenture, as amended and supplemented by the First Amendment and Supplement to Master Trust Indenture Number 1 dated as of October 1, 2014 (the "First Supplement"). Additional obligations on a parity with the Series 2008 Notes may be issued pursuant to the Master Indenture subject to the conditions and terms contained therein, and the payments on such additional obligations will also be secured by a pledge of the Gross Revenues, the Mortgaged Property and other security.

This Series 2008A Bond is further secured by the Debt Service Reserve Fund as set forth and provided in the Bond Indenture. Additionally, National Church Residences has executed and delivered to the Trustee for the benefit of the holders a Support Agreement dated as of October 1, 2014 as additional security for the Series 2008 Bonds. The Support Agreement is on file with the Bond Trustee.

This Series 2008A Bond and the claims for interest hereon are payable only out of the revenues derived by the Issuer pursuant to the Loan Agreement and the 2014 Obligations. The Series 2008 Bonds are issued under and are equally and ratably secured and are entitled to the protection given by the Bond Indenture.

[Interest rate adjustments to come]

The interest rate shall be subject to adjustment to a new rate effective on and after _____, 2024 as described and provided in Section 3.01 of the First Amendment and Supplement to Indenture of Trust.

As set forth in the Bond Indenture, this Bond is subject to a Put Option on March 31, 2024 by the holder to the Trustee with notice to the Bond Trustee with payment in full from funds of the Obligor as provided in the Loan Agreement. Reference is made to the Bond Indenture for a description of the Put Option and for a description of the interest rate mechanism and setting for the interest rate in effect on and after April 1, 2024.

No recourse under or upon any obligation, covenant, or agreement contained in the Bond Indenture, or in any Series 2008A Bond, or under any judgment obtained against the Issuer or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of the Bond Indenture, shall be had against any director, incorporator, officer, agent, employee, or representative 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 for or to the registered owner of any Series 2008A Bond issued thereunder or otherwise, of any sum that may be due and unpaid by the Issuer upon any such Series 2008A Bond.

Neither the elected officials, officers, agents, employees or representatives of the Issuer past, present or future, nor any person executing this Series 2008A Bond or the Bond Indenture, shall be personally liable hereon or thereon or be subject to any personal liability by reason of the issuance hereof and thereof, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of the Bond Indenture and the issuance of this Series 2008A Bond.

Additional series of bonds may be issued by the Issuer in accordance with the limitations and conditions of the Bond Indenture, which bonds shall be in all respects on a parity with the Series 2008 Bonds, except as otherwise provided therein. Such additional bonds may be issued at different times, in various principal amounts and denominations, may mature

at different times, may bear interest at different rates, may be redeemable at different prices and may otherwise vary as provided in the Bond Indenture. The Series 2008 Bonds and such additional bonds are herein collectively called the "Bonds." Reference is hereby made to the Bond Indenture and all indentures supplemental thereto and the Master Indenture for a description of the revenues pledged, the nature and extent of the security, the rights, duties, and obligations of the Issuer, the Bond Trustee and the owners of the Bonds, and the terms and conditions upon which the Bonds are, and are to be, secured.

The Series 2008A Bonds are subject to optional redemption, in whole or in part, and if in part, in inverse order of mandatory sinking fund installments, and by lot within a maturity, and in Authorized Denominations by the Issuer, acting at the direction of the Obligor, on October 1, 20___, and any Business Day thereafter at the redemption prices, expressed as a percentage of the principal amount of Series 2008A Bonds to be redeemed set forth below, plus accrued interest thereon to the applicable redemption date:

<u>Redemption Period</u> <u>(both dates included)</u>	<u>Redemption Price</u>
----------------------------------------------------------	-------------------------

The Series 2008A Bonds shall bear interest effective October 16, 2014 with such interest rates being at the rates and subject to adjustment during the periods as set forth herein. The mandatory sinking fund redemptions are as set forth below. The amortization schedule for the Series 2008A Bonds shall be further adjusted automatically by the Bond Trustee upon any payment in lieu of redemption by the Obligor as provided in Section 5.13 of the Indenture, as amended, of the full corresponding principal amount of the Series 2008A Bonds after payment of the discounted Purchase Price, which shall be credited in inverse order of the mandatory sinking fund payments set forth below:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2024	\$540,000	2034	\$1,085,000
2025	580,000	2035	1,165,000
2026	620,000	2036	1,250,000
2027	665,000	2037	1,340,000
2028	715,000	2038	1,435,000
2029	765,000	2039	1,540,000
2030	820,000	2040	1,655,000
2031	880,000	2041	1,775,000
2032	945,000	2042	1,900,000
2033	1,015,000	2043*	2,040,000

*Maturity

At the option of the Obligor to be exercised by delivery of a written certificate to the Bond Trustee on or before the forty-fifth day next preceding any sinking fund redemption date, it may (i) deliver to the Bond Trustee for cancellation Series 2008A Bonds or portions thereof of the same maturity, in an aggregate principal amount desired by the Obligor or (ii) specify a principal amount of Series 2008A Bonds or portions thereof of the same maturity, which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Bond Trustee at the request of the Obligor and not theretofore applied as a credit against any sinking fund redemption obligation.

The Series 2008 Bonds shall be subject to mandatory redemption by the Obligor prior to their scheduled maturities, in whole or in part (proportionally among each Series) at a redemption price equal to the principal amount thereof plus accrued interest from the most recent Interest Payment Date to the redemption date on any date following the occurrence of any of the following events:

(1) in case of damage or destruction to, or condemnation of, any property, plant, and equipment of any Obligated Group Member, to the extent that the net proceeds of insurance or condemnation award exceed the Threshold Amount (as defined in the Master Indenture) and the Obligor has determined not to use such net proceeds or award to repair, rebuild or replace such property, plant, and equipment; or

(2) as a result of any changes in the Constitution or laws of the State of Florida or of the United States of America or of any legislative, executive, or administrative action (whether state or federal) or of any final decree, judgment, or order of any court or administrative body (whether state or federal), the obligations of the Obligor under the Loan Agreement have become, as established by an Opinion of Counsel, void or unenforceable in each case in any material respect in accordance with the intent and purpose of the parties as expressed in the Loan Agreement.

The Series 2008A Bonds are subject to mandatory redemption in whole or in part on any date for which timely notice of redemption can be given by the Bond Trustee following a Completion Date (as defined in the Loan Agreement) at a redemption price equal to the aggregate principal amount of the Series 2008A Bonds to be redeemed plus accrued interest to the redemption date, without premium, to the extent Surplus Construction Fund Moneys (as defined in the Loan Agreement) are transferred to the Principal Account of the Bond Fund.

The Series 2008A Bonds are subject to mandatory redemption in whole or in part to the extent necessary to preserve the exclusion from gross income of the interest on the Series 2008A Bonds, on any date for which timely notice of redemption can be given by the Bond Trustee following a Determination of Taxability at a redemption price equal to 103% of the aggregate principal amount of the Series 2008A Bonds to be redeemed plus accrued interest to the redemption date.

The Series 2008 Bonds up to an aggregate principal amount equal to the product of (1) the number of units in the 2008 Project, multiplied by (2) an amount equal to \$145,000, are subject to mandatory redemption by the Issuer, acting at the direction of the Obligor, in part, in order of the next succeeding mandatory sinking fund installment, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date on the first Business Day of each January, April, July and October, to the extent monies are on deposit in the Special Redemption Account of the Bond Fund; provided however, Series 2008B Bonds shall be redeemed prior to any Series 2008A Bonds.

The Series 2008 Bonds up to an aggregate principal amount equal to the product of (1) the number of units in the 2008 Project, multiplied by (2) an amount equal to \$145,000, are subject to mandatory redemption by the Issuer, acting at the direction of the Obligor, in part, in order of the next succeeding mandatory sinking fund installments, and at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date on the first Business Day of each fiscal quarter, January, April, July and October, to the extent monies are on deposit in the Life Lease Fee Redemption Account of the Bond Fund; provided, however, Series 2008B Bonds shall be redeemed prior to any Series 2008A Bonds.

If less than all Series 2008A Bonds are to be redeemed, the Obligor may select the maturities eligible for redemption which are to be redeemed. If less than all Series 2008A Bonds of a single maturity are to be redeemed, the selection shall be made by the Securities Depository or by lot by the Bond Trustee. Notice of the call for any redemption shall be given by the Bond Trustee by sending a copy of the redemption notice by mail not more than 60 nor less than 30 days prior to the redemption date to the Bondholder Representative and the registered owner of each Series 2008A Bond to be redeemed as shown on the registration records kept by the Bond Trustee, as provided in the Bond Indenture. All Series 2008A Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their payment are on deposit at the place of payment at that time.

The Series 2008A Bonds are issuable as fully registered Bonds in denominations of \$25,000 and any integral multiple of \$5,000 in excess thereof and are exchangeable for an equal principal amount of fully registered Series 2008A Bonds of the same series and maturity of other authorized denominations at the aforesaid office of the Bond Trustee but only in the manner and subject to the limitations and on payment of the charges provided in the Bond Indenture.

THE SERIES 2008A BONDS SHALL ONLY BE IN AUTHORIZED DENOMINATIONS OF \$100,000 AND ANY INTEGRAL MULTIPLE OF \$5,000 IN EXCESS THEREOF, TO THE EXTENT ANY OF THE FOLLOWING CONDITIONS ARE NO LONGER SATISFIED: (A) THE BENEFICIAL OWNERS OF THE SERIES 2008A BONDS ARE ADVISED BY HAMLIN CAPITAL UNDER THE INVESTMENT ADVISORS ACT OF 1940; (B) HAMLIN CAPITAL SERVES AS BONDHOLDER REPRESENTATIVE FOR SUCH BENEFICIAL OWNERS PURSUANT TO AN INVESTMENT ADVISORY AGREEMENT; OR (C) THE SERIES 2008A BONDS ARE HELD BY HAMLIN CAPITAL IN MANAGED ACCOUNTS OF ACCREDITED INVESTORS.

EACH TRANSFEREE OF THIS BOND, BY ITS PURCHASE HEREOF, REPRESENTS THAT SUCH TRANSFEREE IS AN "INSTITUTIONAL ACCREDITED INVESTOR" WITHIN THE MEANING OF REGULATION D UNDER THE SECURITIES ACT OR A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT AND WILL ONLY TRANSFER, RESELL, REOFFER, PLEDGE OR OTHERWISE TRANSFER THIS BOND TO A SUBSEQUENT TRANSFEREE WHO IS AN "INSTITUTIONAL ACCREDITED INVESTOR" WITHIN THE MEANING OF REGULATION D UNDER THE SECURITIES ACT OR A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT.

This Series 2008A Bond is fully transferable by the registered owner hereof in person or by his or her duly authorized attorney on the registration books kept at the principal office of the Bond Trustee upon surrender of this Series 2008A Bond together with a duly executed written instrument of transfer satisfactory to the Bond Trustee. Upon such transfer a new fully registered Series 2008A Bond of authorized denomination or denominations for the same principal amount and maturity will be issued to the transferee in exchange herefor, all upon payment of the charges and subject to the terms and conditions set forth in the Bond Indenture.

The Bond Trustee will not be required to transfer or exchange any Series 2008A Bond after the mailing of notice calling such Series 2008A Bond or any portion thereof for redemption has been given as herein provided, nor during the period beginning at the opening of business 15 days before the day of mailing by the Bond Trustee of a notice of prior redemption and ending at the close of business on the day of such mailing.

The Issuer and the Bond Trustee may deem and treat the person in whose name this Series 2008A Bond is registered as the absolute owner hereof for the purpose of making payment (except to the extent otherwise provided hereinabove and in the Bond Indenture with respect to Regular and Special Record Dates for the payment of interest) and for all other purposes, and neither the Issuer nor the Bond Trustee shall be affected by any notice to the contrary. The principal of, premium, if any, and interest on this Series 2008A Bond shall be paid free from and without regard to any equities between the Obligor and the original or any intermediate owner hereof, or any setoffs or counterclaims.

The owner of this Series 2008A Bond shall have no right to enforce the provisions of the Bond Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Indenture. In case an event of default under the Bond Indenture shall occur, the principal of all of the Series 2008A Bonds at any such time Outstanding under the Bond Indenture may be declared or may become due and payable, upon the conditions and in the manner and with the effect provided in the Bond Indenture. The Bond Indenture provides that such declaration may in certain events be waived by the Bond Trustee, the Bondholder Representative or the owners of a requisite principal amount of the Series 2008A Bonds Outstanding under the Bond Indenture.

To the extent permitted by, and as provided in, the Bond Indenture, modifications or amendments of the Bond Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Issuer and of the owners of the Series 2008A Bonds may be made with the consent of the Issuer, the Bondholder Representative and the Bond Trustee and, in certain instances, of not less than a majority in aggregate principal amount of the Series 2008A Bonds then Outstanding. Any such consent by the owner of this Series 2008A Bond shall be conclusive and binding upon such owner and upon all future owners of this Series 2008A Bond and of any Series 2008A Bond issued upon the transfer or exchange of this Series 2008A Bond whether or not notation of such consent is made upon this Series 2008A Bond.

This Series 2008A Bond shall not be entitled to any benefit under the Bond Indenture, or any indenture supplemental thereto, or become valid or obligatory for any purpose until the Bond Trustee shall have manually signed the certificate of authentication hereon.

This Series 2008A Bond is and has all the qualities and incidents of a negotiable instrument under the law merchant act and the Uniform Commercial Code — Investment Securities Law of the State of Florida.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Bond Indenture and issuance of this Series 2008A Bond do exist, have happened and have been performed in due time, form and manner as required by law.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, City of Lake Wales, Florida has caused this Series 2008A Bond to be reissued and to be executed with the manual or facsimile signatures of the Mayor and attested by the manual or facsimile signature of the City Clerk of the City of Lake Wales, Florida, and a facsimile of its seal to be hereto affixed or printed, all as of the date of reissuance set forth above.

CITY OF LAKE WALES, FLORIDA

By: _____
Mayor

ATTEST:

By: _____
City Clerk

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Bond Trustee

By: _____
Authorized Signatory

Date of Authentication (Reissuance):

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Series 2008A Bond, and does hereby irrevocably constitute and appoint _____ attorney to transfer such Series 2008A Bond on the books kept for registration and transfer of the within Series 2008A Bond, with full power of substitution in the premises.

Date: _____

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Series 2008A Bond in every particular, without enlargement or alteration or any change whatsoever.

Signature Guaranteed By:

Authorized Signatory

NOTE: The signature to this Assignment must be guaranteed by a financial institution that is a member of the Securities Transfer Agents Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP") or the New York Stock Exchange, Inc. Medallion Signature Program ("MSP").

EXHIBIT B

FORM OF REISSUED SERIES 2008B BONDS

CITY OF LAKE WALES, FLORIDA
TAXABLE RETIREMENT FACILITY REVENUE BONDS
(WATER'S EDGE OF LAKE WALES, LLC PROJECT),
SERIES 2008B

No. RB-2 \$ _____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Issue Date</u>	<u>CUSIP No.</u>
7.88%	April 1, 2024	October 16, 2014	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ HUNDRED _____ THOUSAND AND
NO/DOLLARS

CITY OF LAKE WALES, FLORIDA, a municipal corporation duly organized and validly existing under the laws of the State of Florida (the "Issuer"), for value received, hereby promises to pay, from the sources described herein, to the registered owner specified above, , or registered assigns, the principal amount specified above (discounted upon certain prepayments as described herein), or registered assigns, the principal amount specified above, on the maturity date specified above (unless this Series 2008B Bond shall have been called for prior redemption) and to pay, from such sources, interest on said sum on April 1 and October 1 of each year, commencing April 1, 2015 at the interest rate specified above, until payment of the principal hereof has been made or provided for. This Series 2008B Bond will bear interest from the most recent interest payment date to which interest has been paid or provided for.

THE ISSUER, POLK COUNTY, FLORIDA, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE OF FLORIDA, SHALL NOT BE LIABLE OR OBLIGATED (GENERALLY, SPECIALLY, MORALLY OR OTHERWISE) TO PAY THE PRINCIPAL OF THIS SERIES 2008B BOND OR THE PREMIUM, IF ANY, OR INTEREST HEREON EXCEPT, WITH RESPECT TO THE ISSUER, SOLELY FROM THE SOURCES IDENTIFIED IN THE HEREINAFTER DEFINED BOND INDENTURE AND LOAN AGREEMENT, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE ISSUER, POLK COUNTY, FLORIDA, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THIS SERIES 2008B BOND.

This Series 2008B Bond and the Series of bonds of which it is a part have been reissued under and pursuant to the provisions of Chapter 166, Florida Statutes, Part II, Chapter 159, Florida Statutes, and other applicable provisions of law (the "Act"). The Series 2008B Bonds were originally issued on April 28, 2008 and reissued on October 16, 2014 as described herein. This Bond is a special and limited obligation of the Issuer payable solely from the revenues, receipts and resources of the Issuer received from the Obligor (hereinafter defined) pledged to its payment and not from any other revenues, funds or assets of the Issuer. No owner of any Series 2008B Bonds has the right to compel the Issuer to pay the principal of, interest or redemption premium, if any, on the Series 2008B Bonds, except from such sources.

The principal of and premium, if any, on this Series 2008B Bond are payable through the Depository Trust Company or, if certificated, upon the presentation and surrender hereof at the Columbia, Maryland, trust office of Wells Fargo Bank, National Association, as bond trustee, or at the designated corporate trust office of its successor in trust (the "Bond Trustee") under an Indenture of Trust dated as of April 1, 2008, as amended and supplemented by a First Amendment and Supplement to Indenture of Trust dated as of October 1, 2014 (collectively, the "Bond Indenture"), by and between the Issuer and the Bond Trustee. Interest on this Series 2008B Bond will be paid on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), by check or draft mailed to the person in whose name this Series 2008B Bond is registered (the "registered owner") in the registration records of the Issuer maintained by the Bond Trustee at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such interest payment date (the "Regular Record Date") or by wire transfer of same day funds upon receipt by the Bond Trustee prior to the Regular Record Date of a written request by a registered owner of \$1,000,000 or more in aggregate principal amount of Series 2008B Bonds. The CUSIP number and appropriate dollar amounts for each CUSIP number shall accompany all payments of principal of, redemption premium, if any, and interest on the Series 2008B Bonds. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner hereof at the close of business on a Special Record Date (as defined in the hereinafter defined Loan Agreement), for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Bond Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Bondholder Representative and the registered owners of such Series 2008B Bonds not less than ten days prior to such Special Record Date. Alternative means of payment of interest may be used if mutually agreed upon between the owner of this Series 2008B Bond and the Bond Trustee, as provided in the Bond Indenture. All such payments shall be made in lawful money of the United States of America without deduction for the services of the Bond Trustee.

This Series 2008B Bond is issued pursuant to a book entry system administered by The Depository Trust Company (together with any successor thereto, "Securities Depository"). The book entry system will evidence beneficial ownership of the Series 2008B Bonds with transfers of ownership affected on the register held by the Securities Depository pursuant to rules and

procedures established by the Securities Depository. So long as the book entry system is in effect, transfer of principal, interest and premium payments, and provisions of notices or other communications, to beneficial owners of the Series 2008B Bonds will be the responsibility of the Securities Depository as set forth in the Bond Indenture.

This Series 2008B Bond is one of a duly authorized issue of bonds of the Issuer known as "City of Lake Wales, Florida Taxable Retirement Facility Revenue Bonds (Water's Edge of Lake Wales, LLC Project), Series 2008B" (the "Series 2008B Bonds") and reissued in an aggregate principal amount of \$_____. The Series 2008B Bonds were originally issued for the purpose of providing funds to be loaned to Water's Edge of Lake Wales, LLC, a Florida limited liability company (the "Obligor"), and the proceeds were used to fund capitalized interest and pay a portion of the costs of issuance of the Series 2008 Bonds. The Series 2008B Bonds were issued simultaneously with the Issuer's City of Lake Wales, Florida Retirement Facility Revenue Bonds (Water's Edge of Lake Wales, LLC Project), Series 2008A" (the "Series 2008A Bonds," and together with the Series 2008B Bonds, the "Series 2008 Bonds") which are also being reissued in the aggregate principal amount of \$_____. The Series 2008A Bonds were issued for the purpose of providing funds to be loaned to the Obligor and were used to (i) finance and refinance a portion of the cost of acquisition and construction of certain senior care and living facilities, (ii) fund certain reserve funds, (iii) fund capitalized interest, and (iv) pay a portion of the costs of issuance of the Series 2008A Bonds.

To provide for its loan repayment obligations, the Obligor has entered into a Loan Agreement dated as of April 1, 2008, between the Issuer and the Obligor, as amended and supplemented by the First Amendment and Supplement to Loan Agreement dated as of October 1, 2014 (collectively, the "Loan Agreement"). The Obligor previously issued its Series 2008A Note and Series 2008B Note (collectively, the "Series 2008 Notes"). The Series 2008 Notes were issued pursuant to a Master Trust Indenture dated as of April 1, 2008, between the Obligor and Wells Fargo Bank, National Association, as master trustee (the "Master Trustee") and a Supplemental Master Trust Indenture Number 1, dated as of April 1, 2008 between the Obligor and the Master Trustee (collectively, the "Master Indenture"). Pursuant to the Master Indenture and a Mortgage and Security Agreement dated as of April 1, 2008, from the Obligor to the Master Trustee (the "Mortgage"), the Obligor has pledged and granted a security interest in, among other things, the Gross Revenues (as defined in the Master Indenture) and the Mortgaged Property (as defined in the Mortgage) to the Master Trustee to secure the Series 2008 Notes.

This Series 2008B Bond is further secured by the Debt Service Reserve Fund as set forth and provided in the Bond Indenture. Additionally, National Church Residences has executed and delivered to the Trustee for the benefit of the holders a Support Agreement dated as of April 1, 2014 as additional security for the Series 2008 Bonds. The Support Agreement is on file with the Trustee.

This Series 2008B Bond and the claims for interest hereon are payable only out of the revenues derived by the Issuer pursuant to the Loan Agreement and the 2014 Obligations. The

Series 2008 Bonds are issued under and are equally and ratably secured and are entitled to the protection given by the Bond Indenture.

No recourse under or upon any obligation, covenant, or agreement contained in the Bond Indenture, or in any Series 2008B Bond, or under any judgment obtained against the Issuer or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of the Bond Indenture, shall be had against any director, incorporator, officer, agent, employee, or representative 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 for or to the registered owner of any Series 2008B Bond issued thereunder or otherwise, of any sum that may be due and unpaid by the Issuer upon any such Series 2008B Bond.

Neither the elected officials, officers, agents, employees or representatives of the Issuer past, present or future, nor any person executing this Series 2008B Bond or the Bond Indenture, shall be personally liable hereon or thereon or be subject to any personal liability by reason of the issuance hereof and thereof, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of the Bond Indenture and the issuance of this Series 2008B Bond.

Additional series of bonds may be issued by the Issuer in accordance with the limitations and conditions of the Bond Indenture, which bonds shall be in all respects on a parity with the Series 2008 Bonds, except as otherwise provided therein. Such additional bonds may be issued at different times, in various principal amounts and denominations, may mature at different times, may bear interest at different rates, may be redeemable at different prices and may otherwise vary as provided in the Bond Indenture. The Series 2008 Bonds and such additional bonds are herein collectively called the "Bonds." Reference is hereby made to the Bond Indenture and all indentures supplemental thereto and the Master Indenture for a description of the revenues pledged, the nature and extent of the security, the rights, duties, and obligations of the Issuer, the Bond Trustee and the owners of the Bonds, and the terms and conditions upon which the Bonds are, and are to be, secured.

The Series 2008B Bonds maturing on April 1, 2024 are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date as follows:

<u>Year</u>	<u>Amount</u>
2014	\$
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024*	

*Maturity

At the option of the Obligor to be exercised by delivery of a written certificate to the Bond Trustee on or before the forty-fifth day next preceding any sinking fund redemption date, it may (i) deliver to the Bond Trustee for cancellation Series 2008B Bonds or portions thereof of the same maturity, in an aggregate principal amount desired by the Obligor or (ii) specify a principal amount of Series 2008B Bonds or portions thereof of the same maturity, which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Bond Trustee at the request of the Obligor and not theretofore applied as a credit against any sinking fund redemption obligation.

The Series 2008B Bonds shall be subject to mandatory redemption by the Obligor prior to their scheduled maturities, in whole or in part (proportionally among each Series) at a redemption price equal to the principal amount thereof plus accrued interest from the most recent Interest Payment Date to the redemption date on any date following the occurrence of any of the following events:

(1) in case of damage or destruction to, or condemnation of, any property, plant, and equipment of any Obligated Group Member, to the extent that the net proceeds of insurance or condemnation award exceed the Threshold Amount (as defined in the Master Indenture) and the Obligor has determined not to use such net proceeds or award to repair, rebuild or replace such property, plant, and equipment; or

(2) as a result of any changes in the Constitution or laws of the State of Florida or of the United States of America or of any legislative, executive, or administrative action (whether state or federal) or of any final decree, judgment, or order of any court or administrative body (whether state or federal), the obligations of the Obligor under the Loan Agreement have become, as established by an Opinion of Counsel, void or unenforceable in each case in any material respect in accordance with the intent and purpose of the parties as expressed in the Loan Agreement.

The Series 2008 Bonds up to an aggregate principal amount equal to the product of (1) the number of units in the 2008 Project, multiplied by (2) an amount equal to \$145,000, are subject to mandatory redemption by the Issuer, acting at the direction of the Obligor, in part, in order of the next succeeding mandatory sinking fund installment, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date on the first Business Day of each January, April, July and October, to the extent monies are on deposit in the Special Redemption Account of the Bond Fund; provided however, Series 2008B Bonds shall be redeemed prior to any Series 2008A Bonds.

The Series 2008 Bonds up to an aggregate principal amount equal to the product of (1) the number of units in the 2008 Project, multiplied by (2) an amount equal to \$145,000, are subject to mandatory redemption by the Issuer, acting at the direction of the Obligor, in part, in order of the next succeeding mandatory sinking fund installments, and at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date on the first Business Day of each fiscal quarter, January, April, July and October, to the extent monies are on deposit in the Life Lease Fee Redemption Account of the Bond Fund; provided, however, Series 2008B Bonds shall be redeemed prior to any Series 2008B Bonds.

If less than all Series 2008B Bonds are to be redeemed, the Obligor may select the maturities eligible for redemption which are to be redeemed. If less than all Series 2008B Bonds of a single maturity are to be redeemed, the selection shall be made by the Securities Depository or by lot by the Bond Trustee. Notice of the call for any redemption shall be given by the Bond Trustee by sending a copy of the redemption notice by mail not more than 60 nor less than 30 days prior to the redemption date to the Bondholder Representative and the registered owner of each Series 2008B Bond to be redeemed as shown on the registration records kept by the Bond Trustee, as provided in the Bond Indenture. All Series 2008B Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their payment are on deposit at the place of payment at that time.

The Series 2008B Bonds are issuable as fully registered Bonds in denominations of \$25,000 and any integral multiple of \$5,000 in excess thereof and are exchangeable for an equal principal amount of fully registered Series 2008B Bonds of the same series and maturity of other authorized denominations at the aforesaid office of the Bond Trustee but only in the manner and subject to the limitations and on payment of the charges provided in the Bond Indenture.

THE SERIES 2008B BONDS SHALL ONLY BE IN AUTHORIZED DENOMINATIONS OF \$100,000 AND ANY INTEGRAL MULTIPLE OF \$5,000 IN EXCESS THEREOF, TO THE EXTENT ANY OF THE FOLLOWING CONDITIONS ARE NO LONGER SATISFIED: (A) THE BENEFICIAL OWNERS OF THE SERIES 2008B BONDS ARE ADVISED BY HAMLIN CAPITAL UNDER THE INVESTMENT ADVISORS ACT OF 1940; (B) HAMLIN CAPITAL SERVES AS BONDHOLDER REPRESENTATIVE FOR SUCH BENEFICIAL OWNERS PURSUANT TO AN INVESTMENT ADVISORY AGREEMENT; OR (C) THE SERIES 2008B BONDS ARE HELD BY HAMLIN CAPITAL IN MANAGED ACCOUNTS OF ACCREDITED INVESTORS.

EACH TRANSFEREE OF THIS BOND, BY ITS PURCHASE HEREOF, REPRESENTS THAT SUCH TRANSFEREE IS AN "INSTITUTIONAL ACCREDITED INVESTOR" WITHIN THE MEANING OF REGULATION D UNDER THE SECURITIES ACT OR A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT AND WILL ONLY TRANSFER, RESELL, REOFFER, PLEDGE OR OTHERWISE TRANSFER THIS BOND TO A SUBSEQUENT TRANSFEREE WHO IS AN "INSTITUTIONAL ACCREDITED INVESTOR" WITHIN THE MEANING OF REGULATION D UNDER THE SECURITIES ACT OR A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT.

This Series 2008B Bond is fully transferable by the registered owner hereof in person or by his or her duly authorized attorney on the registration books kept at the principal office of the Bond Trustee upon surrender of this Series 2008B Bond together with a duly executed written instrument of transfer satisfactory to the Bond Trustee. Upon such transfer a new fully registered Series 2008B Bond of authorized denomination or denominations for the same principal amount and maturity will be issued to the transferee in exchange herefor, all upon payment of the charges and subject to the terms and conditions set forth in the Bond Indenture.

The Bond Trustee will not be required to transfer or exchange any Series 2008B Bond after the mailing of notice calling such Series 2008B Bond or any portion thereof for redemption has been given as herein provided, nor during the period beginning at the opening of business 15 days before the day of mailing by the Bond Trustee of a notice of prior redemption and ending at the close of business on the day of such mailing.

The Issuer and the Bond Trustee may deem and treat the person in whose name this Series 2008B Bond is registered as the absolute owner hereof for the purpose of making payment (except to the extent otherwise provided hereinabove and in the Bond Indenture with respect to Regular and Special Record Dates for the payment of interest) and for all other purposes, and neither the Issuer nor the Bond Trustee shall be affected by any notice to the contrary. The principal of, premium, if any, and interest on this Series 2008B Bond shall be paid free from and without regard to any equities between the Obligor and the original or any intermediate owner hereof, or any setoffs or counterclaims.

The owner of this Series 2008B Bond shall have no right to enforce the provisions of the Bond Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Indenture. In case an event of default under the Bond Indenture shall occur, the principal of all of the Series 2008B Bonds at any such time Outstanding under the Bond Indenture may be declared or may become due and payable, upon the conditions and in the manner and with the effect provided in the Bond Indenture. The Bond Indenture provides that such declaration may in certain events be waived by the Bond Trustee, the Bondholder Representative or the owners of a requisite principal amount of the Series 2008B Bonds Outstanding under the Bond Indenture.

To the extent permitted by, and as provided in, the Bond Indenture, modifications or amendments of the Bond Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Issuer and of the owners of the Series 2008B Bonds may be made with the consent of the Issuer, the Bondholder Representative and the Bond Trustee and, in certain instances, of not less than a majority in aggregate principal amount of the Series 2008B Bonds then Outstanding. Any such consent by the owner of this Series 2008B Bond shall be conclusive and binding upon such owner and upon all future owners of this Series 2008B Bond and of any Series 2008B Bond issued upon the transfer or exchange of this Series 2008B Bond whether or not notation of such consent is made upon this Series 2008B Bond.

This Series 2008B Bond shall not be entitled to any benefit under the Bond Indenture, or any indenture supplemental thereto, or become valid or obligatory for any purpose until the Bond Trustee shall have manually signed the certificate of authentication hereon.

This Series 2008B Bond is and has all the qualities and incidents of a negotiable instrument under the law merchant act and the Uniform Commercial Code — Investment Securities Law of the State of Florida.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Bond Indenture and issuance of this Series 2008B Bond do exist, have happened and have been performed in due time, form and manner as required by law.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, City of Lake Wales, Florida has caused this Series 2008B Bond to be reissued and to be executed with the manual or facsimile signatures of the Mayor and attested by the manual or facsimile signature of the City Clerk of the City of Lake Wales, Florida, and a facsimile of its seal to be hereto affixed or printed, all as of the date of reissuance set forth above.

CITY OF LAKE WALES, FLORIDA

By: _____
Mayor

ATTEST:

By: _____
City Clerk

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Bond Trustee

By: _____
Authorized Signatory

Date of Authentication (Reissuance):

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Series 2008B Bond, and does hereby irrevocably constitute and appoint _____ attorney to transfer such Series 2008B Bond on the books kept for registration and transfer of the within Series 2008B Bond, with full power of substitution in the premises.

Date: _____

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Series 2008B Bond in every particular, without enlargement or alteration or any change whatsoever.

Signature Guaranteed By:

Authorized Signatory

NOTE: The signature to this Assignment must be guaranteed by a financial institution that is a member of the Securities Transfer Agents Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP") or the New York Stock Exchange, Inc. Medallion Signature Program ("MSP").

FIRST AMENDMENT AND SUPPLEMENT TO LOAN AGREEMENT

between

**CITY OF LAKE WALES, FLORIDA,
as Issuer**

and

**WATER'S EDGE OF LAKE WALES, LLC,
as Obligor**

Relating to the Reissuance of:

**City of Lake Wales, Florida
Retirement Facility Revenue Bonds
(Water's Edge of Lake Wales, LLC Project),
Series 2008A**

**City of Lake Wales, Florida
Taxable Retirement Facility Revenue Bonds
(Water's Edge of Lake Wales, LLC Project),
Series 2008B**

Dated as of October 1, 2014

TABLE OF CONTENTS

Page

ARTICLE I REPRESENTATIONS

Section 1.01.	Representations by the Issuer.....	2
Section 1.02.	Representations by the Obligor	2

ARTICLE II AGREEMENT REGARDING PUT OPTION PAYMENT, RATE NEGOTIATION AND CONVERSION

Section 2.01.	Interest Rates	3
Section 2.02.	Put Option Payment	3
Section 2.03.	Accrued Amounts.....	3
Section 2.04.	References to Series 2008 Notes	4
Section 2.05.	Credits for the Purchase of Series 2008 Bonds in Lieu of Redemption	4

ARTICLE III REISSUANCE OF THE SERIES 2008 BONDS; APPLICATION OF MONEY FOR COSTS OF REISSUANCE

Section 3.01.	Agreement to Reissue Series 2008 Bonds and Application of Costs	4
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ARTICLE IV AMENDMENT TO THE ORIGINAL LOAN AGREEMENT

Section 4.01.	Additional Indebtedness by Obligor.....	4
Section 4.02.	Florida Christian Home References	4
Section 4.03.	Series 2008 Notes.....	4
Section 4.04.	Obligations of Obligor under Original Loan Agreement.....	5

ARTICLE V MISCELLANEOUS

Section 5.01.	Titles, Headings, Etc	5
Section 5.02.	Term and Covenants In Full Force and Effect.	5
Section 5.03.	Severability.	5
Section 5.04.	Governing Law.....	5
Section 5.05.	Address For Notices.	5

Exhibit A - Costs of Reissuance

Exhibit B – Description of Improvements for 2008 Project

FIRST AMENDMENT AND SUPPLEMENT TO LOAN AGREEMENT

THIS FIRST AMENDMENT AND SUPPLEMENT TO LOAN AGREEMENT dated as of October 1, 2014 (the "First Amendment to Loan Agreement") is undertaken to amend and supplement that certain Loan Agreement dated as of April 1, 2008 (the "Original Loan Agreement") and is between the CITY OF LAKE WALES, FLORIDA, a municipal corporation duly organized and validly existing under the laws of the State of Florida (the "Issuer"), and WATER'S EDGE OF LAKE WALES, LLC, a limited liability company duly organized and validly existing under the laws of the State of Florida (the "Obligor"),

W I T N E S S E T H:

WHEREAS, the Issuer is authorized under Chapter 166, Florida Statutes, Part II, Chapter 159, Florida Statutes, and other applicable provisions of law (collectively, the "Act") to enter into loan agreements and to issue its bonds and loan the proceeds thereof to provide for the financing of the acquisition, construction or installation of health care facilities and projects for senior care and housing projects for the public purpose of improving the adequacy, cost and accessibility of senior care and living facilities within the City of Lake Wales and the State of Florida; and

WHEREAS, the Obligor has previously requested that the Issuer issue its bonds primarily to provide for financing the costs of acquisition, construction and installation of a senior care and living facility; and

WHEREAS, the Issuer issued the Series 2008 Bonds (as hereinafter defined), on behalf of the Obligor, and the 2008 Project (as hereinafter defined) has been completed and placed in service; and

WHEREAS, the Obligor has now requested that the Issuer undertake certain amendments to the documents securing the Series 2008 Bonds, including amending the Original Loan Agreement (such Original Loan Agreement, as amended and supplemented by this First Amendment to Loan Agreement, herein the "Loan Agreement") and the capitalized terms used herein shall be as defined in the Loan Agreement;

WHEREAS, the required consents to this First Amendment to Loan Agreement are on file with the Bond Trustee as required by Section 10.06 of the Indenture of Trust dated April 1, 2008 which secures the Series 2008 Bonds (the "Original Indenture");

WHEREAS, the execution and delivery of a First Amendment and Supplement to Indenture of Trust (the "First Amendment to Bond Indenture, and hereinafter collectively with the Original Indenture, referred to as the "Bond Indenture"), and the reissuance of the Series 2008 Bonds hereinafter authorized under the First Amendment to Bond Indenture, pursuant to the provisions of the Act, have been in all respects duly and validly authorized by a resolution duly adopted and approved by the Issuer; and

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto formally covenant, agree and bind themselves to the following amendments to the Original Loan Agreement:

**ARTICLE I
REPRESENTATIONS**

Section 1.01. Representations by the Issuer.

(a) The Issuer confirms the representations in Section 2.1 of the Original Loan Agreement as continuing in full force and effect and true and correct as of the date hereof and confirms it has the power to enter into the transactions contemplated by this First Amendment to Loan Agreement and to carry out its obligations hereunder. By proper action the Issuer has duly authorized the execution and delivery of this First Amendment to Loan Agreement and the First Amendment to Bond Indenture and the performance of its obligations under this First Amendment to Loan Agreement and the First Amendment to Bond Indenture.

(b) The Issuer has the power and authority to reissue the City of Lake Wales, Florida Retirement Facility Revenue Bonds (Water's Edge of Lake Wales, LLC Project), Series 2008 (the "Series 2008 Bonds") as described in the First Amendment to Bond Indenture.

(c) The Obligor has represented to the Issuer that the 2008 Project has been completed and as constructed constitutes a "health care facility" and a "project" within the meaning of the Act. The Issuer confirms its agreement to allow the additional improvements to the 2008 Project in accordance with the information regarding the refurbishment, renovation and improvements thereto described on Exhibit B hereto (the "2008 Project Improvements").

(d) After reasonable public notice given by publication in the Lakeland Ledger, a newspaper published and of general circulation in the City of Lake Wales, Florida on March 3, 2014, the Issuer held a public hearing on March 18, 2014 concerning the reissuance of the Series 2008 Bonds, the refinancing of the 2008 Project and the location of the 2008 Project.

Section 1.02. Representations by the Obligor. The Obligor represents that:

(a) The Obligor confirms the representations in Section 2.2 of the Original Loan Agreement as continuing in full force and effect and true and correct as of the date hereof and confirms it has the power to continue to abide by the Obligor Documents as amended, and has duly executed and delivered this First Amendment to Loan Agreement.

(b) The Obligor shall continue to perform or cause to be performed all of the Obligor's obligations under the Obligor Documents, as amended.

(c) The 2008 Project as constructed and placed in service constitutes a "project," and a "health care facility" within the meaning of the Act. All proceeds of the Series 2008 Bonds

were used to finance a "cost" within the meaning of the Act. The Obligor acknowledges its plan to improve the 2008 Project with the 2008 Project Improvements.

(d) As of the date of delivery hereof the members of the Obligor are organizations (i) organized and operated exclusively for charitable purposes and not for pecuniary profit, and (ii) no part of the net earnings of which inures to the benefit of any Person, private stockholder or individual, all within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, respectively.

ARTICLE II
AGREEMENT REGARDING PUT OPTION PAYMENT, RATE
NEGOTIATION AND CONVERSION

Section 2.01. Interest Rates. (a) The Obligor and the Issuer consent and agree to the revised interest rates and principal payments for the Series 2008 Bonds as set forth in Article II of the First Amendment to Bond Indenture. The Obligor's payments pursuant to Section 5.2 of the Loan Agreement on the Notes shall be made and applied in accordance with the reissued Series 2008 Bonds and the 2014 Obligations (as defined in the First Amendment to Bond Indenture) and the provisions thereof.

(b) The Obligor agrees and acknowledges its duty to negotiate with the Bondholder Representative in good faith in order to arrive at a mutually agreeable interest rate for the Series 2008A Bonds within the Rate Negotiation Period set forth in Section 3.01(a) of the First Amendment to Bond Indenture. Furthermore, the Obligor shall deliver the Opinion of Bond Counsel as stated in the Bond Indenture on or before October 1, 2024 to the Bond Trustee and the Issuer. Upon the failure to set a new interest rate effective October 1, 2024 or to deliver the Opinion of Bond Counsel, the interest rate for the Series 2008A Bonds shall be in effect at the rate of 7.25% (seven and one quarter percent).

Section 2.02. Put Option Payment. The Obligor agrees and acknowledges that the Bondholder Representative has the option and right to mandatorily tender the Series 2008 Bonds as described in Section 3.01(b) of the First Amendment to Bond Indenture. The Obligor shall deposit the funds required to pay in full all amounts due and owing on or before 1:00 p.m. on the Put Option Date (as defined in the First Amendment to Bond Indenture) with the Bond Trustee based upon a determination and notice by the Bondholder Representative to cause the Put Option to occur in accordance with the First Amendment to Bond Indenture through a mandatory tender of the Series 2008 Bonds.

Section 2.03. Accrued Amounts. The Obligor confirms and agrees to pay the Accrued Amounts as defined and described in the First Amendment to Supplemental Master Trust Indenture Number 1 dated as of October 1, 2014. Accrued Amounts shall only be due and payable upon the events specifically described therein, and are otherwise not due and owing nor a liability of the Obligor.

Section 2.04. References to Series 2008 Notes. All references in the Loan Agreement to the Series 2008 Notes shall instead be considered and construed to refer to the 2014 Obligations (as defined in the First Amendment to Bond Indenture).

Section 2.05. Credits for the Purchase of Series 2008 Bonds in Lieu of Redemption. The Obligor shall be fully credited for the corresponding amount of principal due on the Series 2008 Bonds and the 2014 Obligations with respect to any purchase of the Series 2008 Bonds undertaken in lieu of redemption pursuant to Section 3.04(h) of the First Amendment to Bond Indenture. The Issuer agrees and confirms that the Bond Trustee shall cancel and deem paid in full the par amount of the Series 2008 Bonds upon the discounted purchase by the Obligor to reduce the amount outstanding under the Bond Indenture.

ARTICLE III

REISSUANCE OF THE SERIES 2008 BONDS; APPLICATION OF MONEY FOR COSTS OF REISSUANCE

Section 3.01. Agreement to Reissue Series 2008 Bonds and Application of Costs. The Issuer will cause to be delivered to the Bond Trustee the reissued Series 2008 Bonds. An equity contribution of the Obligor for the payment of costs shall be paid as set forth in Exhibit A hereto.

ARTICLE IV

AMENDMENT TO THE ORIGINAL LOAN AGREEMENT

Section 4.01. Additional Indebtedness by Obligor. Notwithstanding the provision of Section 4.1(c) of the Original Loan Agreement the Issuer hereby agrees that the requirements therein relating to the issuance of Additional Indebtedness under the Master Indenture shall not be required to be met with respect to the debt incurred by the Obligor to finance the 2008 Improvements in an amount not to exceed \$_____.

Section 4.02. Florida Christian Home References. The references in Section 4.8(b) of the Original Loan Agreement to Florida Christian Home Communities LLC and Florida Christian Home Senior Housing, Inc. shall be disregarded. The Issuer hereby acknowledges that the Lake Wales Retirement Center, Inc. ("LWRC"), which is the sole member of the Obligor, has reorganized by the resignation and transfer out of its previous directors and members and the admission and transfer in of the National Church Residences as the sole member of LWRC effective March 31, 2014.

Section 4.03. Series 2008 Notes. The references to the Series 2008 Notes in the Original Loan Agreement, including but not limited to Section 5.4 thereof, shall be construed to instead be reference to the 2014 Obligations and all loan payments to the Bond Trustee made by Obligor pursuant to the Loan Agreement shall be paid in accordance with the new terms and conditions herein, in the First Amendment to Bond Indenture and in the 2014 Obligations.

Section 4.04. Obligations of Obligor under Original Loan Agreement. The reissuance and restructuring of the Series 2008 Bonds as undertaken herein and in accordance with the First Amendment to Bond Indenture shall amend and restructure the payment provisions as set forth in Article V of the Original Loan Agreement, including but not limited to the provisions in Sections 2.02 and 3.01 of the First Amendment to Bond Indenture relating to reduced interest rates, modified principal repayments, and purchases in lieu of redemption.

**ARTICLE V
MISCELLANEOUS**

Section 5.01. Titles, Headings, Etc. The titles and headings of the articles, sections and subdivisions of this First Amendment to Loan Agreement have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms of provisions hereof.

Section 5.02. Term and Covenants In Full Force and Effect. All covenants, agreements, representations and warranties made by the Obligor in the Loan Agreement, the Bond Indenture and the Series 2008 Bonds, and in any certificates or other documents or instruments delivered pursuant to the Loan Agreement or the Bond Indenture, shall survive the execution and delivery of this First Amendment to Loan Agreement and shall continue in full force and effect until the Series 2008 Bonds and the 2014 Obligations are paid in full.

Section 5.03. Severability. In the event any provision of this First Amendment to Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 5.04. Governing Law. This First Amendment to Loan Agreement shall be governed and construed in accordance with the laws of the State of Florida.

Section 5.05. Address For Notices. The Notice addresses for the parties contained in Section 11.1 of the Loan Agreement are hereby updated as follows:

To the Obligor Water's Edge of Lake Wales, LLC
 10 Grove Avenue West
 Lake Wales, Florida 33853
 Attn: Manager

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

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

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Loan Agreement to be executed by its duly authorized officers, all as of the date first above written.

CITY OF LAKE WALES, FLORIDA

(SEAL)

By: _____
 Mayor

ATTEST:

By: _____
 City Clerk

WATER'S EDGE OF LAKE WALES, LLC

By: _____
Title: _____

ATTEST:

By: _____
Its: _____

[Signature Page | First Amendment and Supplement to Loan Agreement]

EXHIBIT A

COSTS OF REISSUANCE

EXHIBIT B

DESCRIPTION OF IMPROVEMENTS TO 2008 PROJECT

Costs of the acquisition, construction, installation and equipping of senior care facilities located at 10 West Grove Avenue, Lake Wales, Florida 33853, including the construction of five single-story duplex villas and renovation of the dining room, reception area and common areas of the congregate care and assisted living building, along with improvements to the property's landscaping, site amenities, entry gateway and wayfinding and signage

AFFIDAVIT OF PUBLICATION

THE LEDGER

Lakeland, Polk County, Florida

STATE OF FLORIDA)
COUNTY OF POLK)

Before the undersigned authority personally appeared Julisa Garcia who on oath says that she is Account Executive for Advertising at The Ledger, a daily newspaper published at Lakeland in Polk County, Florida; that the attached copy of advertisement, being a

PUBLIC HEARING NOTICE

In the matter of WATER'S EDGE OF LAKE WALES PROJECT

Concerning PUBLIC FINANCE AUTHORITY

was published in said newspaper in the issues of

9-23; 2014

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

Signed Julisa Garcia
.....
Julisa Garcia
Advertising Account Executive
Who is personally known to me.

Sworn to and subscribed before me this 23rd.....

day of September..... A.D. 2014

Patricia Ann Rouse
.....
Notary Public

(SEAL)

My Commission Expires - October 17, 2016



NOTICE OF PUBLIC HEARING REGARDING

NOT TO EXCEED \$7,000,000
PUBLIC FINANCE AUTHORITY
REVENUE BONDS
(WATER'S EDGE OF LAKE WALES
PROJECT),
SERIES 2014A

You are hereby notified that on Tuesday, October 7, 2014 at 6:00 p.m., or as soon thereafter as the matter may be heard, in the City Commission Chambers in the Municipal Administration Building, 201 West Central Avenue, Lake Wales, Florida, a Public Hearing will be held by the City Commission of the City of Lake Wales, Florida on the issuance by the Public Finance Authority of its Revenue Bonds (Water's Edge of Lake Wales Project), Series 2014A (the "Bonds") in the aggregate principal amount not to exceed \$7,000,000. The Bonds are expected to be issued pursuant to Section 66.0304 of the Wisconsin Statutes, as amended, by the Public Finance Authority, a commission organized under and pursuant to the provisions of Sections 66.0301, 66.0303, and 66.0304 of the Wisconsin Statutes. The proceeds of the Bonds are expected to be used to (a) finance the costs of the acquisition, construction, installation and equipping of senior care facilities located at 10 West Grove Avenue, Lake Wales, Florida 33853, including the construction of five single-story duplex villas and renovation of the dining room, reception area and common areas of the congregate care and assisted living building, along with improvements to the property's landscaping, site amenities, entry gateway and wayfinding and signage (collectively, the "Project"), (b) fund a debt service reserve fund for the Bonds, and (c) pay certain costs associated with the issuance of the Bonds. The Project is to be owned by Water's Edge of Lake Wales, LLC, a limited liability company organized and existing under the laws of the State of Florida (the "Borrower"). National Church Residences, a nonprofit Ohio corporation, is undertaking the sponsorship and management of the Project.

THE BONDS WILL BE LIMITED OBLIGATIONS OF THE PUBLIC FINANCE AUTHORITY PAYABLE SOLELY FROM THE LOAN REPAYMENTS TO BE MADE BY THE BORROWER TO THE PUBLIC FINANCE AUTHORITY AND CERTAIN FUNDS AND ACCOUNTS ESTABLISHED BY AN INDENTURE FOR THE BONDS. THE BONDS SHALL NEVER CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE STATE OF FLORIDA, THE CITY OF LAKE WALES, POLK COUNTY OR ANY OTHER POLITICAL SUBDIVISION OR AGENCY OF THE STATE OF FLORIDA, BUT SHALL BE PAYABLE AS SET FORTH ABOVE.

This public hearing is required by Section 147(f) of the Internal Revenue Code of 1986, as amended, will be held by the City Commission of Lake Wales as the local elected officials, for the public to provide comment regarding the Bonds issued by the Public Finance Authority.

Persons wishing to express their views regarding the Project and the issuance of the Bonds by the Public Finance Authority may appear at the hearing or may submit their views in writing. Written comments should be submitted to the City of Lake Wales at P. O. Box 1320, Lake Wales, Florida 33859-1320 or 201 West Central Avenue, Lake Wales, Florida 33853, Attention: City Manager, and should be mailed in sufficient time to be received before October 7, 2014, the date of the hearing. Should any person decide to appeal any decision made by the City of Lake Wales, Florida following the hearing, he or she will need a record of the proceedings and he or she may need to assure that a verbatim record of the proceedings be made, which record includes the testimony and evidence upon which the appeal will be heard. Following the hearing, the City Commission will approve or disapprove the issuance of the Bonds by the Public Finance Authority.

Any person requiring reasonable accommodation at this meeting because of a disability or physical impairment should contact the City Clerk or the City Manager at (863) 678-4182 or fax a written request to (863) 678-4180 at least 48 hours prior to the meeting.

CITY COMMISSION OF LAKE WALES,
FLORIDA
L9981 9-23; 2014

**CERTIFICATE AS TO PUBLIC MEETINGS
AND NO CONFLICT OF INTEREST**

Each of the undersigned members of the City Commission (the "Commission") of the City of Lake Wales, Florida (the "City"), as issuer of the City of Lake Wales, Florida Retirement Facility Revenue Bonds (Water's Edge of Lake Wales, LLC Project), Series 2008A and Taxable Retirement Facility Revenue Bonds (Water's Edge of Lake Wales, LLC Project), Series 2008B (collectively, the "Bonds"), DOES HEREBY CERTIFY:

(1) that he or she has no personal knowledge that any two or more members of the Commission, meeting together, reached any prior conclusion as to whether the actions taken by the Commission, with respect to said Bonds, the security therefor and the application of the proceeds thereof, should or should not be taken by the Commission or should or should not be recommended as an action to be taken or not to be taken by the Commission, except at public meetings of the Commission held after due notice to the public was given in the ordinary manner required by law and custom of the Commission;

(2) that he or she does not have or hold any employment or contractual relationship with Hamlin Capital Management, LLC, which is the Bondholder Representative for the holder of the Bonds.

IN WITNESS WHEREOF, we have hereunto affixed our official signatures as of this 7th day of October, 2014.

Eugene Fultz, Mayor

Jonathan Thornhill, Commissioner

Terrye Y. Howell, Commissioner

Betty Wojcik, Commissioner

Christopher Lutton, Commissioner