

EXECUTION COPY

RESOLUTION NO. 2007-156

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF NASSAU COUNTY, FLORIDA AUTHORIZING THE ISSUANCE BY THE COUNTY OF NOT EXCEEDING \$12,000,000 AGGREGATE PRINCIPAL AMOUNT OF ITS FIRST MORTGAGE REVENUE BONDS (NASSAU CARE CENTERS, INC. PROJECT), SERIES 2007; ESTABLISHING PARAMETERS FOR THE AWARD OF THE SALE THEREOF AND ESTABLISHING CRITERIA FOR DETERMINING THE TERMS THEREOF, INCLUDING THE DATE, INTEREST RATES, INTEREST PAYMENT DATES AND MATURITY SCHEDULE AND OTHER TERMS OF SUCH BONDS; APPROVING THE FORMS OF AND AUTHORIZING THE EXECUTION OF A MORTGAGE, SECURITY AGREEMENT AND TRUST AGREEMENT; AUTHORIZING THE NEGOTIATED SALE OF THE BONDS; AUTHORIZING THE PREPARATION, DISTRIBUTION AND EXECUTION OF A PRELIMINARY AND FINAL PRIVATE PLACEMENT MEMORANDUM IN CONNECTION WITH THE ISSUANCE AND DELIVERY OF THE BONDS; AUTHORIZING THE APPOINTMENT OF A TRUSTEE AND PAYING AGENT; AUTHORIZING THE CHAIRMAN OR VICE CHAIRMAN OR ANY BOARD MEMBER AND THE CLERK TO TAKE ANY OTHER ACTIONS NECESSARY TO ISSUE THE BONDS AND MAKING OTHER PROVISIONS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Legislature of the State of Florida (the "State") has enacted the Florida Industrial Development Financing Act, Sections 159.25 through 159.53, Florida Statutes, as amended (the "Act"), pursuant to which the State has empowered local agencies of the State to issue revenue bonds for the purpose of financing capital projects to improve the prosperity and welfare of the state and its inhabitants; and

WHEREAS, pursuant to the Act, Nassau County, Florida (the "County") has determined to authorize the issuance of not exceeding \$12,000,000 aggregate principal amount of its First Mortgage Revenue Bonds (Nassau Care Centers, Inc. Project), Series 2007 (the "Bonds") for the purpose of financing the acquisition and construction of intermediate care facilities for the developmentally disabled (the "Project") located in Nassau County, Florida; and

WHEREAS, the County deems it necessary to provide for the form of the hereinafter described Mortgage, Security Agreement and Trust Agreement (the "Agreement"), as hereinafter defined to be entered into with a bank or trust company to serve as trustee and to authorize additional documents in connection therewith; and

WHEREAS, the County wishes to authorize the preparation and distribution and execution of the hereinafter described Preliminary Private Placement Memorandum and a Private Placement Memorandum in connection with the issuance and delivery of the Bonds; and

WHEREAS, the County intends to privately place the Bonds as hereinafter provided with Herbert J. Sims & Co. (the "Placement Agent") or to such other placement agent as may be acceptable to the County; and

WHEREAS, the County desires to set parameters for certain members of the Board of County Commissioners to approve the final terms of the sale of the Bonds and to execute a bond placement agreement in accordance therewith upon the terms and conditions established herein in connection with issuance of the Bonds; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF NASSAU COUNTY, FLORIDA, as follows:

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

SECTION 2. APPROVAL OF PROJECT. The financing of the acquisition of the Project by Nassau Care Centers, Inc. and AICC, Inc. (collectively, and jointly and severally the "Borrower") as described in the Agreement is hereby approved. The County hereby finds that the proposed project to be financed with the proceeds of the Bonds constitutes a qualified "Project" within the meaning of the Act. The County hereby determines that the provisions of Section 159.29, Florida Statutes, have been met with respect to the proposed financing of said project.

SECTION 3. AUTHORIZATION AND DESCRIPTION OF THE BONDS. There is hereby authorized and directed to be issued the County's Bonds in an aggregate principal amount not to exceed \$12,000,000. The Bonds shall be issued under and secured by the Agreement, attached hereto as Exhibit "A," the form of which by this reference is hereby incorporated into this Resolution as if set forth in full herein. The Bonds shall mature in the amounts and at the times, shall bear interest at the rates, be redeemable at the redemption prices and upon the terms and shall have the other characteristics, as set forth in the Agreement, all as shall be approved by the Chairman or the Vice Chairman, or other board member and the Clerk of the Circuit Court, ex officio Clerk of the Board of County Commissioners or their duly authorized alternate officers prior to sale of said Bonds, as provided in this Resolution; provided,

that (a) the average interest rate on the Bonds shall not exceed 7.5%, (b) the Bonds shall finally mature not later than 2038 or such later or earlier date as shall be thirty (30) years from the date of issuance of the Bonds, (c) the Placement Agent's fee shall not be in excess of 1% of the principal amount of Bonds issued and (d) the Bonds shall be subject to optional redemption at a price not in excess of 102% of par not later than 2017. The Bonds shall be executed, authenticated and delivered by the officers of the County authorized below in substantially the form set forth in the Indenture in fully registered form.

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

SECTION 5. AUTHORIZATION OF EXECUTION OF MORTGAGE, SECURITY AGREEMENT AND TRUST AGREEMENT. The Mortgage, Security Agreement and Trust Agreement among the County, the Borrower and The Bank of Oklahoma, N.A., as trustee (the "Trustee"), in substantially the form attached hereto as Exhibit "A" (the "Agreement") is hereby approved, and the Chairman, the Vice Chairman, or other board member and the Clerk or their duly authorized alternate officers are hereby authorized and directed to execute and deliver the Agreement on behalf of and in the name of the County with such additional changes, insertions and omissions therein including but not limited to, the insertion of rates, maturities, sinking fund redemption provisions and other details of the Bonds determined as herein provided and as may be made prior to the delivery of the Bonds, and as may be otherwise made and approved by the said officers of the County executing the same, such execution to be conclusive evidence of such approval.

SECTION 6. SALE OF BONDS. It is hereby found and determined that due to the characteristics of the financing and the prevailing and anticipated market conditions, it is in the best interest of the County to negotiate the sale of the Bonds. The negotiated sale of the Bonds upon substantially the terms and conditions as may be set forth in a bond placement agreement among Herbert J. Sims & Co., the County and the Borrower is hereby approved subject to compliance with the parameters set forth in Section 3 above.

SECTION 7. AUTHORIZATION OF PRELIMINARY PRIVATE PLACEMENT MEMORANDUM AND FINAL PRIVATE PLACEMENT MEMORANDUM. The County hereby approves the form of the Preliminary Private Placement Memorandum relating to the Bonds in the form attached hereto as Exhibit "B" (the "Preliminary Private Placement Memorandum") and authorizes the use and distribution by the Underwriter of said Preliminary

Private Placement Memorandum and a final Private Placement Memorandum in substantially such form in connection with the public offering for sale of the Bonds. The Chairman, Vice Chairman and Clerk are hereby authorized to make or approve insertions, modifications and changes in the Private Placement Memorandum. Each of such officers is further authorized to deem the Preliminary Private Placement Memorandum "final" within the meaning of Rule 15c2-12 under the Securities Exchange Act of 1934, in the form as mailed, and in furtherance thereof to execute a certificate evidencing same.

SECTION 8. APPOINTMENT OF TRUSTEE. With respect to the Bonds, the Bank of Oklahoma, N.A. is hereby appointed as Trustee.

SECTION 9. GENERAL AUTHORITY. The Chairman, the Vice Chairman, and the Clerk and all other members of the Board of County Commissioners and the staff of the County are hereby authorized and directed to execute any and all certifications or other instruments or documents required by the Agreement or any other document referred to above as a prerequisite or precondition to the issuance of the Bonds, including, but not limited to, mortgages and subordination agreements, and any representation made therein shall be deemed to be made on behalf of the County. To the extent that the Chairman and Vice Chairman of the Board of County Commissioners or the Clerk are unable for any reason to execute or deliver the documents referred to above, such documents may be executed, attested and/or delivered by their duly authorized alternate officers, with the same effect as if executed and/or delivered by the Chairman, Vice Chairman, or Clerk. All action taken to date by the members of the Board of County Commissioners and the staff of the County in furtherance of the issuance of the Bonds is hereby approved, confirmed and ratified and the members of the Board of County Commissioners are hereby authorized to take such additional actions as they or any of them deem necessary or appropriate in furtherance of the issuance of the Bonds.

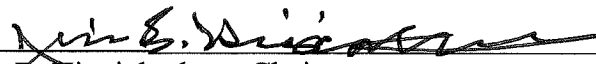
SECTION 10. REPEALING CLAUSE. All prior resolutions and motions of the Board of County Commissioners inconsistent with the provisions of this Resolution are hereby modified, supplemented and amended to conform with the provisions herein contained and except as otherwise modified, supplemented and amended hereby shall remain in full force and effect.

SECTION 11. SEVERABILITY AND INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Bonds issued hereunder.

SECTION 12. EFFECTIVE DATE. This Resolution shall become effective immediately upon its adoption.

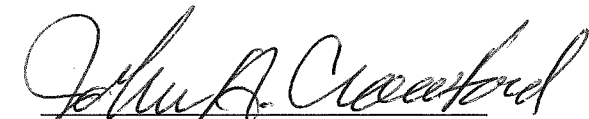
APPROVED AND ADOPTED this 27th day of August, 2007.

**NASSAU COUNTY, FLORIDA
BOARD OF COUNTY COMMISSIONERS**



Jim B. Higginbotham, Chairman

Attest as to Chairman's signature:



JOHN A. CRAWFORD
Its: Ex-Officio Clerk



APPROVED AS TO FORM BY THE
NASSAU COUNTY ATTORNEY:



DAVID A. HALLMAN


REVIEWED BY GENE KNAGA
DEPUTY COMPTROLLER
 8/27/07

EXHIBIT "A"

FORM OF MORTGAGE, SECURITY AGREEMENT AND TRUST AGREEMENT

THIS INSTRUMENT PREPARED
BY AND RETURN TO:
Mark T. Mustian, Esq.
Nabors, Giblin & Nickerson, P.A.
1500 Mahan Drive, Suite 200
Tallahassee, Florida 32308

NGN Draft No. 3 8/27/07
109.25 Nassau

ABOVE SPACE RESERVED FOR
RECORDING PURPOSES ONLY

This Mortgage, Security Agreement and Trust Agreement secures industrial development revenue bonds issued under Chapter 159, Florida Statutes and is exempt from documentary stamp and intangible taxes

MORTGAGE, SECURITY AGREEMENT AND TRUST AGREEMENT

Dated as of August 1, 2007

among

NASSAU COUNTY, FLORIDA,

AICC, INC. AND NASSAU CARE CENTERS, INC., JOINT BORROWERS,

and

BANK OF OKLAHOMA, N.A.

as Trustee

Securing

\$10,590,000

**First Mortgage Revenue Bonds
(Nassau Care Centers, Inc. Project)
Series 2007**

TABLE OF CONTENTS

ARTICLE I.	INTRODUCTION AND DEFINITIONS.....	1
Section 101.	Description of the Agreement and the Parties.	1
Section 102.	Definitions.....	1
ARTICLE II.	THE CONVEYANCES.	12
Section 201.	The Mortgage.....	12
Section 202.	The Assignment and Pledge.....	13
Section 203.	Title.	13
Section 204.	Partial Releases.	13
Section 205.	Defeasance.	13
ARTICLE III.	THE LOAN.....	14
Section 301.	The Bonds.	14
Section 302.	Application of Bond Proceeds and other Moneys.	24
Section 303.	Debt Service Fund.....	25
Section 304.	Debt Service Reserve Fund.....	26
Section 305.	Replacement Reserve Fund.....	27
Section 306.	Redemption Fund.	28
Section 307.	Rebate Fund.	29
Section 308.	Expense Fund.....	31
Section 309.	Deposit-Only Account and Operating Account.	32
Section 309A.	Taxes and Insurance Fund.....	33
Section 310.	Application of Moneys.	34
Section 311.	Payments by the Borrower.....	34
Section 312.	Unconditional Obligation.....	36
Section 313.	Redemption of the Bonds.....	36
Section 314.	Investments.	39
Section 315.	Paying Agent.....	42
Section 316.	Unclaimed Moneys.	42
ARTICLE IV.	THE PROJECT AND THE MORTGAGED PROPERTY.	42
Section 401.	Construction Fund.....	42
Section 401.	Construction Fund.....	44
Section 402.	Carrying Out the Project and Deposit of Borrower Funds.	44
Section 403.	Use of Project and Mortgaged Property.....	44
Section 404.	Mortgaged Personalty.	45
Section 405.	Repair and Current Expenses.....	45
Section 406.	Insurance.	46
Section 407.	Liability Coverages Required; Fidelity Bonds.	47
Section 408.	General Insurance Provisions; Report of Insurance Consultant; Insurance Commercially Unavailable.	48
Section 409A.	Application of Insurance Proceeds.	49
Section 409B.	Application of Condemnation Awards.....	52
Section 410.	Additions and Alterations.	55

Section 411.	Right of Access to the Mortgaged Property.....	55
Section 412.	Indemnification and the Bondowners.	55
ARTICLE V.	ADDITIONAL BORROWING	58
Section 501.	Additional Bonds.	58
Section 502.	Alternative Indebtedness.....	59
Section 503.	Conditions for Incurrence of Additional Parity Indebtedness.	61
Section 504.	Other Additional Indebtedness.	61
Section 505.	Debt Service on Balloon Indebtedness.	62
ARTICLE VI.	DEFAULT AND REMEDIES	63
Section 601.	Default by the Borrower.	63
Section 602.	Remedies for Events of Default.....	65
Section 603.	Court Proceedings.....	67
Section 604.	Revenues after Default.....	68
Section 605.	Trustee May Perform Obligations.	68
Section 606.	Remedies Cumulative.	68
Section 607.	Bondowners May Direct Proceedings.	68
Section 608.	Annulment of Acceleration.....	69
Section 609.	Discontinuance of Proceedings by Trustee.....	69
Section 610.	Trustee May Enforce Rights Without Possession of Bonds.	69
Section 611.	Application of Money in Acceleration.	69
ARTICLE VII.	THE TRUSTEE AND PAYING AGENT	70
Section 701.	Corporate Organization, Authorization and Capacity.	70
Section 702.	Rights and Duties of the Trustee.....	70
Section 703.	Fees and Expenses of the Trustee.	75
Section 704.	Resignation or Removal of the Trustee.	75
Section 705.	Successor Trustee.....	75
Section 706.	Trustee Requirement to Act.	76
Section 801.	Corporate Organization, Authorization and Power.	77
Section 802.	Covenant as to Payment; Faith and Credit of Commonwealth Not Pledged.....	78
Section 803.	Rights and Duties of the Issuer.	78
ARTICLE IX.	THE BONDOWNERS	80
Section 901.	Action by Bondowners.	80
Section 902.	Proceedings by Bondowners.....	81
Section 903.	Actions by Bondowners.....	81
ARTICLE X.	THE BORROWER	82
Section 1001.	Corporate Organization, Authorization and Powers.....	82
Section 1002.	Litigation.....	82
Section 1002.	Litigation.....	82
Section 1003.	Tax Status.....	82
Section 1003.	Tax Status.....	82

Section 1004.	Securities Law Status.....	83
Section 1005.	Environmental Matters.....	84
Section 1006.	Rates, Charges, and Other Financial Covenants; Occupancy Targets.....	85
Section 1007.	Annual Reports and Other Current Information.....	87
Section 1008.	Maintenance of Corporate Existence.....	89
Section 1009.	License and Accreditation.....	89
Section 1010.	Restrictions on Encumbrance of Property.....	89
Section 1011.	Disposition of Property.....	90
Section 1012.	Capital Additions.....	92
Section 1013.	Restrictions on Borrowing and Guarantees.....	94
Section 1014.	Stipulation to Certain Matters in Litigation.....	94
Section 1015.	Selection of Manager; Change in Manager.....	95
Section 1016.	Costs and Expenses.....	95
Section 1017.	Completion of Improvements.....	95
Section 1018.	Investments.....	95
Section 1019.	Distributions.....	96
Section 1020.	Transactions with Affiliates.....	96
Section 1021.	No Transfer of Patients.....	96
Section 1022.	Continuing Disclosure.....	96
ARTICLE XI.	AMENDMENTS OF AND SUPPLEMENTS TO THE	
	AGREEMENT	97
Section 1101.	No Amendment Without Consent of Holders.....	97
Section 1102.	Amendment With Consent of Bondowners.....	97
Section 1103.	Effect of Consents.....	97
Section 1104.	Notation on or Exchange of Bonds.....	97
Section 1105.	Signing of Amendments and Supplements.....	97
Section 1106.	Notice to Bondowners.....	98
ARTICLE XII.	MISCELLANEOUS	98
Section 1201.	Successors and Assigns.....	98
Section 1202.	Notices.....	98
Section 1203.	Agreement Not for the Benefit of Other Parties.....	98
Section 1204.	Severability.....	98
Section 1205.	Counterparts.....	98
Section 1206.	Captions.....	98
Section 1207.	Governing Law.....	99
SCHEDULE A -	Description of Mortgaged Property.....	A-1
SCHEDULE B -	Description of Existing Liens.....	B-1
SCHEDULE C -	Form of Requisition.....	C-1
SCHEDULE D -	Mortgaged Personalty.....	D-1

ARTICLE I

INTRODUCTION AND DEFINITIONS

Section 101. Description of the Agreement and the Parties. This MORTGAGE, SECURITY AGREEMENT AND TRUST AGREEMENT (the "Agreement") is entered into as of August 1, 2007, by and among NASSAU COUNTY, FLORIDA (with its successors, the "Issuer"), a political subdivision and a body corporate and politic of the State of Florida, AICC, INC., a Florida nonprofit corporation ("AICC") and NASSAU CARE CENTERS, INC., a Florida nonprofit corporation ("Nassau Care"), as joint and several borrowers (together, the "Borrower"), and the BANK OF OKLAHOMA, N.A. a national banking association, as Trustee (with its successors, the "Trustee").

This Agreement provides for the following transactions:

- (a) the Issuer's issue of the initial Bonds;
- (b) the Issuer's loan of the proceeds of the Bonds to the Borrower for the purpose of financing the Project and refunding the Series 1993 Bonds and financing certain improvements and capital expenses relating to the Facility;
- (c) the Borrower's repayment of the loan of Bond proceeds from the Issuer through payment to the Trustee of all amounts necessary to pay the Bonds issued by the Issuer;
- (d) the Borrower's mortgage of the Mortgaged Property and pledge of certain receipts to the Trustee in trust for the benefit and security of the Bondowners; and
- (e) the Issuer's assignment to the Trustee in trust for the benefit and security of the Bondowners of the Revenues to be received hereunder and the rights to receive the same.

In consideration of the mutual agreements contained in this Agreement and other good and valuable consideration, the receipt of which is hereby acknowledged, the Issuer, the Borrower and the Trustee agree as set forth herein for their own benefit and for the benefit of the Bondowners. The Bonds shall not be deemed to constitute a debt, liability, or obligation of the Issuer or the State of Florida, or a pledge of the faith and credit of the Issuer or of the State of Florida or of any political subdivision of the State of Florida, but shall be payable solely from the revenues provided therefor. The Issuer shall not be obligated to pay the principal of the Bonds nor interest thereon except from the revenues and proceeds pledged therefor. Neither the faith and credit nor the taxing power of the Issuer or of the State of Florida or of any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds.

Section 102. Definitions. In addition to terms defined elsewhere herein, the following terms have the following meanings in this Agreement, unless the context otherwise requires:

"Act" means the Florida Industrial Development Financing Act, Section 159.25, *et seq.*, Florida Statutes, as amended and in effect from time to time.

"Additional Bonds" means any Additional Bonds issued pursuant to the provisions of Section 501 hereof.

"Additional Indebtedness" means Indebtedness of the Borrower incurred after the date hereof.

"Additional Payments" means the amounts required to be paid by the Borrower pursuant to Subsections 311(f) and (g) hereof.

"Alternative Indebtedness" means Indebtedness of the Borrower incurred in accordance with Section 502, which is secured equally and ratably with the Bonds as to the lien on the Mortgaged Property under Section 201 and/or the lien on the Gross Receipts of the Borrower under Subsection 311(d).

"Assignment of Leases and Rents" means the Assignment of Leases and Rents dated as of August 1, 2007 among AICC, Nassau Care and the Trustee.

"Authorized Officer" means: (i) in the case of the Issuer, such authorized representative or representatives of the Issuer as may be designated from time to time pursuant to a written notice to the Trustee and the Borrower; (ii) in the case of the Borrower, its President, Vice President, Secretary, or Treasurer, and when used with reference to an act or document of the Borrower, also means any other person authorized to perform the act or execute the document; and (iii) in the case of the Trustee, its President, any Vice President, Secretary or Treasurer, and when used with reference to an act or document of the Borrower, also means any other person authorized to perform the act or execute the document.

"Balloon Indebtedness" means Long Term Indebtedness which is part of an issue of Indebtedness 25% or more of which has its Date of Maturity in the same 12 month period.

"Bonds" means (i) the Series 2007 Bonds and (ii) any Additional Bonds, and any Bond or Bonds duly issued in exchange or replacement therefore.

"Bondowners" and "Owners" mean the registered owners of the Bonds from time to time as shown in the books kept by the Paying Agent as bond registrar and transfer agent. "Bondowners" and "Owners" includes beneficial owners of the Bonds, upon satisfactory proof to the Trustee of beneficial ownership.

"Bond Counsel" means any attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, duly admitted to practice law before the highest court of any state of the United States and acceptable to the Trustee.

"Bond Year" means each one year period (or shorter period from the date of issue of a series of Bonds) ending on _____.

“Business Day” means a day on which banks in each of the cities in which the principal offices of the Trustee and the Paying Agent are located are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

“Capital Addition” means property of any kind, except for property contemplated to be acquired or constructed as part of the Project and funded with the proceeds of the Bonds, acquired or constructed by the Borrower, which is used or useful in connection with the Mortgaged Property, is subject to the mortgage lien of Section 201 hereof and the cost of which is properly chargeable to a plant or property account under generally accepted accounting principles consistently applied, including, without limiting the generality of the foregoing, land, easements, rights of way, leaseholds, other interest in real property, additional improvements to the Mortgaged Property, equipment, furnishings, replacement of property retired, extraordinary repairs, permanent additions and betterments, and the restoration or replacement of buildings, equipment and other property damaged by fire or other casualty.

“Capitalized Leases” means leases which are capitalized in accordance with generally accepted accounting principles.

“CERCLA” means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§ 9601-9675, as amended and in effect from time to time.

“Certified Public Accountant” means any Person who is Independent, who is appointed by the Borrower, is actively engaged in the business of public accounting and duly certified as a certified public accountant under the laws of any state of the United States.

“Consultant” means a firm of long term care facility reimbursement and operations consultants having a favorable reputation, in the reasonable business judgment of the Borrower, for long term care consulting and operations, selected by the Borrower and approved by the Majority Bondowner, if any, which approval shall be deemed given if the Majority Bondowner has not objected in writing within fourteen (14) days of notice from the Borrower of the selection of such Consultant.

“Contingent Management Fees” means [50%] of the fees of the Manager, which is subordinated pursuant to the Subordination Agreement.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement between the Borrower and the Trustee dated as of August 1, 2007, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Corporate Administration Agreement” means the Corporate Administration Agreement dated as of July 1, 2005 between the Borrower and The Guardian Foundation, Inc.

“Corporate Administration Fee” means the amount payable to The Guardian Foundation, Inc. under the Corporate Administration Agreement.

“Costs” as applied to the Project or “Project Costs”, shall embrace:

- (a) The cost of construction;
- (b) The cost of acquisition of property, including rights in land and other property, both real and personal and improved and unimproved;
- (c) The cost of demolishing, removing, or relocating any buildings or structures on lands so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved or relocated;
- (d) The cost of all machinery and equipment, financing charges, interest prior to and during construction, and, for a reasonable period after completion of construction, the cost of engineering and architectural surveys, plans, and specifications; and
- (e) The cost of consultant and legal services, other expenses necessary or incident to determining the feasibility or practicability of constructing such project, administrative and other expenses necessary or incident to the construction of such project, and the financing of the construction thereof, including reimbursement to any state or other governmental agency or any lessee of such project for such expenditures made with the approval of the local agency that would be costs of the project hereunder had they been made directly by the local agency.

“Date of Maturity” means as to any Indebtedness of the Borrower, as of any date of determination, the first date thereafter on which such Indebtedness is payable, whether at maturity, by mandatory redemption (or purchase) or by redemption (or purchase) at the option of the holders; provided that if portions of any Indebtedness are payable on different dates, the Date of Maturity shall be separately determined for each such portion. Balloon Indebtedness may be deemed to be payable as provided in Section 505 in order to adjust actual Dates of Maturity for such Balloon Indebtedness to assumed Dates of Maturity, to be used in calculating Total Principal and Interest Requirements.

“Days Cash on Hand” means as of the last day of any Fiscal Year an amount equal to: (A) (1) the Borrower’s Unrestricted Cash as of the last day of such Fiscal Year divided by (2) an amount equal to the Operating Expenses of the Borrower for the twelve-month period then ending (or if the Borrower has not conducted operations for a full twelve months, an amount equal to the Operating Expenses of the Borrower for such shorter period, annualized); (B) multiplied by 365.

“Days Cash on Hand Requirement” means 30 Days Cash on Hand beginning on June 30, 2008 and thereafter.

“Debt Service Coverage Ratio” means the ratio of Net Revenues Available for Debt Service to Total Principal and Interest Requirements.

“Debt Service Coverage Ratio Requirement” means the value stated in the table below.

<u>Period</u>	<u>Debt Service Coverage Ratio Requirement</u>
June 30, 2008 to June 30, 2009	110%
July 1, 2009 and thereafter	120%

“Debt Service Reserve Fund Requirement” means \$ _____, provided that the amount on deposit in the Debt Service Reserve Fund shall not exceed the lowest of: (A) the Maximum Annual Debt Service on Bonds secured by the Debt Service Reserve Fund; (B) 125% of the average annual debt service requirements for the Bonds secured by the Debt Service Reserve Fund; or (C) 10% of the proceeds of the Bonds secured by the Debt Service Reserve Fund.

“Determination of Taxability” means a determination that the interest on any of the Bonds does not qualify for the exclusion from gross income for federal income tax purposes under Section 103 of the IRC, which determination shall be deemed to have been made upon the first to occur of any of the following: (a) the date on which any change in law or regulation becomes effective or on which the Internal Revenue Service issues any public or private ruling, technical advice memorandum or any other written communication or on which there shall occur a ruling or decision of a court of competent jurisdiction with or to the effect that the interest on any of the Bonds does not qualify for such exclusion; or (b) the date on which the Borrower shall receive notice from the Trustee in writing that (i) the Trustee has been notified by the Internal Revenue Service, or (ii) the Trustee has been advised by the Issuer, the Borrower or any Bondowner or former Bondowner that the Internal Revenue Service has issued a notice of deficiency or similar notice which asserts that the interest on any of the Bonds does not qualify for such exclusion and a copy of such notice is furnished to the Trustee.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended and in effect from time to time.

“Existing Facilities” means (i) a 70 bed intermediate care facility for the developmentally disabled located at 2700 Atlantic Boulevard, Fernandina Beach, Florida and (ii) a day care facility for the developmentally disabled located in Nassau County, Florida.

“Facility” means the Project and any additional facilities acquired by the Borrower. The Facility shall not include the Existing Facilities. The Facility shall include all Capital Additions thereto including, without limiting the generality of the foregoing, all buildings, structures, fixtures, furnishings, equipment and other related facilities, real, personal and mixed, all personal property and all franchises, and rights of way, privileges, easements, licenses, rights and any other interests in property used or useful in connection with or incident to such facility.

“Fiscal Year” means the fiscal year of the Borrower ending on June 30 of each calendar year.

“Government or Equivalent Obligations” means obligations issued or fully guaranteed as to principal and interest by the United States.

“Gross Receipts” means all receipts, revenues, rentals, income and other moneys received or receivable by or on behalf of the Borrower from any source, whether or not in connection with the ownership or the operation of all or any part of the Project and all other operating and non-operating revenues, and all rights to receive the same whether in the form of accounts receivable, contract rights, chattel paper, instruments, general intangibles of the Borrower and the proceeds thereof, the proceeds of any insurance coverages on and condemnation awards in respect of the Project or any gain on the sale or other disposition of property; all of the foregoing, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the Borrower; including all gifts, grants, bequests, donations and contributions, except those heretofore or hereafter made, that by their terms may not lawfully be used to fulfill the Borrower’s obligations to make payments to the Debt Service Fund, Rebate Fund and Replacement Reserve Fund, including its obligations under the last sentences of Subsections 304(b), 306(c) and its obligations under Subsections 304(d), 306(d) and (e) and 311(e).

“Guardian” means The Guardian Foundation, Inc., a Pennsylvania not-for-profit corporation which is the sole member of the Borrower, its successors and assigns.

“Historical Pro Forma Debt Service Coverage Ratio” means for any period, the actual Debt Service Coverage Ratio for such period, adjusted to take into account (i) any changes in revenue and expenses which will result from the Capital Additions to be financed with the Additional Bonds and (ii) any changes in the Total Principal and Interest Requirements which will result from the issuance of such Additional Parity Indebtedness.

“Indebtedness” means all obligations for borrowed money, or installment sale and capitalized lease obligations, incurred or assumed by the Borrower or the Operator, including guaranties, Long Term Indebtedness, Short Term Indebtedness, Subordinated Indebtedness or any other obligation of the Borrower for payments of principal and interest with respect to money borrowed, or which would otherwise be included in determining total liabilities on the balance sheet of any Person determined in accordance with generally accepted accounting principles.

“Independent” means a Person who is not a member of the governing body of the Borrower or its affiliates or the Manager or an officer or employee of the Borrower or its affiliates or the Manager, and which is not a partnership, corporation or association having a partner, director, officer, member of the governing body of the Borrower or its affiliates or the Manager or an officer or employee of the Borrower or its affiliates or the Manager; provided, however, that the fact that such Person is retained regularly by or transacts business with the Borrower shall not make such Person an employee within the meaning of this definition.

“Inflation Factor” shall mean the Consumer Price Index for All Urban Consumers, (1982-1984=100), issued and published by the Bureau of Labor Statistics of the United States Department of Labor. In the event such index ceases to use the 1982-1984 average of one hundred (100) as the basis of calculation, then the Inflation Factor shall be adjusted to a figure that would have been arrived at had the change in the manner of computing the Inflation Factor in effect on the Commencement Date not been altered. In the event such index (or successor or substitute index) is not available, a reliable governmental or other nonpartisan publication evaluating the information theretofore used in determining the Index shall be used.

“Insurance Consultant” means Eastern Insurance Group, LLC or any other Person selected by the Borrower who is Independent and has a general reputation for having the skill and expertise necessary to evaluate the insurance needs of the Borrower and the Mortgaged Property, including the Facility.

“IRC” means the Internal Revenue Code of 1986, as amended and in effect from time to time.

“Long Term Indebtedness” means all Indebtedness which is not Short Term Indebtedness.

“Majority Bondowner” means prior to the occurrence of an Event of Default, any Bondowner or group of three (3) or fewer Bondowners which are separate entities and which (i) collectively are the beneficial or registered owners of more than fifty percent (50%) of the aggregate principal amount of all Outstanding Bonds, and (ii) notifies the Trustee in writing of its or their desire to be deemed a Majority Bondowner. For purposes of this definition, one or more investment funds under common management shall be treated as a single Bondowner. The Trustee may require Bondowners to provide such evidence of the beneficial or registered ownership of Bonds as the Trustee may require in making any determinations hereunder.

“Manager” means Eidetik, Inc. or any other manager of the Facility selected in accordance with Section 1015 hereof.

“Maximum Annual Debt Service” means the maximum annual debt service payments due on the Bonds in any Bond Year, other than the Bond Year ending October 1, 203 ____.

“Mortgaged Personalty” mean the accounts, inventory, general intangibles, contract rights, equipment, furnishings and all other personal property, wherever located, not constituting fixtures, now or hereafter owned by the Borrower, together with any additional personal property not included in the foregoing provisions which may be added to the Mortgaged Personalty by a supplemental agreement. The term “Mortgaged Personalty” shall include, but not be limited to, the property described in the attached Schedule D.

“Mortgaged Property” means the Mortgaged Personalty and the premises described in the attached Schedule A, including all of the Mortgagor’s right, title and interest now owned or hereafter acquired in:

- (1) All buildings and other improvements erected or hereafter erected thereon; and

(2) The respective estates and interest of AICC and Nassau Care under the Project Lease; and

(3) All fixtures, appliances, machinery, furniture, and equipment of any nature whatsoever, and other articles of personal property now or at any time hereafter installed in, attached to or situated in or upon the above described land or any buildings and improvements now or hereafter erected thereon, or used or intended to be used in connection with the real estate, or in the operation of any buildings and improvements now or hereafter erected thereon, or in the operation or maintenance of any such building or improvement, plant or business situate thereon, whether or not the personal property is or shall be affixed thereto; and

(4) All building materials, fixtures, building machinery and building equipment delivered on site to the real estate during the course of, or in connection with, construction of, or reconstruction of, or remodeling of any buildings and improvements, from time to time, during the term hereof; and

(5) Any and all easements, rights of way, tenements, hereditaments and appurtenances belonging to the real estate or any part thereof hereby mortgaged or intended so to be, or in any way appertaining thereto, and all streets, alleys, passages, ways, water courses, and all easements and covenants now existing or hereafter created for the benefit of the Mortgagor or any subsequent owner or tenant of the mortgaged real estate over ground adjoining the mortgaged real estate and all rights to enforce the maintenance thereof, and all other rights, liberties, and privileges of whatsoever kind or character, and the reversions and remainders, income, rents, issues and profits arising therefrom, and all the estate, right, title, interest, property, possession, claim and demand whatsoever, at law or in equity, of the Mortgagor in and to the real estate or any part thereof.

The Mortgaged Property shall not include the Existing Facilities.

“Net Revenues Available for Debt Service” means the excess of revenues over expenses of the Borrower and the Operator, excluding from revenues and expenses extraordinary items, and proceeds of insurance other than business interruption insurance, and excluding from expenses depreciation, interest on Indebtedness and amortization of bond discount and financing expenses and any other non-cash items, as determined in accordance with generally accepted accounting principles.

“Operating Expenses” means those expenses which are reasonable and necessary expenses of operating the Project including (i) salaries, wages and benefits, and unemployment, worker’s compensation and FICA contributions; (ii) reserves or escrows for ad valorem (including real estate but not income or other) taxes, insurance and sewer assessments; and (iii) equipment rental fees, utilities, corporate costs, the Corporate Administrative Fee (including the Participation (defined in the Corporate Administration Agreement) to the extent permitted by the Subordination Agreement), management fees (including any subordinated management fees to the extent permitted by the Subordination Agreement) and other actual operating and maintenance expenses. Operating Expenses shall include Subordinated Payables only to the

extent that the payment thereof is permitted under the terms of the Subordination Agreement. Operating Expenses shall not include: capital expenditures, depreciation, amortization or other non-cash charges, interest or principal payments on the Bonds, unsecured debt obligations, capital leases or any other indebtedness, income taxes, bad debt expenses or losses on sales of assets.

"Operator" means Care Centers of Nassau, LLC, a Florida limited liability company of which Nassau Care is the sole member.

"Opinion of Bond Counsel" means a written opinion of Bond Counsel who is acceptable to the Majority Bondowner, if any.

"Opinion of Counsel" means a written opinion of counsel who is Independent and is acceptable to the Majority Bondowner, if any. In rendering any such written opinion, counsel may rely upon certificates from appropriate individuals with respect to relevant factual matters, provided that nothing has come to their attention which would lead them to believe that any of the representations contained in any such certificate are inaccurate in any respect. For purposes of this paragraph, approval of the Majority Bondowner, if any, shall be deemed given if the Majority Bondowner has failed to object in writing within fifteen (15) days of receipt of written notice of the proposed selection.

"Outstanding," when used to modify Bonds, refers to Bonds issued under this Agreement, excluding: (i) Bonds which have been exchanged or replaced, or delivered to the Trustee for credit against a principal payment or a sinking fund installment; (ii) Bonds which have been paid; (iii) Bonds which have become due and for the payment of which moneys have been duly provided; and (iv) Bonds for which there have been irrevocably set aside sufficient funds, or Government or Equivalent Obligations bearing interest at such rates, and with such maturities as will provide sufficient funds, to pay or redeem them, provided, however, that if any such Bonds are to be redeemed prior to maturity, the Trustee shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly mailed in accordance with this Agreement or irrevocable instructions so to mail shall have been given to the Trustee. In determining whether the Owners of the required principal amount of Bonds have taken any action under this Agreement with respect to approvals, consents, requests, directions, or exercise of rights, Bonds owned by the Borrower or any person controlling, controlled by or under common control with the Borrower shall be disregarded and deemed not to be Outstanding. In determining whether the Trustee shall be protected in relying on any such action, only Bonds which the Trustee knows to be so owned shall be disregarded.

"Participation" shall have the meaning set forth in the Subordination Agreement.

"Paying Agent" means the Paying Agent designated from time to time pursuant to Section 315.

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

“Placement Agent” means Herbert J. Sims & Co.

“Placement Agreement” means the Placement Agreement dated as of August 1, 2007 between the Borrower and the Placement Agent.

“Project” means the acquisition, construction, equipping and placing into service of intermediate care facilities for the developmentally disabled. The project will be located on three separate, non-contiguous sites designated by the borrower as (i) Miner Road North, a 3-acre site on the west side of Miner Road, approximately three quarter mile south of SR 200 and adjacent to Hickory Village Subdivision, (ii) Miner Road South, a 3-acre site located on the east side of Miner Road, south of SR 200 (across from the Yulee Middle School) and between Bear Lane and Virginia Lane and (iii) Hendricks Road, a 7-acre site located on the south side of Hendricks Road, approximately one half mile west of Old Nassauville Road (CR 107). The Project includes on each site cluster homes consisting of three buildings per site, with each cluster home housing eight beds for the developmentally disabled. In addition to the cluster homes, the Hendricks Road site will include a building housing administrative offices. The Project shall constitute a “project” within the meaning of the Act.

“Project Lease” means the Lease Agreement dated as of August 1, 2007 between the Borrower and the Operator.

“Project Officer” means the President or Treasurer of the Borrower or an alternate or successor appointed by the Borrower.

“Rebate Year” means the one year period (or shorter period beginning on the date of issue) ending on June 30.

“Replacement Reserve Fund Requirement” means \$300,000, which amount shall be increased annually by the Inflation Factor commencing on June 30, 2009.

“Revenues” means all rates, mortgage payments, rents, fees, charges, and other income and receipts, including proceeds of insurance, eminent domain and sale, and including proceeds derived from any security provided hereunder, payable to the Issuer or the Trustee under this Agreement, excluding administrative fees of the Issuer, fees of the Trustee, reimbursements to the Issuer or the Trustee for expenses incurred by the Issuer or the Trustee, and indemnification of the Issuer or the Trustee.

“Series 1993 Bonds” means the Nassau County, Florida ICF/MR Revenue Bonds (GF/Amelia Island, Inc. Project), Series 1993A.

“Series 2007 Bonds” means the Issuer’s First Mortgage Revenue Bonds (Nassau Care Centers, Inc. Project), Series 2007, dated as of August 1, 2007.

“Short Term Indebtedness” means any issue of Indebtedness no portion of which has a Date of Maturity more than one year from the date of the original issuance thereof.

“Subordinated Indebtedness” means Indebtedness the payment of principal, interest, or both of which is subordinated to the payment of principal and interest on the Bonds.

“Subordinated Payables” shall have the meaning set forth in the Subordination Agreement.

“Subordination Agreement” means the Subordination Agreement dated as of August, 2007 among the Trustee, the Borrower, the Manager and Guardian, as such agreement may be amended and supplemented.

“Tax-Exempt Bonds” means the Series 2007 Bonds and any other bonds for which bond counsel issued an approving opinion to the effect that the interest on such bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended.

“Total Principal and Interest Requirements” means, for any period, amounts required during such period to amortize principal and to pay interest (other than capitalized interest) on Long Term Indebtedness, taking into account in determining the Total Principal and Interest Requirements for any future period that (i) at the election of the Borrower, Indebtedness described in Section 505 shall be deemed payable on the dates and in the amounts contemplated in such section; (ii) with respect to Indebtedness refunded or refinanced during such period, the amounts of principal and interest taken into account during such period shall exclude amounts payable from proceeds of the refunding Indebtedness; and (iii) principal on all other Indebtedness (including the Bonds) shall be deemed to be payable on the Date of Maturity thereof. Computations of debt service on Long Term Indebtedness shall include an amount equal to one hundred percent (100%) of the debt service on obligations of others for borrowed money guaranteed by the Borrower. If any issue of Additional Bonds, Alternative Indebtedness or other Long Term Indebtedness bears other than a fixed rate of interest, the Consultant or the Borrower, as the case may be, shall, when determining the maximum Total Principal and Interest Requirements with respect to such Indebtedness, assume that the interest rate on such Indebtedness equals the weighted average of the rates in effect on such Indebtedness for the immediately preceding twelve-month period or shorter period as such Indebtedness may have been outstanding or, if such Indebtedness has yet to be incurred, the Consultant or the Borrower, as the case may be, shall assume that the interest rate on such Indebtedness equals the average rate of *The Bond Buyer* Revenue Bond Index of thirty-year revenue bonds over the preceding twelve months plus one percent (1%).

“Trade Payables” means amounts owed by the Borrower for goods and services purchased in the ordinary course of business, excluding accrued Subordinated Payables and items which are disputed and provided for.

“UCC” means the Florida Uniform Commercial Code as in effect from time to time.

“Unrestricted Cash” means the Borrower’s and the Operator’s unrestricted cash and marketable securities (valued at the lower of amortized cost or fair market value), determined in accordance with generally accepted accounting principles, including (i) the Deposit-Only

Account, (ii) the Concentration Account, (iii) the Operating Account and (iv) amounts held by the Borrower or the Manager in any operating account or accounts and amounts on deposit in the Replacement Reserve Fund but shall not include the proceeds of Indebtedness incurred with respect to accounts receivable under Section 504(b).

“Voting Majority Bondholders” means the holders of a majority in aggregate principal amount of those Bonds actually voted concerning any given proposition before the Bondholders, so long as the total of all Bonds actually voted on such proposition constitute at least a majority in aggregate principal amount of Bonds entitled to vote on such proposition.

Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words of the masculine gender shall be deemed and construed to include correlative words in the feminine and neuter genders.

ARTICLE II

THE CONVEYANCES

Section 201. The Mortgage. As well as for and in consideration of the said indebtedness and as security for the payment of the same and interest as aforesaid, and all other sums payable under the terms of the Bonds and this Agreement, according to their respective terms and conditions, unto the Trustee, its successors and assigns, and for performance of the agreements, conditions, covenants, provisions and stipulations contained therein and herein, and in certain other agreements and instruments made and given by the Issuer or the Borrower to Trustee in connection therewith, including this Agreement, the Borrower has granted, conveyed, bargained, sold, aliened, enfeoffed, released, confirmed and mortgaged, and by these presents does hereby grant, convey, bargain, sell, alien, enfeoff, release, confirm and mortgage unto Trustee, its successors and assigns, all that certain tract or parcel or parcels of land titled in the Borrower and situate in Nassau County, Florida, the Mortgaged Property and more particularly bounded and described in Exhibit “A” attached hereto and by this reference made a part hereof.

To the extent the Mortgaged Property is or may be treated as personal property under the UCC, the Borrower grants to the Trustee a security interest therein and in the proceeds thereof, including without limitation all proceeds of insurance, eminent domain or sale, to secure the payment of all sums required to be paid by the Borrower and the Issuer under this Agreement and the satisfaction and performance of all other covenants, agreements and obligations made or undertaken by the Borrower and the Issuer hereunder for the benefit of the Trustee, the Bondowners and the Issuer.

If the Borrower shall pay or cause to be paid to the Trustee at its principal place of business for trust operations or at such other place which may hereafter be designated by the Trustee, its or their successors or assignees, all amounts due with respect to the Bonds as stated in this Agreement, unless amended or extended according to the terms of this Agreement executed by the Borrower and payable to the order of the Trustee, as well as all future advances and all other sums, indebtedness, obligations and liabilities for which this instrument is security,

and shall also fully perform all the covenants, conditions and terms of this Agreement, then these presents shall be void, but shall otherwise to remain in full force and effect.

Section 202. The Assignment and Pledge. The Issuer assigns and pledges to the Trustee in trust upon the terms hereof and grants to the Trustee a security interest in (a) all Revenues to be received from the Borrower or derived from any security provided hereunder; (b) all rights to receive such Revenues and the proceeds of such rights; (c) the moneys and investments on deposit in the funds established under this Agreement, other than the Rebate Fund; (d) any and all other property rights and interests of every kind and nature from time to time hereafter by delivery or by writing of any kind granted, bargained, sold, alienated, demised, released, conveyed, assigned, transferred, mortgaged, or pledged to the Trustee, or otherwise subjected hereto, as and for additional security herewith, by the Borrower or any other person on its behalf or with its written consent or by the Issuer or any other person on its behalf or with its written consent, and the Trustee is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof; and (e) any and all proceeds (including real property) acquired by the Trustee as a result of its exercise of any remedies under the mortgage and security interest created hereby. The Borrower joins in such pledge and grant of security interest and hereby pledges and grants to the Trustee a security interest in such moneys and investments on deposit in the funds (including the Deposit-Only Account and the Concentration Account) established under this Agreement, property rights and proceeds to the extent of its interest therein. The assignment and pledge of this section does not include: (i) the rights of the Issuer pursuant to provisions for notice to the Issuer or the filing of reports, certificates or other documents with the Issuer; and (ii) the right of the Issuer to any payment or reimbursement pursuant to Subsections 311(f) and (g) and Subsection 803(c).

Section 203. Title. The Borrower represents and warrants that it is lawfully seized in fee simple of the Mortgaged Property other than the Mortgaged Personalty, free from all liens and encumbrances except those described in the attached Schedule B; that the Borrower has full title to the Mortgaged Personalty free from all liens and encumbrances; and that the Borrower has the full right, power and authority to mortgage and pledge and grant a security interest in the Mortgaged Property hereunder. The Borrower covenants that it will warrant and defend the Mortgaged Property against the lawful claims and demands of all persons and that it will not act in any way so as to encumber the interests of the Trustee in the Mortgaged Property without the written consent of the Trustee and the Majority Bondowner, if any. The Borrower, the Issuer and the Trustee shall from time to time execute, deliver and register, record and file such instruments as the Issuer or the Trustee may reasonably require to confirm, perfect or maintain the security created or intended to be created hereby.

Section 204. Partial Releases. The Trustee may make partial releases of the Mortgaged Property from the lien hereof in accordance with Section 404. The Trustee may also make other releases, substitutions and subordinations as shall be requested by the Borrower and approved by the Majority Bondowner, if any.

Section 205. Defeasance. When there are in the Debt Service Fund, Debt Service Reserve Fund and Redemption Fund sufficient funds, or Government or Equivalent Obligations in such principal amounts, bearing interest at such rates and with such maturities as will provide

sufficient funds to pay or redeem the Bonds in full, when there has been delivered to the Trustee an Opinion of Counsel experienced in bankruptcy matters which opinion is in form and substance satisfactory to the Trustee to the effect that the deposit of such funds, or Government or Equivalent Obligations, will not constitute a voidable preference or transfer or fraudulent transfer under the Federal Bankruptcy Code, applicable state law in the event the Issuer or the Borrower becomes a debtor within the meaning of the Federal Bankruptcy Code or in the event the Borrower becomes insolvent under state law, when there are in the Rebate Fund sufficient funds, or Government or Equivalent Obligations in such principal amount, bearing interest at such rates and with such maturities as will provide sufficient funds to pay to the United States all amounts due or which may become due in respect of the Bonds under IRC Section 148(f), and when all the rights hereunder of the Issuer, the Trustee, and the Bondowners have been provided for, upon written notice from the Borrower to the Issuer and the Trustee, the Bondowners shall cease to be entitled to any benefit or security under this Agreement except the right to receive payment of the funds deposited and held for payment and other rights which by their nature cannot be satisfied prior to or simultaneously with termination of the lien hereof, title to the Mortgaged Property shall revert to the Borrower, the security interests created by this Agreement (except in such funds and investments) shall terminate, the Trustee shall execute and deliver such instruments as may be necessary to discharge the lien and security interests created hereunder; provided, however, that if any such Bonds are to be redeemed prior to the maturity thereof, the Trustee shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly mailed in accordance with this Agreement or irrevocable instructions so to mail shall have been given to the Trustee. Upon such defeasance, the funds and investments required to pay or redeem the Bonds in full shall be irrevocably set aside for that purpose, subject, however, to Section 316 hereof, and moneys held for defeasance shall be invested only as provided above in this section. Any funds or property held by the Trustee and not required for payment or redemption of the Bonds in full shall, after satisfaction of all the rights of the Issuer, the Trustee and the Bondowners and after allowance for payment into the Rebate Fund, be distributed to the Borrower upon such indemnification, if any, as the Issuer or the Trustee may reasonably require.

ARTICLE III

THE LOAN

Section 301. The Bonds.

(a) Details of the Bonds. The Bonds of the initial series shall be issued in fully registered form and shall be numbered from A-1 upwards in the order of their issuance, or in any other manner deemed appropriate by the Paying Agent and the Issuer. The Series 2007 Bonds shall be in the minimum denomination of \$100,000 each or any integral multiple of \$5,000 in excess of \$100,000. Any outstanding Series 2007 Bond of the initial series, may, however, be reduced to a denomination of less than \$100,000 (in increments of \$5,000), and thereafter reissued in such denomination, as a result of a redemption of less than all of the outstanding Series 2007 Bonds. The Bonds of the initial series shall be dated August 1, 2007. The interest on Bonds of the initial series until they come due shall be payable quarterly on _____ 1, _____ 1, _____ 1, and _____ 1 of each year, beginning on _____ 1, 2007.

Bonds of the initial series shall be signed on behalf of the Issuer by the manual or facsimile signature of an Authorized Officer and the corporate seal of the Issuer or a facsimile thereof shall be engraved or otherwise reproduced thereon, and attested by the manual or facsimile signature of the Clerk of the Circuit Court, ex officio Clerk of the Board of County Commissioners. The authenticating certificate of the Paying Agent shall be manually signed on behalf of the Paying Agent.

In case any officer whose manual or facsimile signature shall appear on any Bond shall cease to be such officer before the delivery thereof, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if he or she had remained in office until after such delivery.

If provision is made herein for the issuance of additional Bonds, the formal details thereof shall be determined by the supplemental agreement providing for their issuance.

The Series 2007 Bonds of the initial series shall be in the aggregate principal amount of TEN MILLION FIVE HUNDRED NINETY THOUSAND DOLLARS (\$10,590,000), shall mature on _____, 2037, and shall bear interest at the rate of ____ percent (____%) per annum.

Bonds of the initial series are subject to special redemption, optional redemption and mandatory redemption through sinking fund installments, all as described in Section 313 and in the form of Bonds.

(b) Forms of Bond. The Bonds of the initial series shall be issued in substantially the following forms:

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FORM OF SERIES 2007 BONDS

No. A- _____

\$ _____

UNITED STATES OF AMERICA

STATE OF FLORIDA

NASSAU COUNTY, FLORIDA

First Mortgage Revenue Bond

(Nassau Care Centers, Inc. Project), Series 2007

INTEREST RATE: _____ Percent (____%) *per annum*

CUSIP: _____

MATURITY DATE: _____, 2037

DATE OF THIS BOND: _____, 2007

DATE OF REGISTRATION: _____, 2007

INTEREST PAYMENT DATES: _____ 1, _____ 1, _____ 1, and _____
1, beginning _____ 1, 2007

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS (\$ _____)

THIS BOND SHALL NOT BE DEEMED TO CONSTITUTE A DEBT, LIABILITY, OR OBLIGATION OF NASSAU COUNTY, FLORIDA (THE "ISSUER") OR THE STATE OF FLORIDA, OR A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER OR OF THE STATE OF FLORIDA OR OF ANY POLITICAL SUBDIVISION OF THE STATE OF FLORIDA, BUT SHALL BE PAYABLE SOLELY FROM THE REVENUES PROVIDED THEREFOR. THE ISSUER SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF THIS BOND NOR INTEREST HEREON EXCEPT FROM THE REVENUES AND PROCEEDS PLEDGED THEREFOR. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE ISSUER OR OF THE STATE OF FLORIDA OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THIS BOND.

Nassau County, Florida (the "Issuer"), a political subdivision and a body corporate and politic of the State of Florida, for value received promises to pay to the REGISTERED OWNER of this bond, or registered assigns, but solely from the moneys to be provided under the Agreement mentioned below, upon presentation and surrender hereof, in lawful money of the

United States of America, the PRINCIPAL AMOUNT on the MATURITY DATE, with interest (computed on the basis of a 360-day year consisting of twelve 30-day months) from the most recent INTEREST PAYMENT DATE to which interest has been paid or duly provided for or, if no interest has been paid, from the DATE OF THIS BOND, at the INTEREST RATE per annum, payable semiannually on the INTEREST PAYMENT DATES, until the date on which this bond becomes due, whether at maturity or by acceleration or redemption. From and after that date, any unpaid principal will bear interest at the same rate until paid or duly provided for. The principal or redemption price, if any, of this bond is payable at the corporate trust office of the Paying Agent designated from time to time pursuant to the Agreement. Interest is payable by check or draft mailed by the Paying Agent to the REGISTERED OWNER of this bond (or of one or more predecessor or successor Bonds (as defined below)), determined as of the close of business on the applicable record date, at its address as shown on the registration books maintained by the Paying Agent, or, in lieu of a check or draft and if so requested in writing at least fifteen days before the applicable record date by any REGISTERED OWNER of at least five hundred thousand dollars (\$500,000) in aggregate principal amount of Bonds Outstanding, by wire transfer to an account in a bank located in the continental United States of America designated by such REGISTERED OWNER.

The record date for payment of interest is the fifteenth (15th) day of the month preceding the date on which the interest is to be paid, provided that, with respect to overdue interest or interest payable on redemption of this bond other than on an INTEREST PAYMENT DATE or interest on any overdue amount, Bank of Oklahoma, N.A., as Trustee (together with any successor trustee, the "Trustee") may establish a special record date. The special record date may be not more than twenty (20) days before the date set for payment. The Trustee will mail notice of a special record date to the registered Owners of the Bonds (the "Bondowners") at least ten (10) days before the special record date. The Trustee will promptly certify to the Issuer that it has mailed such notice to all Bondowners, and such certificate will be conclusive evidence that such notice was given in the manner required hereby.

This bond is one of a series of bonds ("Series 2007 Bonds") in the aggregate principal amount of \$10,590,000 issued pursuant to the Florida Industrial Development Financing Act, Section 159.25, *et seq.*, Florida Statutes, as amended and in effect from time to time (the "Act") and pursuant to an Mortgage Deed, Security Agreement and Trust Agreement (the "Agreement") dated as of August 1, 2007, among AICC, Inc., a Florida nonprofit corporation ("AICC"), Nassau Care Centers, Inc., a Florida nonprofit corporation ("Nassau Care") (AICC and Nassau Care are collectively referred to as the "Borrower"), the Issuer and the Trustee. Pursuant to the Agreement, the Borrower has agreed, jointly and severally, until such time as AICC is removed as an obligor as provided in the Agreement, to repay the loan to it of the proceeds of the Series 2007 Bonds pursuant to the Agreement in the amounts and at the times necessary to enable the Issuer to pay the principal, premium, if any, and interest on the Bonds and the Issuer has pledged such funds to the Trustee for the benefit of the Bondowners. Reference is made to the Agreement for a description of the funds pledged and for the provisions with respect to the issue of additional Bonds or the incurring of additional indebtedness and to the rights, limitations of rights, duties, obligations and immunities of the Borrower, the Issuer, the Trustee and the Bondowners, including the order of payments in the event of insufficient funds and restrictions

on the rights of the Bondowners to bring suit. The Agreement may be amended to the extent and in the manner provided therein.

In case any Event of Default (as defined in the Agreement) occurs, the principal amount of this bond together with accrued interest may be declared due and payable in the manner and with the effect provided in the Agreement.

The Bonds of this series are redeemable pursuant to the Agreement prior to maturity beginning on or after _____, 2017, at the option of the Borrower, as a whole at any time, or in part on any INTEREST PAYMENT DATE in inverse order of sinking fund installments at the following prices expressed in percentages of their principal amount, plus accrued interest to the redemption date:

Period During Which Redeemed	Redemption Price
	102.0%
	101.5%
	101.0%
	100.5%
	100.0%

The Bonds of this series are also subject to redemption from sinking fund installments at their principal amounts, without premium, plus accrued interest to the redemption date on _____ 1, and _____ 1 of each of the years and in the principal amounts as follows:

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
-------------------------------	--------------------------------	-------------------------------	--------------------------------

*Maturity

The Series 2007 Bonds are also subject to mandatory redemption as a whole within one hundred twenty (120) days the occurrence of a Determination of Taxability, at a redemption price equal to 100% of their principal amounts plus accrued interest at the rate of thirteen percent (13%) per annum from the date of the Determination of Taxability to the redemption date.

The Series 2007 Bonds are also subject to mandatory redemption in part at any time, at a redemption price of ____% of the principal amount thereof if such redemption is made prior to _____, and thereafter at a redemption price equal to the redemption price for optional

redemption, in an aggregate amount not exceeding \$ _____ (which is the principal amount allocable to refunding of the 1993 Bonds), such redemption to be made within 60 days of the date of sale or other disposition of any of the Existing Facilities financed with proceeds of the 1993 Bonds, unless the Trustee shall have received an opinion of Bond Counsel that such redemption is not required to preserve the exclusion from gross income of interest on the Series 2007 Bonds.

Bonds of this series are subject to redemption prior to maturity, as a whole or in part at any time, in inverse order of sinking fund installment at their principal amounts, without premium, plus accrued interest to the redemption date, (i) from excess Bond proceeds transferred to the Borrower to fund costs of the Project or, pro rata among Bondowners in the event of substantial loss to the Mortgaged Property as defined in the Agreement, from insurance or condemnation award proceeds allocable to the Bonds; or (ii) pro rata among Bondowners, as a result of changes in the Constitution of the United States or the State of Florida, or as a result of legislative, executive or judicial action of the United States, such State or any political subdivision thereof, the Agreement becomes void, unenforceable or impossible of performance in accordance with the present intention of the parties, or unreasonable burdens or excessive liabilities are imposed on the Borrower by reason of its ownership of the Facility, pursuant to the special redemption provisions in this Agreement.

Bonds of this series are also subject to mandatory redemption prior to maturity upon (a) notice from the Borrower to the Trustee that the Borrower has ceased to operate the Facility or has caused the Facility to cease to be operated as an authorized project for a purpose and use as provided under the Act, without first obtaining the prior written consent of a majority in principal amount of the Bondowners or (b) any representation or warranty of the Borrower is proven to have been false or misleading in any material respect when made, in either case, together with the applicable prepayment premium.

If less than all of the outstanding Bonds of this series are to be called for redemption, the Bonds (or portions thereof) to be redeemed will be selected by the Trustee by lot or in any customary manner as determined by the Trustee. If less than all of the principal amount is to be redeemed, upon surrender of this bond to the Paying Agent, there will be issued to the REGISTERED OWNER, without charge, a new Bond or Bonds, at the option of the REGISTERED OWNER, for the unredeemed principal amount.

In the event this bond is selected for redemption, notice will be mailed no more than sixty (60) nor less than thirty (30) days prior to the redemption date (except that when Bonds are to be redeemed upon the occurrence of a Determination of Taxability, such notice shall be mailed no less than fifteen (15) days prior to the redemption date) to the REGISTERED OWNER at its address shown on the registration books maintained by the Paying Agent. Such notice shall be mailed by first class mail. Failure to mail notice to the owner of any other Bond or any defect in the notice to such an owner shall not affect the redemption of this bond. Any notice of redemption at the option of the Borrower may state that the call for redemption is conditioned on the issuance of refunding bonds (or other debt issued to refinance Bonds) or the deposit of sufficient funds with the Trustee to accomplish such redemption on or before the date fixed for redemption.

Notice of redemption having been duly mailed, this bond, or the portion called for redemption, will become due and payable on the redemption date at the applicable redemption price and, moneys for the redemption having been deposited with the Paying Agent, from and after the date fixed for redemption interest on this bond (or such portion) will no longer accrue.

This bond is transferable by the REGISTERED OWNER, in person or by its attorney duly authorized in writing, at the corporate trust office of the Paying Agent, upon surrender of this bond to the Paying Agent for cancellation. Upon the transfer, a new Bond or Bonds of the same aggregate principal amount will be issued to the transferee at the same office. No transfer will be effective unless represented by such surrender and reissue. This bond may also be exchanged at the corporate trust office of the Paying Agent for a new Bond or Bonds of the same aggregate principal amount without transfer to a new registered owner. Exchanges and transfers will be without expense to the holder except for applicable taxes or other governmental charges, if any. The Paying Agent will not be required to make an exchange or transfer of this bond during the forty-five (45) days preceding any date fixed for redemption if this bond (or any part thereof) is eligible to be selected or has been selected for redemption.

The Bonds of this series are issuable only in fully registered form in the minimum denomination of one hundred thousand dollars (\$100,000) or any integral multiple of \$5,000 in excess of \$100,000. Any outstanding Bond of this series, may, however, be reduced to a denomination of less than \$100,000 (in increments of \$5,000), and thereafter reissued in such denomination, as a result of a redemption of less than all of the outstanding Bonds of this series.

The Issuer, the Trustee, the Paying Agent and the Borrower may treat the REGISTERED OWNER (including the beneficial owners of the Bonds, upon satisfactory proof to the Trustee of beneficial ownership) as the absolute owner of this bond for all purposes, notwithstanding any notice to the contrary, except to the extent otherwise specifically provided in the Agreement.

This bond shall not constitute the personal obligation, either jointly or severally, of any official, member, director, officer, employee or agent of the Issuer.

This bond will not be valid until the Certificate of Paying Agent has been signed by the Paying Agent.

NASSAU COUNTY, FLORIDA

(SEAL)

By: _____
James B. Higginbotham
Chairman, Board of County Commissioners

Attest:

John Crawford
Clerk of the Circuit Court, ex officio
Clerk of the Board of County Commissioners

CERTIFICATE OF PAYING AGENT

This bond is one of the Bonds described in the within mentioned Mortgage, Security Agreement and Trust Agreement.

BANK OF OKLAHOMA , as Paying Agent

By: _____
Authorized Signature

ASSIGNMENT

For value received the undersigned sells, assigns and transfers this bond to

(Name and Address of Assignee)

Social Security or Other Identifying Number of Assignee

and irrevocably appoints _____ attorney-in-fact to transfer it on the books kept for registration of the bond, with full power of substitution.

NOTE: The signature to this assignment must correspond with the name as written on the face of the bond without alteration or enlargement or other change.

Dated: _____

Signature Guaranteed:

By: _____
Authorized Signature

NOTE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program or by a member of a signature guaranty medallion program.

[End of Bond Form]

(c) Replacement of Bonds. Replacement Bonds shall be issued pursuant to applicable law as a result of the destruction, loss or mutilation of the Bonds. The costs of a replacement shall be paid or reimbursed by the applicant, who shall indemnify the Issuer, the Trustee, the Paying Agent and the Borrower against all liability and expense in connection therewith.

(d) Registration of Bonds in the Book-Entry Only System.

(i) The provisions of this Subsection 301(d) shall apply with respect to any Bond registered to CEDE & CO. or any other nominee of The Depository Trust Company ("DTC") while the Book-Entry Only System (meaning the system of registration described in paragraph (ii) of this Subsection 301(d)) is in effect.

(ii) The Bonds of this series shall be issued in the form of a separate single authenticated fully registered Bond in substantially the form set forth in Subsection 301(b) and in the amount of each separate stated maturity of such Bonds. On the date of original delivery thereof, the Bonds of this series shall be registered in the registry books of the Paying Agent in the name of CEDE & CO., as nominee of DTC as agent for the Issuer in maintaining the Book-Entry Only System. With respect to Bonds registered in the registry books kept by the Paying Agent in the name of CEDE & CO., as nominee of DTC, the Issuer, the Paying Agent, the Borrower and the Trustee shall have no responsibility or obligation to any Participant (which means securities brokers and dealers, banks, trust companies, clearing corporations and various other entities, some of whom or their representatives own DTC) or to any Beneficial Owner (which means, when used with reference to the Book-Entry Only System, the person who is considered the beneficial owner of the Bonds pursuant to the arrangements for book entry determination of ownership applicable to DTC) with respect to the following: (A) the accuracy of the records of DTC, CEDE & CO. or any Participant with respect to any ownership interest in the Bonds, (B) the delivery to any Participant, any Beneficial Owner or any other person, other than DTC, of any notice with respect to the Bonds, including any notice of redemption, or (C) the payment to any Participant, any Beneficial Owner or any other person, other than DTC, of any amount with respect to the principal of or premium, if any, or interest on the Bonds. The Paying Agent shall pay all principal of and premium, if any, and interest on the Bonds of this series only to or upon the order of DTC, and all such payments shall be valid and effective fully to satisfy and discharge the Issuer's obligations with respect to the principal of and premium, if any, and interest on such Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Initial Bond evidencing the obligation of the Issuer to make payments of principal of and premium, if any, and interest pursuant to this Agreement. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of CEDE & CO., the words "CEDE & CO." in this Agreement shall refer to such new nominee of DTC.

(iii) Upon receipt by the Issuer and the Trustee of written notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities, the Paying Agent shall issue, transfer and exchange Bonds of this series as requested by DTC in appropriate amounts, and whenever DTC requests the Issuer, the Paying Agent and the Trustee to do so, the Trustee, the Paying Agent and the Issuer will cooperate with DTC in taking appropriate action after reasonable notice (A) to arrange for a substitute bond depository willing and able upon reasonable and customary terms to maintain custody of the Bonds of this series or (B) to make available Bonds of this series registered in whatever name or names the Bondowners transferring or exchanging such Bonds shall designate.

(iv) In the event the Issuer determines that it is in the best interests of the Beneficial Owners that they be able to obtain Bond certificates, the Issuer may so notify DTC, the Paying Agent and the Trustee, whereupon DTC will notify the Participants of the availability through DTC of Bond certificates. In such event, the Paying Agent shall issue, transfer and exchange Bond certificates of the Bonds of this series as requested by DTC in appropriate amounts and in authorized denominations. Whenever DTC requests the Issuer and the Paying Agent to do so, the Paying Agent and the Issuer will cooperate with DTC in taking appropriate action after reasonable notice to make available Bonds of the initial series registered in whatever name or names the Beneficial Owners transferring or exchanging Bonds of this series shall designate.

(v) Notwithstanding any other provision of this Agreement to the contrary, so long as any Bond is registered in the name of CEDE & CO., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter from the Issuer to DTC.

(vi) Notwithstanding any other provision hereof to the contrary, so long as all of the Bonds of this series Outstanding are held in the Book-Entry Only System, if less than all of such Bonds of any one maturity are to be redeemed upon any redemption of Bonds hereunder, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by DTC in such manner as DTC may determine.

(vii) Nothing herein shall prevent the Trustee from giving effect to any proxy, written certification or other authorization furnished by DTC or impair, as between DTC and its Participants, the operation of customary practices governing the exercise of rights of any Bondowners.

Section 302. Application of Bond Proceeds and other Moneys.

(a) Upon the receipt of the proceeds of the initial series of Bonds, including accrued interest thereon, if any, and the Borrower's equity contribution, the Issuer shall lend all such proceeds to the Borrower by depositing such proceeds with the Trustee, which shall make payment from such proceeds as follows: (i) \$ _____ shall be deposited in the Debt Service Reserve Fund; (ii) \$ _____ shall be deposited in the Construction Account to be

applied to the costs of the Project; (iii) \$_____ shall be deposited in the Capitalized Interest Account to pay construction period interest on the Series 2007 Bonds, (iv) \$_____ shall be transferred to the trustee for the Series 1993 Bonds to refund the Series 1993 Bonds; and (v) \$_____ shall be deposited in the Expense Fund.

Section 303. Debt Service Fund; Capitalized Interest Account.

(a) A Debt Service Fund is hereby established with the Trustee and moneys shall be deposited therein as provided in this Agreement. The moneys in the Debt Service Fund and any investments held as part of such Fund shall be held in trust and, except as otherwise provided, shall be applied solely to the payment of the principal (including sinking fund installments), redemption premium, if any, and interest on the Series 2007 Bonds. Promptly after _____ 1 and _____ 1 of each Bond Year, commencing _____ 1, 2007, if the amount deposited by the Borrower in the Debt Service Fund during the preceding Bond Year pursuant to Section 311 was in excess of the amount required to be so deposited, the Trustee shall transfer such excess to the Borrower unless there is then an Event of Default known to the Trustee in which case the excess shall be applied to cure any such Event of Default.

(b) A Capitalized Interest Account is hereby established with the Trustee and moneys shall be deposited therein as provided in this Agreement. The moneys in the Capitalized Interest Account and any investments held as part of such Account shall be held in trust and, except as otherwise provided, shall be applied solely to the payment of interest on the Series 2007 Bonds. The Trustee shall apply amounts on deposit in the Capitalized Interest Account to the payment of interest on the Series 2007 Bonds before applying any amounts in the Debt Service Fund for such purpose until the Capitalized Interest Account is exhausted.

(c) The Trustee shall transfer moneys from the Debt Service Fund to the Paying Agent for the payment of Bonds on or before the Business Day next preceding the date on which such payment is to be made, provided that moneys set aside for the payment of particular Bonds pursuant to clause (iv) of the definition of Outstanding in Subsection 102 or pursuant to Section 205 may be transferred to the Paying Agent in immediately available funds at the opening of business on the date on which the payment is to be made.

(c) The Borrower may present to the Trustee for cancellation Bonds subject to mandatory sinking fund redemption. If the Borrower delivers to the Trustee for cancellation Bonds subject to mandatory sinking fund redemption, an amount equal to 100% of the principal amount of any such Bonds so delivered to the Trustee for cancellation, plus accrued interest thereon, shall be credited to the Debt Service Fund and the amount so credited to the Debt Service Fund on any sinking fund redemption date designated by the Borrower shall be deemed to have been deposited therein on such sinking fund redemption date for all purposes of this Agreement. Notwithstanding the preceding, Bonds presented for cancellation may not be credited against the amount due on any mandatory sinking fund redemption after the date on which the Trustee has selected Bonds for redemption on such mandatory sinking fund redemption date and issued notice to the bondholders of such mandatory sinking fund redemption.

Section 304. Debt Service Reserve Fund.

(a) A Debt Service Reserve Fund is hereby established with the Trustee and moneys shall be deposited therein as provided in this Agreement. The moneys in the Debt Service Reserve Fund and any investments held as a part of such Fund shall be held in trust and, except as otherwise provided, shall be applied by the Trustee on behalf of the Issuer solely to the payment of the principal (including sinking fund installments) of and interest on the Series 2007 Bonds. The Borrower shall have no right, title, or interest in or to the monies in the Debt Service Reserve Fund.

(b) If on any date the amount in the Rebate Fund is less than the amount then required by Section 307, the Trustee shall apply the amount in the Debt Service Reserve Fund to the extent necessary to meet the deficiency, except that the Trustee shall not so apply any amount necessary to pay or redeem the Bonds in full pursuant to Section 205. If on any date the amount in the Debt Service Fund is less than the amount then required to be transferred to the Paying Agent to pay the principal (including sinking fund installments) and interest then due on the Bonds, the Trustee, after making all payments to the Rebate Fund required under this subsection, and after the transfer of any available moneys from the Replacement Reserve Fund as required under Subsection 305(b), shall apply the amount in the Debt Service Reserve Fund to the extent necessary to meet the deficiency. The Borrower shall remain liable for any required sums which it has not paid to the Rebate Fund or Debt Service Fund and any subsequent payment thereof shall be used to restore the funds so applied.

(c) If the amount in the Debt Service Reserve Fund on _____ 1 or _____ 1 of any year (less any payment made therefrom on that day pursuant to Subsection 304(b)) exceeds the Debt Service Reserve Fund Requirement, the Trustee shall transfer the excess to the Debt Service Fund to be credited against payments otherwise required to be made thereto.

(d) In the event of any withdrawal from the Debt Service Reserve Fund pursuant to Subsection 304(b) to cure any deficiency in the Rebate Fund or the Debt Service Fund or in the event that the Trustee notifies the Borrower that the amount on deposit in the Debt Service Reserve Fund is less than 95% of the Debt Service Reserve Fund Requirement because of a decline in the value of the securities in such Fund, the Borrower shall pay, or cause to be paid, to the Trustee, (i) the full amount of such withdrawal immediately for deposit in the Debt Service Reserve Fund, or (ii) the amount of such decline (below 95%) in value for deposit into the Debt Service Reserve Fund in no more than six (6) equal, consecutive, monthly installments, each payable on the last day of the month, commencing within 30 days of the date which the Trustee notifies the Borrower of the decline in value; provided that if an additional decline occurs prior to the restoration of any decline, such additional decline shall be restored in equal monthly installments over the remainder of the restoration period for the initial decline.

(e) Investments in the Debt Service Reserve Fund shall be valued no less frequently than quarterly at market, plus accrued interest where applicable, except that any United States Treasury Obligations, State and Local Government Series shall be valued at par plus accrued

interest. Earnings to be transferred to the Debt Service Fund pursuant to Subsection 314(b) shall not be included in the valuation of the Debt Service Reserve Fund.

Section 305. Replacement Reserve Fund.

(a) A Replacement Reserve Fund is hereby established with the Trustee and moneys shall be deposited therein as provided by this Agreement. The moneys in the Replacement Reserve Fund and any investments held as part of such Fund shall be held in trust and, except as otherwise provided in this Agreement, shall be applied by the Trustee at the direction of an authorized representative of the Borrower, solely to the payment of the cost of Capital Additions required to be made.

(b) If on any date the amount in the Debt Service Fund is less than the amount required to be transferred to the Paying Agent to pay the principal (including sinking fund installments) and interest on the Bonds, the Trustee shall apply the amount in the Replacement Reserve Fund to the extent necessary to meet the deficiency. The Borrower shall remain liable for any required sums which it has not paid to the Debt Service Fund and any subsequent payment thereof shall be used to restore the funds so applied.

(c) If on any date the amount in the Construction Fund is insufficient to pay for Project costs, the Trustee shall at the Borrower's request apply the amount in the Replacement Reserve Fund to the extent necessary to meet the deficiency.

(d) Beginning July 1, 2008, the Borrower shall pay to the Trustee for deposit into the Replacement Reserve Fund, on the twenty-fifth day of each month, the amount of \$5,000, until such time as the amount on deposit in the Replacement Reserve Fund is equal to the Replacement Reserve Fund Requirement; provided, that if at any time the amount in the Replacement Reserve Fund drops below the Replacement Reserve Fund Requirement, the Borrower shall be obligated to resume making the required monthly payments to the Trustee until the deficiency is made up; provided, however, that the Borrower may receive a credit against its obligation to deposit for each month if there is delivered to the Trustee a certificate of the Borrower to the effect that the credited amount has been spent for budgeted capital expenditures not paid from the Replacement Reserve Fund and not previously used as a credit against amounts to be deposited in the Replacement Reserve Fund. If the amount in the Replacement Reserve Fund on June 30 of any year (after any required transfer to the Debt Service Fund) exceeds the Replacement Reserve Fund Requirement, the Trustee may, upon written request of the Borrower, transfer such excess to the Borrower unless there is an Event of Default known to the Trustee, in which case the excess shall be applied to cure any such Event of Default.

(e) (i) If moneys in the Replacement Reserve Fund are to be used for Capital Additions, the Trustee shall make payment only upon receipt of a certificate of the Borrower describing the Capital Addition and stating that the total amount to be withdrawn from the Replacement Reserve Fund, together with other amounts available for the purpose (which amounts shall be identified), will be sufficient to pay the costs of the Capital Addition (which shall be itemized);

(ii) If the Capital Addition involves construction, repairs or renovation estimated to cost in excess of \$100,000, the Borrower's certificate referred to in Subsection 305(e)(i) above shall be approved by the Majority Bondowner, if any, and shall state that the plans and specifications have been approved by all governmental bodies required to approve them (specifying such bodies) or that such approval is reasonably expected as needed, that the contracts entered into or to be entered into by the Borrower (which shall be specified) or its agents cover substantially all phases of the construction, repairs or renovation not being done by employees of the Borrower, and that the contractors have furnished customary labor and performance bonds; and

(iii) If the Capital Addition involves the acquisition of furnishings, equipment, machinery, or apparatus to be used in the Mortgaged Property, as to such acquisition the Trustee shall make payment only upon receipt of a certified resolution of the Borrower stating that the Capital Addition is reasonable and practicable, and the cost of such furnishings, equipment, machinery or apparatus is reasonable.

Section 306. Redemption Fund.

(a) A Redemption Fund is hereby established with the Trustee and moneys shall be deposited therein as provided in this Agreement. The moneys in the Redemption Fund and any investments held as a part of such Fund shall be held in trust and, except as otherwise provided, shall be applied by the Trustee on behalf of the Issuer solely to the redemption of Bonds. The Trustee may, and upon written direction of the Borrower for specific purchases shall, apply moneys in the Redemption Fund to the purchase of Bonds for cancellation at prices not exceeding the price at which they are then redeemable (or next redeemable if they are not then redeemable), but not within the forty-five (45) days preceding a redemption date. Accrued interest on the purchase of Bonds shall be paid from the Debt Service Fund.

(b) When moneys in the Redemption Fund are to be applied to the redemption of Bonds, the Trustee shall transfer such moneys to the Paying Agent on or before the Business Day next preceding the redemption date, provided that moneys set aside for the redemption of particular Bonds pursuant to clause (iv) of the definition of Outstanding in Subsection 102 or Section 205 may be transferred in immediately available funds at the opening of business on the redemption date.

(c) If on any date the amount in the Debt Service Fund is less than the amount then required to be transferred to the Paying Agent to pay the principal (including sinking fund installments) and interest then due on the Bonds or if on any date the amount in the Rebate Fund is less than the amount then required to be paid to the United States as provided in Subsection 307(d), in either case after any required transfer from the Replacement Reserve Fund but prior to any required transfer from the Debt Service Reserve Fund, the Trustee shall apply the amount in the Redemption Fund (other than any sum irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) first, to the Rebate Fund, and second, to the Debt Service Fund to the extent necessary to meet the deficiency. The Borrower shall remain liable for any sums which it has not paid into the Debt Service Fund or Rebate Fund and any subsequent payment thereof shall be used to restore the funds so applied.

(d) If the amount in the Debt Service Reserve Fund on June 30 or December 31 of any year is less than the Debt Service Reserve Fund Requirement, the Trustee shall transfer an amount from the Redemption Fund (other than any sum irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) to the extent necessary to meet the deficiency. The Borrower shall remain liable, however, to meet the deficiency under any other provision of this Agreement and any payment for this purpose shall be used to restore the funds transferred from the Redemption Fund.

(e) If any moneys in the Redemption Fund are invested in accordance with this Agreement and a loss results therefrom so that there are insufficient funds to pay the redemption price of Bonds called for redemption in accordance with this Agreement, then the Borrower shall immediately supply the deficiency.

(f) Except as otherwise required by this Agreement, any redemption of Bonds from amounts deposited in the Redemption Fund shall be pro rata across all maturities or sinking fund installments of the Bonds, so long as, after giving effect to such redemption, all bonds outstanding are in denominations permitted by this Agreement.

Section 307. Rebate Fund.

(a) Establishment and Purpose; Payments. A Rebate Fund shall be established by the Trustee for the purpose of complying with IRC Section 148(f) and the regulations thereunder (the "Rebate Provision"). Amounts in the Rebate Fund shall not be available to pay principal, interest, or redemption premium on any Bonds. Within forty-five (45) days after the close of each Rebate Year (or any earlier date that may be necessary to make a required payment to the United States under Subsection 307(d)), the Borrower shall compute and certify to the Trustee the amount of the Excess (as defined in Subsection 307(c)), if any, for each series of Tax-Exempt Bonds as of the close of such Rebate Year, and notwithstanding any provision of this Agreement to the contrary, the Borrower shall pay to the Trustee for deposit into the Rebate Fund any amount necessary to make the amount in the Rebate Fund equal to the sum of the Excesses for each series of Tax-Exempt Bonds. For purposes of this subsection and subsection (b), (i) computations of Excess shall be made as if the last day of the applicable Rebate Year were a "computation date" within the meaning of Treas. Reg. §1.148-3(e), or any successor regulation and (ii) an Excess with respect to a series of Tax-Exempt Bonds shall not be less than zero.

(b) Surplus in Rebate Fund. If at the close of any Rebate Year, the amount in the Rebate Fund exceeds the sum of the calculated Excesses for each series of Tax-Exempt Bonds, upon certification thereof by the Borrower to the Issuer and the Trustee, the Trustee shall promptly pay the excess to the Borrower.

(c) Excess. "Excess" means the sum of

(i) the excess of

(A) the aggregate amount earned on all Nonpurpose Investments (other than investments attributable to an excess described in this subparagraph) attributable to the Gross Proceeds of the applicable series of Tax-Exempt Bonds including those in the

Debt Service Reserve Fund, Redemption Fund, Expense Fund, and Rebate Fund and, but only to the extent described below, the Debt Service Fund, over

(B) the amount which would have been earned if such Nonpurpose Investments were invested at a rate equal to the yield (determined in accordance with the Rebate Provision) on the series of Tax-Exempt Bonds to which such Gross Proceeds are attributable, plus

(ii) any income attributable to the excess described in subparagraph (i) above.

The amount of any calculated Excess shall be reduced by any payments made to the United States pursuant to Subsection 307(d). The terms “Nonpurpose Investment” and “Gross Proceeds” shall have the meanings given in the Rebate Provision and shall be applied as provided therein. Earnings on amounts deposited in the Debt Service Fund (other than amounts in the Capitalized Interest Account) allocable to a series of Tax-Exempt Bonds shall be excluded from the calculation of any Excess if the average annual debt service on the applicable series of Tax-Exempt Bonds is less than \$2,500,000 or the gross earnings on such amounts for the Rebate Year are less than \$100,000 (or a pro rata portion of \$100,000 in the case of a short Bond Year for a series of Tax-Exempt Bonds).

(d) Payment of Rebate to the United States. (i) No later than sixty (60) days after the close of the fifth Rebate Year following the date of issue of a series of Tax-Exempt Bonds (or any earlier date that may be required to comply with the Rebate Provision) and the close of each fifth Rebate Year thereafter, the Trustee shall pay from the Rebate Fund to the United States on behalf of the Issuer the full amount then required to be paid under the Rebate Provision as certified and directed by the Borrower in accordance with Paragraph 307(d)(ii). Within sixty (60) days after the Tax-Exempt Bonds of a series have been paid in full, the Trustee shall pay to the United States from the Rebate Fund on behalf of the Issuer the full amount then required to be paid under the Rebate Provision as certified by the Borrower in accordance with Paragraph 307(d)(ii). Each such payment shall be made to the Internal Revenue Service Center, Philadelphia, Pennsylvania, 19255 or any successor location specified by the Internal Revenue Service, accompanied by a Form 8038-T (or other similar information reporting form) furnished to the Trustee by the Borrower. If on any Rebate Payment Date (as defined below) the amount in the Rebate Fund will be insufficient to pay the amount required to be paid under the Rebate Provision, the Borrower shall pay the amount of such deficiency to the Trustee for deposit into the Rebate Fund prior to the Rebate Payment Date.

(ii) No later than fifteen (15) days prior to each date on which a payment could become due under Paragraph 307(d)(i) (a “Rebate Payment Date”), the Borrower shall deliver to the Trustee a certificate stating that no amount is required to be paid or specifying the amount then required to be paid pursuant to Paragraph 307(d)(i). If the certificate specifies an amount to be paid, (A) such certificate shall be accompanied by a completed Form 8038-T, which is to be signed by an officer of the Issuer, and shall include a certification stating that the Form 8038-T is accurate and complete, and (B) the Trustee shall make such payment on the Rebate Payment Date from the Rebate Fund.

(iii) Accompanying any certificate under Subsections (i) or (ii) of this Section 307(d) shall be a complete copy of the report of the independent public accountants or other service provider engaged or relied upon by the Borrower in making such certifications, which report shall be provided to the Trustee solely for informational purposes, and the Trustee shall be under no obligation to review or evaluate the same.

(e) Records. The Borrower and the Trustee shall keep such records as will enable them to fulfill their responsibilities under this section and the Rebate Provision.

(f) Interpretation of this Section. The purpose of this Section 307 is to satisfy the requirements of the Rebate Provision. Accordingly, this section shall be construed so as to meet such requirements. The Borrower covenants that all action taken under this section shall be taken in a manner that complies with the Rebate Provision and that it shall neither take any action nor omit to take any action that would cause the Bonds to be arbitrage bonds by reason of the failure to comply with the Rebate Provision.

(g) Prompt Expenditure of Proceeds. The Borrower shall exclude from its computation of an Excess required by Subsection 307(a) any Gross Proceeds that are not subject to rebate pursuant to IRC Section 148(f)(4)(B) or (C) or Treas. Reg. §1.148-7.

(h) Compliance by the Trustee. The Trustee shall be deemed conclusively to have complied with the provisions of Subsections 307(b) and (d) if it makes payments in accordance with the certifications and directions of the Borrower provided in accordance with such subsections. The Trustee shall not be required to take any actions required under Subsections 307(b) or (d) in the absence of such certifications of the Borrower, except as required by Subsection 702(e). The Trustee shall have no responsibility for making or reviewing the accuracy of the computations required under Subsection 307(a).

(i) Compliance by the Borrower. To the extent amounts in the Rebate Fund are insufficient to make any payment of rebatable arbitrage due to the United States under the Rebate Provision, the Borrower shall be liable for that deficiency. To the extent any payment of rebatable arbitrage or penalty in lieu of rebate is not timely made to the United States, the Borrower shall pay to the United States on behalf of the Issuer any correction amount, interest, penalty, or other amount necessary to prevent any series of Bonds from becoming arbitrage bonds within the meaning of IRC Section 148. The Borrower covenants that to the extent necessary it shall obtain the advice and assistance of experts to aid it in complying with the Rebate Provision.

Section 308. Expense Fund. An Expense Fund is hereby established to be held by the Trustee and a portion of the proceeds of the Bonds and the Borrower's equity contribution shall be deposited therein. The moneys in the Expense Fund and any investments held as part of such Fund shall be held in trust and, except as otherwise provided in this Agreement, shall be applied by the Trustee solely to the payment or reimbursement of the costs of issuing the Bonds. The Trustee shall pay from the Expense Fund, upon requisition by the Borrower, the costs of issuing the Bonds, including the reasonable fees and expenses of Bond Counsel, the fees and expenses of the initial beneficial Owners of the Bonds who purchased the Bonds in the initial underwriting,

the reasonable fees and expenses of the Trustee incurred prior to the completion of the Project in accordance with this Agreement, any recording or similar fees and any expenses of the Borrower in connection with the issuance of the Bonds. After all costs of issuing the Bonds have been paid any amounts remaining in the Expense Fund shall be transferred to the Debt Service Fund. To the extent the Expense Fund is insufficient to pay any of the above costs, the Borrower shall be liable for the deficiency and shall pay such deficiency.

Section 309. Deposit-Only Account, Concentration Account and Operating Account.

(a) The Borrower shall establish a deposit-only account (the "Deposit-Only Account") with a commercial bank (which may include the Trustee) and shall deposit and cause the Manager to deposit therein all Gross Receipts of the Borrower upon receipt thereof. The Borrower shall also establish an operating account (the "Operating Account"), against which the Borrower will write checks for its expenses of operation. The Borrower hereby pledges and grants a security interest in the Deposit-Only Account to the Trustee to secure its obligations hereunder.

(b) So long as no Event of Default has occurred and is continuing, the Borrower shall transfer funds from the Deposit-Only Account to the Operating Account on a daily basis to provide for the payment of Operating Expenses, including trade accounts payable regardless of when incurred. All payments to be made by the Borrower shall be applied in the order of priority established below in Section 309(c) and shall be subject to the terms of the Subordination Agreement.

(c) Upon the occurrence and continuance of an Event of Default, the Trustee may or, if directed by the holders of a majority in aggregate principal amount of the Bonds shall, (i) establish a concentration account (which may be either a trust account or an account established with a commercial bank [which may be the Trustee]) (the "Concentration Account") and (ii) sweep all amounts on deposit in the Deposit-Only Account to the Concentration Account. The Trustee shall apply amounts on deposit in the Concentration Account to the following uses, in the following priority:

(1) First, as the same shall become due, all amounts due to be paid to the Rebate Fund pursuant to applicable regulations, as certified to the Trustee in a certificate furnished by the Borrower;

(2) Second, all amounts due to be paid to the Taxes and Insurance Fund pursuant to Section 309A;

(3) Third, on the last Business Day of each month, to the Operating Account in the amount estimated by the Manager in the current operating budget on file with the Trustee (excluding the amounts to be paid pursuant to the other clauses of this Subsection 309(b) and any interest on Indebtedness) to be the Operating Expenses for, and trade accounts payable due in, the following month or as otherwise shown in a certificate of the Manager delivered to the Trustee, which certificate may set forth actual Operating Expenses which do not exceed the estimated Operating Expenses by more than ten percent (10%) and which certificate shall

explain any negative deviation from the current operating budget submitted to the Trustee pursuant to Subsection 1007(c);

(4) Fourth, to the Debt Service Fund on the twenty-fifth day of each month, commencing _____, 2007, an amount equal to one-sixth (1/3) of the interest coming due on the Bonds on the next _____ 1, _____ 1, _____ 1, or _____ 1, as the case may be, after taking into account amounts on deposit in the Capitalized Interest Account;

(5) Fifth, to the Debt Service Fund on the twenty-fifth day of each month, commencing December 25, 2008, an amount equal to one-sixth (1/6th) of the principal or sinking fund installment payment due on the Bonds on the next July 1 and January 1; and

(6) Sixth, to pay any monthly payment required under Section 304(d) to replenish the Debt Service Reserve Fund;

(7) Seventh, to pay any monthly payment required under Section 305 to fund or replenish the Replacement Reserve Fund; and

(8) Eighth, in payment of Subordinated Payables in accordance with and to the extent permitted by the provisions of the Subordination Agreement.

The Borrower agrees to immediately supply such information and notification to the Trustee in order for the Trustee to effectuate its obligations hereunder.

(d) In the event the Trustee establishes a Concentration Account as a result of an Event of Default, and in the event that at the end of a 12-month period in which there are moneys held in the Concentration Account in excess of the amount estimated to pay the next succeeding month's Operating Expenses of the Borrower, the Trustee shall invest such excess moneys at a yield not to exceed the yield on the Series 2007 Bonds unless there is delivered to the Trustee an Opinion of Bond Counsel to the effect that such excess may be invested at a yield higher than the yield on the Series 2007 Bonds.

Section 309A. Taxes and Insurance Fund. (a) A Taxes and Insurance Fund is hereby established with the Trustee and moneys shall be deposited therein as provided in Subsection 309A(b) below. The moneys in the Taxes and Insurance Fund shall be held in trust and shall be applied by the Trustee at the direction of an authorized representative of the Borrower solely to the payment of the costs (or reimbursement thereof) of maintaining the insurance required to be maintained by the Borrower under this Agreement, together with any additional insurance the Borrower may deem appropriate, and to the payment of any taxes due to be paid by the Borrower on the Mortgaged Property.

(b) In each Fiscal Year the Borrower shall pay into the Taxes and Insurance Fund, on the twenty-fifth day of each month, as required, the taxes and insurance premiums, or evidence that such taxes and insurance premiums have been timely paid, each due to be paid in such Fiscal Year as reflected in the annual operating budget of the Borrower submitted pursuant to Section 1007(c) hereof.

Section 310. Application of Moneys. If available moneys in the Debt Service Fund after any required transfers from the Replacement Reserve Fund, Debt Service Reserve Fund, and Redemption Fund are not sufficient on any day to pay all principal (including sinking fund installments), redemption price and interest on the Outstanding Bonds then due or overdue, such moneys (other than any sum in the Redemption Fund irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) shall, after payment of all charges and disbursements of the Trustee in accordance with this Agreement and payment of all amounts due to the Issuer for its own account under this Agreement, be applied (in the order such Funds are named in this section) first to the payment of interest, including interest on overdue principal, in the order in which the same became due (pro rata with respect to interest which became due at the same time) and second to the payment of principal (including sinking fund installments) and redemption premiums, if any, without regard to the order in which the same became due (in proportion to the amounts due) provided, however, that amounts on deposit in the Debt Service Reserve Fund shall only be applied to the payment of principal and/or interest, as applicable, of the Series 2007 Bonds. For this purpose interest on overdue principal shall be treated as coming due on the first day of each month. Whenever moneys are to be applied pursuant to this Section, such moneys shall be applied at such times, and from time to time, as the Trustee in its discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall exercise such discretion it shall fix the date (which shall be the first day of a month unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. When interest or a portion of the principal is to be paid on an overdue Bond, the Trustee may require presentation of the Bond for endorsement of the payment.

Section 311. Payments by the Borrower.

(a) The Borrower shall pay to the Trustee for deposit in the Debt Service Fund on or before the twenty-fifth day of each month, commencing _____, 2007, one-third (1/3) of the interest coming due on the Bonds on the next _____ 1, _____ 1, _____ 1, or _____ 1, as the case may be; and on or before the twenty-fifth day of each month, commencing _____, 2007, an amount equal to one-sixth (1/6) of the principal (including any sinking fund installment) coming due on the Bonds on the next _____ 1 and _____ 1.

(b) The payments to be made under the foregoing subsection shall be appropriately adjusted to reflect the date of issue of Bonds, any accrued or capitalized interest deposited in the Debt Service Fund, any earnings on amounts in the Debt Service Fund or the Debt Service Reserve Fund (to the extent they have been transferred to the Debt Service Fund), and any purchase or redemption of Bonds, so that there will be available on each payment date in the Debt Service Fund the amount necessary to pay the interest and principal or sinking fund installment due or coming due on the Bonds and so that accrued or capitalized interest will be applied to the installments of interest to which they are applicable.

(c) At any time when any principal (including sinking fund installments) of the Bonds is overdue, the Borrower shall also have a continuing obligation to pay to the Trustee for deposit in the Debt Service Fund an amount equal to interest on the overdue principal but the installment payments required under this section shall not otherwise bear interest. Redemption premiums shall not bear interest.

(d) As additional security for its obligations to make payments to the Debt Service Fund, Rebate Fund and Replacement Reserve Fund, including its obligations under the last sentences of Subsections 304(b), 306(c), and its obligations under Subsections 304(d), 305, 306(d) and (e) and 311(e) and all other obligations of the Borrower hereunder, the Borrower grants to the Trustee a lien upon its Gross Receipts and upon any rights to receive such Gross Receipts. If any required payment is not made when due, any Gross Receipts shall be transferred or paid over immediately to the Trustee without being commingled with other funds (unless already so commingled) and any Gross Receipts thereafter received shall upon receipt be transferred to the Trustee in the form received (with necessary endorsements) to the extent necessary to cure the deficiency. The Borrower represents and warrants that the lien granted by this subsection is and at all times will be a first lien, subject only to (i) encumbrances on the Mortgaged Property permitted by Section 203; (ii) liens permitted by Section 1010 (other than those stated therein to be subject to the lien of this subsection) and (iii) the lien on the proceeds of the Deposit-Only Account and the Concentration Account created by Section 202. Upon the acceleration of the Series 2007 Bonds, the Trustee may collect any Gross Receipts directly from the obligors thereon, and the Borrower shall cooperate with the Trustee to effect such direct collection.

(e) Payments by the Borrower to the Trustee for deposit in the Debt Service Fund under this Agreement shall discharge the obligation of the Borrower to the extent of such payments; provided, that if any moneys are invested in accordance with this Agreement and a loss results therefrom so that there are insufficient funds to pay principal (including sinking fund installments) and interest on the Bonds when due, the Borrower shall supply the deficiency.

(f) The Borrower shall pay the Issuer or the Trustee on demand for reimbursement of any and all costs, expenses and liabilities reasonably paid or incurred by the Issuer or the Trustee, including reasonable fees of counsel and disbursements thereof, in satisfaction of any obligations of the Borrower hereunder or under the Placement Agreement not performed by the Borrower as required hereunder or under the Placement Agreement.

(g) The Borrower shall pay the Issuer on demand for reimbursement or prepayment of any and all costs, expenses and liabilities paid or incurred or to be paid or incurred by the Issuer or any of its elected officials, officers, employees or agents, including reasonable fees of counsel and disbursements thereof, and requested by the Borrower or required by this Agreement or the Placement Agreement or required by the Act with respect to the Bonds or the Project.

(h) Within thirty (30) days after notice from the Trustee, the Borrower shall pay to the Trustee the reasonable fees and expenses of the Trustee as set forth in Section 703 of this Agreement.

(i) Within thirty (30) days after notice from the Paying Agent, the Borrower shall pay to the Paying Agent its reasonable fees and expenses.

Section 312. Unconditional Obligation; Joint and Several Liability; Release or Substitution of Borrower. (a) To the extent permitted by law, the obligation of the Borrower to make payments to the Issuer, the Paying Agent, the Bondowners and the Trustee under this Agreement shall be absolute and unconditional, shall be binding and enforceable in all circumstances whatsoever, shall not be subject to setoff, recoupment or counterclaim and shall be a general obligation of the Borrower to which the full faith and credit of the Borrower are pledged.

(b) The obligations of Nassau Care and AICC under this Agreement shall be joint and several.

(c) AICC shall be the initial licensed operator of the Project. AICC may be released from its obligations under this Agreement upon the occurrence of all of the following: (i) the transfer by AICC of the Project operating licenses, provider agreements and other governmental approvals to the Operator, (ii) evidence that the Operator has received all governmental approvals necessary to operate the Project, (iii) the agreement by the Operator to be bound by terms and conditions of this Agreement and all covenants, agreements and obligations of the Borrower hereunder, (iv) the transfer by AICC to Nassau Care and/or the Operator of all assets held by AICC relating to the Project including all bank accounts, business records, operating contracts and personal property; provided that AICC shall not be required transfer the Existing Facilities or any bank accounts, business records, operating contracts and personal property relating to the Existing Facilities, and (v) evidence that prior to its assumptions of this Agreement, the Operator has no material assets or liabilities and no material claims against it by any party. Upon satisfaction of the conditions stated in this paragraph, the Trustee shall release and discharge AICC from its obligations under this Agreement.

Section 313. Redemption of the Bonds.

(a) Sinking Fund Installments and Mandatory Redemptions. The Series 2007 Bonds (to be selected by the Trustee by lot) shall be redeemed at their principal amounts without premium on _____ 1 and _____ 1 of each of the years and in the amounts as follows:

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
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*Maturity

(b) Special Redemption. If moneys are transferred to the Redemption Fund pursuant to Subsection 401(d)(ii) or Section 409A(c), (d), (e), (f) and (g) and 409B(b), (d), (e) and (f), such moneys (and earnings thereon) shall be used to redeem Bonds within 60 days, except to the extent previously used to purchase Bonds in accordance with Subsection 306(a) or transferred to the Debt Service Fund or Debt Service Reserve Fund pursuant to Section 306 or this Section. Bonds of the initial series are subject to redemption pursuant to this subsection as a whole or in part at any time, on a pro rata basis over the then remaining sinking fund installments

(provided that, if less than all of the Bonds outstanding shall be called for redemption, the Bonds to be so redeemed shall be selected by the Trustee by lot) (i) if the moneys have been transferred pursuant to Subsection 401(d)(ii), and pro rata among Bondowners if the moneys have been transferred pursuant to Section 409B(e) or (ii) pro rata among Bondowners, as a result of changes in the Constitution of the United States or the State of Florida, or as a result of legislative, executive or judicial action of the United States, such State or any political subdivision thereof, or regulatory body, the Agreement becomes void, unenforceable or impossible of performance in accordance with the present intention of the parties, or unreasonable burdens or excessive liabilities are imposed on the Borrower by reason of its ownership of the Facility, at their principal amounts plus accrued interest to the redemption date. If the amount available in the Redemption Fund to redeem Bonds at any time is less than \$50,000, the Trustee may, and upon written direction of the Borrower shall, transfer it to the Debt Service Fund for credit against deposits otherwise required to be made therein with respect to principal instead of calling Bonds for redemption.

(c) Redemption in the Event of Taxability. The Series 2007 Bonds are subject to mandatory redemption as a whole (or in part if, in the opinion of Bond Counsel, such partial redemption will preserve the exclusion of the interest on the remaining Bonds Outstanding subsequent to redemption from the gross income of the recipients thereof for federal income tax purposes) within one hundred twenty (120) days of the occurrence of a Determination of Taxability with respect to the Series 2007 Bonds, at a redemption price equal to 100% of their principal amount and, with respect to the Series 2007 Bonds, plus accrued interest at the rate of thirteen percent (13%) per annum from the date of the Determination of Taxability to the redemption date.

(d) Redemption upon Sale of Existing Facilities. The 2007 Bonds are also subject to mandatory redemption in part at any time, at a redemption price of ____% of the principal amount of such redemption is made prior to _____, and thereafter at a redemption price equal to the redemption price for optional redemption, in an aggregate amount not exceeding \$ _____ (which is the principal amount allocable to refunding of the 1993 Bonds), such redemption to be made within 60 days of the date of sale or other disposition of any of the Existing Facilities financed with proceeds of the 1993 Bonds, unless the Trustee shall have received an opinion of Bond Counsel that such redemption is not required to preserve the exclusion from gross income of interest on the 2007 Bonds.

(e) Optional Redemption. The Series 2007 Bonds are redeemable prior to maturity on or after January 1, 2017, at the option of the Borrower by the written direction of the Borrower to the Issuer and the Trustee and deposit of the necessary moneys (other than interest) by the Borrower in the Redemption Fund before the redemption date. Such redemption shall be in accordance with the terms of the Bonds, as a whole at any time, or in part on any interest payment date on a pro rata basis over the then remaining sinking fund installments (provided that, if less than all of the Bonds Outstanding of any maturity shall be called for redemption, the Bonds to be so redeemed shall be selected by the Trustee by lot), at the redemption prices plus accrued interest to the redemption date as described in the form of Bonds in Subsection 301(b).

(f) Payment of Redemption Price and Accrued Interest. Whenever Bonds are called for redemption, the accrued interest thereon shall become due on the redemption date and shall be

paid from the Debt Service Fund to the extent funds are available therein. To the extent not otherwise provided, the Borrower shall deposit with the Trustee prior to the redemption date a sufficient sum to pay the redemption price of and accrued interest on the Bonds.

(g) Notice of Redemption. When Bonds are to be redeemed, the Trustee shall give notice in the name of the Issuer, which notice shall identify the Bonds to be redeemed, state the date fixed for redemption and state that such Bonds will be redeemed at the corporate trust office of the Paying Agent. The notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the redemption price thereof, together with interest accrued to the redemption date, and that moneys therefore having been deposited with the Paying Agent, from and after such date, interest thereon shall cease to accrue. Any notice of redemption at the option of the Borrower may state that the call for redemption is conditioned on the issuance of refunding bonds (or other debt issued to refinance Bonds) or the deposit of sufficient funds with the Trustee to accomplish such redemption on or before the date fixed for redemption. If amounts necessary to effect the redemption of any Bond or portion thereof called for redemption shall not be paid at the date fixed for redemption or upon surrender thereof for redemption, whichever is the later to occur, such Bond shall continue to bear interest until such amounts are deposited with the Trustee. The Trustee shall mail the redemption notice not more than sixty (60) nor less than thirty (30) days prior to the date fixed for redemption, except that in the case of a redemption following a Determination of Taxability pursuant to Section 313(d) such notice shall be mailed no less than fifteen (15) days prior to the date fixed for redemption. The Trustee shall mail such notice to the registered Owners of any Bonds which are to be redeemed, at their addresses shown on the registration books maintained by the Paying Agent, and to the principal office of placement agent for the Bonds and, in the case of notice to any Bondowner owning ten percent (10%) or more in aggregate principal amount of the Outstanding Bonds, shall send such notice by certified mail, return receipt requested; provided, however, so long as a book-entry form is in effect, such notice will be carried out pursuant to DTC requirements. Failure to mail notice to a particular Bondowner, or any defect in the notice to such Bondowner, shall not affect the redemption of any other Bond. Failure to mail notice to the placement agent, or any defect in the notice to them, shall not affect the redemption of any Bond. If provision is made herein for the issuance of Additional Bonds, the manner of their redemption may be determined by the supplemental agreement providing for their issuance and the provisions of this subsection may be varied accordingly. If on the date of mailing any such notice of redemption, there is not on deposit with the Trustee sufficient funds to pay the Redemption Price, including accrued interest to the redemption date, such notice shall state that it is conditional, that is, subject to the deposit of funds for the payment of the Redemption Price and accrued interest on or prior to the redemption date and that such notice shall be of no effect unless such funds are so deposited.

(h) Partial Redemption. In the case of a redemption by lot of less than all of the outstanding Bonds of a series initially issued in minimum denominations of more than \$5,000, each unit of face value of principal thereof equal to \$5,000 (each such \$5,000 unit is hereinafter referred to as a "Unit") shall be treated as though it were a separate Bond in the amount of such Unit. If it is determined that one or more, but not all, of the Units represented by a Bond are to be called for redemption, then upon notice of redemption of a Unit or Units of Bonds, the Owner of that Bond shall surrender the Bond to the Trustee (i) for payment of the redemption price of the Unit or Units of Bonds called for redemption (including, without limitation, the interest

accrued to the date fixed for redemption and any premium) and (ii) for issuance, without charge to the Owner thereof, of a new Bond or Bonds of the same series, aggregating a principal amount equal to the unmatured and unredeemed portion of, and bearing interest at the same rate and maturing on the same date as, the Bond surrendered.

Section 314. Investments.

(a) Pending their use under this Agreement, moneys in the Debt Service Fund, Redemption Fund, Rebate Fund, Replacement Reserve Fund and Taxes and Insurance Fund may be invested by the Trustee in Permitted Investments (as defined below) maturing or redeemable at the option of the holder at or before the time when such moneys are expected to be needed and shall be so invested pursuant to written direction of the Borrower if there is not then a continuing Event of Default known to the Trustee. Moneys in the Debt Service Reserve Fund shall be invested by the Trustee in Permitted Investments with a maturity, or subject to withdrawal without penalty, not later than 3 years and shall be so invested pursuant to written direction of the Borrower provided there is not then a continuing Event of Default known to the Trustee. Moneys in the Expense Fund may be invested by the Trustee in Permitted Investments maturing or redeemable at the option of the holder not later than the time when such moneys are expected to be needed. Any investments pursuant to this subsection shall be held by the Trustee as a part of the applicable Fund and shall be sold or redeemed to the extent necessary to make payments or transfers or anticipated payments or transfers from such Fund, subject to the notice provisions of Section 9-504(3) of the UCC to the extent applicable.

Notwithstanding the foregoing, the Debt Service Reserve Fund may be invested in an investment contract providing for the investment of funds held by the Trustee and insuring a minimum or fixed rate of return on investments of such funds, which contract shall:

(i) be an uncollateralized obligation of any registered broker/dealer subject to Securities Investor's Protection Corporation jurisdiction, any commercial bank or any other financial institution (including but not limited to insurance companies and their subsidiaries), if the ratings on the senior long-term debt obligations of such provider (or, in the case of an insurance company, its claims-paying ability) is unconditionally guaranteed by a parent corporation meeting the Qualified GIC Rating Requirement (as hereinafter defined) that would otherwise be required for the underlying entity; provided that, by the terms of the contract:

(A) if the provider's rating falls below "A1" by Moody's or "A+" by S&P, the provider must, within ten days thereafter, repay all funds previously invested under such contract without penalty, together with accrued interest thereon at the interest provided under such contract through the date of delivery of such funds to the Trustee unless, within such time period, the provider either (i) assigns such contract to another provider that is reasonably satisfactory to the Borrower and that meets the Qualified GIC Rating Requirement or (ii) collateralizes the investment contract with Government Obligations such that in the case of (ii):

(I) such Government Obligations are held free and clear of any lien by the Trustee or an independent third party acting solely as agent (“Agent”) for the Trustee, and (i) such third party is a Federal Reserve Bank or a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million, and (ii) the Trustee shall have received written confirmation from such third party that it holds such Government Obligations free and clear of any lien, as Agent; and

(II) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such Government Obligations is created for the benefit of the Trustee; and

(III) the Trustee or the Agent will value the Government Obligations no less frequently than weekly and will liquidate the Government Obligations if any deficiency in the required collateral percentage is not restored within two Business Days of such valuation ; and

(IV) the fair market value of the Government Obligations in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 102%, and if the value of such Government Obligations held as collateral decreases below such level, then additional Government Obligations must be transferred to the Trustee or the Agent; and

(B) if the provider’s rating falls below “A1” by Moody’s or “A+” by S&P, within ten days of receipt of written direction by the Trustee, the provider must repay all funds previously invested under such contract without penalty, together with accrued interest thereon at the interest provided under such contract through the date of delivery of such funds to the Trustee;

(ii) provide that the Trustee may exercise all of the rights under such contract without the necessity of the taking of action by any other person;

(iii) provide that interest shall be payable not less than semiannually;

(iv) provide that the Trustee may withdraw funds invested without penalty at any time and from time to time be applied for the purposes described therein;

(v) be accompanied by an enforceability opinion from counsel to the obligor under such contract, in form and substance satisfactory to the Trustee; and

(vi) provide that the Trustee's interest thereunder shall be transferable to any successor Trustee hereunder.

Qualified GIC Rating Requirement" for purposes of this subsection (a) shall mean at least "Aa3" or better by Moody's and at least "AA-" or better by S&P. The Trustee shall ascertain ratings at the time an investment is made, but shall be under no obligation to monitor the provider's subsequent rating.

(b) Except as set forth below, any interest realized on investments in any Fund and any profit realized upon the sale or other disposition thereof shall be credited to the Fund with respect to which they were earned and any loss shall be charged thereto. Earnings on other moneys deposited in the Debt Service Reserve Fund, on proceeds from the sale of Bonds in the Debt Service Reserve Fund and on the Redemption Fund shall be transferred to the Debt Service Fund and credited against payments otherwise required to be made thereto not less often than quarterly; provided, however, that earnings on the Debt Service Reserve Fund shall be retained in that Fund to the extent necessary to make the amount therein equal the Debt Service Reserve Fund Requirement.

(c) The term "Permitted Investments" means (i) obligations of, or guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States of America, including without limitation trust certificates fully and unconditionally backed by any of the foregoing (collectively, "Government Obligations"), (ii) Federal National Mortgage Association (FNMA) mortgage-backed securities and senior debt obligations, (iii) Student Loan Marketing Association (Sallie Mae) letter of credit backed issues and senior debt obligations, (iv) federal funds, certificates of deposit, time deposits and bankers' acceptances (having original maturities of not more than 365 days) of any bank (including the Trustee or any of its affiliates), the debt obligations (or, in the case of the principal bank in a bank holding company, debt obligations of the bank holding company) of which have been rated "A-1+" by S&P, (v) obligations rated in the two highest rating categories by S&P, (vi) "tax exempt bonds" as defined in IRC §150(a)(6), other than "specified private activity bonds" as defined in IRC §57(a)(5)(C), rated at least "AA" or "Aa" by S&P and Moody's respectively, or the equivalent by any other nationally recognized rating agency, at the time of acquisition thereof or shares of a so-called money market or mutual fund that do not constitute "investment property" within the meaning of IRC §148(b)(2), provided either that the fund has all of its assets invested in obligations of such rating quality or, if such obligations are not so rated, that the fund has comparable creditworthiness through insurance or otherwise and which fund is rated "AAM" or "AAM-G" if rated by S&P, (vi) money market funds at least 95% of the assets of which constitute obligations of the type described in clauses (i) and (ii) above which have been rated "AA" or better by S&P, or (vii) any other investments approved by the Bondowners of more than 50% in principal amount of the Bonds then Outstanding.

(d) A security interest required by Subsection 314(a) shall be perfected in such manner as may be provided by law. In any case, however, if the underlying securities or the securities subject to the security interest are certificated securities (rather than un-certificated or book entry securities), they shall be delivered to the Trustee, or to a depository satisfactory to the Trustee, either as agent for the Trustee or as bailee with appropriate instructions and

acknowledgment, at the time of or prior to the investment, or, if the security interest is perfected without delivery, delivery shall be made within three (3) Business Days. Possession by the Trustee of the security for an obligation of the Trustee shall not be deemed to satisfy the requirements of this subsection unless there is an Opinion of Counsel to the effect that such possession satisfies the requirements of this subsection.

(e) The Trustee may hold undivided interests in Permitted Investments for more than one Fund (for which they are eligible) and may make interfund transfers in kind.

(f) The Trustee may act as principal or agent in the making or disposing of any investment hereunder and may utilize its investment department or that of any of its affiliates and charge its usual fees therefor. Any investments hereunder in mutual funds may be made in any mutual fund for which the Trustee or an affiliate thereof serves as an investment manager, administrator, shareholder servicing agent, or custodian.

Section 315. Paying Agent. The Trustee is hereby designated the Paying Agent.

Section 316. Unclaimed Moneys. Except as may otherwise be required by applicable law, in case any moneys deposited with the Paying Agent for the payment of the principal of, or interest or premium, if any, on any Bond remain unclaimed for three (3) years after such principal, interest or premium has become due and payable, and after a second notice has been provided to the owner of any such Bond in the manner provided in Section 313(g) hereof, the Paying Agent may and upon receipt of a written request of the Borrower shall pay over to the Borrower the amount so deposited in immediately available funds, without additional interest, and thereupon the Paying Agent and the Issuer shall be released from any further liability with respect to the payment of principal, interest or premium and the owner of such Bond shall be entitled (subject to any applicable statute of limitations) to look only to the Borrower as an unsecured creditor for the payment thereof.

ARTICLE IV

THE PROJECT AND THE MORTGAGED PROPERTY

Section 401. Construction Fund.

(a) Establishment. A Construction Fund is hereby established to be held by the Trustee. There is hereby established a Construction Account within the Construction Fund and moneys shall be deposited therein as provided in this Agreement. The moneys in the Construction Fund and any investments held as part of such Fund shall be held in trust and, except as otherwise provided in this Agreement, shall be applied by the Trustee solely to the payment or reimbursement of Project Costs. If there is an Event of Default known to the Trustee with respect to payments to the Rebate Fund, Debt Service Fund or Debt Service Reserve Fund, the Trustee, with the consent of the Majority Bondowner, if any, may use the Construction Fund without requisition to make up the deficiency, and the Borrower shall restore the funds so used.

(b) Requisitions from the Construction Account. Disbursements from the Construction Account of the Construction Fund shall be made by the Trustee to pay directly or to reimburse the Borrower for Project Costs or to make deposits to the Rebate Fund as directed by

requisitions signed on behalf of the Borrower by the Project Officer in accordance with this Section 401. Each requisition for Project Costs shall be in substantially the form attached hereto as Schedule C, shall identify the sums requisitioned for payment to others than the Borrower by item number, amount (provided, however, that such amount shall omit any payments permitted to be retained under any applicable construction contract), name of payee and purpose and shall identify the sums requisitioned for reimbursement to the Borrower by item number, amount, name of original payee and purpose. Each requisition for Project Costs shall state:

(i) that it is for Project Costs which have not been the basis of a prior or contemporaneous requisition or of a prior payment of an external loan or of a prior reimbursement of internal advances and which have not been paid from gifts or grants received by the Borrower for the Project; that it is for work actually performed or material, equipment or other property actually supplied for the Project in accordance with the applicable plans and specifications; that it contains no amount entitled to be retained; and that, to the extent it is for the reimbursement of Project Costs paid by the Borrower before the date of issuance of the Bonds, such reimbursement is consistent with the representations and warranties made by the Borrower in Subsection 1003(c);

(ii) that the work and material, equipment or other property covered by the requisition have been performed or delivered to the Borrower at the Mortgaged Property and are in accordance with all applicable building, zoning, land use, environmental protection, sanitary, safety and health care laws, rules and regulations, all applicable grant, reimbursement and insurance requirements and the provisions of this Agreement; and that all permits, licenses and approvals required for the items covered by the requisition have been obtained (except that no building permit need have been issued prior to the requisition for such a permit);

(iii) that with respect to items covered in the requisition, there are no vendors, mechanics, or other liens, which should be satisfied or discharged before the payments as requisitioned therein are made, or which will not be discharged before the payments requisitioned therein are made; and

(iv) that the amount remaining in the Construction Fund after the payment of the requisition will be sufficient to pay all remaining Costs of the Project.

(c) Disbursements. No disbursement shall be made from the Construction Account of the Construction Fund for costs of the Project until the Trustee has received a requisition therefor as provided in Subsection (b) of this Section.

(d) Certificate of Completion. (i) Completion of the Project shall be evidenced by (A) the filing with the Trustee and the Issuer of a certificate signed by the Borrower stating that the Project has been substantially completed so as to permit efficient use in the operations of the Borrower, including all furnishing, fixtures and equipment and all intangible assets, and setting forth any Project Costs remaining to be paid from the Construction Account of the Construction Fund, (B) any applicable statutory lien periods have expired, and (C) all other conditions for advances provided for herein have been satisfied.

(ii) Any balance in the Construction Fund not then needed to pay Project Costs shall be used to reimburse sums deposited in the Construction Fund by the Borrower pursuant to Section 403 other than any amounts derived from gifts, grants or bequests received or expected to be received for the purposes of the Project, and other than amounts representing an equity contribution required by a certificate of need, and the remainder thereafter shall be transferred to the Redemption Fund.

Section 401. Carrying Out the Project. The Borrower shall diligently and continuously carry out the Project. The materials and workmanship shall be of high quality, and no materials, fixtures or equipment intended to become part of the Project shall be purchased by the Borrower subject to any lien, encumbrance or claim. Contracts for carrying out the Project and acquisitions in connection therewith have been and shall be made by the Borrower in its own name. No funds of the Trustee, other than the proceeds of the Bonds, shall be available to pay Costs.

Section 402. Borrower to Pay Costs of the Project in Excess of Bond Proceeds. If and to the extent that the Bond proceeds transferred to the Borrower to pay Costs of the Project are insufficient to complete the Project, the Borrower shall complete the Project at its own expense.

Section 403. Use of Project and Mortgaged Property.

(a) Compliance with Law. In the acquisition, construction, maintenance, improvement and operation of the Project and the Mortgaged Property, the Borrower covenants that it has complied and will comply with all applicable building, zoning, land use, environmental protection, sanitary, safety and health care laws, rules and regulations, and all applicable grant, reimbursement and insurance requirements, and will not permit a nuisance thereon; but it shall not be a breach of this subsection if the Borrower fails to comply with such laws, rules, regulations and requirements (other than CERCLA) during any period in which the Borrower is diligently and in good faith contesting the validity thereof, provided that no action to foreclose any lien is commenced and the security created or intended to be created hereby is not, in the opinion of the Majority Bondowner, if any, unreasonably jeopardized thereby and the enforcement of any such law, rule, regulation or requirement is stayed.

(b) Payment of Lawful Charges. The Borrower shall, prior to the date on which any interest or penalties shall commence to accrue thereon, cause to be paid and discharged all taxes (including but not limited to ad valorem taxes), assessments, water and sewer rents and charges and all license or permit fees, levies, and governmental charges, payments in lieu of any of the foregoing, general or special, ordinary or extraordinary, foreseen or unforeseen, of any kind and nature whatsoever, which are or may have been, or may hereafter be, charged, assessed, levied, or imposed upon or against the Mortgaged Property, or any part thereof, by any lawful authority, or which may become a lien thereon. The Borrower shall not suffer, and shall promptly cause to be paid and discharged, any lien or charge whatsoever which by any present or future law may be or become superior, or on a parity with or junior to, either in lien or in distribution out of the proceeds of any judicial sale, the lien on the Mortgaged Property created hereunder. The Borrower will cause to be paid, when due, all charges for utilities whether public or private.

Notwithstanding the foregoing, the Borrower may in good faith contest, by proper legal proceedings, the validity or amount of any such tax or charge, and may permit such tax or charge to remain unpaid during the period of such contest, provided (i) no Event of Default, or event or condition which, with the giving of notice or the passage of time or both, would constitute an Event of Default, has occurred and is continuing; (ii) the Borrower maintains and prosecutes with diligence such contest; (iii) the Borrower shall pay such contested tax or charge and all costs and penalties, if any, and shall deliver to the Trustee evidence acceptable to the Trustee of such payment promptly if such contest is terminated or discontinued adversely to the Borrower, and in any event prior to the commencement of any action to foreclose a lien against the Mortgaged Property because of non-payment of the tax or charge; and (iv) the Borrower shall deposit with the Trustee during such contest cash or a surety bond in the amount of such tax or unpaid charge plus interest and penalties anticipated to accrue thereon in amounts satisfactory to the Trustee (notice of which deposit shall be given by the Trustee to the Owners of all Bonds Outstanding) which, notwithstanding any provision hereof to the contrary, the Trustee may use, and shall use at the direction of Owners of a majority in aggregate principal amount of Outstanding Bonds, to pay the same prior to the date any of the Mortgaged Property may be sold or otherwise transferred because of non-payment of the tax or charge.

The Borrower further agrees that it shall operate or cause the Project to be operated as a healthcare facility and related operations or, with the consent of the Majority Bondowner, if any, and of the Issuer, for any other purpose consistent with the Act and shall maintain its certifications for licensure and all other licenses required by appropriate governmental authorities.

Section 404. Mortgaged Personalty. Except as provided in this section, the Mortgaged Personalty shall remain at the premises described in the attached Schedule A. So long as there is no default, the Borrower may remove and sell or otherwise use or dispose of any Mortgaged Personalty and fixtures when the same have become obsolete, worn out or unnecessary for the operations of the Borrower at the premises described in Schedule A, provided that the Borrower repairs any damage caused by the removal and that the removal does not decrease the operating utility of the Mortgaged Property. The property so removed shall cease to be subject to the lien of this Agreement. Upon receipt of a certificate of the Borrower that such Mortgaged Personalty is being removed, sold or otherwise disposed of in accordance with this Section 404 and upon the written request of the Borrower, the Trustee shall execute any documents which may be reasonably required in connection with any such sale or other disposition of Mortgaged Personalty.

Section 405. Repair and Current Expenses.

(a) The Borrower agrees that it will maintain and repair the Mortgaged Property and keep the same in good and serviceable condition and in at least as good condition and repair (reasonable wear and tear and casualty loss excepted) as it was on the date the same was placed in service. In the event of damage to or destruction of all or any part of the Mortgaged Property from any casualty, unless the Bondowners exercise their rights under Subsections 409A(c) and 409A(e), the Borrower shall repair, replace, restore or reconstruct the Mortgaged Property to the extent necessary to restore substantially its value and in a manner suitable for its continued use

for the purpose for which it was provided; and this obligation shall not be limited by the amount of available insurance proceeds.

(b) The Borrower shall pay all costs of maintaining and operating the Project and the Mortgaged Property.

Section 406. Insurance.

(a) The Borrower agrees, at its sole cost and expense, to keep the Mortgaged Property, including all buildings, structures, improvements and personal property, and all other property of an insurable character insured at all times throughout the term of this Agreement (including any period or periods of time during which any buildings, structures and improvements are in the course of remodeling or construction) and to furnish the following to the Trustee:

(i) Policies of "all-risk" insurance on the Mortgaged Property in an amount recommended by the Insurance Consultant as hereinafter provided, but not greater than 100% of the full replacement cost of the Mortgaged Property without deduction for depreciation and in an amount sufficient to prevent the Trustee or the Borrower from becoming a co-insurer within the terms of the applicable policies. Each policy shall contain a replacement cost endorsement.

(ii) Flood hazard insurance or evidence that it is not required for the Mortgaged Property.

(iii) Such other insurance on the Mortgaged Property and in such amounts as may be recommended by the Insurance Consultant as hereinafter provided against other insurable hazards or casualties which at the time are commonly insured against in the case of premises similarly situated.

(iv) Business interruption insurance in an amount sufficient to pay debt service, taxes or payments in lieu of taxes, the salaries and expenses of key employees of the Borrower and the Manager required for the operation of the Facility and other non-avoidable costs for at least a 12-month period, during which the Facility, when damaged or destroyed by one of the hazards insured against by the insurance described in clause (i) above, shall be under reconstruction, rebuilding or repair and until replaced in usable condition for the Borrower.

(v) Boiler and machinery coverage (direct damage and use and occupancy) on a replacement cost basis.

(vi) During the construction of the Project and any Capital Addition, builder's completed value "all risk" insurance affording coverage against all risks of physical loss, including collapse and transit coverage, in non-reporting form, covering the total value of work to be performed and equipment, supplies, and materials to be furnished.

(b) The Borrower may effect for its own account any insurance not required under the provisions of this Agreement, but any insurance in effect with respect to the Mortgaged Property, whether or not required hereunder, shall include a standard non-contributory mortgagee clause in favor of the Trustee, naming the Trustee as loss payee, and shall be subject to all other provisions of this Article IV. All property insurance policies required by this Section 406 shall provide for the payment of all costs and expenses incurred by the Trustee in recovering under such policies in the event of any contested claim.

(c) The Borrower may, with the approval of an Insurance Consultant, maintain self-insurance or participate in any funds established to cover any insurance risks in connection with workers' compensation, unemployment insurance, pension or profit-sharing plans or other similar arrangements and may deposit money with, or give security in such deposits to, any governmental agency or any body created or approved by law to oversee such an arrangement as may be required by such agency or body.

(d) The Borrower will deliver copies of all insurance policies and fidelity bonds (or certificates with respect thereto) required by this Section 407 to the Trustee when obtained, and, will deliver to the Trustee a renewal policy or policies or fidelity bonds (or certificates with respect thereto) when such policies become available.

Section 407. Liability Coverages Required; Fidelity Bonds.

(a) The Borrower, at its own cost and expense, will provide and keep in force during the term of this Agreement, for the benefit of the Trustee and the Borrower as named insureds, comprehensive general liability insurance on the Mortgaged Property and automobile liability insurance, with limits of not less than the following, unless a lower amount is approved by a Majority of Bondowners:

- (i) Comprehensive general liability insurance
 - (A) bodily injury - \$1,000,000 each person, and \$1,000,000 in the aggregate.
 - (B) property damage - \$1,000,000 each occurrence.
- (ii) comprehensive automobile liability insurance
 - (A) bodily injury - \$500,000 each person and \$500,000 each occurrence.
 - (B) property damage - \$500,000 each occurrence.

Such insurance shall cover the Mortgaged Property, including the Facility and any elevators, hoists, sidewalks, passageways and other property thereat or in or about the adjoining streets.

(b) The Borrower, at its own cost and expense, will provide and keep (or cause to be kept) in force during the term of this Agreement workers' compensation and employer's liability

insurance covering all employees of the Borrower or the Manager employed at the Facility in amounts required by law.

(c) The Borrower, at its own cost and expense, will provide and keep in force during the term of this Agreement, for the benefit of the Trustee and the Borrower as named insureds, excess liability insurance for comprehensive general liability insurance and automobile liability insurance with a combined limit of not less than \$1,000,000, unless a lower amount is approved by a Majority of Bondowners.

(d) The Borrower, at its own cost and expense, will provide and keep in force or cause to be provided and kept in force during the term of this Agreement, for the benefit of the Borrower, fidelity bonds on all officers and employees of the Borrower or any manager of the Facility who collect or have custody or access to revenues, receipts of income from the Facility, or any funds of the Borrower, such bonds to be in such amounts as are customarily provided by like organizations engaged in like activities of comparable size and having comparable income. The proceeds of all fidelity bonds required by this Section 407(d) shall be applied to restoring the revenues, receipts of income or the funds of the Borrower lost or depleted by reason of the action or inaction of any officer or employee of the Borrower or any such manager.

(e) The Borrower, at its own cost and expense, will also provide and keep in force during the term of this Agreement, for the benefit of the Trustee and the Borrower as named insureds, medical liability, malpractice and other intermediate care facility operation liability insurance and provide coverage again performed by the Borrower with limits with respect to injury or death of not less than \$1,000,000 per person or occurrence, and not less than \$1,000,000 in the aggregate for claims made in any one year, unless a lower amount is approved by a Majority of Bondowners.

(f) Promptly upon availability, the Borrower will deliver certificates evidencing insurance policies to the Trustee, and, promptly upon availability, will deliver to the Trustee copies of such policy or policies. The Borrower will not permit any condition to exist at the Mortgaged Property which would wholly or partially invalidate the insurance thereon.

(g) The Borrower will obtain such additional liability insurance in such amounts as may be recommended by the Insurance Consultant as hereinafter provided.

Section 408. General Insurance Provisions; Report of Insurance Consultant; Insurance Commercially Unavailable.

(a) All policies or fidelity bonds required under this Agreement shall contain provisions complying with the requirements hereof and shall be issued by nationally recognized, responsible insurance companies or fidelity bonding companies, qualified to write such policies or fidelity bonds under the laws of the State of Florida. The Borrower shall have the right to carry the insurance provided for in this Agreement or any portion thereof under allocated value blanket policies approved by the Insurance Consultant, but certificates evidencing that the above-described insurance policies are in full force and effect, together with copies of the blanket policies, shall be supplied to the Trustee throughout the term of this Agreement. All policies shall require that not less than thirty (30) days written notice of cancellation, non-renewal or material change will be given to the Trustee. All costs of insurance and fidelity bonds shall be borne by the Borrower. All insurance and fidelity bonds are required commencing from the date of the delivery of the Bonds and are to be continued through the term of this Agreement. The

Borrower shall not violate or permit to be violated any of the conditions of the policies of insurance required to be maintained hereunder.

(b) The insurance and fidelity bonds required to be maintained pursuant to this Article IV shall be subject to the biennial review of the Insurance Consultant, and the Borrower agrees that it will follow any recommendations of the Insurance Consultant. In order to establish compliance with this Article IV, the Borrower agrees that it will deliver to the Trustee on or prior to the date of delivery of the Series 2007 Bonds and then every two (2) years thereafter within three months after the end of the applicable Fiscal Year, (i) a report of the Insurance Consultant setting forth a description of the insurance and fidelity bonds maintained, or caused to be maintained pursuant to this Article IV and then in effect (including any alternative plan as permitted by Section 408(c) hereof) and stating whether, in the opinion of the Insurance Consultant, such insurance and fidelity bonds, the manner of providing such insurance and fidelity bonds and any reductions or eliminations of the amount of any insurance coverage or fidelity bond during the Fiscal Years covered by such report comply with the requirements of this Article IV and adequately protect the Facility's and the Borrower's operations, and (ii) a letter from the Insurance Consultant evidencing compliance with its recommendations.

(c) In the event that any insurance required by Sections 406 and 407 hereof is commercially unavailable at a reasonable cost, the Borrower, upon notice to the Trustee, may provide such substitute coverage as is recommended by the Insurance Consultant at a reasonable cost. The Borrower shall make a continuing good faith effort to secure the insurance required by Sections 406 and 407 hereof, and if the insurance becomes commercially available at a reasonable cost, the Borrower shall acquire such insurance upon expiration of the substitute insurance or as otherwise recommended by the Insurance Consultant.

Section 409A. Application of Insurance Proceeds.

(a) In the event of the damage or destruction of all or any part of the Mortgaged Property, the Borrower shall give prompt notice thereof to the Trustee, and the Trustee and the Borrower shall cooperate in order to recover any applicable proceeds of insurance, with the Borrower having the primary responsibility of recovering such proceeds. The Trustee and the Borrower shall be entitled to reimbursement from the insurance proceeds for their out-of-pocket costs and expenses, including reasonable attorneys' fees incurred in connection with obtaining the insurance award.

(b) If such net proceeds of insurance are equal to or do not exceed \$250,000, such net proceeds of insurance shall be paid to the Trustee and deposited by the Trustee in the Replacement Reserve Fund and the Borrower shall repair, reconstruct or replace the damaged or destroyed portions of the Mortgaged Property within one (1) year after the occurrence of the casualty. Such proceeds shall be disbursed to the Borrower in accordance with the requirements of Section 305(e). The Borrower's right to receive any disbursement by the Trustee of such proceeds for repair, replacement and restoration of the Mortgaged Property is conditioned upon receipt by the Trustee of the Casualty Certifications set forth in subparagraph (d)(i) through (v) below.

(c) Unless the Owners of not less than a majority in principal amount of Outstanding Bonds otherwise consent in writing, upon the occurrence of any of the events described in paragraphs (i), (ii) or (iii) below, the Bonds shall be redeemed in whole at a redemption price which shall be an amount of money which will be sufficient to retire and redeem all Outstanding Bonds on the applicable redemption date, including, without implied limitation, principal, all interest to accrue to said redemption date and redemption expense, but without premium:

(i) the Mortgaged Property shall have been damaged or destroyed to such extent that the Facility cannot be reasonably restored, repaired or rebuilt within a period of one (1) year from the date of such damage or destruction to the condition thereof immediately preceding such damage or destruction;

(ii) it would not be economically feasible for the Borrower to restore, repair or replace the Facility as evidenced by a feasibility report (the "Feasibility Report") prepared by an independent consultant selected by the Borrower and at the Borrower's expense and approved by the Majority Bondowner, if any; or

(iii) the Borrower does not, within ninety (90) days after such damage or destruction, certify to the Trustee that the Borrower will have available funds sufficient to complete the repair, rebuilding, restoration or acquisition of replacements in accordance with the terms hereof and to pay its debt service requirement and its Operating Expenses during the period following such casualty or loss during which completion, repair, rebuilding, restoration or acquisition of replacements is to occur and until the Borrower is projected to achieve stabilized utilization of the Facility, which shall include, without limitation, achievement of a Debt Service Coverage Ratio for a twelve-month period of at least 1.10.

(d) If, however, such net proceeds of insurance are in excess of \$250,000 and the Mortgaged Property can be reasonably restored within a period of one (1) year to the condition immediately preceding such damage or destruction and the Borrower delivers to the Trustee certificates of Independent Consultants that the events described in (c)(ii) and (iii) above do not exist, such net proceeds of insurance shall be paid to the Trustee and deposited by the Trustee in the Construction Account and applied as provided below. The Borrower's right to receive any disbursement by the Trustee of the insurance proceeds for repair, replacement and restoration of the Mortgaged Property is conditioned upon receipt by the Trustee of the following within thirty (30) days after the recovery of insurance proceeds: (i) the Borrower's certification that it is not in default under any of the terms, conditions, and covenants hereof, whether or not notice of such default has been given; (ii) a lien bond and such other assurance as counsel and consultants selected from time to time by the Trustee (collectively, the "Construction Consultant") shall request to ensure that the improvements will not become subject to mechanics' or materialmen's liens as a result of the restoration work; (iii) if required by the Owners of not less than a majority in principal amount of Outstanding Bonds, opinions of counsel that the improvements, once restored, will comply with all applicable laws and regulations, including without limitation, zoning ordinances and regulations, building restrictions, and environmental and land use laws and regulations; (iv) certificates and opinions of architects, engineers and appraisers reasonably satisfactory to the Construction Consultant that (a) the Borrower has obtained, to the extent then

obtainable, all necessary governmental permits, approvals and consents for the restoration and use of the Mortgaged Property for its intended purposes, (b) that the Mortgaged Property, once restored, will comply with all applicable laws and regulations including without limitation, zoning ordinances and regulations, building restrictions, and environmental and land use laws and regulations, (c) the work and materials proposed by the Borrower will replace and restore the full value and utility of the Mortgaged Property to that existing immediately prior to the casualty, (d) the plans and specifications for the work proposed have been approved in writing by the Construction Consultant, (e) the insurance proceeds together with other funds available to the Borrower for the purpose and deposited with the Trustee will be sufficient to complete such repair, replacement or restoration, and (f) such work and replacements necessary to restore the Mortgaged Property will be completed within one (1) year after the occurrence of the casualty, subject to delays resulting from acts of God, civil commotion, fire, flood or other casualty, labor difficulties, shortages of materials or equipment, unusually severe weather, or other causes beyond the Borrower's reasonable control; and (v) the Borrower's and Management Consultant's certification that the remaining net income from the Mortgaged Property plus loss of rent/business insurance proceeds, if any, are sufficient to pay all Indebtedness of the Borrower until the Mortgaged Property is fully restored (items (i) through and including (v) collectively referred to as the "Casualty Certifications"). The Trustee and/or Construction Consultant may rely upon advice of counsel selected by it/them as to the sufficiency of any legal document, permit or opinion referred to above. The Borrower covenants to use diligent efforts to cause the Mortgaged Property to be restored, and in furtherance thereof, shall use diligent efforts to satisfy the conditions set forth above. In the event all such conditions, as affected by written waivers or extensions of time, are satisfied, and provided all terms and conditions hereof are satisfied, then the insurance proceeds shall be advanced by the Trustee to the Borrower for the purposes of restoring the Mortgaged Property in accordance with the requirements of Section 305(e).

If the Casualty Certifications have not been delivered to the Construction Consultant in form and content reasonably satisfactory to the Construction Consultant, or each of the Casualty Certifications have not been delivered to the Trustee within the time period specified in this subparagraph (d), then the Trustee shall, upon the direction of the Owners of not less than a majority in principal amount of Outstanding Bonds, transfer all of the net insurance proceeds held by the Trustee in the Replacement Reserve Fund to the Redemption Fund in accordance with Section 409A(d) hereof and such proceeds shall be applied toward the redemption of the Bonds in accordance with the special redemption provisions hereof or retain consultants at the Borrower's expenses to prepare and deliver a report as to whether any of the above described conditions exist.

(e) Subject to the provisions of subparagraphs (b) and (d) hereof, in the event that the Borrower does not promptly commence restoration of the Mortgaged Property or if such restoration is not diligently prosecuted to completion, or the Mortgaged Property is not fully replaced and restored within one (1) year after the occurrence of the casualty, the Trustee shall, upon the direction of the Owners of not less than a majority in principal amount of Outstanding Bonds, either retain the Construction Consultant to supervise the restoration and rebuilding of the Mortgaged Property for the account of the Borrower, or transfer any and all such proceeds held by the Trustee in the Replacement Reserve Fund to the Redemption Fund in accordance with Section 409A(d) hereof and such proceeds shall be applied toward the redemption of the Bonds

in accordance with the special redemption provisions hereof, such election to be made at the sole election of the Owners of not less than a majority in principal amount of Outstanding Bonds, there being no obligation to restore.

(f) All funds remaining in the Construction Account after restoration, repair or replacement is complete shall be transferred to the Redemption Fund in accordance with Section 409A(d) hereof and applied by the Trustee toward the redemption of the Bonds in accordance with Section 409A(d) hereof.

(g) Notwithstanding the foregoing, if an Event of Default exists or arises during restoration, the Trustee shall, upon the direction of the Owners of not less than a majority in principal amount of Outstanding Bonds, take all action necessary to recover the proceeds of insurance, and any such proceeds recovered or not yet disbursed for restoration shall be paid into the Redemption Fund to be applied toward the redemption of the Bonds in accordance with the special redemption provisions hereof. The Borrower irrevocably assigns such proceeds to the Trustee and irrevocably appoints the Trustee its true and lawful attorney-in-fact (with full power of substitution and revocation), coupled with an interest, to take all action necessary to recover the insurance proceeds and to settle such claims and to collect and endorse any checks payable to the Borrower. The Trustee shall give notice to the Borrower of the amount of the insurance award obtained.

(h) In the event of foreclosure of the mortgage hereunder and the transfer of title to the Mortgaged Property to a third-party purchaser, all right, title and interest of the Borrower in and to such insurance policies or to any refund or return of premiums or dividends with respect thereto shall pass to the Trustee and the Trustee shall have the right, being hereby constituted and appointed the true and lawful irrevocable attorney in fact of the Borrower (with full power of substitution and revocation), to surrender up the policies of insurance covering the Mortgaged Property and to collect any amounts due thereunder or, at its option, to transfer its right, title and interest in and to said policies and the proceeds thereof to any purchaser of the Mortgaged Property, without obligation to account therefore to any person claiming title to the Mortgaged Property.

Section 409B. Application of Condemnation Awards.

(a) Forthwith upon receipt by the Borrower of notice of the institution of any proceeding or negotiations for the taking of the Mortgaged Property, or any part thereof or any interest therein in condemnation or by the exercise of eminent domain for any public or quasi-public use (a "Taking"), the Borrower shall give notice to the Trustee. In the event of a Taking, the award of damages on account of such Taking shall be paid to the Trustee. The Borrower and the Trustee shall cooperate in order to recover applicable proceeds, with the Borrower having primary responsibility of obtaining such award, provided, however, the Trustee shall be entitled to participate in any settlement negotiations and no settlement on account of any damages caused by such condemnation shall be effective without the consent of the Trustee. Such awards shall be deposited by the Trustee in the Replacement Reserve Fund and shall be applied as provided herein. The Trustee and the Borrower shall deduct from the award their out-of-pocket costs and expenses, including reasonable attorneys' fees incurred in connection with obtaining the same.

(b) If all of the Mortgaged Property is subject to a Taking; or if part of the Mortgaged Property is subject to a Taking such that the Owners of not less than a majority in principal amount of Outstanding Bonds determines that the Taking has resulted in a substantial impairment of the Trustee's security hereunder and such impairment cannot reasonably be remedied within one hundred eighty (180) days after notice to the Borrower of such Taking by the substitution of other security, whether by the restoration of existing security or otherwise, or the Owners of not less than a majority in principal amount of Outstanding Bonds determine that all reasonable access to the Mortgaged Property or to any part thereof, shall be so limited or impaired by a Taking, such that there is a substantial impairment of the Trustee's security hereunder, which impairment cannot reasonably be remedied within one hundred eighty (180) days after notice to the Borrower of such Taking, then in any such event, the Trustee shall apply the award held in the Replacement Reserve Fund toward the redemption of the Bonds in accordance herewith.

(c) In the event of a partial Taking, if the Owners of not less than a majority in principal amount of Outstanding Bonds determines that the impairment to its security hereunder as a result of the Taking can be reasonably remedied within one hundred eighty (180) days after notice to the Borrower of such Taking, such award shall be used to remedy any such impairment resulting from the Taking and shall be disbursed by the Trustee to the Borrower from the Replacement Reserve Fund in accordance with Section 305 hereof, provided the Borrower has delivered to the Trustee the Taking Certifications (hereinafter defined) within thirty (30) days following Bondowners' determination to restore the Mortgaged Property and further provided that all terms and conditions hereof have been satisfied. The determination as to whether to restore the Mortgaged Property after a Taking by the Owners of not less than a majority in principal amount of Outstanding Bonds, as provided above, shall be made by giving written notice to the Borrower within sixty (60) days after the Trustee receives the awards or damages on account of such Taking.

The "Taking Certifications" shall mean the following certifications, opinions and notices: (i) the Borrower's certification that it is not in default under any of the terms, conditions and covenants hereof, whether or not notice of such default has been given; (ii) upon the request of the Construction Consultant, a lien bond and such other assurance as the Construction Consultant shall request to ensure that the Mortgaged Property will not become subject to mechanics' or materialmen's liens as a result of the restoration work; (iii) if required by the Owners of not less than a majority in principal amount of Outstanding Bonds, opinions of counsel that the Mortgaged Property, once restored, will comply with all applicable laws and regulations, including without limitation, zoning ordinances and regulations, building restrictions and environmental and land use laws and regulations; (iv) certificates and opinions of architects, engineers and appraisers reasonably satisfactory to the Construction Consultant that (A) the Owner has obtained, to the extent then obtainable, all necessary governmental permits, approvals and consents for the restoration and use of the Mortgaged Property for its intended purposes, (B) that the Mortgaged Property, once restored, will comply with all applicable laws and regulations including without limitation, zoning ordinances and regulations, building restrictions, environmental and land use laws and regulations, (C) the work and materials proposed by the Borrower will replace and restore the full value (to the extent possible) and utility of the Mortgaged Property to that existing immediately prior to the Taking, (D) the condemnation

award together with other funds available to the Borrower for the purpose and deposited with the Trustee will be sufficient to complete such repair, replacement or restoration, and (E) such work and replacements necessary to restore the Mortgaged Property will be completed within one (1) year after notice to the Borrower of such Taking subject to delays resulting from acts of God, civil commotion, fire, flood or other casualty, labor difficulties, shortages of materials or equipment, unusually severe weather, or other causes beyond the Borrower's reasonable control; and (v) the Borrower's certification that the remaining net income from the Mortgaged Property plus loss of rent/business insurance proceeds, if any are sufficient to pay all Indebtedness of the Borrower until the Mortgaged Property is fully restored. The Trustee may rely upon advice of counsel selected by it as to the sufficiency of any legal document, permit or opinion referred to above.

(d) In the event that the Borrower does not promptly commence restoration of the Mortgaged Property, or if such restoration is not diligently prosecuted to completion, or the Mortgaged Property is not fully replaced or restored within one (1) year after notice to the Borrower of the Taking, the Trustee shall, upon the direction of the Owners of not less than a majority in principal amount of Outstanding Bonds, either retain a construction consultant to supervise the restoration and rebuilding of the Mortgaged Property for the account of the Borrower, or transfer any and all such proceeds held by the Trustee in the Replacement Reserve Fund to the Redemption Fund in accordance with Section 305(f) hereof and such proceeds shall be applied toward the redemption of the Bonds in accordance with the special redemption provisions hereof, such election to be made at the sole election of the Owners of not less than a majority in principal amount of Outstanding Bonds, there being no obligation to restore the Mortgaged Property.

(e) All funds remaining after restoration, repair or replacement is complete shall be transferred to the Redemption Fund in accordance with Section 409B(b) hereof and applied by the Trustee toward the redemption of the Bonds in accordance with the special redemption provisions hereof.

(f) Notwithstanding the foregoing, if an Event of Default exists or arises during restoration hereunder, the Trustee shall, upon the direction of the Owners of not less than a majority in principal amount of Outstanding Bonds, take all action necessary to recover the proceeds of a Taking, including settling any claims with a taking authority; and any such proceeds recovered or any proceeds previously recovered but not yet disbursed for restoration shall be paid into the Redemption Fund to be applied toward the redemption of the Bonds in accordance with the special redemption provisions hereof. The Borrower irrevocably assigns such proceeds to the Trustee and irrevocably appoints the Trustee attorney-in-fact (with full power of substitution and revocation), which shall be deemed to be coupled with an interest, to take all action necessary to recover such proceeds and to settle such claims and collect and endorse any checks payable to the Borrower. The Trustee shall give notice to the Borrower of the amount of the proceeds of any eminent domain award so obtained.

(g) In the event of foreclosure of the mortgage hereunder and the transfer of title to the Mortgaged Property to a third-party purchaser, all right, title and interest of the Borrower in and to such Taking awards shall pass to the Trustee and the Trustee shall have the right, being hereby constituted and appointed the true and lawful irrevocable attorney in fact of the Borrower

(with full power of substitution and revocation), to surrender up the Taking awards and to collect any amounts due thereunder or, at its option, to transfer its right, title and interest in and to said Taking awards and the proceeds thereof to any purchaser of the Mortgaged Property, without obligation to account therefor to any person claiming title to the Mortgaged Property.

Section 410. Additions and Alterations. The Borrower may erect additional buildings on the premises described in the attached Schedule A and may alter, remodel or improve the Mortgaged Property, provided that such alteration or remodeling shall not damage the basic structure thereof or decrease its value and provided further that any additional building and any alteration or remodeling costing in excess of two hundred fifty thousand dollars (\$250,000) in a given Fiscal Year shall require the approval of the Majority Bondowner, if any. In addition, by filing a certificate of compliance with this section with the Trustee, the Borrower may demolish buildings and structures if such demolition will not materially impair the operations of the Borrower (as determined by the Borrower with the approval of the Majority Bondowner, if any) in order to clear land for new buildings and structures. Such new buildings, improvements, alterations or remodeling shall be deemed a part of the Mortgaged Property and shall be subject to the lien hereof, but the cost thereof shall be paid by the Borrower. The Borrower shall not take or permit any action which would cause the Mortgaged Property or a sale thereof under Subsection 602(c) to violate zoning or other land use regulations.

Section 411. Right of Access to the Mortgaged Property. The Issuer, the Trustee and any Bondowner owning ten percent or more in aggregate principal amount of the Outstanding Bonds and their respective duly authorized agents shall have the right at all reasonable times to enter upon the Mortgaged Property for the purpose of inspection or to carry out their powers hereunder. Unless there is an Event of Default hereunder, the Issuer, the Trustee, or any such Bondowner shall give at least two (2) Business Days' notice to the Borrower before entering upon the premises pursuant to this section except that, in case of emergency as determined by the Issuer, the Trustee, or any such Bondowner as the case may be, such party may enter on lesser notice or give the notice promptly after rather than before such entry.

Section 412. Indemnification and the Bondowners. (a) The Borrower, regardless of the covenants referred to in Sections 406 and 407 of this Agreement, shall indemnify and save harmless the Issuer, the Trustee and the Bondowners and their respective elected officials, directors, officers, employees and agents from and against (i) any and all claims by or on behalf of any person arising out of (A) any condition of the Project or the Mortgaged Property, or (B) the construction, reconstruction, improvement, use, occupancy, conduct or management of the Project or the Mortgaged Property or any work or anything whatsoever done or omitted to be done in or about the Project or the Mortgaged Property, or (C) any accident, injury or damage whatsoever to any person occurring in or about the Project or the Mortgaged Property, or (D) any breach or default by the Borrower of or in any of its obligations hereunder or under the Placement Agreement, or (E) any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees, or (F) the offering, issuance, sale or any resale of the Bonds, but only to the extent permitted by law, and (ii) any and all costs, counsel fees, expenses or liabilities reasonably incurred in connection with any such claim or any action or proceeding brought thereon. In case any action or proceeding is brought against the Issuer, the Trustee or any Bondowner or any such elected official, director, officer, employee or agent by reason of any such claim, the Borrower upon notice from the affected party shall resist or defend

such action or proceeding. Subject to the foregoing, the Issuer, the Trustee and the Bondowners shall cooperate and join with the Borrower, at the expense of the Borrower, as may be required in connection with any action taken or defended by the Borrower.

(b) The Borrower also agrees to indemnify the Trustee, and to hold the Trustee harmless against any loss, claim or liability (including all costs, expenses and reasonable counsel fees incurred in defense thereof) incurred without negligence or willful misconduct on the Trustee's part, arising out of or in connection with the acceptance or administration of the trust under this Agreement or in connection with the exercise or performance of any of its powers or duties hereunder.

(c) The Borrower shall, to the extent permitted by law, indemnify, defend, and hold harmless the Issuer, the Trustee and the Bondowners and beneficial owners (and trustees thereof) and former Bondowners and beneficial owners, their elected officials, directors, officers, shareholders, employees and agents, and their respective heirs, successors, personal representatives, and assigns, from and against any and all suits, actions, legal or administrative proceedings, claims, demands, damages, losses, costs, liabilities, interest, expenses, and reasonable attorneys' fees (including any such expenses and attorneys' fees incurred in enforcing this indemnity) resulting from or in any way connected with the presence of, in or under the Mortgaged Property of any hazardous substances (as defined by CERCLA, hazardous wastes (as defined by the Resource Conservation and Recovery Act (RCRA), as now in effect or as hereafter from time to time amended), oils, radioactive materials, friable asbestos, or any pollutant or contaminant or hazardous, dangerous or toxic chemicals, materials or substances within the meaning of any other applicable federal, state or local law, regulation, ordinance or requirement relating to or imposing liability or standards of conduct concerning any hazardous, toxic, or dangerous waste, substance or materials, all as now in effect or hereafter from time to time amended (all of the foregoing substances and materials being referred to collectively herein as "Hazardous Material").

(d) The Borrower hereby agrees at all times to protect and hold the Issuer its respective officers, elected officials and agents harmless and indemnified from and against all claims for losses, damages or injuries to others, including death, personal injury and property damage or loss, arising during the term hereof or during any other period arising out of the acquisition, construction, installment and equipping of the Facility; and the Issuer shall not be liable for any loss, damage or injury to the person or property of the Borrower or its agents, servants or employees or any other person who or which may be upon the Facility or damaged or injured as a result of any condition existing or activity occurring upon the Facility or any other matter connected directly or indirectly therewith due to any act or negligence of any person, excepting only willful misconduct of the Issuer, its officers, agents, members or employees. The indemnity provided for in this Section shall be effective only to the extent that any loss sustained by the Issuer or bank or their respective officers, members, elected officials, shareholders, employees and agents shall be in excess of the net proceeds actually recovered and received by the Issuer from any insurance carried with respect to the loss sustained.

(e) The Borrower hereby indemnifies, holds harmless and defends the Issuer and its officers, elected officials, directors, officials and employees against all losses, costs, damages, expenses, suits, judgments, actions and liabilities of whatever nature (including but not limited to

reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) directly or indirectly resulting from or arising out of or related to: (i) the design, construction, installation, operation, use, occupancy, maintenance or ownership of the Facility (including compliance with laws, ordinances and rules and regulations of public authorities relating thereto); or (ii) any statements or representations with respect to the Borrower, the Facility, this Agreement, the Bonds, or any other documents or instruments delivered at or in connection with the closing held on the Closing Date (including any statements or representations made in connection with the offer or sale thereof) made or given to the Issuer by the Borrower or any of its agents or employees, including, but not limited to, statements or representations of facts or financial information. The Borrower also will pay and discharge and indemnify and hold harmless the Issuer from (x) any lien or charge upon payments by the Borrower to the Issuer under this Agreement and/or the Bonds and (y) any taxes (including, without limitation, any *ad valorem* taxes and sales taxes, assessments, impositions and other charges in respect of any portion of the Facility). If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges are sought to be imposed, the Issuer will give prompt notice to the Borrower, and the Borrower will have the sole right and duty to assume, and will assume, the defense thereof, with full power to litigate, compromise or settle the same in its reasonable discretion. The Borrower's obligations, liabilities and duties hereunder shall not be diminished or altered (i) by reason of the assumption of any defense required hereby or (ii) by the outcome of any proceeding, investigation or litigation with respect to any matters described in this Section.

(f) If the indemnification provided herein is for any reason determined to be unavailable to the Issuer, then, with respect to any such loss, claim, demand or liability, including expenses in connection therewith, the Issuer shall be entitled as a matter of right to contribution by the Borrower. The amount of such contribution shall be in such proportion as is appropriate to reflect relative culpability of the parties.

(g) The Borrower hereby expressly acknowledges that the Issuer is a conduit issuer and that all of the right, title and interest of the Issuer in and to this Agreement (other than certain reserved rights), but not the obligations of the Issuer, are to be assigned to the Trustee, naming the Trustee its true and lawful attorney for and in its name to enforce the terms and conditions of this Agreement.

(h) The Borrower covenants and agrees that it shall neither sue the Issuer, or any of its elected officials, officers, agents or employees, past, present or future, for any claim, loss, demand, action or non-action based upon the financing contemplated hereby, nor ever raise as a defense in any proceedings whatsoever that the Issuer is the true party in interest. Notwithstanding the provisions of the foregoing sentence, the Borrower shall be entitled to (i) bring an action of specific performance against the Issuer to compel any action required to be taken by the Issuer hereunder or an action to enjoin the Issuer from performing any action prohibited hereunder or under any other documents, by this Agreement or any other agreement executed and delivered in connection with the issuance of the Bonds, but no such action shall in any way impose pecuniary liability upon the Issuer or any of its elected officials, officers, agents or employees, and (ii) join the Issuer in any litigation if such joinder is necessary to pursue any of the Borrower's rights, provided that, prior to such joinder, the Borrower shall post such

security as the Issuer may reasonably require to protect further the Issuer from loss with respect thereto.

ARTICLE V

ADDITIONAL BORROWING

Section 501. Additional Bonds.

(a) Subject to the bondholder consent requirement set forth at Section 503 hereof, the Issuer may issue Additional Bonds on a parity with the lien of the initial Bonds on Gross Receipts, the Revenues and the Mortgaged Property (i) to complete the Project, (ii) to refund Bonds previously issued hereunder or (iii) to finance or refinance any other project or projects of the Borrower permitted under the Act, provided that the additional project is located or to be located on the Mortgaged Property.

(b) Prior to the delivery of the Additional Bonds, the Borrower, the Issuer and the Trustee shall enter into a supplemental agreement providing for the details of the Additional Bonds, including the application of the proceeds thereof substantially in accordance with the provisions hereof relating to the initial Bonds. The supplemental agreement shall require payments by the Borrower at such times and in such manner as shall be necessary to provide for full payment of the debt service on the Additional Bonds as it becomes due.

(c) No Additional Bonds shall be delivered by the Trustee (except to refund Bonds) unless:

(i) no Default or Event of Default shall have occurred and be continuing;

(ii) the conditions for the incurrence of Additional Parity Indebtedness set forth in Section 503 are satisfied;

(iii) there shall have been filed with the Trustee a certificate of an architect, if any, setting forth (A) the estimated cost of the project being financed or refinanced with the proceeds of the Additional Bonds; (B) the estimated amounts which will be required from month to month for paying such cost; and (C) the estimated date of completion of such project;

(iv) there shall have been delivered to the Trustee an Opinion or Opinions of Counsel in form and substance satisfactory to the Trustee, to the effect that (A) the Additional Bonds have been duly issued for a permitted purpose under this Article V, (B) all consents or approvals required to be obtained from any governmental authority for the issuance of the Additional Bonds have been obtained, (C) the issuance of the Additional Bonds and execution and delivery of related documents will not constitute a breach or default on the part of the Borrower under its articles of incorporation or by-laws, or on the part of the Issuer or the Borrower under any applicable laws or regulations, court orders or rulings of governmental authorities to which the Issuer or the Borrower is subject or any agreements to which the Issuer or the Borrower is a party or to which their

properties are subject, (D) there is no litigation or proceeding pending, or to the knowledge of such Counsel threatened, against or affecting Borrower in any court or before or by an governmental authority, board or tribunal, and (E) all conditions precedent to the issuance of the Additional Bonds pursuant to this Agreement have been satisfied;

(v) there shall have been delivered to the Trustee an Opinion of Bond Counsel in form and substance satisfactory to the Trustee to the effect that the issuance of the Additional Bonds will not adversely affect the exclusion from gross income of the owners of any Outstanding Bonds of the interest on such Outstanding Bonds for federal income tax purposes; and

(vi) the requirements of Section 1012 relating to Capital Additions are satisfied.

(d) Notwithstanding the provisions of Subsection 501(c), the Trustee may deliver Additional Bonds to complete the Project if the requirements of Subsection 501(c) are waived by the Owners of more than 50% in principal amount of Bonds then Outstanding.

Section 502. Alternative Indebtedness.

(a) The Borrower may incur Alternative Indebtedness to finance or refinance any Capital Addition of the Borrower only upon the fulfillment of the following conditions:

(i) no Default or Event of Default shall have occurred and be continuing;

(ii) the conditions for the incurrence of Additional Parity Indebtedness set forth in Section 503 are satisfied;

(iii) the Borrower and the Alternative Indebtedness lender or lenders (the "Alternative Lender") shall have entered into a written agreement satisfactory to the Owners of more than 50% in principal amount of Bonds then Outstanding and an executed counterpart of such agreement shall have been delivered to the Issuer and the Trustee;

(iv) there shall have been filed with the Trustee:

(A) An Opinion of Bond Counsel that the agreement between the Borrower and the Alternative Lender and any supplement to this Agreement in connection therewith are permitted by this Agreement and that the creation of security interests in the Mortgaged Property and/or Gross Receipts of the Borrower for the benefit of the holders of Alternative Indebtedness is permitted by law and will not materially adversely affect (other than as implicit in the authorization of parity debt) the rights of the Bondowners to realize upon their share of the security interests in the Mortgaged Property and/or Gross Receipts of the Borrower;

(B) A certificate of an architect, if any, acceptable to the Owners of more than 50% in principal amount of Bonds then Outstanding containing (1) the estimated costs of the project to be financed or refinanced with the proceeds of the Alternative Indebtedness, (2) the estimated amounts which will be required from month to month for paying such cost, (3) the estimated date of completion of the project, and (4) a statement that, in his or her opinion, the proceeds of the Alternative Indebtedness together with other available moneys, as represented by the Borrower, are not less than the total cost of the project. Where the project or a portion of the project is one for which plans and specifications have not been prepared by an architect, or with the consent of the Owners of more than 50% in principal amount of Bonds then Outstanding, a certificate of an Authorized Officer of the Borrower setting forth all or any portion of the information required by this clause (B) may be substituted for the corresponding information required from an architect;

(v) Section 311 shall have been amended to provide that the lien on the Gross Receipts of the Borrower secures the obligation of the Borrower to make payments of principal of and interest on the Alternative Indebtedness in addition to the payments and obligations described in Subsection 311(d).

(b) In addition to the Mortgaged Property and/or Gross Receipts of the Borrower, Alternative Indebtedness may be secured by a junior pledge, lien, mortgage, security interest or other encumbrance on any tangible or intangible property of the Borrower other than money or other property on deposit in the Rebate Fund, Expense Fund, Debt Service Fund, Debt Service Reserve Fund, Replacement Reserve Fund or Redemption Fund maintained under this Agreement.

(c) Unless waived in writing by the Owners of more than 50% in principal amount of Bonds then Outstanding, the agreement between the Borrower and the Alternative Lender shall contain the following provisions:

(i) Any pledge, lien, mortgage, security interest or other encumbrance on any tangible or intangible property of the Borrower granted to secure Alternative Indebtedness shall be extended also to secure the obligations of the Borrower under this Agreement equally and ratably with such Alternative Indebtedness;

(ii) Payments by the Borrower shall be required at such times and in such manner as shall be necessary to provide for full payment of the debt service on the Alternative Indebtedness as it becomes due in substantially equal annual amounts of principal or in substantially equal annual amounts of principal and interest combined and to provide for payment of any other cost in connection therewith;

(iii) The Alternative Lender and the trustee, if any, appointed to administer the Alternative Indebtedness (the "Alternative Indebtedness Trustee") shall notify the Issuer, the Trustee, the Borrower and each owner of ten percent (10%) in aggregate principal amount of the Outstanding Bonds of any default in a payment by the Borrower with

respect to debt service on the Alternative Indebtedness immediately upon becoming aware of such default; and

(iv) The documents providing for the repayment of and security for such Alternative Indebtedness shall provide that: (A) an Event of Default hereunder shall constitute a default thereunder, and (B) upon the occurrence of a default in respect of such Alternative Indebtedness, all Gross Receipts shall be paid over to and collected by the Trustee for pro rata application to such Alternative Indebtedness and the Borrower's obligations hereunder; in connection with any such Alternative Indebtedness, the Trustee and the Alternative Lender shall enter into an intercreditor agreement providing for the aforesaid collection and application of the Gross Receipts by the Trustee and the Alternative Lender upon the occurrence of an Event of Default.

(d) The parties hereto may enter into a supplemental agreement amending this Agreement pursuant to Section 1102 to provide for the incurring of Alternative Indebtedness by the Borrower in accordance with the provisions of this section. Such supplemental agreement may provide, among other things, for notices from the holders of Alternative Indebtedness or from the Alternative Indebtedness Trustee to the Trustee regarding defaults by the Borrower, the duties and limitations of duties of the Trustee to pursue remedies upon the receipt of such notice, and the sharing of the rights of the Bondowners to control the exercise of remedies with the holders of Alternative Indebtedness.

Section 503. Conditions for Incurrence of Additional Parity Indebtedness.

The Borrower may incur Additional Bonds or Alternative Indebtedness (collectively "Additional Parity Indebtedness") (A) only with the prior written consent of the Owners of more than 50% in principal amount of Bonds then Outstanding or (B) if the aggregate principal amount of the Additional Bonds is not greater than \$2,000,000 and, after giving effect to the issuance of such Additional Bonds, the Historical Pro Forma Debt Service Coverage Ratios for the two most recently completed Fiscal Years and for the most recent year to date period for which financial statements are available is not reduced by more than 5% from the actual Debt Service Coverage Ratios for such periods, provided that the Historical Pro Forma Debt Service Coverage Ratios for such periods shall at least equal the Debt Service Coverage Ratio Requirement. The Historical Pro Forma Debt Service Coverage Ratios and the Debt Service Coverage Ratios described in clause (B) of this paragraph shall be established by a certificate of the Borrower filed with the Trustee and reasonably acceptable to the Majority Bondowner, if any.

Section 504. Other Additional Indebtedness.

In addition to Additional Parity Indebtedness, the Borrower may incur other Additional Indebtedness consisting of one or more of the following:

(a) Long Term Indebtedness not on a parity with the Bonds provided the conditions for the incurrence of Additional Parity Indebtedness set forth in Section 503 are satisfied.

(b) Short Term Indebtedness; provided that (a) prior to the incurrence thereof, the Trustee shall be furnished with a Certified Public Accountant's Certificate demonstrating that the principal amount of such Short Term Indebtedness to be incurred, when added to the then outstanding principal amount of such Short Term Indebtedness and to the amount of accounts receivable sold in such Fiscal Year pursuant to Section 1010(c) hereof, shall not exceed sixty (60) days' accounts receivable (or more with the consent of the Majority Bondowner, if any; provided, however, that if no Majority Bondowner exists, such amount shall not exceed 120 days' accounts receivable) and that such Short Term Indebtedness is not more than five percent (5%) of the net revenues of the Borrower for the prior Fiscal Year; and provided further that (b)(i) the Borrower, the Manager and, if requested by the Majority Bondowner, if any, a Consultant, have certified that such Short Term Indebtedness has been incurred as a result of and to finance working capital needs caused by the failure of the third-party payor to make payments due to the Borrower on a timely basis consistent with past practice and (ii) based on similar certifications, such Short Term Indebtedness is paid in full once the third-party payor has resumed making payments due to the Borrower on a timely basis consistent with past practice. The proceeds of any Short Term Indebtedness shall be deposited in the Deposit-Only Account and shall be subject to the lien of the Agreement.

(c) Additional Indebtedness to acquire or lease furniture, fixtures, equipment and vehicles, provided that the total amount of such Indebtedness outstanding in any given Fiscal Year of the Borrower shall not exceed five per cent (5%) of the Borrower's net revenues for the prior Fiscal Year and any lien is limited as provided in Section 1010(b)(vi).

(d) Notwithstanding anything in Subsection 504(b) hereof to the contrary, Indebtedness incurred or deemed incurred by virtue of any recourse obligation associated with any sale or assignment of accounts receivable pursuant to Section 1010.

(e) Indebtedness represented by a letter of credit reimbursement agreement or other similar reimbursement agreement entered into by the Borrower with the financial institution providing a letter of credit or other credit facility with respect to any other Indebtedness incurred in compliance with section 503.

Section 505. Debt Service on Balloon Indebtedness.

For the purpose of computations of maximum Total Principal and Interest Requirements and the Debt Service Coverage Ratio, the principal and interest deemed to be payable on Balloon Indebtedness shall be determined in the same manner as is applicable to all other Indebtedness unless the Borrower shall deliver to the Trustee a Certified Public Accountant's Certificate which sets forth the estimated Total Principal and Interest Requirements on Long Term Indebtedness, other than Balloon Indebtedness, which is then reasonably available to the Borrower, in an amount equal to the principal amount of the Balloon Indebtedness and amortized over a period equal to the lesser of 20 years or the term to maturity of the Balloon Indebtedness. If such a Certified Public Accountant's certificate is issued, the maximum Total Principal and Interest Requirements on the Balloon Indebtedness for each Fiscal Year shall be deemed to be equal to the amount shown in the Certified Public Accountant's certificate for such Fiscal Year (or, if higher for any Fiscal Year other than the balloon payment year, the actual debt service

requirements). However, a Certified Public Accountant's certificate may not be issued pursuant to this Section 505 within 18 months of the commencement of a balloon payment year.

ARTICLE VI

DEFAULT AND REMEDIES

Section 601. Default by the Borrower.

(a) Events of Default; Default. "Event of Default" in this Agreement means any one of the events set forth below and "default" means any Event of Default without regard to any lapse of time or notice.

(i) Failure to pay when due and payable any installment of interest or principal on the indebtedness evidenced hereby, including without limitation the Borrower's payment obligations under Subsections 311(a) and (c) hereof, or in the payment of any other sum which is payable under this Agreement, as and when the same shall become due and payable; or

(ii) If any warranty, representation, certification, financial statement or other information made or furnished to induce the Issuer to issue the Bonds or to loan the proceeds thereof to the Borrower or made or furnished, at any time, in or pursuant to the terms of any loan document entered into by the Borrower, in connection with such issuance of Bonds and loan of the proceeds thereof, shall have been false or misleading in any material respect when made; or

(iii) The Borrower shall have applied for or consented to the appointment of a receiver, trustee or liquidator of all or a substantial part of its assets; admitted in writing the inability to pay its debts as they mature; made a general assignment for the benefit of creditors; been the subject of an order for relief under the federal Bankruptcy Code, or been adjudicated a bankrupt, or filed a petition or an answer seeking reorganization, liquidation or an arrangement with creditors or taken advantage of any insolvency law, or submitted an answer admitting the material allegations of a petition in bankruptcy, reorganization, liquidation or insolvency proceeding; or an order, judgment or decree shall have been entered, without the application, approval or consent of the Borrower, by any court of competent jurisdiction approving a petition seeking reorganization of the Borrower or appointing a receiver, trustee or liquidator of a substantial part of its assets and such order, judgment or decree shall continue unstayed and in effect for any period of sixty (60) consecutive days; or filed a voluntary petition in bankruptcy or failed to remove an involuntary petition in bankruptcy filed against it within sixty (60) days of the filing thereof; or

(iv) A default by the Borrower (after the lapse of any applicable grace period) in (A) the payment of any other obligation it may now or hereafter have for the repayment of any Indebtedness in excess of \$250,000, or (B) the performance of any other agreement, term or condition contained in any agreement under which any Indebtedness in excess of \$250,000 is created if the effect of such default is to cause, or

permit the holder or holders of such Indebtedness or such obligation (or a trustee on behalf of such holder or holders) to cause such obligation to become due prior to its stated maturity (as used in this paragraph Indebtedness in excess of \$250,000 shall not include accounts payable and other similar items arising in the normal course of business and shall not include Subordinated Payables the payment of which, under the terms of the Subordination Agreement, may be properly deferred by the Borrower); or

(v) The failure to maintain in full force and effect all material licenses for the Facility for a period of sixty (60) days after notice of such failure has been received by the Borrower; or

(vi) If a final judgment for an amount in excess of \$250,000 shall be outstanding for any period of ten (10) days or more from the date of its entry and such judgment shall not have been discharged in full or stayed pending appeal; or

(vii) Failure to insure and pay all applicable real estate taxes on the Mortgage Property; or

(viii) If any participation, provider or reimbursement agreement in effect for the benefit of the Borrower in connection with the operation of the Facility and material in an amount relating to any right of payment or other claim arising out of or in connection with the Borrower's participation in any governmental third party payor program shall be terminated prior to the expiration of the term thereof or shall not be renewed or extended upon the expiration of the stated term thereof; or

(ix) If a final unappealable determination is made by the applicable governmental authority that the Borrower shall have failed to comply with applicable governmental payor program regulations in the operation of the Facility, as a result of which failure the Borrower is declared ineligible to receive reimbursements under the applicable governmental payor program; or

(x) A violation by the Borrower of Sections 1006, 1007, 1008, 1009, 1010, 1011 or 1013 hereof; or

(xi) Any sale, assignment, lease, mortgage or any other transfer of any material portion of the Mortgaged Property or the Gross Receipts by the Borrower, other than as permitted by this Agreement, whether voluntarily or by operation of law, including, without limitation, through foreclosure; or

(xii) Other than as permitted by this Agreement, an abandonment by the Borrower of any portion of the Facility or failure by the Borrower to continuously operate any portion of the Facility necessary for the operation of the Facility as currently licensed; or

(xiii) Application of funds in the Debt Service Reserve Fund by the Trustee to pay amounts due on the Bonds or under any other financing document associated therewith.

(b) Notice to Trustee of Default. The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any Default or Event of Default hereunder, except Events of Default under Section 601(a)(i) above, unless the Trustee shall be specifically notified in writing of the Default or Event of Default by the Borrower or by the Owners of at least ten percent (10%) in aggregate principal amount of the Outstanding Bonds. In the absence of such notice to the Trustee, the Trustee may assume conclusively that there is no Default or Event of Default except as provided in the previous sentence.

(c) Waiver. Subject to Section 607, if the Trustee determines that a default has been cured before the entry of any final judgment or decree with respect to it, the Trustee may waive the default and its consequences, including any acceleration, upon written approval of the owners of at least a majority in principal amount of the Outstanding Bonds.

Section 602. Remedies for Events of Default. If an Event of Default occurs and is continuing:

(a) Acceleration. The Trustee may, or at the direction of the Owners of at least a majority in aggregate principal amount of the Bonds Outstanding shall, by written notice to the Borrower and the Issuer declare immediately due and payable the principal amount of the Outstanding Bonds and/or the payments to be made by the Borrower therefor, and accrued interest on the foregoing, whereupon the same shall become immediately due and payable without any further action or notice.

(b) Entry. The Trustee may at any time enter the Mortgaged Property, may take complete and peaceful possession of the Mortgaged Property, in whole or in part, with or without process of law, and may dispossess the Borrower therefrom, and the Borrower covenants that in any such event it will peacefully and quietly yield up and surrender the Mortgaged Property. The Trustee may operate and manage the property either directly or through its agents, receivers or other similar officials; exercise all of the powers and privileges and remedies of the Borrower with respect thereto, either in the name of the Borrower or otherwise; receive all rents, profits, revenues and other income of the Mortgaged Property; and make such repairs or alterations in or to the Mortgaged Property as it may deem necessary to place and maintain the same in good order and condition. Before making such entry, the Trustee shall give at least two (2) days' notice to the Borrower, except that, in case entry on lesser notice or without notice is necessary to preserve such property from damage, destruction, deterioration or unauthorized removal, as reasonably determined by the Trustee, the Trustee may make such entry on lesser notice or give the notice promptly after rather than before the entry. Entry under this subsection shall not operate to release the Borrower from any sums to be paid or other obligations under this Agreement. Any such entry shall not cause the Trustee to become so-called mortgagee in possession unless the Trustee declares itself so to be.

(c) Foreclosure. (i) The Trustee, in any action to foreclose the mortgage granted hereunder, and in addition to all other rights and remedies available to the Trustee, shall be entitled to the appointment of a receiver of the rents, issues and profits of the Mortgaged Property as a matter of right and without notice, with power to collect the rents, issues and profits of the Mortgaged Property, due and becoming due during the pendency of such foreclosure suit, such rents, issues and profits being hereby expressly

assigned and pledged as additional security for the payment of the Outstanding Bonds without regard to the value of the Mortgaged Property or the solvency of any person or persons liable for the payment of the Outstanding Bonds, and regardless of whether the Trustee has an adequate remedy at law. The Borrower for itself and any subsequent owner of the Mortgaged Property hereby waives any and all defenses to the application for a receiver, as above provided, and hereby specifically consents to such appointment without notice, except any notice required by law, but nothing herein contained is to be construed to deprive the Trustee of any other right, remedy or privilege the Trustee may have under the law to have a receiver appointed.

(ii) In case of foreclosure of this Mortgage in any court of law or equity whether or not any order or decree shall have been entered therein, and to the extent permitted by law, a reasonable sum shall be allowed for stenographers' fees and for all moneys expended for documentary evidence and the cost of a complete abstract of title and title report for the purpose of such foreclosure, such sums to be secured by the lien of the mortgage granted hereunder, and, to the extent permitted by law, there shall be included in any judgment or decree foreclosing the mortgage granted hereunder and paid out of said rents, issues and profits from the Mortgaged Property and the proceeds of any sale made in pursuance of any such judgment or decree: (A) all costs and expenses of such suit or suits, appraisals, advertising, sale and conveyance, including stenographers' fees, outlays for documentary evidence and the cost of said abstract, examination of title and title report; (B) reasonable fees of legal counsel to the Trustee, but only as permitted by law; (C) all moneys advanced by the Trustee, if any, for any purposes authorized in this Agreement, with interest as herein provided; (D) all the accrued interest remaining unpaid on the Outstanding Bonds; and (E) all the principal of the Outstanding Bonds. The surplus of the proceeds, if any, shall be paid to the Borrower promptly after request by the Borrower, or as the court may direct.

(iii) In case of any foreclosure sale of the Mortgaged Property, the same may be sold in one or more parcels and at one time or from time to time.

(d) Rights as a Secured Party. The Trustee may exercise all of the rights and remedies of a secured party under the UCC with respect to that portion of the Mortgaged Property pledged hereunder which is or may be treated as collateral under the UCC. The Trustee may deal with such property as collateral under the UCC or as provided in Subsection 602(c) or in part the one and in part the other. Notice of any public sale of such collateral under the UCC shall be given in the same manner as is provided in Subsection 602(c). Notice sent by registered or certified mail, postage prepaid, or delivered during business hours, to the Borrower at least seven (7) days before an event under UCC Section 9-504(3) or any successor provision of law shall constitute reasonable notification of such event. To the extent permitted by law, the Trustee may treat all or any portion or portions of the Mortgaged Property as personal property and may remove the same for the purposes of exercising its rights and remedies hereunder. Before any such removal of Mortgaged Property which has not been sold pursuant to a power of sale, the Trustee shall give at least ten (10) days' notice to the Borrower, except that, in case removal on lesser notice or without notice is necessary to preserve such property from damage, destruction, deterioration or unauthorized removal, as reasonably determined by the Trustee, the

Trustee may remove such property on lesser notice or give the notice promptly after rather than before the removal.

(e) Rights as to Gross Receipts. Upon acceleration of the Series 2007 Bonds, the Trustee may exercise all of the rights and remedies of a secured party, under the UCC or otherwise, with respect to the lien on Gross Receipts created by Subsection 311(d). Without limiting the generality of the foregoing, to the extent permitted by law, the Trustee may realize upon such lien by any one or more of the following actions: (i) enter the Mortgaged Property and take possession of copies of the financial books and records of the Borrower relating to the Gross Receipts and of all checks or other orders for payment of money and cash in the possession of the Borrower representing Gross Receipts or proceeds thereof; (ii) notify account debtors obligated on any Gross Receipts to make payment directly to the order of the Trustee; (iii) collect, compromise, settle, compound or extend Gross Receipts which are in the form of accounts receivable or contract rights from the Borrower's account debtors by suit or other means and give a full acquittance therefore and receipt therefor in the name of the Borrower, whether or not the full amount of any such account receivable or contract right owing shall be paid to the Trustee; (iv) require the Borrower to deposit all cash, money and checks or other orders for the payment of money which represent Gross Receipts within five (5) Business Days after receipt of written notice of such requirement, and thereafter as received, into a fund or account to be established for such purpose by the Trustee, provided, however, that the requirement to make such deposits shall cease, and the balance of such fund or account shall be paid to the Borrower, when all Events of Default have been cured; (v) forbid the Borrower to extend, compromise, compound or settle any accounts receivable or contract rights which represent Gross Receipts, or release, wholly or partly, any person liable for the payment thereof (except upon receipt of the full amount due) or allow any credit or discount thereon; and (vi) endorse in the name of the Borrower any checks or other orders for the payment of money representing Gross Receipts or the proceeds thereof. This paragraph is subject to applicable federal and state law prohibiting the assignment of governmental payor program accounts receivable.

(f) Exercise of Remedies. The Trustee may exercise the remedies set forth in Subsections 602(b) through 602(e) hereof whether or not the Trustee has accelerated the Bonds pursuant to Subsection 602(a) hereof.

Section 603. Court Proceedings.

(a) The Trustee may enforce the obligations of the Borrower under this Agreement by legal proceedings for the specific performance of any covenant, obligation or agreement contained herein, whether or not any breach has become an Event of Default, or for the enforcement of any other appropriate legal or equitable remedy, and may recover damages caused by any breach by the Borrower of the provisions of this Agreement, including (to the extent this Agreement may lawfully provide) court costs, reasonable attorneys' fees and other costs and expenses incurred in enforcing the obligations of the Borrower hereunder. The Issuer may likewise enforce obligations to it hereunder which it has not assigned to the Trustee.

(b) The Trustee is hereby authorized and directed, on behalf of the Bondowners, to file a proof or proofs of claim in any bankruptcy, receivership or other insolvency proceedings

involving the Borrower. With respect to any matter in any such proceeding which requires the vote of any claimant, the Trustee is hereby authorized and directed to vote on behalf and in the name of the owners of all Outstanding Bonds in the manner designated by the owners of a majority in principal amount of the Outstanding Bonds.

Section 604. Revenues after Default. The proceeds from operation or sale under Subsection 602(c) (including any proceeds of insurance or eminent domain) of all or any part of the Mortgaged Property and the proceeds from the exercise of the rights and remedies of the Trustee under Subsection 602(e) with respect to the lien on Gross Receipts shall, after payment or reimbursement of the reasonable expenses of the Trustee, the Bondowners and the Issuer in connection therewith (including without limitation the expenses of insurance, ordinary or extraordinary repairs or alterations deemed advisable by the Trustee, and taxes or other charges on the Mortgaged Property which the Trustee may deem it advisable to pay, and reserves for the foregoing to the extent deemed necessary by the Trustee), be applied, after payment of all charges and disbursements of the Trustee in accordance with this Agreement and payments of all amounts due to the Issuer for its own account under this Agreement first to Operating Expenses and then to the remaining obligations of the Borrower hereunder in such order as may be determined by the Trustee. Any surplus thereof shall be paid to the Borrower.

Section 605. Trustee May Perform Obligations. If the Borrower fails to observe or perform any covenant, condition, agreement or provision contained in this Agreement with respect to the Mortgaged Property (including, without limitation, the insurance, maintenance or repair of the Mortgaged Property and the payment of taxes or other governmental charges thereon), whether or not there is an Event of Default hereunder, the Trustee may perform such covenant, condition, agreement or provision in its own name or in the Borrower's name, and is hereby irrevocably appointed the Borrower's attorney-in-fact for such purpose. The Trustee shall give at least seven (7) days' notice to the Borrower before taking action under this section, except that in the case of emergency as reasonably determined by the Trustee, the Trustee may act on lesser notice or give the notice promptly after rather than before taking the action. The reasonable cost of any such action by the Trustee shall be paid or reimbursed by the Borrower pursuant to Subsection 311(f). The Borrower shall have no cause of action against the Trustee or any Bondowners for exercising or failing to exercise any remedial right granted hereunder.

Section 606. Remedies Cumulative. The rights and remedies under this Agreement shall be cumulative and shall not exclude any other rights and remedies allowed by law, provided there is no duplication of recovery. The failure to insist upon a strict performance of any of the obligations of the Borrower or of the Issuer or to exercise any remedy for any violation thereof shall not be taken as a waiver for the future of the right to insist upon strict performance or of the right to exercise any remedy for the violation.

Section 607. Bondowners May Direct Proceedings. The Voting Majority Bondholders shall have the right, after furnishing indemnity for costs and liabilities arising therefrom reasonably satisfactory to the Trustee, to direct the method and place of conducting all remedial proceedings by the Trustee under this Agreement; provided, that such direction shall not be in conflict with any rule of law or with this Agreement. Without limiting the foregoing, any such remedial proceeding may include forbearance or non-action on the part of the Trustee, the acceptance by the Trustee, as mortgagee under the Mortgage, of a deed in lieu of foreclosure,

“bidding - in” the debt represented by the Bonds at any foreclosure, the sale of all or a part of the Mortgaged Property free and clear of the lien of the Agreement for an amount less than amounts due with respect to the Bonds and the waiver of claims or the granting of a covenant not to sue.

Section 608. Annulment of Acceleration. If, after the principal of the Bonds has been declared to be due and payable, the owners of a majority in aggregate principal amount of all Bonds Outstanding, by written notice to the Issuer and Trustee, may annul such declaration and its consequences, and such annulment shall be binding upon the Trustee and upon all owners of Bonds issued hereunder. No such annulment shall extend to or affect any subsequent default or impair any right or remedy consequent thereon.

Section 609. Discontinuance of Proceedings by Trustee. If any proceeding commenced by the Trustee on account of any Event of Default is discontinued or is determined adversely to the Trustee, the Issuer, the Trustee and the Bondowners shall be restored to their former positions and rights hereunder as though no such proceedings had been commenced.

Section 610. Trustee May Enforce Rights Without Possession of Bonds. All rights under this Agreement and the Bonds may be enforced by the Trustee without the possession of any Bonds or the production thereof at the trial or other proceedings relative thereto, and any proceeding instituted by the Trustee shall be brought in its name for the ratable benefit of the Bondowners.

Section 611. Application of Money in Acceleration. (a) Following an acceleration by the Trustee pursuant to Section 602(a) (unless such acceleration has been annulled), any moneys received by the Trustee under this Article VI, and all moneys on deposit in the funds held by the Trustee (excluding the Rebate Fund) to be applied pursuant to this Section, shall, subject to the provisions of any intercreditor agreement entered into pursuant to Section 502, be applied in the following order:

(i) To the payment of the reasonable costs of the Issuer and the Trustee, including reasonable counsel fees, any disbursements of the Trustee, and to the payment of the Trustee’s reasonable compensation.

(ii) To make any payments necessary to implement the rights and remedies available to the Trustee under the Agreement.

(iii) To the payment of the costs and expenses of the operation, maintenance, repair and improvement of the Project; provided, however, that, following a sale or foreclosure of the Facility, payment of the costs and expenses of the operation, maintenance, repair and improvement of the Project shall be made only after the payment in full of the principal, redemption premium and interest then owing on the Bonds.

(iv) To the payment of principal, redemption price and interest then owing on the Bonds and, in case such money shall be insufficient to pay the same in full, then to the payment of interest first, without preference or priority of one installment of interest over any other installment of interest and then to the payment of principal or redemption price ratably, without preference or priority of one over another.