
LOAN AGREEMENT

By and Between

JOHN KNOX VILLAGE OF FLORIDA, INC.

and

CITY OF POMPANO BEACH, FLORIDA

Dated as of [October] 1, 2020

Relating to:

\$ _____

**City of Pompano Beach, Florida
Revenue and Revenue Refunding Bonds (John Knox Village Project),
Series 2020**

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THIS LOAN AGREEMENT, made and entered into as of **[October] 1, 2020**, by and between **JOHN KNOX VILLAGE OF FLORIDA, INC.**, a not-for-profit corporation incorporated under the laws of the State of Florida (the "Borrower" and the "Obligated Group Representative"), and the **CITY OF POMPANO BEACH, FLORIDA** (together with any successor to its rights, duties and obligations hereunder, the "Issuer"), a duly created and validly existing municipal corporation of the State of Florida and a "local agency" within the meaning of the Florida Industrial Development Financing Act, Chapter 159, Part II, Florida Statutes, as amended,

W I T N E S S E T H

WHEREAS, pursuant to the Enabling Acts (hereinafter defined) the Issuer is authorized to make loans for the purpose of financing, refinancing and reimbursing of the cost of acquisition, construction, improvement or equipping of "projects", including "health care facilities" (within the meaning of the Financing Act), to carry out any of its purposes and to issue its bonds for the purpose of carrying out any of its powers; and

WHEREAS, the Borrower is a private, not-for-profit and charitable corporation organized and existing under the laws of the State (hereinafter defined), which owns and operates certain senior living and health care facilities at a campus within the City of Pompano Beach, Florida and known as John Knox Village (together with the hereinafter defined Project, the "Facilities"); and

WHEREAS, the Borrower has requested the Issuer to finance, refinance and reimburse certain costs of capital improvements to the Facilities as more fully described on Exhibit A hereto permitted by the Financing Act (the "Project") through the issuance under the Act of revenue bonds of the Issuer; and

WHEREAS, the Issuer is a municipal corporation of the State and is authorized under the Enabling Acts, particularly the Financing Act, to issue its revenue bonds for the purpose of financing, refinancing and reimbursing the costs of the Project, refinancing indebtedness as described below, funding necessary reserves and capitalized interest, and paying the costs of issuing such bonds; and

WHEREAS, for the purpose of providing sufficient funds to pay the costs of financing, refinancing and reimbursing the costs of the Project including by refinancing and refunding outstanding indebtedness, funding necessary reserves and capitalized interest, and paying the costs of issuing revenue bonds, the Issuer proposes to issue its revenue bonds in the aggregate principal amount of \$_____ designated "City of Pompano Beach, Florida Revenue and Revenue Refunding Bonds (John Knox Village Project), Series 2020" dated their date of issuance, and all as further described in the hereinafter defined Bond Indenture; and

WHEREAS, the Bonds are to be issued on parity with the other indebtedness hereto issued and hereafter issued and secured by notes issued under the Master Indenture (hereinafter defined), which indebtedness, upon the issuance of the Bonds, consists of the outstanding City of Pompano Beach, Florida Revenue Bonds (John Knox Village Project), Series 2015 (the "Series 2015 Bonds"), and amounts outstanding from time to time drawn on the Line; and

WHEREAS, the Issuer has determined that it is desirable and in the public interest to enter into this Agreement with the Borrower for the principal purpose of providing for the financing, refinancing and reimbursement of the costs of the Project and for the other purposes described herein, on behalf of the Borrower; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State, the bylaws, rules and regulations of the Issuer and the Borrower to happen, exist and be performed precedent to and in the execution and delivery of this Agreement have happened, exist and have been performed as so required, in order to make this Agreement a valid and binding agreement enforceable in accordance with its terms;

PROVIDED, NEVERTHELESS, except as otherwise specifically stated in this Agreement, if the Borrower, or its successors or assigns, shall make the payments provided by this Agreement and shall satisfy and perform all other covenants and obligations made or undertaken by the Borrower under this Agreement, then this Agreement shall terminate and be void; and

The **CITY OF POMPAÑO BEACH, FLORIDA** and the **BORROWER** hereby further mutually covenant and agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. DEFINITIONS. The words and terms used in this Agreement shall have the same meanings as set forth in the Bond Indenture and in the Master Indenture (defined below) unless otherwise defined herein, and unless the context shall otherwise require, the following words and terms as used in this Agreement shall have the following meanings:

"Bond Indenture" shall mean the Bond Indenture, dated as of **[October]** 1, 2020, by and between the Issuer and the Bond Trustee, and when amended or supplemented, such Bond Indenture, as amended or supplemented.

"Borrower" or **"Obligated Group Representative"** shall have the meaning set forth in the introductory paragraph.

"Facilities" shall have the meaning ascribed thereto in the preambles to this Agreement and shall include the Project.

"Issuer" shall have the meaning set forth in the introductory paragraph hereof.

SECTION 1.02. INTERPRETATION. Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa and the use of neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine and feminine gender.

Any terms not defined herein, but defined in either the Master Indenture or the Bond Indenture, shall have the same meaning herein.

Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

ARTICLE II

REPRESENTATIONS

SECTION 2.01. REPRESENTATIONS OF THE ISSUER. The Issuer makes the following representations as the basis for its covenants and agreements herein:

- (a) The Issuer is a duly organized and existing municipal corporation of the State.
- (b) The Issuer has by the Bond Resolution authorized the issuance, sale, execution and delivery of the Bonds and the execution and delivery on its behalf of this Agreement, the Bond Purchase Contract, the final Official Statement the disclosure document for the Bonds and the Bond Indenture, under the terms of which the proceeds of the Bonds are to be made available to finance, refinance and reimburse the costs of the Project and certain rights of the Issuer hereunder are pledged and assigned to the Bond Trustee as security for the payment of all amounts to become due on the Bonds.
- (c) The Issuer has not pledged, assigned or granted and will not pledge, assign or grant any of its rights or interest in or under this Agreement for any purpose other than to secure the Bonds.
- (d) The authorization, execution, sale and delivery of the Bonds, and the financing refinancing and reimbursement of the costs of the Project, including through the refinancing and refunding of the Line and the Refunded Bonds with the proceeds of such Bonds, will not violate any instruments, agreements, covenants, laws, orders or decrees to which the Issuer is a party or is subject.

SECTION 2.02. REPRESENTATIONS OF THE BORROWER. The Borrower makes the following representations as the basis for its covenants and agreements herein:

- (a) It has been duly incorporated and is validly existing as a not-for-profit corporation under the laws of the State; on behalf of itself and as Obligated Group Representative on behalf of the Obligated Group it has full legal right, power and authority to enter into this Agreement, the Tax Agreement, the Master Indenture, the Mortgage, the Supplemental Indenture for Obligation No. 4, the Bond Purchase Contract, the Continuing Disclosure Agreement and Obligation No. 4, to approve and execute the disclosure documents for the Bonds, and to carry out and consummate all transactions contemplated hereby and thereby; and it has, by proper action, duly authorized the execution and delivery of this Agreement, the Tax Agreement, the

Master Indenture, the Mortgage, the Supplemental Indenture for Obligation No. 4 and Obligation No. 4; has approved the disclosure documents for the Bonds and has approved the Bond Indenture, the Bond Purchase Contract and the issuance of the Bonds.

(b) The execution and delivery of this Agreement, the Tax Agreement, the Master Indenture, the Mortgage, the Supplemental Indenture for Obligation No. 4, the Bond Purchase Contract, the Continuing Disclosure Agreement and Obligation No. 4, and the consummation of the transactions herein and therein contemplated, including the application of the proceeds of the Bonds as so contemplated, will not constitute a violation of any statute or conflict with, or constitute a material breach of, or default by it under its articles of incorporation, its by-laws, or any indenture, mortgage, deed of trust, lease, note, loan agreement or other agreement or instrument to which it is a party or by which it or its properties are bound, and will not constitute a violation of any order, rule or regulation of any court or governmental agency or body having jurisdiction over it or any of its activities or properties. Additionally, it is not in breach, default or violation of any statute, indenture, mortgage, deed of trust, note, loan agreement or other agreement or instrument which would allow the obligee or obligees thereof to take any action which would preclude performance of this Agreement, the Tax Agreement, the Master Indenture, the Mortgage, the Supplemental Indenture for Obligation No. 4, the Bond Purchase Contract, the Continuing Disclosure Agreement or Obligation No. 4.

(c) There are no actions, suits or proceedings of any type whatsoever pending or, to its knowledge, threatened against or affecting it or its assets, properties or operations which, if determined adversely to it or its interests, could have a material adverse effect upon its financial condition, assets, Facilities or operations or its ability to perform its obligations under this Agreement, the Tax Agreement, the Master Indenture, the Mortgage, the Continuing Disclosure Agreement, Supplemental Indenture for Obligation No. 4 and Obligation No. 4 and it is not in default with respect to any order or decree of any court or any order, regulation or decree of any federal, state, municipal or governmental agency, which default would materially and adversely affect its financial condition, assets, properties or operations.

(d) It is a not-for-profit 501(c)(3) corporation organized and operated exclusively for not-for-profit purposes and no part of the earnings of which inures to the benefit of any Person, private shareholder or individual.

(e) It is duly qualified, licensed and in good standing to do business in all jurisdictions where its ownership of property or the nature of its business requires such qualifications or licenses.

(f) To the extent the Bond Resolution provides that the Borrower will represent specified matters to the Issuer, the Borrower is hereby deemed to have made such representations to the Borrower in this Agreement by this reference, including that:

(i) the Project will help to alleviate unemployment in the Issuer, will provide gainful employment to the residents of the City, improve living conditions and health care for seniors in the Issuer, foster economic growth and development and the business

development of the Issuer, and serve other public purposes as set forth in the Act and any private benefit that may accrue therefrom is incidental to such purposes;

(ii) the Project will further the paramount public purposes of the Act, and it will most effectively serve the purposes of the Act for the Issuer to finance, refinance and reimburse the costs of the Project and to issue and sell the Bonds for such purposes;

(iii) Broward County, Florida and the Issuer, as applicable, are reasonably expected to be able to cope satisfactorily with the impact of the Project and are able to provide, or cause to be provided when needed, the public facilities, including utilities and public services, that are necessary for the construction, operation, repair and maintenance of the Project and on account of any increases in population or other circumstances resulting therefrom;

(iv) the availability of tax-exempt revenue bond financing, as authorized by the Act, is an important inducement to the Borrower to proceed with the financing, refinancing and reimbursing of the costs of the Project;

(v) that costs of the Project constitute "costs" of a "project" within the meaning of the Act, including Section 159.27(5), Florida Statutes;

(vi) the findings in Sections 2(C), 2 (D), 2 (I), and 4 of the Bond Resolution are true and correct in all respects;

(vii) the Borrower is financially responsible and capable of meeting its obligations under this Agreement, the Master Indenture, Supplemental Indenture for Obligation No. 4 and Obligation No. 4; and

(viii) the Bonds are rated ["A-"] by Fitch.

(g) The Tax Agreement executed and delivered by the Borrower concurrently with the issuance and delivery of the Bonds is true, accurate and complete in all material respects as of the date on which executed and delivered. Any information that has been or will be supplied by the Borrower that has been or will be relied upon by the Issuer with respect to the exclusion from gross income for federal income tax purposes of interest on the Bonds is true and correct in all material respects.

All representations of the Borrower contained herein and in any certificate or other instrument delivered by the Borrower pursuant to this Agreement, to the Bond Purchase Contract, to the Bond Indenture, or in connection with the transaction contemplated hereby and thereby, shall, as to the representations contained herein and therein as of the date hereof, survive the execution and delivery hereof and thereof and the issuance, sale and delivery of the Bonds.

ARTICLE III

LOAN AGREEMENT; ISSUANCE OF BONDS AND OBLIGATION NO. 4

SECTION 3.01. LOAN AGREEMENT; ISSUANCE OF BONDS AND APPLICATION OF PROCEEDS. The Issuer hereby agrees to issue the Bonds and loan, and hereby loans, the proceeds of the Bonds to the Borrower in the amount of \$_____ to provide funds to finance, refinance and reimburse the costs of the Project (including to refinance certain previous amounts drawn to fund capital improvements under the Line and to refund the Refunded Bonds, to fund the Debt Service Reserve Fund), to provide for capitalized interest and to pay costs of issuance of the Bonds, all upon the terms and conditions set forth or referred to in this Agreement and in the Bond Indenture. The Borrower agrees to borrow and hereby borrows, and agrees to repay, the amount of \$_____, upon the terms and conditions set forth or referred to in this Agreement, in the Bond Indenture and in Obligation No. 4. This Agreement shall constitute a general obligation of the Borrower. The Borrower agrees that the proceeds of the Bonds to be made available to finance, refinance and reimburse the Project, fund necessary reserves and pay costs associated with the issuance of the Bonds shall be deposited with the Bond Trustee and applied as provided in the Bond Indenture.

SECTION 3.02. ISSUANCE OF OBLIGATION NO. 4. In consideration of the issuance by the Issuer of the Bonds and the application of the proceeds thereof as provided in the Bond Indenture, and to evidence the loan referred to in Section 3.01 hereof, the Borrower, as Obligated Group Representative, agrees to issue and cause to be authenticated and delivered to the Bond Trustee, pursuant to this Agreement, the Master Indenture and the Supplemental Indenture for Obligation No. 4, concurrently with the delivery of the Bonds to the Original Purchaser thereof in accordance with the Bond Purchase Contract, Obligation No. 4 in substantially the form attached to the Supplemental Indenture for Obligation No. 4 as Appendix A with such necessary and appropriate omissions, insertions and variations as are permitted or required by the Bond Indenture, the Master Indenture or the Supplemental Indenture for Obligation No. 4. Obligation No. 4 shall constitute an Obligation of the Obligated Group within the meaning of the Master Indenture. The Borrower agrees that the principal amount of Obligation No. 4 shall be limited to \$_____, except for any Obligation authenticated and delivered in lieu of another Obligation as provided in the Master Indenture with respect to any Obligation mutilated, destroyed, lost or stolen or, upon transfer or registration or exchange of Obligation No. 4. The Borrower agrees that, so long as any Bonds remain Outstanding, Obligation No. 4 shall be issuable only as a single Obligation securing all Bonds. Obligation No. 4 shall be registered as to principal and interest in the name of the Bond Trustee and no transfer of Obligation No. 4 shall be recognized by the Borrower except for transfers to a successor Bond Trustee and otherwise as provided in the Bond Indenture or the Master Indenture.

SECTION 3.03. NOTICE OF REDEMPTION OR PREPAYMENT OF OBLIGATION NO. 4. The Issuer hereby waives all notice of redemption of Obligation No. 4 or of prepayment or credit for payment on Obligation No. 4 except such notice as is expressly

required by the provisions hereof or of the Bond Indenture, the Master Indenture or Supplemental Indenture for Obligation No. 4.

SECTION 3.04. SECURITY FOR BONDS. (a) The Borrower agrees that the principal and Redemption Price of and the interest on the Bonds shall be payable in accordance with the Bond Indenture and the right, title and interest of the Issuer hereunder and in and to Obligation No. 4 Payments and other amounts paid or payable by the Borrower hereunder or under Obligation No. 4, other than the right to grant approvals, consents or waivers, to receive notices, or for indemnification or the payment or reimbursement of fees and expenses payable or reimbursable to the Issuer, shall be assigned and pledged by the Issuer to the Bond Trustee pursuant to the Bond Indenture to secure the payment of the Bonds. The Borrower agrees that all of the rights accruing to or vested in the Issuer with respect to Obligation No. 4 or hereunder may be exercised, protected and enforced by the Bond Trustee for or on behalf of the Holders in accordance with the provisions hereof, of the Bond Indenture and of the Master Indenture.

(b) This Agreement is executed in part to induce the purchase by others of the Bonds, and, accordingly, all covenants and agreements on the part of the Borrower and the Issuer, as set forth in this Agreement, are hereby declared to be for the benefit of the Holders and owners from time to time of the Bonds as set forth in the Bond Indenture.

(c) The Borrower agrees to do all things within its power in order to comply with and to enable the Issuer to comply with all requirements, and to fulfill and to enable the Issuer to fulfill all covenants, of the Bond Resolution, the Tax Agreement and the Bond Indenture.

SECTION 3.05. SECURITY FOR PAYMENTS UNDER THIS LOAN AGREEMENT; RECORDING AND FILING. (a) As further security for the payments required to be made to the Issuer under this Loan Agreement and Obligation No. 4, the Borrower shall, prior to or contemporaneously with the execution and delivery of this Loan Agreement, execute and deliver documents related to the future advance being secured under the Mortgage, and the Assignment of Contracts and Agreements.

(b) The **[Notice of Future Advances under the Mortgage]** shall be recorded by the Borrower in all offices as may at the time be provided by law as the proper place for recordation thereof. The security interest of the Master Trustee created in the accounts, chattel paper, documents, instruments, and general intangibles arising in any manner from the Borrower's operation of the Facilities, the security interest of the Bond Trustee created by the Assignment of Contracts and Agreements, and the security interest of the Bond Trustee created by the Bond Indenture in the Issuer's right, title, and interest in this Loan Agreement and Obligation No. 4 and the revenues and amounts to be received and held under the Bond Indenture shall be perfected by the filing of financing statements or instruments effective as financing statements that fully comply with the State's Uniform Commercial Code or by the taking of possession of appropriate collateral. The Borrower further agrees that it will file, or cause to be filed, all necessary continuation statements within the time prescribed by the State's Uniform Commercial Code and the appropriate parties shall maintain possession of appropriate collateral in order to continue the security interests identified in this Section 3.05 to the end that

the rights of the owners of the Bonds and the Bond Trustee in the Mortgaged Property and the other collateral shall be fully preserved as against third party creditors of, or purchasers for value in good faith from, the Issuer or the Borrower and that the Borrower will provide the Bond Trustee with notice of such filings at least ninety (90) days prior to any expiration thereof.

SECTION 3.06 BORROWER'S COVENANTS REGARDING TITLE. The Borrower shall protect, preserve, and defend its interest in the Project; appear and defend such interest in any action or proceeding affecting or purporting to affect the Project, or the Assignment of Contracts and Agreements thereon, or any of the rights of the Bond Trustee thereunder; and pay on demand all costs and expenses incurred by the Bond Trustee in or in connection with any such action or proceeding, including reasonable attorneys' fees, as described in Sections 5.05 and 5.06 hereof, whether any such action or proceeding progresses to judgment and whether brought by or against the Bond Trustee. The Bond Trustee shall be reimbursed by the Borrower for any such costs and expenses in accordance with the provisions of Section 6.06 hereof. If the Borrower shall not take the action contemplated herein, the Bond Trustee or the Issuer may, but shall not be under any obligation to, appear or intervene in any such action or proceeding and retain counsel therein and defend the same or otherwise take such action therein as it may be advised and may settle or compromise the same and, in that behalf and for any of such purposes, may expend and advance such sums of money as it may deem necessary, and such sums shall be an advance payable in accordance with Sections 5.05 and 5.06 hereof.

SECTION 3.07. ENVIRONMENTAL CONDITION OF THE PROJECT AND INDEMNIFICATION. (a) The Borrower warrants and represents to the Issuer and the Bond Trustee that, to the best of its knowledge:

(i) the Project is and at all times hereafter, will continue to be in full compliance with all Environmental Laws, as hereinafter defined in subsection (d) below, and

(ii) (A) as of the date hereof except as disclosed in the Phase I Environmental Audit dated _____, 20____, by _____, there are no Hazardous Materials, as defined in subsection (d) of this Section, substances, wastes, or other environmentally regulated substances (including without limitation, any materials containing asbestos) located on, in, or under the Project or used in connection therewith, or (B) the Borrower has fully disclosed to the Issuer, the Underwriter, and the Bond Trustee in writing the existence, extent, and nature of any such Hazardous Materials, substances, wastes, or other environmentally regulated substances, if any, that the Borrower is legally authorized and empowered to maintain on, in, or under the Facilities or used in connection therewith, and the Borrower has obtained and will maintain in full force and effect all licenses, permits, and approvals required with respect thereto, and is in full compliance with all of the terms, conditions, and requirements of such licenses, permits, and approvals. The Borrower further warrants and represents that it will promptly notify the Issuer and the Trustee in writing of any change in the nature or extent of any Hazardous Materials, substances, or wastes maintained on, in, or under the Facilities or used in connection therewith, and will transmit to the Issuer and the Bond Trustee copies of any citations, orders, notices, or other material governmental or other communication received with respect to any other Hazardous Materials, substances, wastes, or other environmentally regulated substances

affecting the Facilities. The Borrower warrants and represents that all work on the Facilities and activities of contractors, sub-contractors, consultants, or any other agent of the Borrower will also be in full compliance with all federal, state, and local environmental laws, regulations, and ordinances as cited above, and further warrants and represents that neither the Borrower nor its agents will engage in any management of solid or hazardous wastes at the Facilities other than in the ordinary course of the development, construction, use, management, or operation of the Facilities for its intended purpose and in compliance with Environmental Laws.

(b) The Borrower shall indemnify and hold the Issuer and the Bond Trustee harmless from and against any and all damages (including natural resource damages), penalties, fines, claims, liens, suits, liabilities (including strict liabilities), costs (including clean-up, investigation, and monitoring costs), judgments, and expenses (including attorneys,' consultants,' or experts' fees and expenses of every kind and nature) suffered by or asserted against the Issuer or the Bond Trustee as a direct or indirect result of any warranty or representation made by the Borrower in the preceding subsection being false or untrue in any respect or any requirement or liability under any Environmental Law, excluding violations of Environmental Laws due to the condition of the real property underlying the Facilities, including any law, regulation, or ordinance, local, state, or federal, that requires the investigation, monitoring, elimination, or removal of any Hazardous Materials, substances, wastes, molds, fungi, bacteria, infectious material, or other environmentally regulated substances.

(c) The Borrower's obligations hereunder to the Issuer and the Bond Trustee shall not be limited to any extent by the term of the Bonds, and, as to any act or occurrence prior to payment in full and satisfaction of the Bonds that gives rise to liability hereunder, shall continue, survive, and remain in full force and effect notwithstanding payment in full and satisfaction of the Bonds and this Loan Agreement or foreclosure under the Mortgage, or delivery of a deed-in-lieu of foreclosure.

(d) For purposes of this section, the term "Hazardous Materials" means petroleum, petroleum byproducts (including but not limited to, crude oil, diesel oil, fuel oil, gasoline, lubrication oil, oil refuse, oil mixed with other waste, oil sludge, and all other liquid hydrocarbons, regardless of specific gravity), natural or synthetic gas products, and/or any hazardous substance or material, waste, pollutant, or contaminant, defined as such in (or for the purposes of) the Environmental Laws. "Environmental Laws" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), Public Law No. 96-510, 94 Stat. 1613, the Resource Conservation and Recovery Act ("RCRA"), the Clean Air Act, as amended (42 U.S.C. §§7401 et seq.), the Clean Water Act, as amended (33 U.S.C. §§1251 et seq.), including all amendments to such Acts, or any federal, state, or local statute, law, ordinance, code, rule, regulation, order, or decree, regulating, or other legal requirement relating to the protection of human health or the environment, including, but not limited to, any requirement pertaining to or imposing liability or standards of conduct concerning any petroleum, petroleum byproduct (including but not limited to, crude oil, diesel oil, fuel oil, gasoline, lubrication oil, oil refuse, oil mixed with other waste, oil sludge, and all other liquid hydrocarbons, regardless of specific gravity) natural or synthetic gas, products, and/or hazardous substance or material, toxic or

dangerous waste, substance or material, pollutant, or contaminant, as may now or at any time hereafter be in effect.

ARTICLE IV

PAYMENTS

SECTION 4.01. PAYMENTS OF PRINCIPAL, PREMIUM AND INTEREST ON THE BONDS. The Borrower covenants that it will duly and punctually pay the principal of and interest and any premium on the Bonds at the dates and in the places and manner set forth herein and in the Bond Indenture. Notwithstanding any schedule of payments to be made on the Bonds, the Borrower agrees to make payments upon the Bonds and Obligation No. 4 and be liable therefor at the times and in the amounts equal to the amounts to be paid as principal or Redemption Price of or interest on the Bonds from time to time Outstanding under the Bond Indenture as the same shall become due whether at maturity, upon redemption, by declaration of acceleration or otherwise.

All amounts payable with respect to the Bonds and Obligation No. 4 or otherwise hereunder by the Borrower to the Issuer or the Bond Trustee, except as otherwise expressly provided herein, shall be paid to the Bond Trustee for the account of the Issuer or the Bond Trustee, as applicable, so long as any Bonds remain Outstanding.

The Borrower agrees and represents that it has received fair consideration in return for the obligations undertaken and to be undertaken by the Borrower hereunder and by the Obligated Group resulting from Obligation No. 4.

SECTION 4.02. OBLIGATION PAYMENTS. (a) The Obligation No. 4 Payments with respect to principal on the Bonds and Obligation No. 4 shall be made in semiannual installments not later than each _____ and _____, and with respect to interest shall be made not later than the third Business Day prior to each Interest Payment Date.

(b) The Obligation No. 4 Payments shall include, on the third Business Day prior to each Interest Payment Date, the amount, if any, necessary to cause the amount credited to the Interest Account together with available moneys and investment earnings on investments then on deposit in the Interest Account, if such earnings will be received before the next Interest Payment Date as determined by the Bond Trustee (but only to the extent that (i) such moneys or investment earnings have not previously been credited for purposes of such calculation and (ii) such earnings are calculable by the Bond Trustee with reasonable certainty), to be not less than the amount of interest to be paid on Outstanding Bonds on such Interest Payment Date. The Obligation No. 4 Payments to be made pursuant to this paragraph (b) shall be appropriately adjusted to reflect the date of issuance of the Bonds and accrued or capitalized interest, if any, deposited in the Interest Account.

(c) The Obligation No. 4 Payments shall include (after credit for any investment earnings in such Account that have not previously been credited), on each _____ 1 and _____ 1 during each Bond Year ending on a date on which Serial Bonds mature, the amount

necessary to cause the amount then being credited to the Principal Account, together with the available moneys and investment earnings on investments then on deposit in the Principal Account, if such earnings will be received before the last day of the Bond Year as determined by the Bond Trustee (but only to the extent that (i) such moneys or investment earnings have not previously been credited for purposes of such calculation and (ii) such earnings are calculable by the Bond Trustee with reasonable certainty), to be not less than one-half of the principal amount of Serial Bonds Outstanding which will mature on the last day of the Bond Year.

(d) The Obligation No. 4 Payments shall include (after credit for any investment earnings in such Account that have not previously been credited), on each _____ 1 and _____ 1 during each Bond Year ending on a date which is a Sinking Fund Account Retirement Date, the amount necessary to cause the amount then being credited to the Sinking Fund Account, together with available moneys and investment earnings on investments then on deposit in the Sinking Fund Account, if such earnings will be received before the last day of the Bond Year as determined by the Bond Trustee (but only to the extent that (i) such moneys or investment earnings have not previously been credited for purposes of such calculation and (ii) such earnings are calculable by the Bond Trustee with reasonable certainty), to be not less than one-half of the unsatisfied Sinking Fund Account Requirements to be satisfied on or before the last day of the Bond Year.

(e) On the payment date following a date on which the Obligated Group shall have failed to pay to the Bond Trustee the amount due as an Obligation No. 4 Payment or on which an investment loss shall have been charged to the Bond Fund or any account therein in accordance with Section 5.05 of the Bond Indenture, the Borrower shall pay, in addition to the Obligation No. 4 Payment then due, an amount equal to the deficiency in payment or the amount of such loss, unless such deficiency or loss shall have been remedied by a transfer from the Debt Service Reserve Fund or otherwise. To the extent that the investment earnings are transferred or credited to the Bond Fund or any account therein in accordance with Article V of the Bond Indenture or amounts are transferred or credited to such Bond Fund or accounts as a result of the application of Bond proceeds or a transfer from the Debt Service Reserve Fund pursuant to Section 5.05 of the Bond Indenture or a transfer of surplus funds from the Construction Fund or otherwise, future Obligation No. 4 Payments shall be proportionately reduced by the amount so credited unless such transfer is made to cure deficiencies in the fund or account to which the transfer is made.

(f) The Obligation No. 4 Payments shall in any event include any other amounts needed to pay principal, interest and premium on the Bonds when due and any other amounts due and payable pursuant to the terms hereof, of the Bond Indenture and of the Master Indenture.

SECTION 4.03. CREDITS FOR PAYMENTS ON OBLIGATION NO. 4. The Borrower shall receive credit for payment on Obligation No. 4, in addition to any credits resulting from payment or prepayment from other sources, as follows:

(a) On installments of interest on Obligation No. 4 in an amount equal to moneys deposited in the Interest Account of the Bond Fund created under the Bond Indenture which

amounts are available to pay, and will be used to pay, interest on the Bonds, to the extent such amounts have not previously been credited against payments on Obligation No. 4.

(b) On installments of principal on Obligation No. 4 in an amount equal to moneys deposited in the Principal Account or Sinking Fund Account of the Bond Fund created under the Bond Indenture which amounts are available to pay, and will be used to pay, principal of the Bonds, to the extent such amounts have not previously been credited on Obligation No. 4.

(c) On installments of principal and interest, respectively, on Obligation No. 4 in an amount equal to the principal and interest of Bonds which have been called by the Bond Trustee for redemption prior to maturity and for the redemption of which sufficient amounts are on deposit in the Redemption Account of the Bond Fund created under the Bond Indenture, to the extent such amounts have not previously been credited against payments on Obligation No. 4 and will be used to pay such Bonds. Such credits shall be made against the installments of principal and interest on Obligation No. 4 which would be used, but for such call for redemption, to pay principal and interest on such Bonds when due at maturity or by Sinking Fund Account Requirements for Term Bonds so called for redemption.

(d) On installments of principal and interest, respectively, on Obligation No. 4 in an amount equal to the principal amount of Bonds acquired by the Borrower and delivered to the Bond Trustee for cancellation or purchased by the Bond Trustee and cancelled. Such credits shall be made against the installments of principal and interest on Obligation No. 4 which would be used, but for such cancellation, to pay principal and interest on such Bonds when due at maturity or by Sinking Fund Account Requirements for Term Bonds so cancelled.

SECTION 4.04. PREPAYMENT. (a) So long as all amounts which have become due under the Bonds, the Bond Indenture and Obligation No. 4 have been paid, the Borrower may at any time and from time to time pay in advance and in any order of due dates all or part of the amounts to become due under Obligation No. 4 if, not less than 15 days prior to such prepayment, the Borrower gives notice to the Bond Trustee of its intention to make a prepayment and of the amount thereof and if, not later than the date of the prepayment, the Borrower directs the Bond Trustee as to the application of the amounts prepaid to retire Bonds by purchase, redemption or both purchase and redemption in accordance with Section 5.03(d) of the Bond Indenture.

(b) The Borrower may pay all or part of the amounts to become due under Obligation No. 4 in advance and in any order of due dates at the times, in the manner, in the amounts, at the prices, and from the sources set forth with respect to the Bonds in Article III of the Bond Indenture. In particular, the Borrower shall have the right to direct the optional redemption or the extraordinary optional redemption of the Bonds as provided in Article III of the Bond Indenture, upon certification by the Borrower to the Bond Trustee that any conditions precedent to such redemption shall have been satisfied.

(c) Prepayments made under subsections (a) and (b) of this Section shall be credited against amounts to become due on Obligation No. 4 as provided in Section 4.03 hereof.

(d) The Borrower may also prepay all or a portion of its obligations under Obligation No. 4, the Bonds, the Bond Indenture and this Agreement by providing for the payment of all or a portion of the Bonds in accordance with Article XI of the Bond Indenture.

(e) The provisions of this Section 4.04 are subject to the notice provisions of Section 3.08 of the Bond Indenture.

SECTION 4.05. PAYMENT OF EXPENSES. In addition to all other payments hereunder and under Obligation No. 4, the Borrower agrees to pay the following items to the following Persons, which payments shall not be credited against the Obligation No. 4 Payments:

(a) To the Bond Trustee, when due, all reasonable out-of-pocket costs, fees and expenses of the Bond Trustee for services rendered under the Bond Indenture and all reasonable out-of-pocket costs, fees and charges of any Paying Agent, Authenticating Agent, Registrar, counsel (including counsel fees incurred in any bankruptcy proceeding), agent, accountant or other Person incurred in the performance of services under the Bond Indenture on request of the Bond Trustee for which the Bond Trustee and such other Person are entitled to payment or reimbursement.

(b) To the Issuer, promptly upon billing, any and all of the reasonable costs and expenses of the Issuer related to the issuance of the Bonds or any of the related documentation, or related to any future audit, Internal Revenue Service or Securities and Exchange Commission inquiry, modification, amendment or interpretation of the Bonds or the documents relating thereto, if any (including, but not limited to, the reasonable fees, costs and expenses of the Issuer's counsel or of bond counsel selected by the Issuer), and the reasonable expenses of the Issuer related to the issuance of the Bonds and any and all ongoing costs and expenses for any continuing duties or obligations of the Issuer related in any respect to the Bonds, the Bond Resolution, this Agreement, the Tax Agreement, the Bond Indenture or any other documents executed in connection therewith after the issuance of the Bonds.

SECTION 4.06. OBLIGATIONS UNCONDITIONAL. This Agreement is a general obligation of the Borrower, secured by Obligation No. 4 (and the collateral securing the same), but otherwise not secured by any other collateral, and the obligations of the Borrower to make payments pursuant hereto and the obligation of the Borrower and the other Members of the Obligated Group to make payments pursuant to Obligation No. 4 and to perform and observe all agreements on its part contained herein and in the Master Indenture shall be absolute and unconditional. Until this Agreement is terminated or payment in full of all Bonds is made or is provided for in accordance with the Bond Indenture the Borrower (i) will not suspend or discontinue any payments hereunder or neglect to perform any of its duties required hereunder or under the Tax Agreement; (ii) will perform and observe all of its obligations set forth in this Agreement and in the Tax Agreement; and (iii) except as provided herein, will not terminate this Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration; commercial frustration of purpose; any change in the tax or other laws or administrative rulings of, or administrative actions by or under authority of, the United States of America or of the State; or any failure of the Issuer to

perform and observe any obligation set forth in this Agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement, the Tax Agreement or the Bond Indenture.

Nothing contained in this Section shall be construed to release the Issuer from the performance of any of its obligations contained herein. In the event the Issuer fails to perform any such obligation, the Borrower may institute such action against the Issuer as the Borrower may deem necessary and to the extent permitted by law to compel performance so long as such action shall not violate the terms or conditions of this Agreement, and *provided* that no costs, expenses or other monetary relief shall be recovered from the Issuer except as may be payable from the Trust Estate. The Borrower may, however, at its own cost and expense and in its own name or, to the extent lawful and upon written notice to, and prior receipt of written consent of the Issuer, in the name of the Issuer, prosecute or defend any action or proceeding or take any other action involving third Persons which the Borrower deems reasonably necessary in order to secure or protect the rights of the Borrower hereunder. In such event the Issuer hereby agrees, to the extent reasonable, to cooperate fully with the Borrower, but at the Borrower's expense, and to take all action necessary to effect the substitution of the Issuer Representative in any such action or proceeding if the Borrower shall so request.

ARTICLE V

PARTICULAR COVENANTS AND ADDITIONAL REPRESENTATIONS

SECTION 5.01. COVENANTS AS TO CORPORATE EXISTENCE. The Borrower hereby covenants, except as otherwise expressly provided herein, or as provided in the Master Indenture, to preserve its corporate or other separate legal existence and all its rights and licenses to the extent necessary or desirable in the operation of its business and affairs. The Borrower will not consolidate with or merge with or into any other Person, except that the Borrower may consolidate or merge with or into any other Person if, immediately after giving effect to such action, (i) there exists no condition or event which constitutes, or which, after notice or lapse of time, or both, would constitute, an Agreement Event of Default, (ii) the successor Person constitutes a Tax-Exempt Organization and (iii) the conditions set forth in the Master Indenture shall have been satisfied.

SECTION 5.02. PRESERVATION OF EXEMPT STATUS. (a) The Borrower represents and warrants that as of the date of this Agreement: (i) it is a Tax-Exempt Organization; (ii) it has received a letter or determination to that effect; (iii) such letter or determination has not been modified, limited or revoked and the Borrower knows of no reason why such letter or determination could be modified, limited or revoked; (iv) it is in compliance with all terms, conditions and limitations, if any, contained in or forming the basis of such letter or determination; (v) the facts and circumstances which form the basis of such letter or determination continue substantially to exist as represented to the Internal Revenue Service; (vi) it is not a "private foundation" as defined in Section 509 of the Code; and (vii) it is exempt from federal income taxes under Section 501(a) of the Code and it is in compliance with the provisions of said Code and any applicable regulations thereunder necessary to maintain such status.

(b) The Borrower agrees that (i) it shall not perform any acts, enter into any agreements, carry on or permit to be carried on at the Facilities, or permit the Facilities to be used in or for any trade or business, which shall adversely affect the basis for the exemption of the Borrower as an organization described in Section 501(c)(3) of the Code; (ii) it shall not use more than five percent of the net proceeds of the Bonds or permit the same to be used, directly or indirectly, in any trade or business that constitutes an unrelated trade or business as defined in Section 513(a) of the Code or in any trade or business carried on by any Person or Persons who are not governmental units or Tax-Exempt Organizations; (iii) it shall not directly or indirectly use the proceeds of the Bonds to make or finance loans to Persons other than governmental units or Tax-Exempt Organizations; (iv) it shall not take any action or permit any action to be taken on its behalf, or cause or permit any circumstances within its control to arise or continue, if such action or circumstances, or its expectation on the date of issuance of the Bonds, would cause the Bonds to be "arbitrage bonds" or "hedge bonds" under the Code or cause the interest paid by the Issuer on the Bonds to be subject to federal income tax in the hands of the Holders thereof; and (v) it shall use its best efforts to maintain the tax-exempt status of the Bonds.

(c) The Borrower (or any related person, as defined in Section 147(a)(2) of the Code) shall not, pursuant to an arrangement in existence on the date of issuance of the Bonds, formal or informal, purchase the Bonds in an amount related to the amount of the payments due from the Borrower under this Agreement.

SECTION 5.03. AMENDMENT OF PROJECT. The Project may be amended or added to by the Borrower if such amendment or addition is in accordance with the Act and the Tax Agreement and any additional cost of the Project resulting from such change is paid from funds made available by the Borrower for such purpose to the extent not available from proceeds of the Bonds. In order to implement any such amendment or addition to the Project, the Borrower shall provide the Bond Trustee and the Issuer with a revised description of the Project reflecting any relevant modifications to Exhibit A hereof and an Opinion of Bond Counsel to the effect that such amendment or addition will not, in and of itself, adversely affect the tax exempt status of interest on the Bonds. No approvals for such amendment or additions shall be required if implemented in accordance with this Section.

SECTION 5.04. SECURITIES LAW STATUS. The Borrower affirmatively represents, warrants and covenants that, as of the date of this Agreement, it is an organization organized and operated: (i) exclusively for health care or charitable purposes; (ii) not for pecuniary profit; and (iii) no part of the net earnings of which inure to the benefit of any Person, private stockholder or individual, all within the meaning, respectively, of the Securities Act of 1933, as amended, and of the Securities Exchange Act of 1934, as amended. The Borrower agrees that it shall not perform any act nor enter into any agreement which shall change such status as set forth in this Section.

SECTION 5.05. INDEMNITY. (a) The Borrower shall and agrees to indemnify and save the Issuer, the Bond Trustee, and their directors, officers, members, and employees harmless against and from all claims by or on behalf of any Person arising from the conduct or management of or from any work or thing done on the Mortgaged Property and against and from

all claims arising from (i) any condition of or operation of the Mortgaged Property, (ii) any breach or default on the part of the Borrower in the performance of any of its obligations under any of the Financing Documents, (iii) any act or negligence of the Borrower or of any of its agents, contractors, servants, employees, or licensees, or (iv) any act or negligence of any assignee or lessee of the Borrower or of any agents, contractors, servants, employees, or licensees of any assignee or lessee of the Borrower. The Borrower shall indemnify and save the Issuer and the Bond Trustee harmless from and against all costs and expenses incurred in or in connection with any such claim arising as described in the preceding sentence, or in connection with any action or proceeding brought thereon, including reasonable attorneys' fees, and upon notice from the Issuer or the Bond Trustee, the Borrower shall defend them or either of them in any such action or proceeding.

(b) The Borrower agrees that it will indemnify and hold the Bond Trustee and its directors, officers, and employees harmless from any and all liability, cost, or expense, including any act, omission, delay, or refusal of the Bond Trustee in reliance upon any signature, certificate, order, demand, instruction, request, notice, or other instrument or document believed by it to be valid, genuine, and sufficient.

(c) Notwithstanding the fact that it is the intention of the parties that the Issuer and the Bond Trustee, and their directors, officers, members, and employees shall not incur pecuniary liability by reason of the terms of the Financing Documents or the undertakings required thereunder or by reason of (i) the delivery of the Bonds, (ii) the execution of the Financing Documents, (iii) the performance of any act required by the Financing Documents, (iv) the performance of any act requested by the Borrower, or (v) any other costs, fees, or expenses incurred by the Issuer or the Bond Trustee with respect to the Mortgaged Property, including all claims, liabilities, or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing; nevertheless, if the Issuer or the Bond Trustee should incur any such pecuniary liability, then in such event the Borrower shall indemnify and hold harmless the Issuer and the Bond Trustee against all claims by or on behalf of any Person arising out of the same and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, including reasonable attorneys' fees, and upon notice from the Issuer or the Bond Trustee, the Borrower shall defend the Issuer and the Bond Trustee in any such action or proceeding. The indemnity contained in this Section 5.05(c) shall not apply to any loss or damage attributable to (x) acts of gross negligence or willful misconduct or intentional misconduct of the Issuer or the Bond Trustee; or (y) material breach by the party seeking indemnification of its obligations under the Financing Documents.

(d) A party seeking indemnification under this Section 5.05 shall notify the Borrower in writing promptly of any claim or action brought against such party in which indemnity may be sought against the Borrower under this Section; and such notice shall be given in sufficient time to allow the Borrower to defend such claim or action. However, the failure to give such notice in sufficient time shall not constitute a defense hereunder nor in any way impair the obligations of the Borrower under this Section, if (i) the party seeking indemnification shall not have had knowledge or notice of such claim or action, or (ii) the Borrower's ability to defend such claim or action shall not thereby be materially impaired. In the event, however, that (x) the party

seeking indemnification shall not have notified the Borrower promptly of any such claim or action after such party's receipt of notice thereof, and (y) the Borrower's ability to defend or participate in such claim or action is materially impaired by reason of not having received timely notice thereof from the party seeking indemnity, then the Borrower's obligation to so defend and indemnify shall be qualified to the extent (and only to the extent) of such material impairment.

(e) The provisions of this Section 5.05 shall survive the termination of this Agreement and the payment in full of Obligation No. 4 and the resignation or removal of the Bond Trustee pursuant to the Bond Indenture.

SECTION 5.06. LIMITATION OF ISSUER'S LIABILITY. No obligation of the Issuer under or arising out of this Agreement, or any document executed by the Issuer in connection with any property of the Borrower reimbursed, financed or refinanced, directly or indirectly, out of Bond proceeds or the issuance, sale or delivery of any Bonds shall impose, give rise to or be construed to authorize or permit a debt or pecuniary liability of, or a charge against the general credit of, the Issuer, the State or any political subdivision of the State, but each such obligation shall be a limited obligation of the Issuer payable solely from the Pledged Revenues.

The Bonds shall not be deemed to constitute a debt, liability or obligation of the Issuer, the State or of any political subdivision or agency thereof, or a pledge of the faith and credit of the Issuer, the State or of any political subdivision or agency thereof, but the Bonds shall be payable solely from the revenues provided therefor in the Bond Indenture and the Issuer will not be obligated to pay the Bonds or the interest thereon except from the revenues and proceeds pledged therefor in the Bond Indenture and neither the faith and credit nor the taxing power of the Issuer, the State or of any political subdivision or agency thereof will be pledged to the payment of the principal of or the interest on the Bonds. The Issuer shall never be required to (i) levy ad valorem taxes on any property to pay the principal of, premium if any, and the interest on the Bonds or to make any other payments provided in the Bond Indenture and this Agreement; (ii) pay the principal of, premium if any, and the interest on the Bonds from any funds of the Issuer other than those derived by the Issuer from the Pledged Revenues; or (iii) enforce any payment or performance by the Borrower pursuant to this Agreement or the Bond Indenture or in respect of the Bonds unless the Issuer's expenses in respect thereof shall be paid from moneys derived under the Loan Agreement or advanced to the Issuer for such purpose by the Borrower and the Issuer shall receive indemnity to its satisfaction. No representation, statement, covenant, warranty, stipulation, obligation or agreement herein contained, or contained in the Bonds, this Agreement, the Bond Indenture, or any certificate or other instrument to be executed on behalf of the Issuer in connection with the issuance of the Bonds, shall be deemed to be a representation, statement, covenant, warranty, stipulation, obligation or agreement of any commissioner, officer, employee or agent of the Issuer in his or her individual capacity, and none of the foregoing persons nor any officer of the Issuer executing the Bonds, this Agreement, the Bond Indenture, or any certificate or other instrument to be executed in connection with the issuance of the Bonds shall be liable personally thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof. The Issuer makes no warranty, either express or implied, of the actual or designed capacity of the Project, of the suitability of the Project for the purposes

specified in this Agreement, of the condition of the Project or of the suitability of the Project for the Borrower's purposes or needs.

SECTION 5.07. TERMINATION OF OBLIGATIONS AND DISPOSITION OF SURPLUS FUNDS. When all of the Outstanding Bonds have been redeemed or retired and all amounts owed to the Issuer and the Bond Trustee have been paid and all other obligations incurred or to be incurred by the Issuer or the Bond Trustee under the Bond Indenture shall have been paid, or sufficient funds (including investments in Government Obligations or Advance Refunded Municipal Bonds) (as provided in Section 11.02 of the Bond Indenture) are held in trust for the payment of all such unpaid Outstanding Bonds, the obligations of the Borrower hereunder, including the obligation to make further payments on Obligation No. 4, and the obligations of the Issuer hereunder shall cease, and any surplus funds remaining to the credit of the Funds or Accounts established under the Bond Indenture promptly shall be paid to the Borrower.

SECTION 5.08. MISCELLANEOUS COVENANTS.

(a) The Borrower hereby agrees to operate, repair and maintain the Facilities at its sole expense and to pay the principal of, premium, if any, and interest on the Bonds when due. The Borrower hereby agrees that until the expiration of the term of this Agreement the Project will be operated in a manner such that it continues to constitute a "project" within the meaning of, or otherwise permitted by, the Act, including, specifically, the Financing Act.

(b) The Borrower will promptly provide written notice of any Event of Default to the Issuer and the Bond Trustee upon Borrower's knowledge of such event.

(c) The Borrower will use due diligence to cause the Project to be operated in accordance with the laws, rulings, regulations and ordinances of the State and the departments, agencies and political subdivisions thereof and the Project will conform, in all material respects, with all applicable zoning, planning, building and environmental laws, ordinances, rules and regulations of governmental authorities having jurisdiction over the Project. The Borrower has obtained or will cause to be obtained all requisite approvals of the State and of other federal, state, regional and local governmental bodies that are required to own and operate the Project. The Borrower shall do all things necessary to obtain, maintain and renew, from time to time, as necessary all permits, licenses, and governmental approvals necessary to enable it to continue its business as currently conducted.

(d) In the event proceeds of the Bonds are insufficient to pay the costs of the Project in full, the Borrower hereby agrees to pay that portion of the costs of the Project as may be in excess of the moneys available therefor in the Construction Fund established under the Bond Indenture. The obligation of the Borrower to complete the Project shall survive any termination of this Agreement.

(e) The Borrower shall, at the Borrower's sole expense, comply with the provisions of the Master Indenture relating to the Facilities or which otherwise affect the Bonds.

(f) The Borrower hereby agrees that the Issuer shall have the right, upon reasonable written notice to the Borrower, to enter upon, inspect and examine any portion of the Project at any time during regular business hours in such manner as not to interfere with the normal operations of the Borrower so far as practicable. Representatives of the Borrower may accompany the employees, members or representatives of the Issuer on the premises.

(g) The Borrower hereby agrees to indemnify, protect and hold harmless the Issuer with respect to any nonpayment of any rebate amount with respect to the Bonds and such interest and penalties, and with respect to the unavailability or insufficiency of funds with which to make such payments and with respect to any expenses or costs incurred in complying with the terms of the Tax Agreement.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

SECTION 6.01. AGREEMENT EVENTS OF DEFAULT. Each of the following events shall constitute and be referred to herein as an "Agreement Event of Default":

(a) If the Borrower shall fail to make, when due, any payment of the principal of, the premium, if any, and interest on any payment hereunder or any Obligation No. 4 Payment when and as the same shall become due and payable, whether at maturity, by proceedings for redemption, by acceleration or otherwise, in accordance with the terms thereof.

(b) If the Borrower shall fail duly to comply with, observe or perform any other covenants, conditions, agreements or provisions hereof or under the Tax Agreement for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Borrower by the Issuer or the Bond Trustee, or to the Borrower, the Issuer and the Bond Trustee by the Holders of at least 25 percent in aggregate principal amount of the Bonds then Outstanding. If the breach of covenant or agreement is one which cannot be completely remedied within the 60 days after written notice has been given but is capable of cure, it shall not be an Agreement Event of Default as long as the Borrower has taken active steps within the 60 days after written notice has been given to remedy the failure and is diligently pursuing such remedy and provided such default is remedied within 365 days after the initial notice thereof.

(c) If there occurs any Bond Indenture Event of Default.

(d) If there occurs any Master Indenture Event of Default.

The Borrower shall immediately notify the Issuer and the Bond Trustee in writing if any Agreement Event of Default shall occur. Upon having actual notice of the existence of an Agreement Event of Default, the Bond Trustee shall serve written notice thereof upon the Borrower and the Master Trustee unless the Borrower has expressly acknowledged the existence of such Agreement Event of Default in a writing delivered by the Borrower to the Bond Trustee

and the Master Trustee or filed by the Borrower in any court and the Bond Trustee has actual knowledge or notice of such filing.

SECTION 6.02. REMEDIES IN GENERAL. Upon the occurrence and during the continuance of any Agreement Event of Default, but subject to the rights of the Master Trustee under the Master Indenture, the Bond Trustee on behalf of the Issuer, at its option, and after indemnification for its costs, may take such action as it deems necessary or appropriate to collect amounts due hereunder, to enforce performance and observance of any obligation or agreement of the Borrower hereunder or to protect the interests securing the same, and may, without limiting the generality of the foregoing:

(a) Exercise any or all rights and remedies given hereby or available hereunder or given by or available under any other instrument of any kind securing the Borrower's performance hereunder.

(b) Take any action at law or in equity to collect the Obligation No. 4 Payments then due, whether on the stated due date or by declaration of acceleration or otherwise, for damages or for specific performance or otherwise to enforce performance and observance of any obligation, agreement or covenant of the Borrower hereunder.

(c) Apply to a court of competent jurisdiction for the appointment of a receiver (but only in the case of an Agreement Event of Default described in Section 6.01(a), (c) or (d) hereof) of any or all of the property of the Borrower, such receiver to have such powers as the court making such appointment may confer. Each member of the Borrower hereby consents and agrees, and will, if requested by the Bond Trustee, consent and agree at the time of application by the Bond Trustee for appointment of a receiver and to the appointment of such receiver and that such receiver may be given the right, power and authority, to the extent the same may lawfully be given, to take possession of and operate and deal with such property and the revenues, profits and proceeds therefrom, with like effect as such member of the Borrower could do so, and to borrow money and issue evidences of indebtedness as such receiver.

SECTION 6.03. DISCONTINUANCE OR ABANDONMENT OF DEFAULT PROCEEDINGS. If any proceedings taken by the Issuer or the Bond Trustee on account of any Agreement Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Issuer or the Bond Trustee, then and in every case the Issuer, the Bond Trustee, the Borrower shall be restored to their former position and rights hereunder, respectively, and all rights, remedies and powers of the Issuer and the Bond Trustee with respect to subsequent Agreement Events of Default shall continue as though no such proceeding had taken place.

SECTION 6.04. REMEDIES CUMULATIVE. No remedy conferred upon or reserved to the Issuer or the Bond Trustee hereby or now or hereafter existing at law or in equity or by statute, shall be exclusive but shall be cumulative with all others. Such remedies are not mutually exclusive and no election need be made among them, but any such remedy or any combination of such remedies may be pursued at the same time or from time to time so long as

all amounts realized are properly applied and credited as provided herein. No delay or omission to exercise any right or power accruing upon any Agreement Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient by the Issuer or the Bond Trustee. In the event of any waiver of an Agreement Event of Default hereunder, the parties shall be restored to their former positions and rights hereunder, but no such waiver shall extend to any other or subsequent Agreement Event of Default or impair any right arising as a result thereof. In order to entitle the Bond Trustee to exercise any remedy reserved to it, it shall not be necessary to give notice other than as expressly required herein.

SECTION 6.05. APPLICATION OF MONEYS COLLECTED. Any amounts collected pursuant to action taken under this Article VI shall be applied, subject to the provisions of the Master Indenture, in accordance with the provisions of Article VII of the Bond Indenture, and to the extent applied to the payment of amounts due on the Bonds shall be credited against amounts due on Obligation No. 4.

SECTION 6.06. ATTORNEYS' FEES AND OTHER EXPENSES. If, as a result of the occurrence of an Agreement Event of Default, the Issuer or Bond Trustee employs attorneys or incurs other expenses for the collection of payments due hereunder or for the enforcement of performance or observance of any obligation or agreement on the part of the Borrower (including attorneys' fees incurred in any bankruptcy proceeding), the Borrower will, on demand, reimburse the Issuer or the Bond Trustee, as the case may be, for the reasonable out-of-pocket fees and expenses of such attorneys and their paralegals and such other reasonable out-of-pocket expenses so incurred.

ARTICLE VII

MISCELLANEOUS

SECTION 7.01. AMENDMENTS AND SUPPLEMENTS. This Agreement may be amended, changed or modified only as provided in Article X of the Bond Indenture. Written consent of the Issuer shall be required for any amendments materially affecting the retained rights of the Issuer, including any indemnification rights, any material terms of the Bonds or any amendments to this Section 7.01.

SECTION 7.02. APPLICABLE LAW; ENTIRE UNDERSTANDING. This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State. This Agreement, together with the other accompanying documents, express the entire understanding and all agreements of the parties hereto with each other, and neither party hereto has made or shall be bound by any agreement or any representation to the other party which is not expressly set forth herein or incorporated herein by reference.

SECTION 7.03. EXECUTION IN COUNTERPARTS; ONE INSTRUMENT. This Agreement may be executed in several counterparts, each of which shall be an original, and all of which shall constitute but one and the same instrument.

SECTION 7.04. SEVERABILITY. In the event any clause or provision hereof shall be held to be invalid by any court of competent jurisdiction, the invalidity of any such clause or provision shall not affect any of the remaining provisions hereof.

SECTION 7.05. NON-BUSINESS DAYS. When any action is provided for herein to be done on a day named or within a specified time period, and the day or the last day of the period falls on a day other than a Business Day, such action may be performed on the next ensuing Business Day with the same effect as though performed on the appointed day or within the specified period.

SECTION 7.06. APPROVAL OF BOND INDENTURE AND BONDS. The Borrower hereby approves the Bond Indenture and accepts all provisions contained therein, including, specifically the obligations of the Borrower to provide written direction to the Issuer and to pay expenses of the Issuer. The Borrower hereby approves the issuance of the Bonds as prescribed in the Bond Indenture.

SECTION 7.07. LIMITATION OF RIGHTS. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Agreement is intended or shall be construed to give to any Person other than the parties hereto, the Borrower, the Bond Trustee on behalf of the Issuer and the Holders of the Bonds, any legal or equitable right, remedy or claim under or in respect to this Agreement or any covenants, conditions or provisions herein contained; this Agreement and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the Holders of the Bonds as herein provided.

SECTION 7.08. BINDING EFFECT. This instrument shall inure to the benefit of and shall be binding upon the Issuer and the Borrower and their respective successors and assigns subject to the limitations contained herein; provided, however, that the Bond Trustee shall have only such duties and obligations as are expressly given to it hereunder.

SECTION 7.09. NOTICES. Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if given in writing, mailed by first class mail, postage prepaid and addressed as follows or if given by facsimile transmission promptly confirmed by first class mail:

(i) If to the Issuer, addressed to:

City of Pompano Beach, Florida
100 West Atlantic Boulevard
Pompano Beach, Florida 33060
Attention: City Manager
Telephone: (954) 786-4600
Facsimile:

With a copy to:

Office of City of Pompano Beach City Attorney
100 West Atlantic Boulevard
Pompano Beach, Florida 33060
Attention: City Attorney
Telephone: (954) 786-4600
Facsimile:

- (ii) If to the Bond Trustee or Master Trustee, addressed to:

U.S. Bank National Association
500 West Cypress Creed Road, Suite 460
Fort Lauderdale, Florida 33309
Miami, Florida 33131
Attention: U.S. Bank Global Corporate Trust Services
Telephone: (954) 938-2471
Facsimile: (954) 560-8989

- (iii) If to the Borrower, addressed to:

John Knox Village of Florida, Inc.
651 S.W. 6th Street
Pompano Beach, Florida 33060
Attention: Chief Executive Officer and Chief Financial
Officer
Telephone: (954) 783-4020
Facsimile: (954) 783-4097

The Issuer, the Bond Trustee and the Borrower may from time to time by notice in writing to the others designate a different address or addresses for notice hereunder.

IN WITNESS WHEREOF, the Borrower has caused these presents to be signed in its name and on its behalf by its duly authorized officer, and the Issuer has caused these presents to be signed in its name and on its behalf and attested by its duly authorized secretary, all as of the day and year first above written.

JOHN KNOX VILLAGE OF FLORIDA,
INC.

By: _____
Name: _____
Title: _____

Attest:

By: _____
Name: _____
Title: _____

CITY OF POMPANO BEACH, FLORIDA

By: _____
Name: Rex Hardin
Title: Mayor

ATTEST:

By: _____
Name: Asceleta Hammond,
Title: City Clerk

EXHIBIT A TO LOAN AGREEMENT

PROJECT DESCRIPTION

[Intentionally Omitted]