RESOLUTION NO. 2004-151

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, APPROVING THE ISSUANCE OF NOT EXCEEDING $48,000,000 AGGREGATE PRINCIPAL AMOUNT FIRST MORTGAGE REVENUE BONDS, (PRESBYTERIAN RETIREMENT COMMUNITIES PROJECT), SERIES 2004A AND TAXABLE VARIABLE RATE DEMAND FIRST MORTGAGE REVENUE BONDS (PRESBYTERIAN RETIREMENT COMMUNITIES PROJECT), SERIES 2004B, BY THE ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY TO FINANCE, REFINANCE AND REIMBURSE THE COSTS OF VARIOUS CAPITAL PROJECTS OF PRESBYTERIAN RETIREMENT COMMUNITIES, INC., WESLEY MANOR, INC. AND AFFILIATED CORPORATIONS LOCATED WITHIN AND OUTSIDE OF ST. JOHNS COUNTY; APPROVING SUCH ISSUANCE OF FIRST MORTGAGE REVENUE BONDS PURSUANT TO CHAPTER 159, FLORIDA STATUTES, AS AMENDED, AND SECTION 147(f) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the St. Johns County Industrial Development Authority (hereafter, the "Authority") is a public body corporate and politic duly created and existing as a local governmental body and is authorized and empowered by Chapter 159, Parts II and III, Florida Statutes, as amended (the "Act"), to make and execute financing agreements, contracts, deeds and other instruments necessary or convenient for the purpose of facilitating the financing and refinancing of the acquisition, construction and equipping of projects as defined in the Act, including machinery, equipment, land, rights in land and other appurtenances and facilities related thereto, to the end that the Authority may be able to promote health care and economic growth in St. Johns County (the "County") and the State of Florida, increase opportunities for gainful employment and otherwise contribute to the welfare of the State of Florida and its inhabitants, and to finance and refinance the cost of such projects by the issuance of revenue bonds; and

WHEREAS, on June 8, 2004, the Authority adopted its resolution (the "Bond Resolution") authorizing (subject to the approval of the Board of County Commissioners of the County (the "Board")) the issuance of not exceeding $48,000,000 aggregate principal amount First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project) Series 2004A and Taxable Variable Rate Demand First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004B (collectively, the "Bonds") the proceeds of the sale of which will be loaned to Presbyterian Retirement Communities, Inc., Wesley Manor, Inc. and other affiliated corporations (collectively, the "Obligated Group"), all Florida not-for-profit corporations described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") for the purpose of financing, refinancing and reimbursing the cost of further

improving various continuing care retirement communities located both within and outside of St. Johns County, Florida (the "Project"); and

WHEREAS, the Bond Resolution approves two Bond Indentures, two Loan Agreements and an Interlocal Agreement; and

WHEREAS, Section 147(f) of the Code requires public approval of certain private activity bonds by an applicable elected representative or governmental unit following a public hearing, and the Board constitutes an applicable elected representative or governmental unit; and

WHEREAS, pursuant to Section 147(f) of the Code a public hearing was scheduled before the Authority's hearing officer for May 12, 2004, and notice of such hearing was given in the form and in the manner required by the Code; and

WHEREAS, the Authority did on May 12, 2004, cause its hearing officer to hold the public hearing and provided at such hearing reasonable opportunity for all interested individuals to express their views, both orally and in writing, on the issuance of the Bonds and the location and nature of the Project; and

WHEREAS, no views were expressed by anyone attending such hearing; and

WHEREAS, the Board desires to express its approval of the action pursuant to the Bond Resolution and as required by Section 147(f) of the Code and Section 125.01(1)(z), Florida Statutes; NOW THEREFORE,

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA:

SECTION 1. **BONDS APPROVED**. The Board hereby approves, within the meaning of Section 147(f) of the Code and Section 125.01(1)(z), Florida Statutes, the issuance by the Authority of not exceeding $48,000,000 aggregate principal amount of its First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project) Series 2004A and Taxable Variable Rate Demand First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004B to finance, refinance and reimburse the improvement and equipping of the Project.

SECTION 2. **REPEALING CLAUSE.** All resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

SECTION 3. **EFFECTIVE DATE.** This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED: This 22nd day of June, 2004.

BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA

By: _____
Its Chair

(OFFICIAL SEAL)

Attest:

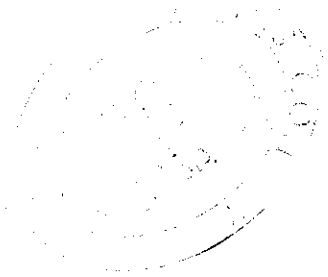
By: _____
Its Clerk

I, Cheryl Strickland, Clerk of the Board of County Commissioners of St. Johns County, Florida, hereby certify that the foregoing is a true and correct copy of Resolution No. 2004-151 of said County passed and adopted on June 22, 2004.

Clerk of the Board of County Commissioners

Cheryl Strickland
ST. JOHNS COUNTY

(OFFICIAL SEAL)



RESOLUTION AUTHORIZING THE ISSUANCE OF NOT EXCEEDING $48,000,000 AN AGGREGATE PRINCIPAL AMOUNT OF FIRST MORTGAGE REVENUE BONDS (PRESBYTERIAN RETIREMENT COMMUNITIES PROJECT), SERIES 2004A AND TAXABLE VARIABLE RATE DEMAND FIRST MORTGAGE REVENUE BONDS (PRESBYTERIAN RETIREMENT COMMUNITIES PROJECT), SERIES 2004B TO FINANCE, REFINANCE AND REIMBURSE THE COSTS OF ACQUIRING, CONSTRUCTING, IMPROVING AND EQUIPPING CERTAIN CONTINUING CARE RETIREMENT COMMUNITIES LOCATED WITHIN AND OUTSIDE OF ST. JOHNS COUNTY; MAKING FINDINGS OF FACT; PROVIDING FOR THE LOAN OF THE PROCEEDS FROM THE SALE OF SUCH BONDS TO PRESBYTERIAN RETIREMENT COMMUNITIES, INC., PALM SHORES RETIREMENT COMMUNITY, INC., SUNCOAST MANOR, INC., WESLEY MANOR, INC., WESTMINSTER RETIREMENT COMMUNITIES FOUNDATION, INC. WESTMINSTER SERVICES, INC. AND WESTMINSTER SHORES, INC. COLLECTIVELY REFERRED TO AS THE OBLIGATED GROUP, TO FINANCE, REFINANCE AND REIMBURSE SUCH COSTS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SUCH BONDS; PROVIDING FOR THE PAYMENT THEREOF; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS; APPROVING THE EXECUTION AND DELIVERY OF TWO BOND INDENTURES AND TWO LOAN AGREEMENTS FOR THE RESPECTIVE BONDS; AUTHORIZING A NEGOTIATED SALE AND AWARD OF THE SALE OF THE BONDS WITHIN CERTAIN PARAMETERS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN INTERLOCAL AGREEMENT AND TWO BOND PURCHASE AGREEMENTS, AN OFFICIAL STATEMENT AND OTHER INSTRUMENTS WITH RESPECT TO THE BONDS; TAKING CERTAIN OTHER ACTIONS WITH RESPECT TO THE BONDS; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, as follows:

SECTION 1. **AUTHORITY FOR THIS RESOLUTION**. This resolution, hereinafter called this "instrument," is adopted pursuant to the provisions of Chapter 159, Parts II and III, Florida Statutes, as amended, and other applicable provisions of law (the "Act").

SECTION 2. **DEFINITIONS.** Unless the context otherwise requires, the terms used in this resolution shall have the meanings specified in the two separate Bond Indentures (collectively, the "Bond Indentures"), each by and between the St. Johns County Industrial Development Authority (the "Issuer") and Wells Fargo Bank, N.A., as trustee (the "Trustee"), and the two separate Loan Agreements, (collectively, the "Loan Agreements") by and between

the Issuer and Presbyterian Retirement Communities, Inc., Palm Shores Retirement Community, Inc., Suncoast Manor, Inc., Wesley Manor, Inc., Westminster Retirement Communities Foundation, Inc., Westminster Services, Inc. and Westminster Shores, Inc. (collectively, the "Obligated Group"), each Florida not-for-profit corporations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), attached hereto as Exhibits "A," "B," "C" and "D," respectively.

SECTION 3. **FINDINGS**. It is hereby found, ascertained, determined and, declared as follows:

A. The Issuer is authorized by the Act to make and execute the Indentures, the Loan Agreements, and any other financing agreements, contracts, deeds and other instruments necessary or convenient for the purpose of facilitating the financing, refinancing and reimbursing of the acquisition, construction, improvement and equipping of projects as defined in the Act, including machinery, equipment, land, rights in land and other appurtenances and facilities related thereto, to the end that the Issuer will be able to promote the economic growth of the State of Florida, increase opportunities for gainful employment, promote the advancement of health care and the economic development of the State of Florida, and otherwise contribute to the general welfare of the State of Florida and its inhabitants, and to finance, refinance and reimburse the cost of such projects by the issuance of revenue bonds.

B. The Obligated Group by its application to the Issuer has requested the Issuer to issue its First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004A (the "Series A Bonds") and Taxable Variable Rate Demand First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004B (the "Series B Bonds," and together with the "Series A Bonds," collectively, the "Bonds") in the aggregate principal amount of not exceeding $48,000,000 for the purpose of acquiring, constructing, improving and equipping certain continuing care retirement communities located in and outside of St. Johns County (the "Project").

C. The Project is authorized by the Act and is appropriate to the needs and circumstances of, and shall make a significant contribution to the economic growth of St. Johns County, Florida (the "County"), shall provide or preserve gainful employment, and shall serve a public purpose by improving health care and by advancing the economic prosperity and the general welfare of the State of Florida and its people as stated in the Act.

D. The Issuer is a "local agency" within the meaning of Section 159.27(4), Florida Statutes.

E. The County and the other jurisdictions in which the continuing care retirement communities are located will be able to cope satisfactorily with the impact of the Project and will be able to provide, or cause to be provided when needed, the public facilities, including utilities and public services, that will be necessary for the construction, operation, repair, and maintenance of the Project and on account of any increases in population and other circumstances resulting therefrom.

F. The costs to be paid from the proceeds of the Bonds shall be costs of a project within the meaning of the Act. The Project shall constitute a health care facility within the meaning of the Act.

G. Sections 159.41, 159.46, 159.47(1)(i) and 159.53, Florida Statutes, encourage and authorize the Issuer to issue the Bonds and to expend the proceeds thereof in the manner described in the Bond Indentures and the Loan Agreements.

H. Each corporation composing the Obligated Group is a Florida not-for-profit corporation described in Section 501(c)(3) of the Code and the issuance of the Bonds and disbursement of the proceeds thereof to or on behalf of the Obligated Group in the manner set forth in the Indentures and the Loan Agreements serve a paramount public purpose and any private benefit that might accrue therefrom is only incidental to the paramount public purposes of improving health care in the County and the State of Florida which is served by the issuance of the Bonds and the expenditure of the proceeds thereof in the manner provided in the Bond Indentures and the Loan Agreements.

I. Giving due regard to the Obligated Group's financial statements and the ratio of the Obligated Group's current assets to its current liabilities, net worth, earning trends, coverage of all fixed charges, the nature of its business and the industry in which it is involved, its inherent stability, and all other factors determinative of the Obligated Group's capabilities, financial and otherwise, of fulfilling its obligations consistently with the purposes of the Act, the Obligated Group is financially responsible and fully capable and willing to fulfill its obligations under the Loan Agreements, including its obligation to make payments thereunder in the amounts and at the times required pursuant to the terms of the Loan Agreements and its obligation to operate, repair and maintain the Project at its own expense, and the Obligated Group is willing and capable of serving the purposes of the Act and of fully performing all other obligations and responsibilities imposed upon it pursuant to the provisions of the Loan Agreements.

J. Adequate provision is made under the provisions of the Loan Agreements for the operation, repair and maintenance of the Project at the expense of the Borrower, and for the payment of the principal of and redemption premium, if any, and interest on the Bonds.

K. The principal of and redemption premium, if any, and interest on the Bonds and all payments of the Issuer required under the Loan Agreements and the Bond Indentures shall be payable by the Issuer solely from the Trust Estate under the respective Bond Indentures, including the proceeds derived by the Issuer under the Loan Agreements and the Loan Repayments required to be made by the Borrower in connection with its use and operation of the Project, and the Issuer shall never be required to: (i) levy ad valorem taxes on any property within its territorial limits to pay the principal of and redemption premium, if any, and interest on the Bonds or to make any other payments provided for under the Loan Agreements and the Bond Indentures; (ii) pay the same from any funds of the Issuer other than those derived by the Issuer under the Loan Agreements or funds which comprise the Trust Estate under the respective Bond Indentures; or (iii) require or enforce any payment or performance by the Obligated Group as provided by Bond the Indentures or the Loan Agreements unless the Issuer's expenses in respect thereof shall be paid from moneys derived under the Loan Agreements or shall be advanced to the Issuer for such purpose, and the Issuer shall receive indemnity to its satisfaction. The Bonds

shall not constitute a lien upon any property owned by or situated within the territorial limits of the Issuer. Neither the faith and credit of the Issuer or of the County nor the taxing power of the County or of the State of Florida or any political subdivision thereof shall be pledged to the payment of the Bonds.

L. The Loan Repayments to be made by the Obligated Group to the Trustee under the Loan Agreements will be sufficient to pay all principal of and redemption premium, if any, and interest on the Bonds, as the same shall become due, and to make all other payments required by the Loan Agreements and the Bond Indentures.

M. The Series B Bonds will be further secured by a letter of credit to be issued by Allied Irish Banks, p.l.c., New York Branch. Further, the Bonds will be secured by the terms and provisions of a Master Trust Indenture between the Obligated Group and Wells Fargo Bank, N.A., as Master Trustee thereunder (the "Master Indenture").

N. The purposes of the Act will be most effectively served by the plan of financing, refinancing and reimbursing in the manner provided in the Bond Indentures and the Loan Agreements.

O. On May 12, 2004 the Issuer (through its hearing officer) conducted a public hearing with respect to the issuance of the Bonds, in accordance with the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended, and as no comments were expressed at such hearing, the Issuer desires to approve and authorize the financing.

P. The Issuer hereby finds that in order to assure the most favorable terms in the bond market, the size and complexity of the financing and the volatility of the market dictates that flexibility in timing of the sale is desirable and requires that its terms be negotiated at private sale rather than offered by competitive bid at public sale and, therefore, has determined to sell the Bonds at private, negotiated sale.

Q. The Issuer has received the opinion of Rogers Towers, P.A., bond counsel, dated April 16, 2004, to the effect that the Project constitutes a health care facility as defined in the Act.

SECTION 4. **FINANCING OF THE PROJECT AUTHORIZED.** The financing, refinancing and reimbursement of the cost of the Project in the manner provided in the Loan Agreements, the Bond Indentures and the Master Indenture is hereby authorized.

SECTION 5. **AUTHORIZATION OF BONDS.** Obligations of the Issuer to be known as "First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004A" and "Taxable Variable Rate Demand First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004B" in the aggregate principal amount of not exceeding $48,000,000, in the form and manner described in the respective Bond Indentures are hereby authorized to be issued. The Bonds will be dated such date and mature in such years and amounts, will contain such redemption provisions, will bear interest at such rates (not exceeding the maximum interest rate permitted by the Act or by other applicable provision of law), and will be payable on such dates, as provided in the respective Bond Indentures. For the reasons stated in Section 3 hereof, the Issuer hereby declares its intent to issue and sell the Bonds all at one time

by a private, negotiated sale as authorized in Section 8 below. Notwithstanding the foregoing, the Bonds shall not be sold or issued until the Board of County Commissioners of the County shall have approved the issuance of the Bonds and until the Chairman or Vice Chairman of the Issuer shall hereafter approve the final terms of the sale of the Bonds by executing the purchase contracts relating thereto as provided in this instrument. To the extent the Bonds are issued on the closing date in an aggregate principal amount less than $48,000,000, upon such issuance of the Bonds, the authority to issue any balance of the Bonds authorized not issued on such date shall be deemed cancelled.

SECTION 6. **AUTHORIZATION OF EXECUTION AND DELIVERY OF TRUST INDENTURES.** As security for the payment of the principal of and premium, if any, and interest on the Bonds, pro rata and without preference, except as provided in the Bond Indentures, of any one of the Bonds over any other thereof, the Bond Indentures, in substantially the forms attached hereto as Exhibit "A" and Exhibit "B," with such changes, alterations and corrections as may be approved by the Chairman or Vice Chairman of the Issuer, such approval to be presumed and evidenced by his execution thereof, is hereby approved by the Issuer; and the Issuer hereby authorizes and directs said Chairman or Vice Chairman to execute and the Secretary or Assistant Secretary of the Issuer to attest under seal of the Issuer and to deliver to the respective Bond Trustee the Bond Indentures, all of the provisions of which, when executed and delivered by the Issuer as authorized herein and by the Trustee duly authorized, shall be deemed to be a part of this instrument as fully and to the same extent as if incorporated verbatim herein. The Issuer does hereby provide in the Bond Indentures the terms, conditions, covenants, rights, obligations, duties and agreements to and for the benefit of the holders of the Bonds, the Issuer, the Obligated Group and the Trustee. Wells Fargo Bank, N.A. is hereby appointed bond trustee under both Bond Indentures.

SECTION 7. **AUTHORIZATION OF EXECUTION AND DELIVERY OF LOAN AGREEMENTS.** The Loan Agreements, in substantially the form attached hereto as Exhibit "C" and Exhibit "D," with such changes, alterations and corrections as may be approved by the Chairman or Vice Chairman of the Issuer, such approval to be presumed and evidenced by his execution thereof, are hereby approved by the Issuer; and the Issuer hereby authorizes and directs said Chairman or Vice Chairman to execute and the Secretary or Assistant Secretary of the Issuer to attest under the seal of the Issuer and to deliver to the Obligated Group the respective Loan Agreements, the provisions of which, when executed and delivered by the Issuer as authorized herein and by the Borrower each duly authorized, shall be deemed to be a part of this instrument as fully and to the same extent as if incorporated verbatim herein.

SECTION 8. **AUTHORIZATION OF EXECUTION AND DELIVERY OF BOND PURCHASE AGREEMENTS.** The Bond Purchase Agreements, in substantially the forms attached hereto as Exhibit "E" and Exhibit "F," with such changes, alterations and corrections as may be approved by the Chairman or the Vice Chairman of the Issuer, such approval to be presumed and evidenced by his execution thereof, are hereby approved by the Issuer; and the Issuer hereby authorizes and directs said Chairman or Vice Chairman to execute and to deliver to the Obligated Group and Herbert J. Sims & Co., Inc., as underwriter, the Bond Purchase Agreements, the provisions of which, when executed and delivered by the Issuer as authorized herein and by the other parties thereto, each duly authorized, shall be deemed to be a part of this instrument as fully and to the same extent as if incorporated verbatim herein. The Chairman or

Vice Chairman of the Issuer is expressly authorized to award the sale of the Series A Bonds in an aggregate principal amount not to exceed $36,000,000 and at a true interest cost not to exceed 8.0%. The Chairman or Vice Chairman of the Issuer is expressly authorized to award the sale of the Series B Bonds in an aggregate principal amount of not to exceed $14,000,000. In no case shall the aggregate principal amount of the Series A Bonds and Series B Bonds exceed $48,000,000. The sale of the Series A Bonds shall not be awarded unless the Issuer receives a certificate from Herbert J. Sims & Co., Inc. as to the computation of the true interest cost of the Bonds and that such is within the limit stated above preceding sentence.

SECTION 9. **AUTHORIZATION OF EXECUTION AND DELIVERY OF THE INTERLOCAL AGREEMENT.** The Interlocal Agreement, in substantially the form attached hereto as Exhibit "G," with such changes, alterations and corrections as may be approved by the Chairman or Vice Chairman of the Issuer, such approval to be presumed in evidence by his execution thereof, are hereby approved by the Issuer; and the Issuer hereby authorizes and directs said Chairman or Vice Chairman to execute and the Secretary or Assistant Secretary of the Issuer to attest under the seal of the Issuer and to deliver to the other parties thereto the Interlocal Agreement, the provisions of which, when executed and delivered by the Issuer as authorized herein and by the other parties thereto each duly authorized, shall be deemed to be a part of this instrument as fully and to the same extent as if incorporated verbatim herein.

SECTION 10. **OFFICIAL STATEMENTS.** The distribution of the Preliminary Official Statement relating to the Bonds is hereby approved and authorized in such form and substance as shall be approved by the Chairman or the Vice Chairman of the Issuer. The Chairman or Vice Chairman is hereby authorized to deem such Preliminary Official Statement as "final" within the meaning of Rule 15c2-12 of the Securities and Exchange Commission, as amended, except for certain permitted omissions as provided for in such rule. The execution and distribution of the final Official Statement relating to the Bonds in such form and substance as shall be approved by the Chairman or Vice Chairman of the Issuer is hereby approved and authorized, the approval of the Preliminary Official Statement and the Official Statement as authorized hereby to be presumed and evidenced by the execution of one or more copies of the Official Statement by the Chairman or Vice Chairman.

SECTION 11. **APPROVAL OF MASTER INDENTURE.** Issuer hereby approves the form of Master Indenture to be executed by the Obligated Group and the Master Trustee thereunder, in substantially the form attached hereto as Exhibit "H," with such changes as shall be approved by the Chairman or Vice Chairman of the Issuer, such approval to be evidenced by the execution and delivery of the Bond Indentures.

SECTION 12. **CONTINUING DISCLOSURE.** The Issuer hereby approves the Continuing Disclosure Certificate to be executed by the Obligated Group in substantially the form attached hereto as Exhibit "I," with such changes as shall be approved by the Chairman or Vice Chairman of the Issuer, such approval to be evidenced by the execution and delivery of the Loan Agreements.

SECTION 13. **AUTHORIZATION FOR LIQUIDITY FACILITY AND RELATED INSTRUMENTS FOR SERIES B BONDS.** The Chairman or Vice Chairman of the Issuer is hereby authorized and directed to facilitate the arrangement for a letter of credit to serve as

liquidity for the Series B Bonds while in the Weekly Interest Rate. The Chairman or Vice Chairman of the Issuer is hereby authorized and directed to execute and deliver such instruments to facilitate a variable rate demand bond structure including a remarketing agreement and a tender agent agreement each in a form approved by such officer, his approval to be conclusively evidenced by his execution thereof.

SECTION 14. **TAX REGULATORY AGREEMENT.** The Chairman or Vice Chairman of the Issuer is hereby authorized and directed to execute any appropriate tax regulatory agreement or tax certificate necessary to properly document the tax-exempt nature of the Series A Bonds.

SECTION 15. **NO PERSONAL LIABILITY.** No covenant, stipulation, obligation or agreement herein contained or contained in the Loan Agreements, the Bond Indentures, the Interlocal Agreement or the other documents that are executed by the Issuer in connection with the issuance of the Bonds shall be deemed to be a covenant, stipulation, obligation or agreement of any member, agent or employee of the Issuer or its governing body in his individual capacity, and neither the members of the Issuer nor any official executing the Bonds shall be liable personally thereon or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 16. **NO THIRD PARTY BENEFICIARIES.** Except as herein or in the Loan Agreements or the Bond Indentures otherwise expressly provided, nothing in this instrument or in the Loan Agreements or the Bond Indentures, expressed or implied, is intended or shall be construed to confer upon any person, firm or corporation other than the Issuer, the Obligated Group, the holders of the Bonds and the Bond Trustee any right, remedy or claim, legal or equitable, under and by reason of this instrument or any provision thereof or of the Loan Agreements or the Bond Indentures, this instrument, the Loan Agreements and the Bond Indentures intended to be and being for the sole and exclusive benefit of the Issuer, the Obligated Group, the holders from time to time of the Bonds and the Bond Trustees.

SECTION 17. **CHAIRMAN'S DESIGNATION OF SIGNATORY.** The Chairman of the Issuer is hereby authorized to designate by written certificate one or more authorized signatories to execute any and all instruments, documents and certificates in his place. Such signature shall have the effect of the Chairman's signature as authorized in this resolution.

SECTION 18. **GENERAL AUTHORITY.** The members of the Issuer and officers, attorneys, accountants, engineers or other agents or employees of the Issuer are hereby authorized to do all acts and things required of them by this instrument, the Loan Agreements, the Interlocal Agreement or the Bond Indentures, or desirable or consistent with the requirements hereof or such Loan Agreements, Bond Indentures or Interlocal Agreement, for the full punctual and complete performance of all the terms, covenants and agreements contained in the Bonds, the Loan Agreements, the Interlocal Agreement, the Bond Indentures, and this instrument.

SECTION 19. **THIS INSTRUMENT CONSTITUTES A CONTRACT.** The Issuer covenants and agrees that this instrument shall constitute a contract between the Issuer and the holders from time to time of any of the Bonds then outstanding and that all covenants and agreements set forth herein and in the Loan Agreements and the Bond Indentures to be

performed by the Issuer shall be for the equal and ratable benefit and security of all holders of the Bonds without privilege, priority or distinction as to lien or otherwise of any of the Bonds over any other of the Bonds, except as provided in the Bond Indentures.

SECTION 20. **EXECUTION OF BONDS AND AUTHORIZATION OF ALL OTHER NECESSARY ACTION.** The proper officers of the Issuer are hereby authorized and directed to execute the Bonds when prepared, by manual or facsimile signature, and to deliver the same to the Trustee for authentication and delivery to the purchasers upon payment of the purchase price pursuant to the conditions stated in the Indenture and this resolution. Such officers, counsel to the Issuer, and Rogers Towers, P.A., Issuer's bond counsel, are designated agents of the Issuer in connection with the issuance and delivery of the Bonds, and are authorized and empowered, collectively or individually, to take all action and steps to execute and deliver any and all instruments, documents or contracts on behalf of the Issuer which are necessary or desirable in connection with the execution and delivery of the Bonds and which are not inconsistent with the terms and provisions of this instrument.

SECTION 21. **REPEALING CLAUSE.** All resolutions or parts thereof of the Issuer in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

SECTION 22. **COMPLIANCE WITH CHAPTER 218, PART III, FLORIDA STATUTES.** The Issuer hereby approves and authorizes the completion, execution and filing with the Division of Bond Finance, Department of General Services of the State of Florida, at the expense of the Borrower, of advance notice of the impending sale of the Bonds, of Bond Information Form BF 2003 and of a copy of Internal Revenue Service Form 8038, and any other acts as may be necessary to comply with Chapter 218, Part III, Florida Statutes, as amended.

SECTION 23. **AUTHORIZATIONS AND APPROVALS CONTINGENT UPON APPROVAL BY BOARD OF COUNTY COMMISSIONERS.** The authorizations and approvals contained in the foregoing sections of this instrument are contingent only upon the approval by the Board of County Commissioners of St. Johns County, Florida of the Issuer's issuance of the Bonds. The Board of County Commissioners of the County is hereby requested to approve the issuance of the Bonds as contemplated by this instrument and the documentation attached as exhibits hereto.

SECTION 24. **SEVERABILITY OF INVALID PROVISIONS.** If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provisions 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 25. **EFFECTIVE DATE.** This resolution shall take effect immediately upon its adoption.

ADOPTED: This 8th day of June, 2004.

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

By: _____
Chairman

(SEAL)

Attest:

By: _____
ASST.

Jax\772309_2

BOND INDENTURE

between

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
Bond Trustee

Dated as of August 1, 2004

Securing

$00,000,000

St. Johns County Industrial Development Authority
First Mortgage Revenue Bonds
(Presbyterian Retirement Communities Project),
Series 2004A

THIS BOND INDENTURE, dated for convenience of reference as of August 1, 2004, by and between **ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY,** a public body corporate and politic organized and existing under the laws of the State of Florida (the "Issuer"), and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association duly incorporated and validly existing under the laws of the United States of America and having its designated corporate trust office for purposes of this transaction presently located in Jacksonville, Florida, which is authorized under such laws to exercise trust powers (together with any bank or trust company becoming successor Bond Trustee under this Bond Indenture being hereinafter sometimes called the "Bond Trustee").

W I T N E S S E T H:

WHEREAS, the Issuer is authorized under Chapter 159, Parts II and III, Florida Statutes, and other applicable provisions of law to make and execute financing agreements and other instruments necessary or convenient for the purpose of facilitating the financing, refinancing or reimbursement of certain projects, including machinery, equipment, land, rights in land and other appurtenances and facilities related thereto, to the end that the Issuer will be able to improve health care and promote the economic growth of the State, increase opportunities for gainful employment, and otherwise contribute to the general welfare of the State and its inhabitants, and to provide such financing or refinancing or reimbursement through the issuance of revenue bonds; and

WHEREAS, the Issuer proposes to issue its $00,000,000 First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004A (the "Bonds") the proceeds of the sale of which will be loaned to Presbyterian Retirement Communities, Inc. (the "Corporation") and the other members of the Obligated Group as described in that certain Master Trust Indenture dated as of August 1, 2004 among the Corporation and such other members of the Obligated Group and Wells Fargo Bank, National Association, as Master Trustee thereunder (the "Master Indenture") to finance, refinance and reimburse a portion of the Costs (as defined herein) of the acquisition, construction, improvement and equipping of certain continuing care retirement communities owned by the Obligated Group as more particularly described herein under the definition of the "Project"; and

WHEREAS, the Issuer deems it desirable and in keeping with its purposes under the Act to issue the Bonds and to loan the proceeds thereof to the Obligated Group for the purpose of financing and refinancing and reimbursing the Costs of the Project; and

WHEREAS, simultaneously with the issuance of the Bonds, the Obligated Group and the Issuer will enter into a Loan Agreement, dated as of August 1, 2004 (which Loan Agreement, together with any and all amendments thereof as herein permitted, is hereinafter called the "Agreement"), pursuant to which the Issuer will lend the proceeds of the Bonds to the Obligated Group, and as evidence of the loan, the Obligated Group, as an issuer of Obligations under and pursuant to the Master Indenture, will execute and deliver Obligation No. 1 (as defined in the Agreement) to the Bond Trustee; and

WHEREAS, as security for all Obligations issued under the Master Indenture, the Corporation has executed certain mortgages; and

WHEREAS, the Issuer has determined that the Bonds and the certificate of authentication to be executed by the Bond Trustee on all Bonds as provided herein shall be, respectively, substantially in the following forms, with such variations, omissions and insertions as are required or permitted by this Bond Indenture:

[Form of Bonds]

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY FIRST MORTGAGE REVENUE BOND
(PRESBYTERIAN RETIREMENT COMMUNITIES PROJECT), SERIES 2004A

No. R-___ $_____

INTEREST RATE	MATURITY DATE	CUSIP
%	October 1, 20__	

The St. Johns County Industrial Development Authority (the "Issuer") for value received, promises to pay, but solely from the sources and in the manner hereinafter provided, to _____, or registered assigns, _____ Dollars ($_____) on the Maturity Date set forth above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the designated corporate trust office of Wells Fargo Bank, National Association, (the "Bond Trustee"). The Issuer also promises to pay, solely from such sources, interest on this Bond (calculated based upon a 360-day year consisting of twelve 30-day months) from the interest payment date next preceding the date on which it is authenticated, unless it is authenticated on an interest payment date, in which event it shall bear interest from such date, or it is authenticated prior to October 1, 2004 in which event it shall bear interest from its date, payable on October 1, 2004 and semiannually thereafter on April 1 and October 1 of each year, at the rate per annum set forth above until the principal sum hereof is paid. The interest so payable and punctually paid or duly provided for, on any interest payment date, will, as provided in the Bond Indenture hereinafter referred to, be paid by the Bond Trustee to the person in whose name this Bond is registered at the close of business on the Regular Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Regular Record Date, and may be paid to the person in whose name this Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Bond Trustee hereinafter mentioned, notice whereof being given to the registered owners not less than ten days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Bonds may be listed and upon such notice as may be required by such exchange, or as more fully provided in said

Bond Indenture. All such payments shall be made in lawful money of the United States of America.

This Bond is one of a duly authorized series of revenue bonds of the Issuer, designated "St. Johns County Industrial Development Authority First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004A" (the "Bonds"), issued under a Bond Indenture, dated as of August 1, 2004 (such Bond Indenture together with all supplements thereto being hereinafter referred to as the "Bond Indenture"), between the Issuer and the Bond Trustee. The Bonds are being issued for the purpose of providing funds, together with other available funds, to (i) pay the cost of the Project (as defined in the Agreement hereinafter mentioned), (ii) [fund a portion of the interest accruing on the Bonds until _____ 1, 200__, (iii)] fund a debt service reserve fund as provided in the Bond Indenture and (iv) pay certain expenses incurred in connection with the issuance of the Bonds.

The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Bond Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the name of the Securities Depository Nominee (as defined in the Bond Indenture), is being issued and required to be deposited with the Securities Depository (as defined in the Bond Indenture) and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the Securities Depository's participants, beneficial ownership of the Bonds in the principal amount of $5,000 or any whole multiple thereof being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Issuer and the Bond Trustee will recognize the Securities Depository Nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on this Bond, (ii) notices and (iii) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository Nominee, its participants or persons acting through such participants. While the Securities Depository Nominee is the owner of this Bond, notwithstanding the provisions hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made in accordance with existing arrangements between the Bond Trustee or its successors under the Bond Indenture and the Securities Depository.

NEITHER THE FAITH AND CREDIT OF THE ISSUER, ST. JOHNS COUNTY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, NOR THE TAXING POWER OF ST. JOHNS COUNTY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, INTEREST ON OR THE REDEMPTION PREMIUM, IF ANY, PAYABLE ON THIS BOND.

THIS BOND SHALL NOT BE OR CONSTITUTE A GENERAL OBLIGATION OF THE ISSUER, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, OR A LIEN UPON ANY PROPERTY OWNED BY OR SITUATED WITHIN THE JURISDICTIONAL TERRITORIAL LIMITS OF THE ISSUER OR ST. JOHNS COUNTY, EXCEPT UPON THE TRUST ESTATE. THE REGISTERED OWNER OF THIS BOND SHALL NEVER HAVE THE RIGHT TO REQUIRE OR COMPEL THE ISSUER, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF TO (I) LEVY ANY AD VALOREM TAXES ON ANY PROPERTY TO PAY THE PRINCIPAL OF REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THIS BOND OR TO MAKE ANY OTHER PAYMENTS PROVIDED FOR UNDER THE AGREEMENT (AS DEFINED IN THE "BOND INDENTURE") OR THE BOND INDENTURE, (II) PAY THE SAME FROM ANY FUNDS OTHER THAN THOSE PLEDGED UNDER THE BOND INDENTURE, IN THE MANNER PROVIDED THEREIN OR (III) REQUIRE OR ENFORCE ANY PAYMENT OR PERFORMANCE BY THE OBLIGATED GROUP PROVIDED BY THE BOND INDENTURE OR THE AGREEMENT UNLESS THE ISSUER'S EXPENSES IN RESPECT THEREOF SHALL BE PAID FROM THE TRUST ESTATE OR SHALL BE ADVANCED TO THE ISSUER FOR SUCH PURPOSE, AND THE ISSUER SHALL RECEIVE INDEMNITY TO ITS SATISFACTION. NO COVENANT OR AGREEMENT CONTAINED IN THIS BOND OR THE BOND INDENTURE SHALL BE DEEMED TO BE A COVENANT OR AGREEMENT OF ANY MEMBER, OFFICIAL, AGENT OR EMPLOYEE OF THE ISSUER IN HIS INDIVIDUAL CAPACITY, AND NEITHER THE MEMBERS OF THE GOVERNING BODY OF THE ISSUER NOR ANY OFFICIAL EXECUTING THIS BOND SHALL BE LIABLE PERSONALLY ON THIS BOND OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THIS BOND, ALL SUCH LIABILITY BEING RELEASED AS A CONDITION OF, AND AS A CONSIDERATION FOR, THE EXECUTION OF THE INDENTURE AND THE ISSUANCE OF THIS BOND.

The Issuer has entered into a Loan Agreement, dated as of August 1, 2004 (herein called the "Agreement"), with Presbyterian Retirement Communities, Inc., Palm Shores Retirement Community, Inc., Suncoast Manor, Inc., Wesley Manor, Inc., Westminster Retirement Communities Foundation, Inc., Westminster Services, Inc. and Westminster Shores, Inc. (collectively, and together with any future members, the "Obligated Group") under which the Issuer has agreed to lend to the Obligated Group the proceeds of the Bonds and in consideration and as evidence of the loan the Obligated Group has agreed to make payments to the Bond Trustee (the "Loan Repayments") in such amounts and at such times as are required to provide for the timely payment of the principal of, premium, if any, and interest on the Bonds. The Agreement further obligates the Obligated Group to perform, observe and comply with certain covenants, conditions and agreements set forth in a Master Trust Indenture, dated as of August 1, 2004 (said Master Trust Indenture, together with all supplements and amendments thereto as therein permitted, being herein called the "Master Indenture"), by and between the Obligated Group and Wells Fargo Bank, National Association, as master trustee (the "Master Trustee"), including covenants, conditions and agreements with respect to the operation of the Members of the Obligated Group (as defined in the Master Indenture). As security for all Obligations (as

defined in the Master Indenture) issued under the Master Indenture, the Obligated Group has granted to the Master Trustee a security interest in the Gross Revenues and Facility Property and Equipment (as each such term is defined in the Master Indenture) of the Obligated Group. As additional security for all Obligations, the Obligated Group has executed various mortgages (the "Mortgages") in the State of Florida.

As evidence of its indebtedness under the Agreement, the Obligated Group has executed and delivered to the Issuer its Obligation No. 1 ("Obligation No. 1"). Obligation No. 1 is issued under and secured by the Master Indenture, which provides that the Obligated Group may issue additional Obligations secured *pari passu* under the Master Indenture and the Mortgages under the terms and conditions and to the extent described in the Master Indenture.

Pursuant to the Bond Indenture, the Issuer has, for the benefit of the registered owners of the Bonds, assigned Obligation No. 1, the Issuer's rights under the Agreement, including all its rights, title and interest to receive the Loan Repayments (subject to the reservation of certain rights of the Issuer, including its rights to notices, payment of certain expenses and indemnity), its rights under the Master Indenture and the Mortgages as the owner of Obligation No. 1, and its rights to any and all moneys and securities in the Bond Fund, the Debt Service Reserve Fund and the Redemption Fund (all as defined in the Bond Indenture) and, until applied in payment of the cost of the Project, the Construction Fund (as defined in the Bond Indenture) under the Bond Indenture, to the Bond Trustee in trust.

Reference is made to the Master Indenture, the Agreement, the Mortgages and the Bond Indenture for a more complete statement of the provisions thereof and of the rights of the Issuer, the Bond Trustee, the Master Trustee, the Obligated Group and the registered owners of the Bonds. Copies of Obligation No. 1, the Obligated Group, the Bond Indenture, the Master Indenture and the Agreement are on file and may be inspected at the designated corporate trust office of the Bond Trustee in Jacksonville, Florida. By the purchase and acceptance of this Bond, the registered owner hereof signifies assent to all of the provisions of the aforementioned documents.

This Bond is issued and the Bond Indenture and the Agreement were made and entered into under and pursuant to the Constitution and laws of the State of Florida, and particularly in conformity with the provisions, restrictions and limitations of Chapter 159, Parts II and III, Florida Statutes, as amended (the "Act").

The transfer of this Bond is registerable by the registered owner hereof in person or by such registered owner's attorney or legal representative at the principal corporate trust office of the Bond Trustee, but only in the manner and subject to the limitations and conditions provided in the Bond Indenture and upon surrender and cancellation of this Bond.

The Bonds maturing on October 1, 20___ are subject to redemption by the Issuer, upon the direction of the Obligated Group Representative, on and after October 1, 20___, in whole or in part (by lot within a maturity) on any date. Any such redemption will be at the redemption

prices (expressed as percentages of the principal amount of the Bonds to be redeemed) set forth in the table below plus accrued interest to the redemption date, all in the manner provided in the Bond Indenture:

Redemption Dates (inclusive)	Redemption Price
October 1, 20___ to September 30, 20___	
October 1, 20___ to September 30, 20___	
October 1, 20___ and thereafter	

The Bonds maturing on October 1, 20___ are required to be redeemed in part by lot on October 1, 20__ and on each October 1 thereafter, in the principal amounts set forth in the Bond Indenture, from money deposited with the Bond Trustee for such purpose, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed.

The Bonds maturing on October 1, 20___ are required to be redeemed in part by lot on October 1, 20__ and on each October 1 thereafter, in the principal amounts set forth in the Bond Indenture, from money deposited with the Bond Trustee for such purpose, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed.

The Bonds are also subject to redemption by the Issuer, upon the direction of the Obligated Group Representative, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date, in whole or in part on any date from amounts received by any Member of the Obligated Group as insurance proceeds with respect to any casualty loss or failure of title or as condemnation awards, provided such amount is not less than $100,000, and upon the occurrence of the following events: [to come]

Not less than 30 days but not more than 60 days before the redemption date of any Bonds, whether such redemption is in whole or in part, the Bond Trustee shall cause a notice of any such redemption signed by the Bond Trustee to be mailed, first class, postage prepaid, to all registered owners owning or holding Bonds to be redeemed in whole or in part, but failure so to mail any such notice to any registered owner or any defect in any notice so mailed shall not affect the validity of the proceedings for the redemption of the Bonds of any other registered owner as to which notice shall have been properly given. On the date fixed for redemption, notice having been mailed in the manner provided in the Bond Indenture, the Bonds or portions thereof called for redemption shall be due and payable at the redemption price provided therefor, plus accrued interest to such date. If there has been delivered to the Bond Trustee, and the Bond Trustee is then holding in trust, money or Defeasance Obligations (as defined in the Bond Indenture), or a combination of both, sufficient to pay the redemption price of the Bonds to be redeemed plus accrued interest to the date of redemption, interest on the Bonds called for redemption shall cease to accrue; such Bonds or portions thereof shall cease to be entitled to any benefits or security under the Bond Indenture or to be deemed Outstanding (as defined in the Bond Indenture); and the registered owners of such Bonds or portions thereof shall have no

rights in respect thereof except to receive payment of the redemption price thereof, plus accrued interest to the date of redemption.

The registered owner of this Bond shall have no right to enforce the provisions of the Bond Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Bond Indenture and except that any registered owner may institute action to enforce the payment of the principal of or the interest on such registered owner's Bond.

Upon the occurrence of certain events, and on the conditions, in the manner and with the effect set forth in the Bond Indenture, the principal of all Bonds then outstanding under the Bond Indenture may become or may be declared due and payable before the stated maturity thereof, together with the interest accrued thereon.

Modifications or alterations of the Bond Indenture or any Bond Indenture supplemental thereto, the Agreement or any agreement supplemental thereto, or the Master Indenture or any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Bond Indenture, the Agreement and the Master Indenture.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this Bond and the execution of the Bond Indenture and the Agreement have happened, exist and have been performed as so required.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Bond Indenture until it shall have been authenticated by the execution by the Bond Trustee of the certificate of authentication hereon.

IN WITNESS WHEREOF, the St. Johns County Industrial Development Authority has caused this Bond to be executed with the facsimile signatures of its [Vice] Chairman and its [Assistant] Secretary and [a facsimile of] its official seal to be [impressed] [printed] hereon and this Bond to be dated as of the ____ day of _____, 2004.

ST. JOHNS COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY

By _____
[Vice] Chairman

[OFFICIAL SEAL]

By _____
Assistant Secretary

ASSIGNMENT

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

_____

_____

[Please Print or Typewrite Name and Address of Transferee]

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

_____

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

Signature Guaranteed:

_____

NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

[To be endorsed on all Bonds]

CERTIFICATE OF AUTHENTICATION

Date of authentication:

_____

This Bond is a Bond issued under the provisions of the within-mentioned Bond Indenture.

WELLS FARGO BANK, NATIONAL ASSOCIATION, Bond Trustee

By _____

Authorized Signatory

WHEREAS, under the Constitution and laws of the State of Florida, including the Act, the Issuer is authorized to enter into this Bond Indenture, to issue the Bonds as hereinafter provided, to lend the proceeds of the Bonds to the Obligated Group for the purposes hereinbefore stated, and to do or cause to be done all the acts and things herein provided or required to be done as hereinafter covenanted; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of Florida, including the Act, to happen, exist and be performed precedent to and in the execution and delivery of this Bond Indenture have happened, exist and have been performed as so required to make this Bond Indenture a valid and binding Bond Indenture securing the Bonds in accordance with its terms; and

WHEREAS, the Bond Trustee has accepted the trusts created by this Bond Indenture and in evidence thereof has joined in the execution hereof;

NOW, THEREFORE, THIS BOND INDENTURE WITNESSETH: that in consideration of the premises, of the acceptance by the Bond Trustee of the trusts hereby created, and of the purchase and acceptance of Bonds by the Holders (as defined herein) thereof, and also for and in consideration of the sum of One Dollar in hand paid by the Corporation on behalf of the Bond Trustee at or before the execution and delivery of this Bond Indenture, and for other good and valuable consideration, the receipt whereof is hereby acknowledged, and for the purpose of fixing and declaring the terms and conditions upon which Bonds are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become Holders thereof, and to secure the payment of all Bonds at any time issued and outstanding under this Bond Indenture and the interest and the redemption premium, if any, thereon according to their tenor, purport and effect, and to secure the performance and observance of all the covenants, agreements and conditions, express or implied, therein and herein contained, the Issuer has executed and delivered this Bond Indenture, and by this Bond Indenture has given, granted, bargained, aliened, remised, released, conveyed, transferred, assigned, confirmed, set over, and pledged, and does hereby give, grant, bargain, alien, remise, release, convey, transfer, assign, confirm, set over, and pledge unto the Bond Trustee, and its successor or successors in trust the following (herein referred to as the "Trust Estate"):

1. All right, title and interest of the Issuer in and to Obligation No. 1 and all its rights under the Master Indenture and the Mortgages as owner of Obligation No. 1;

2. All right, title and interest of the Issuer in and to the Agreement (except for those certain rights that are set forth in the next sentence of this clause), it being the intent and purpose hereof that the assignment and transfer to the Bond Trustee of the payments and other sums due and to become due under the Agreement shall be effective and operative immediately and the Bond Trustee shall have the right to collect and receive said payments and other sums for application in accordance with the provisions hereof at all times during the period from and after the date of this Bond Indenture until the indebtedness hereby secured shall have been fully paid and discharged. The Issuer specifically reserves from this assignment the following rights: (a) to

make requests for information and inspections where allowed under the Agreement; (b) to receive payments under Sections 3.04(b)(iv) and (v) and 8.02 of the Agreement; (c) those exculpations from liability conferred upon the members, officers and employees of the Issuer in Section 10.01 of the Agreement; and (d) to be indemnified pursuant to Section 8.01 of the Agreement; *provided* that the reservation of the aforementioned rights shall not prevent the Bond Trustee from enforcing the same on behalf of the Issuer and the Holders. The Issuer is to remain liable to observe and perform all the conditions and covenants in the Agreement provided to be observed and performed by it; and

3. All money and securities held by the Bond Trustee in the Bond Fund, the Debt Service Reserve Fund and the Redemption Fund (all as hereinafter defined) and, until applied in payment of the cost of the Project in accordance with Section 404 hereof, all money and securities in the Construction Fund (as hereinafter defined).

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Bond Trustee and its successor or successors in trust and to them and their assigns forever, subject to the exceptions, reservations and matters herein recited;

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth, for the benefit, security and protection of the present and future Holders of the Bonds issued or to be issued under and secured by this Bond Indenture, without preference, priority or distinction as to lien or otherwise, except as may otherwise be provided herein, of any one Bond over any other Bond by reason of priority in their issue, sale or otherwise, all as herein provided;

Provided, however, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, or provide for the payment, pursuant to the provisions of this Bond Indenture, of the principal of Bonds and the interest and any redemption premium due or to become due thereon, at the times and in the manner mentioned in the Bonds and this Bond Indenture, according to the true intent and meaning thereof and hereof, and shall cause the payments to be made into the Bond Fund as required under this Bond Indenture, and shall pay or cause to be paid to the Bond Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such performance and payments this Bond Indenture and the rights hereby granted shall cease, determine and be void, as provided in Article XII hereof; otherwise this Bond Indenture shall be and remain in full force and effect; and

THIS BOND INDENTURE FURTHER WITNESSETH and it is expressly declared that all Bonds issued and secured hereunder are to be issued, authenticated, delivered and dealt with, and all said property hereby given, granted, bargained, aliened, remised, released, conveyed, transferred, assigned, confirmed, set over and pledged is to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Bond Trustee and with the respective Holders, from time to time, of the Bonds, or any part thereof, as follows:

ARTICLE I.
DEFINITIONS

Section 101. Meaning of Words and Terms. In addition to words and terms elsewhere defined in this Bond Indenture, the following words and terms as used in this Bond Indenture shall have the following meanings, unless some other meaning is plainly intended:

"Act" means Chapter 159 Parts II and III, Florida Statutes, as amended, and other applicable provisions of law.

"Affiliate" means a corporation, limited liability company, partnership, joint venture, association, business trust or similar entity organized under the laws of the United States of America or any state thereof which (i) is directly or indirectly controlled by any Member of the Obligated Group, or by any Person which directly or indirectly controls any Member of the Obligated Group or (ii) controls, directly or indirectly, any Member of the Obligated Group. For purposes of this definition, control means the power to direct the management and policies of a Person through the ownership of not less than a majority of its voting securities or the right to designate or elect not less than a majority of the members of its board of directors or other governing board or body by contract or otherwise.

"Agreement" means the Loan Agreement, dated as of August 1, 2004, between the Issuer and the Obligated Group relating to the Bonds, including all amendments or supplements thereto as therein permitted.

"Average Annual Debt Service" means, at any given time of determination, the average annual Principal and Interest Requirements for the Bonds until their final maturity.

"Bond Fund" means the Bond Fund created and so designated by Section 501 hereof and consisting of the Interest Account, the Principal Account and the Sinking Fund Account.

"Bond Indenture" means this Bond Indenture, including any Bond Indenture amendatory hereof or supplemental hereto.

"Bond Resolution" means the resolution of the Issuer providing for the issuance of the Bonds.

"Bond Trustee" means the bank or trust company serving as Bond Trustee under this Bond Indenture, whether the original or a successor trustee.

"Bond Year" means the period commencing on April 1 of any year and ending on March 31 of the following year.

"Bonds" means the Bonds issued under Section 208 hereof.

"Business Day" means any day on which banks in the city in which the designated principal corporate trust office of the Bond Trustee is located and New York, New York are not authorized to be closed for commercial banking purposes.

"Closing" means Closing as defined in Section 1.01 of the Agreement.

"Code" means the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder.

"Construction Account" means such account in the Construction Fund created and so designated by Section 401 hereof.

"Construction Fund" means the Construction Fund created and so designated by Section 401 hereof.

"Corporation" means Presbyterian Retirement Communities, Inc., a not-for-profit corporation duly incorporated and validly existing under and by virtue of the laws of the State and any successor or successors thereto.

"Corporation Documents" shall have the meaning set forth in Section 208(i) hereof.

"Cost," as applied to the Project, means, without intending thereby to limit or restrict any proper definition of such word under the Act, all items of cost set forth in Section 403 hereof.

"Debt Service Reserve Fund" means the Debt Service Reserve Fund created and so designated by Section 501 hereof.

"Debt Service Reserve Fund Requirement" means the least of (A) 100 percent of Maximum Annual Debt Service on the Bonds, (B) 125 percent of Average Annual Debt Service and (C) ten percent of the stated principal amount of the Bonds; *provided, however,* that if the Bonds have original issue discount or premium that exceeds two percent of the stated redemption price at maturity plus any original issue premium attributable exclusively to underwriters' compensation, the initial offering prices to the public shall be used in lieu of the stated principal amount for purposes of the ten percent limitation.

"Defaulted Interest" means Defaulted Interest as defined in Section 203 hereof.

"Defeasance Obligations" means (i) noncallable Government Obligations, (ii) evidences of ownership of a proportionate interest in specified noncallable Government Obligations, which Government Obligations are held by a bank or trust company

organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, (iii) Defeased Municipal Obligations and (iv) evidences of ownership of a proportionate interest in specified Defeased Municipal Obligations, which Defeased Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian.

"Defeased Municipal Obligations" means obligations of state or local government municipal bond issuers which are rated in the highest rating category by S&P and Moody's, respectively, provision for the payment of the principal of and interest on which shall have been made by deposit with a trustee or escrow agent of (i) noncallable Government Obligations, (ii) evidences of ownership of a proportionate interest in specified noncallable Government Obligations, (iii) cash or (iv) any combination of such noncallable Government Obligations, evidences of ownership and cash, which Government Obligations or evidences of ownership, together with any cash, are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, the maturing principal of and interest on such Government Obligations or evidences of ownership, when due and payable, being sufficient, together with any cash, to provide money to pay the principal of, premium, if any, and interest on such obligations of such state or local government municipal bond issuers.

"Event of Default" means with respect to this Bond Indenture each of those events set forth in Section 801 hereof.

"Existing Facilities" means Existing Facilities as defined in Section 1.01 of the Agreement.

"Financing Documents" means the Agreement, Obligation No. 1, Supplement No. 1, the Master Indenture, this Bond Indenture and the Mortgages.

"Fiscal Year" means the fiscal year of the Obligated Group, which shall be the period commencing on April 1 of any year and ending on March 31 of the following year, unless the Bond Trustee is notified in writing by the Corporation of a change in such period, in which case the Fiscal Year shall be the period set forth in such notice.

"Fitch" means Fitch, Inc., doing business as Fitch Ratings, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation, with notice to the Master Trustee. "Government Obligations" means direct obligations of, or obligations the timely payment of principal and interest on which are fully and unconditionally guaranteed by, the United States of America.

"Holder" means the Person in whose name a Bond is registered in the registration books provided for in Section 206 hereof.

"Interest Account" means such account in the Bond Fund created and so designated by Section 501 hereof.

"Interest Payment Date" means October 1, 2004 and each April 1 and October 1 thereafter, to and including October 1, 20___.

"Interest Requirements" for any Bond Year means the amount that is required to pay interest on all Outstanding Bonds on October 1 in such Bond Year and on April 1 of the following Bond Year.

"Investment Obligations" means, Government Obligations and (A) the obligations of (i) Federal National Mortgage Association, (ii) Federal Intermediate Credit Banks, (iii) Federal Banks for Cooperatives, (iv) Federal Land Banks, (v) Federal Home Loan Banks, (vi) Federal Financing Bank, (vii) Federal Farm Credit System, (viii) Federal Home Loan Mortgage Corporation, (ix) Government National Mortgage Association, (x) Federal Housing Administration, and (xi) Farmers Home Administration, (B) certificates of deposit or time deposits of any bank, any branch of any bank, trust company or national banking association (including the Bond Trustee and its affiliates) or any federally chartered savings and loan association; *provided, however,* that such certificates of deposit or time deposits shall be fully secured, to the extent not insured by the Federal Deposit Insurance Corporation, by Government Obligations or by obligations described in clauses (i) to (xi), inclusive, of (A) above, (C) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations the timely payment of the principal of and the interest on which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, (D) Defeased Municipal Obligations, (E) obligations of state or local government municipal bond issuers, the principal of and interest on which, when due and payable, have been insured by a bond insurance company which is rated in the highest rating category by S&P, if S&P is then rating the Bonds, or Moody's, if Moody's is then rating the Bonds, (F) full faith and credit obligations of state or local government municipal bond issuers which are rated in the highest rating category by both S&P and Moody's, (G) participating shares in a mutual fund or commingled investment pool for local government investment and (H) any repurchase agreement with a bank or trust company (including the Bond Trustee and its affiliates) or recognized securities dealer with capital, surplus and undivided profits in excess of $10,000,000 for Government Obligations or obligations described in the above clauses (i) to (xi), inclusive, of (A) above in which the Bond Trustee shall be given a first security interest and on which no third party shall have a lien and having a fair market value at all times equal to at least 100% of the amount of the repurchase obligation of the bank, trust company or recognized securities dealer; *provided, however,* that such

obligations purchased must be transferred to the Bond Trustee or a third party agent by physical delivery or by an entry made on the records of the issuer of such obligations or its duly appointed agent; in either case, the entity should receive confirmation from the third party that those securities are being held in a safe-keeping account in the name of the entity. The trust or safe-keeping departments of broker-dealers or financial institutions selling investments or pledging collateral or underlying securities, or their custodial agents, are not considered independent third parties for purposes of clause (H) above. Any investment in a repurchase agreement described in clause (H) above shall be considered to mature on the date the bank, trust company or recognized securities dealer providing the repurchase agreement is obligated to repurchase the Investment Obligations. Any investment in Government Obligations or in obligations described in clauses (A), (C), (D), (E) and (F) above may be made in the form of an entry made on the records of the issuer of the particular obligation.

"Issuance Account" means such account in the Construction Fund created and so designated by Section 401 hereof.

"Issuance Costs" shall have the meaning set forth in Section 402 hereof.

"Issuer" means the St. Johns County Industrial Development Authority and any successor thereto.

"Issuer Representative" means the Issuer Representative as defined in Section 1.01 of the Agreement.

"Loan" means the Loan as defined in Section 1.01 of the Agreement.

"Loan Repayments" means those payments designated by and set forth in Section 3.03 of the Agreement.

"Master Indenture" means the Master Trust Indenture, dated as of August 1, 2004, by and among the Obligated Group and Wells Fargo Bank, National Association, as Master Trustee, including any amendments or supplements thereto.

"Master Trustee" means the Master Trustee under the Master Indenture.

"Maximum Annual Debt Service on the Bonds" means, at any given time of determination, the maximum Principal and Interest Requirements for the Bonds for the then current or any succeeding Bond Year.

For purposes of this definition, Principal and Interest Requirements for any Bond Year shall not include any principal, Sinking Fund Requirement, or interest due in such Bond Year by reason of the failure of the Issuer to pay the same when due in any prior Bond Year.

"Member of the Obligated Group" means Member of the Obligated Group as defined in Section 1.01 of the Agreement.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation, by notice to the Bond Trustee.

"Mortgage" means, collectively _____.

"Mortgaged Property" means the property subject to the Mortgages or any other mortgage securing Obligations.

"Obligated Group" means Obligated Group as defined in Section 1.01 of the Master Indenture.

"Obligated Group Representative" means Obligated Group Representative as defined in Section 1.01 of the Master Indenture.

"Obligation" means Obligation as defined in Section 1.01 of the Master Indenture.

"Obligation No. 1" means the obligation so designated and issued under the Master Indenture and Supplement No. 1 thereto and delivered to the Issuer pursuant to the Agreement.

"Officer's Certificate" means Officer's Certificate as defined in Section 1.01 of the Agreement.

"Operating Reserve Fund" means such Fund established pursuant to Section 3.15 of the Master Indenture.

"Opinion of Counsel" means an opinion in writing signed by an attorney or firm of attorneys acceptable to the Bond Trustee and the Issuer who may be counsel for the Issuer or the Corporation or other counsel.

"Outstanding" when used with reference to Bonds means, as of a particular date, all Bonds theretofore issued under this Bond Indenture, except:

(A) Bonds theretofore cancelled by the Bond Trustee or delivered to the Bond Trustee for cancellation;

(B) Bonds for the payment of which money, Defeasance Obligations, or a combination of both, sufficient to pay, on the date when such Bonds are to be paid or redeemed, the principal amount of or the Redemption Price of, and the interest accruing to such date on, the Bonds to be paid or redeemed, has been deposited with the Bond Trustee in trust for the Holders of such Bonds; Defeasance Obligations shall be deemed to be sufficient to pay or redeem Bonds on a specified date if the principal of and the interest on such Defeasance Obligations, when due, will be sufficient to pay on such date the Redemption Price of, and the interest accruing on, such Bonds to such date;

(C) Bonds in exchange for or in lieu of which other Bonds have been issued; and

(D) Bonds deemed to have been paid in accordance with Section 1201 hereof;

provided, however, that Bonds owned or held by or for the account of the Corporation, any Affiliate or any subsidiary or controlled affiliate of the Corporation or any Affiliate shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding provided for in Article VIII, Article XI and Article XII hereof or Sections 6.02 and 10.02 of the Agreement, and neither the Corporation nor any Affiliate or any subsidiary or controlled affiliate of the Corporation or any Affiliate as registered owners of such Bonds shall be entitled to consent or take any other action provided for in Article VIII, Article XI and Article XII hereof or Sections 6.02 and 10.02 of the Agreement.

"Person" includes an individual, association, unincorporated organization, corporation, limited liability company, partnership, joint venture, joint stock company, trust, business trust or a government or an agency or a political subdivision thereof, or any other entity.

"Predecessor Bonds" of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond, and, for purposes of this definition, any Bond authenticated and delivered under Section 209 hereof in lieu of a lost, destroyed or stolen Bond shall be deemed to evidence the same debt as the lost, destroyed or stolen Bond.

"Principal Account" means such account in the Bond Fund created and so designated by Section 501 hereof.

"Principal and Interest Requirements" for any Bond Year means the sum of the Principal Requirements and Interest Requirements for such Bond Year.

"Principal Requirements" for any Bond Year means the sum of (i) the amount required to pay the principal of all Outstanding Serial Bonds on April 1 of the following

Bond Year and (ii) the Sinking Fund Requirement for Term Bonds on April of the following Bond Year.

"Project" means the Project as defined in Section 1.01 of the Agreement.

"Project Budget" means the statement filed with the Bond Trustee pursuant to Section 208(k) hereof, which statement shall consist of categories (but not necessarily amounts) for which proceeds of the Bond in the construction fund are expected to be expended.

"Redemption Fund" means the Redemption Fund created and so designated by Section 501 hereof.

"Redemption Price" means, with respect to Bonds or a portion thereof, the principal amount of such Bonds or portion thereof plus the applicable premium, if any, payable upon redemption thereof in the manner contemplated in accordance with its terms and the terms of this Bond Indenture.

"Regular Record Date" means the 15th day (whether or not a Business Day) of the month preceding any Interest Payment Date.

"Renewal and Replacement Fund" means such Fund established pursuant to Section 3.15 of the Master Indenture.

"Required Payments under the Agreement" means the payments so designated by and set forth in Section 3.04 of the Agreement.

"S&P" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc., its successors and their assigns, and if S&P shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation, with the approval of the Issuer, by notice to the Bond Trustee.

"Securities Depository" means The Depository Trust Company, New York, New York or other recognized securities depository selected by the Issuer, which maintains a book-entry system in respect of the Bonds, and shall include any substitute for or successor to the securities depository initially acting as Securities Depository.

"Securities Depository Nominee" means, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the registration books maintained by the Bond Trustee the Bond certificates to be delivered to and immobilized at such Securities Depository during the continuation with such Securities Depository of participation in its book-entry system.

"Serial Bonds" means the Bonds that are stated to mature on April 1 of the years 20___ to ____.

"Sinking Fund Account" means such account in the Bond Fund created and so designated by Section 501 hereof.

"Sinking Fund Requirement" means, with respect to the Term Bonds for any Bond Year, the principal amount fixed or computed as hereinafter provided for the retirement of such Term Bonds by purchase or redemption on April 1 of the following Bond Year.

The Sinking Fund Requirements for the Term Bonds maturing on October 1, 20___ are as follows:

Year	Principal Amount	Year	Principal Amount

* Maturity.

The Sinking Fund Requirements for the Term Bonds maturing on April 1, 20___ are as follows:

Year	Principal Amount	Year	Principal Amount

* Maturity.

The aggregate amount of such Sinking Fund Requirements for the Term Bonds, together with the amount due upon the maturity of such Term Bonds, shall be equal to the aggregate principal amount of the Term Bonds. The Sinking Fund Requirements for the Term Bonds shall begin in the Bond Year determined as provided above and shall end

with the Bond Year immediately preceding the maturity of such Term Bonds (such final installment being payable at maturity and not redeemed). Any principal amount of Term Bonds retired by operation of the Sinking Fund Account by purchase in excess of the total amount of the Sinking Fund Requirement for such Term Bonds, to and including such April 1, shall be credited against and reduce the future Sinking Fund Requirements for such Term Bonds in such manner as shall be specified in an Officer's Certificate of the Obligated Group Representative filed with the Bond Trustee pursuant to Section 505 hereof.

On or before the 45th day next preceding any April 1 on which Term Bonds are to be retired pursuant to the Sinking Fund Requirement, the Issuer or the Corporation may deliver to the Bond Trustee for cancellation Term Bonds required to be redeemed on such April 1 in any aggregate principal amount desired and receive a credit against amounts required to be transferred from the Sinking Fund Account on account of such Term Bonds in the amount of 100 percent of the principal amount of any such Term Bonds so purchased. Any principal amount of Term Bonds purchased by the Bond Trustee and cancelled in excess of the principal amount required to be redeemed on such April 1, shall be credited against and reduce the principal amount of future Sinking Fund Requirements in such manner as shall be specified in an Officer's Certificate of the Obligated Group Representative in substantially the form of the Officer's Certificate filed with the Bond Trustee and the Issuer pursuant to Section 505 hereof.

It shall be the duty of the Bond Trustee, on or before the 15th day of April in each Bond Year, to recompute, if necessary, the Sinking Fund Requirement for such Bond Year and all subsequent Bond Years for the Term Bonds Outstanding. The Sinking Fund Requirement for such Bond Year as so recomputed shall continue to be applicable during the balance of such Bond Year and no adjustment shall be made therein by reason of Term Bonds purchased or redeemed or called for redemption during such Bond Year.

If any Term Bonds are paid or redeemed by operation of the Redemption Fund, the Bond Trustee shall reduce future Sinking Fund Requirements therefor in such manner as shall be specified in an Officer's Certificate of the Obligated Group Representative in substantially the form of the Officer's Certificate filed with the Bond Trustee and the Issuer pursuant to Section 505 hereof.

"Special Record Date" for the payment of any Defaulted Interest on Bonds means a date fixed by the Bond Trustee pursuant to Section 203 hereof.

"State" means the State of Florida.

"Statutory Debt Service Reserve Requirement" means an amount equal to the aggregate amount of all principal and interest payments due during the Obligated Group's Fiscal Year on any mortgage loan or other long-term financing of the Facility, including taxes and insurance as reported in the Financial Statements of the Obligated Group, and

including any lease hold payments and all costs relating to the same. If the principal payments are not due during a particular Fiscal Year, the Statutory Debt Service Reserve Requirement for such Fiscal Year shall be an amount equal to the interest payments due during the next 12 months on any mortgage loan or other long-term financing of the Facility, including taxes and insurance.

"Supplement No. 1" means Supplemental Indenture for Obligation No. 1, dated as of August 1, 2004, by and between the Obligated Group and the Master Trustee.

"Tax Certificate" means the Tax Certificate executed by the Issuer and the Obligated Group in connection with the issuance of the Bonds.

"Term Bonds" means the Bonds that are stated to mature on April 1, 20___ and 20___, respectively.

"Total Required Payments" means the Total Required Payments as defined in Section 1.01 of the Agreement.

Section 102. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words "Bond," "owner," "Holder" shall include the plural as well as the singular number.

ARTICLE II.
DETAILS OF BONDS; ISSUANCE OF BONDS

Section 201. Limitation on Issuance of Bonds. No Bonds may be issued under the provisions of this Bond Indenture except in accordance with the provisions of this Article.

Section 202. Form and Numbering of Bonds. The definitive Bonds are issuable in fully registered form in denominations of $5,000 or any integral multiple thereof. The Bonds shall be substantially in the forms hereinabove set forth, with such appropriate variations, omissions and insertions as may be necessary or appropriate to conform to the provisions of this Bond Indenture. The Bonds shall be numbered from R-1 upwards. All Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or of any securities exchange on which the Bonds may be listed or any usage or requirement of law with respect thereto.

Section 203. Details of Bonds. The Bonds shall be dated as of July ___, 2004, shall bear interest until their payment, such interest to the maturity thereof being payable on October 1, 2004 and semiannually thereafter on April 1 and October 1 in each year, and shall be stated to mature (subject to the right of prior redemption), all as hereinafter provided.

Each Bond shall bear interest from the Interest Payment Date next preceding the date on which it is authenticated unless it is (a) authenticated upon an Interest Payment Date in which

event it shall bear interest from such Interest Payment Date or (b) authenticated prior to the first Interest Payment Date in which event it shall bear interest from its date; *provided, however,* that if at the time of authentication of any Bond interest is in default, such Bond shall bear interest from the date to which interest has been paid.

The Bonds shall be executed with the manual or facsimile signatures of the Chairman or Vice Chairman of the Issuer and of the Secretary or any Assistant Secretary of the Issuer and the official seal of the Issuer or a facsimile thereof shall be impressed or printed thereon.

In case any officer whose signature or a facsimile of whose signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery, and also any Bonds may bear the facsimile signatures of, or may be signed by, such persons as at the actual time of the execution of such Bonds shall be the proper officers to sign such Bonds although at the date of such Bonds such persons may not have been such officers.

Both the principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America that is legal tender for the payment of public and private debts on the respective dates of payment thereof. The principal of all Bonds shall be payable at the designated corporate trust office of the Bond Trustee upon the presentation and surrender of such Bonds as the same shall become due and payable.

Interest on any Bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid by check mailed by the Bond Trustee to the Person in whose name that Bond is registered at the close of business on the Regular Record Date.

While the Securities Depository Nominee is the owner of the Bonds, notwithstanding the provisions hereinabove contained, payments of principal of, redemption premium, if any, and interest on the Bonds shall be made in accordance with existing arrangements between the Bond Trustee or its successors under this Bond Indenture and the Securities Depository.

Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder; and such Defaulted Interest may be paid by the Issuer, at the direction of the Bond Trustee, as provided below:

> The Issuer shall, if so directed by the Bond Trustee, make payment of any Defaulted Interest on the Bonds to the persons in whose names such Bonds (or their respective Predecessor Bonds) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Bond Trustee shall notify the Issuer in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the

date of the proposed payment (which date shall be such as will enable the Bond Trustee to comply with the next sentence hereof), and upon such notice the Issuer shall deposit or cause to be deposited with the Bond Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Bond Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this section provided. Thereupon the Bond Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 15 days after the receipt by the Bond Trustee of the notice of the proposed payment. The Bond Trustee shall promptly notify the Issuer and the Corporation of such Special Record Date and, in the name and at the expense of the Corporation, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder at such Holder's address as it appears in the registration books maintained under Section 206 hereof not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Bonds (or their respective Predecessor Bonds) are registered on such Special Record Date and shall no longer be payable.

Subject to the foregoing provisions of this Section, each Bond delivered under this Bond Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date, so that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Section 204. Authentication of Bonds. Only such Bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinabove set forth, duly executed by the Bond Trustee, shall be entitled to any benefit or security under this Bond Indenture. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication on the Bond shall have been duly executed by the Bond Trustee, and such certificate of the Bond Trustee upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Bond Indenture. The Bond Trustee's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer of the Bond Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time.

Section 205. Exchange of Bonds. Bonds, upon surrender thereof at the designated corporate trust office of the Bond Trustee, together with an assignment duly executed by the Holder or such Holder's attorney or legal representative in such form as shall be satisfactory to

the Bond Trustee, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of any denomination or denominations authorized by this Bond Indenture, bearing interest at the same rate, and in the same form as the Bonds surrendered for exchange.

The Issuer shall make provision for the exchange of Bonds at the designated corporate trust office of the Bond Trustee.

Section 206. Negotiability, Registration and Transfer of Bonds. The Bond Trustee shall keep books for the registration and registration of transfer of Bonds as provided in this Bond Indenture. Said registration books shall be available at all reasonable times for inspection by the Issuer and its agents and representatives, and the Bond Trustee shall provide to the Issuer, upon its written request, an accurate copy of the names and addresses of the Holders set forth on such books.

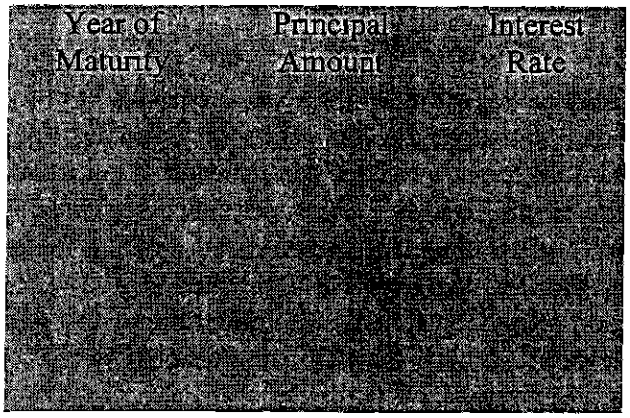
The transfer of any Bond may be registered only upon the books kept for the registration and registration of transfer of Bonds upon surrender thereof to the Bond Trustee together with an assignment duly executed by the Holder or such Holder's attorney or legal representative in such form as shall be satisfactory to the Bond Trustee. Upon any such registration of transfer the Issuer shall execute and the Bond Trustee shall authenticate and deliver in exchange for such Bond a new registered Bond or Bonds, registered in the name of the transferee, of any denomination or denominations authorized by this Bond Indenture in the aggregate principal amount equal to the principal amount of such Bond surrendered or exchanged, of the same maturity and bearing interest at the same rate.

In all cases in which Bonds shall be exchanged or the transfer of Bonds shall be registered hereunder, the Issuer shall execute and the Bond Trustee shall authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of this Bond Indenture. All Bonds surrendered in any such exchange or registration of transfer shall forthwith be cancelled by the Bond Trustee. No service charge shall be made for any registration, transfer or exchange of Bonds, but the Issuer and the Bond Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds. Neither the Issuer nor the Bond Trustee shall be required (i) to issue, transfer or exchange Bonds during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Bonds under Section 303 hereof and ending at the close of business on the day of such mailing or (ii) to transfer or exchange any Bond so selected for redemption in whole or in part.

Section 207. Ownership of Bonds. The Issuer, the Bond Trustee and any agent of the Issuer or the Bond Trustee may treat the Person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and premium, if any, and interest on, such Bond, and for all other purposes whatsoever, whether or not such Bond be overdue, and, to the extent permitted by law, neither the Issuer, the Bond Trustee nor any such agent shall be affected by notice to the contrary.

Section 208. Authorization of Bonds. There shall be issued under and secured by this Bond Indenture Bonds of the Issuer in the aggregate principal amount of _____ Dollars ($00,000,000) for the purpose of providing funds, together with other available funds, to (i) pay the Cost of the Project, (ii) [pay a portion of the interest accruing on the Bonds until _____ 1, 20___ (iii)] fund the Debt Service Reserve Fund in an amount equal to the Debt Service Reserve Fund Requirement and (iv) pay certain expenses incurred in connection with the issuance of the Bonds. The Bonds shall be designated "St. Johns County Industrial Development Authority First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004A."

The Bonds shall be stated to mature, subject to the right of prior redemption as hereinafter set forth, on April 1 of the following years, and shall bear interest (based on a 360-day year consisting of twelve 30-day months) at the following rates:



Year of Maturity	Principal Amount	Interest Rate

The Bonds shall be executed substantially in the form and in the manner hereinabove set forth and shall be deposited with the Bond Trustee for authentication, but before the Bonds shall be delivered by the Bond Trustee, there shall be filed or deposited with the Bond Trustee the following:

(a) a copy, certified by the Clerk of the Circuit Court of St. Johns County, Florida to be a true and correct copy, of the resolution of the Board of County Commissioners of St. Johns County, Florida approving the issuance of the Bonds;

(b) a copy, certified by the Secretary or any Assistant Secretary of the Issuer to be a true and correct copy, of the Bond Resolution authorizing the issuance of the Bonds and the execution of the Agreement and this Bond Indenture, designating the Bond Trustee, and directing the authentication and delivery of the Bonds to or upon the order of the purchasers mentioned therein upon payment of the purchase price therein set forth and the accrued interest thereon;

(c) a fully executed counterpart of this Bond Indenture;

(d) a fully executed counterpart of the Agreement;

(e) a fully executed counterpart of the Master Indenture;

(f) a fully executed counterpart of Supplement No. 1;

(g) the fully executed Obligation No. 1, which shall either be accompanied by an assignment thereof to the Bond Trustee without recourse, or bear evidence that it has been otherwise transferred to the Bond Trustee;

(h) fully executed counterparts of the Mortgages in recordable form;

(i) an opinion of Counsel for the Obligated Group stating in effect that (1) each of the Members of the Obligated Group has been duly incorporated and is validly existing as a not-for-profit corporation in good standing under the laws of the State with corporate power and authority to execute and deliver the Financing Documents to which it is a party (collectively, the "Corporation Documents"); (2) the Corporation Documents have been duly authorized, executed and delivered by the Obligated Group and are enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by (A) the provisions of applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting creditors' rights generally; (B) general principles of equity, including (i) obligations of the Master Trustee and the Issuer and its assigns to exercise good faith, fair dealing, and commercial reasonableness in the exercise of rights and remedies afforded by the Financing Documents and any other documents incident thereto obligating the Obligated Group and (ii) the availability of equitable remedies, including specific performance and injunctive relief, being subject to the discretion of the court before which any proceeding may be brought; (C) court decisions which may invalidate or limit the indemnification provisions of the Financing Documents on the grounds of applicable laws or public policy and (D) the availability of a deficiency decree being a matter of judicial discretion, which permits a court to inquire into (i) the reasonable and fair market value of the property sold at foreclosure, (ii) the adequacy of the sales price, (iii) the relationship between the foreclosing party and the purchaser at the foreclosure sale and (iv) all the facts and circumstances of the particular case; (3) each Member of the Obligated Group has obtained all consents, approvals, authorizations and orders of governmental or regulatory authorities (collectively, "Consents") that are required to be obtained by the Obligated Group as a condition precedent to the execution of the Corporation Documents and the operation of the Existing Facilities; (4) the Obligated Group has obtained all Consents that are obtainable to date that are required to be obtained by the Obligated Group for the performance of the Obligated Group's obligations under the Corporation Documents, the construction of the Project, and the conduct of the Obligated Group's business as it is currently being conducted, and such counsel has no reason to believe that the Obligated Group cannot obtain, when needed, any other Consents that may be required that cannot be obtained to date for the performance of the Obligated Group's obligations under the aforementioned documents or for the construction of the Project; (5) the execution and delivery of the Corporation Documents by the Obligated Group and

compliance with the terms thereof, under the circumstances contemplated thereby, do not and will not conflict with the Articles of Incorporation or bylaws of any Member of the Obligated Group and, to the best of such counsel's knowledge, do not and will not in any material respect conflict with, or constitute on the part of any Member of the Obligated Group a breach or default under, any indenture, mortgage, deed of trust, agreement or other instrument to which each Member of the Obligated Group is a party or conflict with, violate or result in a breach of any law, public administrative rule or regulation, judgment, court order or consent decree of any court, government or governmental authority having jurisdiction over each Member of the Obligated Group; (6) each Member of the Obligated Group is exempt from federal income taxation under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code, is not a private foundation as described in Section 509(a) of the Code and, to the best of such counsel's knowledge, no Member of the Obligated Group has failed to file any required report with the Internal Revenue Service or engaged in conduct inconsistent with its status as an exempt organization; (7) such counsel has caused each of the Mortgages to be recorded in the office of the Clerk of the Circuit Court of the county in which the Mortgaged Property encumbered thereby is located, the recording of the Mortgages is effective and in accord with State law, and no further recording is necessary in the State to publish notice thereof and to perfect the lien provided therein; (8) a financing statement with respect to the security interest in Gross Revenues (as defined in the Master Indenture) and Facility Property and Equipment (as defined in the Master Indenture) has been filed in the office of the Secured Transactions Registry of the State and financing statements with respect to the security interest in fixtures have been filed in the office of the Clerk of the Circuit Court of the counties in which proceeds of the Bonds will be spent on such fixtures; (9) the Master Indenture and the Mortgages create security interests in the property described therein, which have been perfected by the filings and recording referred to in clause (8) above, and in the case of fixtures as described in the Mortgages installed on the Mortgaged Property; and no further filing, other than the filing of continuation statements;

(j) an opinion of bond counsel in substantially the form attached as Appendix __ to the Official Statement, dated July __, 2004, pertaining to the Bonds;

(k) a copy, certified by the Obligated Group Representative, of the Project Budget;

(l) a mortgagee title insurance policy for the Mortgaged Property in a face amount equal to the aggregate principal amount of Obligation No. 1 and the Debt Service Reserve Fund Requirement;

(m) a boundary survey of the Mortgaged Property locating improvements thereon;

(n) copies of insurance certificates and a statement, signed by the Corporation's insurance agent, to the effect that the insurance required by the Master Indenture is in effect; and

(o) such other documents, certificates and opinions as the Bond Trustee or the Issuer may reasonably require.

When the documents mentioned in subparagraphs (a) to (o), inclusive, above shall have been filed with the Bond Trustee and when the Bonds shall have been executed and authenticated as required by this Bond Indenture, the Bond Trustee shall deliver the Bonds at one time to or upon the order of the purchasers named in the resolution mentioned in subparagraph (b) of this Section, but only upon payment to the Bond Trustee of the purchase price of the Bonds and the accrued interest thereon. The Bond Trustee shall be entitled to rely upon the resolutions mentioned in subparagraphs (a) and (b) of this Section as to all matters stated therein.

Simultaneously with the delivery of the Bonds, the proceeds (including accrued interest and the good faith deposit received from the underwriters of the Bonds) of the Bonds shall be applied by the Bond Trustee as follows:

(1) to the credit of the Interest Account, the sum of $_____, consisting of the amount received as accrued interest on the Bonds ($_____);

(2) to the credit of the Debt Service Reserve Fund, an amount equal to the Debt Service Reserve Fund Requirement ($_____);

(3) to the credit of the Issuance Account, the sum of $_____ to pay Issuance Costs; and

(4) to the credit of the Construction Account, the balance ($_____).

Section 209. Mutilated, Destroyed, Stolen or Lost Bonds. In case any Bond secured hereby shall become mutilated or be destroyed, stolen or lost, the Issuer shall cause to be executed, and the Bond Trustee shall authenticate and deliver, a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond destroyed, stolen or lost, and the Holder shall pay the reasonable expenses and charges of the Issuer and the Bond Trustee in connection therewith and, in case of a Bond destroyed, stolen or lost, the Holder shall file with the Bond Trustee evidence satisfactory to it and to the Issuer that such Bond was destroyed or lost, and of such Holder's ownership thereof, and shall furnish the Issuer and the Bond Trustee indemnity satisfactory to them.

Every Bond issued pursuant to the provisions of this Section 209 in exchange or substitution for any Bond which is mutilated, destroyed, lost or stolen shall constitute an additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits

hereof equally and proportionately with any and all other Bonds duly issued under this Bond Indenture. All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

ARTICLE III.
REDEMPTION OF BONDS

Section 301. Redemption Dates and Prices. The Bonds may not be called for redemption by the Issuer except as provided below:

(a) If the Obligated Group exercises its option to prepay the Loan pursuant to Section 7.01 of the Agreement, the Bonds maturing on April 1, 20___ and 20___ are required to be redeemed by the Issuer, upon the direction of the Obligated Group Representative, on or after April 1, 20___, in whole or in part on any date, upon payment of the following Redemption Prices (expressed as a percentage of the principal amount of the Bonds to be redeemed), plus interest accrued to the redemption date:

Dates (Inclusive)	Redemption Price
April 1, 20___ to March 31, 20___	%
April 1, 20___ to March 31, 20___	
April 1, 20___ and thereafter	

(b) If the Obligated Group exercises its option to prepay the Loan in full or in part as provided in Section 7.02 of the Agreement, the Bonds are required to be redeemed in whole if the Loan is prepaid in full, or in part if the Loan is prepaid in part, by the Issuer, upon the direction of the Obligated Group Representative, and in either event at a Redemption Price equal to 100 percent of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date.

(c) The Term Bonds are required to be redeemed to the extent of any Sinking Fund Requirement therefor on April 1 immediately following each Bond Year in which there is a Sinking Fund Requirement, at a Redemption Price equal to 100 percent of the principal amount of the Bonds to be redeemed.

Section 302. Selection of Bonds to Be Redeemed. The Bonds shall be redeemed only integral multiples of $5,000.

If less than all of the Bonds of any maturity are to be called for redemption, the Bond Trustee shall select by lot the Bonds (or portions thereof) to be redeemed, each portion of principal being counted as one Bond for this purpose; provided that for so long as the Holder is a Securities Depository Nominee, such selection shall be made by the Securities Depository.

Section 303. Redemption Notice. Not less than 30 days but not more than 60 days before the redemption date of any Bonds, whether such redemption be in whole or in part, the Bond Trustee shall cause a notice of any such redemption signed by the Bond Trustee to be given by first class mail, postage prepaid, to all Holders of Bonds to be redeemed in whole or in part. Each such notice shall set forth the CUSIP numbers and, if less than all the Bonds of any maturity are to be redeemed, bond certificate numbers of the Bonds to be redeemed, the interest rate of the Bonds to be redeemed, the date of issuance of the Bonds to be redeemed, the date fixed for redemption, the Redemption Price to be paid, the maturities of the Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed and, in the case that less than the entire principal amount of any one bond certificate is redeemed, the portion of the principal amount thereof to be redeemed, the address and phone number of the Bond Trustee, the date of the redemption notice and that on the redemption date the Bonds called for redemption will be payable at the principal corporate trust office of the Bond Trustee, that from that date interest will cease to accrue and be payable and that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Bonds. If any Bond is to be redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such Bond, a new Bond in principal amount equal to the unredeemed portion of such Bond will be issued.

The Bond Trustee shall also take the following actions with respect to such notice of redemption:

(a) Not less than 35 days prior to the date of redemption, the Bond Trustee shall give notice of such redemption by (a) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission or (iii) overnight delivery service to the following securities depository or its successor (if then in existence) at the address and transmission numbers given, or such other address or transmission number as may have been delivered in writing to the Bond Trustee for such purpose not later than the close of business on the day before such notice is given:

The Depository Trust Company
711 Stewart Avenue
Garden City, New York 11539
Facsimile transmission:
(516) 227-4039 or
(516) 227-4190

(b) Not less than 35 days prior to the date of redemption, the Bond Trustee shall give notice of such redemption by (a) first class mail, postage prepaid, or (ii) overnight delivery service to one of the following services or their respective successors (if then in existence) selected by the Bond Trustee:

(1) Financial Information, Inc.'s Daily Called Bond Service;

(2) Kenny Information Service's Called Bond Service;

(3) Moody's Municipal and Government Called Bond Record; or

(4) Standard & Poor's Called Bond Record.

(c) Not less than 35 days prior to the date of redemption, the Bond Trustee shall give notice of such redemption to the Issuer by first class mail.

Failure by the Bond Trustee to give notice pursuant to subparagraph (a) or (b) of the immediately preceding paragraph to any one or more of the securities depositories or information services named therein or pursuant to subparagraph (c) of the immediately preceding paragraph to the Issuer shall not affect the sufficiency of the proceedings for redemption. Failure of the Bond Trustee to give notice to a Holder or any defect in such notice shall not affect the validity of the proceedings for redemption of the Bonds of any Holder to whom notice shall have been properly given.

Each check or other transfer of funds issued by the Bond Trustee for the purpose of redeeming Bonds shall bear, to the extent practicable, the CUSIP number identifying the Bonds being redeemed with the proceeds of such check or other transfer.

Notice of redemption of Bonds shall be given by the Bond Trustee, at the expense of the Obligated Group, for and on behalf of the Issuer.

Section 304. Effect of Calling for Redemption. On or before the date fixed for redemption, moneys or Defeasance Obligations shall be deposited with the Bond Trustee to pay the Redemption Price of and interest accruing to the redemption date of the Bonds called for redemption.

On the date fixed for redemption, notice having been given in the manner and under the conditions hereinabove provided, the Bonds or portions thereof called for redemption shall be due and payable at the Redemption Price provided therefor, plus accrued interest to such date. If money or Defeasance Obligations, or a combination of both, sufficient to pay the Redemption Price of the Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, are held by the Bond Trustee in trust for the Holders of Bonds to be redeemed, interest on the Bonds called for redemption shall cease to accrue; such Bonds shall cease to be entitled to any benefits or security under this Bond Indenture or to be deemed Outstanding; and the Holders of such Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price thereof, plus accrued interest to the date fixed for redemption. Bonds and portions of Bonds for which irrevocable instructions to pay on one or more specified dates or to call for redemption at the earliest redemption date have been given to the Bond Trustee in form satisfactory to it shall not thereafter be deemed to be Outstanding under this Bond Indenture and shall cease to be entitled to the security of or any rights under this Bond Indenture, other than rights to receive payment of the Redemption Price thereof and accrued interest thereon to the date fixed for redemption, to be given notice of redemption in the manner provided in Section

303 hereof, and, to the extent hereinafter provided, to receive Bonds for any unredeemed portions of Bonds if money or Defeasance Obligations, or a combination of both, sufficient to pay the Redemption Price of such Bonds or portions thereof, together with accrued interest thereon to the date upon which such Bonds are to be paid or redeemed, are held in separate accounts by the Bond Trustee in trust for the Holders of such Bonds.

Section 305. Redemption of Portion of Bonds. If a portion of an Outstanding Bond shall be selected for redemption, the Holder thereof or his attorney or legal representative shall present and surrender such Bond to the Bond Trustee for payment of the principal amount thereof so called for redemption and the redemption premium, if any, on such principal amount, and the Issuer shall execute and the Bond Trustee shall authenticate and deliver to or upon the order of such registered owner or his legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond of the same series and maturity and bearing interest at the same rate.

Section 306. Cancellation. Bonds so redeemed, presented and surrendered shall be cancelled upon the surrender thereof.

Section 307. Use of Defeasance Obligations to Redeem Bonds. For purposes of all Sections in this Article, Defeasance Obligations shall be deemed to be sufficient to pay or redeem Bonds on a specified date if the principal of and the interest on such Defeasance Obligations, when due, will be sufficient to pay on such date the Redemption Price of, and the interest accruing on, such Bonds to such date.

Section 308. Revocation of Redemption Notice. Notwithstanding any other provision of this Bond Indenture, if, on any day prior to the tenth Business Day preceding any date fixed for redemption of Bonds pursuant to subsection 301(a) or 301(b) hereof, the Obligated Group's Representative notifies the Bond Trustee in writing that the Obligated Group has elected to revoke its election to redeem such Bonds because it has determined that the source of money for such redemption specified in the notice given by the Obligated Group Representative pursuant to Section 7.01(b) or 7.02(c), as the case may be, of the Agreement is not available, the Bonds shall not be redeemed on such date and any notice of redemption mailed to the Holders pursuant to Section 303 hereof shall be null and void. In such event, within five Business Days after the date on which the Bond Trustee receives notice of such revocation, the Bond Trustee shall cause a notice of such revocation signed by the Bond Trustee to be mailed, first class, postage prepaid, to all Holders owning such Bonds.

ARTICLE IV.
CONSTRUCTION FUND

Section 401. Construction Fund. A special fund is hereby established with the Bond Trustee and designated St. Johns County Industrial Development Authority First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004A Construction Fund in which there are established a Construction Account and an Issuance Account. The Bond

Trustee shall make the deposit to the Construction Account required by the provisions of Section 208 hereof. All money received by the Issuer from any source, including the Obligated Group, for the construction of the Project shall be deposited immediately upon its receipt to the credit of the Construction Account.

The money in the Construction Account and the Issuance Account shall be held by the Bond Trustee in trust and, subject to the provisions of Section 406 hereof, shall be applied to the payment of the Cost of the Project and, pending such application, shall be subject to a lien and charge in favor of the Holders and for the further security of such Holders until paid out or transferred as provided in this Article IV.

Section 402. Payments from Construction Fund. Payment of the Cost of the Project shall be made from the Construction Fund. All payments from the Construction Fund shall be subject to the provisions and restrictions set forth in this Article, and the Issuer covenants that it will not cause or permit to be paid from the Construction Fund any sums except in accordance with such provisions and restrictions.

(a) All issuance costs, within the meaning of Section 147(g) of the Code ("Issuance Costs"), incurred in connection with the Bonds shall be paid only from the Issuance Account. All money received by the Issuer from any source for Issuance Costs shall be deposited immediately upon its receipt to the credit of the Issuance Account. Examples of such Issuance Costs include, but are not limited to, the following, if any:

(i) counsel fees (including bond counsel, underwriter's counsel, Issuer's counsel, counsel to the Corporation and any other specialized counsel fees incurred in connection with the borrowing);

(ii) financial advisor fees incurred in connection with the borrowing;

(iii) rating agency fees;

(iv) depositary fees incurred in connection with the borrowing;

(v) paying agent and certifying and authenticating agent fees related to issuance of the Bonds;

(vi) accountant's fees related to issuance of the Bonds;

(vii) printing costs (for the Bonds and of preliminary and final offering materials);

(viii) costs incurred in connection with the required public approval process *(e.g.*, publication costs for public notices generally and costs of the public hearing); and

(ix) costs of engineering and feasibility studies necessary to the issuance of the Bonds (as opposed to such studies related to completion of the Project, but not to the financing).

Furthermore, other items which constitute Costs of the Project (as described in Section 403 hereof) may be paid from the Issuance Account.

(b) Items other than Issuance Costs which constitute Costs of the Project may be paid from the Construction Account.

Section 403. Cost of Project. For the purpose of this Bond Indenture, the Cost of the Project shall embrace such costs as are eligible costs within the purview of the Act and, without intending thereby to limit or restrict any proper definition of such Cost, shall include the following:

(a) the cost of all labor, materials and services, the cost of all lands, property, rights, rights of way, easements, franchises and other interests as may be deemed necessary or convenient by the Obligated Group Representative for such acquisition, construction and equipping, the cost of all machinery and equipment, financing charges, engineering and legal expenses, costs of plans, specifications, surveys, other expenses necessary or incident to determining the feasibility or practicality of such acquisition, construction and equipping, marketing and development expenses, administrative expenses, and such other expenses as may be necessary or incident to the financing, construction and equipping of the Project and the placing of the Project in operation;

(b) Issuance Costs;

(c) the cost of borings and other preliminary investigations to determine foundation or other conditions, expenses necessary or incident to determining the feasibility or practicability of constructing the Project and fees and expenses of engineers, architects, management consultants and health care consultants for making studies, surveys and estimates of expenses of engineers and architects for preparing plans and specifications and supervising construction as well as for the performance of all other duties of engineers and architects set forth herein in relation to the acquisition and construction of the Project;

(d) all other items of expense not elsewhere in this Section specified incident to the acquisition of the Project and the financing thereof, including operating reserves, moving expenses, the acquisition of lands, property rights, rights of way, easements, franchises and interests in or relating to lands, including title insurance, cost of surveys and other expenses in connection with such acquisition, and expenses of administration, all properly chargeable, in the opinion of the Obligated Group Representative, to the acquisition of the Project;

(e) interest accruing on the Bonds prior to the completion of the Project and for an additional period not to exceed two (2) years after the date of completion of the Project; and

(f) any obligation or expense heretofore or hereafter incurred or paid by the Issuer or the Obligated Group for any of the foregoing purposes.

Section 404. Requisitions from Construction Fund. (a) Payments from the Construction Fund shall be made in accordance with the provisions of this Section. Before any such payment shall be made, there shall be filed with the Bond Trustee: a requisition, accompanied by copies of the invoices, payment of which is sought, signed by the Obligated Group Representative, in substantially the form attached hereto as Exhibit A, stating:

(i) the item number of each such payment,

(ii) the name of the person, firm or corporation to whom each such payment has been (together with applicable receipts) or should be made,

(iii) the respective amounts paid or to be paid, excluding any applicable sales tax,

(iv) the purpose by general classification for which each obligation paid or to be paid was incurred,

(v) that obligations in the stated amounts have been incurred by the Corporation and are presently due and payable and that each item thereof is a proper charge against the Construction Fund and has not been paid,

(vi) that no notice of any lien, right to lien or attachment upon, or claim affecting the right of any such persons, firms or corporations to receive payment of the respective amounts stated in such requisition, has been filed or attached or, if any of the foregoing have been filed or attached, that the same will be satisfied or discharged or that provisions have been made (which shall be specified) to adequately protect the Bond Trustee and the Holders from incurring any loss as a result of the same,

(vii) that such requisition contains no item representing payment on account of any retainage to which the Corporation is entitled at the date of such requisition, and

(viii) whether such requisition shall be paid from the Construction Account or the Issuance Account.

(b) as to obligations payable from the Construction Account, a certificate signed by the Obligated Group Representative and attached to such requisition that such obligations do not represent Issuance Costs.

Upon receipt of each requisition and accompanying certificate, the Bond Trustee shall pay the obligations set forth in such requisition out of money in the Construction Fund and each such obligation shall be paid by check signed by one or more officers or employees of the Bond Trustee designated for such purpose by the Bond Trustee. In making such payments the Bond Trustee may rely upon such requisitions.

Section 405. Reliance upon Requisitions. All requisitions and opinions received by the Bond Trustee as conditions of payment from the Construction Fund may be relied upon by the Bond Trustee and shall be retained by the Bond Trustee, subject at all reasonable times upon reasonable notice to the Bond Trustee to examination by the Issuer, the Corporation and the Holders of not less than 25 percent in aggregate principal amount of the Bonds Outstanding.

Section 406. Completion of the Project and Disposition of Construction Fund Balances. When the Project shall have been completed, which fact shall be evidenced to the Bond Trustee by an Officer's Certificate of the Obligated Group Representative delivered to the Bond Trustee pursuant to Section 4.05 of the Agreement together with an Opinion of Counsel to the effect that there are no mechanics' or materialmen's liens on any property constituting a part of the Project on file in any public office where the same should be filed in order to be perfected against any part of the Project and that the time within which such liens can be filed has expired, or, if there are any such liens, that such liens have been bonded or adequately secured by an irrevocable bank letter of credit so long as such liens shall continue to exist, the balance in the Construction Fund shall be applied by the Bond Trustee, subject to Section 604 hereof, for any purpose permitted by the Act which, in the opinion of bond counsel, will not cause interest on the Bonds to become includable in the gross income of the Holders thereof for federal income tax purposes pursuant to the provisions of the Code. In the event such opinion is not delivered to the Bond Trustee, the balance in the Construction Fund shall be transferred by the Bond Trustee, as the Obligated Group Representative shall direct, to the Principal Account or the Sinking Fund Account. Any such balance transferred to the Principal Account or the Sinking Fund Account shall be credited against future transfers to such accounts, unless transferred to cure deficiencies therein, and shall be credited by the Bond Trustee against future Loan Repayments to be made by the Obligated Group.

ARTICLE V.
REVENUES AND FUNDS

Section 501. Establishment of Funds. In addition to the Construction Fund established by Article IV hereof, there are hereby established the following funds:

(a) St. Johns County Industrial Development First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004A Bond Fund, in which there are established an Interest Account, a Principal Account and a Sinking Fund Account;

(b) St. Johns County Industrial Development First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004A Debt Service Reserve Fund; and

(c) St. Johns County Industrial Development First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004A Redemption Fund.

The money and securities in each of said funds and accounts shall be held in trust by the Bond Trustee and applied as hereinafter provided and, pending such application, the money and securities in each of said funds and accounts shall be subject to a lien and charge in favor of the Holders and for the further security of such Holders.

Section 502. Funds Received. (a) The Bond Trustee shall deposit all amounts received as Loan Repayments and as Required Payments under the Agreement set forth in Section 3.04(a) of the Agreement in the following order, subject to credits as provided in this Article V:

(i) to the credit of the Interest Account, commencing on _____ 25, 2004, and continuing on the 25th day of each month thereafter, an amount equal to one-sixth of the interest payable on the Bonds on the next ensuing Interest Payment Date;

(ii) to the credit of the Principal Account, commencing on April 25, 200__, and continuing on the 25th day of each month thereafter, an amount equal to one-twelfth of the principal of all Serial Bonds due on the next ensuing April 1;

(iii) to the credit of the Sinking Fund Account, commencing on April 25, 20___, and continuing on the 25th day of each month thereafter, an amount equal to one-twelfth of the amount required to retire the Term Bonds to be called by mandatory redemption or to be paid at maturity on the next ensuing April 1 in accordance with the Sinking Fund Requirement therefor; and

(iv) beginning on the 25th day of the month following a month in which money is transferred from the Debt Service Reserve Fund to any account in the Bond Fund to cure a deficiency therein pursuant to Section 507 hereof, to the credit of the Debt Service Reserve Fund, one-twelfth of the amount or amounts so transferred until the amount then on deposit in the Debt Service Reserve Fund is equal to the Debt Service Reserve Fund Requirement, and beginning on the 25th day of the month following a valuation made in accordance with Section 603 hereof in which the amount on deposit in the Debt Service Reserve Fund is less than 90 percent of the Debt Service Reserve Fund Requirement due to a loss resulting from a decline in the value of Investment Obligations held for the credit of the Debt Service Reserve Fund, to the credit of the Debt Service Reserve Fund, one-sixth of the amount by which the Debt Service Reserve Fund Requirement exceeds such balance until the amount on deposit to the credit of the Debt Service Reserve Fund is equal to the Debt Service Reserve Fund Requirement.

If, after giving effect to the credits specified below, any installment of Total Required Payments should be insufficient to enable the Bond Trustee to make the deposits required above, the Bond Trustee shall give the Corporation telephonic notice thereof, promptly confirmed in writing, and request that each future installment of the Total Required Payments be increased as may be necessary to make up any previous deficiency in any of the required payments and to make up any deficiency or loss in any of the above-mentioned accounts and funds.

To the extent that investment earnings are credited to the Interest Account, Principal Account or Sinking Fund Account in accordance with Section 602 hereof or amounts are credited thereto as a result of the application of the proceeds of the Bonds or a transfer of investment earnings on any other fund or account held by the Bond Trustee, or otherwise, future deposits to such accounts or fund shall be reduced by the amount so credited, and the Loan Repayments due from the Obligated Group in the months following the date upon which such amounts are credited shall be reduced by the amounts so credited. [The proceeds of the Bonds deposited to the credit of the Interest Account pursuant to Section 208 hereof in an amount equal to $_____ shall be used by the Bond Trustee to pay interest due on the Bonds and shall accordingly reduce the deposits otherwise required to be made pursuant to Sections 502(a)(i) hereof in the following manner:

Amount	Used to Pay Interest Due On
$	October 1, 200__
	April 1, 200__
	October 1, 200__
	April 1, 200__

All amounts received by the Bond Trustee as principal of or interest accruing on the Bonds to be redeemed as a result of a prepayment of Obligation No. 1 shall be deposited in the Redemption Fund and the Interest Account, respectively, when received. All amounts received by the Bond Trustee as redemption premiums shall be deposited in the Redemption Fund when received.

Section 503. Application of Money in Interest Account. On each Interest Payment Date, or date for the payment of Defaulted Interest, or date upon which Bonds are to be redeemed, the Bond Trustee shall withdraw from the Interest Account and remit to each Holder which is not a Securities Depository Nominee the amount required for paying interest on the Bonds held by such Holder or Holders when due and payable.

At such time as to enable the Bond Trustee to make payments of interest on the Bonds in accordance with any existing agreement between the Bond Trustee and any Securities Depository, the Bond Trustee shall withdraw from the Interest Account and remit by wire transfer, in federal reserve or other immediately available funds, the amounts required to pay to any Holder which is a Securities Depository Nominee interest on the Bonds on the next succeeding Interest Payment Date.

In the event the balance in the Interest Account on the 25th day of the month next preceding an Interest Payment Date or date upon which Bonds are to be redeemed is insufficient for the payment of interest becoming due on the Bonds on the next ensuing Interest Payment Date or date upon which Bonds are to be redeemed, the Bond Trustee shall notify the Corporation of the amount of the deficiency. Upon notification, the Corporation shall immediately deliver to the Bond Trustee an amount sufficient to cure the same. If the amount so delivered is not sufficient to cure the deficiency in the Interest Account, the Bond Trustee shall transfer to such account such amount as may be necessary to remedy the deficiency therein from the Debt Service Reserve Fund.

Section 504. Application of Money in Principal Account. On each April 1, the Bond Trustee shall withdraw from the Principal Account and set aside the amount necessary to pay the principal of all Serial Bonds maturing on such April 1.

In the event that the balance in the Principal Account on any March 25 is insufficient for the payment of principal becoming due on the next ensuing April 1, the Bond Trustee shall notify the Corporation of the amount of the deficiency. Upon notification, the Corporation shall immediately deliver to the Bond Trustee an amount sufficient to cure the same. If the amount so delivered is not sufficient to cure the deficiency in the Principal Account, the Bond Trustee shall, not later than the Business Day next preceding such April 1, transfer to such account, from the Debt Service Reserve Fund, such amount as may be necessary to remedy the deficiency therein.

Section 505. Application of Money in Sinking Fund Account. Money held for the credit of the Sinking Fund Account shall be applied during each Bond Year to the retirement of Term Bonds then Outstanding as follows:

(a) At the direction of the Obligated Group Representative, the Bond Trustee shall attempt to purchase and cancel Term Bonds or portions thereof then subject to redemption by operation of the Sinking Fund Account, at the market price available, such purchase price not to exceed the Redemption Price provided in Section 301(c) hereof which would be payable on the next ensuing April 1 to the Holders of such Term Bonds under the provisions of Article III hereof if such Term Bonds or portions were to be called for redemption on such date, plus accrued interest to the date of purchase. The Bond Trustee shall pay the interest accrued on such Term Bonds or portions thereof to the date of settlement therefor from the Interest Account and the purchase price from the Sinking Fund Account, but no such purchase shall be made by the Bond Trustee from money in the Sinking Fund Account within the period of 45 days immediately preceding the next April 1 on which such Term Bonds are subject to redemption. The aggregate purchase prices of such Term Bonds so purchased shall not exceed the amount deposited in the Sinking Fund Account on account of the Sinking Fund Requirement for such Term Bonds; *provided, however,* that if in any Bond Year the amount held for the credit of the Sinking Fund Account plus the principal amount of all Term Bonds purchased during such Bond Year pursuant to the provisions of this paragraph (a) exceed the aggregate Sinking Fund Requirements for all Term Bonds then Outstanding for such Bond Year,

the Bond Trustee shall, at the written direction of the Obligated Group Representative, endeavor to purchase any Term Bonds then Outstanding with such excess money; and

(b) The Bond Trustee shall call for redemption on the April 1 immediately following such Bond Year, as provided in Section 301(c) hereof, Term Bonds or portions thereof then subject to redemption in a principal amount equal to the aggregate Sinking Fund Requirement for the Term Bonds for such Bond Year, less the principal amount of any such Term Bonds retired by purchase pursuant to clause (a) of this Section. Such redemption shall be made pursuant to the provisions of Article III hereof. If such April 1 is the stated maturity date of any such Term Bonds, the Bond Trustee shall not call such Term Bonds for redemption but, on such maturity date, shall withdraw from the Sinking Fund Account and set aside the amount required for paying the principal of such Term Bonds when due and payable. On each such redemption date the Bond Trustee shall withdraw from the Sinking Fund Account and set aside the respective amounts required for paying the Redemption Price of the Term Bonds or portions thereof so called for redemption.

In the event the balance in the Sinking Fund Account on the 25th day of March in any year is insufficient for the payment of the Sinking Fund Requirement on the Term Bonds on the next ensuing April, the Bond Trustee shall notify the Corporation of the amount of such deficiency. Upon notification, the Corporation shall, not later than the Business Day prior to such April 1, deliver to the Bond Trustee an amount, in immediately available funds, sufficient to cure the same. If the amounts so delivered are not sufficient to cure the deficiency in the Sinking Fund Account, the Bond Trustee shall, not later than the Business Day next preceding such April 1, transfer to such account, from the Debt Service Reserve Fund, such amount as may be necessary to remedy the deficiency therein.

If, in any Bond Year, by the application of money in the Sinking Fund Account, the Bond Trustee should purchase and cancel Term Bonds in excess of the aggregate Sinking Fund Requirements for such Bond Year, the Bond Trustee shall file with the Issuer and the Corporation not later than the 20th day prior to the next April 1 on which Term Bonds are to be redeemed a statement identifying the Term Bonds purchased or delivered during such Bond Year and the amount of such excess. The Corporation shall thereafter cause an Officer's Certificate of the Obligated Group Representative to be filed with the Bond Trustee and the Issuer not later than the 10th day prior to such April 1, setting forth with respect to the amount of such excess the years in which the Sinking Fund Requirements with respect to Term Bonds are to be reduced and the amount by which the Sinking Fund Requirements so determined are to be reduced.

Upon the retirement of any Term Bonds by purchase or redemption pursuant to the provisions of this Section, the Bond Trustee shall file with the Corporation a statement identifying such Bonds and setting forth the date of purchase or redemption, the amount of the purchase price or the Redemption Price of such Term Bonds and the amount paid as interest thereon. The expenses incurred in connection with the purchase or redemption of any such Term Bonds are required to be paid by the Obligated Group as part of the Required Payments under the Agreement.

Section 506. Application of Money in Redemption Fund. Money held for the credit of the Redemption Fund shall be applied to the purchase or redemption of Bonds, as follows:

(a) Subject to the provisions of paragraph (c) of this Section, at the direction of the Obligated Group Representative, the Bond Trustee shall attempt to purchase and cancel Bonds or portions thereof, whether or not such Bonds or portions thereof shall then be subject to redemption, at the market price available, such price not to exceed the Redemption Price that would be payable on the next redemption date to the Holder of such Bonds under the provisions of Article III of this Bond Indenture if such Bonds or portions thereof should be called for redemption on such date from the money in the Redemption Fund. The Bond Trustee shall pay the interest accrued on such Bonds or portions thereof to the date of settlement therefor from the Interest Account and the purchase price from the Redemption Fund, but no such purchase shall be made by the Bond Trustee from money in the Redemption Fund within the period of 45 days immediately preceding any date on which such Bonds are subject to redemption;

(b) Subject to the provisions of paragraph (c) of this Section, the Bond Trustee shall call for redemption on the redemption date specified by the Issuer, at the request of the Obligated Group Representative, such amount of Bonds or portions thereof as, with the redemption premium, if any, will exhaust the money then held for the credit of the Redemption Fund as nearly as may be practicable; *provided, however,* that, except for a redemption pursuant to Section 301(b) hereof which may only be made in the minimum amount of One Hundred Thousand Dollars ($100,000), not less than Fifty Thousand Dollars ($50,000) principal amount of Bonds shall be called for redemption at any one time. Such redemption shall be made pursuant to the provisions of Article III hereof. On the redemption date the Bond Trustee shall withdraw from the Interest Account and from the Redemption Fund and on such date, set aside the respective amounts required for paying the interest on and the Redemption Price of the Bonds or portions thereof so called for redemption; and

(c) Money in the Redemption Fund shall be applied by the Bond Trustee in each Bond Year to the purchase or the redemption of Bonds then Outstanding in accordance with the latest Officer's Certificate of the Obligated Group Representative filed with the Bond Trustee designating the Bonds to be purchased or redeemed. In the event no such Officer's Certificate is filed, the Bond Trustee shall apply such money to the purchase or redemption of such Bonds in inverse order of maturity.

Upon the retirement of any Bonds by purchase or redemption pursuant to the provisions of this Section, the Bond Trustee shall file with the Corporation a statement identifying such Bonds and setting forth the date of purchase or redemption, the amount of the purchase price or the Redemption Price of such Bonds and the amount paid as interest thereon. The expenses in connection with the purchase or redemption of any such Bonds are required to be paid by the Obligated Group as part of the Required Payments under the Agreement.

Section 507. Application of Money in the Debt Service Reserve Fund. At Closing an amount equal to the Debt Service Reserve Fund Requirement shall be deposited to the credit of the Debt Service Reserve Fund from the proceeds of the Bonds.

The Bond Trustee shall use amounts in the Debt Service Reserve Fund to make transfers to the Interest Account, the Principal Account and the Sinking Fund Account to the extent necessary to pay interest on and principal of (whether at maturity, by acceleration or in satisfaction of the Sinking Fund Requirement therefor) the Bonds, whenever and to the extent that the money on deposit in the Interest Account, the Principal Account and the Sinking Fund Account is insufficient for such purposes.

If on any date of valuation the money held in the Debt Service Reserve Fund exceeds the Debt Service Reserve Fund Requirement, including any excess created in whole or in part by the interest earnings on such Fund, an amount equal to such excess shall be transferred by the Bond Trustee (i) until the Completion Date (as defined in the Agreement) to the Construction Account and (ii) thereafter to the Interest Account, Principal Account, Sinking Fund Account or Redemption Fund, as the Corporation shall direct; *provided, however,* that any excess created by a refunding of a portion of the Bonds may be applied in any manner which, in the opinion of bond counsel, will not cause the interest on the Bonds to be includable in the gross income of the Holders thereof under the Code. Any such excess transferred to the Interest Account, the Principal Account or the Sinking Fund Account shall be credited against future transfers to such accounts and fund, unless transferred to cure deficiencies therein, and shall be credited by the Bond Trustee against future Loan Repayments to be made by the Obligated Group.

Not less than 10 days prior to any withdrawal of moneys from the Debt Service Reserve Fund which would cause the total amount therein to be less than the principal and interest components of the Statutory Debt Service Reserve Requirement, notice of the withdrawal from the Debt Service Reserve Fund shall be given by the Bond Trustee or the Corporation by telephone (904-487-3828) (promptly confirmed in writing) or facsimile (904-487-0313) to the Florida Department of Financial Services, Bureau of Specialty Insurers (the "Department of Financial Services"), Room 637, Larson Building, 200 East Gaines Street, Tallahassee, Florida, 32399-0300, provided that such notice by telephone, by facsimile or in writing may be given to the Department of Financial Services at other telephone numbers or other addresses if directed by the Department of Financial Services. In connection with any such proposed withdrawal from the Debt Service Reserve Fund, the Bond Trustee shall notify the Corporation and obtain an Officer's Certificate as to the principal and interest components of the Statutory Debt Service Reserve Requirement sufficient to make the determination required by this paragraph.

Section 508. Money Held in Trust. All money that the Bond Trustee shall have withdrawn from the Bond Fund or shall have received from any other source and set aside for the purpose of paying any of the Bonds hereby secured, either at the maturity thereof or by purchase or call for redemption or for the purpose of paying any interest on the Bonds hereby secured, shall be held in trust for the respective Holders.

Section 509. Cancellation of Bonds. All Bonds paid, redeemed or purchased, either at or before maturity, shall be delivered to the Bond Trustee when such payment, redemption or purchase is made, and such Bonds shall be cancelled. The Bond Trustee shall certify to the Corporation the details of all Bonds so cancelled. All Bonds cancelled under any of the provisions of this Bond Indenture shall be destroyed by the Bond Trustee in accordance with its document destruction procedures.

Section 510. Disposition of Fund Balances. After provision shall be made for the payment of all Outstanding Bonds, including the interest thereon, and for the payment of all other obligations, expenses and charges required to be paid under or in connection with this Bond Indenture, Obligation No. 1, the Mortgages, the Master Indenture and the Agreement and assuming the existence of no other indentures or other agreements imposing a continuing lien on the balances hereinafter mentioned, the Bond Trustee shall, upon prior written notice to the Issuer, pay, as an overpayment of Total Required Payments, all amounts in any fund or account then held by it under this Bond Indenture to the Corporation; *provided, however,* that if a continuing lien has been imposed on any such balance by another indenture or agreement as to which the Bond Trustee has received notice, the Bond Trustee shall pay such balance to such person as such indenture or agreement shall provide.

ARTICLE VI.
SECURITY FOR DEPOSITS, INVESTMENT OF FUNDS AND COVENANT AS TO ARBITRAGE

Section 601. Security for Deposits. Any and all money received by the Issuer under the provisions of this Bond Indenture shall be deposited as received by the Issuer with the Bond Trustee and shall be trust funds under the terms hereof and shall not be subject to any lien or attachment by any creditor of the Issuer or the Obligated Group. Such money shall be held in trust and applied in accordance with the provisions of this Bond Indenture.

All money deposited with the Bond Trustee shall be credited to the particular fund or account to which such money belongs.

Section 602. Investment of Money. Money held for the credit of all funds and accounts created under this Bond Indenture and held by the Bond Trustee shall be continuously invested and reinvested by the Bond Trustee in Investment Obligations to the extent practicable in accordance with the instructions of the Corporation as provided herein or, if no such instruction is given, in Government Obligations having a maturity not greater than 180 days from the date of such investment. Any such Investment Obligations shall mature not later than the respective dates when the money held for the credit of such funds or accounts will be required for the purposes intended; *provided, however,* that Investment Obligations deposited in the Debt Service Reserve Fund shall mature not later than 10 years from the date on which such Investment Obligations were deposited therein.

The Issuer shall cause the Obligated Group to reimburse the Debt Service Reserve Fund for any loss resulting from a decline in the value of Investment Obligations in which money held for the credit of the Debt Service Reserve Fund is invested if on any date of valuation the amount on deposit in the Debt Service Reserve Fund is less 90 percent of the Debt Service Reserve Fund Requirement. Such reimbursement shall be made by depositing in the Debt Service Reserve Fund on a monthly basis an amount equal to one-sixth (1/6) of the amount by which the Debt Service Reserve Fund Requirement exceeds such balance, commencing in the month following a valuation made in accordance with Section 603 hereof.

No Investment Obligations in any fund or account may mature beyond the latest maturity date of any Bonds Outstanding at the time such Investment Obligations are deposited unless irrevocable instructions shall have been given to redeem such Investment Obligations on a date or dates not later than the latest maturity date of any Bonds Outstanding. For the purposes of this section, the maturity date of repurchase agreements for Government Obligations or other obligations is the maturity date of such repurchase agreements and not the maturity date of the underlying Government Obligations or other obligations.

The Corporation shall give to the Bond Trustee written directions or telephonic instructions that are confirmed immediately in writing respecting the investment of any money required to be invested hereunder, subject, however, to the provisions of this Article, and the Bond Trustee shall then invest such money under this Section as so directed by the Corporation. The Bond Trustee may request, in writing, direction or authorization of the Corporation with respect to the proposed investment of money under the provisions of this Bond Indenture. Upon receipt of such request, accompanied by a memorandum setting forth the details of any proposed investment, the Corporation will either approve such proposed investment or will give written directions to the Bond Trustee respecting the investment of such money and, in the case of such directions, the Bond Trustee shall then, subject to the provisions of this Article, invest such money in accordance with such directions.

Investment Obligations credited to any fund or account established under this Bond Indenture shall be held by or under the control of the Bond Trustee and while so held shall be deemed at all times to be part of such fund or account in which such money was originally held, and the interest accruing thereon and any profit or loss realized upon the disposition or maturity of such investment shall be credited to or charged against such fund or account; *provided, however,* that the interest accruing on any Investment Obligation credited to the Interest Account or the Debt Service Reserve Fund and any profit realized or any loss realized upon the maturity or disposition of such Investment Obligation prior to the completion of the Project, as evidenced in accordance with the provisions of Section 406 hereof, shall be credited to, or charged against, the Construction Account. Any interest accruing and any profit realized or loss resulting from such investment subsequent to such completion of the Project shall be credited to, or charged against, the fund or account of which it is a part. The Bond Trustee shall sell at the market price available or reduce to cash a sufficient amount of such Investment Obligations whenever it shall be necessary so to do in order to provide moneys to make any payment or transfer of moneys from any such fund or account. Neither the Bond Trustee nor the Issuer shall be liable or responsible for any loss resulting from any investment

or the sale of any investment made in accordance with the provisions of this Section or for the tax consequences thereof. The Bond Trustee may make any and all investments permitted by this Section through its own bond or investment department, unless otherwise directed in writing by the Obligated Group Representative.

Whenever a payment or transfer of money between two or more of the funds or accounts established pursuant to Article V hereof is permitted or required, such payment or transfer may be made in whole or in part by transfer of one or more Investment Obligations at a value determined in accordance with this Article VI, provided that the Investment Obligations transferred are those in which moneys of the receiving fund or account could be invested at the date of such transfer.

Section 603. Valuation. For the purpose of determining the amount on deposit in any fund or account, Investment Obligations in which money in such fund or account is invested shall be valued (a) at face value if such Investment Obligations mature within six months from the date of valuation thereof, and (b) if such Investment Obligations mature more than six months after the date of valuation thereof at the price at which such Investment Obligations are redeemable by the holder at such holder's option if so redeemable, or, if not so redeemable, at [the lesser of (i) the cost of such Investment Obligations minus the amortization of any premium or plus the amortization of any discount thereon and (ii) the market value of such Investment Obligations].

The Bond Trustee shall value the Investment Obligations in the funds and accounts established under this Bond Indenture and held by the Bond Trustee three Business Days prior to each Interest Payment Date and at such times as shall be required in order for the Obligated Group to comply with the Tax Certificate. In addition, the Investment Obligations shall be valued by the Bond Trustee at any time requested by the Obligated Group Representative on reasonable notice to the Bond Trustee (which period of notice may be waived or reduced by the Bond Trustee); *provided, however,* that the Bond Trustee shall not be required to value the Investment Obligations more than once in any calendar month other than as provided herein.

If upon valuation of the Debt Service Reserve Fund, the balance in such Fund, including accrued interest to the date of valuation, is less than 90 percent of the Debt Service Reserve Fund Requirement, the Bond Trustee shall compute the amount by which the Debt Service Reserve Fund Requirement exceeds such balance and shall immediately give the Corporation notice of such deficiency and the amount necessary to cure the same.

Section 604. Covenant as to Arbitrage. The Issuer agrees that money on deposit in any fund or account maintained in connection with the Bonds, whether or not such money was derived from the proceeds of the sale of the Bonds or from any other sources, and whether or not the Bonds are Outstanding hereunder, (i) will not be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and (ii) will be used in a manner that will cause the Bonds not to be "arbitrage bonds" within the meaning of Section 148 of the Code; *provided, however,* that neither the Issuer nor the Bond Trustee shall have an obligation to pay any amounts necessary to comply with this covenant other than from

money received by the Issuer or the Bond Trustee from the Corporation. The Issuer and the Bond Trustee shall observe and not violate the requirements of Section 148 of the Code. The Bond Trustee shall be fully protected in relying upon any written investment instruction given by the Obligated Group. In the event the Issuer is of the opinion that it is necessary to restrict or limit the yield on the investment of money held by the Bond Trustee pursuant to this Bond Indenture, or to use such money in certain manners, in order to avoid the Bonds being considered "arbitrage bonds" within the meaning of Section 148 of the Code as such may be applicable to the Bonds at such time, the Issuer may issue to the Bond Trustee a written certificate to such effect and appropriate instructions, in which event the Bond Trustee shall take such action as is set forth in such certificate and instructions, irrespective of whether the Bond Trustee shares such opinion.

Section 605. Exclusion from Gross Income Covenant. The Issuer covenants that it will not take any action which will, or fail to take any action which failure will, cause interest on the Bonds to become includable in the gross income of the Holders thereof for federal income tax purposes pursuant to the provisions of the Code; *provided, however,* that the Issuer shall have no obligation to pay any amounts necessary to comply with this covenant other than from money received by the Issuer from the Obligated Group.

ARTICLE VII.
GENERAL COVENANTS AND REPRESENTATIONS

Section 701. Payment of Principal, Interest and Premium. The Issuer shall cause to be paid, when due, the principal of (whether at maturity, by acceleration, by call for redemption or otherwise) and the premium, if any, and interest on the Bonds at the places, on the dates and in the manner provided herein and in said Bonds according to the true intent and meaning thereof; *provided*, that it is understood that such obligations are not general obligations of the Issuer but are limited obligations and are payable solely from revenues and receipts derived in respect of Obligation No. 1 to the extent provided in the Master Indenture, the Mortgages and the Agreement and the money attributable to proceeds of Bonds and the income from the investment thereof and, under certain circumstances, proceeds of insurance, sale and condemnation awards and proceeds derived from the exercise of remedies, and not from any other fund or source. The Bonds shall be secured by a lien on and pledge of such revenues, receipts, proceeds and other money as provided in this Bond Indenture.

Section 702. Covenant to Perform and Authority of Issuer. The Issuer shall faithfully perform at all times all of its covenants, undertakings and agreements contained in this Bond Indenture, in any Bond executed, authenticated and delivered hereunder, or in any proceedings of the Issuer pertaining thereto. The Issuer represents that it is duly authorized under the Constitution and laws of the State, particularly the Act, to issue the Bonds authorized hereby and to execute this Bond Indenture, and to assign its right, title and interest in and to the Agreement and Obligation No. 1, and pledge the revenues, receipts, proceeds and funds derived in respect thereof, in the manner and to the extent herein set forth as security for the Bonds; that all action on its part for the issuance of the Bonds and the execution of this Bond Indenture has

been duly and effectively taken; and that such Bonds in the hands of the Holders thereof are and will be valid and enforceable limited obligations of the Issuer according to their terms, subject to bankruptcy, insolvency and other laws affecting creditors' rights generally and usual equitable principles.

Section 703. Covenant as to Obligation No. 1, Mortgages, Master Indenture and Agreement. The Issuer covenants that it will fulfill its obligations, and that it will require the Corporation to perform its duties and obligations under Obligation No. 1, the Mortgages, the Master Indenture and the Agreement. The Issuer shall promptly notify the Bond Trustee and the Obligated Group of any actual or alleged Event of Default of which it has knowledge and shall not execute or agree to any change, amendment, modification or supplement of or to the Agreement, except as is provided in the Agreement and this Bond Indenture. The Issuer shall administer the Agreement in accordance with its terms and shall not agree to any reduction, abrogation, waiver, diminution or other modification in any manner and to any extent whatsoever of the obligation of the Obligated Group to make the Total Required Payments as provided in the Agreement.

Section 704. Enforcement of Security Documents. The Bond Trustee may enforce all rights of the Issuer and all obligations of the Obligated Group under the Agreement, the Master Indenture, the Mortgages and Obligation No. 1 for and on behalf of the Holders, whether or not the Issuer is in default hereunder.

Section 705. Further Instruments and Actions. At the request of the Corporation or the Bond Trustee, the Issuer shall execute and deliver such further instruments or take such further actions as may be required to carry out the purposes of this Bond Indenture and the Agreement.

ARTICLE VIII.
EVENTS OF DEFAULT AND REMEDIES

Section 801. Events of Default. Each of the following events is hereby declared an Event of Default:

(a) payment of any installment of interest on any Bond shall not be made by the Issuer when the same shall become due and payable;

(b) payment of the principal or the redemption premium, if any, of any Bond shall not be made by the Issuer when the same shall become due and payable, whether at maturity or by proceedings for redemption or pursuant to a Sinking Fund Requirement or otherwise;

(c) default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in this Bond Indenture or any agreement supplemental hereto or thereto and such default shall continue for 30 days or such further time as the Bond Trustee in its sole discretion deems to be in the best interests of the

Holders as may be granted in writing by the Bond Trustee after receipt by the Issuer, of a written notice from the Bond Trustee specifying such default and requiring the same to be remedied; *provided, however,* if prior to the expiration of such 30-day period the Issuer institutes action reasonably designed to cure such default, no Event of Default shall be deemed to have occurred upon the expiration of such 30-day period for so long as the Issuer pursues such curative action with reasonable diligence and provided that such curative action can be completed within a reasonable time; or

(d) an "Event of Default" shall have occurred under the Master Indenture, the Agreement, the Mortgages or any other mortgage securing Obligations, and such "Event of Default" shall not have been remedied or waived.

Section 802. Acceleration. Upon the happening and continuance of any Event of Default specified in Section 801 hereof, the Bond Trustee may, and upon the written request of the Holders of not less than 25 percent in aggregate principal amount of Bonds then Outstanding shall, by notice in writing to the Issuer and the Corporation, declare the principal of all Bonds then Outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Bonds or in this Bond Indenture to the contrary notwithstanding; *provided, however,* that if at any time after the principal of Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Bond Indenture, money shall have accumulated in or shall have been paid into the Bond Fund sufficient to pay the principal of all matured Bonds and all arrears of interest, if any, upon all Bonds then Outstanding (except the principal of any Bond not then due and payable by its terms and the interest accrued on such since the last Interest Payment Date), and the charges, compensations, expenses, disbursements, advances and liabilities of the Bond Trustee and all other amounts then payable by the Issuer hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Bond Trustee, and every other default known to the Bond Trustee in the observance or performance of any covenant, condition or agreement contained in the Bonds or in this Bond Indenture (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this Section) shall have been remedied to the satisfaction of the Bond Trustee, then and in every such case the Bond Trustee may, and upon the written request of the Holders of not less than 25 percent in aggregate principal amount of Bonds not then due and payable by their terms (Bonds then due and payable only because of a declaration under this Section shall not be deemed to be due and payable by their terms) and then Outstanding shall, by written notice to the Issuer and the Corporation, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Section 803. Enforcement of Remedies. Upon the happening and continuance of any Event of Default specified in Section 801 hereof, then and in every such case the Bond Trustee may, and upon the written request of the Holders of not less than 25 percent in aggregate principal amount of Bonds then Outstanding shall, proceed, subject to the provisions of Section

902 hereof, to protect and enforce its rights and the rights of the Holders under the laws of the State or under this Bond Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Bond Trustee, being advised by counsel chosen by the Bond Trustee, shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under this Bond Indenture, the Bond Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any Event of Default becoming and remaining due from the Issuer for principal, interest or otherwise under any of the provisions of this Bond Indenture or of the Bonds, together with interest on overdue payments of principal at the rate or rates of interest payable on any Bonds Outstanding and all costs and expenses of collection and of all proceedings hereunder, without prejudice to any other right or remedy of the Bond Trustee or the Holders and to recover and enforce any judgment or decree against the Issuer, but solely as provided herein, for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided, and to collect (but solely from money available for such purposes), in any manner provided by law, the money adjudged or decreed to be payable.

Section 804. Pro-Rata Application of Funds. Anything in this Bond Indenture to the contrary notwithstanding, if at any time the money in the Bond Fund shall not be sufficient to pay the interest on or the principal of Bonds as the same shall become due and payable (either by their terms or by acceleration of maturities under the provisions of Section 802 hereof), such money, together with any money then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall, after the payment of any fees and expenses due the Bond Trustee hereunder, be applied as follows:

(a) if the principal of all Bonds shall not have become or shall not have been declared due and payable, such money shall be applied:

first: to the payment to the persons entitled thereto of all installments of interest on Bonds then due and payable in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds;

second: to the payment to the persons entitled thereto of the unpaid principal of any Bonds that shall have become due and payable (other than Bonds called for redemption for the payment of which money is held pursuant to the provisions of this Bond Indenture), in the order of their due dates, and, if the amount available shall not be sufficient to pay in full the principal of Bonds due and payable on any particular

date, then to the payment ratably according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference; and

third: to the payment of the interest on and the principal of Bonds, to the purchase and retirement of Bonds, and to the redemption of Bonds, all in accordance with the provisions of Article III hereof.

(b) If the principal of all Bonds shall have become or shall have been declared due and payable, all such money shall be applied to the payment of principal and interest then due upon the Bonds without preference to the persons entitled thereto without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of interest or any Bond over any other Bond ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference.

(c) If the principal of all Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of Section 802 hereof, then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all Bonds shall later become due and payable or be declared due and payable, the money then remaining in and thereafter accruing to the Bond Fund shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever money is to be applied by the Bond Trustee pursuant to the provisions of this Section, such money shall be applied by the Bond Trustee at such times and from time to time, as the Bond Trustee in its sole discretion shall determine, having due regard for the amount of such money available for such application and the likelihood of additional money becoming available for such application in the future; the setting aside of such money, in trust for the proper purpose, shall constitute proper application by the Bond Trustee, and the Bond Trustee shall incur no liability whatsoever to the Issuer, to any Holder or to any other person for any delay in applying any such money so long as the Bond Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Bond Indenture as may be applicable at the time of application by the Bond Trustee. Whenever the Bond Trustee shall exercise such discretion in applying such money, it shall fix the date (which shall be an Interest Payment Date unless the Bond 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 to be paid on such date shall cease to accrue. The Bond Trustee shall give notice by first class mail, postage prepaid, to all Holders of the fixing of any such date, and shall not be required to make payment to the Holder of any Bonds until such Bonds shall be surrendered to the Bond Trustee for cancellation if fully paid.

Section 805. Effect of Discontinuance of Proceedings. If any proceeding taken by the Bond Trustee or Holders on account of any Event of Default shall have been discontinued or abandoned for any reason, then and in every such case, the Issuer, the Bond Trustee and the

Holders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Bond Trustee shall continue as though no proceeding had been taken.

Section 806. Control of Proceedings by Holders. The Holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Bond Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Bond Trustee hereunder, provided that such direction shall be in accordance with law and the provisions of this Bond Indenture.

Section 807. Restrictions upon Actions by Individual Holders. Except as provided in Section 812 hereof, no Holder shall have any right to institute any suit, action or proceeding in equity or at law on any Bond or for the execution of any trust hereunder or for any other remedy hereunder unless such Holder previously shall have given to the Bond Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and unless also the Holders of not less than 25 percent in aggregate principal amount of Bonds then Outstanding shall have made a written request of the Bond Trustee after the right to exercise such powers or right of action as the case may be, shall have accrued, and shall have afforded the Bond Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceedings in its or their name, and unless, also, there shall have been offered to the Bond Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Bond Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Bond Trustee, to be conditions precedent to the execution of the powers and trusts of this Bond Indenture or to any other remedy hereunder. Notwithstanding the foregoing provisions of this Section and without complying therewith, the Holders of not less than 25 percent in aggregate principal amount of Bonds then Outstanding may institute any such suit, action or proceeding in their own names for the benefit of all Holders hereunder. It is understood and intended that, except as otherwise above provided, no one or more Holders shall have any right in any manner whatsoever by his or their action to affect, disturb or prejudice the security of this Bond Indenture, or to enforce any right hereunder except in the manner provided, that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Holders and that any individual rights of action or other right given to one or more of such Holders by law are restricted by this Bond Indenture to the rights and remedies herein provided.

Section 808. Enforcement of Rights of Action. All rights of action (including the right to file proof of claim) under this Bond Indenture or under any Bonds may be enforced by the Bond Trustee without the possession of any Bonds or the production thereof in any proceedings relating thereto, and any such suit or proceedings instituted by the Bond Trustee shall be brought in its name as Bond Trustee, without the necessity of joining as plaintiffs or

defendants any Holders hereby secured, and any recovery of judgment shall be for the equal benefit of the Holders.

Section 809. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Bond Trustee or to the Holders is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

Section 810. Waivers. No delay or omission by the Bond Trustee or of any Holder in the exercise of any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or any acquiescence therein; and every power or remedy given by this Bond Indenture to the Bond Trustee and to the Holders may be exercised from time to time and as often as may be deemed expedient.

The Bond Trustee may, and upon written request of the Holders of not less than a majority in principal amount of the Bonds then Outstanding shall, waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Bond Indenture or before the completion of the enforcement of any rights of the Bond Trustee hereunder, but such waiver shall not waive any subsequent Event of Default or impair any rights or remedies consequent thereon.

Section 811. Notice of Default. The Bond Trustee shall mail, first class, postage prepaid, to the Issuer, the Obligated Group and all Holders at their addresses as they appear on the registration books written notice of the occurrence of any Event of Default within 30 days after the Bond Trustee shall have notice of the same, pursuant to the provisions of Section 908 hereof, that any such Event of Default shall have occurred; provided that, except upon the happening of an Event of Default specified in clause (a) or (c) of Section 6.01 of the Agreement and clauses (a) and (b) of Section 801 hereof, the Bond Trustee may withhold such notice to the Holders if in its opinion such withholding is in the interest of the Holders; and provided further that the Bond Trustee shall not be subject to any liability to any Holder by reason of its failure to mail any such notice.

Section 812. Right to Enforce Payment of Bonds Unimpaired. Nothing in this Article shall affect or impair the right of any Holder to enforce the payment of the principal of and interest on his Bond or the obligation of the Issuer to pay the principal of and interest on each Bond to the Holder thereof at the time and place in said Bond expressed.

ARTICLE IX.
CONCERNING THE BOND TRUSTEE

Section 901. Acceptance of Duties. The Bond Trustee by execution hereof accepts and agrees to fulfill the trusts imposed upon it by this Bond Indenture, but only upon the terms and conditions set forth in this Article and subject to the provisions of this Bond Indenture, to all of which the Issuer and the respective Holders agree. Prior to the occurrence of any Event of

Default and after the curing of all such Events of Default that may have occurred, the Bond Trustee shall perform such duties and only such duties of the Bond Trustee as are specifically set forth in this Bond Indenture. During the existence of any such Event of Default that has not been cured the Bond Trustee shall exercise such of the rights and powers vested in it by this Bond Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the management of his own affairs.

No provision of this Bond Indenture, any Bond or the Agreement shall be construed to relieve the Bond Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(a) prior to any such Event of Default hereunder, and after the curing of any other Events of Default that may have occurred:

(1) the duties and obligations of the Bond Trustee shall be determined solely by the express provisions of this Bond Indenture and the Agreement and the Bond Trustee shall not be liable except for the performance of such duties and obligations of the Bond Trustee as are specifically set forth in this Bond Indenture and the Agreement, and no implied covenants or obligations shall be read into this Bond Indenture or the Agreement against the Bond Trustee, and

(2) in the absence of bad faith on its part, the Bond Trustee may conclusively rely, as to the accuracy of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to it conforming to the requirements of this Bond Indenture and the Agreement, but in the case of any such certificate or opinion by which any provision hereof is specifically required to be furnished to the Bond Trustee, the Bond Trustee shall be under a duty to examine the same to determine whether or not it conforms to the requirements of this Bond Indenture and the Agreement; and

(b) at all times, regardless of whether or not any such Event of Default shall exist:

(1) the Bond Trustee shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Bond Trustee unless it shall be proved that the Bond Trustee was negligent in ascertaining the pertinent facts, and

(2) the Bond Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of or the Holders of not less than 25 percent or a majority, as this Bond Indenture shall require, in aggregate principal amount of Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Bond Trustee, or exercising any power conferred upon the Bond Trustee under this Bond Indenture and the Agreement.

None of the provisions contained in this Bond Indenture or the Agreement shall require the Bond Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

Section 902. Indemnification of Bond Trustee. The Bond Trustee shall be under no obligation to institute any suit or to take any remedial proceeding (including, but not limited to, the appointment of a receiver or the acceleration of the maturity date of any or all Bonds) under this Bond Indenture or the Agreement or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of any of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability. The Bond Trustee nevertheless may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Bond Trustee, without indemnity, and in such case the Issuer, at the request of the Bond Trustee, shall reimburse the Bond Trustee from the revenues of the Issuer derived from funds available under the Agreement for all costs, expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. If the Issuer shall fail to make such reimbursement, the Bond Trustee may reimburse itself from any money in its possession under the provisions of this Bond Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

Section 903. Limitations on Obligations and Responsibilities of Bond Trustee. The Bond Trustee shall be under no obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Issuer or the Corporation, or to report, or make or file claims or proof of loss for, any loss or damage insured against or that may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. Except as to the acceptance of the trusts by its execution of this Bond Indenture, the Bond Trustee shall have no responsibility in respect of the validity, sufficiency, due execution or acknowledgment of this Bond Indenture, or in respect of the validity of Bonds or the due execution or issuance thereof. The Bond Trustee shall be under no obligation to see that any duties herein imposed upon the Issuer, any depositary other than the Bond Trustee acting as a depositary, or any party other than itself, or any covenants herein contained on the part of any party other than itself to be performed, shall be done or performed, and the Bond Trustee shall be under no obligation for failure to see that any such duties or covenants are so done or performed. The Bond Trustee shall not be responsible for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby. The Bond Trustee shall have no obligation to perform any of the duties of the Issuer under the Agreement. The Bond Trustee shall not be liable to the Issuer, the Corporation, any Holder, any beneficial owner of the Bonds or any other Person for any loss suffered in connection with any investment of funds made by it in accordance with Section 602 hereof. The Bond Trustee shall not be liable to the Corporation for any loss suffered in connection with any investment of funds made by the Bond Trustee in good faith as instructed by a Obligated Group Representative. The Bond Trustee shall have no duty or responsibility to examine or review and shall have no liability for the contents of any documents submitted to or

delivered to any Holder in the nature of a preliminary or final placement memorandum, official statement, offering circular or similar disclosure document. The Bond Trustee shall not be required to give any bond or surety in respect of the execution of the said trust and powers or otherwise in respect of the premises. The Bond Trustee shall not be liable for any debts contracted or for damages to persons or to property injured or damaged, or for salaries or nonfulfillment of contracts, relating to the Project. The Bond Trustee shall have no duty to inspect or oversee the construction or completion of the Project or to verify the truthfulness or accuracy of the certifications made by the Corporation with respect to the Bond Trustee's disbursements for Costs of the Project in accordance with this Bond Indenture. The Bond Trustee shall have no duty with respect to compliance of the Project under state or federal laws pertaining to the transport, storage, treatment or disposal of pollutants, contaminants, waste or hazardous materials, or regulations, permits or licenses issued under such laws.

No permissive right of the Bond Trustee hereunder, including the authority to enter into supplemental Bond Indentures or take other actions, shall be construed as a duty, and the Bond Trustee shall be under no obligation to take any such action or exercise any such right.

Section 904. Bond Trustee Not Liable for Failure of Issuer to Act. The Bond Trustee shall not be liable or responsible because of the failure of the Issuer or of any of its employees or agents to make any collections or deposits or to perform any act herein required of the Issuer or because of the loss of any money arising through the insolvency or the act or default or omission of any depositary other than the Bond Trustee acting as a depositary in which such money shall have been deposited under the provisions of this Bond Indenture. The Bond Trustee shall not be responsible for the application of any of the proceeds of Bonds or any other money deposited with it and paid out, withdrawn or transferred hereunder if such application, payment, withdrawal or transfer shall be made in accordance with the provisions of this Bond Indenture. The immunities and exemptions from liability of the Bond Trustee hereunder shall extend to its directors, officers, employees and agents.

Section 905. Compensation and Indemnification of Bond Trustee. Subject to the provisions of any contract between the Issuer and the Bond Trustee relating to the compensation of the Bond Trustee, the Issuer shall pay or cause the Obligated Group to pay to the Bond Trustee reasonable compensation for all services performed by it hereunder and also all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and the performance of its powers and duties hereunder and, to the extent permitted by law, shall indemnify and save the Bond Trustee harmless against any liabilities that it may incur in the proper exercise and performance of its powers and duties hereunder. If the Issuer shall fail to cause any payment required by this Section to be made, the Bond Trustee may make such payment from any money in its possession under the provisions of this Bond Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder. The Issuer covenants that it shall promptly deposit or cause to be deposited to the credit of the respective fund or account the amount withdrawn therefrom by the Bond Trustee to make any such payment, provided sufficient funds are available to pay all costs and expenses, if any, reasonably incurred by the Issuer in connection therewith.

Section 906. Monthly Statements and Other Information from Bond Trustee. It shall be the duty of the Bond Trustee, on or before the 15th day of each month, to file with the Issuer and the Corporation a statement setting forth in respect of the preceding calendar month:

(a) the amount withdrawn or transferred by it and the amount deposited with it on account of each fund or account held by it under the provisions of this Bond Indenture;

(b) the amount on deposit with it at the end of such month in each such fund or account;

(c) a brief description of all obligations held by it as an investment of money in each such fund or account;

(d) the amount applied to the purchase or redemption of Bonds under the provisions of Article V of this Bond Indenture and a description of the Bonds or portions thereof so purchased or redeemed; and

(e) any other information that the Issuer or the Corporation may reasonably request.

In addition, within 45 days after (i) April 1, 2009, and thereafter the close of each five-year period ending on October 1, and (ii) the date on which the Bonds have been redeemed or matured, the Bond Trustee shall file with the Corporation and the Issuer such information in the possession of the Bond Trustee as the Corporation shall request in order for the Corporation to determine the amount, if any, to be rebated to the United States of America pursuant to Section 148 of the Code, provided that the Corporation shall reimburse the Bond Trustee for the reasonable costs (if any) incurred by the Bond Trustee in connection with any such request.

All records and files pertaining to Bonds and the Obligated Group in the custody of the Bond Trustee shall be open at all reasonable times to the inspection of the Issuer, the Obligated Group and their respective agents and representatives.

Section 907. Bond Trustee May Rely on Certificates. If at any time it shall be necessary or desirable for the Bond Trustee to make any investigation respecting any fact preparatory to taking or not taking any action or doing or not doing anything as such Bond Trustee, and in any case in which this Bond Indenture provides for permitting or taking any action, the Bond Trustee may rely upon any certificate required or permitted to be filed with it under the provisions of this Bond Indenture, and any such certificate shall be evidence of such fact or protect the Bond Trustee in any action that it may or may not take or in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact. Except as otherwise provided in this Bond Indenture, any request, notice, certificate or other instrument from the Issuer to the Bond Trustee shall be deemed to have been signed by the proper party or parties if signed by any Issuer Representative, and the Bond Trustee may accept

and rely upon a certificate signed by any Issuer Representative as to any action taken by the Issuer.

Section 908. Notice of Default. Except upon the happening of any Event of Default specified in clause (a) or clause (c) of Section 6.01 of the Agreement and clauses (a) and (b) of Section 801 hereof, the Bond Trustee shall not be obliged to take notice or be deemed to have notice of any Event of Default under this Bond Indenture or the Agreement, unless specifically notified in writing of such Event of Default by the Issuer or the Holders of not less than 25 percent in aggregate principal amount of Bonds then Outstanding.

Section 909. Bond Trustee Not Responsible for Recitals. The recitals, statements and representations contained herein and in the Bonds shall be taken and construed as made by and on the part of the Issuer and not by the Bond Trustee, and the Bond Trustee assumes and shall be under no responsibility for the correctness of the same.

Section 910. Bond Trustee Protected in Relying on Certain Documents. The Bond Trustee shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Bond Indenture, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Bond Indenture, or upon the written opinion of any attorney, engineer or accountant believed by the Bond Trustee to be qualified in relation to the subject matter, and the Bond Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument. The Bond Trustee shall not be under any obligation to see to the recording or filing of this Bond Indenture, the Agreement or otherwise to the giving to any person of notice of the provisions hereof.

Section 911. Bond Trustee May Pay Taxes and Assessments. In case the Issuer or the Obligated Group shall fail to pay or cause to be paid any tax, assessment or governmental or other charge, to the extent, if any, that the Issuer or the Obligated Group may be deemed by the Bond Trustee liable for same, the Bond Trustee may pay such tax, assessment or governmental charge, without prejudice, however, to any rights of the Bond Trustee or the Holders hereunder arising in consequence of such failure; and any amount at any time so paid under this Section shall be repaid upon demand by the Bond Trustee by the Issuer from funds made available by the Obligated Group, but the Bond Trustee shall be under no obligation to make any such payment from sources provided in the Bond Indenture unless it shall have available or be provided with adequate funds for the purpose of such payment.

Section 912. Resignation and Removal of Bond Trustee Subject to Acceptance by Successor of Appointment. No resignation or removal of the Bond Trustee and no appointment of a successor Bond Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Bond Trustee under Section 915 hereof.

Section 913. Resignation of Bond Trustee. Subject to the provisions of Section 912 hereof, the Bond Trustee may resign and thereby become discharged from the trusts hereby created, by notice in writing given to the Issuer, the Master Trustee and the Corporation, and mailed, postage prepaid, at the Bond Trustee's expense, to each Holder, not less than 60 days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Bond Trustee hereunder if such new Bond Trustee shall be appointed before the time limited by such notice and shall then accept the trusts hereof.

Section 914. Removal of Bond Trustee. The Bond Trustee may be removed (a) at any time by an instrument or concurrent instruments in writing, executed by the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding and filed with the Issuer, or (b) so long as no Event of Default shall have occurred and be continuing, by an instrument in writing executed by the Corporation, subject to the prior written consent of the Issuer, and filed with the Issuer not less than 60 days before such removal is to take effect as stated in such instrument or instruments. A photographic copy of any instrument or instruments filed with the Issuer under the provisions of this paragraph, duly certified by the Secretary or any Assistant Secretary of the Issuer as having been received by the Issuer, shall be delivered promptly by the Secretary or any Assistant Secretary of the Issuer to the Bond Trustee.

The Bond Trustee may also be removed at any time for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provisions of this Bond Indenture with respect to the duties and obligations of the Bond Trustee by any court of competent jurisdiction upon the application of the Issuer or the Holders of not less than 25 percent in aggregate principal amount of Bonds then Outstanding.

Section 915. Appointment of Successor Bond Trustee. If at any time hereafter the Bond Trustee shall resign, be removed, be dissolved or otherwise become incapable of acting, or the bank or trust company acting as Bond Trustee shall be taken over by any governmental official, agency, department or board, the position of Bond Trustee shall thereupon become vacant. If the position of Bond Trustee shall become vacant for any reason, the Corporation shall recommend and the Issuer shall appoint a Bond Trustee to fill such vacancy. A successor Bond Trustee shall not be required if the Bond Trustee shall sell or assign substantially all of its trust business and the vendee or assignee shall continue in the trust business, or if a transfer of the trust department of the Bond Trustee is required by operation of law, provided that such vendee, assignee or transferee (i) is a trust company or bank having the powers of a trust company as to trusts, qualified to do and doing trust business in one or more states of the United States of America, (ii) has good standing, (iii) has a combined capital and surplus aggregating not less than One Hundred Million Dollars ($100,000,000) and (iv) is approved by the Issuer and the Corporation. The Issuer shall cause the Bond Trustee, and the Bond Trustee agrees, to give notice of any such appointment made by it by first class mail, postage prepaid, to all Holders.

At any time within one (1) year after any such vacancy shall have occurred, the Holders of not less than 25 percent in principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing, executed by such Holders and filed with the Issuer, may

nominate a successor Bond Trustee, which the Issuer shall appoint and which shall supersede any Bond Trustee theretofore appointed by the Issuer. Photographic copies, duly certified by the Secretary or any Assistant Secretary of the Issuer as having been received by the Issuer, of each such instrument shall be delivered promptly by the Issuer to the predecessor Bond Trustee and to the Bond Trustee so appointed by the Holders.

If no appointment of a successor Bond Trustee shall be made pursuant to the foregoing provisions of this Section, irrespective of whether the one-year period referred to in the preceding paragraph has elapsed, any Holder hereunder or any retiring Bond Trustee may apply to any court of competent jurisdiction to appoint a successor Bond Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Bond Trustee.

Any successor Bond Trustee hereafter appointed (i) shall be a bank or trust company having the powers of a trust company as to trusts, qualified to do and doing trust business in one or more states of the United States of America, (ii) shall have good standing, and (iii) shall have a combined capital and surplus aggregating not less than One Hundred Million Dollars ($100,000,000) and (iv) shall be approved by the Issuer and the Corporation.

Section 916. Vesting of Duties in Successor Bond Trustee. Every successor Bond Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also to the Issuer, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, shall become fully vested with all the rights, immunities and powers, and subject to all the duties and obligations, of its predecessor; but such predecessor shall nevertheless, on the written request of its successor or of the Issuer and upon payment of the expenses, charges and other disbursements of such predecessor that are payable pursuant to the provisions of Section 905 hereof, execute and deliver an instrument transferring to such successor Bond Trustee all the rights, immunities and powers of such predecessor hereunder; and every predecessor Bond Trustee shall deliver all property and money held by it hereunder to its successor. Should any instrument in writing from the Issuer be required by any successor Bond Trustee for more fully and certainly vesting in such Bond Trustee the rights, immunities, powers and trusts hereby vested or intended to be vested in the predecessor Bond Trustee, any such instrument in writing shall and will, on request, be executed, acknowledged and delivered by the Issuer.

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

Section 1001. Execution of Instruments by Holders. Any request, direction, consent or other instrument in writing required or permitted by this Bond Indenture to be signed or executed by any Holder may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Holders or their attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any

purpose of this Bond Indenture and shall be conclusive in favor of the Bond Trustee and the Issuer with regard to any action taken by either under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before such officer, or by an affidavit of a witness to such execution. Where such execution is on behalf of a person other than an individual, such verification or affidavit shall also constitute sufficient proof of the authority of the signer thereof.

(b) The ownership of Bonds shall be proved by the registration books kept under the provisions of Section 206 hereof.

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

Notwithstanding any of the foregoing provisions of this Section, the Bond Trustee shall not be required to recognize any person as a Holder or to take any action at his request unless such Bonds shall be deposited with it.

Section 1002. Preservation of Information; Communications to Holders.

(a) The Bond Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of all Holders.

(b) If three or more Holders (hereinafter collectively referred to as "applicants") apply in writing to the Bond Trustee and furnish reasonable proof that each such applicant has owned a Bond for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other Holders with respect to their rights under this Bond Indenture or under the Bonds and such application is accompanied by a copy of the form of communication which such applicants propose to transmit, then the Bond Trustee shall, within five Business Days after the receipt of such application, at its election, either

(i) afford such applicants access to the information preserved at the time by the Bond Trustee in accordance with paragraph (a) of this Section 1002, or

(ii) inform such applicants as to the approximate number of Holders whose names and addresses appear in the information preserved at the time by the Bond Trustee

in accordance with paragraph (a) of this Section 1002, and as to the approximate cost of mailing to such Holders the form of communication, if any, specified in such application.

If the Bond Trustee shall elect not to afford such applicants access to such information, the Bond Trustee shall, upon the written request of such applicants, mail, first class, postage prepaid, to each Holder whose name and address appears in the information preserved at the time by the Bond Trustee in accordance with paragraph (a) of this Section 1002 a copy of the form of communication which is specified in such request, with reasonable promptness after a tender to the Bond Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing.

(c) Every Holder, by receiving and holding one or more Bonds, agrees with the Issuer and the Bond Trustee that neither the Issuer nor the Bond Trustee shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders in accordance with paragraph (b) of this Section 1002, regardless of the source from which such information was derived, and that the Bond Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under such subsection.

Section 1003. Holders of Bonds Deemed Holders of Obligation No. 1. In the event that any request, direction or consent is required or permitted by the Master Indenture to be given the registered owners of Obligations issued thereunder, including Obligation No. 1, the Holders of Bonds then Outstanding shall be deemed to be registered owners of Obligation No. 1 for the purpose of any such request, direction or consent in the proportion that the aggregate principal amount of Bonds then Outstanding held by each such Holder of Bonds bears to the aggregate principal amount of all Bonds then Outstanding. The provisions of this Article X and of Article VIII of the Master Indenture shall govern the execution of any such request, direction, consent or other instrument in writing required or permitted to be signed by Holders and registered owners of Obligation No. 1, respectively.

ARTICLE XI.
SUPPLEMENTAL BOND INDENTURES

Section 1101. Supplemental Bond Indentures without Consent of Holders. The Issuer and the Bond Trustee, from time to time and at any time, may enter into such agreements supplemental hereto without the consent of the Holders as shall be consistent with the terms and provisions of this Bond Indenture and the Agreement and, in the opinion of the Bond Trustee, who may rely upon a written Opinion of Counsel, shall not affect materially and adversely the Holders:

(a) to cure any ambiguity or formal defect or omission, to correct or supplement any provision herein that may be inconsistent with any other provision herein, to make any other provisions with respect to matters or questions arising under this Bond Indenture, or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in this Bond Indenture; or

(b) to grant to or confer upon the Bond Trustee for the benefit of the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders or the Bond Trustee; or

(c) to add to the provisions of this Bond Indenture other conditions, limitations and restrictions thereafter to be observed; or

(d) to add to the covenants and agreements of the Issuer in this Bond Indenture other covenants and agreements thereafter to be observed by the Issuer or to surrender any right or power herein reserved to or conferred upon the Issuer; or

(e) to permit the qualification of this Bond Indenture under any federal statute now or hereafter in effect or under any state Blue Sky law, and, in connection therewith, if the Issuer so determines, to add to this Bond Indenture or any supplemental Bond Indenture such other terms, conditions and provisions as may be permitted or required by such federal statute or Blue Sky law; or

(f) to provide for the maintenance of Bonds under a book-entry system.

Section 1102. Modification of Bond Indenture with Consent of Holders. Subject to the terms and provisions contained in this Section, and not otherwise, the Holders of not less than a majority of the aggregate principal amount of Bonds then Outstanding shall have the right, from time to time, anything contained in this Bond Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Bond Trustee of such Bond Indenture or Bond Indentures supplemental hereto as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Bond Indenture; *provided, however,* that nothing herein contained shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bonds issued hereunder without the consent of the Holders of such Bonds, or (b) a reduction in the principal amount of any Bonds or the redemption premium or the rate of interest thereon without the consent of the Holders of such Bonds, or (c) the creation of a pledge of receipts and revenues to be received by the Issuer under the Agreement superior to the pledge created by this Bond Indenture without the consent of the Holders of all Bonds Outstanding, or (d) a preference or priority of any Bond over any other Bond without the consent of the Holders of all Bonds Outstanding, or (e) a reduction in the aggregate principal amount of Bonds required for consent to such supplemental Bond Indenture without the consent of the Holders of all Bonds Outstanding. Nothing contained in this Section 1102, however, shall be construed as making necessary the approval by the Holders of the execution of any supplemental Bond Indenture as authorized in Section 1101 hereof.

If at any time the Issuer shall request the Bond Trustee to enter into any supplemental Bond Indenture for any of the purposes of this Section, the Bond Trustee shall, at the expense of the Corporation, cause notice of the proposed execution of such supplemental Bond Indenture to be mailed, first class, postage prepaid, to all Holders. Such notice shall briefly set forth the nature of

the proposed supplemental Bond Indenture and shall state that copies thereof are on file at the principal corporate trust office of the Bond Trustee for inspection by all Holders. The Bond Trustee shall not, however, be subject to any liability to any Holder by reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of such supplemental Bond Indenture when approved and consented to as provided in this Section.

Whenever, at any time within three years after the date of the mailing of such notice, the Issuer shall deliver to the Bond Trustee an instrument or instruments in writing purporting to be executed by the Holders of not less than a majority of the aggregate principal amount of Bonds then Outstanding, which instrument or instruments shall refer to the proposed supplemental Bond Indenture described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Bond Trustee may execute such supplemental Bond Indenture in substantially such form, without liability or responsibility to any Holder, whether or not such Holder shall have consented thereto.

If the Holders of not less than a majority in aggregate principal amount of Bonds Outstanding at the time of the execution of such supplemental Bond Indenture shall have consented to and approved the execution thereof as herein provided, no Holder shall have any right to object to the adoption of such supplemental Bond Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Issuer and the Bond Trustee from executing the same or from taking any action pursuant to the provisions thereof.

Upon the execution of any supplemental Bond Indenture pursuant to the provisions of this Section, this Bond Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Bond Indenture of the Issuer, the Bond Trustee and all Holders shall thereafter be determined, exercised and enforced in all respects pursuant to the provisions of this Bond Indenture as so modified and amended.

Section 1103. Exclusion of Bonds. Bonds owned or held by or for the account of the Obligated Group, any Affiliate or any subsidiary or controlled Affiliate of the Obligated Group or any Affiliate shall not be deemed Outstanding Bonds for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in this Article and Articles VIII and XII hereof or Sections 6.02 and 10.02 of the Agreement, and neither the Obligated Group nor any Affiliate as registered owners of such Bonds shall be entitled to consent or take any other action provided for in this Article and Articles VIII and XII hereof or Sections 6.02 and 10.02 of the Agreement. At the time of any consent or other action taken under this Article and Articles VIII and XII hereof, the Obligated Group shall furnish the Bond Trustee a certificate signed by an Obligated Group Representative, upon which the Bond Trustee may rely, describing all Bonds so to be excluded.

Section 1104. Responsibilities of Bond Trustee and Issuer under this Article. The Bond Trustee and the Issuer shall be entitled to exercise their discretion in determining whether

or not any proposed supplemental Bond Indenture or any term or provision therein contained is desirable, after considering the purposes of such instrument, the needs of the Issuer, the rights and interests of the Holders, and the rights, obligations and interests of the Bond Trustee, and the Bond Trustee shall not be under any responsibility or liability to the Issuer or to any Holder or to anyone whomsoever for its refusal in good faith to execute any such supplemental Bond Indenture. The Bond Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it, who may be counsel for the Issuer, as conclusive evidence that any such proposed supplemental Bond Indenture does or does not comply with the provisions of this Bond Indenture, and that it is or is not proper for it, under the provisions of this Article, to accept such supplemental Bond Indenture.

Section 1105. Consent of Corporation Required. Anything herein to the contrary notwithstanding, no such supplement or amendment to this Bond Indenture which affects the rights and obligations of the Obligated Group shall become effective unless and until the Corporation shall have consented thereto.

ARTICLE XII.
DEFEASANCE

Section 1201. Release of Bond Indenture. If (a) with respect to any Bonds secured hereby that have become due and payable in accordance with their terms or otherwise as provided in this Bond Indenture, the whole amount of the principal and the interest and premium, if any, so due and payable upon all Bonds shall be paid; and (b) with respect to any Bonds that have not become due and payable in accordance with their terms, the Bond Trustee holds sufficient (i) money and/or (ii) Defeasance Obligations, the principal of and the interest on which, when due and payable, will provide sufficient money, as verified by a nationally recognized independent certified public accountant, to pay the principal of, and the interest and redemption premium, if any, on all such Bonds Outstanding to the maturity date or dates of such Bonds or to the date or dates specified for the redemption thereof pursuant to irrevocable instructions to call given by the Issuer to the Bond Trustee; and (c) sufficient funds shall also have been provided or provision made for paying all other obligations payable hereunder by the Issuer, then and in that case the right, title and interest of the Bond Trustee in the funds and accounts mentioned in this Bond Indenture shall thereupon cease, determine and become void and, on demand of the Issuer and upon being furnished with an opinion, in form and substance satisfactory to the Bond Trustee, of counsel approved by the Bond Trustee, to the effect that all conditions precedent to the release of this Bond Indenture have been satisfied, the Bond Trustee shall release this Bond Indenture and shall execute such documents to evidence such release as may reasonably be required by the Issuer and shall turn over to the Issuer, for the benefit of the Corporation, any surplus in, and all balances remaining in, all funds and accounts, other than money held for the redemption or payment of Bonds. Otherwise, this Bond Indenture shall be, continue and remain in full force and effect; provided, that, in the event Defeasance Obligations shall be deposited with and held by the Bond Trustee as hereinabove provided, (i) in addition to the requirements set forth in Article III hereof, the Bond Trustee, within thirty (30) days after such Defeasance Obligations shall have been deposited with it, shall cause a notice signed by the

Bond Trustee to be mailed, first class, postage prepaid, to all Holders, setting forth (a) the date or dates, if any, designated for the redemption of the Bonds, (b) a description of the Defeasance Obligations so held by it, and (c) that this Bond Indenture has been released in accordance with the provisions of this Section, and (ii) (a) the Bond Trustee shall nevertheless retain such rights, powers and privileges under this Bond Indenture as may be necessary and convenient in respect of the Bonds for the payment of the principal, interest and any premium for which such Defeasance Obligations have been deposited and (b) the Bond Trustee shall retain such rights, powers and privileges under this Bond Indenture as may be necessary and convenient for the registration, transfer and exchange of Bonds; *provided, however,* that failure to mail such notice to any Holder or to the Holders or any defect in such notice so mailed shall not affect the validity of the proceedings for the release of this Bond Indenture.

All money and Defeasance Obligations held by the Bond Trustee pursuant to this Section shall be held in trust and applied to the payment, when due, of the obligations payable therewith.

ARTICLE XIII.
MISCELLANEOUS PROVISIONS

Section 1301. Effect of Dissolution of Issuer. In the event the Issuer for any reason shall be dissolved or its legal existence shall otherwise be terminated, all of the covenants, stipulations, obligations and agreements contained in this Bond Indenture by or on behalf of or for the benefit of the Issuer shall bind or inure to the benefit of the successor or successors of the Issuer from time to time and any officer, board, Issuer, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law, and the term "Issuer" as used in this Bond Indenture shall include such successor or successors.

Section 1302. Legal Holidays. In any case where the date of maturity of principal of, premium, if any, and interest on the Bonds or the date fixed for redemption of any such Bond shall be on a day on which banking institutions (including the Bond Trustee) at the place of payment are authorized by law to remain closed, then payment of such principal of, premium, if any, and interest need not be made on such date but may be made on the next succeeding day not a day on which banking institutions are authorized by law to remain closed with the same force and effect as if made on the date of maturity or the date fixed for redemption, and in the case of such payment, no interest shall accrue for the period from and after such date.

Section 1303. Manner of Giving Notice. All notices, demands and requests to be given to or made hereunder by the Corporation, the Issuer, or the Bond Trustee shall be given or made in writing and shall be deemed to be properly given or made if sent by United States registered mail or certified, return receipt requested, postage prepaid, addressed as follows:

(a) As to the Obligated Group--

Presbyterian Retirement Communities, Inc.

84 West Lucerne Circle,
Orlando, Florida 32801
Attention: Chief Executive Officer

(b) As to the Issuer--

St. Johns Industrial Development Authority
Issuer
County Administration Building
4020 Lewis Speedway
St. Augustine, Florida 32085
Attention: _____

(c) As to the Bond Trustee

Wells Fargo Bank, National Association
7077 Bonneval Road
Jacksonville, Florida 32216
Attention: Corporate Trust Department

Any such notice, demand or request may also be transmitted to the appropriate above-mentioned party by telegram, telecopy or telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change sent by United States registered or certified mail, postage prepaid, to the other parties by the party effecting the change.

All documents received by the Bond Trustee under the provisions of this Bond Indenture, or photographic copies thereof, shall be retained in its possession until this Bond Indenture shall be released under the provisions of Section 1201 hereof, subject at all reasonable times to the inspection of the Issuer, the Corporation and any Holder and the respective agents and representatives thereof.

Section 1304. Substitute Mailing. If, because of the temporary or permanent suspension of postal service, the Issuer or the Bond Trustee shall be unable to mail any notice required to be given by the provisions of this Bond Indenture, the Issuer or the Bond Trustee shall give notice in such other manner as in the judgment of the Issuer or the Bond Trustee shall most effectively approximate mailing, and the giving of notice in such manner shall for all purposes of this Bond Indenture be deemed to be in compliance with the requirement for the mailing thereof.

Section 1305. Parties, Bond Trustee and Holders Alone Have Rights under Bond Indenture. Except as herein otherwise expressly provided, nothing in this Bond Indenture, express or implied, is intended or shall be construed to confer upon any person, firm or corporation, other than the Bond Trustee, the Issuer and the Holders, any right, remedy or claim, legal or equitable, under or by reason of this Bond Indenture or any provision being intended to be and being for the sole and exclusive benefit of the Bond Trustee, the Issuer and the Holders.

Section 1306. Effect of Partial Invalidity. In case any one or more of the provisions of this Bond Indenture, the Agreement or the Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Bond Indenture, the Agreement or the Bonds, but this Bond Indenture, the Agreement and the Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the Bonds, this Bond Indenture or the Agreement shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Issuer or the Obligated Group to the full extent permitted by law.

Section 1307. Effect of Covenants. All covenants, stipulations, obligations and agreements of the Issuer contained in this Bond Indenture shall be deemed to be covenants, stipulations, obligations and agreements of the Issuer to the full extent permitted by the Constitution and laws of the State. This Bond Indenture is adopted with the intent that the laws of the State shall govern this construction.

Section 1308. No Recourse Against Members, Officers or Employees of Issuer. No recourse under, or upon, any statement, obligation, covenant, or agreement contained in this Bond Indenture, or in any Bond hereby secured, or in the Bond Indenture, or in any document or certification whatsoever, or under any judgment obtained against the Issuer or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any member, officer or employee, as such, of the Issuer, either directly or through the Issuer, or otherwise, for the payment for or to, the Issuer or any receiver of it, or for, or to, any Holder or otherwise, of any sum that may be due and unpaid upon any such Bond. Any and all personal liability of every nature, whether at common law or in equity or by statute or by constitution or otherwise, of any such member, officer or employee, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for, or to, the Issuer or any receiver of it, or for, or to, any Holder or otherwise, of any sum that may remain due and unpaid upon the Bonds hereby secured or any of them, is hereby expressly waived and released as an express condition of, and in consideration for, the execution of this Bond Indenture and the issuance of the Bonds.

Section 1309. Expenses Payable under Bond Indenture. All expenses incurred in carrying out this Bond Indenture, except those expenses incurred by the Bond Trustee in mailing resignation notices, shall be payable solely from funds derived by the Issuer from its loan of the proceeds of the Bonds to the Obligated Group. Anything in this Bond Indenture to the contrary notwithstanding, the performance by the Issuer of all duties and obligations imposed upon it

hereby, the exercise by it of all powers granted to it hereunder, the carrying out of all covenants, agreements and promises made by it hereunder, and the liability of the Issuer for all warranties and other covenants herein shall be limited solely to the money and revenues received from the payments by the Obligated Group in respect to Obligation No. 1 and under the Agreement, and from money attributable to the proceeds of Bonds, or the income from the investment thereof, and, to the extent herein or in the Agreement provided, the proceeds of insurance, sale and condemnation awards; and the Issuer shall not be required to effectuate any of its duties, obligations, powers or covenants except from, and to the extent of, such moneys, revenues, proceeds and payments.

Section 1310. Dealing in Bonds. The Bond Trustee and its directors, officers, employees or agents, and any officer, employee or agent of the Issuer, may in good faith, buy, sell, own, hold and deal in any Bonds issued under the provisions of this Bond Indenture and may join in any action which any Holder may be entitled to take with like effects as if such Bond Trustee were not a Bond Trustee under this Bond Indenture or as if such officer, employee or agent of the Issuer did not serve in such capacity.

Section 1311. Multiple Counterparts. This Bond Indenture may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

Section 1312. Headings. Any heading preceding the text of the several articles hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Bond Indenture, nor shall they affect its meaning, construction or effect.

Section 1313. Further Authority. The officers of the Issuer, attorneys, engineers and other agents or employees of the Issuer are hereby authorized to do all acts and things required of them by this Bond Indenture and the Agreement for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Bonds, the Agreement and this Bond Indenture.

IN WITNESS WHEREOF, the Issuer has caused these presents to be signed in its name and on its behalf by its Chairman and its official seal to be hereunto affixed and attested by its Secretary, and the Bond Trustee has caused these presents to be signed in its name and on its behalf by one of its duly authorized officer, all as of the 1st day of July, 2004.

ST. JOHNS INDUSTRIAL DEVELOPMENT AUTHORITY

[Seal]

By_____
Chairman

Attest:

_____
Secretary

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Bond Trustee

By_____
Brian P. Clark
Vice President

EXHIBIT A

CONSTRUCTION FUND REQUISITION
PRESBYTERIAN RETIREMENT COMMUNITIES OBLIGATED GROUP

REQUISITION NUMBER: _____ DATED: _____

BORROWER/PROJECT NAME: St. Johns County Industrial Development Authority First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004A

TO: Wells Fargo Bank, National Association, Bond Trustee

1. It is hereby certified in accordance with the Bond Indenture and the Loan Agreement that the following is/are due payment in the amount(s) indicated for:

PAYEE	FINAL BUDGET LINE ITEM	AMOUNT DUE

[Purpose by general classification for which each amount paid or to be paid was incurred]

Total Amount of this Requisition $_____

2. The amount stated above has been incurred, is due and payable, is a proper charge against the [Issuance Account] [Construction Account], and does not contain any retainage to which the Issuer or the Corporation is entitled.

3. No notice of any lien, right to lien or attachment upon, or claim affecting the right of any such persons, firms or corporations to receive payment of the respective amounts stated above, has been filed or attached [if any of the foregoing have been filed or attached, the same will be satisfied or discharged or provisions have been made [specify such provisions] to adequately protect Bond Trustee and Holders from incurring any loss as a result of the same].

4. [If obligation is payable from the Construction Account: Such obligations do not represent Issuance Costs]

You are authorized and directed to pay the above sum (sums) to the party (parties) named in paragraph 1 from money in the [Issuance Account] [Construction Account] held under the terms of the Bond Indenture.

PRESBYTERIAN RETIREMENT COMMUNITIES, INC.

By_____
Authorized Signatory

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BOND INDENTURE

between

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
Bond Trustee

Dated as of August 1, 2004

Securing

$00,000,000

St. Johns County Industrial Development Authority
Taxable Variable Rate Demand First Mortgage Revenue Bonds
(Presbyterian Retirement Communities Project),
Series 2004B

THIS BOND INDENTURE, dated for convenience of reference as of August 1, 2004, by and between **ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY,** a public body corporate and politic organized and existing under the laws of the State of Florida (the "Issuer"), and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association duly incorporated and validly existing under the laws of the United States of America and having its designated corporate trust office for purposes of this transaction presently located in Jacksonville, Florida, which is authorized under such laws to exercise trust powers (together with any bank or trust company becoming successor Bond Trustee under this Bond Indenture being hereinafter sometimes called the "Bond Trustee"),

WITNESSETH:

WHEREAS, the Issuer is authorized under Chapter 159, Parts II and III, Florida Statutes, and other applicable provisions of law to make and execute financing agreements and other instruments necessary or convenient for the purpose of facilitating the financing, refinancing or reimbursement of certain projects, including machinery, equipment, land, rights in land and other appurtenances and facilities related thereto, to the end that the Issuer will be able to improve health care and promote the economic growth of the State, increase opportunities for gainful employment, and otherwise contribute to the general welfare of the State and its inhabitants, and to provide such financing or refinancing or reimbursement through the issuance of revenue bonds; and

WHEREAS, the Issuer proposes to issue its $00,000,000 Taxable Variable Rate Demand First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004B (the "Bonds") the proceeds of the sale of which will be loaned to Presbyterian Retirement Communities, Inc. (the "Corporation") and the other members of the Obligated Group as described in that certain Master Trust Indenture dated as of August 1, 2004 between the Corporation and such other members of the Obligated Group and Wells Fargo Bank, National Association, as Master Trustee thereunder (the "Master Indenture") to refinance and reimburse a portion of the Costs (as defined herein) of the acquisition, construction, improvement and equipping of certain continuing care retirement communities owned by the Obligated Group as more particularly described herein under the definition of the "Project"; and

WHEREAS, the Issuer deems it desirable and in keeping with its purposes under the Act to issue the Bonds and to loan the proceeds thereof to the Obligated Group for the purpose of financing and refinancing and reimbursing the Costs of the Project; and

WHEREAS, simultaneously with the issuance of the Bonds, the Obligated Group and the Issuer will enter into a Loan Agreement, dated as of August 1, 2004 (which Loan Agreement, together with any and all amendments thereof as herein permitted, is hereinafter called the "Agreement"), pursuant to which the Issuer will lend the proceeds of the Bonds to the Obligated Group, and as evidence of the loan, the Obligated Group, as an issuer of Obligations under and pursuant to the Master Indenture, will execute and deliver Obligation No. 2 (as defined in the Agreement) to the Bond Trustee; and

WHEREAS, the Corporation will provide additional security for the repayment of the Bonds by the delivery to the Bond Trustee of an irrevocable, direct-pay letter of credit (the "Letter of Credit") issued by Allied Irish Banks, p.l.c., New York Branch (the "Bank") pursuant to a Reimbursement Agreement (as defined herein) and, as evidence of its payment obligations to the Bank under the Reimbursement Agreement, the Obligated Group as an issuer of Obligations under and pursuant to the Master Indenture will execute and deliver Obligation No. 3 (as defined herein) to the Bank; and

WHEREAS, as security for all Obligations issued under the Master Indenture, the Corporation has executed certain mortgages; and

WHEREAS, the Issuer has determined that the Bonds and the certificate of authentication to be executed by the Bond Trustee on all Bonds as provided herein shall be, respectively, substantially in the following forms, with such variations, omissions and insertions as are required or permitted by this Bond Indenture:

[Form of Bonds]

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
TAXABLE VARIABLE RATE DEMAND FIRST MORTGAGE REVENUE BOND
(PRESBYTERIAN RETIREMENT COMMUNITIES PROJECT), SERIES 2004B

No. R-___ $_____

TYPE OF INTEREST RATE	MATURITY DATE	CUSIP
%	October 1, 20__	

For Long-Term Interest Rate Period Only

Interest Rate for Long-Term Interest Rate Period Only:	Mandatory Tender Date For Long-Term Interest Rate Period Only:

The St. Johns County Industrial Development Authority (the "Issuer") for value received, promises to pay, but solely from the sources and in the manner hereinafter provided, to _____, or registered assigns, _____ Dollars ($_____) on the Maturity Date set forth above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the designated corporate trust office of Wells Fargo Bank, National Association, (the "Bond Trustee"). The Issuer also promises to pay, solely from such sources, interest on this Bond from the Interest Payment Date next preceding the date on which it is

authenticated unless it is (a) authenticated during the period from the close of business on the Record Date for an Interest Payment Date to and including such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (b) authenticated on or before the first Interest Payment Date, in which event it shall bear interest from the Original Issuance Date set forth above, payable on August __, 2004 and on each Interest Payment Date thereafter at the rates per annum determined as described herein and in the Bond Indenture hereinafter mentioned until the principal sum hereof is paid. The interest so payable and punctually paid or duly provided for on any Interest Payment Date will be paid to the person in whose name this Bond is registered at the close of business on the Regular Record Date for such interest, which shall be, in the case of a Long-Term Interest Rate Period, the 15th day immediately preceding such Interest Payment Date, or, in the event that an Interest Payment Date shall occur less than 15 days after the first day of a Long-Term Interest Rate Period, such first day and, in the case of any other Interest Rate Period, the Business Day immediately preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Regular Record Date, and may be paid to the person in whose name this Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Bond Trustee, notice whereof being given to the registered owners not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which these Bonds may be listed and upon such notice as may be required by such exchange, or as more fully provided in the Bond Indenture. All such payments shall be made in lawful money of the United States of America. Payment of principal and premium on this Bond will be by check; *provided, however*, that the principal of and any premium on the Bonds will be paid by wire transfer (in the continental United States) of immediately available funds to any registered owner of at least $1,000,000 in aggregate principal amount of Bonds Outstanding, at such registered owner's option, in each case according to wire instructions given to the Bond Trustee in writing for such purpose. Interest on this Bond is payable by (i) check mailed on the date on which due to the registered owner hereof at the address of such registered owner shown on the registration books kept by the Bond Trustee, as of the close of business on the Regular Record Date in respect of such interest, or (ii) in the case of Bonds bearing interest at Weekly Interest Rates, or Bonds (bearing interest other than at a Weekly Interest Rate) owned by a owner who is the registered owner of Bonds in an aggregate principal amount of at least $1,000,000 and who, prior to the Regular Record Date next preceding any Interest Payment Date, shall have provided, or through the Remarketing Agent shall have caused to be provided, the Bond Trustee with wire transfer instructions, by wire transfer.

This Bond is one of a duly authorized series of revenue bonds of the Issuer, designated "St. Johns County Industrial Development Authority Taxable Variable Rate Demand First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004B" (the "Bonds"), issued under a Bond Indenture, dated as of August 1, 2004 (such Bond Indenture together with all supplements thereto being hereinafter referred to as the "Bond Indenture"), between the Issuer and the Bond Trustee. The Bonds are being issued for the purpose of providing funds, together with other available funds, to (i) pay the cost of the Project (as defined

in the Agreement hereinafter mentioned) and (ii) pay certain expenses incurred in connection with the issuance of the Bonds.

The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Bond Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the name of the Securities Depository Nominee (as defined in the Bond Indenture), is being issued and required to be deposited with the Securities Depository (as defined in the Bond Indenture) and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the Securities Depository's participants, beneficial ownership of the Bonds in the principal amount of $5,000 or any whole multiple thereof being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Issuer and the Bond Trustee will recognize the Securities Depository Nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on this Bond, (ii) notices and (iii) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository Nominee, its participants or persons acting through such participants. While the Securities Depository Nominee is the owner of this Bond, notwithstanding the provisions hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made in accordance with existing arrangements between the Bond Trustee or its successors under the Bond Indenture and the Securities Depository.

NEITHER THE FAITH AND CREDIT OF THE ISSUER, ST. JOHNS COUNTY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, NOR THE TAXING POWER OF ST. JOHNS COUNTY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, INTEREST ON OR THE REDEMPTION PREMIUM, IF ANY, PAYABLE ON THIS BOND. THIS BOND SHALL NOT BE OR CONSTITUTE A GENERAL OBLIGATION OF THE ISSUER, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, OR A LIEN UPON ANY PROPERTY OWNED BY OR SITUATED WITHIN THE JURISDICTIONAL TERRITORIAL LIMITS OF THE ISSUER OR ST. JOHNS COUNTY, EXCEPT UPON THE TRUST ESTATE. THE REGISTERED OWNER OF THIS BOND SHALL NEVER HAVE THE RIGHT TO REQUIRE OR COMPEL THE ISSUER, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF TO (I) LEVY ANY AD VALOREM TAXES ON ANY PROPERTY TO PAY THE PRINCIPAL OF REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THIS BOND OR TO MAKE ANY OTHER PAYMENTS PROVIDED FOR UNDER THE AGREEMENT (AS DEFINED IN THE "BOND INDENTURE") OR THE BOND INDENTURE, (II) PAY THE SAME FROM ANY

FUNDS OTHER THAN THOSE PLEDGED UNDER THE BOND INDENTURE, IN THE MANNER PROVIDED THEREIN OR (III) REQUIRE OR ENFORCE ANY PAYMENT OR PERFORMANCE BY THE OBLIGATED GROUP PROVIDED BY THE BOND INDENTURE OR THE AGREEMENT UNLESS THE ISSUER'S EXPENSES IN RESPECT THEREOF SHALL BE PAID FROM THE TRUST ESTATE OR SHALL BE ADVANCED TO THE ISSUER FOR SUCH PURPOSE, AND THE ISSUER SHALL RECEIVE INDEMNITY TO ITS SATISFACTION. NO COVENANT OR AGREEMENT CONTAINED IN THIS BOND OR THE BOND INDENTURE SHALL BE DEEMED TO BE A COVENANT OR AGREEMENT OF ANY MEMBER, OFFICIAL, AGENT OR EMPLOYEE OF THE ISSUER IN HIS INDIVIDUAL CAPACITY, AND NEITHER THE MEMBERS OF THE GOVERNING BODY OF THE ISSUER NOR ANY OFFICIAL EXECUTING THIS BOND SHALL BE LIABLE PERSONALLY ON THIS BOND OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THIS BOND, ALL SUCH LIABILITY BEING RELEASED AS A CONDITION OF, AND AS A CONSIDERATION FOR, THE EXECUTION OF THE INDENTURE AND THE ISSUANCE OF THIS BOND.

The Issuer has entered into a Loan Agreement, dated as of August 1, 2004 (herein called the "Agreement"), with Presbyterian Retirement Communities, Inc., Palm Shores Retirement Community, Inc., Suncoast Manor, Inc., Wesley Manor, Inc., Westminster Retirement Communities Foundation, Inc., Westminster Services, Inc. and Westminster Shores, Inc. (collectively, and together with any future members, the "Obligated Group") under which the Issuer has agreed to lend to the Obligated Group the proceeds of the Bonds and in consideration and as evidence of the loan the Obligated Group has agreed to make payments to the Bond Trustee (the "Loan Repayments") in such amounts and at such times as are required to provide for the timely payment of the principal of, premium, if any, and interest on the Bonds. The Agreement further obligates the Obligated Group to perform, observe and comply with certain covenants, conditions and agreements set forth in a Master Trust Indenture, dated as of August 1, 2004 (said Master Trust Indenture, together with all supplements and amendments thereto as therein permitted, being herein called the "Master Indenture"), by and between the Obligated Group and Wells Fargo Bank, National Association, as master trustee (the "Master Trustee"), including covenants, conditions and agreements with respect to the operation of the Members of the Obligated Group (as defined in the Master Indenture). As security for all Obligations (as defined in the Master Indenture) issued under the Master Indenture, the Obligated Group has granted to the Master Trustee a security interest in the Gross Revenues and Facility Property and Equipment (as each such term is defined in the Master Indenture) of the Obligated Group. As additional security for all Obligations, the Obligated Group has executed various mortgages (the "Mortgages") in the State of Florida.

As evidence of its indebtedness under the Agreement, the Obligated Group has executed and delivered to the Issuer its Obligation No. 2 ("Obligation No. 2"). Obligation No. 2 is issued under and secured by the Master Indenture, which provides that the Obligated Group may issue additional Obligations secured *pari passu* under the Master Indenture and the Mortgages under the terms and conditions and to the extent described in the Master Indenture.

Pursuant to the Bond Indenture, the Issuer has, for the benefit of the registered owners of the Bonds, assigned Obligation No. 2, the Issuer's rights under the Agreement, including all its rights, title and interest to receive the Loan Repayments (subject to the reservation of certain rights of the Issuer, including its rights to notices, payment of certain expenses and indemnity), its rights under the Master Indenture and the Mortgages as the owner of Obligation No. 2, and its rights to any and all moneys and securities in the Bond Fund and the Redemption Fund (all as defined in the Bond Indenture) and, until applied in payment of the cost of the Project, the Construction Fund (as defined in the Bond Indenture) under the Bond Indenture, to the Bond Trustee in trust.

Payment of principal of and interest on the Bonds and payment of the purchase price of tendered Bonds are additionally secured by an irrevocable, direct-pay letter of credit (the "Letter of Credit") issued by Allied Irish Banks, p.l.c., New York Branch (the "Bank"), in the aggregate principal amount of the Bonds outstanding from time to time, plus __ days of interest computed at an assumed interest rate of __ % per annum, which Letter of Credit will expire on _____, unless extended or earlier terminated in accordance with its terms. Under certain circumstances described in the Bond Indenture, the Obligated Group may obtain an Alternate Credit Facility in substitution for the Letter of Credit (the Letter of Credit or any such Alternate Credit Facility, the "Credit Facility"), and all references in this Bond to the Credit Issuer shall refer to the Bank or to the issuer of such Alternate Credit Facility.

Reference is made to the Master Indenture, the Agreement, the Mortgages, the Letter of Credit and the Bond Indenture for a more complete statement of the provisions thereof and of the rights of the Issuer, the Bond Trustee, the Master Trustee, the Obligated Group and the registered owners of the Bonds. Copies of Obligation No. 2, the Obligated Group, the Bond Indenture, the Master Indenture, the Mortgages, the Letter of Credit and the Agreement are on file and may be inspected at the designated corporate trust office of the Bond Trustee in Jacksonville, Florida. By the purchase and acceptance of this Bond, the registered owner hereof signifies assent to all of the provisions of the aforementioned documents.

Subject to the satisfaction of certain conditions set forth in the Master Indenture, the Bond Trustee is required to surrender Obligation No. 2 to the Master Trustee in the event that an original replacement note or similar obligation is issued under and secured by an existing or new master trust indenture by which the party or parties purported to be obligated thereby have agreed to be bound.

This Bond is issued and the Bond Indenture and the Agreement were made and entered into under and pursuant to the Constitution and laws of the State of Florida, and particularly in conformity with the provisions, restrictions and limitations of Chapter 159, Parts II and III, Florida Statutes, as amended (the "Act").

The Bonds are issuable as fully registered Bonds in the following denominations: (i) with respect to any Long-Term Interest Rate Period (as defined herein), $5,000 and any integral multiple thereof; and (ii) with respect to any Weekly Interest Rate Period (as defined herein),

$100,000 and any integral multiple of $5,000 in excess of $100,000 (the "Authorized Denominations"). Bonds may be exchanged at the designated corporate trust office of the Bond Trustee, in the manner and subject to the limitations and conditions provided in the Bond Indenture, for an equal aggregate principal amount of Bonds of the same maturity, of any Authorized Denominations and bearing interest at the same rate.

The transfer of this Bond is registerable by the registered owner hereof in person or by such registered owner's attorney or legal representative at the designated corporate trust office of the Bond Trustee, but only in the manner and subject to the limitations and conditions provided in the Bond Indenture and upon surrender and cancellation of this Bond.

The term of the Bonds will be divided into consecutive Interest Rate Periods during each of which the Bonds shall bear interest at a Weekly Interest Rate (a "Weekly Interest Rate Period") or a Long Term Interest Rate (a "Long Term Interest Rate Period"); *provided, however,* that no Bond may bear interest at a rate in excess of __% per annum. The initial Interest Rate Period shall be a Weekly Interest Rate Period. The interest rate may be adjusted from time to time to a Long Term Interest Rate and thereafter again adjusted as described in the Bond Indenture. As hereinafter described, the Bonds are subject to mandatory purchase on the first day of any Interest Rate Period.

During any Weekly Interest Rate Period, interest on the Bonds shall be payable on each Interest Payment Date for the period commencing on the immediately preceding Interest Accrual Date (hereinafter defined) (or, if any Interest Payment Date is not a Wednesday, commencing on the second preceding Interest Accrual Date) and ending on the Tuesday immediately preceding the Interest Payment Date (or, if sooner, the last day of the Weekly Interest Rate Period). During any Long Term Interest Rate Period, interest on this Bond shall be payable on each Interest Payment Date for the period commencing on the immediately preceding Interest Accrual Date and ending on the day immediately preceding such Interest Payment Date. In any event, interest on this Bond shall be payable for the final Interest Rate Period to the date on which this Series Bond shall have been paid in full. Interest shall be computed, in the case of a Long Term Interest Rate Period, on the basis of a 360-day year consisting of twelve 30-day months, and in the case of Weekly Interest Rate Period, on the basis of a 365- or 366-day year, as the case may be, for the actual number of days elapsed.

The term "Interest Accrual Date" means (i) with respect to any Weekly Interest Rate Period, the first day thereof and, thereafter, the first Wednesday of each month during that Weekly Interest Rate Period and (ii) with respect to any Long Term Interest Rate Period, the first day thereof and, thereafter, each Interest Payment Date in respect thereof, other than the last such Interest Payment Date. The term "Interest Payment Date" means (i) with respect to any Weekly Interest Rate Period, the first Wednesday of each calendar month, or, if such first Wednesday shall not be a Business Day, the next succeeding Business Day, (ii) with respect to any Long-Term Interest Rate Period, each April 1 and October 1 and (iii) with respect to each Interest Rate Period, the day next succeeding the last day thereof. The term "Business Day" means any day other than (i) a Saturday, a Sunday or any other day on which banks located in the cities in which

the designated offices of the Bond Trustee or the Tender Agent are located, or in which the office of the Credit Issuer from which payments are made pursuant to the Credit Facility is located, are authorized or required to remain closed or (ii) a day on which the New York Stock Exchange is closed.

The interest rate on the Bonds shall be determined as follows:

1. Weekly Interest Rate. During each Weekly Interest Rate Period, this Bond shall bear interest at Weekly Interest Rates, which shall be determined by the Remarketing Agent on Tuesday of each week during such Weekly Interest Rate Period, or if such day shall not be a Business Day, then the next succeeding Business Day. The first Weekly Interest Rate determined for each Weekly Interest Rate Period shall be determined on or prior to the first day of such Weekly Interest Rate Period and shall apply to the period commencing on the first day of such Weekly Interest Rate Period and ending on the next succeeding Tuesday. Thereafter, each Weekly Interest Rate shall apply to the period commencing on Wednesday and ending on the next succeeding Tuesday, unless such Weekly Interest Rate Period shall end on a day other than a Tuesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on Wednesday preceding the last day of such Weekly Interest Rate Period and ending on the last day of such Weekly Interest Rate Period. The Weekly Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on the examination of taxable obligations comparable to the Bonds and known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate which, if borne by the Bonds, would enable the Remarketing Agent to sell the Bonds on such Business Day at a price (without regard to accrued interest) equal to the principal amount thereof. In the event that the Remarketing Agent fails to establish a Weekly Interest Rate for any week, then the Weekly Interest Rate for such week shall be the same as the Weekly Interest Rate for the immediately preceding week if the Weekly Interest Rate for such preceding week was determined by the Remarketing Agent. In the event that the Weekly Interest Rate for the immediately preceding week was not determined by the Remarketing Agent, or in the event that the Weekly Interest Rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law, then the interest rate for such week shall be equal to 100 percent of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* on the day the Weekly Interest Rate would otherwise be determined as provided in the Bond Indenture for such Weekly Interest Rate Period.

2. Long-Term Interest Rate. During each Long Term Interest Rate Period, this Bond shall bear interest at the Long Term Interest Rate. The Long Term Interest Rate for the Bonds shall be determined by the Remarketing Agent on a Business Day no later than the effective date of such Long Term Interest Rate Period with respect to the Bonds. The Long Term Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on the examination of taxable obligations comparable to the Bonds and known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) to be the minimum interest rate which, if borne by the Bonds, would enable the Remarketing Agent to sell the Bonds

on such date of determination at a price (without regarding accrued interest) equal to the principal amount thereof

Raymond James & Associates, Inc. has been appointed as the initial Remarketing Agent for the Bonds. Wells Fargo Bank, National Association has been appointed as the initial Tender Agent for the Bonds whose designated corporate trust office for the delivery of Bonds at the date of issuance of the Bonds is located at [Jacksonville address?], Attention: Corporate Trust Department.

The Bond Trustee shall give notice by first class mail of an adjustment in the Interest Rate Period not less than 12 days (15 days if the then current Interest Rate Period is a Long-Term Interest Rate Period) prior to the effective date of such Interest Rate Period, or, in the case of an adjustment to a Long Term Interest Rate Period, not less than 30 days prior to the effective date of such Long Term Interest Rate Period. In the event of an adjustment in the Interest Rate Period applicable to the Bonds, the Bonds shall be subject to mandatory tender for purchase as hereinafter described, and the registered owners of the Bonds shall not have the right to elect to retain their Bonds in lieu of such purchase as hereinafter described.

In connection with any adjustment of the Interest Rate Period on the Bonds, the Corporation is obligated to satisfy certain conditions precedent as described in the Bond Indenture. In the event that any conditions to adjustment of any Interest Rate Period as provided in the Bond Indenture are not met, then the Bonds shall continue to bear interest at a Weekly Interest Rate as in effect immediately prior to such proposed adjustment in the Interest Rate Period, or, in the event that the Bonds are being adjusted from a Long Term Interest Rate Period, then the Bonds shall be adjusted to bear interest at a Weekly Interest Rate on the date which would have been the effective date of such change in the Interest Rate.

Purchase of Bonds During Weekly Interest Rate Period. During any Weekly Interest Rate Period, this Bond shall be purchased at the option of the registered owner on any Business Day at a purchase price equal to the principal amount hereof plus accrued interest, if any, from the Interest Accrual Date immediately preceding the date of purchase through the day immediately preceding the date of purchase, unless the date of purchase shall be an Interest Accrual Date, in which case at a purchase price equal to the principal amount thereof, payable in immediately available funds, upon delivery to the Tender Agent at its designated corporate trust office for delivery of notices of an irrevocable written notice which states the principal amount of this Bond and the date on which the same shall be purchased, which date shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such notice to the Tender Agent. In the event a registered owner shall deliver a notice to the Tender Agent of such registered owner's election to have this Bond purchased as herein described, and such registered owner shall not deliver this Bond to the Tender Agent on the date of such purchase, then this Bond shall nevertheless be deemed to have been purchased on such date and shall no longer be deemed to be Outstanding under the Bond Indenture and interest shall no longer accrue with respect thereto, and the registered owner of such Bond shall have no right other than to receive

payment of the purchase price therefor. Moneys held by the Tender Agent for such registered owner shall not be invested.

Mandatory Tender for Purchase on First Day of Each Interest Rate Period in Event of Conversion to New Interest Rate Period. This Bond shall be subject to mandatory tender for purchase on the first day of each Interest Rate Period, or on the day which would have been the first day of an Interest Rate Period in the event that one of the conditions precedent to the adjustment to a new Interest Rate Period shall not be met as described in the Bond Indenture, in the event of a conversion from one Interest Rate Period to another Interest Rate Period and on the first day of each new Long-Term Interest Rate Period, at a purchase price, payable in immediately available funds, equal to the principal amount hereof, or in the case of a purchase on the first day of an Interest Rate Period which shall be preceded by a Long Term Interest Rate Period and which shall commence prior to the day originally established as the last day of such preceding Long Term Interest Rate Period, at a purchase price equal to the optional redemption price then applicable to this Bond on such purchase date.

Mandatory Tender for Purchase Upon Cancellation, Termination, Expiration, Reduction, Modification or Replacement of Credit Facility. The Bonds shall be subject to mandatory tender for purchase if the Bonds shall cease to be payable from the Credit Facility as a result of (i)(A) the termination or expiration of the term of such Credit Facility or (B) such Credit Facility being reduced, replaced or modified with the effect that the Bonds are no longer payable from such Credit Facility (in each case, whether or not any Alternate Credit Facility has been obtained) or (ii) the Credit Issuer notifying the Bond Trustee of an event of default under the Credit Agreement (as defined in the Bond Indenture) and directing the Bond Trustee to effect a mandatory purchase of the Bonds on the following dates: (1) if the Credit Facility is terminating or expiring and no Alternate Credit Facility is being delivered in accordance with the Bond Indenture, on the fifth Business Day preceding such termination or expiration, (2) if an Alternate Credit Facility is being delivered in accordance with the Bond Indenture, on the effective date of such Alternate Credit Facility and (3) if the Credit Issuer has directed the Bond Trustee to effect a mandatory purchase in accordance with clause (ii) above, on the fourth Business Day after receipt by the Bond Trustee of such direction. The purchase price for such Bonds shall be equal to the principal amount thereof, plus accrued interest (if any). In such event, this Bond shall be purchased from its owner at a purchase price equal to the principal amount thereof, plus accrued interest (if any). In the event that any registered owner shall not surrender this Bond to the Tender Agent on the date of such purchase, then this Bond shall nevertheless be deemed to have been purchased and no interest shall accrue on this Bond on and after such date and the registered owner hereof shall have no rights under the Bond Indenture other than the right to receive payment of the purchase price for this Bond. Notwithstanding anything in this paragraph to the contrary, in the event that in connection with such termination, expiration, reduction or modification of an existing Credit Facility and replacement thereof by an Alternate Credit Facility, the Obligated Group delivers to the Bond Trustee prior to the date that notice of such termination, expiration, reduction or modification and replacement is required to be given by the Bond Trustee as provided in the Bond Indenture, written evidence from each Rating Agency then rating the Bonds to the effect that such termination, expiration, reduction or modification and

replacement in and of itself will not result in the withdrawal or reduction of the rating(s) then applicable to the Bonds, then the Bonds will not be subject to mandatory tender for purchase as provided in this paragraph solely as a result of such termination, expiration, reduction or modification and replacement.

For payment of the purchase price of any Bond required to be purchased as described above on the date specified, such Bond must be delivered, at or prior to 10:00 a.m., New York City time, on the date specified in such notice, to the Tender Agent at its principal corporate trust office for delivery of Bonds, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the registered owner thereof or his duly authorized attorney, with such signature guaranteed by a member of the New York Stock Exchange's Medallion Program or the New York Stock Exchange, Inc. Signature Program in accordance with the provisions of Securities and Exchange Commission Rule 17Ad-15. In the event any such Bond is delivered after 10:00 a.m., New York City time, on such date, payment of the purchase price of such Bond need not be made until the Business Day following the date of delivery of such Bond, but such Bond shall nonetheless be deemed to have been purchased on the date specified in such notice and no interest shall accrue thereon after such date.

The Tender Agent may refuse to accept delivery of any Bonds for which a proper instrument of transfer has not been provided. In the event that any registered owner of a Bond who shall have given notice of such registered owner's election to have his Bond purchased during a Weekly Interest Rate Period, a change in the Credit Facility or the commencement of a new Interest Rate Period, shall fail to deliver such Bond to the Tender Agent at the place and on the applicable date and time specified, or shall fail to deliver such Bond properly endorsed, such Bond shall constitute an Undelivered Bond. If funds in the amount of the purchase price of any Undelivered Bond are available for payment to the registered owner thereof on the date and at the time specified, then from and after the date and time of that required delivery, (A) such Undelivered Bond shall be deemed to be purchased and shall no longer be deemed to be Outstanding under the Bond Indenture; (B) interest shall no longer accrue thereon; and (C) funds in the amount of the purchase price of the Undelivered Bond shall be held by the Tender Agent for the benefit of the registered owner thereof (provided that the registered owner shall have no right to any investment proceeds derived from such funds), to be paid upon delivery (or proper endorsement) of the Undelivered Bond to the Tender Agent at its principal corporate trust office for delivery of Bonds. Any funds held by the Tender Agent for the purchase of Undelivered Bonds shall be held uninvested.

Optional Redemption. On any Interest Payment Date during a Weekly Interest Rate Period, the Bonds shall be subject to optional redemption by the Issuer, at the direction of the Obligated Group Representative, in whole or in part, at a redemption price equal to 100 percent of the principal amount of the Bonds to be redeemed. Moneys for such redemption shall be derived solely from Eligible Funds.

During any Long Term Interest Rate Period, the Bonds shall be subject to optional redemption by the Issuer, at the direction of the Corporation Representative, on the first day

thereof, in whole or in part, at a redemption price equal to 100 percent of the principal amount of the Bonds to be redeemed, and thereafter, during the periods specified below or, if approved by Bond Counsel as provided in the Bond Indenture, during the periods specified in the notice of the Corporation to the Bond Trustee pursuant to the Bond Indenture, in whole or in part at any time, at the redemption prices (expressed as a percentage of the principal amount of Bonds to be redeemed) hereinafter indicated or specified in the notice of the Corporation to the Bond Trustee pursuant to the Bond Indenture, plus accrued interest, if any, to the redemption date; *provided, however,* such redemption premium shall be paid only from Eligible Funds described in clause (i) of the definition of Eligible Funds on deposit in the Bond Fund, unless the Credit Facility then in effect provides for payment of such premium:

Length of Long-Term Interest Rate Period (expressed in years)	Redemption Price
Less than or equal to 7 and greater than 4	After 3 years at 101%, declining by 1% every year to 100%
Less than or equal to 4	After 2 years at 100%

The Bonds are also subject to redemption by the Issuer, upon the direction of the Obligated Group Representative, at a redemption price equal to 100 percent of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date, in whole or in part on any date from amounts received by any Member of the Obligated Group as insurance proceeds with respect to any casualty loss or failure of title or as condemnation awards, provided such amount is not less than $100,000, and upon the occurrence of the following events: **[to come]**

The Bonds shall be redeemed only in Authorized Denominations. The Bond Trustee shall select the Bonds to be redeemed in accordance with the terms and provisions of the Bond Indenture.

If less than all of the Bonds are to be called for redemption, the Bond Trustee shall first select and call for redemption Bonds held by the Bond Trustee or a pledge agent for the account of the Obligated Group and pledged to the Credit Issuer before any other Bonds are selected and called for redemption. If, following such selection, additional Bonds must be selected and called for redemption, the Bond Trustee shall select, or arrange for the selection of, in such manner as it shall deem fair and equitable, the Bonds, in portions thereof equal to Authorized Denominations; *provided* that for so long as the only registered owner is a Securities Depository Nominee, such selection shall be made by the Securities Depository.

Not less than 30 days but not more than 60 days before the redemption date of any Bonds, whether such redemption be in whole or in part, the Bond Trustee shall cause a notice of redemption, signed by the Bond Trustee, to be mailed, postage prepaid, to all registered owners owning Bonds to be redeemed in whole or in part. Failure of the Bond Trustee to give notice to a registered owner or any defect in such notice shall not affect the validity of the proceedings for redemption of the Bonds of any other registered owner as to which notice shall have been properly given. If (i) Eligible Funds or (ii) Defeasance Obligations purchased with Eligible Funds, or any combination of (i) and (ii), sufficient to pay the redemption price of the Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, are held by the Bond Trustee in trust for the registered owners of Bonds to be redeemed, interest on the Bonds called for redemption shall cease to accrue; such Bonds shall cease to be entitled to any benefits or security under the Bond Indenture or to be deemed Outstanding; and the registered owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof, plus accrued interest to the date fixed for redemption and except as otherwise provided in the Bond Indenture.

Not less than 30 days but not more than 60 days before the redemption date of any Bonds, whether such redemption is in whole or in part, the Bond Trustee shall cause a notice of any such redemption signed by the Bond Trustee to be mailed, first class, postage prepaid, to all registered owners owning or holding Bonds to be redeemed in whole or in part, but failure so to mail any such notice to any registered owner or any defect in any notice so mailed shall not affect the validity of the proceedings for the redemption of the Bonds of any other registered owner as to which notice shall have been properly given. On the date fixed for redemption, notice having been mailed in the manner provided in the Bond Indenture, the Bonds or portions thereof called for redemption shall be due and payable at the redemption price provided therefor, plus accrued interest to such date. If there has been delivered to the Bond Trustee, and the Bond Trustee is then holding in trust, money or Defeasance Obligations (as defined in the Bond Indenture), or a combination of both, sufficient to pay the redemption price of the Bonds to be redeemed plus accrued interest to the date of redemption, interest on the Bonds called for redemption shall cease to accrue; such Bonds or portions thereof shall cease to be entitled to any benefits or security under the Bond Indenture or to be deemed Outstanding (as defined in the Bond Indenture); and the registered owners of such Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the redemption price thereof, plus accrued interest to the date of redemption.

The registered owner of this Bond shall have no right to enforce the provisions of the Bond Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Bond Indenture and except that any registered owner may institute action to enforce the payment of the principal of or the interest on such registered owner's Bond.

Upon the occurrence of certain events, and on the conditions, in the manner and with the effect set forth in the Bond Indenture, the principal of all Bonds then outstanding under the Bond

Indenture may become or may be declared due and payable before the stated maturity thereof, together with the interest accrued thereon.

Modifications or alterations of the Bond Indenture or any bond indenture supplemental thereto, the Agreement or any agreement supplemental thereto, or the Master Indenture or any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Bond Indenture, the Agreement and the Master Indenture.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this Bond and the execution of the Bond Indenture and the Agreement have happened, exist and have been performed as so required.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Bond Indenture until it shall have been authenticated by the execution by the Bond Trustee of the certificate of authentication hereon.

IN WITNESS WHEREOF, the St. Johns County Industrial Development Authority has caused this Bond to be executed with the facsimile signatures of its [Vice] Chairman and its [Assistant] Secretary and [a facsimile of] its official seal to be [impressed] [printed] hereon and this Bond to be dated as of the ____ day of _____, 2004.

ST. JOHNS COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY

By _____
[Vice] Chairman

[OFFICIAL SEAL]

By _____
Assistant Secretary

ASSIGNMENT

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

_____

_____

[Please Print or Typewrite Name and Address of Transferee]

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

_____

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

Signature Guaranteed:

_____

NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

[To be endorsed on all Bonds]

CERTIFICATE OF AUTHENTICATION

Date of authentication:

_____

This Bond is a Bond issued under the provisions of the within-mentioned Bond Indenture.

WELLS FARGO BANK, NATIONAL ASSOCIATION, Bond Trustee

By _____

Authorized Signatory

WHEREAS, under the Constitution and laws of the State of Florida, including the Act, the Issuer is authorized to enter into this Bond Indenture, to issue the Bonds as hereinafter provided, to lend the proceeds of the Bonds to the Obligated Group for the purposes hereinbefore stated, and to do or cause to be done all the acts and things herein provided or required to be done as hereinafter covenanted; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of Florida, including the Act, to happen, exist and be performed precedent to and in the execution and delivery of this Bond Indenture have happened, exist and have been performed as so required to make this Bond Indenture a valid and binding Bond Indenture securing the Bonds in accordance with its terms; and

WHEREAS, the Bond Trustee has accepted the trusts created by this Bond Indenture and in evidence thereof has joined in the execution hereof;

NOW, THEREFORE, THIS BOND INDENTURE WITNESSETH: that in consideration of the premises, of the acceptance by the Bond Trustee of the trusts hereby created, and of the purchase and acceptance of Bonds by the Holders (as defined herein) thereof, and also for and in consideration of the sum of One Dollar in hand paid by the Corporation on behalf of the Bond Trustee at or before the execution and delivery of this Bond Indenture, and for other good and valuable consideration, the receipt whereof is hereby acknowledged, and for the purpose of fixing and declaring the terms and conditions upon which Bonds are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become Holders thereof, and to secure the payment of all Bonds at any time issued and outstanding under this Bond Indenture and the interest and the redemption premium, if any, thereon according to their tenor, purport and effect, and to secure the performance and observance of all the covenants, agreements and conditions, express or implied, therein and herein contained, the Issuer has executed and delivered this Bond Indenture, and by this Bond Indenture has given, granted, bargained, aliened, remised, released, conveyed, transferred, assigned, confirmed, set over, and pledged, and does hereby give, grant, bargain, alien, remise, release, convey, transfer, assign, confirm, set over, and pledge unto the Bond Trustee, and its successor or successors in trust the following (herein referred to as the "Trust Estate"):

1. All right, title and interest of the Issuer in and to Obligation No. 2 and all its rights under the Master Indenture and the Mortgages as owner of Obligation No. 2;

2. All right, title and interest of the Issuer in and to the Agreement (except for those certain rights that are set forth in the next sentence of this clause), it being the intent and purpose hereof that the assignment and transfer to the Bond Trustee of the payments and other sums due and to become due under the Agreement shall be effective and operative immediately and the Bond Trustee shall have the right to collect and receive said payments and other sums for application in accordance with the provisions hereof at all times during the period from and after the date of this Bond Indenture until the indebtedness hereby secured shall have been fully paid and discharged. The Issuer specifically reserves from this assignment the following rights: (a) to

make requests for information and inspections where allowed under the Agreement; (b) to receive payments under Sections 3.04(a)(iv), (v) and (vi) and 8.02 of the Agreement; (c) those exculpations from liability conferred upon the members, officers and employees of the Issuer in Section 10.01 of the Agreement; and (d) to be indemnified pursuant to Section 8.01 of the Agreement; *provided* that the reservation of the aforementioned rights shall not prevent the Bond Trustee from enforcing the same on behalf of the Issuer and the Holders. The Issuer is to remain liable to observe and perform all the conditions and covenants in the Agreement provided to be observed and performed by it; and

3. Until applied to pay the purchase price of the Bonds, all monies and securities in the Bond Purchase Fund (as defined herein), all money and securities held by the Bond Trustee in the Bond Fund and the Redemption Fund (all as hereinafter defined) and, until applied in payment of the cost of the Project in accordance with Section 404 hereof, all money and securities in the Construction Fund (as hereinafter defined).

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Bond Trustee and its successor or successors in trust and to them and their assigns forever, subject to the exceptions, reservations and matters herein recited;

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth, for the benefit, security and protection of the present and future Holders of the Bonds issued or to be issued under and secured by this Bond Indenture, without preference, priority or distinction as to lien or otherwise, except as may otherwise be provided herein, of any one Bond over any other Bond by reason of priority in their issue, sale or otherwise, all as herein provided;

Provided, however, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, or provide for the payment, pursuant to the provisions of this Bond Indenture, of the principal of Bonds and the interest and any redemption premium due or to become due thereon, at the times and in the manner mentioned in the Bonds and this Bond Indenture, according to the true intent and meaning thereof and hereof, and shall cause the payments to be made into the Bond Fund as required under this Bond Indenture, and shall pay or cause to be paid to the Bond Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such performance and payments this Bond Indenture and the rights hereby granted shall cease, determine and be void, as provided in Article XII hereof; otherwise this Bond Indenture shall be and remain in full force and effect; and

THIS BOND INDENTURE FURTHER WITNESSETH and it is expressly declared that all Bonds issued and secured hereunder are to be issued, authenticated, delivered and dealt with, and all said property hereby given, granted, bargained, aliened, remised, released, conveyed, transferred, assigned, confirmed, set over and pledged is to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby

agree and covenant, with the Bond Trustee and with the respective Holders, from time to time, of the Bonds, or any part thereof, as follows:

ARTICLE I.
DEFINITIONS

Section 101. Meaning of Words and Terms. In addition to words and terms elsewhere defined in this Bond Indenture, the following words and terms as used in this Bond Indenture shall have the following meanings, unless some other meaning is plainly intended:

"Act" means Chapter 159 Parts II and III, Florida Statutes, as amended, and other applicable provisions of law.

"Act of Bankruptcy" means any of the following events:

(i) the Corporation (or any other Person obligated, as guarantor or otherwise, to make payments on the Bonds or under the Agreement or the Credit Agreement, or an "affiliate" of the Corporation as defined in Bankruptcy Code § 101(2)) or the Issuer shall (a) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or the like of the Corporation (or such other Person) or the Issuer or of all or any substantial part of their respective property, (b) commence a voluntary case under the Bankruptcy Code, or (c) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts; or

(ii) a proceeding or case shall be commenced, without the application or consent of the Corporation (or any other Person obligated, as guarantor or otherwise, to make payments on the Bonds or under the Agreement or the Credit Agreement, or an "affiliate" of the Corporation as defined in Bankruptcy Code § 101(2)) or the Issuer in any court of competent jurisdiction, seeking (a) the liquidation, reorganization, dissolution, winding-up, or composition or adjustment of debts, of the Corporation (or any such other Person) or the Issuer, (b) the appointment of a trustee, receiver, custodian, liquidator or the like of any Member of the Obligated Group or the Issuer or of all or any substantial part of their respective property, or (c) similar relief in respect of any Member of the Obligated Group or the Issuer under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts.

"Affiliate" means a corporation, limited liability company, partnership, joint venture, association, business trust or similar entity organized under the laws of the United States of America or any state thereof which (i) is directly or indirectly controlled by any Member of the Obligated Group, or by any Person which directly or indirectly controls any Member of the Obligated Group or (ii) controls, directly or indirectly, any Member of the Obligated Group. For purposes of this definition, control means the power to direct the management and policies of a Person through the ownership of not

less than a majority of its voting securities or the right to designate or elect not less than a majority of the members of its board of directors or other governing board or body by contract or otherwise.

"Agreement" means the Loan Agreement, dated as of August 1, 2004, between the Issuer and the Obligated Group, including all amendments or supplements thereto as therein permitted.

"Alternate Credit Facility" means an irrevocable, direct-pay letter of credit delivered to, and accepted by, the Bond Trustee pursuant to Section 503 hereof, in substitution for the Credit Facility then in effect.

"Authorized Denominations" means: (i) with respect to any Long-Term Interest Rate Period, $5,000 and any integral multiple thereof; and (ii) with respect to any Weekly Interest Rate Period, $100,000 and any integral multiple of $5,000 in excess of $100,000.

"Average Annual Debt Service" means, at any given time of determination, the average annual principal and interest requirements for the Bonds until their final maturity.

"Bank" means Allied Irish Banks, p.l.c., New York Branch or its successors and assigns, in its capacity as issuer of the Letter of Credit.

"Bank Loan" means the Bank Loan as defined in Section 1.01 of the Agreement.

"Bankruptcy Code" means Title 11 of the United States Code, as amended, and any successor statute or statutes having substantially the same function.

"Beneficial Owner" means the Person in whose name a Bond is recorded as beneficial owner of such Bond by the Securities Depository or a Participant or an Indirect Participant on the records of such Securities Depository, Participant or Indirect Participant, as the case may be, or such Person's subrogee.

"Bond Counsel" means a firm of attorneys knowledgeable and experienced in the law relating to municipal securities and the law relating to federal and State taxation of interest thereon and approved by the Issuer.

"Bond Fund" means the Bond Fund created and so designated by Section 501 hereof and consisting of the Loan Repayments Account and the Credit Facility Account.

"Bond Indenture" means this Bond Indenture, including any Bond Indenture amendatory hereof or supplemental hereto.

"Bond Purchase Fund" means the fund established and so designated pursuant to Section 309 hereof.

"Bond Resolution" means the resolution of the Issuer providing for the issuance of the Bonds.

"Bond Trustee" means the bank or trust company serving as Bond Trustee under this Bond Indenture, whether the original or a successor trustee.

"Bond Year" means the period commencing on April 1 of any year and ending on March 31 of the following year.

"Bonds" means the Bonds issued under Section 210 hereof.

"Book-Entry System" means a book-entry system established and operated for the recordation of Beneficial Owners of the Bonds pursuant to Section 212 hereof.

"Business Day" means any day other than (i) a Saturday, a Sunday or any other day on which banks located in the cities in which the principal offices of the Bond Trustee or the Tender Agent are located, or in which the office of the Credit Issuer from which payments are made pursuant to the Credit Facility is located, are authorized or required to remain closed or (ii) a day on which the New York Stock Exchange is closed.

"Closing" means Closing as defined in Section 1.01 of the Agreement.

"Code" means the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder.

"Construction Account" means such account in the Construction Fund created and so designated by Section 401 hereof.

"Construction Fund" means the Construction Fund created and so designated by Section 401 hereof.

"Corporation" means Presbyterian Retirement Communities, Inc., a not-for-profit corporation duly incorporated and validly existing under and by virtue of the laws of the State and any successor or successors thereto.

"Corporation Documents" shall have the meaning set forth in Section 210(j) hereof.

"Cost," as applied to the Project, means, without intending thereby to limit or restrict any proper definition of such word under the Act, all items of cost set forth in Section 403 hereof.

"Credit Facility Account" means the account created and so designated by Section 501 hereof.

"Current Subaccount" means the account created and so designated by Section 501 hereof.

"Defaulted Interest" means Defaulted Interest as defined in Section 203 hereof.

"Defeasance Obligations" means (i) noncallable Government Obligations, (ii) evidences of ownership of a proportionate interest in specified noncallable Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, (iii) Defeased Municipal Obligations and (iv) evidences of ownership of a proportionate interest in specified Defeased Municipal Obligations, which Defeased Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian.

"Defeased Municipal Obligations" means obligations of state or local government municipal bond issuers which are rated in the highest rating category by S&P and Moody's, respectively, provision for the payment of the principal of and interest on which shall have been made by deposit with a trustee or escrow agent of (i) noncallable Government Obligations, (ii) evidences of ownership of a proportionate interest in specified noncallable Government Obligations, (iii) cash or (iv) any combination of such noncallable Government Obligations, evidences of ownership and cash, which Government Obligations or evidences of ownership, together with any cash, are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, the maturing principal of and interest on such Government Obligations or evidences of ownership, when due and payable, being sufficient, together with any cash, to provide money to pay the principal of, premium, if any, and interest on such obligations of such state or local government municipal bond issuers.

"Eligible Funds" means moneys held by the Bond Trustee under this Bond Indenture which consist of any of the following:

(i) any moneys if, in the written Opinion of Counsel experienced in bankruptcy law matters (which opinion shall be delivered to the Bond Trustee and the Rating Agency, if any, rating the Bonds at or prior to the time of the deposit of such moneys with the Bond Trustee and shall be in form and substance satisfactory to the Bond Trustee and the Rating Agency, if any, rating the Bonds), the deposit and use of such moneys will not constitute an avoidable preferential payment pursuant to Section 547 of the Bankruptcy Code, or an avoidable post-petition transfer pursuant to Section 549 of the Bankruptcy Code, recoverable from Holders of the Bonds pursuant to Section 550 of the Bankruptcy Code in the event of an Act of Bankruptcy, and if any Rating Agency is rating the Bonds, such Rating Agency has confirmed to the Bond Trustee in

writing that its rating will not be withdrawn or reduced as a result of using such moneys; or

(ii) moneys paid by the Credit Issuer to the Bond Trustee under the Credit Facility which are not commingled with any other moneys.

If no Credit Facility is in effect, any moneys held by the Bond Trustee or the Remarketing Agent under this Bond Indenture shall constitute "Eligible Funds."

"Event of Default" means with respect to this Bond Indenture each of those events set forth in Section 801 hereof.

"Existing Facilities" means Existing Facilities as defined in Section 1.01 of the Agreement.

"Favorable Opinion of Bond Counsel" means, with respect to the Bonds, an opinion of Bond Counsel, to the effect that the action proposed to be taken is authorized or permitted by the laws of the State and this Bond Indenture.

"Financing Documents" means the Agreement, Obligation No. 2, Supplement No. 2, the Master Indenture, this Bond Indenture, the Remarketing Agreement, the Reimbursement Agreement, the Letter of Credit, the Tender Agreement and the Mortgages.

"Fiscal Year" means the fiscal year of the Obligated Group, which shall be the period commencing on April 1 of any year and ending on March 31 of the following year, unless the Bond Trustee is notified in writing by the Corporation of a change in such period, in which case the Fiscal Year shall be the period set forth in such notice.

"Fitch" means Fitch, Inc., doing business as Fitch Ratings, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation, with notice to the Master Trustee. "Government Obligations" means direct obligations of, or obligations the timely payment of principal and interest on which are fully and unconditionally guaranteed by, the United States of America.

"Holder" means the Person in whose name a Bond is registered in the registration books provided for in Section 208 hereof.

"Indirect Participant" means a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository through a Participant.

"Interest Accrual Date" means (i) with respect to any Weekly Interest Rate Period, the first day thereof and, thereafter, the first Wednesday of each month during that Weekly Interest Rate Period and (ii) with respect to any Long-Term Interest Rate Period, the first day thereof and, thereafter, each Interest Payment Date in respect thereof, other than the last such Interest Payment Date.

"Interest Payment Date" means (i) with respect to any Weekly Interest Rate Period, the first Wednesday of each calendar month, or, if such first Wednesday shall not be a Business Day, the next succeeding Business Day, (ii) with respect to any Long-Term Interest Rate Period, each April 1 and October 1, or, if any such April 1 or October 1 shall not be a Business Day, the next succeeding Business Day, and (iii) with respect to each Interest Rate Period, the day next succeeding the last day thereof.

"Interest Rate Period" means any Weekly Interest Rate Period or Long-Term Interest Rate Period.

"Investment Obligations" means, Government Obligations and (A) the obligations of (i) Federal National Mortgage Association, (ii) Federal Intermediate Credit Banks, (iii) Federal Banks for Cooperatives, (iv) Federal Land Banks, (v) Federal Home Loan Banks, (vi) Federal Financing Bank, (vii) Federal Farm Credit System, (viii) Federal Home Loan Mortgage Corporation, (ix) Government National Mortgage Association, (x) Federal Housing Administration, and (xi) Farmers Home Administration, (B) certificates of deposit or time deposits of any bank, any branch of any bank, trust company or national banking association (including the Bond Trustee and its affiliates) or any federally chartered savings and loan association; *provided, however,* that such certificates of deposit or time deposits shall be fully secured, to the extent not insured by the Federal Deposit Insurance Corporation, by Government Obligations or by obligations described in clauses (i) to (xi), inclusive, of (A) above, (C) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations the timely payment of the principal of and the interest on which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, (D) Defeased Municipal Obligations, (E) obligations of state or local government municipal bond issuers, the principal of and interest on which, when due and payable, have been insured by a bond insurance company which is rated in the highest rating category by S&P, if S&P is then rating the Bonds, or Moody's, if Moody's is then rating the Bonds, (F) full faith and credit obligations of state or local government municipal bond issuers which are rated in the highest rating category by both S&P and Moody's, (G) participating shares in a mutual fund or commingled investment pool for local government investment and (H) any repurchase agreement with a bank or trust company (including the Bond Trustee and its affiliates) or recognized securities dealer with capital, surplus and undivided profits in excess of $10,000,000 for Government Obligations or obligations described in the above clauses (i) to (xi), inclusive, of (A) above in which the Bond Trustee shall be given a first

security interest and on which no third party shall have a lien and having a fair market value at all times equal to at least 100% of the amount of the repurchase obligation of the bank, trust company or recognized securities dealer; *provided, however,* that such obligations purchased must be transferred to the Bond Trustee or a third party agent by physical delivery or by an entry made on the records of the issuer of such obligations or its duly appointed agent; in either case, the entity should receive confirmation from the third party that those securities are being held in a safe-keeping account in the name of the entity. The trust or safe-keeping departments of broker-dealers or financial institutions selling investments or pledging collateral or underlying securities, or their custodial agents, are not considered independent third parties for purposes of clause (H) above. Any investment in a repurchase agreement described in clause (H) above shall be considered to mature on the date the bank, trust company or recognized securities dealer providing the repurchase agreement is obligated to repurchase the Investment Obligations. Any investment in Government Obligations or in obligations described in clauses (A), (C), (D), (E) and (F) above may be made in the form of an entry made on the records of the issuer of the particular obligation.

"Issuance Account" means such account in the Construction Fund created and so designated by Section 401 hereof.

"Issuance Costs" shall have the meaning set forth in Section 401 hereof.

"Issuer" means the St. Johns County Industrial Development Authority and any successor thereto.

"Issuer Representative" means the Issuer Representative as defined in Section 1.01 of the Agreement.

"Letter of Credit" means the irrevocable, direct-pay letter of credit originally issued to the Bond Trustee by the Bank on the date of issuance of the Bonds, as the same may be amended, supplemented or extended from time to time.

"Loan" means the Loan as defined in Section 1.01 of the Agreement.

"Loan Repayments" means those payments designated by and set forth in Section 3.03 of the Agreement.

"Loan Repayments Account" means the account created and so designated by Section 501 hereof.

"Long-Term Interest Rate" means, with respect to each Bond, a term, non-variable interest rate on such Bond established in accordance with Section 205(e) hereof.

"Long-Term Interest Rate Period" means each period during which a Long-Term Interest Rate is in effect.

"Master Indenture" means the Master Trust Indenture, dated as of August 1, 2004, by and among the Obligated Group and Wells Fargo Bank, National Association, as Master Trustee, including any amendments or supplements thereto.

"Master Trustee" means the Master Trustee under the Master Indenture.

"Member of the Obligated Group" means Member of the Obligated Group as defined in Section 1.01 of the Agreement.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation, by notice to the Bond Trustee.

"Mortgage" means, collectively _____.

"Mortgaged Property" means the property subject to the Mortgages or any other mortgage securing Obligations.

"Obligated Group" means Obligated Group as defined in Section 1.01 of the Master Indenture.

"Obligated Group Representative" means Obligated Group Representative as defined in Section 1.01 of the Master Indenture.

"Obligation" means Obligation as defined in Section 1.01 of the Master Indenture.

"Obligation No. 2" means the obligation so designated and issued under the Master Indenture and Supplement No. 2 thereto and delivered to the Issuer pursuant to the Agreement.

"Obligation No. 3" means the obligation so designated and issued under the Master Indenture and Supplement No. 3 thereto and delivered to the Issuer.

"Officer's Certificate" means Officer's Certificate as defined in Section 1.01 of the Agreement.

"Operating Reserve Fund" means such Fund established pursuant to Section 3.15 of the Master Indenture.

"Opinion of Counsel" means an opinion in writing signed by an attorney or firm of attorneys acceptable to the Bond Trustee and the Issuer who may be counsel for the Issuer or the Corporation or other counsel.

"Outstanding" means, when used with reference to the Bonds at any date as of which the amount of outstanding Bonds is to be determined, all Bonds that have been authenticated and delivered by the Bond Trustee hereunder, except:

(i) Bonds cancelled or delivered for cancellation at or prior to such date;

(ii) Bonds deemed not to be Outstanding in accordance with Section 305 hereof;

(iii) Bonds in lieu of which other Bonds have been authenticated under Section 211 hereof; and

(iv) Undelivered Bonds;

provided, however, that Bonds owned or held by or for the account of the Corporation, any Affiliate or any subsidiary or controlled affiliate of the Corporation or any Affiliate shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding provided for in Article VIII, Article XI and Article XII hereof or Sections 10.02 of the Agreement, and neither the Corporation nor any Affiliate or any subsidiary or controlled affiliate of the Corporation or any Affiliate as registered owners of such Bonds shall be entitled to consent or take any other action provided for in Article VIII, Article XI and Article XII hereof or Sections 10.02 of the Agreement; *provided, further*, that if all of the Bonds are at any time held by or for the account of the Corporation, any Affiliate or any subsidiary or controlled affiliate of the Corporation, then such Bonds shall be deemed to be Outstanding at such times for purposes of this paragraph.

"Participant" means a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository.

"Person" includes an individual, association, unincorporated organization, corporation, limited liability company, partnership, joint venture, joint stock company, trust, business trust or a government or an agency or a political subdivision thereof, or any other entity.

"Predecessor Bonds" of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond, and, for purposes of this definition, any Bond authenticated and delivered under Section 211 hereof in lieu of a lost, destroyed or stolen Bond shall be deemed to evidence the same debt as the lost, destroyed or stolen Bond.

"Project" means the Project as defined in Section 1.01 of the Agreement.

"Rating Agency" means Fitch when the Bonds are rated by Fitch, Moody's when the Bonds are rated by Moody's, and S&P when the Bonds are rated by S&P.

"Redemption Price" means, with respect to Bonds or a portion thereof, the principal amount of such Bonds or portion thereof plus the applicable premium, if any, payable upon redemption thereof in the manner contemplated in accordance with its terms and the terms of this Bond Indenture.

"Redemption Subaccount" means the subaccount within the Loan Repayments Account established and designated by Section 501 hereof.

"Regular Record Date" means (a) with respect to any Interest Payment Date in respect of any Weekly Interest Rate Period, the Business Day immediately preceding such Interest Payment Date, and (b) with respect to any Interest Payment Date in respect of any Long-Term Interest Rate Period, the fifteenth day of the month immediately preceding such Interest Payment Date (whether or not a Business Day) or, in the event that an Interest Payment Date shall occur less than 15 days after the first day of a Long-Term Interest Rate Period, such first day.

"Reimbursement Agreement" means the Letter of Credit Reimbursement Agreement, dated as of August 1, 2004, between the Obligated Group and the Bank pursuant to which the Letter of Credit is being issued by the Bank, as the same may be amended or supplemented, or such other agreement or agreements as may be entered into from time to time, between the Obligated Group and a credit issuer, relating to an Alternate Credit Facility, as the same may be amended or supplemented.

"Remarketing Agent" means the initial and any successor remarketing agent appointed in accordance with Section 309(a) hereof.

"Remarketing Agreement" means the Remarketing Agreement, dated as of August 1, 2004, among the Issuer, the Corporation and the Remarketing Agent, as the same may be amended or supplemented from time to time, or any remarketing agreement entered into with a successor Remarketing Agent.

"Renewal and Replacement Fund" means such Fund established pursuant to Section 3.15 of the Master Indenture.

"Replacement Bonds" means Bonds issued pursuant to Section 212 hereof.

"Required Payments under the Agreement" means the payments so designated by and set forth in Section 3.04 of the Agreement.

"S&P" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc., its successors and their assigns, and if S&P shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation, with the approval of the Issuer, by notice to the Bond Trustee.

"Securities Depository" means The Depository Trust Company, New York, New York or other recognized securities depository selected by the Issuer, which maintains a book-entry system in respect of the Bonds, and shall include any substitute for or successor to the securities depository initially acting as Securities Depository.

"Securities Depository Nominee" means, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the registration books maintained by the Bond Trustee the Bond certificates to be delivered to and immobilized at such Securities Depository during the continuation with such Securities Depository of participation in its Book-Entry System.

"Series A Bonds" mean St. Johns County Industrial Development Authority First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004A.

"Special Record Date" for the payment of any Defaulted Interest on Bonds means a date fixed by the Bond Trustee pursuant to Section 203 hereof.

"State" means the State of Florida.

"Supplement No. 2" means Supplemental Indenture for Obligation No. 2, dated as of August 1, 2004, by and between the Obligated Group and the Master Trustee.

"Tender Agent" means the initial and any successor tender agent appointed in accordance with Section 309(b) hereof.

"Tender Agreement" means the Tender Agent Agreement, dated as of August 1, 2004, among the Bond Trustee, the Issuer, the Tender Agent, the Corporation and the Remarketing Agent, as supplemented or amended.

"Total Required Payments" means the Total Required Payments as defined in Section 1.01 of the Agreement.

"Undelivered Bonds" means any Bonds so designated in accordance with the provisions of Sections 206(d)(i) or 206(e)(ii) hereof.

"Weekly Interest Rate" means a variable interest rate on the Bonds established in accordance with Section 205(d) hereof.

"Weekly Interest Rate Period" means each period during which Weekly Interest Rates are in effect.

Section 102. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words "Bond," "owner," "Holder" shall include the plural as well as the singular number.

ARTICLE II.
DETAILS OF BONDS; ISSUANCE OF BONDS

Section 201. Limitation on Issuance of Bonds. No Bonds may be issued under the provisions of this Bond Indenture except in accordance with the provisions of this Article. The Bonds shall be limited to $__,000,000 in aggregate principal amount. No additional bonds or other indebtedness of the Issuer shall be issued under this Bond Indenture; provided, however, that nothing herein shall be construed as prohibiting the Issuer from issuing bonds or other indebtedness under any other Bond Indenture, indenture or other instrument.

Section 202. Form and Numbering of Bonds. The definitive Bonds are issuable in fully registered form in Authorized Denominations. The Bonds shall be substantially in the forms hereinabove set forth, with such appropriate variations, omissions and insertions as may be necessary or appropriate to conform to the provisions of this Bond Indenture and may be in typewritten, printed, engraved or lithographed form. All Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or of any securities exchange on which the Bonds may be listed or any usage or requirement of law with respect thereto, including the imposition of CUSIP or other identifying numbers.

Section 203. Details of Bonds. The Bonds shall be dated as of August ___, 2004, shall bear interest until their payment, such interest to the maturity thereof being payable on each Interest Payment Date, and shall be stated to mature (subject to the right of prior redemption), all as hereinafter provided.

Each Bond shall bear interest from the Interest Payment Date next preceding the date on which it is authenticated unless it is (a) authenticated during the period from the close of business on the Regular Record Date for an Interest Payment Date to and including such Interest Payment Date, upon an Interest Payment Date in which event it shall bear interest from such Interest Payment Date or (b) authenticated prior to the first Interest Payment Date in which event it shall bear interest from its date; *provided, however,* that if at the time of authentication of any Bond interest is in default, such Bond shall bear interest from the date to which interest has been paid.

The Bonds shall be executed with the manual or facsimile signatures of the Chairman or Vice Chairman of the Issuer and of the Secretary or any Assistant Secretary of the Issuer and the official seal of the Issuer or a facsimile thereof shall be impressed or printed thereon.

In case any officer whose signature or a facsimile of whose signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery, and also any Bonds may bear the facsimile signatures of, or may be signed by, such persons as at the actual time of the execution of such Bonds shall be the proper officers to sign such Bonds although at the date of such Bonds such persons may not have been such officers.

The principal and purchase price of and the interest on the Bonds shall be payable in lawful money of the United States of America. Such payment of interest shall be payable in the manner provided for in Section 205(g) hereof. The principal of and premium, if any, on the Bonds shall be payable at the designated corporate trust office of the Bond Trustee. Payment of the principal of and premium, if any, on the Bonds shall be made upon the presentation and surrender of such Bonds as the same shall become due and payable. Such payment of principal and premium will be by check; *provided, however,* that the principal of and any premium on the Bonds will be paid by wire transfer (in the continental United States) of immediately available funds to any Holder of at least $1,000,000 in aggregate principal amount of Bonds Outstanding, at such Holder's option, in each case according to wire instructions given to the Bond Trustee in writing for such purpose.

Interest on any Bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid by check mailed by the Bond Trustee to the Person in whose name that Bond is registered at the close of business on the Regular Record Date.

While the Securities Depository Nominee is the owner of the Bonds, notwithstanding the provisions hereinabove contained, payments of principal of, redemption premium, if any, and interest on the Bonds shall be made in accordance with existing arrangements between the Bond Trustee or its successors under this Bond Indenture and the Securities Depository.

Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder; and such Defaulted Interest may be paid by the Issuer, at its election in each case, as provided in paragraph A or B below:

A. The Issuer may elect to make payment of any Defaulted Interest on the Bonds to the persons in whose names such Bonds (or their respective Predecessor Bonds) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Issuer shall notify the Bond Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Bond Trustee to comply with the next sentence hereof), and at the same time the Issuer shall deposit or cause to be deposited with the Bond Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Bond Trustee for such

deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as provided in this subsection. Thereupon the Bond Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Bond Trustee of the notice of the proposed payment. The Bond Trustee shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Corporation, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each Holder of Bonds at his address as it appears in the Register maintained under Section 208 hereof not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Bonds (or their respective Predecessor Bonds) are registered on such Special Record Date and shall no longer be payable pursuant to the following paragraph B.

B. The Issuer may make payment of any Defaulted Interest on the Bonds in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Bonds may be listed and upon such notice as may be required by such exchange, if, after notice given by the Issuer to the Bond Trustee of the proposed payment pursuant to this subsection, such payment shall be deemed practicable by the Bond Trustee.

Subject to the foregoing provisions of this Section, each Bond delivered under this Bond Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date, so that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Section 204. Authentication of Bonds. Only such Bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinabove set forth, duly executed by the Bond Trustee, shall be entitled to any benefit or security under this Bond Indenture. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication on the Bond shall have been duly executed by the Bond Trustee, and such certificate of the Bond Trustee upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Bond Indenture. The Bond Trustee's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer of the Bond Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time

Section 205. Terms of Bonds. (a) For any Weekly Interest Rate Period, interest on the Bonds bearing interest at a Weekly Interest Rate shall be payable on each Interest Payment Date for the period commencing on the immediately preceding Interest Accrual Date (or, if any Interest Payment Date is not a Wednesday, commencing on the second preceding Interest Accrual Date) and ending on the Tuesday immediately preceding the Interest Payment Date (or,

if sooner, the last day of the Weekly Interest Rate Period). For any Long-Term Interest Rate Period, interest on the Bonds bearing interest at Long-Term Interest Rates, shall be payable on each Interest Payment Date for the period commencing on the immediately preceding Interest Accrual Date and ending on the day immediately preceding such Interest Payment Date. In any event, interest on the Bonds shall be payable for the final Interest Rate Period to the date on which the Bonds shall have been paid in full.

(b) Interest on the Bonds shall be computed, in the case of a Long-Term Interest Rate Period, on the basis of a 360-day year consisting of twelve 30-day months, and in the case of other Weekly Interest Rate Period, on the basis of a 365-day or 366-day year, as appropriate, for the actual number of days elapsed.

(c) In the manner hereinafter provided, the term of the Bonds shall be divided into consecutive Interest Rate Periods during each of which the Bonds shall bear interest at the Weekly Interest Rate or a Long-Term Interest Rate; *provided, however,* that at any time, all Bonds shall bear interest at a Weekly Interest Rate or a Long Term Interest Rate. The first Interest Rate Period for the Bonds shall commence on the Closing and shall be a Weekly Interest Rate Period. On or prior to the Closing, the initial Weekly Interest Rate borne by Bonds shall be determined in the manner provided in this Section 205 by the Remarketing Agent.

(d) (i) Determination of Weekly Interest Rate. During each Weekly Interest Rate Period, the Bonds shall bear interest at a Weekly Interest Rate, which shall be determined by the Remarketing Agent on Tuesday of each week during such Weekly Interest Rate Period, or if such day shall not be a Business Day, then on the next succeeding Business Day. The first Weekly Interest Rate determined for each Weekly Interest Rate Period shall be determined on or prior to the first day of such Weekly Interest Rate Period and shall apply to the period commencing on the first day of such Weekly Interest Rate Period and ending on the next succeeding Tuesday. Thereafter, each Weekly Interest Rate shall apply to the period commencing on Wednesday and ending on the next succeeding Tuesday, unless such Weekly Interest Rate Period shall end on a day other than Tuesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on the Wednesday preceding the last day of such Weekly Interest Rate Period and ending on the last day of such Weekly Interest Rate Period. The Weekly Interest Rate on the Bonds shall be the rate of interest per annum determined by the Remarketing Agent (based on the examination of taxable obligations comparable in the judgment of the Remarketing Agent to the Bonds and known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate which, if borne by the Bonds, would enable the Remarketing Agent to sell the Bonds on such date of determination at a price (without regard to accrued interest) equal to the principal amount thereof. In the event that the Remarketing Agent fails to establish a Weekly Interest Rate for any week, then the Weekly Interest Rate on such Bonds for such week shall be the same as the Weekly Interest Rate on the Bonds for the immediately preceding week if the Weekly Interest Rate for such preceding week was determined by the Remarketing Agent. In the event that the Weekly Interest Rate on the Bonds for the immediately preceding week was not determined by the Remarketing Agent, or in the

event that the Weekly Interest Rate on the Bonds determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law, then the interest rate on the Bonds for such week shall be equal to 100 percent of the interest rate on 30 day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in The Wall Street Journal on the day the Weekly Interest Rate would otherwise be determined as provided herein for such Weekly Interest Rate Period. The Remarketing Agent shall furnish to the Issuer, the Corporation, the Bond Trustee and the Tender Agent by not later than the Business Day next succeeding the date of determination the Weekly Interest Rate so determined by telex, telephone or telecopy, promptly confirmed in writing or shall make the Weekly Interest Rate available to such parties by readily accessible electronic means.

(ii) Adjustment to Weekly Interest Rate. At any time, the Corporation, by written direction to the Issuer, the Bond Trustee, the Tender Agent, the Credit Issuer and the Remarketing Agent, may elect, subject to Sections 205(i) and 205(j) hereof, that the Bonds shall bear interest at a Weekly Interest Rate. Such direction of the Corporation shall specify (1) the effective date of such adjustment to a Weekly Interest Rate, which shall be (A) a Business Day not earlier than the 12th day (15th day if the then current Interest Rate Period shall be a Long Term Interest Rate Period) following the second Business Day after receipt by the Bond Trustee of such direction and (B) in the case of an adjustment from a Long Term Interest Rate Period, the day immediately following the last day of the then current Long Term Interest Rate Period or a day on which the Bonds would otherwise be subject to optional redemption at par pursuant to Section 301(a)(ii) hereof if such adjustment did not occur; and (2) the date of delivery for the Bonds to be purchased. In addition, the direction of the Corporation shall be accompanied by a Favorable Opinion of Bond Counsel. During each Weekly Interest Rate Period commencing on a date so specified and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Period, the interest rate borne by the Bonds shall be a Weekly Interest Rate.

(iii) Notice of Adjustment to Weekly Interest Rate. The Bond Trustee shall give notice by first class mail of an adjustment to a Weekly Interest Rate Period to the Holders not less than 15 days prior to the effective date of such Weekly Interest Rate Period. Such notice shall state (1) that the interest rate on the Bonds will be adjusted to a Weekly Interest Rate unless Bond Counsel fails to deliver to the Issuer, the Corporation, the Bond Trustee, the Credit Issuer and the Remarketing Agent a Favorable Opinion of Bond Counsel as to such adjustment on the effective date of such adjustment in the Interest Rate Period, in which case the Bonds shall be adjusted to bear interest at a Weekly Interest Rate, (2) the effective date of such Weekly Interest Rate Period, and (3) that the Bonds shall be subject to mandatory tender for purchase on such effective date and shall set forth the applicable purchase price.

(e) (i) Determination of Long-Term Interest Rate. During each Long-Term Interest Rate Period, the Bonds shall bear interest at the Long Term Interest Rate. The Long-Term Interest Rate for the Bonds shall be determined by the Remarketing Agent on a Business

Day no earlier than two weeks before the effective date of such Long-Term Interest Rate Period and no later than the effective date of such Long-Term Interest Rate Period. The Long-Term Interest Rate on the Bonds shall be the rate of interest per annum determined by the Remarketing Agent (based on the examination of obligations comparable in the judgment of the Remarketing Agent to the Bonds and known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) to be the minimum interest rate which, if borne by the Bonds, would enable the Remarketing Agent to sell the Bonds on such date of determination at a price (without regard to accrued interest) equal to the principal amount thereof. If, for any reason, the Long-Term Interest Rate on the Bonds is not so determined for any Long-Term Interest Period by the Remarketing Agent on or prior to the first day of such Long-Term Interest Rate Period, then the Bonds shall bear interest at the Weekly Interest Rate as provided in Section 205(d) hereof, and shall continue to bear interest at a Weekly Interest Rate determined in accordance with Section 205(d) hereof until such time as the interest rate on the Bonds shall have been adjusted to a Long-Term Interest Rate as provided herein, and the Bonds shall be subject to purchase upon notice from the Holders thereof as described in Section 206(a) hereof.

(ii) Adjustment to or Continuation of Long-Term Interest Rate.

(A) At any time, the Corporation, by written direction to the Issuer, the Bond Trustee, the Tender Agent, the Credit Issuer and the Remarketing Agent, may elect, subject to Sections 205(i) and 205(j) hereof, that the Bonds shall bear, or continue to bear, interest at a Long-Term Interest Rate. The direction of the Corporation required by the first sentence of this paragraph (A), (1) shall specify the duration of the Long-Term Interest Rate Period during which the Bonds shall bear interest at a Long-Term Interest Rate; (2) shall specify the effective date of such Long-Term Interest Rate Period, which date shall be (aa) a Business Day not earlier than the 30th day following the second Business Day after receipt by the Bond Trustee of such direction and (bb) in the case of an adjustment from a Long-Term Interest Rate Period to another Long-Term Interest Rate Period, the day immediately following the last day of the then current Long-Term Interest Rate Period or a day on which the Bonds would otherwise be subject to optional redemption at par pursuant to Section 301(a)(ii) hereof if such adjustment did not occur; (3) shall specify the last day of such Long-Term Interest Rate Period (which last day shall be either the day immediately prior to the maturity date of the Bonds, or a day which both immediately precedes a Business Day and is at least 181 days after the effective date thereof); (4) shall specify a date on or prior to which Holders are required to deliver the Bonds to be purchased (if other than such effective date) and (5) with respect to any such Long-Term Interest Rate Period, may specify redemption prices greater, and after periods longer, than those set forth in Section 301(a)(ii) hereof, if approved by Bond Counsel as provided in Section 205(e)(ii)(B) hereof.

(B) Such direction of the Corporation shall be accompanied by a Favorable Opinion of Bond Counsel.

(C) If, by the second Business Day preceding the 29th day prior to the last day of any Long-Term Interest Rate Period, the Bond Trustee shall not have received notice of the Corporation's election that, during the next succeeding Interest Rate Period, the Bonds shall bear interest at a Weekly Interest Rate or a Long-Term Interest Rate, the next succeeding Interest Rate Period shall be a Weekly Interest Rate Period until such time as the interest rate on the Bonds shall be adjusted to a Long-Term Interest Rate as provided in this Section 205, and the Bonds shall be subject to mandatory purchase as provided in Section 206(b) hereof on the first day of such Weekly Interest Rate Period.

(D) In the event that the Corporation shall deliver to the Credit Issuer, the Remarketing Agent, the Tender Agent, the Issuer and the Bond Trustee, on or prior to the date that the interest rate for any Long-Term Interest Rate Period is determined, a notice to the effect that the Corporation elects to rescind its election to have the Bonds bear interest at a Long-Term Interest Rate, then the interest rate on the Bonds shall not be adjusted to a Long-Term Interest Rate, and the Bonds shall bear interest at a Weekly Interest Rate as in effect prior to such event, or if the Bonds were to be adjusted from a Long-Term Interest Rate, then the Bonds shall bear interest at a Weekly Interest Rate for the period commencing on the date which would have been the effective date of such Long-Term Interest Rate Period, and the Bonds shall continue to be subject to mandatory purchase as provided in Section 206(b) hereof on the day which would have been the effective date of such Long-Term Interest Rate Period.

(iii) Notice of Adjustment to or Continuation of Long-Term Interest Rate. The Bond Trustee shall give notice by first class mail of an adjustment to a (or the establishment of another) Long-Term Interest Rate Period to the Holders not less than 30 days prior to the effective date of such Long-Term Interest Rate Period. Such notice shall state: (1) that the interest rate on the Bonds shall be adjusted to, or continue to be, a Long-Term Interest Rate unless (x) Bond Counsel fails to deliver to the Issuer, the Corporation, the Bond Trustee, the Credit Issuer and the Remarketing Agent a Favorable Opinion of Bond Counsel as to such adjustment in the Interest Rate Period on the effective date of such adjustment, or (y) the Corporation shall elect, on or prior to the date of determination of such Long-Term Interest Rate, to rescind its election to cause the adjustment of the interest rate on the Bonds to a Long-Term Interest Rate, in which case the Bonds, if being adjusted from a Weekly Interest Rate Period shall continue to bear interest at a Weekly Interest Rate in effect immediately prior to such proposed adjustment in the Interest Rate Period, or if the Bonds are being adjusted from a Long-Term Interest Rate Period, the Bonds shall be adjusted to bear interest at a Weekly Interest Rate, (2) the effective date and the last day of such Long-Term Interest Rate Period and (3) that the Bonds are subject to mandatory tender for purchase on such effective date and the purchase price applicable thereto.

(iv) Adjustment from Long-Term Interest Rate Period. In addition to an adjustment from a Long-Term Interest Rate Period on the day immediately following the last day of the Long Term Interest Rate Period, at any time during a Long-Term Interest

Rate Period (subject to the provisions set forth in this paragraph (iv)), the Corporation may elect, subject to Sections 205(i) and 205(j) hereof, that the Bonds no longer shall bear interest at a Long-Term Interest Rate and shall instead bear interest at a Weekly Interest Rate or a new Long Term Interest Rate, as specified in such election. In the notice of such election, the Corporation shall also specify the effective date of the new Interest Rate Period, which date shall be (1) a Business Day no earlier than the 15th day after the second Business Day following the date of receipt by the Bond Trustee of the notice of election from the Corporation or, in the case of adjustment to a new Long Term Interest Rate Period, the 30th day following the date of receipt by the Bond Trustee of such notice, and (2) a day on which the Bonds shall be subject to optional redemption at par in accordance with Section 301(a)(ii) hereof. The Bonds shall be subject to mandatory tender for purchase on the effective date of the new Interest Rate Period thereof in accordance with Section 206(b) hereof, at a purchase price equal to the optional redemption price of par set forth in Section 301(a)(ii) hereof which would be applicable on that date.

(f) The determination of the Weekly Interest Rate and Long Term Interest Rate by the Remarketing Agent shall be conclusive and binding upon the Remarketing Agent, the Bond Trustee, the Tender Agent, the Issuer, the Corporation, the Credit Issuer and the Holders.

(g) Interest on the Bonds shall be payable on each Interest Payment Date by the Bond Trustee during any Weekly Interest Rate Period or Long Term Interest Rate Period, by check mailed on the date on which interest is due to the Holders at the close of business on the Regular Record Date in respect of such Interest Payment Date at the addresses of Holders as they shall appear on the Register maintained pursuant to Section 208 hereof. In the case of any Holder of Bonds in an aggregate principal amount in excess of $1,000,000 as shown on the Register kept by the Bond Trustee who, prior to the Regular Record Date next preceding any Interest Payment Date, shall have provided, or through the Remarketing Agent shall have caused to be provided, the Bond Trustee with wire transfer instructions, interest payable on such Bonds shall be paid in accordance with the wire transfer instructions provided by the Holder of such Bonds (or by the Remarketing Agent on behalf of such Holder).

(h) In the event that the Corporation shall elect to convert the interest rate on the Bonds to a Weekly Interest Rate or Long Term Interest Rate as provided in Sections 205(d)(ii) or 205(e)(ii) hereof, then the written direction furnished by the Corporation to the Issuer, the Bond Trustee, the Credit Issuer, the Tender Agent and the Remarketing Agent as required by such Sections shall be made by registered or certified mail, or by telex or telecopy, confirmed by registered or certified mail. Any such direction of the Corporation shall specify whether the Bonds are to bear interest at the Weekly Interest Rate, or the Long-Term Interest Rate.

(i) Notwithstanding anything in this Section 205 to the contrary, in connection with any adjustment of the Interest Rate Period on the Bonds, the Corporation shall cause to be provided to the Issuer, the Bond Trustee, the Credit Issuer and the Remarketing Agent a Favorable Opinion of Bond Counsel on the effective date of such adjustment. In the event that

Bond Counsel fails to deliver a Favorable Opinion of Bond Counsel on any such date, then the Interest Rate Period on the Bonds shall not be adjusted, and the Bonds shall continue to bear interest at a Weekly Interest Rate as in effect immediately prior to such proposed adjustment in the Interest Rate Period; *provided, however*, that in the event that the Bonds are being adjusted from a Long Term Interest Rate Period, and Bond Counsel fails to deliver such Favorable Opinion of Bond Counsel on the effective date of such adjustment, then the Bonds nevertheless shall be adjusted to bear interest at a Weekly Interest Rate as provided in Section 205(d) hereof. In any event, if notice of such adjustment has been mailed to the Holders as provided in Section 205 hereof and Bond Counsel fails to deliver a Favorable Opinion of Bond Counsel on the effective date as herein described, the Bonds shall continue to be subject to mandatory purchase on the date which would have been the effective date of such adjustment as provided in Section 206 hereof.

(j) Notwithstanding anything in this Section 205 to the contrary, in connection with the adjustment of any Interest Rate Period which would require the mandatory tender for purchase of Bonds at a purchase price, exclusive of accrued interest, greater than the principal amount thereof as provided in Section 206(b) hereof, the Corporation, as a condition to exercising its option to cause an adjustment in the Interest Rate Period, shall deliver to the Bond Trustee prior to the Bond Trustee mailing notice of such adjustment in the Interest Rate Period, Eligible Funds for the purpose of paying such premium, unless the Credit Facility then in effect with respect to the Bonds provides for the payment of such premium.

Section 206. Purchase of Bonds. (a) Optional Tender for Purchase During Weekly Interest Rate Period. During any Weekly Interest Rate Period, any Bond shall be purchased in whole (or in part if both the amount to be purchased and the amount remaining unpurchased shall consist of Authorized Denominations) from its Holder at the option of the Holder on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, from and including the Interest Accrual Date immediately preceding the date of purchase through and including the day immediately preceding the date of purchase, unless the date of purchase shall be an Interest Accrual Date, in which case at a purchase price equal to the principal amount thereof, payable in immediately available funds, upon delivery to the Tender Agent at its principal corporate trust office of an irrevocable written notice which states the principal amount of such Bond and the date on which the same shall be purchased, which date shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such notice to the Tender Agent. Any notice delivered to the Tender Agent after 4:00 p.m., New York City time, shall be deemed to have been received on the next succeeding Business Day.

(b) Mandatory Tender for Purchase on First Day of Each Interest Rate Period in Event of Conversion to New Interest Rate Period. The Bonds shall be subject to mandatory tender for purchase on the first day of each Interest Rate Period, or on the day which would have been the first day of an Interest Rate Period had one of the events specified in Sections 205(e)(ii)(D) or 205(i) hereof not occurred which resulted in the interest rate on such Bonds not being adjusted, in the event of a conversion from one Interest Rate Period to another Interest Rate Period and on the first day of each new

Long-Term Interest Rate Period, at a purchase price, payable in immediately available funds, equal to the principal amount of the Bonds or, in the case of a purchase on the first day of an Interest Rate Period which shall be preceded by a Long Term Interest Rate Period and which shall commence prior to the day originally established as the last day of such preceding Long Term Interest Rate Period, at a purchase price equal to the optional redemption price set forth in Section 301(a)(ii) hereof which would have been applicable to the Bonds on such mandatory purchase date if such preceding Long Term Interest Rate Period had continued to the day originally established as its last day, plus accrued interest, if any.

(c) Mandatory Tender for Purchase upon Termination, Expiration, Reduction, Modification or Replacement of the Credit Facility. If at any time the Bond Trustee shall give notice in accordance with Section 505 hereof that the Bonds shall, on the date specified in such notice, cease to be payable from the Credit Facility as a result of (i) (A) the termination or expiration of the term of such Credit Facility or (B) such Credit Facility being reduced, replaced or modified with the effect that the Bonds are no longer payable from such Credit Facility (in each case, whether or not any Alternate Credit Facility has been obtained) or (ii) the Credit Issuer notifying the Bond Trustee of an event of default under the Credit Agreement and directing the Bond Trustee to effect a mandatory purchase of the Bonds, each Bond shall be purchased (or deemed purchased as herein provided) on the following dates: (1) if the Credit Facility is terminating or expiring and no Alternate Credit Facility is being delivered in accordance with Section 503 hereof, on the fifth Business Day preceding such termination or expiration, (2) if an Alternate Credit Facility is being delivered in accordance with Section 503 hereof, on the effective date of such Alternate Credit Facility and (3) if the Credit Issuer has directed the Bond Trustee to effect a mandatory purchase in accordance with clause (ii) above, on the fourth (4th) Business Day after receipt by the Bond Trustee of such direction. The purchase price for the Bonds shall be equal to the principal amount thereof, plus accrued interest (if any). Notwithstanding anything in this Section 206(c) to the contrary, in the event that in connection with any such termination, expiration, reduction or modification of an existing Credit Facility and replacement thereof by an Alternate Credit Facility, the Corporation shall deliver to the Bond Trustee, the Tender Agent and the Remarketing Agent, prior to the date that notice of such termination, expiration, reduction or modification and replacement is given by the Bond Trustee as provided in Section 505 hereof, written evidence from each Rating Agency then rating the Bonds to the effect that such termination, expiration, reduction or modification and replacement in and of itself will not result in the withdrawal or reduction of the rating(s) then applicable to the Bonds, then the Bonds shall not be subject to mandatory tender for purchase as provided in this Section 206(c) solely as a result of such termination, expiration, reduction or modification and replacement.

(d) Notice of Mandatory Tender for Purchase; Delivery of Bonds to be Purchased. (i) In connection with any mandatory tender for purchase of Bonds in accordance with Section 206(b) or 206(c) of this Bond Indenture, the Bond Trustee shall

give notice of a mandatory tender for purchase as a part of the notice given pursuant to Sections 205(d)(iii), 205(e)(iii) or 505 of this Bond Indenture. Such notice shall state (A) in the case of a mandatory tender for purchase pursuant to Section 206(b), the type of Interest Rate Period to commence on such mandatory purchase date; (B) in the case of a mandatory tender for purchase pursuant to Sections 206(c) and 505 hereof, that the Credit Facility will expire or terminate, or be cancelled, reduced, replaced or modified, and that the Bonds will no longer be payable from the Letter of Credit or other Credit Facility then in effect or that the coverage thereof with respect to the Bonds will be reduced and that any rating applicable thereto may be reduced or withdrawn; (C) that the purchase price of any Bond so subject to mandatory purchase shall be payable only upon surrender of such Bond to the Tender Agent at its designated corporate trust office for delivery of Bonds, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof or his duly authorized attorney, with such signature guaranteed by a member of the New York Stock Exchange's Medallion Program or the New York Stock Exchange, Inc. Signature Program in accordance with the provisions of Securities and Exchange Commission Rule 17Ad-15; (D) that all Bonds so subject to mandatory tender for purchase shall be purchased on the mandatory purchase date, and that if any Holder of a Bond subject to mandatory tender for purchase shall not surrender such Bond to the Tender Agent for purchase on such mandatory purchase date, then such Bond shall be deemed to be an Undelivered Bond, and that no interest shall accrue thereon on and after such mandatory purchase date and that the Holder thereof shall have no rights under this Bond Indenture other than to receive payment of the purchase price thereof.

(ii) For payment of the purchase price of any Bond required to be purchased pursuant to this Section 206 on the purchase date specified in the applicable notice, such Bond must be delivered, at or prior to 10:00 a.m., New York City time, on the date specified in such notice, to the Tender Agent at its principal corporate trust office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof or his duly authorized attorney, with such signature guaranteed by a member of the New York Stock Exchange's Medallion Program or the New York Stock Exchange, Inc. Signature Program in accordance with the provisions of Securities and Exchange Commission Rule 17Ad-15. In the event any such Bond is delivered after 10:00 a.m., New York City time, on such date, payment of the purchase price of such Bond need not be made until the Business Day following the date of delivery of such Bond, but such Bond shall nonetheless be deemed to have been purchased on the date specified in such notice and no interest shall accrue thereon after such date.

(e) Irrevocable Notice Deemed to be Tender of Bond; Undelivered Bonds. (i) The giving of notice by a Holder of a Bond as provided in Section 206(a) hereof shall constitute the irrevocable tender for purchase of each such Bond with respect to which such notice shall have been given, regardless of whether such Bond is delivered to the

Tender Agent for purchase on the relevant purchase date as provided in Section 206 hereof.

(ii) The Tender Agent may refuse to accept delivery of any Bonds for which a proper instrument of transfer has not been provided; such refusal, however, shall not affect the validity of the purchase of such Bond as herein described. If any Holder of a Bond who shall have given notice of tender of purchase pursuant to Section 206(a) hereof shall fail to deliver such Bond to the Tender Agent at the place and on the applicable date and at the time specified, or shall fail to deliver such Bond properly endorsed, such Bond shall constitute an Undelivered Bond. If funds in the amount of the purchase price of the Undelivered Bonds (including the Undelivered Bonds referred to in Section 206(e) of this Bond Indenture) are available for payment to the Holder thereof on the date and at the time specified, from and after the date and time of that required delivery, (1) each Undelivered Bond shall be deemed to be purchased and shall no longer be deemed to be Outstanding under this Bond Indenture; (2) interest shall no longer accrue thereon; and (3) funds in the amount of the purchase price of each such Undelivered Bond shall be held by the Tender Agent for the benefit of the Holder thereof (*provided* that the Holder shall have no right to any investment proceeds derived from such funds), to be paid on delivery (and proper endorsement) of such Undelivered Bond to the Tender Agent at its principal corporate trust office for delivery of Bonds. Any funds held by the Tender Agent as described in clause (3) of the preceding sentence shall be held uninvested and not commingled.

(f) The Corporation shall pay as a Required Payment under the Agreement the purchase price of any Bonds tendered for purchase pursuant to paragraph (a) of this Section 206 or subject to mandatory purchase pursuant to paragraphs (b), (c) or (d) of this Section 206 when due if moneys for such purchase are not otherwise available from the sources specified in Section 311(b)(i) and (ii) hereof.

(g) Book-Entry Tender and Delivery Procedures. Notwithstanding anything to the contrary contained in this Bond Indenture, so long as a Securities Depository Nominee is the sole Holder of the Bonds, all tenders for purchase and deliveries of Bonds tendered for purchase or subject to mandatory tender under the provisions of this Bond Indenture shall be made pursuant to the Securities Depository's procedures as in effect from time to time and neither the Issuer, the Corporation, the Tender Agent, the Bond Trustee, the Credit Issuer nor the Remarketing Agent shall have any responsibility for or liability with respect to the implementation of such procedures.

Section 207. Exchange of Bonds. Bonds, upon surrender thereof at the designated corporate trust office of the Bond Trustee, together with an assignment duly executed by the Holder or such Holder's attorney or legal representative in such form as shall be satisfactory to the Bond Trustee, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of any denomination or denominations

authorized by this Bond Indenture, bearing interest at the same rate, and in the same form as the Bonds surrendered for exchange.

The Issuer shall make provision for the exchange of Bonds at the designated corporate trust office of the Bond Trustee.

Section 208. Negotiability, Registration and Transfer of Bonds. The Bond Trustee shall keep books for the registration and registration of transfer of Bonds as provided in this Bond Indenture. Said registration books shall be available at all reasonable times for inspection by the Issuer and its agents and representatives, and the Bond Trustee shall provide to the Issuer, upon its written request, an accurate copy of the names and addresses of the Holders set forth on such books.

The transfer of any Bond may be registered only upon the books kept for the registration and registration of transfer of Bonds upon surrender thereof to the Bond Trustee together with an assignment duly executed by the Holder or such Holder's attorney or legal representative in such form as shall be satisfactory to the Bond Trustee. Upon any such registration of transfer the Issuer shall execute and the Bond Trustee shall authenticate and deliver in exchange for such Bond a new registered Bond or Bonds, registered in the name of the transferee, of any denomination or denominations authorized by this Bond Indenture in the aggregate principal amount equal to the principal amount of such Bond surrendered or exchanged, of the same maturity and bearing interest at the same rate.

In all cases in which Bonds shall be exchanged or the transfer of Bonds shall be registered hereunder, the Issuer shall execute and the Bond Trustee shall authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of this Bond Indenture. All Bonds surrendered in any such exchange or registration of transfer shall forthwith be cancelled by the Bond Trustee. No service charge shall be made for any registration, transfer or exchange of Bonds, but the Issuer and the Bond Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds. Neither the Issuer nor the Bond Trustee shall be required (i) to issue, transfer or exchange Bonds during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Bonds under Section 304 hereof and ending at the close of business on the day of such mailing or (ii) to transfer or exchange any Bond so selected for redemption in whole or in part.

Notwithstanding the foregoing, for so long as the Bonds are held under a Book-Entry System, transfers of beneficial ownership will be effected pursuant to rules and procedures established by the Securities Depository.

Section 209. Ownership of Bonds. The Issuer, the Bond Trustee and any agent of the Issuer or the Bond Trustee may treat the Person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and premium, if any, and interest on, such Bond, and for all other purposes whatsoever, whether or not such Bond be

overdue, and, to the extent permitted by law, neither the Issuer, the Bond Trustee nor any such agent shall be affected by notice to the contrary.

Section 210. Authorization of Bonds. There shall be issued under and secured by this Bond Indenture Bonds of the Issuer in the aggregate principal amount of _____ Dollars ($00,000,000) for the purpose of providing funds, together with other available funds, to (i) pay the Cost of the Project and (ii) pay certain expenses incurred in connection with the issuance of the Bonds. The Bonds shall be designated "St. Johns County Industrial Development Authority Taxable Variable Rate Demand First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004B."

The Bonds shall be executed substantially in the form and in the manner hereinabove set forth and shall be deposited with the Bond Trustee for authentication, but before the Bonds shall be delivered by the Bond Trustee, there shall be filed or deposited with the Bond Trustee the following:

(a) a copy, certified by the Clerk of the Circuit Court of St. Johns County, Florida to be a true and correct copy, of the resolution of the Board of County Issuers of St. Johns County, Florida approving the issuance of the Bonds;

(b) a copy, certified by the Secretary or any Assistant Secretary of the Issuer to be a true and correct copy, of the Bond Resolution authorizing the issuance of the Bonds and the execution of the Agreement and this Bond Indenture, designating the Bond Trustee, and directing the authentication and delivery of the Bonds to or upon the order of the purchasers mentioned therein upon payment of the purchase price therein set forth and the accrued interest thereon;

(c) a fully executed counterpart of this Bond Indenture;

(d) a fully executed counterpart of the Agreement;

(e) a fully executed counterpart of the Master Indenture;

(f) a fully executed counterpart of Supplement No. 2;

(g) the fully executed Obligation No. 2, which shall either be accompanied by an assignment thereof to the Bond Trustee without recourse, or bear evidence that it has been otherwise transferred to the Bond Trustee;

(h) The fully executed Letter of Credit and fully executed counterparts of the Reimbursement Agreement, the Remarketing Agreement and the Tender Agreement;

(i) fully executed counterparts of the Mortgages in recordable form;

(j) an opinion of Counsel for the Obligated Group stating in effect that (1) each of the Members of the Obligated Group has been duly incorporated and is validly existing as a not-for-profit corporation in good standing under the laws of the State with corporate power and authority to execute and deliver the Financing Documents to which it is a party (collectively, the "Corporation Documents"); (2) the Corporation Documents have been duly authorized, executed and delivered by the Obligated Group and are enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by (A) the provisions of applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting creditors' rights generally; (B) general principles of equity, including (i) obligations of the Master Trustee and the Issuer and its assigns to exercise good faith, fair dealing, and commercial reasonableness in the exercise of rights and remedies afforded by the Financing Documents and any other documents incident thereto obligating the Obligated Group and (ii) the availability of equitable remedies, including specific performance and injunctive relief, being subject to the discretion of the court before which any proceeding may be brought; (C) court decisions which may invalidate or limit the indemnification provisions of the Financing Documents on the grounds of applicable laws or public policy and (D) the availability of a deficiency decree being a matter of judicial discretion, which permits a court to inquire into (i) the reasonable and fair market value of the property sold at foreclosure, (ii) the adequacy of the sales price, (iii) the relationship between the foreclosing party and the purchaser at the foreclosure sale and (iv) all the facts and circumstances of the particular case; (3) each Member of the Obligated Group has obtained all consents, approvals, authorizations and orders of governmental or regulatory authorities (collectively, "Consents") that are required to be obtained by the Obligated Group as a condition precedent to the execution of the Corporation Documents and the operation of the Existing Facilities; (4) the Obligated Group has obtained all Consents that are obtainable to date that are required to be obtained by the Obligated Group for the performance of the Obligated Group's obligations under the Corporation Documents, the construction of the Project, and the conduct of the Obligated Group's business as it is currently being conducted, and such counsel has no reason to believe that the Obligated Group cannot obtain, when needed, any other Consents that may be required that cannot be obtained to date for the performance of the Obligated Group's obligations under the aforementioned documents or for the construction of the Project; (5) the execution and delivery of the Corporation Documents by the Obligated Group and compliance with the terms thereof, under the circumstances contemplated thereby, do not and will not conflict with the Articles of Incorporation or bylaws of any Member of the Obligated Group and, to the best of such counsel's knowledge, do not and will not in any material respect conflict with, or constitute on the part of any Member of the Obligated Group a breach or default under, any indenture, mortgage, deed of trust, agreement or other instrument to which each Member of the Obligated Group is a party or conflict with, violate or result in a breach of any law, public administrative rule or regulation, judgment, court order or consent decree of any court, government or governmental authority having jurisdiction over each Member of the Obligated Group; (6) each

Member of the Obligated Group is exempt from federal income taxation under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code, is not a private foundation as described in Section 509(a) of the Code and, to the best of such counsel's knowledge, no Member of the Obligated Group has failed to file any required report with the Internal Revenue Service or engaged in conduct inconsistent with its status as an exempt organization; (7) such counsel has caused each of the Mortgages to be recorded in the office of the Clerk of the Circuit Court of the county in which the Mortgaged Property encumbered thereby is located, the recording of the Mortgages is effective and in accord with State law, and no further recording is necessary in the State to publish notice thereof and to perfect the lien provided therein; (8) a financing statement with respect to the security interest in Gross Revenues (as defined in the Master Indenture) and Facility Property and Equipment (as defined in the Master Indenture) has been filed in the office of the Secured Transactions Registry of the State and financing statements with respect to the security interest in fixtures have been filed in the office of the Clerk of the Circuit Court of the counties in which proceeds of the Bonds will be spent on such fixtures; (9) the Master Indenture and the Mortgages create security interests in the property described therein, which have been perfected by the filings and recording referred to in clause (8) above, and in the case of fixtures as described in the Mortgages installed on the Mortgaged Property; and no further filing, other than the filing of continuation statements;

(k) an opinion of bond counsel in substantially the form attached as Appendix E to the Official Statement, dated August __, 2004, pertaining to the Bonds;

(l) a mortgagee title insurance policy for the Mortgaged Property in a face amount equal to the aggregate principal amount of Obligation No. 2;

(m) a boundary survey of the Mortgaged Property locating improvements thereon;

(n) copies of insurance certificates and a statement, signed by the Corporation's insurance agent, to the effect that the insurance required by the Master Indenture is in effect; and

(o) such other documents, certificates and opinions as the Bond Trustee or the Issuer may reasonably require.

When the documents mentioned in subparagraphs (a) to (o), inclusive, above shall have been filed with the Bond Trustee and when the Bonds shall have been executed and authenticated as required by this Bond Indenture, the Bond Trustee shall deliver the Bonds at one time to or upon the order of the purchasers named in the resolution mentioned in subparagraph (b) of this Section, but only upon payment to the Bond Trustee of the purchase price of the Bonds and the accrued interest thereon. The Bond Trustee shall be entitled to rely upon the resolutions mentioned in subparagraphs (a) and (b) of this Section as to all matters stated therein.

Simultaneously with the delivery of the Bonds, the proceeds (including accrued interest and the good faith deposit received from the underwriters of the Bonds) of the Bonds shall be applied by the Bond Trustee as follows:

(1) to the credit of the Issuance Account, the sum of $_____ to pay Issuance Costs; and

(2) to the credit of the Construction Account, the balance ($_____).

Section 211. Mutilated, Destroyed, Stolen or Lost Bonds. In case any Bond secured hereby shall become mutilated or be destroyed, stolen or lost, the Issuer shall cause to be executed, and the Bond Trustee shall authenticate and deliver, a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond destroyed, stolen or lost, and the Holder shall pay the reasonable expenses and charges of the Issuer and the Bond Trustee in connection therewith and, in case of a Bond destroyed, stolen or lost, the Holder shall file with the Bond Trustee evidence satisfactory to it and to the Issuer that such Bond was destroyed or lost, and of such Holder's ownership thereof, and shall furnish the Issuer and the Bond Trustee indemnity satisfactory to them.

Every Bond issued pursuant to the provisions of this Section 211 in exchange or substitution for any Bond which is mutilated, destroyed, lost or stolen shall constitute an additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Bonds duly issued under this Bond Indenture. All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Section 212. Book-Entry System. The Bonds shall be initially issued pursuant to a Book-Entry System administered by the Securities Depository with no physical distribution of Bond certificates to be made except as provided in this Section. Any provision of this Bond Indenture or the Bonds requiring physical delivery of the Bonds shall, with respect to any Bonds held under the Book-Entry System, be deemed to be satisfied by a notation on the Register maintained by the Bond Trustee that such Bonds are subject to the Book-Entry System.

So long as a Book-Entry System is being used, one Bond in the aggregate principal amount of the Bonds and registered in the name of the Securities Depository Nominee will be issued and deposited with the Securities Depository and held in its custody. The Book-Entry System will be maintained by the Securities Depository and the Participants and Indirect Participants and will evidence beneficial ownership of Bonds in Authorized Denominations, with registration of transfers of beneficial ownership effected on the records of the Securities

Depository, the Participants and the Indirect Participants pursuant to rules and procedures established by the Securities Depository, the Participants and the Indirect Participants. The principal of, interest and any premium on each Bond shall be payable to the Securities Depository Nominee or any other Person appearing on the Register as the Holder of such Bond or his/her registered assigns or legal representative at the principal corporate trust office of the Bond Trustee. So long as the Book-Entry System is in effect, the Securities Depository will be recognized as the Holder of the Bonds for all purposes. Transfer of principal, interest and any premium payments or notices to Participants and Indirect Participants will be the responsibility of the Securities Depository, and transfer of principal, interest and any premium payments or notices to Beneficial Owners will be the responsibility of the Participants and the Indirect Participants. No other party will be responsible or liable for such transfers of payments or notices or for maintaining, supervising or reviewing such records maintained by the Securities Depository, the Participants or the Indirect Participants. While the Securities Depository Nominee or the Securities Depository, as the case may be, is the Holder of the Bonds, notwithstanding any other provisions set forth herein, payments of principal of, redemption premium, if any, and interest on the Bonds shall be made to the Securities Depository Nominee or the Securities Depository, as the case may be, by wire transfer in immediately available funds to the account of said Holder as may be specified in the Register maintained by the Bond Trustee or by such other method of payment as the Bond Trustee may determine to be necessary or advisable with the concurrence of the Securities Depository.

If (i) the Securities Depository determines not to continue to administer a Book-Entry System for the Bonds, or (ii) the Remarketing Agent, with the consent of the Bond Trustee and the Issuer, elects to remove the Securities Depository, then the Remarketing Agent, with the consent of the Bond Trustee and the Issuer, may appoint a new Securities Depository for such Bonds. The Remarketing Agent may elect to remove the Securities Depository at any time.

If (i) the Securities Depository determines not to continue to administer a Book-Entry System for the Bonds or has been removed and the Remarketing Agent fails to appoint a new Securities Depository, or (ii) the Remarketing Agent, with the consent of the Bond Trustee and the Issuer, determines that continuation of a Book-Entry System of evidence and transfer of ownership of the Bonds would adversely affect the interests of the Beneficial Owners, the Book-Entry System shall be discontinued, in which case the Bond Trustee shall deliver Replacement Bonds in the form of fully registered certificates in Authorized Denominations in exchange for the Outstanding Bonds as required by the Bond Trustee and the Beneficial Owners.

ARTICLE III.
REDEMPTION OF BONDS; REMARKETING AGENT; TENDER AGENT; PURCHASE AND REMARKETING OF BONDS

Section 301. Redemption Rates and Prices. The Bonds may not be called for redemption by the Issuer except as provided below. If the Corporation exercises its option to prepay the Loan in accordance with Section 7.01 or 7.02 of the Agreement, the Bonds will be subject to optional redemption as set forth in Section 301(a).

(a) Optional Redemption. (i) On any Interest Payment Date during a Weekly Interest Rate Period, the Bonds shall be subject to optional redemption by the Issuer, at the direction of the Corporation Representative, in whole or in part, at a Redemption Price equal to 100 percent of the principal amount of the Bonds to be redeemed. Moneys for such redemption shall be derived solely from Eligible Funds.

(ii) During any Long Term Interest Rate Period, the Bonds shall be subject to optional redemption by the Issuer, at the direction of the Corporation Representative, on the first day thereof, in whole or in part, at a Redemption Price equal to 100 percent of the principal amount of the Bonds to be redeemed, and thereafter, during the periods specified below or, if approved by Bond Counsel as provided in Section 205(e)(ii) hereof, during the periods specified in the notice of the Corporation to the Bond Trustee pursuant to Section 205(e)(ii)(A) hereof, in whole or in part at any time, at the Redemption Prices (expressed as a percentage of principal amount) hereinafter indicated or specified in the notice of the Corporation to the Bond Trustee pursuant to Section 205(e)(ii)(A) hereof, plus accrued interest, if any, to the redemption date:

Length of Long-Term Interest Rate Period (expressed in years)	Redemption Prices
Less than or equal to 7 and greater than 4	After 3 years at 101%, declining by 1% every year to 100%
Less than or equal to 4	After 2 years at 100%

Section 302. Redemption Dates and Prices. The Bonds may not be called for redemption by the Issuer except if the Obligated Group exercises its option to prepay the Loan in full or in part as provided in Section 7.02 of the Agreement, the Bonds are required to be redeemed in whole if the Loan is prepaid in full, or in part if the Loan is prepaid in part, by the Issuer, upon the direction of the Obligated Group Representative, and in either event at a Redemption Price equal to 100 percent of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date provided, however, that any such redemption in part shall be in an aggregate principal amount of not less than $100,000.

Section 303. Selection of Bonds to Be Redeemed. The Bonds shall be redeemed only in Authorized Denominations.

If less than all of the Bonds are to be called for redemption, the Bond Trustee shall first select and call for redemption Bonds held by the Bond Trustee or a pledge agent for the account of the Obligated Group and pledged to the Credit Issuer before any other Bonds are selected and called for redemption. If, following such selection, additional Bonds must be selected and called for redemption, the Bond Trustee shall select, or arrange for the selection of, in such manner as it shall deem fair and equitable, the Bonds, in portions thereof equal to Authorized Denominations; provided that for so long as the only Holder is a Securities Depository Nominee, such selection shall be made by the Securities Depository. If there shall be called for redemption less than the

principal amount of a Bond, the Issuer shall execute and the Bond Trustee shall authenticate and deliver, upon surrender of such Bond, without charge to the Holder thereof in exchange for the unredeemed principal amount of such Bond at the option of such Holder, Bonds in any of the Authorized Denominations or, if the Bonds are held in the Book-Entry System, the Securities Depository shall, acting pursuant to its rules and procedures, reflect in the Book-Entry System the partial redemption and the Bond Trustee shall (i) either exchange the Bond or Bonds held by the Securities Depository for a new Bond or Bonds in the appropriate principal amount, if such Bond is presented to the Bond Trustee by the Securities Depository, or (ii) obtain from the Securities Depository a written confirmation of the reduction in the principal amount of the Bonds held by such Securities Depository.

Section 304. Redemption Notice. Not less than 30 days but not more than 60 days before the redemption date of any Bonds, whether such redemption be in whole or in part, the Bond Trustee shall cause a notice of any such redemption signed by the Bond Trustee to be given by first class mail, postage prepaid, to all Holders of Bonds to be redeemed in whole or in part. Each such notice shall set forth the CUSIP numbers and, if less than all the Bonds of any maturity are to be redeemed, bond certificate numbers of the Bonds to be redeemed, the interest rate of the Bonds to be redeemed, the date of issuance of the Bonds to be redeemed, the date fixed for redemption, the Redemption Price to be paid, the maturities of the Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed and, in the case that less than the entire principal amount of any one bond certificate is redeemed, the portion of the principal amount thereof to be redeemed, the address and phone number of the Bond Trustee, the date of the redemption notice and that on the redemption date the Bonds called for redemption will be payable at the principal corporate trust office of the Bond Trustee, that from that date interest will cease to accrue and be payable and that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Bonds. If any Bond is to be redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such Bond, a new Bond in principal amount equal to the unredeemed portion of such Bond will be issued.

The Bond Trustee shall also take the following actions with respect to such notice of redemption:

(a) Not less than 35 days prior to the date of redemption, the Bond Trustee shall give notice of such redemption by (a) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission or (iii) overnight delivery service to the following securities depository or its successor (if then in existence) at the address and transmission numbers given, or such other address or transmission number as may have been delivered in writing to the Bond Trustee for such purpose not later than the close of business on the day before such notice is given:

The Depository Trust Company
711 Stewart Avenue
Garden City, New York 11539
Facsimile transmission:
(516) 227-4039 or
(516) 227-4190

(b) Not less than 35 days prior to the date of redemption, the Bond Trustee shall give notice of such redemption by (a) first class mail, postage prepaid, or (ii) overnight delivery service to one of the following services or their respective successors (if then in existence) selected by the Bond Trustee:

(1) Financial Information, Inc.'s Daily Called Bond Service;

(2) Kenny Information Service's Called Bond Service;

(3) Moody's Municipal and Government Called Bond Record; or

(4) Standard & Poor's Called Bond Record.

(c) Not less than 35 days prior to the date of redemption, the Bond Trustee shall give notice of such redemption to the Issuer by first class mail.

Failure by the Bond Trustee to give notice pursuant to subparagraph (a) or (b) of the immediately preceding paragraph to any one or more of the securities depositories or information services named therein or pursuant to subparagraph (c) of the immediately preceding paragraph to the Issuer shall not affect the sufficiency of the proceedings for redemption. Failure of the Bond Trustee to give notice to a Holder or any defect in such notice shall not affect the validity of the proceedings for redemption of the Bonds of any Holder to whom notice shall have been properly given.

Each check or other transfer of funds issued by the Bond Trustee for the purpose of redeeming Bonds shall bear, to the extent practicable, the CUSIP number identifying the Bonds being redeemed with the proceeds of such check or other transfer.

Notice of redemption of Bonds shall be given by the Bond Trustee, at the expense of the Obligated Group, for and on behalf of the Issuer.

To exercise any optional redemption pursuant to Section 301(a) hereof, so long as a Credit Facility is in effect, and at least one day before the Bond Trustee is to give notice of such redemption, the Bond Trustee shall have received written consent from the Credit Issuer to a draw on the Credit Facility in the amount of such Redemption Price if moneys in the Bond Fund constituting Eligible Funds under clause (i) of the definition of Eligible Funds will not be available to reimburse the Credit Issuer for such drawing on the date of such redemption. If the Credit Issuer does not consent to a drawing for an optional redemption pursuant to Section

301(a) hereof, the Bond Trustee may condition such call for redemption upon the deposit with the Bond Trustee of sufficient Eligible Funds on or prior to the date selected for redemption to reimburse the Credit Issuer for such drawing or to retire the Bonds to be redeemed if the Credit Issuer fails to honor such drawing, and if sufficient Eligible Funds are not so available on the date selected for redemption, such call for redemption shall be revoked. A notice of optional redemption shall describe whether and the conditions under which the call for redemption shall be revoked.

Section 305. Effect of Calling for Redemption. On or before the date fixed for redemption, Eligible Funds, or Defeasance Obligations purchased with Eligible Funds, or a combination of both, shall be deposited with the Bond Trustee to pay the principal of and the premium, if any, of and interest accruing thereon to the redemption date of the Bonds called for redemption.

On the date fixed for redemption, notice having been given in the manner and under the conditions hereinabove provided, the Bonds or portions thereof called for redemption shall be due and payable at the Redemption Price provided therefor, plus accrued interest to such date. If Eligible Funds or Defeasance Obligations, purchased with Eligible Funds or a combination of both, sufficient to pay the Redemption Price of the Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, are held by the Bond Trustee in trust for the Holders of Bonds to be redeemed, interest on the Bonds called for redemption shall cease to accrue; such Bonds shall cease to be entitled to any benefits or security under this Bond Indenture or to be deemed Outstanding; and the Holders of such Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price thereof, plus accrued interest to the date fixed for redemption. Bonds and portions of Bonds for which irrevocable instructions to pay on one or more specified dates or to call for redemption at the earliest redemption date have been given to the Bond Trustee in form satisfactory to it shall not thereafter be deemed to be Outstanding under this Bond Indenture and shall cease to be entitled to the security of or any rights under this Bond Indenture, other than rights to receive payment of the Redemption Price thereof and accrued interest thereon to the date fixed for redemption, to be given notice of redemption in the manner provided in Section 304 hereof, and, to the extent hereinafter provided, to receive Bonds for any unredeemed portions of Bonds if Eligible Funds or Defeasance Obligations purchased with Eligible Funds, or a combination of both, sufficient to pay the Redemption Price of such Bonds or portions thereof, together with accrued interest thereon to the date upon which such Bonds are to be paid or redeemed, are held in separate accounts by the Bond Trustee in trust for the Holders of such Bonds.

Section 306. Redemption of Portion of Bonds. If a portion of an Outstanding Bond shall be selected for redemption, the Holder thereof or his attorney or legal representative shall present and surrender such Bond to the Bond Trustee for payment of the principal amount thereof so called for redemption and the redemption premium, if any, on such principal amount, and the Issuer shall execute and the Bond Trustee shall authenticate and deliver to or upon the order of such registered owner or his legal representative, without charge therefor, for the

unredeemed portion of the principal amount of the Bond so surrendered, a Bond of the same series and maturity and bearing interest at the same rate.

Section 307. Cancellation. Bonds so redeemed, presented and surrendered shall be cancelled upon the surrender thereof.

Section 308. Use of Defeasance Obligations to Redeem Bonds. For purposes of all Sections in this Article, Defeasance Obligations shall be deemed to be sufficient to pay or redeem Bonds on a specified date if the principal of and the interest on such Defeasance Obligations, when due, will be sufficient to pay on such date the Redemption Price of, and the interest accruing on, such Bonds to such date.

Section 309. Remarketing Agent and Tender Agent for Bonds. (a) The initial Remarketing Agent for the Bonds shall be Raymond James & Associates, Inc. The Corporation shall appoint any successor Remarketing Agent for the Bonds, subject to the conditions set forth in Section 309(a) hereof and the approval of the Issuer and the Credit Issuer. Each Remarketing Agent shall designate its principal office (other than the initial Remarketing Agent whose principal office is listed in Section 1304 hereof) and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer, the Corporation and the Credit Issuer under which the Remarketing Agent will agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Issuer, the Corporation and the Credit Issuer at all reasonable times.

(b) The initial Tender Agent for the Bonds shall be Wells Fargo Bank, National Association. The Issuer shall appoint any successor Tender Agent for the Bonds, subject to the conditions set forth in Section 309(b) hereof. Each Tender Agent shall designate its principal corporate trust office for delivery of notices and delivery of Bonds (except for the office of the initial Tender Agent which is listed in Section 1304 hereof) and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Bond Trustee, the Issuer, the Corporation and the Remarketing Agent. By acceptance of its appointment hereunder, the Tender Agent agrees:

(i) to hold all Bonds delivered to it pursuant to Section 206 hereof, as agent and bailee of, and in escrow for the benefit of, the respective Holders which shall have so delivered such Bonds until moneys representing the purchase price of such Bonds shall have been delivered to or for the account of or to the order of such Holders;

(ii) to establish and maintain a separate segregated trust fund designated as St. Johns County Industrial Authority Taxable Variable Rate Demand First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004B Bond Purchase Fund" (the "Bond Purchase Fund") until such time as it has been discharged from its duties as Tender Agent hereunder;

(iii) to hold all moneys (without investment thereof) delivered to it hereunder in the Bond Purchase Fund for the purchase of Bonds pursuant to Section 206 hereof, as agent and bailee of, and in escrow for the benefit of, the person or entity which shall have so delivered such moneys until the Bonds purchased with such moneys shall have been delivered to or for the account of such person or entity;

(iv) to hold all moneys delivered to it by the Corporation for the purchase of Bonds pursuant to Section 206 hereof, as agent and bailee of, and in escrow for the benefit of, the Holders or former Holders who shall deliver Bonds to it for purchase until the Bonds purchased with such moneys shall have been delivered to or for the account of the Corporation;

(v) to hold all Bonds registered in the name of the new Holders thereof which have been delivered to it by the Bond Trustee for delivery to the Remarketing Agent in accordance with the Tender Agreement; and

(vi) to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Corporation, the Bond Trustee, the Credit Issuer and the Remarketing Agent at all reasonable times.

The Issuer and the Corporation shall cooperate with the Bond Trustee to cause the necessary arrangements to be made and to be thereafter continued to enable the Tender Agent to perform its duties and obligations hereunder.

Section 310. Qualifications of Remarketing Agent and Tender Agent; Resignation; Removal. (a) The Remarketing Agent shall be a member of the National Association of Securities Dealers, having a combined capital stock, surplus and undivided profits of at least $75,000,000 and authorized by law to perform all the duties imposed upon it by this Bond Indenture. The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Bond Indenture by giving notice to the Issuer, the Corporation, the Bond Trustee, the Tender Agent and the Credit Issuer. Such resignation shall take effect on the 45th day after the receipt by the Issuer, the Corporation and the Bond Trustee of the notice of resignation. The Remarketing Agent may be removed at any time on forty-five (45) days' prior written notice, by an instrument signed by the Corporation and filed with the Remarketing Agent, the Issuer, the Bond Trustee, the Tender Agent and the Credit Issuer.

(b) The Tender Agent shall be a bank with trust powers or a trust company duly organized under the laws of the United States of America or any state or territory thereof, and having a combined capital stock, surplus and undivided profits of at least $75,000,000 and authorized by law to perform all the duties imposed upon it by this Bond Indenture and the Tender Agreement. The Tender Agent may at any time resign and be discharged of the duties and obligations created by this Bond Indenture by giving at least 60 days' notice to the Bond Trustee, the Issuer, the Corporation, the Credit Issuer

and the Remarketing Agent. The Tender Agent may be removed at any time by an instrument signed by the Corporation, filed with the Tender Agent, the Issuer, the Bond Trustee, the Credit Issuer and the Remarketing Agent. Such resignation or removal shall take effect on the day a successor Tender Agent shall have been appointed by the Issuer and shall have accepted such appointment. Upon the effective date of resignation or removal of the Tender Agent, the Tender Agent shall deliver any Bonds and moneys held by it in such capacity to its successor and shall assign all of its right, title and interest in and to any Credit Facility then in effect to such successor.

Section 311. Notice of Bonds Delivered for Purchase; Purchase of Bonds. (a) The Tender Agent shall determine timely and proper delivery of Bonds pursuant to this Bond Indenture and the proper endorsement of such Bonds. Such determination shall be binding on the Holders, the Issuer, the Corporation, the Remarketing Agent and the Bond Trustee absent manifest error. In accordance with the provisions of the Tender Agreement, the Tender Agent shall give notice by telephone, telecopy or telex promptly confirmed by a written notice, to the Bond Trustee, the Remarketing Agent and the Credit Issuer specifying the principal amount of Bonds, if any, as to which it has received notice of tender for purchase in accordance with Section 206(a) hereof.

(b) Bonds required to be purchased in accordance with Section 206 hereof shall be purchased from the Holders thereof, on the date and at the purchase price at which such Bonds are required to be purchased. Payment of such purchase price shall be made in immediately available funds by 2:30 p.m., New York City time, on such purchase date. Funds for the payment of such purchase price shall be derived from the following sources in the order of priority indicated:

(i) proceeds of the sale of such Bonds remarketed to any person, other than the Issuer or the Corporation, pursuant to Section 312 hereof and furnished to the Tender Agent by the Remarketing Agent for deposit into the Bond Purchase Fund;

(ii) if a Credit Facility is then in effect, moneys drawn under such Credit Facility pursuant to Section 315 hereof for deposit into the Bond Purchase Fund; and

(iii) moneys furnished to the Tender Agent for deposit into the Bond Purchase Fund representing moneys provided to the Tender Agent by the Corporation pursuant to Section 206(f) hereof and Section 3.04(a) of the Agreement. In the event that a premium is required to be paid upon the purchase of any Bond as provided in Section 206 hereof, and the Credit Facility then in effect with respect to the Bonds shall not provide for the payment of a premium upon the purchase of a Bond, then moneys derived from draws on the Credit Facility shall be applied solely to the payment of principal and interest on the Bonds and not to the payment of any such premium.

The Tender Agent may establish separate accounts or subaccounts within the Bond Purchase Fund for such purposes as the Tender Agent may deem appropriate.

(c) (i) The Bond Trustee shall authenticate a new Bond or Bonds in an aggregate principal amount equal to the principal amount of Bonds purchased in accordance with Section 311(b) hereof, whether or not the Bonds so purchased are presented by the Holders thereof, bearing a number or numbers not contemporaneously outstanding. Every Bond authenticated and delivered as provided in this Section 311 shall be entitled to all the benefits of this Bond Indenture equally and proportionately with any and all other Bonds duly issued hereunder.

(ii) In the event any Bonds purchased as provided in this Section 311 shall not be presented to the Tender Agent, the Tender Agent shall segregate and hold the moneys for the purchase price of such Bonds in trust for the benefit of the former Holders of such Bonds, who shall, except as provided in the following sentence, thereafter be restricted exclusively to such moneys for the satisfaction of any claim for the purchase price of such Bonds.

Section 312. Remarketing of Bonds; Notice of Interest Rates. (a) Upon notice of the tender for purchase of Bonds, the Remarketing Agent shall offer for sale and use its best efforts to sell such Bonds, any such sale to be made on the date of such purchase in accordance with Section 206 hereof at a price equal to the principal amount thereof plus accrued interest, if any. Any Bond which is tendered for purchase pursuant to Section 206(a) hereof after such Bond has become subject to mandatory tender for purchase pursuant to Section 206(b) or 206(c) hereof shall be sold by the Remarketing Agent only to a purchaser who agrees to (i) refrain from selling that Bond other than under the terms of this Bond Indenture, or (ii) hold that Bond only to the date of mandatory purchase.

(b) The Remarketing Agent shall give telephonic or telegraphic notice, promptly confirmed by a written notice, to the Issuer, the Corporation, the Bond Trustee and the Tender Agent on each date on which Bonds shall have been purchased pursuant to Section 311(b) hereof, specifying the principal amount of Bonds, if any, sold by it pursuant to Section 312(a) hereof along with a list of such purchasers showing the names and denominations in which such Bonds shall be registered, and the addresses and social security or taxpayer identification numbers of such purchasers.

Section 313. Delivery of Bonds. (a) Bonds purchased with moneys described in clause (i) of Section 311(b) hereof shall be made available by the Bond Trustee to the Remarketing Agent for delivery to the purchasers thereof against payment therefor in accordance with the Tender Agreement.

(b) Bonds (or portions thereof) purchased with moneys described in clause (ii) of Section 311(b) hereof pursuant to a draw under the Credit Facility ("Pledged Bonds") shall be surrendered to the Bond Trustee for registration of transfer to the Corporation, and upon such registration of transfer, the Bonds issued in respect thereof shall be (i) delivered to and held by the Bond Trustee for the account of the Corporation, and no such Bond shall be released, pledged or otherwise transferred or disposed of until the Bond

Trustee shall have received written notice from the Credit Issuer that the amounts so drawn under the Credit Facility, together with interest thereon, if any, due pursuant to any Reimbursement Agreement, have been reimbursed to the Credit Issuer and that the amount to be drawn under the Credit Facility with respect to such Bonds has been, or upon such release will be, correspondingly and fully reinstated, and thereupon shall be delivered to, or in accordance with the written direction of, the Corporation or (ii) if required pursuant to any Reimbursement Agreement, issued to a pledge agent for the account of the Credit Issuer as pledgee of such Bonds, and no such Bond shall be released, pledged or otherwise transferred or disposed of until the Bond Trustee shall have received written notice from the Credit Issuer that the amounts so drawn under the Credit Facility, together with interest thereon, if any, due pursuant to any Reimbursement Agreement, have been reimbursed to the Credit Issuer and that the amount to be drawn under the Credit Facility with respect to such Bonds has been, or upon such release will be, correspondingly and fully reinstated. If the Book Entry System is in effect and less than all of the Bonds become Pledged Bonds, the Bond Trustee shall withdraw any Pledged Bonds from the Book Entry System and shall authenticate and hold physical bonds as described in this subsection until such Bonds are released as provided in this subsection, at which time the Bond Trustee shall reinstate the Book Entry System with respect to such Bonds.

(c) Bonds (or portions thereof) purchased with moneys described in clause (iii) of Section 311(b) hereof shall be delivered to the Bond Trustee for cancellation and shall be cancelled, or if the Corporation requests, for registration of transfer to the Corporation.

(d) Notwithstanding anything herein to the contrary, so long as the Bonds are held under the Book-Entry System, Bonds will not be delivered as set forth in paragraphs (a) through (c) above (except as set forth in the last sentence of Section 313(b) above); rather, transfers of beneficial ownership and pledges of the Bonds to the persons indicated above will be effected on the books of the Securities Depository and its Participants pursuant to its rules and procedures.

Section 314. Delivery of Proceeds of Sale. The proceeds of the sale by the Remarketing Agent of any Bonds delivered to it by, or held by it for the account of, the Bond Trustee or the Corporation, or delivered to it by any other Holder, shall be turned over to the Tender Agent as provided in the Tender Agreement.

Section 315. Draws on Credit Facility to Pay Purchase Price of Bonds. The Bond Trustee, on each day on which Bonds are tendered for purchase or required to be purchased pursuant to Section 206 hereof, is hereby directed to make drawings under the Credit Facility to the extent available, by such times and in such manner as shall be required in order for it to receive immediately available funds on such date to pay the purchase price, plus accrued interest, if any, of Bonds then payable from the Credit Facility which are tendered for purchase or required to be purchased pursuant to the provisions of this Bond Indenture, at the times, on the

dates, to the extent, and in the manner herein and in the Tender Agreement provided. The Bond Trustee shall immediately transfer to the Tender Agent, for deposit into the Bond Purchase Fund pending application of such moneys to the payment of the purchase price of such Bonds, all moneys drawn under the Credit Facility pursuant to this Section 315. In the event the purchase price of Bonds is paid from the Credit Facility as described herein, and the Corporation does not reimburse the Credit Issuer for such purchase price, upon the remarketing of such Bonds as described in Section 312(a) hereof, the Remarketing Agent shall deliver the proceeds of the remarketing of such Bonds to the Credit Issuer.

ARTICLE IV.
CONSTRUCTION FUND

Section 401. Construction Fund. A special fund is hereby established with the Bond Trustee and designated St. Johns County Industrial Development Authority Taxable Variable Rate Demand First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004B Construction Fund in which there are established a Construction Account and an Issuance Account. The Bond Trustee shall make the deposit to the Construction Account required by the provisions of Section 210 hereof.

The money in the Construction Account and the Issuance Account shall be held by the Bond Trustee in trust and, hereof, shall be applied to the payment of the Cost of the Project and, pending such application, shall be subject to a lien and charge in favor of the Holders and for the further security of such Holders until paid out or transferred as provided in this Article IV.

Section 402. Payments from Construction Fund. Payment of the Cost of the Project shall be made from the Construction Fund.

(a) All issuance costs, incurred in connection with the Bonds and the Series A Bonds shall be paid from the Issuance Account. All money received by the Issuer from any source for issuance costs shall be deposited immediately upon its receipt to the credit of the Issuance Account. Examples of such Issuance Costs include, but are not limited to, the following, if any:

(i) counsel fees (including bond counsel, underwriter's counsel, Issuer's counsel, counsel to the Corporation and any other specialized counsel fees incurred in connection with the borrowing);

(ii) financial advisor fees incurred in connection with the borrowing;

(iii) rating agency fees;

(iv) depositary fees incurred in connection with the borrowing;

(v) paying agent and certifying and authenticating agent fees related to issuance of the Bonds;

(vi) accountant's fees related to issuance of the Bonds;

(vii) printing costs (for the Bonds and of preliminary and final offering materials);

(viii) costs incurred in connection with the required public approval process *(e.g.*, publication costs for public notices generally and costs of the public hearing); and

(ix) costs of engineering and feasibility studies necessary to the issuance of the Bonds (as opposed to such studies related to completion of the Project, but not to the financing).

Furthermore, other items which constitute Costs of the Project (as described in Section 403 hereof) may be paid from the Issuance Account.

(b) Items other than Issuance Costs which constitute Costs of the Project may be paid from the Construction Account.

Section 403. Cost of Project. For the purpose of this Bond Indenture, the Cost of the Project shall embrace the payment of the Bank Loan and _____.

Section 404. Requisitions from Construction Fund. (a) Payments from the Construction Fund shall be made in accordance with the provisions of this Section. Before any such payment shall be made, there shall be filed with the Bond Trustee: a requisition, accompanied by copies of the invoices, payment of which is sought, signed by the Obligated Group Representative, in substantially the form attached hereto as Exhibit A, stating:

(i) the item number of each such payment,

(ii) the name of the person, firm or corporation to whom each such payment has been (together with applicable receipts) or should be made,

(iii) the respective amounts paid or to be paid, excluding any applicable sales tax,

(iv) the purpose by general classification for which each obligation paid or to be paid was incurred,

(v) that obligations in the stated amounts have been incurred by the Corporation and are presently due and payable and that each item thereof is a proper charge against the Construction Fund, and

(vi) whether such requisition shall be paid from the Construction Account or the Issuance Account.

Upon receipt of each requisition and accompanying certificate, the Bond Trustee shall pay the obligations set forth in such requisition out of money in the Construction Fund and each such obligation shall be paid by check signed by one or more officers or employees of the Bond Trustee designated for such purpose by the Bond Trustee. In making such payments the Bond Trustee may rely upon such requisitions.

Section 405. Reliance upon Requisitions. All requisitions and opinions received by the Bond Trustee as conditions of payment from the Construction Fund may be relied upon by the Bond Trustee and shall be retained by the Bond Trustee, subject at all reasonable times upon reasonable notice to the Bond Trustee to examination by the Issuer, the Corporation and the Holders of not less than 25 percent in aggregate principal amount of the Bonds Outstanding.

ARTICLE V.
REVENUES AND APPLICATION THEREOF

Section 501. The Bond Fund. (a) There is hereby established with the Bond Trustee a special fund to be designated as the "St. Johns County Industrial development Authority Taxable Variable Rate Demand First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project) Series 2004 B Bond Fund" (the "Bond Fund"), the moneys in which, in accordance with Section 501(c) hereof, the Bond Trustee shall withdraw and make available to pay (i) the principal or Redemption Price of Bonds as they mature or become due, upon surrender thereof, and (ii) the interest on Bonds as it becomes payable. There are hereby established with the Bond Trustee within the Bond Fund two separate and segregated accounts, to be designated the "Loan Repayments Account" and the "Credit Facility Account." The Loan Repayments Account shall contain two special subaccounts designated the "Current Subaccount" and the "Redemption Subaccount."

(b) The Bond Trustee shall deposit into the various accounts of the Bond Fund from time to time the following:

(i) into the Current Subaccount of the Loan Repayments Account, all payments of principal of, redemption premium, if any, or interest on Obligation No. 2, and all other moneys received by the Bond Trustee under and pursuant to the provisions of this Bond Indenture or any of the provisions of Obligation No. 2 or the Agreement for deposit into the Current Subaccount of the Loan Repayments Account. All amounts deposited in the Current Subaccount of the Loan Repayments Account shall be segregated and held, with the earnings thereon, separate and apart from other funds in the Current Subaccount until such amounts become Eligible Funds. At such time as funds deposited in the Loan Repayments Account become Eligible Funds, they may be released from the Current Subaccount and commingled with other Eligible Funds in the Loan Repayments Account of the Bond Fund;

(ii) into the Redemption Subaccount of the Loan Repayments Accounts, all deposits for optional prepayment of the Bonds made by the Obligated Group pursuant to Section 7.01 or 7.02 of the Agreement;

(iii) into the Credit Facility Account, all moneys drawn by the Bond Trustee under the Credit Facility to pay principal or Redemption Price (excluding any premium) of the Bonds and interest on the Bonds. No other moneys shall be credited to the Credit Facility Account.

(c) Withdrawals by the Bond Trustee of moneys from the Bond Fund shall be used solely for the payment of the principal or Redemption Price of the Bonds and interest on the Bonds from the following sources but only in the following order of priority:

(i) moneys held in the Credit Facility Account; *provided, however*, that such amounts shall not be used to pay any premium on the Bonds unless the Credit Facility provides for payment of such premium;

(ii) moneys held in the Loan Repayments Account to the extent such amounts qualify under clause (i) of the definition of Eligible Funds; and

(iii) any other amounts (whether or not Eligible Funds) in the Bond Fund; *provided, however*, that the Bond Trustee shall not use such amounts unless no moneys are available to be drawn for such purpose under the Credit Facility.

(d) Any amounts remaining in the Bond Fund after payment in full of the principal or Redemption Price of and interest on the Bonds (or provision for payment thereof) shall be paid to the Corporation at the written request of the Corporation therefor or as otherwise required by law; provided, however, that if any payments have been received by the Bond Trustee from the Credit Issuer in connection with such payment of the Bonds, any remaining amounts shall be paid to the Credit Issuer to the extent of amounts owed to the Credit Issuer by the Corporation.

(e) The Bond Trustee shall establish separate subaccounts for each deposit into the Bond Fund, other than deposits to the Credit Facility Account of amounts drawn on the Credit Facility, including income and gain from investment on such deposits, so that the Bond Trustee may at all times ascertain the source and date of such deposit.

(f) Notwithstanding anything in this Section 501 to the contrary, to the extent that the Credit Facility is drawn on to make a payment of principal or interest to the Holder of any Bonds, the Bond Trustee shall use any moneys in the Bond Fund not then needed to make payments to the Holder of any Bonds, regardless of whether such moneys constitute Eligible Funds, to reimburse the Credit Issuer.

(g) Each deposit into the Redemption Subaccount of the Loan Repayments Account shall be deemed to be an exercise by the Corporation of its option to prepay the Loan in accordance with Section 7.01 or 7.02 of the Agreement and a direction to optionally redeem Bonds pursuant to Section 301(a) hereof to the greatest extent possible on the next ensuing March 1, June 1, September 1 and December 1 or, if the first day of any such month is not an Interest Payment Date during a Weekly Interest Rate Period, on the Interest Payment Date in such month, and in each case for which proper notice can be given under Section 304 hereof.

Section 502. Credit Facility. (a) Except with respect to Bonds registered in the name of the Corporation, or held or required to be held by the Bond Trustee or any pledge agent under a pledge agreement pursuant to Section 313 hereof (which Bonds shall not be entitled to any benefit of any Credit Facility), at any time a Credit Facility is in effect (i) the Bond Trustee shall draw moneys under such Credit Facility in accordance with its terms to the extent necessary to make timely payments of principal, premium, if any (if such Credit Facility provides for payment of such premium), and interest on the Bonds, in accordance with Section 501 hereof, (ii) the Bond Trustee shall draw moneys, in accordance with Section 315 hereof, under such Credit Facility in accordance with its terms to the extent available in order to effect the purchase of Bonds (or portions thereof in Authorized Denominations) tendered for purchase or required to be purchased in accordance with the provisions of this Bond Indenture, and (iii) upon declaration of acceleration of the Bonds pursuant to Section 802 hereof, the Bond Trustee shall draw on the Credit Facility to the extent available in an amount equal to the full unpaid principal of and accrued interest on the Bonds. The Tender Agent shall promptly provide notice to the Bond Trustee of any failure to pay the purchase price of Bonds tendered for purchase or required to be purchased in accordance with the provisions of this Bond Indenture.

(b) Upon any redemption or any defeasance pursuant to Section 1202 hereof of any Bonds or upon cancellation of any Bonds upon purchase thereof as contemplated by Section 313 hereof, the Bond Trustee shall send notice to the Credit Issuer to reduce the amount available to be drawn on the Credit Facility to the extent such amounts relate to the Bonds so redeemed or defeased (with written notice of the same to the Corporation), and the Bond Trustee shall, upon request, confirm to the Credit Issuer and the Corporation the principal amount of Bonds redeemed or defeased.

(c) In the event that the term of the Credit Facility is extended, unless it is extended by amendment or automatically by the terms of the Credit Facility, the Bond Trustee shall surrender the instrument evidencing the Credit Facility to the Credit Issuer in exchange for a new instrument conforming, in the Opinion of Counsel, in all material respects to the instrument evidencing the Credit Facility being surrendered, except that the term thereof shall reflect the new term of the Credit Facility. The Bond Trustee shall promptly surrender the instrument evidencing the Credit Facility to the Credit Issuer for cancellation upon discharge of the Bond Indenture pursuant to Article XII hereof. If the Bonds are rated by a Rating Agency, notice of any extension of the Credit Facility shall be furnished to such Rating Agency by the Bond Trustee.

(d) If at any time there shall have been delivered to the Bond Trustee an Alternate Credit Facility pursuant to Section 503 hereof and the documents required by such Section 503, then the Bond Trustee shall accept such Alternate Credit Facility and surrender the previously held Credit Facility for cancellation in accordance with the terms of such Credit Facility, provided that no such surrender shall occur until after the Bond Trustee shall have drawn under the Credit Facility, if necessary, and taken any other necessary action in order to receive sufficient funds to pay the purchase price of the Bonds on the date on which the Bonds are subject to mandatory purchase in accordance with Section 206(c) hereof if a mandatory tender of the Bonds is required by such Section. The Bond Trustee shall comply with the procedure set forth in the Letter of Credit or other Credit Facility relating to the termination thereof.

(e) In connection with the replacement, termination, expiration, reduction or modification of the Credit Facility requiring mandatory purchase of the Bonds as provided in Section 206(c) hereof, the Bond Trustee is hereby directed to give the notice of mandatory tender for purchase of the Bonds as provided in Section 505 hereof.

Section 503. Alternate Credit Facility. If at any time there shall be delivered to the Bond Trustee (i) an Alternate Credit Facility covering the Bonds, (ii) a Favorable Opinion of Bond Counsel, (iii) either (A) written evidence from each Rating Agency then rating the Bonds, in each case to the effect that such Rating Agency has reviewed the proposed Alternate Credit Facility and the ratings of the Bonds after substitution of such Alternate Credit Facility or (B) a statement of the Corporation that no ratings have been obtained, (iv) if such Alternate Credit Facility is other than a letter of credit issued by a domestic commercial bank, an Opinion of Counsel that no registration of the Bonds or such Alternate Credit Facility is required under the Securities Act of 1933, as amended, (v) an Opinion of Counsel satisfactory to the Bond Trustee to the effect that such Alternate Credit Facility is a valid and enforceable obligation of the issuer or provider thereof, (vi) all information required to give the notice of mandatory tender for purchase of the Bonds if required by Section 206(c) hereof, and (vii) if the Credit Facility then in effect with respect to the Bonds does not cover premiums due on the Bonds, and the Bonds would be subject to mandatory tender for purchase at a purchase price in excess of the principal amount thereof pursuant to Section 206(c) hereof, Eligible Funds in an amount sufficient to pay the premium due on the Bonds pursuant to Section 206(c) hereof, then the Bond Trustee shall accept such Alternate Credit Facility and, after the Bond Trustee shall have drawn under the Credit Facility, if necessary, and taken any other necessary action in order to receive sufficient funds to pay the purchase price of the Bonds on the date of the mandatory tender for purchase established pursuant to Section 206(c) hereof if a mandatory tender of the Bonds is required by such Section, promptly surrender the Credit Facility then in effect to the Credit Issuer which issued such Credit Facility in accordance with its terms for cancellation or deliver any documents necessary to reduce the coverage of such Credit Facility.

Section 504. Rights and Duties under Credit Facility Relating to Bonds. The Letter of Credit has been delivered to the Bond Trustee by the Bank, and the Bond Trustee is hereby instructed, without further direction, to draw amounts under the Letter of Credit or such other

Credit Facility as may be substituted therefor in accordance with the terms and conditions set forth herein at the times, in the manner and for the purposes set forth in this Bond Indenture. If the Bond Trustee makes a drawing under the Credit Facility relating to the Bonds after the principal of the Bonds shall have been declared immediately due and payable following the occurrence of an Event of Default, the proceeds of such drawing shall be applied by the Bond Trustee as promptly as practicable to the payment of the Bonds entitled to be paid therefrom. So long as the Credit Facility remains in effect with respect to any Bonds, the Bond Trustee may not waive any Event of Default if a drawing has been made under the Credit Facility, all or any portion of which is subject to reinstatement as provided in the Credit Facility relating thereto, and such reinstatement has not yet occurred. The Bond Trustee agrees to assume and perform the duties and obligations contemplated under the Credit Facility to be assumed and performed by the Bond Trustee.

Section 505. Notice of Termination or Other Change in Credit Facility for Bonds. The Bond Trustee shall give notice by mail to the Holders of the Bonds then payable from the Credit Facility (if any) (a) on or before the 30th day preceding the expiration of any Credit Facility in accordance with its terms, or any termination, reduction, replacement or modification of the terms of the Credit Facility which will cause the Bonds to cease to be payable from the Credit Issuer, or (b) in the case of receipt by the Bond Trustee of notice from the Credit Issuer that an event of default has occurred under the Credit Agreement and requesting the Bonds be mandatorily purchased, within one Business Day following receipt by the Bond Trustee of such notice of an event of default under the Credit Agreement, which notice shall, to the extent applicable, (1) describe generally the Credit Facility, if any, in effect prior to such termination, expiration, reduction or modification, (2) state the date of such replacement, termination or proposed substitution of the Alternate Credit Facility (if any), (3) describe any reduction, termination or modification of the Credit Facility and the effective date thereof, (4) specify the rating, if any, to be applicable to such Bonds after such replacement, termination, expiration, reduction or modification of the Credit Facility or state that no ratings have been obtained with respect to such Bonds for the period subsequent to such replacement, termination, expiration, reduction or modification of the Credit Facility, and (5) if the Bonds are subject to mandatory tender for purchase as provided in Section 206(c) hereof, state the date the Bonds will be purchased as determined in accordance with Section 206(c) hereof and, in connection with the termination, expiration, reduction or modification of an existing Credit Facility and the replacement thereof by an Alternate Credit Facility pursuant to which the Bonds are subject to mandatory tender for purchase as provided in Section 206(c) hereof, state that the Bonds will be subject to mandatory tender for purchase on the date set forth in such notice for the mandatory tender of the Bonds provided that such Alternate Credit Facility is delivered and takes effect on or prior to such date. The Corporation shall give the Bond Trustee written notification of any modification, reduction, termination or replacement of the Credit Facility as soon as practicable after receiving knowledge thereof. The Corporation shall provide the Bond Trustee with written notice of any information required to enable the Bond Trustee to give the foregoing notice and shall provide the Bond Trustee with the form of such notice; provided, however, that in the event the Corporation shall fail to provide such notice, the Bond Trustee shall provide such notice.

Section 506. Cancellation of Bonds. All Bonds paid, redeemed or purchased, either at or before maturity, shall be delivered to the Bond Trustee when such payment, redemption or purchase is made, and such Bonds shall be cancelled. The Bond Trustee shall certify to the Corporation the details of all Bonds so cancelled. All Bonds cancelled under any of the provisions of this Bond Indenture shall be destroyed by the Bond Trustee in accordance with its document destruction procedures.

Section 507. Money Held in Trust. All money that the Bond Trustee shall have withdrawn from the Bond Fund or shall have received from any other source and set aside for the purpose of paying any of the Bonds hereby secured, either at the maturity thereof or by purchase or call for redemption or for the purpose of paying any interest on the Bonds hereby secured, shall be held in trust for the respective Holders.

Section 508. Disposition of Fund Balances. After provision shall be made for the payment of all Outstanding Bonds, including the interest thereon, and for the payment of all other obligations, expenses and charges required to be paid under or in connection with this Bond Indenture, Obligation No. 2, the Mortgages, the Master Indenture and the Agreement and assuming the existence of no other indentures or other agreements imposing a continuing lien on the balances hereinafter mentioned, the Bond Trustee shall, upon prior written notice to the Issuer, pay, as an overpayment of Total Required Payments, all amounts in any fund or account then held by it under this Bond Indenture to the Corporation; *provided, however,* that if a continuing lien has been imposed on any such balance by another indenture or agreement as to which the Bond Trustee has received notice, the Bond Trustee shall pay such balance to such person as such indenture or agreement shall provide.

ARTICLE VI.
SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 601. Security for Deposits. Any and all money received by the Issuer under the provisions of this Bond Indenture shall be deposited as received by the Issuer with the Bond Trustee and shall be trust funds under the terms hereof and shall not be subject to any lien or attachment by any creditor of the Issuer or the Obligated Group. Such money shall be held in trust and applied in accordance with the provisions of this Bond Indenture.

All money deposited with the Bond Trustee shall be credited to the particular fund or account to which such money belongs.

Section 602. Investment of Money. Money held for the credit of all funds and accounts created under this Bond Indenture and held by the Bond Trustee shall be continuously invested and reinvested by the Bond Trustee in Investment Obligations to the extent practicable in accordance with the instructions of the Corporation as provided herein or, if no such instruction is given, in Government Obligations having a maturity not greater than 180 days from the date of such investment. Any such Investment Obligations shall mature not later than the

respective dates when the money held for the credit of such funds or accounts will be required for the purposes intended.

No Investment Obligations in any fund or account may mature beyond the latest maturity date of any Bonds Outstanding at the time such Investment Obligations are deposited unless irrevocable instructions shall have been given to redeem such Investment Obligations on a date or dates not later than the latest maturity date of any Bonds Outstanding. For the purposes of this section, the maturity date of repurchase agreements for Government Obligations or other obligations is the maturity date of such repurchase agreements and not the maturity date of the underlying Government Obligations or other obligations.

The Corporation shall give to the Bond Trustee written directions or telephonic instructions that are confirmed immediately in writing respecting the investment of any money required to be invested hereunder, subject, however, to the provisions of this Article, and the Bond Trustee shall then invest such money under this Section as so directed by the Corporation. The Bond Trustee may request, in writing, direction or authorization of the Corporation with respect to the proposed investment of money under the provisions of this Bond Indenture. Upon receipt of such request, accompanied by a memorandum setting forth the details of any proposed investment, the Corporation will either approve such proposed investment or will give written directions to the Bond Trustee respecting the investment of such money and, in the case of such directions, the Bond Trustee shall then, subject to the provisions of this Article, invest such money in accordance with such directions.

Investment Obligations credited to any fund or account established under this Bond Indenture shall be held by or under the control of the Bond Trustee and while so held shall be deemed at all times to be part of such fund or account in which such money was originally held, and the interest accruing thereon and any profit or loss realized upon the disposition or maturity of such investment shall be credited to or charged against such fund or account; *provided, however,* that the interest accruing on any Investment Obligation credited to the Interest Account and any profit realized or any loss realized upon the maturity or disposition of such Investment Obligation prior to the completion of the Project, as evidenced in accordance with the provisions of Section 404 hereof, shall be credited to, or charged against, the Construction Account. Any interest accruing and any profit realized or loss resulting from such investment subsequent to such completion of the Project shall be credited to, or charged against, the fund or account of which it is a part. The Bond Trustee shall sell at the market price available or reduce to cash a sufficient amount of such Investment Obligations whenever it shall be necessary so to do in order to provide moneys to make any payment or transfer of moneys from any such fund or account. Neither the Bond Trustee nor the Issuer shall be liable or responsible for any loss resulting from any investment or the sale of any investment made in accordance with the provisions of this Section or for the tax consequences thereof. The Bond Trustee may make any and all investments permitted by this Section through its own bond or investment department, unless otherwise directed in writing by the Obligated Group Representative.

Whenever a payment or transfer of money between two or more of the funds or accounts established pursuant to Article V hereof is permitted or required, such payment or transfer may be made in whole or in part by transfer of one or more Investment Obligations at a value determined in accordance with this Article VI, provided that the Investment Obligations transferred are those in which moneys of the receiving fund or account could be invested at the date of such transfer.

Section 603. Valuation. For the purpose of determining the amount on deposit in any fund or account, Investment Obligations in which money in such fund or account is invested shall be valued (a) at face value if such Investment Obligations mature within six months from the date of valuation thereof, and (b) if such Investment Obligations mature more than six months after the date of valuation thereof at the price at which such Investment Obligations are redeemable by the holder at such holder's option if so redeemable, or, if not so redeemable, at the lesser of (i) the cost of such Investment Obligations minus the amortization of any premium or plus the amortization of any discount thereon and (ii) the market value of such Investment Obligations.

The Bond Trustee shall value the Investment Obligations in the funds and accounts established under this Bond Indenture and held by the Bond Trustee three Business Days prior to each Interest Payment Date. In addition, the Investment Obligations shall be valued by the Bond Trustee at any time requested by the Obligated Group Representative on reasonable notice to the Bond Trustee (which period of notice may be waived or reduced by the Bond Trustee); *provided, however,* that the Bond Trustee shall not be required to value the Investment Obligations more than once in any calendar month other than as provided herein.

ARTICLE VII.
GENERAL COVENANTS AND REPRESENTATIONS

Section 701. Payment of Principal, Interest and Premium. The Issuer shall cause to be paid, when due, the principal of (whether at maturity, by acceleration, by call for redemption or otherwise) and the premium, if any, and interest on the Bonds at the places, on the dates and in the manner provided herein and in said Bonds according to the true intent and meaning thereof; *provided*, that it is understood that such obligations are not general obligations of the Issuer but are limited obligations and are payable solely from revenues and receipts derived in respect of Obligation No. 2 to the extent provided in the Master Indenture, the Mortgages and the Agreement and the money attributable to proceeds of Bonds and the income from the investment thereof and, under certain circumstances, proceeds of insurance, sale and condemnation awards and proceeds derived from the exercise of remedies, and not from any other fund or source. The Bonds shall be secured by a lien on and pledge of such revenues, receipts, proceeds and other money as provided in this Bond Indenture.

Section 702. Covenant to Perform and Authority of Issuer. The Issuer shall faithfully perform at all times all of its covenants, undertakings and agreements contained in this Bond Indenture, in any Bond executed, authenticated and delivered hereunder, or in any proceedings of the Issuer pertaining thereto. The Issuer represents that it is duly authorized

under the Constitution and laws of the State, particularly the Act, to issue the Bonds authorized hereby and to execute this Bond Indenture, and to assign its right, title and interest in and to the Agreement and Obligation No. 2, and pledge the revenues, receipts, proceeds and funds derived in respect thereof, in the manner and to the extent herein set forth as security for the Bonds; that all action on its part for the issuance of the Bonds and the execution of this Bond Indenture has been duly and effectively taken; and that such Bonds in the hands of the Holders thereof are and will be valid and enforceable limited obligations of the Issuer according to their terms, subject to bankruptcy, insolvency and other laws affecting creditors' rights generally and usual equitable principles.

Section 703. Covenant as to Obligation No. 2, Mortgages, Master Indenture and Agreement. The Issuer covenants that it will fulfill its obligations, and that it will require the Corporation to perform its duties and obligations under Obligation No. 2, the Mortgages, the Master Indenture and the Agreement. The Issuer shall promptly notify the Bond Trustee and the Obligated Group of any actual or alleged Event of Default of which it has knowledge and shall not execute or agree to any change, amendment, modification or supplement of or to the Agreement, except as is provided in the Agreement and this Bond Indenture. The Issuer shall administer the Agreement in accordance with its terms and shall not agree to any reduction, abrogation, waiver, diminution or other modification in any manner and to any extent whatsoever of the obligation of the Obligated Group to make the Total Required Payments as provided in the Agreement.

Section 704. Enforcement of Security Documents. The Bond Trustee may enforce all rights of the Issuer and all obligations of the Obligated Group under the Agreement, the Master Indenture, the Mortgages and Obligation No. 2 for and on behalf of the Holders, whether or not the Issuer is in default hereunder.

Section 705. Further Instruments and Actions. At the request of the Corporation or the Bond Trustee, the Issuer shall execute and deliver such further instruments or take such further actions as may be required to carry out the purposes of this Bond Indenture and the Agreement.

ARTICLE VIII.
EVENTS OF DEFAULT AND REMEDIES

Section 801. Events of Default. Each of the following events is hereby declared an Event of Default:

(a) payment of any installment of interest on any Bond shall not be made by the Issuer when the same shall become due and payable;

(b) payment of the principal or the redemption premium, if any, of any Bond shall not be made by the Issuer when the same shall become due and payable, whether at

maturity or by proceedings for redemption or pursuant to a Sinking Fund Requirement or otherwise;

(c) payment of the purchase price of any Bond required to be purchased hereunder shall not be made when and as the same shall become due;

(d) default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in this Bond Indenture or any agreement supplemental hereto or thereto and such default shall continue for 30 days or such further time as the Bond Trustee in its sole discretion deems to be in the best interests of the Holders as may be granted in writing by the Bond Trustee after receipt by the Issuer, of a written notice from the Bond Trustee specifying such default and requiring the same to be remedied; *provided, however,* if prior to the expiration of such 30-day period the Issuer institutes action reasonably designed to cure such default, no Event of Default shall be deemed to have occurred upon the expiration of such 30-day period for so long as the Issuer pursues such curative action with reasonable diligence and provided that such curative action can be completed within a reasonable time;

(e) an "Event of Default" shall have occurred under the Master Indenture, the Agreement, the Mortgages or any other mortgage securing Obligations, and such "Event of Default" shall not have been remedied or waived;

(f) if a Credit Facility is in effect, receipt by the Bond Trustee of a written notice from the Credit Issuer that an event of default under the Credit Agreement has occurred or is continuing and a written request from the Credit Issuer that the Bonds be accelerated;

(g) if a Credit Facility is in effect, receipt by the Bond Trustee, within 10 days following a drawing under the Credit Facility to pay interest on the Bonds, of written notice from the Credit Issuer that the amount of any drawing for payment of interest on the Bonds will not be reinstated as provided in the Credit Facility; or

provided, however, that no default or an "Event of Default" specified in clauses (d) and (e) shall constitute an Event of Default until the Credit Issuer shall have consented to the same constituting an Event of Default.

Section 802. Acceleration. Subject to the requirement that, so long as a Credit Facility is in effect and has not been wrongfully dishonored, the consent of the Credit Issuer to any acceleration must be obtained in the case of an Event of Default described in Section 801(d) or (e) hereof, upon the occurrence of any Event of Default hereunder the Bond Trustee may and upon (i) the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding or (ii) the occurrence of an Event of Default under Section 801(a), (b), (c), (f) or (g) hereof, the Bond Trustee immediately shall, by notice in writing sent to the Issuer, the Corporation and the Credit Issuer, if any, declare the

principal of all Bonds then Outstanding (if not then due and payable) and the interest accrued thereon to be due and payable immediately, and, upon said declaration, such principal and interest shall become and be immediately due and payable. Upon any declaration of acceleration hereunder, the Bond Trustee shall immediately exercise such rights as it may have under the Agreement to declare all payments thereunder to be immediately due and payable and, if a Credit Facility is in effect, shall immediately draw upon the Credit Facility as provided in Section 502 hereof. If the Credit Issuer honors the drawing under the Credit Facility upon a declaration of acceleration of the Bonds, interest on the Bonds shall accrue only to the date of such declaration and the Bond Trustee shall pay the principal of and interest on the Bonds to the Holders immediately following the receipt of funds from such drawing. If no Credit Facility is in effect or the Credit Issuer fails to honor the drawing under the Credit Facility upon a declaration of acceleration of the Bonds, interest on the Bonds shall cease to accrue as provided in Section 807 hereof.

Immediately following any such declaration of acceleration, the Bond Trustee shall cause to be mailed notice of such declaration by first class mail, postage prepaid, to each Holder of a Bond at his last address appearing on the Register. Any defect in or failure to give such notice of such declaration shall not affect the validity of such declaration.

Section 803. Other Remedies; Rights of Holders. Upon the happening and continuance of an Event of Default hereunder, the Bond Trustee may, with the prior written consent of the Credit Issuer if a Credit Facility is in effect and has not been wrongfully dishonored in the case of an Event of Default described in Section 801(d) or (e) hereof, pursue any available remedy to enforce the performance of or compliance with any other obligation or requirement of this Bond Indenture or the Agreement with or without taking action under Section 802 hereof.

Subject to the requirement that, so long as a Credit Facility is in effect and has not been wrongfully dishonored, the consent of the Credit Issuer to the exercise by the Bond Trustee of any such available remedy must be obtained in the case of an Event of Default described in Section 801(d) or (e) hereof, upon the happening and continuance of an Event of Default, and if requested to do so by the Holders of at least 25 percent in aggregate principal amount of Bonds then Outstanding and if the Bond Trustee is indemnified as provided in Section 902 hereof, the Bond Trustee shall exercise such of the rights and powers conferred by this Section and by Section 802 hereof as the Bond Trustee, being advised by counsel, shall deem most effective to enforce and protect the interests of the Holders and, except to the extent inconsistent with the interests of the Holders, the Credit Issuer, if any.

No remedy by the terms of this Bond Indenture conferred upon or reserved to the Bond Trustee (or to the Holders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bond Trustee or to the Holders hereunder or now or hereafter existing.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder, whether by the Bond Trustee or by the Holders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Section 804. Right of Holders and Credit Issuer to Direct Proceedings. Anything in this Bond Indenture to the contrary notwithstanding, and subject, if a Credit Facility is then in effect and has not been wrongfully dishonored, to the rights of the Credit Issuer as provided in Sections 802 and 803 hereof, the Holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right at any time, by an instrument or instruments in writing executed and delivered to the Bond Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Bond Indenture, or any other proceedings hereunder; *provided* that such direction shall not be otherwise than in accordance with the provisions of law and of this Bond Indenture or unduly prejudicial to Holders not joining therein, and *provided* that the Bond Trustee shall be indemnified to its satisfaction and the Bond Trustee may take any other action deemed proper by the Bond Trustee that is not inconsistent with such direction. No Holder shall individually have the right to present a draft to, or otherwise make a demand on, the Credit Issuer to collect amounts available under the Credit Facility.

No Holder shall have the right to institute any proceeding for the enforcement of this Bond Indenture unless such Holder has given the Bond Trustee and the Corporation written notice of an Event of Default, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have requested the Bond Trustee in writing to institute such proceeding, the Bond Trustee shall have been afforded a reasonable opportunity to exercise its powers or to institute such proceeding, there shall have been offered to the Bond Trustee indemnity satisfactory to it against the cost, expense and liability to be incurred in connection with such request and the Bond Trustee shall have thereafter failed or refused to exercise such powers or to institute such proceeding within 60 days after receipt of notice with no inconsistent direction given during such 60 days by the Holders of a majority in aggregate principal amount of the Bonds then Outstanding. Nothing in this Bond Indenture shall affect or impair any right of enforcement conferred on any Holder by the Act to enforce (i) the payment of the principal of and premium, if any, and interest on Bonds at and after the maturity thereof, or (ii) the obligation of the Issuer to pay the principal of, premium, if any, and interest on Bonds to such Holder at the time, place, from the sources and in the manner as provided in this Bond Indenture.

Section 805. Discontinuance of Default Proceedings. Prior to the drawing on a Credit Facility, if any, pursuant to Section 502(a) hereof due to the acceleration of the Bonds, in case the Bond Trustee shall have proceeded to enforce any right under this Bond Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or

abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer, the Credit Issuer, if any, and the Bond Trustee shall be restored to their former positions and rights hereunder and all rights, remedies and powers of the Bond Trustee and Credit Issuer shall continue as if no such proceedings had been taken subject to the limits of any adverse determination.

Section 806. Waiver. The Bond Trustee, with the consent of the Credit Issuer if a Credit Facility is in effect and has not been wrongfully dishonored, may waive any default or Event of Default hereunder and its consequences and rescind any declaration of acceleration of maturity of principal, and shall do so upon the written request of the Credit Issuer, if a Credit Facility is in effect and has not been wrongfully dishonored; *provided, however*, that there shall be no such waiver or rescission unless the purchase price and all principal, premium, if any, and interest on the Bonds in arrears, together with interest thereon (to the extent permitted by law) at the applicable rate of interest borne by the Bonds and all fees and expenses of the Bond Trustee and the Issuer, shall have been paid or provided for. The Bond Trustee may not waive any default or Event of Default until the Bond Trustee has received notice in writing from the Credit Issuer that the amount available to be drawn under any Credit Facility then in effect in respect of the principal and purchase price of and interest on the Bonds has been reinstated in full.

Section 807. Application of Moneys. All moneys received by the Bond Trustee pursuant to any right given or action taken under the provisions of this Article shall be deposited in the Bond Fund and, after payment (out of moneys derived from a source other than the Credit Facility, moneys held for the purchase of Undelivered Bonds, unredeemed Bonds and proceeds from the remarketing of Bonds) of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Bond Trustee, including reasonable attorneys' fees, and all other outstanding fees and expenses of the Bond Trustee, and thereafter any fees, expenses, liabilities and advances due to, or incurred or made by, the Remarketing Agent such moneys shall be applied in the order set forth below:

(a) Unless the principal of all Bonds shall have become or been declared due and payable, all such moneys shall be applied:

First: To the payment of all installments of interest then due on the Bonds in order of priority first to installments past due for the greatest period and, if the amount available shall not be sufficient to pay in full any particular installment, then to the ratable payment of the amounts due on such installment; and

Second: To the payment of the unpaid principal of and premium, if any, of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Bond Indenture), with interest on such Bonds from the respective dates upon which they became due (at the rate borne by the Bonds, to the extent permitted by law) and, if the amount available shall not be sufficient to pay in full Bonds

due on any particular date, together with such premium, then to the ratable payment of the amounts due on such date.

(b) If the principal of all the Bonds shall have become or been declared due and payable, all such moneys shall be applied to the payment of the principal, premium, if any, and interest then due and unpaid upon the Bonds, without preference or priority as between principal, premium, interest, installments of interest or Bonds, ratably according to the amounts due respectively for principal, premium and interest to the persons entitled thereto.

(c) If the principal on all Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded under this Article then, subject to subsection (b) of this Section in the event that the principal of all the Bonds shall become or be declared due and payable, the moneys shall be applied in accordance with subsection (a) of this Section.

Notwithstanding the foregoing, unless the Credit Facility permits drawings to pay premium with respect to Bonds, the Bond Trustee shall be obligated to apply moneys received under a Credit Facility then in effect only to principal and purchase price of and interest on the Bonds (except Bonds that are not entitled to any benefit of the Credit Facility as provided in Section 502 hereof). Whenever moneys (other than moneys received under a Credit Facility) are to be applied pursuant to this Section, the Bond Trustee shall fix the date which shall be not more than seven days thereafter upon which such application is to be made and upon such date interest on the principal amount of Bonds to be paid on such date shall cease to accrue. The Bond Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date. As provided in Section 802 hereof, moneys received under a Credit Facility upon declaration of acceleration are to be applied as soon as is practicable following receipt to pay the principal of and interest on the Bonds to the Holders.

Section 808. Rights of a Credit Issuer. All rights of any Credit Issuer under this Bond Indenture to consent to certain extensions, remedies, waivers, actions and amendments hereunder shall be suspended (i) for so long as the Credit Issuer wrongfully dishonors any draft (or other appropriate form of demand) presented in strict conformity with the requirements of the Credit Facility and has not honored a subsequent draft (or other appropriate form of demand), if any, thereunder or (ii) if no Credit Facility is in effect or any Credit Facility terminates in accordance with its terms.

ARTICLE IX.
CONCERNING THE BOND TRUSTEE

Section 901. Acceptance of Duties. The Bond Trustee by execution hereof accepts and agrees to fulfill the trusts imposed upon it by this Bond Indenture, but only upon the terms and conditions set forth in this Article and subject to the provisions of this Bond Indenture, to all of which the Issuer and the respective Holders agree. Prior to the occurrence of any Event of Default and after the curing of all such Events of Default that may have occurred, the Bond Trustee shall perform such duties and only such duties of the Bond Trustee as are specifically set

forth in this Bond Indenture. During the existence of any such Event of Default that has not been cured the Bond Trustee shall exercise such of the rights and powers vested in it by this Bond Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the management of his own affairs.

No provision of this Bond Indenture, any Bond or the Agreement shall be construed to relieve the Bond Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(a) prior to any such Event of Default hereunder, and after the curing of any other Events of Default that may have occurred:

(1) the duties and obligations of the Bond Trustee shall be determined solely by the express provisions of this Bond Indenture and the Agreement and the Bond Trustee shall not be liable except for the performance of such duties and obligations of the Bond Trustee as are specifically set forth in this Bond Indenture and the Agreement, and no implied covenants or obligations shall be read into this Bond Indenture or the Agreement against the Bond Trustee, and

(2) in the absence of bad faith on its part, the Bond Trustee may conclusively rely, as to the accuracy of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to it conforming to the requirements of this Bond Indenture and the Agreement, but in the case of any such certificate or opinion by which any provision hereof is specifically required to be furnished to the Bond Trustee, the Bond Trustee shall be under a duty to examine the same to determine whether or not it conforms to the requirements of this Bond Indenture and the Agreement; and

(b) at all times, regardless of whether or not any such Event of Default shall exist:

(1) the Bond Trustee shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Bond Trustee unless it shall be proved that the Bond Trustee was negligent in ascertaining the pertinent facts, and

(2) the Bond Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of or the Holders of not less than 25 percent or a majority, as this Bond Indenture shall require, in aggregate principal amount of Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Bond Trustee, or exercising any power conferred upon the Bond Trustee under this Bond Indenture and the Agreement.

None of the provisions contained in this Bond Indenture or the Agreement shall require the Bond Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

Section 902. Indemnification of Bond Trustee. Except for accelerating the Bonds as required under Section 802 hereof, drawing on a Credit Facility then in effect as set forth in this Bond Indenture, and paying principal, premium, if any, interest and Purchase Price of Bonds, the Bond Trustee shall be under no obligation to institute any suit or to take any remedial proceeding (including, but not limited to, the appointment of a receiver or the acceleration of the maturity date of any or all Bonds) under this Bond Indenture or the Agreement or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of any of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability. The Bond Trustee nevertheless may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Bond Trustee, without indemnity, and in such case the Issuer, at the request of the Bond Trustee, shall reimburse the Bond Trustee from the revenues of the Issuer derived from funds available under the Agreement for all costs, expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. If the Issuer shall fail to make such reimbursement, the Bond Trustee may reimburse itself from any money in its possession under the provisions of this Bond Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

Section 903. Limitations on Obligations and Responsibilities of Bond Trustee. The Bond Trustee shall be under no obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Issuer or the Corporation, or to report, or make or file claims or proof of loss for, any loss or damage insured against or that may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. Except as to the acceptance of the trusts by its execution of this Bond Indenture, the Bond Trustee shall have no responsibility in respect of the validity, sufficiency, due execution or acknowledgment of this Bond Indenture, or in respect of the validity of Bonds or the due execution or issuance thereof. The Bond Trustee shall be under no obligation to see that any duties herein imposed upon the Issuer, any depositary other than the Bond Trustee acting as a depositary, or any party other than itself, or any covenants herein contained on the part of any party other than itself to be performed, shall be done or performed, and the Bond Trustee shall be under no obligation for failure to see that any such duties or covenants are so done or performed. The Bond Trustee shall not be responsible for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby. The Bond Trustee shall have no obligation to perform any of the duties of the Issuer under the Agreement. The Bond Trustee shall not be liable to the Issuer, the Corporation, any Holder, any beneficial owner of the Bonds or any other Person for any loss suffered in connection with any investment of funds made by it in accordance with Section 602 hereof. The Bond Trustee shall not be liable to the Corporation for any loss suffered in connection with any investment of funds made by the Bond Trustee in good faith as instructed by

a Obligated Group Representative. The Bond Trustee shall have no duty or responsibility to examine or review and shall have no liability for the contents of any documents submitted to or delivered to any Holder in the nature of a preliminary or final placement memorandum, official statement, offering circular or similar disclosure document. The Bond Trustee shall not be required to give any bond or surety in respect of the execution of the said trust and powers or otherwise in respect of the premises. The Bond Trustee shall not be liable for any debts contracted or for damages to persons or to property injured or damaged, or for salaries or nonfulfillment of contracts, relating to the Project. The Bond Trustee shall have no duty to inspect or oversee the construction or completion of the Project or to verify the truthfulness or accuracy of the certifications made by the Corporation with respect to the Bond Trustee's disbursements for Costs of the Project in accordance with this Bond Indenture. The Bond Trustee shall have no duty with respect to compliance of the Project under state or federal laws pertaining to the transport, storage, treatment or disposal of pollutants, contaminants, waste or hazardous materials, or regulations, permits or licenses issued under such laws.

No permissive right of the Bond Trustee hereunder, including the authority to enter into supplemental Bond Indentures or take other actions, shall be construed as a duty, and the Bond Trustee shall be under no obligation to take any such action or exercise any such right.

Section 904. Bond Trustee Not Liable for Failure of Issuer to Act. The Bond Trustee shall not be liable or responsible because of the failure of the Issuer or of any of its employees or agents to make any collections or deposits or to perform any act herein required of the Issuer or because of the loss of any money arising through the insolvency or the act or default or omission of any depositary other than the Bond Trustee acting as a depositary in which such money shall have been deposited under the provisions of this Bond Indenture. The Bond Trustee shall not be responsible for the application of any of the proceeds of Bonds or any other money deposited with it and paid out, withdrawn or transferred hereunder if such application, payment, withdrawal or transfer shall be made in accordance with the provisions of this Bond Indenture. The immunities and exemptions from liability of the Bond Trustee hereunder shall extend to its directors, officers, employees and agents.

Section 905. Compensation and Indemnification of Bond Trustee. Subject to the provisions of any contract between the Issuer and the Bond Trustee relating to the compensation of the Bond Trustee, the Issuer shall pay or cause the Obligated Group to pay to the Bond Trustee reasonable compensation for all services performed by it hereunder and also all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and the performance of its powers and duties hereunder and, to the extent permitted by law, shall indemnify and save the Bond Trustee harmless against any liabilities that it may incur in the proper exercise and performance of its powers and duties hereunder. If the Issuer shall fail to cause any payment required by this Section to be made, the Bond Trustee may make such payment from any money in its possession under the provisions of this Bond Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder. The Issuer covenants that it shall promptly deposit or cause to be deposited to the credit of the respective fund or account the amount withdrawn therefrom

by the Bond Trustee to make any such payment, provided sufficient funds are available to pay all costs and expenses, if any, reasonably incurred by the Issuer in connection therewith. Notwithstanding the foregoing, the Bond Trustee shall have no claim against and shall not be paid, prior to any Holder, from any Credit Facility, Eligible Funds or proceeds from the remarketing of the Bonds, or the proceeds thereof, with respect to any such compensation, payment, reimbursement of indemnity.

Section 906. Monthly Statements and Other Information from Bond Trustee. It shall be the duty of the Bond Trustee, on or before the 15th day of each month, to file with the Issuer and the Corporation a statement setting forth in respect of the preceding calendar month:

(a) the amount withdrawn or transferred by it and the amount deposited with it on account of each fund or account held by it under the provisions of this Bond Indenture,

(b) the amount on deposit with it at the end of such month in each such fund or account,

(c) a brief description of all obligations held by it as an investment of money in each such fund or account,

(d) the amount applied to the purchase or redemption of Bonds under the provisions of Article III of this Bond Indenture and a description of the Bonds or portions thereof so purchased or redeemed, and

(e) any other information that the Issuer or the Corporation may reasonably request.

All records and files pertaining to Bonds and the Obligated Group in the custody of the Bond Trustee shall be open at all reasonable times to the inspection of the Issuer, the Obligated Group and their respective agents and representatives.

Section 907. Bond Trustee May Rely on Certificates. If at any time it shall be necessary or desirable for the Bond Trustee to make any investigation respecting any fact preparatory to taking or not taking any action or doing or not doing anything as such Bond Trustee, and in any case in which this Bond Indenture provides for permitting or taking any action, the Bond Trustee may rely upon any certificate required or permitted to be filed with it under the provisions of this Bond Indenture, and any such certificate shall be evidence of such fact or protect the Bond Trustee in any action that it may or may not take or in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact. Except as otherwise provided in this Bond Indenture, any request, notice, certificate or other instrument from the Issuer to the Bond Trustee shall be deemed to have been signed by the proper party or parties if signed by any Issuer Representative, and the Bond Trustee may accept and rely upon a certificate signed by any Issuer Representative as to any action taken by the Issuer.

Section 908. Notice of Default. Except upon the happening of any Event of Default specified in clause (a) or clause (c) of Section 6.01 of the Agreement and clauses (a) and (b) of Section 801 hereof, the Bond Trustee shall not be obliged to take notice or be deemed to have notice of any Event of Default under this Bond Indenture or the Agreement, unless specifically notified in writing of such Event of Default by the Issuer or the Holders of not less than 25 percent in aggregate principal amount of Bonds then Outstanding.

Section 909. Bond Trustee Not Responsible for Recitals. The recitals, statements and representations contained herein and in the Bonds shall be taken and construed as made by and on the part of the Issuer and not by the Bond Trustee, and the Bond Trustee assumes and shall be under no responsibility for the correctness of the same.

Section 910. Bond Trustee Protected in Relying on Certain Documents. The Bond Trustee shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Bond Indenture, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Bond Indenture, or upon the written opinion of any attorney, engineer or accountant believed by the Bond Trustee to be qualified in relation to the subject matter, and the Bond Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument. The Bond Trustee shall not be under any obligation to see to the recording or filing of this Bond Indenture, the Agreement or otherwise to the giving to any person of notice of the provisions hereof.

Section 911. Bond Trustee May Pay Taxes and Assessments. In case the Issuer or the Obligated Group shall fail to pay or cause to be paid any tax, assessment or governmental or other charge, to the extent, if any, that the Issuer or the Obligated Group may be deemed by the Bond Trustee liable for same, the Bond Trustee may pay such tax, assessment or governmental charge, without prejudice, however, to any rights of the Bond Trustee or the Holders hereunder arising in consequence of such failure; and any amount at any time so paid under this Section shall be repaid upon demand by the Bond Trustee by the Issuer from funds made available by the Obligated Group, but the Bond Trustee shall be under no obligation to make any such payment from sources provided in the Bond Indenture unless it shall have available or be provided with adequate funds for the purpose of such payment.

Section 912. Resignation and Removal of Bond Trustee Subject to Acceptance by Successor of Appointment. No resignation or removal of the Bond Trustee and no appointment of a successor Bond Trustee pursuant to this Article shall become effective until (i) the acceptance of appointment by the successor Bond Trustee under Section 915 hereof and (ii) assignment of any Credit Facility then in effect in accordance with the terms thereof to the successor Bond Trustee.

Section 913. Resignation of Bond Trustee. Subject to the provisions of Section 912 hereof, the Bond Trustee may resign and thereby become discharged from the trusts hereby created, by notice in writing given to the Issuer, the Credit Issuer, the Master Trustee and the Corporation, and mailed, postage prepaid, at the Bond Trustee's expense, to each Holder, not less than 60 days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Bond Trustee hereunder if such new Bond Trustee shall be appointed before the time limited by such notice and shall then accept the trusts hereof.

Section 914. Removal of Bond Trustee. The Bond Trustee may be removed (a) at any time by an instrument or concurrent instruments in writing, executed by the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding and filed with the Issuer, or (b) so long as no Event of Default shall have occurred and be continuing, by an instrument in writing executed by the Corporation, subject to the prior written consent of the Issuer, and filed with the Issuer not less than 60 days before such removal is to take effect as stated in such instrument or instruments. A photographic copy of any instrument or instruments filed with the Issuer under the provisions of this paragraph, duly certified by the Secretary or any Assistant Secretary of the Issuer as having been received by the Issuer, shall be delivered promptly by the Secretary or any Assistant Secretary of the Issuer to the Bond Trustee and the Credit Issuer, if any.

The Bond Trustee may also be removed at any time for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provisions of this Bond Indenture with respect to the duties and obligations of the Bond Trustee by any court of competent jurisdiction upon the application of the Issuer or the Holders of not less than 25 percent in aggregate principal amount of Bonds then Outstanding.

Section 915. Appointment of Successor Bond Trustee. If at any time hereafter the Bond Trustee shall resign, be removed, be dissolved or otherwise become incapable of acting, or the bank or trust company acting as Bond Trustee shall be taken over by any governmental official, agency, department or board, the position of Bond Trustee shall thereupon become vacant. If the position of Bond Trustee shall become vacant for any reason, the Corporation shall recommend and the Issuer shall appoint a Bond Trustee to fill such vacancy. A successor Bond Trustee shall not be required if the Bond Trustee shall sell or assign substantially all of its trust business and the vendee or assignee shall continue in the trust business, of if a transfer of the trust department of the Bond Trustee is required by operation of law, provided that such vendee, assignee or transferee (i) is a trust company or bank having the powers of a trust company as to trusts, qualified to do and doing trust business in one or more states of the United States of America, (ii) has good standing, (iii) has a combined capital and surplus aggregating not less than One Hundred Million Dollars ($100,000,000) and (iv) is approved by the Issuer and the Corporation. The Issuer shall cause the Bond Trustee, and the Bond Trustee agrees, to give notice of any such appointment made by it by first class mail, postage prepaid, to all Holders.

At any time within one (1) year after any such vacancy shall have occurred, the Holders of not less than 25 percent in principal amount of Bonds then Outstanding, by an instrument or

concurrent instruments in writing, executed by such Holders and filed with the Issuer, may nominate a successor Bond Trustee, which the Issuer shall appoint and which shall supersede any Bond Trustee theretofore appointed by the Issuer. Photographic copies, duly certified by the Secretary or any Assistant Secretary of the Issuer as having been received by the Issuer, of each such instrument shall be delivered promptly by the Issuer to the predecessor Bond Trustee and to the Bond Trustee so appointed by the Holders.

If no appointment of a successor Bond Trustee shall be made pursuant to the foregoing provisions of this Section, irrespective of whether the one-year period referred to in the preceding paragraph has elapsed, any Holder hereunder or any retiring Bond Trustee may apply to any court of competent jurisdiction to appoint a successor Bond Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Bond Trustee.

Any successor Bond Trustee hereafter appointed (i) shall be a bank or trust company having the powers of a trust company as to trusts, qualified to do and doing trust business in one or more states of the United States of America, (ii) shall have good standing, and (iii) shall have a combined capital and surplus aggregating not less than One Hundred Million Dollars ($100,000,000) and (iv) shall be approved by the Issuer and the Corporation.

Section 916. Vesting of Duties in Successor Bond Trustee. Every successor Bond Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also to the Issuer, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, shall become fully vested with all the rights, immunities and powers, and subject to all the duties and obligations, of its predecessor; but such predecessor shall nevertheless, on the written request of its successor or of the Issuer and upon payment of the expenses, charges and other disbursements of such predecessor that are payable pursuant to the provisions of Section 905 hereof, execute and deliver an instrument transferring to such successor Bond Trustee all the rights, immunities and powers of such predecessor hereunder; and every predecessor Bond Trustee shall deliver all property and money held by it hereunder to its successor. Should any instrument in writing from the Issuer be required by any successor Bond Trustee for more fully and certainly vesting in such Bond Trustee the rights, immunities, powers and trusts hereby vested or intended to be vested in the predecessor Bond Trustee, any such instrument in writing shall and will, on request, be executed, acknowledged and delivered by the Issuer.

Section 917. Several Capacities. Notwithstanding any provision in this Bond Indenture to the contrary, the same entity may serve hereunder as the Bond Trustee, the Tender Agent, the Credit Issuer and the Remarketing Agent and in any combination of such capacities, except that no entity shall serve hereunder simultaneously as Bond Trustee and Credit Issuer.

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

Section 1001. Execution of Instruments by Holders. Any request, direction, consent or other instrument in writing required or permitted by this Bond Indenture to be signed or executed by any Holder may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Holders or their attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Bond Indenture and shall be conclusive in favor of the Bond Trustee and the Issuer with regard to any action taken by either under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before such officer, or by an affidavit of a witness to such execution. Where such execution is on behalf of a person other than an individual, such verification or affidavit shall also constitute sufficient proof of the authority of the signer thereof.

(b) The ownership of Bonds shall be proved by the registration books kept under the provisions of Section 208 hereof.

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

Notwithstanding any of the foregoing provisions of this Section, the Bond Trustee shall not be required to recognize any person as a Holder or to take any action at his request unless such Bonds shall be deposited with it.

Section 1002. Preservation of Information; Communications to Holders.

(a) The Bond Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of all Holders.

(b) If three or more Holders (hereinafter collectively referred to as "applicants") apply in writing to the Bond Trustee and furnish reasonable proof that each such applicant has owned a Bond for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other Holders with respect to their rights under this Bond Indenture or under the Bonds and such application is accompanied

by a copy of the form of communication which such applicants propose to transmit, then the Bond Trustee shall, within five Business Days after the receipt of such application, at its election, either

(i) afford such applicants access to the information preserved at the time by the Bond Trustee in accordance with paragraph (a) of this Section 1002, or

(ii) inform such applicants as to the approximate number of Holders whose names and addresses appear in the information preserved at the time by the Bond Trustee in accordance with paragraph (a) of this Section 1002, and as to the approximate cost of mailing to such Holders the form of communication, if any, specified in such application.

If the Bond Trustee shall elect not to afford such applicants access to such information, the Bond Trustee shall, upon the written request of such applicants, mail, first class, postage prepaid, to each Holder whose name and address appears in the information preserved at the time by the Bond Trustee in accordance with paragraph (a) of this Section 1002 a copy of the form of communication which is specified in such request, with reasonable promptness after a tender to the Bond Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing.

(c) Every Holder, by receiving and holding one or more Bonds, agrees with the Issuer and the Bond Trustee that neither the Issuer nor the Bond Trustee shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders in accordance with paragraph (b) of this Section 1002, regardless of the source from which such information was derived, and that the Bond Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under such subsection.

Section 1003. Holders of Bonds Deemed Holders of Obligation No. 2 (a) In the event that any request, direction or consent is required or permitted by the Master Indenture to be given the registered owners of Obligations issued thereunder, including Obligation No. 2, the Holders of Bonds then Outstanding shall be deemed to be registered owners of Obligation No. 2 for the purpose of any such request, direction or consent in the proportion that the aggregate principal amount of Bonds then Outstanding held by each such Holder of Bonds bears to the aggregate principal amount of all Bonds then Outstanding. The provisions of this Article X and of Article VIII of the Master Indenture shall govern the execution of any such request, direction, consent or other instrument in writing required or permitted to be signed by Holders and registered owners of Obligation No. 2, respectively.

(b) For purposes of giving any consents or directions contemplated hereunder, including but not limited to those required under Articles VIII and XI hereof and under Section 1003(a) hereof, or exercising any voting rights given to Holders hereunder, for so long as the Credit Facility is in effect and subject to Section 808 hereof, the Credit Issuer shall be deemed to be the Holder of the Bonds.

ARTICLE XI.
SUPPLEMENTAL BOND INDENTURES

Section 1101. Supplemental Bond Indentures without Consent of Holders. The Issuer and the Bond Trustee, with the consent of the Credit Issuer so long as a Credit Facility is in effect and has not been dishonored, but without the consent of or notice to any Holders (except in the case of supplemental indentures described in (h) below, in which case prior written notice shall be given to Holders by the Bond Trustee), may enter into a bond indenture or bond indentures supplemental to this Bond Indenture that do not materially adversely affect the interest of the Holders for one or more of the following purposes:

(a) To grant to or confer upon the Bond Trustee for the benefit of the Holders and such Credit Issuer, if any, any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Holders or the Bond Trustee;

(b) To grant or pledge to the Bond Trustee for the benefit of Holders and such Credit Issuer, if any, any additional security other than that granted or pledged under this Bond Indenture; *provided* that no additional security shall be granted or pledged to the Bond Trustee for the benefit of such Credit Issuer unless such Credit Issuer agrees that the Bond Trustee shall hold such security in trust for the equal or ratable benefit of such Credit Issuer, on the one hand, and the Holders, on the other hand;

(c) To modify, amend or supplement this Bond Indenture or any bond indenture supplemental hereto in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939 or any similar federal statute then in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States;

(d) To appoint a successor Bond Trustee, separate trustees or co-trustees in the manner provided in Article IX of this Bond Indenture;

(e) To modify, amend or supplement this Bond Indenture for the purpose of obtaining or retaining a rating on the Bonds from a Rating Agency;

(f) To modify, amend or supplement this Bond Indenture to permit a transfer of Bonds from one Securities Depository to another or the discontinuance of the Book-Entry System and issuance of Replacement Bonds to the Beneficial Owners;

(g) To cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental bond indenture that may be defective or inconsistent with any provision contained herein or in any supplemental bond indenture, or to make such other provisions in regard to matters or questions arising under this Bond Indenture which shall not materially and adversely affect the interest of the Holders or such Credit Issuer, if any;

(h) To make any change to the administrative provisions hereof, to accommodate the provisions of an Alternate Credit Facility;

(i) To add to the provisions of this Bond Indenture other conditions, limitations and restrictions thereafter to be observed; and

(j) To make any conforming changes necessitated by the delivery of a Substitute Obligation (as defined in the Master Indenture) in accordance with the provisions of Section 3.14 of the Master Indenture.

When requested by the Issuer, and if all conditions precedent under this Bond Indenture have been met, the Bond Trustee shall join the Issuer in the execution of any such supplemental bond indenture unless it imposes additional obligations on the Bond Trustee or affects the Bond Trustee's rights and immunities under this Bond Indenture or otherwise. A copy of all such supplemental bond indentures shall be promptly furnished to the Credit Issuer and the Remarketing Agent shall be promptly advised of any modifications of its rights, duties and obligations hereunder.

The Bond Trustee shall file copies of all such supplemental bond indentures with the Corporation and, if the Bonds are rated by a Rating Agency, shall forward copies of all such supplemental bond indentures to such Rating Agency.

Section 1102. Amendments to Bond Indenture; Consent of Holders, the Credit Issuer and the Corporation. Exclusive of supplemental bond indentures covered by Section 1101 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding, with the consent of the Credit Issuer so long as a Credit Facility is in effect and has not been dishonored, shall have the right, from time to time, anything contained in this Bond Indenture to the contrary notwithstanding, to consent to the execution by the Bond Trustee of such other bond indenture or bond indentures supplemental hereto as shall be consented to by the Issuer in its sole discretion for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Bond Indenture or in any supplemental bond indentures; *provided, however*, that nothing in this Section contained shall permit, or be construed as permitting (a) an extension of the maturity of the principal of, or the mandatory redemption date of, or interest on, any Bond without the consent of the Holder of such Bond, (b) a reduction in the principal amount of, or the premium or the rate of interest on, any Bond without the consent of the Holder of such Bond, (c) the creation of a pledge of receipts and revenues to be received by the Issuer under the Agreement superior to the pledge created by this Bond Indenture without the consent of the Holders of all Bonds Outstanding, (d) a preference or priority of any Bond or Bonds over any other Bond or Bonds without the consent of the Holders of all Bonds Outstanding, or (e) a reduction in the aggregate principal amount of the Bonds required for any consent to any supplemental bond indenture without the consent of the Holders of all Bonds Outstanding. The giving of notice to and consent of the Holders to any such proposed supplemental bond indenture shall be obtained pursuant to Section 1104 hereof.

Anything herein to the contrary notwithstanding, a supplemental bond indenture, amendment or other document described under this Article XI that affects any rights or obligations of the Obligated Group shall not become effective unless and until the Obligated Group shall have consented to the execution of such supplemental bond indenture, amendment or other document.

The Bond Trustee shall file copies of all such supplemental bond indentures with the Corporation and, if the Bonds are rated by a Rating Agency, shall furnish copies of all such supplemental bond indentures to such Rating Agency.

Section 1103. Amendments, Changes and Modifications to the Credit Facility. Except as otherwise provided in the Agreement or in this Bond Indenture, subsequent to the initial issuance of the Bonds and prior to payment of the Bonds in full (or provision for the payment thereof having been made in accordance with the provisions of this Bond Indenture), no Credit Facility may be effectively amended, changed or modified without the prior written consent of the Bond Trustee. The Bond Trustee may, without the consent of the Holders of the Bonds, consent to any amendment of the Credit Facility as may be required to extend the term thereof or for purposes of curing any ambiguity, formal defect or omission or obtaining or retaining a rating on the Bonds from a Rating Agency that, in the Bond Trustee's judgment, does not prejudice in any material respect the interests of the Holders. Except for such amendments, and as otherwise provided herein, the Credit Facility may be amended only with the consent of the Obligated Group, the Bond Trustee and the Holders of a majority in aggregate principal amount of Bonds then Outstanding, except that no such amendment may be made that would reduce the amounts required to be paid thereunder, change the time for payment of such amounts or accelerate the expiration date of the Credit Facility without the written consent of the Holders of all Bonds then Outstanding. The foregoing shall not limit the Bond Trustee's obligation to send notice to the Credit Issuer to reduce amounts available to be drawn under a currently effective Credit Facility under the circumstances set forth therein.

Section 1104. Notice to and Consent of Holders. If consent of the Holders is required under the terms of this Bond Indenture for the amendment of this Bond Indenture, the Agreement or the Credit Facility or for any other similar purpose, the Bond Trustee shall cause notice of the proposed execution of the amendment or supplemental bond indenture to be given by first-class mail, postage prepaid, to the Holders of the Outstanding Bonds then shown on the Register. Such notice shall briefly set forth the nature of the proposed amendment, supplemental bond indenture or other action and shall state that copies of any such amendment, supplemental bond indenture or other document are on file at the principal corporate trust office of the Bond Trustee for inspection by all Holders. If, within 60 days or such longer period as shall be prescribed by the Bond Trustee following the mailing of such notice, the Holders of a majority or all, as the case may be, of the principal amount of the Bonds Outstanding by instruments filed with the Bond Trustee shall have consented to the amendment, supplemental bond indenture or other proposed action, then the Bond Trustee may execute such amendment, supplemental trust agreement or other document or take such proposed action and the consent of the Holders shall thereby be conclusively presumed.

Section 1105. Responsibilities of Bond Trustee and Issuer under this Article. The Bond Trustee and the Issuer shall be entitled to exercise their discretion in determining whether or not any proposed supplemental Bond Indenture or any term or provision therein contained is desirable, after considering the purposes of such instrument, the needs of the Issuer, the rights and interests of the Holders, and the rights, obligations and interests of the Bond Trustee, and the Bond Trustee shall not be under any responsibility or liability to the Issuer or to any Holder or to anyone whomsoever for its refusal in good faith to execute any such supplemental Bond Indenture. The Bond Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it, who may be counsel for the Issuer, as conclusive evidence that any such proposed supplemental Bond Indenture does or does not comply with the provisions of this Bond Indenture, and that it is or is not proper for it, under the provisions of this Article, to accept such supplemental Bond Indenture.

Section 1106. Consent of Corporation Required. Anything herein to the contrary notwithstanding, no such supplement or amendment to this Bond Indenture which affects the rights and obligations of the Obligated Group shall become effective unless and until the Corporation shall have consented thereto.

ARTICLE XII.
DEFEASANCE

Section 1201. Discharge of Lien. Upon payment in full of all of the Bonds, these presents shall cease, determine and be void, and thereupon the Bond Trustee, upon receipt by the Bond Trustee of an Opinion of Counsel approved by the Bond Trustee stating that all conditions precedent to the satisfaction and discharge of this Bond Indenture have been complied with, shall cancel and discharge the lien of this Bond Indenture, and shall execute and deliver to the Corporation, at the Corporation's expense, such instruments in writing as shall be required to cancel and discharge this Bond Indenture, and assign and deliver to the Corporation so much of the moneys and securities deposited with it pursuant to this Bond Indenture as may be in its possession or subject to its control, except for moneys and Government Obligations held in the Bond Fund for the purpose of paying Bonds and except for moneys held in the Bond Purchase Fund for the purpose of paying the purchase price of the Bonds which have been purchased pursuant to Section 206(f) hereof; *provided, however*, that the cancellation and discharge of this Bond Indenture pursuant to Section 1202 hereof shall not terminate the powers and rights granted to the Bond Trustee with respect to the payment, transfer and exchange of the Bonds; and provided, further, that the rights of the Bond Trustee to indemnity, non-liability and payment of all reasonable fees and expenses shall survive the cancellation and discharge of this Bond Indenture. If the Bonds are rated by a Rating Agency, notice of payment in full of the Bonds shall be furnished to such Rating Agency.

Section 1202. Provision for Payment of Bonds. Bonds shall be deemed to have been paid within the meaning of Section 1201 hereof if:

(a) there shall have been irrevocably deposited in the Bond Fund:

(i) if the Bonds do not bear interest at the Long-Term Interest Rate, sufficient Eligible Funds; or

(ii) if the Bonds do bear interest at the Long-Term Interest Rate, either (1) sufficient Eligible Funds, or (2) Defeasance Obligations purchased with Eligible Funds, of such maturities and interest payment dates and bearing such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon (said earnings also to be held in trust), when due and payable, be sufficient together with any moneys referred to in subsection (a)(ii)(1) above, as verified by a nationally recognized independent certified public accountant,

for the payment at their respective maturity or redemption dates prior to maturity of the principal thereof and the redemption premium, if any, and interest to accrue thereon at such maturity or redemption dates, as the case may be (assuming that the Bonds bear interest at the rate of ____ percent per annum during any period during which the interest rate on such Bonds may change);

(b) there shall have been paid or provision duly made for the payment of all fees and expenses of the Issuer, the Bond Trustee and the Remarketing Agent due or to become due; and

(c) if any Bonds are to be redeemed on any date prior to their maturity, the Bond Trustee shall have received in form satisfactory to it irrevocable instructions from an Obligated Group Representative to redeem such Bonds on such date and either evidence satisfactory to the Bond Trustee that all redemption notices required by this Bond Indenture have been given or irrevocable power authorizing the Bond Trustee to give such redemption notices.

Notwithstanding any other provision of this Bond Indenture to the contrary, if all Bonds have been deemed to be paid because a deposit has been made under paragraph (a)(i) of this Section, the Interest Rate Period may not thereafter be changed by the Corporation.

Notwithstanding the provisions of this Section, in order for this Bond Indenture to be discharged while the Bonds bear interest at other than a Long-Term Interest Rate, (i) sufficient funds must be available, pursuant to a Credit Facility or otherwise, to pay the purchase price of Bonds tendered for purchase pursuant to Section 206 hereof (if applicable) and (ii) the Bond Trustee shall have received prior to any defeasance of Bonds bearing interest at other than a Long-Term Interest Rate, the written confirmation of the ratings on such Bonds by Moody's, Moody's is then rating such Bonds.

If the Bonds bear interest at the Long-Term Interest Rate and are to be rated by a Rating Agency at or prior to the time provision for payment shall be made, there shall be delivered to the Rating Agency the opinion of nationally recognized certified public accountants referred to in paragraph (a)(ii) above and an Opinion of Counsel experienced in bankruptcy law matters and in form satisfactory to the Rating Agency that the deposit and use of such moneys will not constitute an avoidable preferential payment pursuant to Section 547 of the Bankruptcy Code, or an avoidable post-petition transfer pursuant to Section 549 of the Bankruptcy Code, recoverable

from Holders of the Bonds pursuant to Section 550 of the Bankruptcy Code in the event of an Act of Bankruptcy.

Section 1203. Discharge of this Bond Indenture. Notwithstanding the fact that the lien of this Bond Indenture may have been discharged and cancelled in accordance with Section 1201 hereof, this Bond Indenture and the rights granted and duties imposed hereby, to the extent not inconsistent with the fact that such lien may have been discharged and cancelled, shall nevertheless continue and subsist after payment in full of the Bonds or the deemed payment in full of the Bonds in accordance with Section 1202 hereof until the Bond Trustee shall have returned to the Corporation or the Credit Issuer, as the case may be, all funds held by the Bond Trustee which the Corporation or the Credit Issuer, as the case may be, is entitled to receive pursuant to this Bond Indenture after all Bonds have been paid at maturity or redeemed.

ARTICLE XIII.
MISCELLANEOUS PROVISIONS

Section 1301. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Bond Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto, the Holders, the Credit Issuer, the Remarketing Agent and the Corporation any legal or equitable right, remedy or claim under or in respect to this Bond Indenture or any covenants, conditions and provisions herein contained; this Bond Indenture and all of the covenants, conditions and provisions herein being intended to be and being for the sole and exclusive benefit of the parties hereto, the Holders, the Credit Issuer, the Remarketing Agent and the Corporation as herein provided.

Section 1302. Effect of Dissolution of Issuer. In the event the Issuer for any reason shall be dissolved or its legal existence shall otherwise be terminated, all of the covenants, stipulations, obligations and agreements contained in this Bond Indenture by or on behalf of or for the benefit of the Issuer shall bind or inure to the benefit of the successor or successors of the Issuer from time to time and any officer, board, Issuer, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law, and the term "Issuer" as used in this Bond Indenture shall include such successor or successors.

Section 1303. Legal Holidays. In any case where the date of maturity of principal of, premium, if any, and interest on the Bonds or the date fixed for redemption of any such Bond shall be on a day on which banking institutions (including the Bond Trustee) at the place of payment are authorized by law to remain closed, then payment of such principal of, premium, if any, and interest need not be made on such date but may be made on the next succeeding day not a day on which banking institutions are authorized by law to remain closed with the same force and effect as if made on the date of maturity or the date fixed for redemption, and in the case of such payment, no interest shall accrue for the period from and after such date.

Section 1304. Manner of Giving Notice. All notices, demands and requests to be given to or made hereunder by the Corporation, the Issuer, the Credit Issuer or the Bond Trustee shall be given or made in writing and shall be deemed to be properly given or made if sent by United States registered mail, overnight delivery service or certified, return receipt requested, postage prepaid, addressed as follows:

(a) As to the Obligated Group--

Presbyterian Retirement Communities, Inc.
84 West Lucerne Circle,
Orlando, Florida 32801
Attention: Chief Executive Officer

(b) As to the Issuer--

St. Johns Industrial Development Authority
Issuer
County Administration Building
4020 Lewis Speedway
St. Augustine, Florida 32085
Attention: _____

(c) As to the Credit Issuer--

Allied Irish Banks, p.l.c.--
950 East Paces Ferry Road
Suite 3315
Atlanta, GA 30326
Attention: _____

(d) As to the Bond Trustee--

Wells Fargo Bank, National Association
7077 Bonneval Road
Jacksonville, Florida 32216
Attention: Corporate Trust Department

(e) As to the Remarketing Agreement--

Raymond James & Associates, Inc.
_____
_____
_____

(f) As to the Tender Agent--

Wells Fargo Bank, National Association
7077 Bonneval Road
Jacksonville, Florida 32216
Attention: Corporate Trust Department

Any such notice, demand or request may also be transmitted to the appropriate above-mentioned party by telegram, telecopy or telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change sent by United States registered or certified mail, postage prepaid, to the other parties by the party effecting the change.

All documents received by the Bond Trustee under the provisions of this Bond Indenture, or photographic copies thereof, shall be retained in its possession until this Bond Indenture shall be released under the provisions of Section 1201 hereof, subject at all reasonable times to the inspection of the Issuer, the Corporation and any Holder and the respective agents and representatives thereof.

Section 1305. Substitute Mailing. If, because of the temporary or permanent suspension of postal service, the Issuer or the Bond Trustee shall be unable to mail any notice required to be given by the provisions of this Bond Indenture, the Issuer or the Bond Trustee shall give notice in such other manner as in the judgment of the Issuer or the Bond Trustee shall most effectively approximate mailing, and the giving of notice in such manner shall for all purposes of this Bond Indenture be deemed to be in compliance with the requirement for the mailing thereof.

Section 1306. Parties, Bond Trustee and Holders Alone Have Rights under Bond Indenture. Except as herein otherwise expressly provided, nothing in this Bond Indenture, express or implied, is intended or shall be construed to confer upon any person, firm or corporation, other than the Bond Trustee, the Issuer and the Holders, any right, remedy or claim, legal or equitable, under or by reason of this Bond Indenture or any provision being intended to be and being for the sole and exclusive benefit of the Bond Trustee, the Issuer and the Holders.

Section 1307. Effect of Partial Invalidity. In case any one or more of the provisions of this Bond Indenture, the Agreement or the Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Bond Indenture, the Agreement or the Bonds, but this Bond Indenture, the Agreement and the Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the Bonds, this Bond Indenture or the Agreement shall for any reason be held to be in violation of law, then such

covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Issuer or the Obligated Group to the full extent permitted by law.

Section 1308. Effect of Covenants. All covenants, stipulations, obligations and agreements of the Issuer contained in this Bond Indenture shall be deemed to be covenants, stipulations, obligations and agreements of the Issuer to the full extent permitted by the Constitution and laws of the State. This Bond Indenture is adopted with the intent that the laws of the State shall govern this construction.

Section 1309. No Recourse Against Members, Officers or Employees of Issuer. No recourse under, or upon, any statement, obligation, covenant, or agreement contained in this Bond Indenture, or in any Bond hereby secured, or in the Bond Indenture, or in any document or certification whatsoever, or under any judgment obtained against the Issuer or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any member, officer or employee, as such, of the Issuer, either directly or through the Issuer, or otherwise, for the payment for or to, the Issuer or any receiver of it, or for, or to, any Holder or otherwise, of any sum that may be due and unpaid upon any such Bond. Any and all personal liability of every nature, whether at common law or in equity or by statute or by constitution or otherwise, of any such member, officer or employee, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for, or to, the Issuer or any receiver of it, or for, or to, any Holder or otherwise, of any sum that may remain due and unpaid upon the Bonds hereby secured or any of them, is hereby expressly waived and released as an express condition of, and in consideration for, the execution of this Bond Indenture and the issuance of the Bonds.

Section 1310. Expenses Payable under Bond Indenture. All expenses incurred in carrying out this Bond Indenture, except those expenses incurred by the Bond Trustee in mailing resignation notices, shall be payable solely from funds derived by the Issuer from its loan of the proceeds of the Bonds to the Obligated Group. Anything in this Bond Indenture to the contrary notwithstanding, the performance by the Issuer of all duties and obligations imposed upon it hereby, the exercise by it of all powers granted to it hereunder, the carrying out of all covenants, agreements and promises made by it hereunder, and the liability of the Issuer for all warranties and other covenants herein shall be limited solely to the money and revenues received from the payments by the Obligated Group in respect to Obligation No. 2 and under the Agreement, and from money attributable to the proceeds of Bonds, or the income from the investment thereof, and, to the extent herein or in the Agreement provided, the proceeds of insurance, sale and condemnation awards; and the Issuer shall not be required to effectuate any of its duties, obligations, powers or covenants except from, and to the extent of, such moneys, revenues, proceeds and payments.

Section 1311. Dealing in Bonds. The Bond Trustee and its directors, officers, employees or agents, and any officer, employee or agent of the Issuer, may in good faith, buy, sell, own, hold and deal in any Bonds issued under the provisions of this Bond Indenture and may join in any action which any Holder may be entitled to take with like effects as if such Bond

Trustee were not a Bond Trustee under this Bond Indenture or as if such officer, employee or agent of the Issuer did not serve in such capacity.

Section 1312. Multiple Counterparts. This Bond Indenture may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

Section 1313. Headings. Any heading preceding the text of the several articles hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Bond Indenture, nor shall they affect its meaning, construction or effect.

Section 1314. Further Authority. The officers of the Issuer, attorneys, engineers and other agents or employees of the Issuer are hereby authorized to do all acts and things required of them by this Bond Indenture and the Agreement for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Bonds, the Agreement and this Bond Indenture.

IN WITNESS WHEREOF, the Issuer has caused these presents to be signed in its name and on its behalf by its Chairman and its official seal to be hereunto affixed and attested by its Secretary, and the Bond Trustee has caused these presents to be signed in its name and on its behalf by one of its duly authorized officer, all as of the 1st day of July, 2004.

ST. JOHNS INDUSTRIAL DEVELOPMENT AUTHORITY

[Seal]

By_____
Chairman

Attest:

_____
Secretary

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Bond Trustee

By_____
Vice President

EXHIBIT A

CONSTRUCTION FUND REQUISITION
PRESBYTERIAN RETIREMENT COMMUNITIES OBLIGATED GROUP

REQUISITION NUMBER: _____ DATED: _____

BORROWER/PROJECT NAME: St. Johns County Industrial Development Authority First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004A

TO: Wells Fargo Bank, National Association, Bond Trustee

1. It is hereby certified in accordance with the Bond Indenture and the Loan Agreement that the following is/are due payment in the amount(s) indicated for:

PAYEE	AMOUNT DUE
Total Amount of this Requisition	$_____

2. The amount stated above has been incurred, is due and payable, is a proper charge against the [Issuance Account] [Construction Account].

You are authorized and directed to pay the above sum (sums) to the party (parties) named in paragraph 1 from money in the [Issuance Account] [Construction Account] held under the terms of the Bond Indenture.

PRESBYTERIAN RETIREMENT COMMUNITIES, INC.

By_____
Authorized Signatory

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Jax\772182_1

Rogers Towers
Draft
6/8/04
Exhibit C

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

and

PRESBYTERIAN RETIREMENT COMMUNITIES, INC.
PALM SHORES RETIREMENT COMMUNITY, INC.
SUNCOAST MANOR, INC.
WESLEY MANOR, INC.
WESTMINSTER RETIREMENT COMMUNITIES FOUNDATION, INC.
WESTMINSTER SERVICES, INC.
WESTMINSTER SHORES, INC.

LOAN AGREEMENT

Dated as of August 1, 2004

Relating to
$00,000,000

St. Johns County Industrial Development Authority
First Mortgage Revenue Bonds
(Presbyterian Retirement Communities Project),
Series 2004A

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LOAN AGREEMENT

This Loan Agreement, dated as of August 1, 2004, by and between the **ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**, a public body corporate and politic organized and existing under the laws of the State of Florida (the "Issuer"), and **PRESBYTERIAN RETIREMENT COMMUNITIES, INC., PALM SHORES RETIREMENT COMMUNITY, INC., SUNCOAST MANOR, INC., WESLEY MANOR, INC., WESTMINSTER RETIREMENT COMMUNITIES FOUNDATION, INC., WESTMINSTER SERVICES, INC.**, and **WESTMINSTER SHORES, INC.**, each a not-for-profit corporation duly incorporated and validly existing under and by virtue of the laws of the State of Florida (collectively, the "Obligated Group"),

W I T N E S S E T H:

IN CONSIDERATION of the respective representations and agreements herein contained, the parties hereto agree as follows:

ARTICLE I.
DEFINITIONS

SECTION 1.01 **Definitions**. Unless otherwise required by the context, all terms used herein shall have the meanings assigned to such terms in Section 101 of the Bond Indenture (defined below), or as set forth below:

"Act" means chapter 159, Part II and III, Florida Statutes, as amended, and other applicable provisions of law.

"Agreement" means this Loan Agreement, including any amendments or supplements hereto as herein permitted.

"Bond Fund" means the fund created and so designated by Section 501 of the Bond Indenture.

"Bond Indenture" means the Bond Indenture securing the Bonds, dated as of August 1, 2004, between the Issuer and Wells Fargo Bank, National Association, as Bond Trustee, including any trust agreement amendatory thereof or supplemental thereto.

"Bonds" means the Issuer's **$00,000,000** St. Johns County Industrial Development Authority, First Mortgage Revenue Bonds, (Presbyterian Retirement Communities Project), Series 2004A designated by and issued under Section 208 of the Bond Indenture.

"Bond Trustee" means the Bond Trustee at the time serving as such under the Bond Indenture, whether the original or a successor trustee.

"Bond Year" means the period commencing on April 1 of any year and ending on March 31 of the following year.

"Closing" means the date on which this Agreement becomes legally effective, the same being the date on which the Bonds are delivered against payment therefor.

"Code" means the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder.

"Completion Date" means the date of completion of the Project, as such date shall be certified pursuant to Section 4.05 hereof.

"Construction Fund" means the fund created and so designated by Section 401 of the Bond Indenture and consisting of a Construction Account and an Issuance Account.

"Corporation" means Presbyterian Retirement Communities, Inc., a not-for-profit corporation duly incorporated and validly existing under and by virtue of the laws of the State and any successor or successors thereto.

"Cost," as applied to the Project, means, without intending thereby to limit or restrict any proper definition of such word under the Act, all items of cost set forth in Section 403 of the Bond Indenture.

"Debt Service Reserve Fund" means the fund created and so designated by Section 501 of the Bond Indenture.

"Debt Service Reserve Fund Requirement" means the least of (A) 100 percent of Maximum Annual Debt Service on the Bonds, (B) 125 percent of Average Annual Debt Service and (C) 10 percent of the stated principal amount of the Bonds; *provided, however*, if the Bonds have original issue discount or premium that exceeds two percent of the stated redemption price at maturity plus any original issue premium attributable exclusively to underwriters' compensation, the initial offering prices to the public shall be used in lieu of the stated principal amount for purposes of the 10 percent limitation.

"Eminent Domain" means the eminent domain or condemnation power by which all or any part of the Property and Equipment may be taken for public use or any agreement that is reached in lieu of proceedings to exercise such power.

"Entrance Fees" means Entrance Fees as defined in Section 1.01 of the Master Indenture.

"Event of Default" means, with respect to this Agreement, each of those events set forth in Section 6.01 hereof.

"Existing Facilities" means the health care facilities owned and operated by the Initial Obligated Group Members on the date of this Agreement and consisting of (i) a continuing care retirement community located in Jacksonville (Fruit Cove), Florida known as Westminster Woods on Julington Creek, (ii) a continuing care retirement

community located in Bradenton, Florida known as Westminster Bradenton - The Manor, (iii) a continuing care retirement community located in Bradenton, Florida known as Westminster Bradenton - The Towers, (iv) a continuing care retirement community located in Bradenton, Florida known as Westminster Bradenton - The Shores, (v) a continuing care retirement community located in Tallahassee, Florida known as Westminster Oaks, (vi) a continuing care retirement community located in St. Petersburg, Florida known as Westminster SunCoast, (vii) a continuing care retirement community located in St. Petersburg, Florida known as Westminster Palms, (viii) a continuing care retirement community located in St. Petersburg, Florida known as Westminster Shores, (ix) a continuing care retirement community located in Orlando, Florida known as Westminster Towers and (x) a continuing care retirement community located in Winter Park, Florida known as Winter Park Towers.

"Facilities" means the Existing Facilities, the Project and any other continuing care retirement facilities or health care delivery or residential facilities designed to provide services to the elderly hereafter owned by any Member of the Obligated Group and operated by or on behalf of any Member of the Obligated Group.

"Holder" means Holder as defined in Section 101 of the Bond Indenture.

"Interest Account" means such account in the Bond Fund created and so designated by Section 501 of the Bond Indenture.

"Interest Payment Date" means October 1, 2004, and each April 1 and October 1 thereafter, to and including April 1, 20__.

"Interested Beneficial Owner" means (i) any Person who shall have established to the satisfaction of the Corporation that he is a beneficial owner of Outstanding Bonds in an aggregate principal amount of not less than $1,000,000, which fact shall be presumptively established by the inclusion of the name and address of such Person on a list furnished to the Corporation by the Principal Underwriter at Closing and thereafter within 10 days following the end of each quarter of each Fiscal Year, and (ii) any other Person who shall have established to the satisfaction of the Corporation that he is the beneficial owner of Outstanding Bonds and who shall have filed with the Corporation, within the period of 24 months immediately prior to any time when such term has application, a request in writing setting forth his name and address and the particular reports, notices and other documents which he desires to receive and which are required to be mailed to him under the provisions of this Agreement.

"Issuer" means the St. Johns County Industrial Development Authority and any successor thereto.

"Issuer Representative" means each of the persons at the time designated to act on behalf of the Issuer in a written certificate furnished to the Obligated Group and the Bond Trustee, which certificate shall contain the specimen signature(s) of such person(s) and shall be signed on behalf of the Issuer by its Chairman or Vice Chairman.

"Loan" means the loan of the proceeds of the Bonds made by the Issuer to the Obligated Group pursuant to Section 3.01 hereof.

"Loan Repayments" means those payments designated by and set forth in Section 3.03 hereof.

"Master Indenture" means the Master Trust Indenture, dated as of August 1, 2004, by and between the Obligated Group and Wells Fargo Bank, National Association, as master trustee, for the benefit of the owners from time to time of all Obligations issued thereunder and secured thereby, as said Master Trust Indenture may be amended and supplemented from time to time.

"Member of the Obligated Group" means, initially, the Corporation and the other Initial Members of the Obligated Group and, thereafter, any Person which shall become a Member of the Obligated Group pursuant to the Master Indenture and not including any Person which shall have withdrawn from the Obligated Group pursuant to the Master Indenture.

"Mortgages" means, collectively _____.

"Obligated Group" means, collectively, the Members of the Obligated Group.

"Obligated Group Representative" means each of the persons at the time designated to act on behalf of the Obligated Group in a written certificate furnished to the Issuer and the Bond Trustee, which certificate shall contain the specimen signature(s) of such person(s) and shall be signed on behalf of the Obligated Group by the Chief Executive Officer of the Corporation.

"Obligation No. 1" means Obligation No. 1 issued, authenticated and delivered under the Master Indenture and Supplement No. 1, delivered to the Issuer as evidence of the Obligated Group's obligation to repay the Loan and assigned by the Issuer to the Bond Trustee as security for the Bonds.

"Officer's Certificate" means a certificate signed by an Issuer Representative or a Obligated Group Representative, as the case may be.

"Outstanding" when used with reference to the Bonds means, as of a particular date, all Bonds theretofore issued under the Bond Indenture, except:

1. Bonds theretofore cancelled by the Bond Trustee or delivered to the Bond Trustee for cancellation;

2. Bonds for the payment of which money, Defeasance Obligations, or a combination of both, sufficient to pay, on the date when such Bonds are to be paid or redeemed, the principal amount of or the redemption price of, and the interest accruing to such date on, the Bonds to be paid or redeemed, has been deposited with the Bond Trustee in trust for the Holders of such Bonds; Defeasance Obligations shall be deemed to be sufficient to pay or redeem

Bonds on a specified date if the principal of and the interest on such Defeasance Obligations, when due, will be sufficient to pay on such date the redemption price of, and the interest accruing on, such Bonds to such date;

3. Bonds in exchange for or in lieu of which other Bonds have been issued; and

4. Bonds deemed to have been paid in accordance with Section 1201 of the Bond Indenture;

provided, however, that Bonds owned or held by or for the account of any Member of the Obligated Group, any Affiliate or any subsidiary or controlled affiliate of any Member of the Obligated Group or any Affiliate shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in Article VIII, Article XI and Article XII of the Bond Indenture or Sections 6.02 and 10.02 of this Agreement, and neither any Member of the Obligated Group nor any Affiliate as registered owners of the Bonds shall be entitled to consent or take any other action provided for in Article VIII, Article XI and Article XII of the Bond Indenture or Sections 6.02 and 10.02 of this Agreement.

"Person" includes an individual, association, unincorporated organization, corporation, limited liability company, partnership, joint venture, business trust or a government or an agency or a political subdivision thereof, or any other entity.

"Principal Account" means such account in the Bond Fund created and so designated by Section 501 of the Bond Indenture.

"Principal Underwriter" means Herbert J. Sims & Co., Inc., or any successor or successors thereto as set forth in a notice to the Bond Trustee and the Corporation by such Principal Underwriter.

"Project" means the Project described in Exhibit A hereto, including any modifications thereof, substitutions therefor or additions thereto and excluding deletions therefrom.

"Project Documents" means, collectively, contracts, documents and agreements, and surety bonds and instruments pertaining to the Project.

"Property" means any and all rights, titles and interests in and to any and all property whether real or personal, tangible or intangible and wherever situated.

"Property and Equipment" means all Property of the Members of the Obligated Group which is property and equipment under generally accepted accounting principles.

"Rebate Requirement" means Rebate Requirement as defined in the Tax Certificate.

"Required Payments under the Agreement" means the payments so designated by and set forth in Section 3.04 hereof.

"Residence and Care Agreement" means an agreement entered into by the Corporation with respect to the granting of rights to the exclusive use of a residential unit in any of the Facilities, as the same may be amended from time to time.

"Sinking Fund Account" means such account in the Bond Fund created and so designated by Section 501 of the Bond Indenture.

"Series 2004B Bonds" means the Issuer's Taxable Variable Rate Demand First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004B, issued simultaneously with the Bonds.

"Sinking Fund Requirement" means Sinking Fund Requirement as defined in Section 101 of the Bond Indenture.

"State" means the State of Florida.

"Supplement No. 1" means Supplemental Indenture for Obligation No. 1, dated as of August 1, 2004, by and between the Obligated Group and Wells Fargo Bank, National Association, as master trustee under the Master Trust Indenture.

"Tax Certificate" means the Tax Certificate executed by the Issuer and the Obligated Group in connection with the delivery of the Bonds.

"Total Required Payments" means the sum of Loan Repayments and Required Payments under this Agreement.

SECTION 1.02 **Rules of Construction**. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words "Bond," "owner," "Holder" and "Person" shall include the plural as well as the singular number.

ARTICLE II.
REPRESENTATIONS

SECTION 2.01 **Representations by the Issuer**. The Issuer represents that:

(a) The Issuer was duly created and is validly existing under the Act.

(b) Under the provisions of the Act, the Issuer is duly authorized to enter into and to execute and deliver this Agreement and the Bond Indenture, to undertake the transactions contemplated by this Agreement and the Bond Indenture and to carry out its obligations hereunder and thereunder.

(c) By duly adopted resolution, the Issuer has duly authorized the execution and delivery of this Agreement and the Bond Indenture and the issuance, sale, execution and delivery of the Bonds.

(d) The Issuer will lend the proceeds of the Bonds to the Obligated Group for the purpose of providing funds, together with other available funds, to (i) pay the Cost of the Project, (ii) [pay a portion of the interest accruing on the Bonds until _____ 1, 200_, (iii)] fund the Debt Service Reserve Fund in an amount equal to the Debt Service Reserve Fund Requirement and [(iv)] pay certain expenses incurred in connection with the authorization and issuance of the Bonds.

SECTION 2.02 Representations by the Obligated Group. Each Member of the Obligated Group represents that:

(a) It has been duly incorporated and is validly existing as a not-for-profit corporation in good standing under the laws of the State, no part of the net earnings of which inures to the benefit of any private shareholder or individual, is not a private foundation under Section 509(a) of the Code, and is an organization described in Section 501(c)(3) of the Code.

(b) It has authority to enter into this Agreement, the respective Mortgages relating to Property of which it is the owner, the Master Indenture and Supplement No. 1 and, by proper corporate action, has been duly authorized to execute and deliver this Agreement, such Mortgages, Obligation No. 1, the Master Indenture and Supplement No. 1.

(c) The execution and delivery of this Agreement, Obligation No. 1, the Master Indenture and Supplement No. 1 by it, the consummation of the transactions contemplated hereby and thereby, and the fulfillment of or compliance with the terms and conditions hereof and thereof do not and will not conflict with its articles of incorporation or bylaws and do not and will not in any material respect conflict with, or constitute on its part a breach of or default under, any indenture, mortgage, agreement or other instrument to which it is a party or by which it or any of its property is bound or conflict with, violate or result in a breach of any existing law, public administrative rule or regulation, judgment, court order or consent decree to which it or any of its property is subject.

(d) It has authority to own and operate its respective Facilities.

(e) The representations, covenants and warranties relating to tax matters set forth in the Tax Certificate are true and correct on the date hereof and are hereby incorporated herein by reference in their entirety.

ARTICLE III.
THE LOAN

SECTION 3.01 Issuance of the Bonds to Fund Loan; Making of the Loan; Security for the Loan. Simultaneously with the delivery of this Agreement, the Issuer shall issue and deliver the Bonds to provide it with funds to be loaned to the Obligated Group pursuant to this Agreement. The Bonds shall be issued in accordance with the Bond Indenture. The Obligated Group's approval of the terms of the Bonds and the Bond Indenture shall be conclusively established by its execution and delivery of this Agreement.

Upon the terms and conditions of this Agreement, the Issuer hereby makes a loan to the Obligated Group in the principal amount of $00,000,000, the same being the aggregate principal

amount of the Bonds. The Loan shall be deemed to have been made when the proceeds of the sale of the Bonds are delivered to the Bond Trustee. The proceeds of the Loan shall be used, together with other available funds, to (i) pay the Cost of the Project, (ii) [pay a portion of the interest accruing on the Bonds until _____, 200_, (iii)] fund the Debt Service Reserve Fund in an amount equal to the Debt Service Reserve Fund Requirement and [(iv)] pay certain expenses incurred in connection with the authorization and issuance of the Bonds. For the purposes of this Agreement, the amount of any underwriter's discount and original issue discount on the Bonds shall be deemed to have been loaned to the Obligated Group.

The Obligated Group hereby accepts the Loan and, as evidence of its direct, general and unconditional obligation to repay the same, shall deliver to the Issuer herewith Obligation No. 1. The Obligated Group shall repay the Loan in accordance with the provisions of Obligation No. 1 and this Agreement. The Obligated Group acknowledges that the proceeds of the Loan will be delivered to the Bond Trustee and applied on behalf of the Obligated Group in accordance with this Agreement and the Bond Indenture.

Obligation No. 1 is issued under and secured by the Master Indenture, Supplement No. 1 and the Mortgages. The Master Indenture provides that the Members of the Obligated Group may issue additional Obligations secured *pari passu* with Obligation No. 1 under the terms and conditions described in the Master Indenture.

SECTION 3.02 **Total Required Payments.** The Obligated Group shall make the Total Required Payments under this Agreement when due.

The Obligated Group's obligation to make the Total Required Payments and to satisfy any other financial liabilities incurred under this Agreement shall be a direct, general and unconditional obligation of the Obligated Group.

The Obligated Group shall make Loan Repayments and Required Payments under the Agreement pursuant to Section 3.04(a) hereof directly to the Bond Trustee for deposit in the Bond Fund, the Debt Service Reserve Fund or the Redemption Fund, as the case may be. Required Payments under the Agreement pursuant to Section 3.04(b) hereof shall be made by the Obligated Group directly to the Persons entitled to such payments. Required Payments under the Agreement pursuant to Section 3.04(c) hereof shall be made directly to the United States of America as specified in the Tax Certificate.

Neither the Issuer nor the Bond Trustee is required to give the Obligated Group notice of any date upon which any of the Total Required Payments is due. Nothing in this Section 3.02 shall require the Obligated Group to pay the costs and expenses set forth in Section 3.04(b), except the fees and expenses of the Issuer to the extent provided below, so long as the validity or the reasonableness thereof shall be contested in good faith and the Obligated Group shall have delivered to the Bond Trustee an Opinion of Counsel, the content of which is acceptable to the Bond Trustee, to the effect that such contest does not jeopardize the interests of the Issuer, the Bond Trustee or the Holders; otherwise the Obligated Group shall pay such costs and expenses to the end that, in the Opinion of Counsel, the interests of the Issuer, the Bond Trustee and the Holders are not jeopardized. If the content of the Opinion of Counsel mentioned in the preceding sentence is not acceptable to the Bond Trustee, the Bond Trustee shall so notify the

Issuer and the Obligated Group within five days of its receipt thereof, after which a subsequent Opinion of Counsel may be furnished. If the content of such subsequent opinion is not acceptable to the Bond Trustee, the Obligated Group shall pay such costs and expenses. Notwithstanding anything in this paragraph to the contrary, the Obligated Group agrees that it will continue to pay the fees and expenses of the Bond Trustee and the Master Trustee as set forth in Section 3.04(b)(i) and (ii) hereof and of the Issuer as set forth in Section 3.04(b)(iv) hereof pending the resolution of any contest with respect to the validity or reasonableness thereof.

If, after giving effect to the credits specified in Section 502 of the Bond Indenture, any installment of Total Required Payments should be insufficient to enable the Bond Trustee to make the deposits specified in Section 502 of the Bond Indenture, the Obligated Group shall increase each future installment of the Total Required Payments as may be necessary to make up any previous deficiency.

All of the Total Required Payments shall be made in lawful money of the United States of America at the time each of the Total Required Payments is made.

SECTION 3.03 Loan Repayments.

(a) The Obligated Group shall repay the Loan in installments as provided in this Agreement. Each installment shall be deemed to be a Loan Repayment and shall be paid, together with other required deposits and payments, at the times and in the amounts set forth below. Loan Repayments shall be sufficient in the aggregate to repay the Loan, together with interest thereon and to pay in full all Bonds issued under the Bond Indenture, together with the total interest and redemption premium, if any, thereon.

(b) The Loan Repayments shall be due and payable as follows:

(i) to the credit of the Interest Account, commencing on _____ 25, 2004, and continuing on the 25th day of each month thereafter, an amount equal to one-sixth of the interest payable on the Bonds on the next ensuing Interest Payment Date; *provided, however*, that the Obligated Group shall receive a credit (A) [with respect to the interest due on the Bonds on _____, 2004, in an amount equal to the accrued interest received on the date of delivery of the Bonds and (B) with respect to each Interest Payment Date, in an amount equal to the amount held by the Bond Trustee for the payment of such interest pursuant to the penultimate paragraph of Section 502 of the Bond Indenture];

(ii) to the credit of the Principal Account, commencing on April 25, 200_, and continuing on the 25th day of each month thereafter, an amount equal to one-twelfth of the principal of all Serial Bonds due on the next ensuing April 1;

(iii) to the credit of the Sinking Fund Account, commencing on April 25, 200_ and continuing on the 25th day of each month thereafter, an amount equal to one-twelfth of the amount required to retire the Term Bonds to be called by mandatory redemption or to be paid at maturity on the next ensuing April 1 in accordance with the Sinking Fund Requirement therefor; and

(iv) any amount that may from time to time be required to enable the Issuer to pay redemption premiums as and when Bonds are called for redemption.

Each Loan Repayment as set forth in this paragraph (b) shall be equal to the sum of the amounts specified above in clauses (i) to (iv), inclusive.

(c) 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 a Loan Repayment or on which an investment loss shall have been charged to the Bond Fund or any account therein in accordance with Section 602 of the Bond Indenture, the Obligated Group shall pay, in addition to the Loan Repayment 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 Articles V or VI of the Bond Indenture or amounts are transferred or credited to such Fund or accounts as a result of the application of Bond proceeds or a transfer from the Debt Service Reserve Fund pursuant to Section 507 of the Bond Indenture or a transfer of surplus funds from the Construction Fund or otherwise, future Loan Repayments 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.

(d) The Obligated Group may satisfy all or a portion of its obligation to make the payments required by paragraphs (b)(ii) and (b)(iii) of this Section 3.03, on or before the 45th day next preceding any April 1 on which Bonds are to mature or be retired pursuant to the Sinking Fund Requirement, by delivering to the Bond Trustee Bonds maturing or required to be redeemed on such April 1 in any aggregate principal amount desired; *provided* that the price paid to purchase any such Bond shall not exceed the Redemption Price applicable to such Bonds on the next redemption date. Upon such delivery the Obligated Group will receive a credit against amounts required to be deposited into the Principal Account or the Sinking Fund Account, as the case may be, on account of such Bonds in the amount of 100 percent of the principal amount of any such Bonds so purchased and cancelled. Any principal amount of Term Bonds purchased by or on behalf of the Obligated Group or the Bond Trustee and cancelled in excess of the principal amount required to be redeemed on such April 1, shall be credited against and reduce the principal amount of future Sinking Fund Requirements in such manner as shall be specified in an Officer's Certificate of the Obligated Group Representative in substantially the form of the Officer's Certificate filed with the Bond Trustee pursuant to Section 505 of the Bond Indenture.

(e) If the Bond Trustee applies money on deposit in the Sinking Fund Account to the purchase of Bonds pursuant to Section 505 of the Bond Indenture and if the principal amount of Bonds purchased is in excess of the principal amount of Bonds to be redeemed on the next ensuing April 1, the Corporation shall deliver to the Bond Trustee and the Issuer not later than the tenth day prior to such April 1, an Officer's Certificate setting forth, with respect to the amount of such excess, the Bond Years in which and the amount by which future Sinking Fund Requirements are to be reduced.

SECTION 3.04 Required Payments under the Agreement.

(a) There shall be due and payable as a Required Payment under the Agreement, on the 25th day of each month, (i) beginning in the month following the month in which, pursuant to Section 507 of the Bond Indenture, money is transferred from the Debt Service Reserve Fund to any account in the Bond Fund to cure a deficiency therein, into the Debt Service Reserve Fund, one-twelfth of the amount or amounts so transferred until the amount then on deposit in the Debt Service Reserve Fund is equal to the Debt Service Reserve Fund Requirement and (ii) beginning in the month following a valuation made in accordance with Section 603 of the Bond Indenture in which the amount on deposit in the Debt Service Reserve Fund is less than 90 percent of the Debt Service Reserve Fund Requirement due to a loss resulting from a decline in the value of Investment Obligations held for the credit of the Debt Service Reserve Fund, into the Debt Service Reserve Fund, one-sixth of the amount by which the Debt Service Reserve Fund Requirement exceeds such balance until the amount on deposit to the credit of the Debt Service Reserve Fund is equal to the Debt Service Reserve Fund Requirement.

The Required Payments under the Agreement set forth in this Section 3.04(a) shall be increased as may be necessary in any month to make up any previous deficiency in any of such Required Payments.

(b) The Obligated Group shall pay, when due and payable, as Required Payments under the Agreement, certain costs and expenses, exclusive of costs and expenses payable from the proceeds of the Bonds, as follows:

(i) the fees and other costs payable to the Master Trustee and the Bond Trustee;

(ii) all costs incurred in connection with the purchase or redemption of Bonds to the extent money is not otherwise available therefor;

(iii) the fees and other costs incurred for services of such attorneys, Consultants, Insurance Consultants and Accountants as are employed to make examinations, provide services, render opinions or prepare reports required under this Agreement, the Master Indenture, Mortgages, or the Bond Indenture;

(iv) reasonable fees and other costs that the Obligated Group is obligated to pay, not otherwise paid under this Agreement or the Bond Indenture, incurred by the Issuer in connection with its administration and enforcement of, and compliance with, this Agreement, the Mortgages or the Bond Indenture;

(v) all costs incurred by the Issuer or the Bond Trustee in connection with the discontinuation of or withdrawal from any book-entry system for the Bonds or any transfer from one book-entry system to another including, without limitation, the printing and issuance of additional or substitute Bonds in connection with such withdrawal, discontinuance or transfer;

(vi) fees and other costs incurred in connection with the issuance of the Bonds to the extent such fees and other costs are not paid from the proceeds of the Bonds; *provided, however*, that in no event shall the amount of such fees and other costs paid from proceeds of the Bonds exceed 2 percent of the proceeds of the Bonds (determined

by deducting any original issue discount from the face amount of the Bonds), less amounts paid to the underwriters of the Bonds as underwriters' discount; and

(vii) the fees and other costs of the Issuer incurred in connection with the issuance of the Bonds to the extent such fees and other costs are not paid from the proceeds of the Bonds.

The Required Payments under the Agreement as set forth in this Section 3.04(b), if any, shall be equal to the sum of the amounts specified in clauses (i) to (vii), inclusive.

(c) The Obligated Group shall also cause to be paid on or before the forty-fifth (45th) day following each computation date the Rebate Requirement to the United States of America. The Obligated Group further agrees to pay all costs incurred by the Issuer in connection with the filing of Internal Revenue Service Form 8038-T with respect to the Bonds. The obligation of the Obligated Group to make such payments shall survive the termination of this Agreement.

The Required Payments under the Agreement shall be equal to the amounts specified in paragraphs (a) to (c), inclusive, of this Section 3.04.

SECTION 3.05 **Obligated Group's Payments as Trust Funds**. All payments of the Total Required Payments under the Agreement made by or on behalf of the Obligated Group under this Agreement to the Bond Trustee shall be and constitute trust funds and shall continue to be impressed with a trust until such money is applied in the manner provided in the Bond Indenture.

The Obligated Group Representative shall give to the Bond Trustee written directions or oral directions confirmed in writing respecting the investment of any money held in any of the funds or accounts established under the Bond Indenture, subject, however, to the provisions of Article VI of the Bond Indenture. The Bond Trustee may request, orally or in writing, further direction or authorization of the Corporation (on behalf of the Obligated Group) with respect to the proposed investment of money under the provisions of the Bond Indenture. Upon receipt of such request, accompanied by a memorandum setting forth the details of any proposed investment, the Obligated Group Representative shall either approve such proposed investment or shall give written directions or oral directions confirmed in writing to the Bond Trustee respecting the investment of such money.

SECTION 3.06 **No Set-Off**. The obligation of the Obligated Group to make the Loan Repayments and all other Required Payments under the Agreement and Obligation No. 1 and to perform and observe the other agreements contained in this Agreement shall be absolute and unconditional. The Obligated Group will pay without abatement, diminution or deduction (whether for taxes or otherwise) all such amounts regardless of any cause or circumstance whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim that the Obligated Group may have or assert against the Issuer or the Bond Trustee or any other Person.

SECTION 3.07 **Assignment to Bond Trustee**. Simultaneously with the delivery of this Agreement, the Issuer shall assign to the Bond Trustee as security for the Bonds all of the Issuer's right, title and interest in and to Obligation No. 1, all of its rights under the Master

Indenture and the Mortgage as the owner of Obligation No. 1, and all of the Issuer's right, title and interest in and to this Agreement (except for those certain rights under the Agreement that are set forth in the granting clauses of the Bond Indenture). The Obligated Group hereby consents to such assignment and agrees that the Bond Trustee may enforce any and all rights, privileges and remedies of the Issuer under or with respect to Obligation No. 1, the Master Indenture and the Mortgages as the owner of Obligation No. 1 and this Agreement, including those rights reserved by the Issuer. The Bond Trustee shall be entitled to enforce the provisions of this Agreement that relate to it notwithstanding the fact that is it not a signatory hereto.

ARTICLE IV.
CONSTRUCTION OF THE PROJECT

SECTION 4.01 **Construction of the Project**. The Corporation shall acquire, construct and equip, or cause to be acquired, constructed or equipped, the Project with all reasonable dispatch.

SECTION 4.02 **Revision of Project Documents**. The Corporation may revise the description of the Project in Exhibit A hereto from time to time; *provided*, that in such case the Corporation shall furnish to the Bond Trustee an opinion of bond counsel to the effect that such revision is in compliance with the Act and does not in and of itself cause interest on the Bonds to be included in gross income of the owners thereof for federal income tax purposes. In the case of any change that would render materially inaccurate the description of the Project in Exhibit A hereto, there shall be delivered to the Bond Trustee a revised Exhibit A containing a description of the Project that reflects the change in the Project, the accuracy of which shall have been certified by the Obligated Group Representative.

Prior to effecting any change in or revision of the Project, the Obligated Group shall deliver or cause to be delivered to the Bond Trustee evidence of all governmental or regulatory approvals required therefor.

If any change in or revision of the Project Documents would cause a material change in the cost, scope, nature, or function of the Project or the services to be provided by the Obligated Group, the Corporation shall file with the Issuer and the Bond Trustee a written opinion of a Consultant, stating that such changes or revisions will not reduce the estimate of debt service coverage set forth in the feasibility study submitted by the Corporation in connection with securing the approval of the Bonds by and the Issuer.

The Obligated Group shall not order or approve changes in, amendments to, or revisions of the Project Documents that will cause the resulting aggregate cost of the Project to exceed the amount available for the payment of such cost in the Construction Fund, including estimated earnings thereon, unless prior to the giving of such order or approval the amount of such excess is deposited by the Corporation in the Construction Fund or the Corporation has delivered to the Issuer evidence, satisfactory to the Issuer, that funds will be available to pay such excess; *provided, however*, that nothing in this Agreement shall restrict or limit the power of the Obligated Group to make such changes as may be required by law or governmental authority.

SECTION 4.03 **Disbursements from Construction Fund**. The money in the Construction Fund shall be applied by the Bond Trustee, upon receipt of a requisition of the Obligated Group signed by the Obligated Group Representative, to the payment of the Cost of the Project in accordance with Article IV of the Bond Indenture, and pending such application such money shall be invested and reinvested in accordance with Article VI of the Bond Indenture.

SECTION 4.04 **Completion of Payment of the Cost of the Project**. If the proceeds derived from the sale of the Bonds and the Series 2004B Bonds are insufficient to pay in full the Cost of the Project, the Obligated Group shall pay such moneys as are necessary to provide for payment in full of the Cost of the Project; *provided* that, if all proceeds of the Bonds and the Series 2004B Bonds available therefor have been spent on such Cost of the Project, the Obligated Group shall not be obligated hereunder to undertake any additional Cost if such is not related to a portion of the Project expected to have a material effect on the revenues of the Obligated Group. If, after exhausting the money in the Construction Fund, the Obligated Group or another Member of the Obligated Group should pay any portion of the Cost of the Project, the Obligated Group shall not be entitled to any reimbursement therefor from the Issuer or from the Bond Trustee, and shall not be entitled to any abatement, diminution or postponement of Total Required Payments.

SECTION 4.05 **Establishment of Completion Date**. The Completion Date for the Project shall be evidenced to the Bond Trustee by a certificate signed by the Obligated Group Representative, setting forth the Cost of the Project and stating that, except for amounts not then due and payable, or the liability for the payment of which is being contested or disputed in good faith by the Obligated Group, the acquisition, construction and equipping of the Project have been completed and the Cost of the Project has been paid or provision for such payment shall have been made by a surety bond or irrevocable bank letter of credit adequately securing such payment, and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties that exist at the date of such certificate or which may subsequently come into being.

SECTION 4.06 **No Warranty of Condition or Suitability**. Each of the Members of the Obligated Group acknowledges its full familiarity with the Project and that the Issuer has no responsibility for the Project Documents. The Issuer makes no representation or warranty, either express or implied, and offers no assurance that the proceeds of the Bonds will be sufficient to pay in full the Cost of the Project in accordance with the Project Documents.

ARTICLE V.
PARTICULAR COVENANTS

SECTION 5.01 **Compliance with Covenants, Conditions and Agreements in Master Indenture**. Each of the Members of the Obligated Group covenants that so long as the Bonds are Outstanding it shall comply with each and every covenant, condition and agreement in the Master Indenture. Each such covenant, condition and agreement in the Master Indenture is hereby incorporated by reference and made a part of this Agreement with the same effect

intended as though the text of each such covenant, condition and agreement were set forth in this Agreement as express covenants, conditions and agreements of the Obligated Group.

SECTION 5.02 **Merger, Sale and Transfer Permitted**. So long as any Bonds are Outstanding, each of the Members of the Obligated Group agrees that it will not consolidate with or merge into another corporation that is not a Member of the Obligated Group, or permit one or more other corporations that are not Members of the Obligated Group to consolidate with or to merge into it, or sell or otherwise transfer to another entity that is not a Member of the Obligated Group all or substantially all of its assets as an entirety and thereafter dissolve except as permitted by the Master Trust Indenture.

SECTION 5.03 **Examination of Books and Records**. The Bond Trustee or their designees shall be permitted, during normal business hours and upon reasonable notice, (i) to examine the books and records (other than confidential patient records and personnel records and other than records protected by attorney-client privilege) of the Obligated Group, including any accountant's work papers, with respect to compliance with the obligations of the Obligated Group hereunder and under the Master Indenture and (ii) to make copies of those portions of such books and records as the Bond Trustee shall reasonably request.

SECTION 5.04 **Financial Statements and Other Information**. The Corporation shall furnish to the Bond Trustee, each Interested Beneficial Owner, any Holder who requests the same in writing, the Principal Underwriter, the Financial Statements, certificate of no-default and other information which the Obligated Group has covenanted to furnish to the Master Trustee pursuant to Section 3.11 of the Master Indenture. Such information shall be furnished to the Bond Trustee, each Interested Beneficial Owner, any Holder who requests the same in writing, and the Principal Underwriter at the times and in the manner provided by Section 3.11 of the Master Indenture for such information to be furnished to the Master Trustee.

Notwithstanding any of the provisions contained in this Section 5.04, the Bond Trustee is not required to take notice of anything in any financial statements, reports or recommendations submitted by any Consultant, budgets, reports on the occupancy of the Facilities or other similar reports unless it has actual notice of an Event of Default in accordance with Section 908 of the Bond Indenture.

SECTION 5.05 **Further Assurances and Corrective Instruments**. Subject to the provisions of Article XI of the Bond Indenture, the Issuer and the Obligated Group agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements and amendments hereto and such further instruments as may reasonably be required for carrying out the intention of facilitating the performance of this Agreement.

SECTION 5.06 **Investment of Funds**. Subject to Section 10.09 hereof, the Obligated Group, agrees that it (on behalf of the Members of the Obligated Group) will give written instructions, or oral instructions confirmed in writing, to the Bond Trustee with respect to the investment of any funds required to be invested, pursuant to Section 602 of the Bond Indenture.

SECTION 5.07 **Use and Operation of Facilities**. The Obligated Group shall operate the Facilities exclusively as "health care facilities" (within the meaning of the Act) rendering residential and health care services to the general public without discrimination as to race, religion or national origin for the public purpose of better providing for the present and prospective health, safety and general welfare of the people of the State. The Obligated Group shall maintain and operate the Facilities upon a revenue-producing basis in a manner consistent with the Obligated Group's obligations imposed under this Agreement and its status as an organization described in Section 501(c)(3) of the Code, as determined by the Internal Revenue Service.

SECTION 5.08 **Religious Use of Project**. The Obligated Group shall not use any part of the Facilities financed or refinanced with the proceeds of the Bonds for sectarian instruction, or primarily as a place of religious worship or as a facility used primarily as a part of a program of a school or department of divinity. To the extent permitted by law, the foregoing shall not be deemed to exclude a meditation room, chapel or a pastoral care program, all reasonably available to all persons of all religions and reasonably related to the providing of proper health care services. If, at any time, applicable law shall permit the Facilities financed or refinanced with proceeds of the Bonds to be used for any purpose prohibited by this Section 5.08, such prohibition shall be of no further force or effect or shall be limited to the extent permitted by law unless the validity or the exclusion of interest on the Bonds for purposes of federal income taxation would be adversely affected thereby.

SECTION 5.09 **Secondary Market Disclosure**. The Obligated Group hereby undertakes, for the benefit of the beneficial owners of the Bonds, to provide:

(a) by not later than 120 days after the end of each Fiscal Year of the Obligated Group, commencing with the Fiscal Year ended March 31, 2005, to each nationally recognized municipal securities information repository ("NRMSIR") and to the state information depository for the State ("SID"), if any, the Financial Statements for such Fiscal Year, if available, or, if such Financial Statements are not available by 120 days after the end of such Fiscal Year, the Unaudited Financial Statements (defined below) for such Fiscal Year to be replaced subsequently by the Financial Statements to be delivered within 15 days after such Financial Statements become available for distribution;

(b) by not later than 120 days after the end of each Fiscal Year, commencing with the Fiscal Year ended March 31, 2005, to each NRMSIR, and to the SID, if any, the financial and statistical data as of a date not earlier than the end of the preceding Fiscal Year for the type of information included under the following headings in Appendix A to the Official Statement of the Issuer, dated _____ 2004, relating to the Bonds:

(c) in a timely manner, to each NRMSIR or to the Municipal Securities Rulemaking Board ("MSRB"), and to the SID, if any, notice of any of the following events with respect to the Bonds, if material:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults;

(iii) unscheduled draws on any debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on any credit enhancements reflecting financial difficulties;

(v) substitution of any credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions or events affecting the tax-exempt status of the Bonds;

(vii) modification to the rights of the beneficial owners of the Bonds;

(viii) bond calls, other than those relating to the mandatory sinking fund redemption of the Bonds;

(ix) defeasances;

(x) release, substitution or sale of any property securing repayment of the Bonds; and

(xi) rating changes;

(d) in a timely manner, to each NRMSIR or to the MSRB, and to the SID, if any, notice of a failure of the Obligated Group to provide required annual financial information described in (a) or (b) above on or before the date specified.

For the purposes of this Section 5.09, "Unaudited Financial Statements" has the same meaning as Financial Statements, except that such financial statements have not been audited and

reported upon by independent certified public accountants (or, in the case of any Member of the Obligated Group which is not an Affiliate, the accounts of such Member of the Obligated Group to be added to the unaudited combining financial statements described above are not extracted from audited financial statements of such Member of the Obligated Group and its Affiliates, if any).

If the Obligated Group fails to comply with the undertaking described above, the Bond Trustee or any beneficial owner of the Bonds then Outstanding may take action to protect and enforce the rights of beneficial owners with respect to such undertaking, including an action for specific performance; *provided, however*, that failure to comply with such undertaking shall not be an event of default under this Agreement and shall not result in any acceleration of payment of the Bonds. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the Bonds.

The Corporation reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the Corporation, *provided* that:

(a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Obligated Group;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 issued under the Securities Exchange Act of 1934 ("Rule 15c2-12") as of the date of the Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(c) any such modification does not materially impair the interests of the beneficial owners, as determined either by parties unaffiliated with the Obligated Group (such as bond counsel or the Bond Trustee), or by approving vote of the registered owners of not less than a majority in principal amount of the Bonds then Outstanding pursuant to the terms of the Bond Indenture, as it may be amended from time to time.

The Obligated Group agrees that any annual financial information containing modified operating data or financial information will explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

By not later than 120 days after the end of each Fiscal Year, the Corporation shall cause to be filed with the Issuer and the Bond Trustee an Officer's Certificate stating that the Obligated Group is in compliance with the provisions of this Section 5.09.

The provisions of this Section 5.09 shall terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all of the Bonds.

ARTICLE VI.
EVENTS OF DEFAULT AND REMEDIES

SECTION 6.01 **Events of Default Defined**. The term "Event of Default" shall mean any one or more of the following events:

(a) The Obligated Group shall fail to pay, or cause to be paid, in full any payment required under this Agreement or under Obligation No. 1 when due, whether at maturity, redemption, acceleration or otherwise pursuant to the terms hereof or thereof;

(b) The Obligated Group shall fail duly to perform, observe or comply with any covenant, condition or agreement on its part under this Agreement (other than a failure to make any payment under subsection (a) of this Section 6.01), including any covenant, condition or agreement in the Master Indenture applicable to the Obligated Group and incorporated by reference in this Agreement pursuant to Section 5.01 hereof, and such failure continues for a period of 30 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Corporation by the Bond Trustee, or to the Corporation and the Bond Trustee by the Holders of at least 25 percent in aggregate principal amount of the Bonds then Outstanding; *provided, however*, that if such performance, observation or compliance requires work to be done, action to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such 30-day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as, the Obligated Group shall commence such performance, observation or compliance within such period and shall diligently and continuously prosecute the same to completion; or

(c) The Master Trustee shall have declared the aggregate principal amount of Obligation No. 1 and all interest due thereon immediately due and payable in accordance with Section 4.02(a) of the Master Indenture.

SECTION 6.02 **Remedies on Default**. Whenever any Event of Default shall have happened and be continuing, the Bond Trustee may take the following remedial steps:

(a) In the case of an Event of Default described in Section 6.01(a) hereof, the Bond Trustee may take whatever action at law or in equity is necessary or desirable to collect the payments then due;

(b) In the case of an Event of Default described in Section 6.01(b) hereof, the Bond Trustee may take whatever action at law or in equity may be necessary or desirable to enforce the performance, observance or compliance by the Obligated Group with any covenant, condition or agreement by the Obligated Group under this Agreement or under the Master Indenture; and

(c) In the case of an Event of Default described in Section 6.01(c) hereof, the Bond Trustee shall take such action, or cease such action, as the Master Trustee shall direct, but only to the extent such directions are consistent with the provisions of the Master Indenture.

In the event the Bonds have been declared due and payable pursuant to Section 802 of the Bond Indenture, the Bond Trustee shall declare the entire unpaid aggregate amount of the Loan to be due and payable.

SECTION 6.03 **Application of Amounts Realized in Enforcement of Remedies**. Any amounts collected pursuant to action taken under Section 6.02 hereof shall be deposited in the Bond Fund and applied in accordance with the provisions of the Bond Indenture, or, if payment of the Bonds shall have been made, shall be applied according to the provisions of Section 10.04 hereof.

SECTION 6.04 **No Remedy Exclusive**. Subject to Section 6.02 hereof, no remedy herein conferred upon or reserved to the Bond Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

SECTION 6.05 **Agreement to Pay Attorneys' Fees and Expenses**. In any Event of Default, if the Bond Trustee employs attorneys or incurs other expenses for the collection of amounts payable hereunder or the enforcement of the performance or observance of any covenants or agreements on the part of the Obligated Group herein contained, whether or not suit is commenced, the Obligated Group agrees that it will on demand therefor pay to the Issuer or the Bond Trustee the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Bond Trustee.

SECTION 6.06 **Issuer and Obligated Group to Give Notice of Default**. The Issuer and the Obligated Group severally covenant that they will, at the expense of the Obligated Group, promptly give to the Bond Trustee (and, in the case of the Obligated Group, to the Issuer) written notice of any Event of Default under this Agreement of which they shall have actual knowledge or written notice, but the Issuer shall not be liable for failing to give such notice.

SECTION 6.07 **Correlative Waivers**. If an Event of Default under Section 801 of the Bond Indenture shall be cured or waived and any remedial action by the Bond Trustee rescinded, any correlative default under this Agreement shall, *ipso facto*, be deemed to have been cured or waived.

ARTICLE VII.
PREPAYMENTS

SECTION 7.01 **Optional Prepayment**.

(a) The Obligated Group is hereby granted, and shall have, the option to prepay, together with accrued interest, all or any portion of the unpaid aggregate amount of the Loan by redeeming Bonds in accordance with the terms and provisions of Section 301(a) of the Bond Indenture. Said prepayment shall be made by the Obligated Group taking, or causing the Issuer to take, the actions required (i) for payment of the Bonds, whether by redemption or purchase prior to maturity or by payment at maturity, or (ii) to effect the purchase, redemption or payment at maturity of less than all of the Outstanding Bonds according to their terms.

(b) To make a prepayment pursuant to this Section 7.01, the Obligated Group Representative shall give written notice to the Issuer and the Bond Trustee which shall specify therein (i) the date of the intended prepayment of the Loan, which shall not be less than 45 days from the date the notice is mailed, (ii) the source of the money that will be used by the Obligated Group to make such prepayment of the Loan and (iii) the aggregate principal amount and maturities of the Bonds to be purchased, redeemed or paid at maturity and the date or dates on which the purchase, redemption or payment is to occur.

SECTION 7.02 Extraordinary Prepayment.

(a) The Obligated Group shall have the option to prepay all or a portion of the unpaid aggregate principal amount of the Loan, together with accrued interest to the date of prepayment, from amounts received by any Member of the Obligated Group as insurance proceeds with respect to any casualty loss or failure of title or as condemnation awards, *provided* that such prepayment shall not be less than $100,000, and upon the occurrence of the following events: damage or destruction of all or any part (if such partial damage or destruction causes the Facilities affected thereby to be impracticable to operate, as evidenced by an Officer's Certificate filed with the Bond Trustee) of the Facilities by fire or casualty, or loss of title to or use of all or any part (if such partial loss of title causes the Facilities affected thereby to be impracticable to operate, as evidenced by an Officer's Certificate filed with the Bond Trustee) of the Facilities as a result of the failure of title or as a result of Eminent Domain proceedings or proceedings in lieu thereof; *provided, however*, that in the event an amount greater than 10 percent of the aggregate principal amount of Obligation No. 1 and all other Obligations is prepaid, the Obligated Group shall file with the Bond Trustee an Officer's Certificate to the effect that (i) the forecasted Long-Term Debt Service Coverage Ratio for the Fiscal Year next succeeding the Fiscal Year in which such prepayment is made will be not less than 1.10 and (ii) the Liquidity Measure is forecasted to be not less than 60, in both cases for the Fiscal Year next succeeding the Fiscal Year in which such prepayment is made.

(b) The Obligated Group shall have the option to prepay all of the unpaid aggregate principal amount of the Loan, together with accrued interest to the date of prepayment, upon the occurrence of the following events: changes in the Constitution of the United States of America or of the State or legislation or administrative action or failure of administrative action by the United States of America or the State or any agency or political subdivision of either, or any judicial decision, to the extent that, in the opinion of the respective Governing Bodies of the Obligated Group (expressed in resolutions) and in the opinion of a Consultant, both filed with the Bond Trustee, (i) this Agreement is impossible to perform without unreasonable delay or (ii) unreasonable burdens or excessive liabilities not being imposed on the date hereof are imposed on the Obligated Group.

(c) To make a prepayment pursuant to this Section 7.02, the Obligated Group Representative shall give written notice to the Bond Trustee which shall specify therein (i) the date of the intended prepayment of the Loan, which shall be not less than 45 days from the date the notice is mailed, (ii) the source of the money that will be used by the Obligated Group to make such prepayment of the Loan, (iii) the aggregate principal amount of the Bonds to be purchased, redeemed or paid at maturity and the date or dates on which such purchase, redemption or payment is to occur, and (iv) the maturity or maturities of the Bonds to be

purchased, redeemed or paid at maturity, and which shall include such certificates or opinions as are required by paragraphs (a) or (b) of this Section 7.02.

(d) This Section 7.02 shall not be construed to prohibit the Obligated Group from applying insurance proceeds with respect to any casualty loss or condemnation awards or payments in lieu thereof to the optional prepayment in part of the Loan in accordance with the provisions of Section 7.01 hereof.

SECTION 7.03 **Right of Revocation**. The Obligated Group shall have the right to revoke any notice of prepayment given pursuant to Section 7.01 or 7.02 hereof if, on or prior to the tenth (10th) Business Day preceding any date fixed for redemption of Bonds pursuant to Section 301(a) or 301(b) of the Bond Indenture, the Obligated Group Representative notifies the Bond Trustee in writing that the Obligated Group has elected to revoke its election to redeem such Bonds because it has determined that the source of money for such redemption specified in the notice given by the Obligated Group Representative pursuant to Section 7.01 or 7.02 hereof is not available.

ARTICLE VIII.
INDEMNIFICATION AND NON-LIABILITY OF THE ISSUER, THE MASTER TRUSTEE AND THE BOND TRUSTEE

SECTION 8.01 **General**. The Obligated Group shall and hereby does indemnify and hold harmless the Issuer, the Master Trustee and the Bond Trustee and all members, officers, directors, agents, and employees thereof against all losses, costs, damages, expenses and liabilities (collectively referred to hereinafter as "Losses") of whatsoever 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, arising out of or related to one or more Claims, as hereinafter defined, excluding any such Loss or Claim that arises out of an act of gross negligence or willful misconduct of any member, officer, director, agent, or employee of the Issuer, the Master Trustee and the Bond Trustee. The word "Claims" as used herein shall mean all claims, lawsuits, causes of action and other legal actions and proceedings of whatsoever nature, including but not limited to claims, lawsuits, causes of action and other legal actions and proceedings involving bodily or personal injury or death of any person or damage to any property (including but not limited to persons employed by the Issuer, the Master Trustee, the Bond Trustee, the Obligated Group and any other person) brought against the Issuer, the Master Trustee or the Bond Trustee or to which the Issuer, the Master Trustee or the Bond Trustee is a party, that directly or indirectly result from, arise out of or relate to (i) the transfer, sale, operation, use, occupancy, maintenance or ownership of the Property and Equipment or any part thereof, (ii) the execution, delivery or performance of this Agreement, the Bond Indenture, the Master Indenture, the Mortgages or any related instruments or documents or (iii) the filing of Internal Revenue Service Form 8038-T by the Issuer. The obligations of the Obligated Group under this Section 8.01 shall apply to all Losses or Claims, or both, that result from, arise out of, or are related to any event, occurrence, condition or relationship prior to termination of this Agreement, whether such Losses or Claims, or both, are asserted prior to termination of this Agreement or thereafter. The Issuer, the Master Trustee or the Bond Trustee, as the case may be, shall reimburse the Obligated Group for payments made by the Obligated Group pursuant to this Section 8.01 to the extent of any proceeds, net of all expenses of

collection, actually received by the Issuer, the Master Trustee or the Bond Trustee from any insurance covering such Claims with respect to the Losses sustained. The Issuer, the Master Trustee and the Bond Trustee shall have the duty to claim any such insurance proceeds and the Issuer, the Master Trustee and the Bond Trustee shall assign their respective rights to such proceeds, to the extent of such required reimbursement, to the Obligated Group.

In case any action shall be brought against the Issuer, the Master Trustee or the Bond Trustee in respect of which indemnity may be sought against the Obligated Group, then the Issuer, the Master Trustee or the Bond Trustee as the case may be, shall promptly notify the Corporation in writing. Failure to notify the Corporation shall not relieve it from any liability that it may have other than on account of this Agreement. The Obligated Group shall have the right to assume the investigation and defense thereof, including the employment of counsel, which counsel shall be satisfactory to the indemnified parties, and the payment of all expenses. The Issuer shall have the right to employ separate counsel in any such action and participate in the investigation and defense thereof, and the reasonable fees and expenses of such counsel shall be paid by the Obligated Group. The Master Trustee and the Bond Trustee shall have the right to employ separate counsel in any such action and participate in the investigation and defense thereof, but the fees and expenses of such counsel shall be paid by the Master Trustee and the Bond Trustee unless the employment of such counsel has been authorized by the Corporation or the Master Trustee and the Bond Trustee have reasonably objected to a joint defense by the Obligated Group on the ground that there may be legal defenses available to it that are different from or in addition to those available to the Obligated Group, in which case the Master Trustee or the Bond Trustee shall have the right to designate and retain separate counsel in such action and the reasonable fees and expenses of such counsel shall be paid by the Obligated Group. If no reasonable objection is made and the Obligated Group assumes the defense of such action, the Obligated Group shall not be liable for the fees and expenses of any counsel for the Master Trustee, or the Bond Trustee incurred thereafter in connection with such action. In no event shall the Obligated Group be liable for the fees and expenses of more than one counsel for the Master Trustee or the Bond Trustee in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, unless the retaining of additional counsel has been specifically authorized by the Corporation.

Notwithstanding anything in this Section 8.01 to the contrary, the Obligated Group shall not be liable for any Losses or Claims of the Master Trustee or the Bond Trustee resulting from the negligent act of, or negligent failure to take action by, the Master Trustee or the Bond Trustee.

SECTION 8.02 **Payment of Costs Upon Default**. The Obligated Group shall pay, and shall indemnify the Issuer and the Bond Trustee against, all costs and charges, including reasonable counsel fees, lawfully and reasonably incurred in enforcing any covenant or agreement of the Obligated Group contained in this Agreement.

ARTICLE IX.
TERMINATION OF AGREEMENT

SECTION 9.01 **Termination of Agreement**. When the Bond Trustee has released the Bond Indenture in accordance with the provisions of Section 1201 of the Bond Indenture, this

Agreement, except for Sections 3.04(c), 8.01 and 10.01, which shall remain in effect, shall terminate, and the Bond Trustee shall contemporaneously cancel Obligation No. 1 and shall deliver the same to the Corporation.

ARTICLE X.
MISCELLANEOUS

SECTION 10.01 Members, Officers and Employees of the Issuer and the Obligated Group Issuer Not Liable. Neither the members, officers and employees of the Issuer nor the members of the Governing Bodies or the officers and employees of the Obligated Group shall be personally liable for any costs, losses, damages or liabilities caused or subsequently incurred by the Obligated Group or any officer, director or agent thereof in connection with or as a result of this Agreement.

SECTION 10.02 Amendment of Agreement. This Agreement may be amended, from time to time, without the consent of or notice to any of the Holders, as shall be consistent with the terms of the Bond Indenture and hereof and, in the opinion of the Bond Trustee, who may rely upon a written Opinion of Counsel, shall not materially and adversely affect the Holders, to:

(a) cure any ambiguity or formal defect or omission in this Agreement or in any supplement thereto;

(b) correct or supplement any provisions herein which may be inconsistent with any other provisions herein or make any other amendments with respect to matters or questions arising hereunder;

(c) grant to or confer upon the Bond Trustee for the benefit of the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders or the Bond Trustee; or

(d) add conditions, limitations and restrictions on the Obligated Group to be observed thereafter.

Other than amendments referred to in the preceding paragraph of this Section and subject to the terms and provisions and limitations contained in Section 1102 of the Bond Indenture and not otherwise, the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained herein to the contrary notwithstanding, to consent to and approve the execution by the Obligated Group and the Issuer of such supplements and amendments hereto as shall be deemed necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein; *provided, however*, nothing in this Section shall permit or be construed as permitting a supplement or amendment which would:

(i) Extend the stated maturity of or time for paying interest on Obligation No. 1 or reduce the principal amount of or the redemption premium or rate of interest payable on Obligation No. 1 without the consent of the Holders of all Bonds then Outstanding affected thereby;

(ii) Except as expressly permitted by the Master Indenture, grant to the registered owner of any Indebtedness a security interest in Gross Revenues or Property and Equipment or a lien under the Mortgages or any thereof superior to that of the holders of Obligations without the consent of the Holders of all Bonds then Outstanding; or

(iii) Reduce the aggregate principal amount of Bonds then Outstanding the consent of the Holders of which is required to authorize such supplement or amendment without the consent of the Holders of all Bonds then Outstanding.

SECTION 10.03 **Redemption of Bonds**. Upon the request of the Corporation made in accordance with this Agreement, the Issuer shall take all steps that may be proper and necessary under the applicable redemption provisions of the Bond Indenture to effect the redemption of all or part of the then Outstanding Bonds in such principal amount and on such redemption date as the Obligated Group Representative shall direct. All expenses of such redemption shall be paid from money in the hands of the Bond Trustee or by the Corporation and not from funds of the Issuer.

SECTION 10.04 **Surplus Funds**. When all Bonds shall have been redeemed or retired and Obligation No. 1 and all other obligations, fees and expenses incurred or to be incurred by the Issuer and the Bond Trustee under the Bond Indenture or this Agreement shall have been paid, or sufficient funds or Defeasance Obligations shall be held in trust pursuant to the Bond Indenture for the payment of all such obligations, any surplus funds remaining to the credit of any fund or account established under the Bond Indenture for the security of the Bonds shall be paid to the Corporation as an overpayment of the Total Required Payments.

SECTION 10.05 **Limitation on the Issuer's Liability**. All obligations of the Issuer under this Agreement shall be payable solely from the Total Required Payments and other revenues derived and to be derived from the Obligated Group. Neither the members, officers nor employees of the Issuer shall be personally liable for the payment of any sum or for the performance of any obligation under this Agreement.

SECTION 10.06 **Obligated Group's Remedies**. In the event the Issuer should fail to perform any of its obligations under this Agreement, the Obligated Group or the Corporation may institute such action against the Issuer as the Obligated Group may deem necessary to compel performance; *provided, however*, that no such action shall seek to impose, or impose, any pecuniary liability upon the Issuer, or any personal or pecuniary liability upon any member, officer or employee thereof, except in the case of willful misconduct.

SECTION 10.07 **Consents and Approvals**. Whenever the written consent or approval of the Issuer, the Obligated Group or the Bond Trustee shall be required under the provisions of this Agreement, such consent or approval shall not be unreasonably withheld or delayed. Unless otherwise specified herein, consents of the Issuer shall be executed and delivered on behalf of the Issuer by the Issuer Representative, consents of the Obligated Group shall be executed and delivered on behalf of the Obligated Group by the Obligated Group Representative.

SECTION 10.08 **Extent of Covenants; Obligated Group Bound by Bond Indenture**. All covenants, stipulations, obligations and agreements of the Issuer and the Obligated Group contained in this Agreement shall be effective to the extent authorized and permitted by applicable law.

The Obligated Group agrees to perform all duties and obligations imposed upon it by the Bond Indenture in the same manner as if the Obligated Group was a party to the Bond Indenture.

SECTION 10.09 **Arbitrage**. The Issuer and the Obligated Group shall take no action, and shall not approve any action of, or the making of any investment or use of the proceeds of the Bonds, by the Bond Trustee that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code as such may be applicable to the Bonds at the time of such action, investment or use.

SECTION 10.10 **Exclusion From Gross Income Covenant**. The Obligated Group covenants that it will not take any action which will, or fail to take any action which failure will, cause interest on the Bonds to become includable in the gross income of the Holders for federal income tax purposes pursuant to the provisions of the Code; *provided, however*, that the Issuer shall have no obligation to pay any amounts necessary to comply with this covenant other than from money received by the Issuer from the Obligated Group for such purposes. The Obligated Group agrees to perform, or cause to be performed, the covenants set forth in the Tax Certificate which covenants are incorporated herein by reference.

SECTION 10.11 **Notices; Demands; Requests**. All notices, demands and requests to be given to or made hereunder by the Obligated Group, the Issuer, the principal Underwriter or the Bond Trustee shall be given or made in writing and shall be deemed to be properly given or made if sent by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

As to the Obligated Group

Presbyterian Retirement Communities, Inc.
80 West Lucerne Circle
Orlando, Florida 32801
Attention: Chief Executive Officer

As to the Issuer

St. Johns County Industrial Development Authority
St. Johns County Administration Building
4020 Lewis Speedway
St. Augustine, Florida 32085
Attention: _____

As to the Bond Trustee

Wells Fargo Bank, National Association
7077 Bonneval Road, Suite 400

Jacksonville, Florida 32216
Attention: Corporate Trust Department

As to the Principal Underwriter

Herbert J. Sims & Co., Inc.
7575 Dr. Phillips Blvd.
State Road 235
Orlando, Florida 32819-2221
Attention: Walter A. Frey, Executive Vice President

Any such notice, demand or request may also be transmitted to the appropriate above-mentioned party by telegram or telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change sent by United States registered or certified mail, postage prepaid, to the other parties by the party effecting the change.

SECTION 10.12 **Attorney's Fees**. Anything contained herein to the contrary notwithstanding, the obligation of the Obligated Group to pay attorneys' fees shall mean fees reasonable in light of the circumstances, taking into account the amount of time expended, the services provided and other appropriate criteria.

SECTION 10.13 **Multiple Counterparts**. This Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original constituting but one and the same instrument.

SECTION 10.14 **Severability**. If any one or more of the covenants, agreements or provisions of this Agreement shall be determined by a court of competent jurisdiction to be invalid, the invalidity of such covenants, agreements and provisions shall in no way affect the validity or effectiveness of the remainder of this Agreement, and this Agreement shall continue in force to the fullest extent permitted by law.

SECTION 10.15 **State Law Controlling**. This Agreement shall be construed and enforced in accordance with the laws of the State.

IN WITNESS WHEREOF, the St. Johns County Industrial Development Authority has caused these presents to be signed in its name and on its behalf by its Chairman and its official seal to be hereunto affixed and attested by its Secretary, and the Obligated Group have caused these presents to be signed in their name and on their behalf by _____, all as of the 1st day of July, 2004.

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

[SEAL]

By: _____
Chairman

Attest:

_____
Secretary

PRESBYTERIAN RETIREMENT COMMUNITIES, INC.

PALM SHORES RETIREMENT COMMUNITY, INC.

SUNCOAST MANOR, INC.

WESLEY MANOR, INC.

WESTMINSTER RETIREMENT COMMUNITIES FOUNDATION, INC.

WESTMINSTER SERVICES, INC.

WESTMINSTER SHORES, INC.

By: _____
Henry T. Keith
Authorized Officer for each of the foregoing corporations

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Master Trustee

By: _____
Brian P. Clark
Vice President

EXHIBIT A

DESCRIPTION OF THE PROJECT

Jax\760255_3

Rogers Towers
Draft
6/8/04
Exhibit D

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

and

PRESBYTERIAN RETIREMENT COMMUNITIES, INC.
PALM SHORES RETIREMENT COMMUNITY, INC.
SUNCOAST MANOR, INC.
WESLEY MANOR, INC.
WESTMINSTER RETIREMENT COMMUNITIES FOUNDATION, INC.
WESTMINSTER SERVICES, INC.
WESTMINSTER SHORES, INC.

LOAN AGREEMENT

Dated as of August 1, 2004

Relating to
$00,000,000

St. Johns County Industrial Development Authority
Taxable Variable Rate Demand First Mortgage Revenue Bonds
(Presbyterian Retirement Communities Project),
Series 2004B

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LOAN AGREEMENT

This Loan Agreement, dated as of August 1, 2004, by and between the ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a public body corporate and politic organized and existing under the laws of the State of Florida (the "Issuer"), and PRESBYTERIAN RETIREMENT COMMUNITIES, INC., PALM SHORES RETIREMENT COMMUNITY, INC., SUNCOAST MANOR, INC., WESLEY MANOR, INC., WESTMINSTER RETIREMENT COMMUNITIES FOUNDATION, INC., WESTMINSTER SERVICES, INC. and WESTMINSTER SHORES, INC., each a not-for-profit corporation duly incorporated and validly existing under and by virtue of the laws of the State of Florida (collectively, the "Obligated Group"),

W I T N E S S E T H:

IN CONSIDERATION of the respective representations and agreements herein contained, the parties hereto agree as follows:

ARTICLE I.
DEFINITIONS

SECTION 1.01 Definitions. Unless otherwise required by the context, all terms used herein shall have the meanings assigned to such terms in Section 101 of the Bond Indenture (defined below), or in Section 1.01 of the Master Trust Indenture (defined below), or as set forth below:

"Act" means chapter 159, Part II and III, Florida Statutes, as amended, and other applicable provisions of law.

"Agreement" means this Loan Agreement, including any amendments or supplements hereto as herein permitted.

"Bank Loan" means the obligation of the corporation evidenced by the [name of agreement] dated as of _____ with Bank of America, National Association.

"Bond Fund" means the fund created and so designated by Section 501 of the Bond Indenture.

"Bond Indenture" means the Bond Indenture securing the Bonds, dated as of August 1, 2004, between the Issuer and Wells Fargo Bank, N.A, as Bond Trustee, including any trust agreement amendatory thereof or supplemental thereto.

"Bonds" means the Issuer's $00,000,000 St. Johns County Industrial Development Authority, Taxable Variable Rate Demand First Mortgage Revenue Bonds, (Presbyterian Retirement Communities Project), Series 2004B designated by and issued under Section 210 of the Bond Indenture.

"Bond Trustee" means the Bond Trustee at the time serving as such under the Bond Indenture, whether the original or a successor trustee.

"Bond Year" means the period commencing on April 1 of any year and ending on March 31 of the following year.

"Closing" means the date on which this Agreement becomes legally effective, the same being the date on which the Bonds are delivered against payment therefor.

"Code" means the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder.

"Construction Fund" means the fund created and so designated by Section 401 of the Bond Indenture and consisting of a Construction Account and an Issuance Account.

"Corporation" means Presbyterian Retirement Communities, Inc., a not-for-profit corporation duly incorporated and validly existing under and by virtue of the laws of the State and any successor or successors thereto.

"Cost" as applied to the Project, means, without intending thereby to limit or restrict any proper definition of such word under the Act, all items of cost set forth in Section 403 of the Bond Indenture.

"Eminent Domain" means the eminent domain or condemnation power by which all or any part of the Property and Equipment may be taken for public use or any agreement that is reached in lieu of proceedings to exercise such power.

"Event of Default" means, with respect to this Agreement, each of those events set forth in Section 6.01 hereof.

"Existing Facilities" means the health care facilities owned and operated by the Initial Obligated Group Members on the date of this Agreement and consisting of (i) a continuing care retirement community located in Jacksonville (Fruit Cove), Florida known as Westminster Woods on Julington Creek, (ii) a continuing care retirement community located in Bradenton, Florida known as Westminster Bradenton - The Manor, (iii) a continuing care retirement community located in Bradenton, Florida known as Westminster Bradenton - The Towers, (iv) a continuing care retirement community located in Bradenton, Florida known as Westminster Bradenton - The Shores, (v) a continuing care retirement community located in Tallahassee, Florida known as Westminster Oaks, (vi) a continuing care retirement community located in St. Petersburg, Florida known as Westminster SunCoast, (vii) a continuing care retirement community located in St. Petersburg, Florida known as Westminster Palms, (viii) a continuing care retirement community located in St. Petersburg, Florida known as Westminster Shores, (ix) a continuing care retirement community located in Orlando, Florida known as Westminster Towers and (x) a continuing care retirement community located in located in Winter Park, Florida known as Winter Park Towers.

"Facilities" means the Existing Facilities, the Project and any other continuing care retirement facilities or health care delivery or residential facilities designed to provide services to the elderly hereafter owned by any Member of the Obligated Group and operated by or on behalf of any Member of the Obligated Group.

"Facility Property and Equipment" means such property and equipment as defined in Section 1.01 of the Master Indenture.

"Holder" means Holder as defined in Section 101 of the Bond Indenture.

"Interest Payment Date" means October 1, 2004, and each April 1 and October 1 thereafter, to and including April 1, 20__.

"Interested Beneficial Owner" means (i) any Person who shall have established to the satisfaction of the Corporation that he is a beneficial owner of Outstanding Bonds in an aggregate principal amount of not less than $1,000,000, which fact shall be presumptively established by the inclusion of the name and address of such Person on a list furnished to the Corporation by the Principal Underwriter at Closing and thereafter within ten days following the end of each quarter of each Fiscal Year, and (ii) any other Person who shall have established to the satisfaction of the Corporation that he is the beneficial owner of Outstanding Bonds and who shall have filed with the Corporation, within the period of 24 months immediately prior to any time when such term has application, a request in writing setting forth his name and address and the particular reports, notices and other documents which he desires to receive and which are required to be mailed to him under the provisions of this Agreement.

"Issuer" means the St. Johns County Industrial Development Authority and any successor thereto.

"Issuer Representative" means each of the persons at the time designated to act on behalf of the Issuer in a written certificate furnished to the Obligated Group and the Bond Trustee, which certificate shall contain the specimen signature(s) of such person(s) and shall be signed on behalf of the Issuer by its Chairman or Vice Chairman.

"Loan" means the loan of the proceeds of the Bonds made by the Issuer to the Obligated Group pursuant to Section 3.01 hereof.

"Loan Repayments" means those payments designated by and set forth in Section 3.03 hereof.

"Master Indenture" means the Master Trust Indenture, dated as of August 1, 2004, by and between the Obligated Group and Wells Fargo Bank, N.A, as master trustee, for the benefit of the owners from time to time of all Obligations issued thereunder and secured thereby, as said Master Trust Indenture may be amended and supplemented from time to time.

"Member of the Obligated Group" means, initially, the Corporation and the other Initial Members of the Obligated Group and, thereafter, any Person which shall become a

Member of the Obligated Group pursuant to the Master Indenture and not including any Person which shall have withdrawn from the Obligated Group pursuant to the Master Indenture.

"Mortgages" means, collectively _____.

"Obligated Group" means, collectively, the Members of the Obligated Group.

"Obligated Group Representative" means each of the persons at the time designated to act on behalf of the Obligated Group in a written certificate furnished to the Issuer and the Bond Trustee, which certificate shall contain the specimen signature(s) of such person(s) and shall be signed on behalf of the Obligated Group by the Chief Executive Officer of the Corporation.

"Obligation No. 2" means Obligation No. 2 issued, authenticated and delivered under the Master Indenture and Supplement No. 2, delivered to the Issuer as evidence of the Obligated Group's obligation to repay the Loan and assigned by the Issuer to the Bond Trustee as security for the Bonds.

"Officer's Certificate" means a certificate signed by a Issuer Representative or a Obligated Group Representative, as the case may be.

"Outstanding" when used with reference to the Bonds means, as of a particular date, all Bonds theretofore issued under the Bond Indenture, except:

1. Bonds theretofore cancelled by the Bond Trustee or delivered to the Bond Trustee for cancellation;

2. Bonds for the payment of which money, Defeasance Obligations, or a combination of both, sufficient to pay, on the date when such Bonds are to be paid or redeemed, the principal amount of or the redemption price of, and the interest accruing to such date on, the Bonds to be paid or redeemed, has been deposited with the Bond Trustee in trust for the Holders of such Bonds; Defeasance Obligations shall be deemed to be sufficient to pay or redeem Bonds on a specified date if the principal of and the interest on such Defeasance Obligations, when due, will be sufficient to pay on such date the redemption price of, and the interest accruing on, such Bonds to such date;

3. Bonds in exchange for or in lieu of which other Bonds have been issued; and

4. Bonds deemed to have been paid in accordance with Section 1201 of the Bond Indenture;

provided, however, that Bonds owned or held by or for the account of any Member of the Obligated Group, any Affiliate or any subsidiary or controlled affiliate of any Member of the Obligated Group or any Affiliate shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in Article VIII, Article XI and Article XII of the Bond Indenture or Sections 6.02 and 10.02

of this Agreement, and neither any Member of the Obligated Group nor any Affiliate as registered owners of the Bonds shall be entitled to consent or take any other action provided for in Article VIII, Article XI and Article XII of the Bond Indenture or Sections 6.02 and 10.02 of this Agreement.

"Person" includes an individual, association, unincorporated organization, corporation, limited liability company, partnership, joint venture, business trust or a government or an agency or a political subdivision thereof, or any other entity.

"Principal Underwriter" means Herbert J. Sims & Co., Inc., or any successor or successors thereto as set forth in a notice to the Bond Trustee and the Corporation by such Principal Underwriter.

"Project" means the repayment of the Bank Loan and _____.

"Property" means any and all rights, titles and interests in and to any and all property whether real or personal, tangible or intangible and wherever situated.

"Property and Equipment" means all Property of the Members of the Obligated Group which is property and equipment under generally accepted accounting principles.

"Required Payments under the Agreement" means the payments so designated by and set forth in Section 3.04 hereof.

"Residence and Care Agreement" means an agreement entered into by the Corporation with respect to the granting of rights to the exclusive use of a residential unit in any of the Facilities, as the same may be amended from time to time.

"Series 2004A Bonds" means the Issuer's First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004A, issued simultaneously with the Bonds.

"State" means the State of Florida.

"Supplement No. 2" means Supplemental Indenture for Obligation No. 2, dated as of August 1, 2004, by and between the Obligated Group and Wells Fargo Bank, N.A, as master trustee under the Master Trust Indenture.

"Total Required Payments" means the sum of Loan Repayments and Required Payments under this Agreement.

SECTION 1.02 **Rules of Construction**. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words "Bond," "owner," "Holder" and "Person" shall include the plural as well as the singular number.

ARTICLE II.
REPRESENTATIONS

SECTION 2.01 **Representations by the Issuer**. The Issuer represents that:

(a) The Issuer was duly created and is validly existing under the Act.

(b) Under the provisions of the Act, the Issuer is duly authorized to enter into and to execute and deliver this Agreement and the Bond Indenture, to undertake the transactions contemplated by this Agreement and the Bond Indenture and to carry out its obligations hereunder and thereunder.

(c) By duly adopted resolution, the Issuer has duly authorized the execution and delivery of this Agreement and the Bond Indenture and the issuance, sale, execution and delivery of the Bonds.

(d) The Issuer will lend the proceeds of the Bonds to the Obligated Group for the purpose of providing funds, together with other available funds, to (i) pay the Cost of the Project and (ii) pay certain expenses incurred in connection with the authorization and issuance of the Bonds.

SECTION 2.02 **Representations by the Obligated Group**. Each Member of the Obligated Group represents that:

(a) It has been duly incorporated and is validly existing as a not-for-profit corporation in good standing under the laws of the State, no part of the net earnings of which inures to the benefit of any private shareholder or individual, is not a private foundation under Section 509(a) of the Code, and is an organization described in Section 501(c)(3) of the Code.

(b) It has authority to enter into this Agreement, the respective Mortgages relating to Property of which it is the owner, the Master Indenture and Supplement No. 2 and, by proper corporate action, has been duly authorized to execute and deliver this Agreement, such Mortgages, Obligation No. 2, the Master Indenture and Supplement No. 2.

(c) The execution and delivery of this Agreement, Obligation No. 2, the Master Indenture and Supplement No. 2 by it, the consummation of the transactions contemplated hereby and thereby, and the fulfillment of or compliance with the terms and conditions hereof and thereof do not and will not conflict with its articles of incorporation or bylaws and do not and will not in any material respect conflict with, or constitute on its part a breach of or default under, any indenture, mortgage, agreement or other instrument to which it is a party or by which it or any of its property is bound or conflict with, violate or result in a breach of any existing law, public administrative rule or regulation, judgment, court order or consent decree to which it or any of its property is subject.

(d) It has authority to own and operate its respective Facilities.

(e) The representations, covenants and warranties relating to tax matters set forth in the Tax Certificate are true and correct on the date hereof and are hereby incorporated herein by reference in their entirety.

ARTICLE III.
THE LOAN

SECTION 3.01 **Issuance of the Bonds to Fund Loan; Making of the Loan; Security for the Loan**. Simultaneously with the delivery of this Agreement, the Issuer shall issue and deliver the Bonds to provide it with funds to be loaned to the Obligated Group pursuant to this Agreement. The Bonds shall be issued in accordance with the Bond Indenture. The Obligated Group's approval of the terms of the Bonds and the Bond Indenture shall be conclusively established by its execution and delivery of this Agreement.

Upon the terms and conditions of this Agreement, the Issuer hereby makes a loan to the Obligated Group in the principal amount of $00,000,000, the same being the aggregate principal amount of the Bonds. The Loan shall be deemed to have been made when the proceeds of the sale of the Bonds are delivered to the Bond Trustee. The proceeds of the Loan shall be used, together with other available funds, to (i) pay the Cost of the Project and (ii) pay certain expenses incurred in connection with the authorization and issuance of the Bonds. For the purposes of this Agreement, the amount of any underwriter's discount and original issue discount on the Bonds shall be deemed to have been loaned to the Obligated Group.

The Obligated Group hereby accepts the Loan and, as evidence of its direct, general and unconditional obligation to repay the same, shall deliver to the Issuer herewith Obligation No. 2. The Obligated Group shall repay the Loan in accordance with the provisions of Obligation No. 2 and this Agreement. The Obligated Group acknowledges that the proceeds of the Loan will be delivered to the Bond Trustee and applied on behalf of the Obligated Group in accordance with this Agreement and the Bond Indenture.

Obligation No. 2 is issued under and secured by the Master Indenture, Supplement No. 2 and the Mortgages. The Master Indenture provides that the Members of the Obligated Group may issue additional Obligations secured *pari passu* with Obligation No. 2 under the terms and conditions described in the Master Indenture.

In consideration for the issuance of the Bonds and the making of the Loan to the Obligated Group by the Issuer, the Corporation will cause the Letter of Credit to be issued and delivered to the Bond Trustee as security for the Bonds. Until such time as payment of the Bonds shall be made, the Corporation shall use its best efforts to cause the Letter of Credit or an Alternate Credit Facility meeting the requirements of Section 502 or 503 of the Bond Indenture to be maintained with the Bond Trustee.

SECTION 3.02 **Total Required Payments**. The Obligated Group shall make the Total Required Payments under this Agreement when due.

The Obligated Group's obligation to make the Total Required Payments and to satisfy any other financial liabilities incurred under this Agreement shall be a direct, general and unconditional obligation of the Obligated Group.

The Obligated Group shall make Loan Repayments and Required Payments under the Agreement pursuant to Section 3.04(a) hereof directly to the Bond Trustee for deposit in the

Bond Fund. Required Payments under the Agreement pursuant to Section 3.04(b) hereof shall be made by the Obligated Group directly to the Persons entitled to such payments.

Neither the Issuer nor the Bond Trustee is required to give the Obligated Group notice of any date upon which any of the Total Required Payments is due. Nothing in this Section 3.02 shall require the Obligated Group to pay the costs and expenses set forth in Section 3.04(b), except the fees and expenses of the Issuer to the extent provided below, so long as the validity or the reasonableness thereof shall be contested in good faith and the Obligated Group shall have delivered to the Bond Trustee an Opinion of Counsel, the content of which is acceptable to the Bond Trustee, to the effect that such contest does not jeopardize the interests of the Issuer, the Bond Trustee or the Holders; otherwise the Obligated Group shall pay such costs and expenses to the end that, in the Opinion of Counsel, the interests of the Issuer, the Bond Trustee and the Holders are not jeopardized. If the content of the Opinion of Counsel mentioned in the preceding sentence is not acceptable to the Bond Trustee, the Bond Trustee shall so notify the Issuer and the Obligated Group within five days of its receipt thereof, after which a subsequent Opinion of Counsel may be furnished. If the content of such subsequent opinion is not acceptable to the Bond Trustee, the Obligated Group shall pay such costs and expenses. Notwithstanding anything in this paragraph to the contrary, the Obligated Group agrees that it will continue to pay the fees and expenses of the Bond Trustee and the Master Trustee as set forth in Section 3.04(a)(ii) hereof and of the Issuer as set forth in Section 3.04(b)(vi) hereof pending the resolution of any contest with respect to the validity or reasonableness thereof.

All of the Total Required Payments shall be made in lawful money of the United States of America at the time each of the Total Required Payments is made.

SECTION 3.03 Loan Repayments.

(a) The Obligated Group shall repay the Loan in installments as provided in this Agreement. Each installment shall be deemed to be a Loan Repayment and shall be paid, together with other required deposits and payments, at the times and in the amounts set forth below. Loan Repayments shall be sufficient in the aggregate to repay the Loan, together with interest thereon and to pay in full all Bonds issued under the Bond Indenture, together with the total interest and redemption premium, if any, thereon.

(b) The Loan Repayments shall be due and payable as follows:

(i) On the Business Day immediately preceding each Interest Payment Date, to the Bond Trustee, for deposit to the credit of the Current Subaccount of the Loan Repayments Account, an amount equal to the interest due on the Outstanding Bonds on the next ensuing Interest Payment Date; *provided, however,* that the obligation of the Obligated Group to make such Loan Repayments shall be deemed satisfied and discharged to the extent of the corresponding payment made by the Credit Issuer under the Credit Facility;

(ii) On the Business Day immediately preceding each date that any payment of principal is required to be made in respect of the Bonds pursuant to the Bond Indenture, to the Bond Trustee, for deposit to the credit of the Current Subaccount of the

Loan Repayments Account, that amount which, together with the amount then on deposit to the credit of the Current Subaccount of the Loan Repayments Account, is sufficient to pay the principal of (whether at maturity or upon redemption or acceleration or otherwise) the Bonds due on such date as provided in the Bond Indenture; and

(iii) Any amount that may, from time to time, be required to enable the Obligated Group to pay redemption premiums as and when Bonds are called for redemption.

SECTION 3.04 Required Payments under the Agreement.

(a) The Obligated Group shall pay, when due and payable, as Required Payments under the Agreement, certain costs and expenses, exclusive of costs and expenses payable from the proceeds of the Bonds, as follows:

(i) to the Remarketing Agent, such amounts as shall be necessary to enable it to pay the purchase price of Bonds delivered to it for purchase, all as more particularly described in Section 206 of the Bond Indenture *provided, however,* that the obligation of the Obligated Group to make any such payment under this clause (i) shall be reduced by the amount of moneys available for such payment pursuant to clauses (i) and (ii) of Section 311(a) of the Bond Indenture, and *provided, further,* that the obligation of the Obligated Group to make any payment under this clause (i) shall be deemed to be satisfied and discharged to the extent of the corresponding payment made by the Credit Issuer under the Credit Facility;

(ii) the fees and other costs payable to the Master Trustee, the Bond Trustee, the Tender Agent and the Remarketing Agent under the Trust Agreement, such fees and expenses to be paid by the Obligated Group directly to the Master Trustee, the Bond Trustee, the Tender Agent and the Remarketing Agent, respectively, for their own account;

(iii) all costs incurred in connection with the purchase or redemption of Bonds to the extent money is not otherwise available therefor;

(iv) the fees and other costs incurred for services of such attorneys, Management Consultants, Insurance Consultants and accountants as are employed to make examinations, provide services, render opinions or prepare reports required under this Agreement, the Master Indenture, the Remarketing Agreement, the Tender Agreement, the Credit Agreement, the Mortgages or the Bond Indenture;

(v) reasonable fees and other costs that the Obligated Group is obligated to pay, not otherwise paid under this Agreement or the Bond Indenture, incurred by the Issuer in connection with its administration and enforcement of, and compliance with, this Agreement, the Mortgages, the Remarketing Agreement, the Tender Agreement or the Bond Indenture;

(vi) all costs incurred by the Issuer or the Bond Trustee in connection with the discontinuation of or withdrawal from any book-entry system for the Bonds or any

transfer from one book-entry system to another, including, without limitation, the printing and issuance of additional or substitute Bonds in connection with such withdrawal, discontinuance or transfer; and

(b) fees and other costs incurred in connection with the issuance of the Bonds to the extent such fees and other costs are not paid from the proceeds of the Bonds.

The Required Payments under the Agreement shall be equal to the amounts specified in paragraphs (a) and (b), inclusive, of this Section 3.04.

SECTION 3.05 **Obligated Group's Payments as Trust Funds**. All payments of the Total Required Payments under the Agreement made by or on behalf of the Obligated Group under this Agreement to the Bond Trustee shall be and constitute trust funds and shall continue to be impressed with a trust until such money is applied in the manner provided in the Bond Indenture.

The Obligated Group Representative shall give to the Bond Trustee written directions or oral directions confirmed in writing respecting the investment of any money held in any of the funds or accounts established under the Bond Indenture, subject, however, to the provisions of Article VI of the Bond Indenture. The Bond Trustee may request, orally or in writing, further direction or authorization of the Corporation (on behalf of the Obligated Group) with respect to the proposed investment of money under the provisions of the Bond Indenture. Upon receipt of such request, accompanied by a memorandum setting forth the details of any proposed investment, the Obligated Group Representative shall either approve such proposed investment or shall give written directions or oral directions confirmed in writing to the Bond Trustee respecting the investment of such money.

SECTION 3.06 **No Set-Off**. The obligation of the Obligated Group to make the Loan Repayments and all other Required Payments under the Agreement and Obligation No. 2 and to perform and observe the other agreements contained in this Agreement shall be absolute and unconditional. The Obligated Group will pay without abatement, diminution or deduction (whether for taxes or otherwise) all such amounts regardless of any cause or circumstance whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim that the Obligated Group may have or assert against the Issuer or the Bond Trustee or any other Person.

SECTION 3.07 **Assignment to Bond Trustee**. Simultaneously with the delivery of this Agreement, the Issuer shall assign to the Bond Trustee as security for the Bonds all of the Issuer's right, title and interest in and to Obligation No. 2, all of its rights under the Master Indenture and the Mortgage as the owner of Obligation No. 2, and all of the Issuer's right, title and interest in and to this Agreement (except for those certain rights under the Agreement that are set forth in the granting clauses of the Bond Indenture). The Obligated Group hereby consents to such assignment and agrees that the Bond Trustee may enforce any and all rights, privileges and remedies of the Issuer under or with respect to Obligation No. 2, the Master Indenture and the Mortgages as the owner of Obligation No. 2 and this Agreement, including those rights reserved by the Issuer. The Bond Trustee shall be entitled to enforce the provisions of this Agreement that relate to it notwithstanding the fact that is it not a signatory hereto.

ARTICLE IV.
THE PROJECT

SECTION 4.01 **The Project**. The Corporation shall effect the Project by applying funds disbursed from the Construction Fund for such purposes.

SECTION 4.02 **Disbursements from Construction Fund**. The money in the Construction Fund shall be applied by the Bond Trustee, upon receipt of a requisition of the Obligated Group signed by the Obligated Group Representative, to the payment of the Cost of the Project in accordance with Article IV of the Bond Indenture, and pending such application such money shall be invested and reinvested in accordance with Article VI of the Bond Indenture.

ARTICLE V.
PARTICULAR COVENANTS

SECTION 5.01 **Compliance with Covenants, Conditions and Agreements in Master Indenture**. Each of the Members of the Obligated Group covenants that so long as the Bonds are Outstanding it shall comply with each and every covenant, condition and agreement in the Master Indenture. Each such covenant, condition and agreement in the Master Indenture is hereby incorporated by reference and made a part of this Agreement with the same effect intended as though the text of each such covenant, condition and agreement were set forth in this Agreement as express covenants, conditions and agreements of the Obligated Group.

SECTION 5.02 **Merger, Sale and Transfer Permitted**. So long as any Bonds are Outstanding, each of the Members of the Obligated Group agrees that it will not consolidate with or merge into another corporation that is not a Member of the Obligated Group, or permit one or more other corporations that are not Members of the Obligated Group to consolidate with or to merge into it, or sell or otherwise transfer to another entity that is not a Member of the Obligated Group all or substantially all of its assets as an entirety and thereafter dissolve except as permitted by the Master Trust Indenture.

SECTION 5.03 **Examination of Books and Records**. The Bond Trustee or their designees shall be permitted, during normal business hours and upon reasonable notice, (i) to examine the books and records (other than confidential patient records and personnel records and other than records protected by attorney-client privilege) of the Obligated Group, including any accountant's work papers, with respect to compliance with the obligations of the Obligated Group hereunder and under the Master Indenture and (ii) to make copies of those portions of such books and records as the Bond Trustee shall reasonably request.

SECTION 5.04 **Financial Statements and Other Information**. The Corporation shall furnish to the Bond Trustee, each Interested Beneficial Owner, any Holder who requests the same in writing, the Principal Underwriter, the Financial Statements, certificate of no-default and other information which the Obligated Group has covenanted to furnish to the Master Trustee pursuant to Section 3.11 of the Master Indenture. Such information shall be furnished to the Bond Trustee, each Interested Beneficial Owner, any Holder who requests the same in writing,

and the Principal Underwriter at the times and in the manner provided by Section 3.11 of the Master Indenture for such information to be furnished to the Master Trustee.

Notwithstanding any of the provisions contained in this Section 5.04, the Bond Trustee is not required to take notice of anything in any financial statements, reports or recommendations submitted by any Consultant, budgets, reports on the occupancy of the Facilities or other similar reports unless it has actual notice of an Event of Default in accordance with Section 908 of the Bond Indenture.

SECTION 5.05 **Further Assurances and Corrective Instruments**. Subject to the provisions of Article XI of the Bond Indenture, the Issuer and the Obligated Group agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements and amendments hereto and such further instruments as may reasonably be required for carrying out the intention of facilitating the performance of this Agreement.

SECTION 5.06 **Investment of Funds**. The Obligated Group, agrees that it (on behalf of the Members of the Obligated Group) will give written instructions, or oral instructions confirmed in writing, to the Bond Trustee with respect to the investment of any funds required to be invested, pursuant to Section 602 of the Bond Indenture.

SECTION 5.07 **Use and Operation of Facilities**. The Obligated Group shall operate the Facilities exclusively as "health care facilities" (within the meaning of the Act) rendering residential and health care services to the general public without discrimination as to race, religion or national origin for the public purpose of better providing for the present and prospective health, safety and general welfare of the people of the State. The Obligated Group shall maintain and operate the Facilities upon a revenue-producing basis in a manner consistent with the Obligated Group's obligations imposed under this Agreement and its status as an organization described in Section 501(c)(3) of the Code, as determined by the Internal Revenue Service.

SECTION 5.08 **Religious Use of Project**. The Obligated Group shall not use any part of the Facilities financed or refinanced with the proceeds of the Bonds for sectarian instruction, or primarily as a place of religious worship or as a facility used primarily as a part of a program of a school or department of divinity. To the extent permitted by law, the foregoing shall not be deemed to exclude a meditation room, chapel or a pastoral care program, all reasonably available to all persons of all religions and reasonably related to the providing of proper health care services. If, at any time, applicable law shall permit the Facilities financed or refinanced with proceeds of the Bonds to be used for any purpose prohibited by this Section 5.08, such prohibition shall be of no further force or effect or shall be limited to the extent permitted by law unless the validity or the exclusion of interest on the Bonds for purposes of federal income taxation would be adversely affected thereby.

SECTION 5.09 **Secondary Market Disclosure**. The Obligated Group hereby undertakes, for the benefit of the beneficial owners of the Bonds, to provide:

(a) by not later than 120 days after the end of each Fiscal Year of the Obligated Group, commencing with the Fiscal Year ended March 31, 2005, to each nationally recognized municipal securities information repository ("NRMSIR") and to the state information depository for the State ("SID"), if any, the Financial Statements for such Fiscal Year, if available, or, if such Financial Statements are not available by 120 days after the end of such Fiscal Year, the Unaudited Financial Statements (defined below) for such Fiscal Year to be replaced subsequently by the Financial Statements to be delivered within 15 days after such Financial Statements become available for distribution;

(b) by not later than 120 days after the end of each Fiscal Year, commencing with the Fiscal Year ended March 31, 2005, to each NRMSIR, and to the SID, if any, the financial and statistical data as of a date not earlier than the end of the preceding Fiscal Year for the type of information included under the following headings in Appendix A to the Official Statement of the Issuer, dated _____ 2004, relating to the Bonds:

(c) in a timely manner, to each NRMSIR or to the Municipal Securities Rulemaking Board ("MSRB"), and to the SID, if any, notice of any of the following events with respect to the Bonds, if material:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults;

(iii) unscheduled draws on any debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on any credit enhancements reflecting financial difficulties;

(v) substitution of any credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions or events affecting the tax-exempt status of the Bonds;

(vii) modification to the rights of the beneficial owners of the Bonds;

(viii) bond calls, other than those relating to the mandatory sinking fund redemption of the Bonds;

(ix) defeasances;

(x) release, substitution or sale of any property securing repayment of the Bonds; and

(xi) rating changes;

(d) in a timely manner, to each NRMSIR or to the MSRB, and to the SID, if any, notice of a failure of the Obligated Group to provide required annual financial information described in (a) or (b) above on or before the date specified.

For the purposes of this Section 5.09, "Unaudited Financial Statements" has the same meaning as Financial Statements, except that such financial statements have not been audited and reported upon by independent certified public accountants (or, in the case of any Member of the Obligated Group which is not an Affiliate, the accounts of such Member of the Obligated Group to be added to the unaudited combining financial statements described above are not extracted from audited financial statements of such Member of the Obligated Group and its Affiliates, if any).

If the Obligated Group fails to comply with the undertaking described above, the Bond Trustee or any beneficial owner of the Bonds then Outstanding may take action to protect and enforce the rights of beneficial owners with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking shall not be an event of default under this Agreement and shall not result in any acceleration of payment of the Bonds. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the Bonds.

The Corporation reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the Corporation, provided that:

(a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Obligated Group;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 issued under the Securities Exchange Act of 1934 ("Rule 15c2-12") as of the date of the Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(c) any such modification does not materially impair the interests of the beneficial owners, as determined either by parties unaffiliated with the Obligated Group (such as bond counsel or the Bond Trustee), or by approving vote of the registered owners of not less than a majority in principal amount of the Bonds then Outstanding pursuant to the terms of the Bond Indenture, as it may be amended from time to time.

The Obligated Group agrees that any annual financial information containing modified operating data or financial information will explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

By not later than 120 days after the end of each Fiscal Year, the Corporation shall cause to be filed with the Issuer and the Bond Trustee an Officer's Certificate stating that the Obligated Group is in compliance with the provisions of this Section 5.09.

The provisions of this Section 5.09 shall terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all of the Bonds.

ARTICLE VI.
EVENTS OF DEFAULT AND REMEDIES

SECTION 6.01 **Events of Default Defined**. The term "Event of Default" shall mean any one or more of the following events:

(a) The Obligated Group shall fail to pay, or cause to be paid, in full any payment required under this Agreement or under Obligation No. 2 when due, whether at maturity, redemption, acceleration or otherwise pursuant to the terms hereof or thereof;

(b) The Obligated Group shall fail duly to perform, observe or comply with any covenant, condition or agreement on its part under this Agreement (other than a failure to make any payment under subsection (a) of this Section 6.01), including any covenant, condition or agreement in the Master Indenture applicable to the Obligated Group and incorporated by reference in this Agreement pursuant to Section 5.01 hereof, and such failure continues for a period of 30 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Corporation by the Bond Trustee, or to the Corporation and the Bond Trustee by the Holders of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding; provided, however, that if such performance, observation or compliance requires work to be done, action to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such 30-day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as, the Obligated Group shall commence such performance, observation or compliance within such period and shall diligently and continuously prosecute the same to completion; or

(c) The Master Trustee shall have declared the aggregate principal amount of Obligation No. 2 and all interest due thereon immediately due and payable in accordance with Section 4.02(a) of the Master Indenture.

SECTION 6.02 **Remedies on Default**. Whenever any Event of Default shall have happened and be continuing, the Bond Trustee may take the following remedial steps:

(a) In the case of an Event of Default described in Section 6.01(a) hereof, the Bond Trustee may take whatever action at law or in equity is necessary or desirable to collect the payments then due;

(b) In the case of an Event of Default described in Section 6.01(b) hereof, the Bond Trustee may take whatever action at law or in equity may be necessary or desirable to enforce the performance, observance or compliance by the Obligated Group with any covenant, condition or agreement by the Obligated Group under this Agreement or under the Master Indenture; and

(c) In the case of an Event of Default described in Section 6.01(c) hereof, the Bond Trustee shall take such action, or cease such action, as the Master Trustee shall direct, but only to the extent such directions are consistent with the provisions of the Master Indenture.

In the event the Bonds have been declared due and payable pursuant to Section 802 of the Bond Indenture, the Bond Trustee shall declare the entire unpaid aggregate amount of the Loan to be due and payable.

SECTION 6.03 **Application of Amounts Realized in Enforcement of Remedies**. Any amounts collected pursuant to action taken under Section 6.02 hereof shall be deposited in the Bond Fund and applied in accordance with the provisions of the Bond Indenture, or, if payment of the Bonds shall have been made, shall be applied according to the provisions of Section 10.04 hereof.

SECTION 6.04 **No Remedy Exclusive**. Subject to Section 6.02 hereof, no remedy herein conferred upon or reserved to the Bond Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

SECTION 6.05 **Agreement to Pay Attorneys' Fees and Expenses**. In any Event of Default, if the Bond Trustee employs attorneys or incurs other expenses for the collection of amounts payable hereunder or the enforcement of the performance or observance of any covenants or agreements on the part of the Obligated Group herein contained, whether or not suit is commenced, the Obligated Group agrees that it will on demand therefor pay to the Issuer or the Bond Trustee the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Bond Trustee.

SECTION 6.06 **Issuer and Obligated Group to Give Notice of Default**. The Issuer and the Obligated Group severally covenant that they will, at the expense of the Obligated Group, promptly give to the Bond Trustee (and, in the case of the Obligated Group, to the Issuer) written notice of any Event of Default under this Agreement of which they shall have actual knowledge or written notice, but the Issuer shall not be liable for failing to give such notice.

SECTION 6.07 **Correlative Waivers**. If an Event of Default under Section 801 of the Bond Indenture shall be cured or waived and any remedial action by the Bond Trustee rescinded, any correlative default under this Agreement shall, *ipso facto*, be deemed to have been cured or waived.

ARTICLE VII.
PREPAYMENTS

SECTION 7.01 Optional Prepayment.

(a) The Obligated Group is hereby granted, and shall have, the option to prepay, together with accrued interest, all or any portion of the unpaid aggregate amount of the Loan by redeeming Bonds in accordance with the terms and provisions of Section 301(a) of the Bond Indenture. Said prepayment shall be made by the Obligated Group taking, or causing the Issuer to take, the actions required (i) for payment of the Bonds, whether by redemption or purchase prior to maturity or by payment at maturity, or (ii) to effect the purchase, redemption or payment at maturity of less than all of the Outstanding Bonds according to their terms.

(b) To make a prepayment pursuant to this Section 7.01, the Obligated Group Representative shall give written notice to the Issuer and the Bond Trustee which shall specify therein (i) the date of the intended prepayment of the Loan, which shall not be less than 45 days from the date the notice is mailed, (ii) the source of the money that will be used by the Obligated Group to make such prepayment of the Loan and (iii) the aggregate principal amount and maturities of the Bonds to be purchased, redeemed or paid at maturity and the date or dates on which the purchase, redemption or payment is to occur.

SECTION 7.02 Extraordinary Prepayment.

(a) The Obligated Group shall have the option to prepay all or a portion of the unpaid aggregate principal amount of the Loan, together with accrued interest to the date of prepayment, from amounts received by any Member of the Obligated Group as insurance proceeds with respect to any casualty loss or failure of title or as condemnation awards, provided that such prepayment shall not be less than $100,000, and upon the occurrence of the following events: damage or destruction of all or any part (if such partial damage or destruction causes the Facilities affected thereby to be impracticable to operate, as evidenced by an Officer's Certificate filed with the Bond Trustee) of the Facilities by fire or casualty, or loss of title to or use of all or any part (if such partial loss of title causes the Facilities affected thereby to be impracticable to operate, as evidenced by an Officer's Certificate filed with the Bond Trustee) of the Facilities as a result of the failure of title or as a result of Eminent Domain proceedings or proceedings in lieu thereof; *provided, however*, that in the event an amount greater than 10 percent of the aggregate principal amount of Obligation No. 2 and all other Obligations is prepaid, the Obligated Group shall file with the Bond Trustee an Officer's Certificate to the effect that (i) the forecasted Long-Term Debt Service Coverage Ratio for the Fiscal Year next succeeding the Fiscal Year in which such prepayment is made will be not less than 1.10 and (ii) the Liquidity Measure is forecasted to be not less than 60, in both cases for the Fiscal Year next succeeding the Fiscal Year in which such prepayment is made.

(b) The Obligated Group shall have the option to prepay all of the unpaid aggregate principal amount of the Loan, together with accrued interest to the date of prepayment, upon the occurrence of the following events: changes in the Constitution of the United States of America or of the State or legislation or administrative action or failure of administrative action by the United States of America or the State or any agency or political subdivision of either, or any

judicial decision, to the extent that, in the opinion of the respective Governing Bodies of the Obligated Group (expressed in resolutions) and in the opinion of a Consultant, both filed with the Bond Trustee, (i) this Agreement is impossible to perform without unreasonable delay or (ii) unreasonable burdens or excessive liabilities not being imposed on the date hereof are imposed on the Obligated Group.

(c) To make a prepayment pursuant to this Section 7.02, the Obligated Group Representative shall give written notice to the Bond Trustee which shall specify therein (i) the date of the intended prepayment of the Loan, which shall be not less than 45 days from the date the notice is mailed, (ii) the source of the money that will be used by the Obligated Group to make such prepayment of the Loan, (iii) the aggregate principal amount of the Bonds to be purchased, redeemed or paid at maturity and the date or dates on which such purchase, redemption or payment is to occur, and (iv) the maturity or maturities of the Bonds to be purchased, redeemed or paid at maturity, and which shall include such certificates or opinions as are required by paragraphs (a) or (b) of this Section 7.02.

(d) This Section 7.02 shall not be construed to prohibit the Obligated Group from applying insurance proceeds with respect to any casualty loss or condemnation awards or payments in lieu thereof to the optional prepayment in part of the Loan in accordance with the provisions of Section 7.01 hereof.

SECTION 7.03 **Right of Revocation**. The Obligated Group shall have the right to revoke any notice of prepayment given pursuant to Section 7.01 or 7.02 hereof if and to the same extent that a notice of optional redemption given pursuant to Section 304 of the Bond Indenture contains conditions under which the call for redemption shall be revoked, on or prior to the tenth Business Day preceding any date fixed for redemption of Bonds pursuant to Section 301(a) of the Bond Indenture, the Obligated Group Representative notifies the Bond Trustee in writing that the Obligated Group has elected to revoke its election to redeem such Bonds because it has determined that the source of money for such redemption specified in the notice given by the Obligated Group Representative pursuant to Section 7.01 or 7.02 hereof is not available.

ARTICLE VIII.
INDEMNIFICATION AND NON-LIABILITY OF THE ISSUER, THE MASTER TRUSTEE AND THE BOND TRUSTEE

SECTION 8.01 **General**. The Obligated Group shall and hereby does indemnify and hold harmless the Issuer, the Master Trustee and the Bond Trustee and all members, officers, directors, agents, and employees thereof against all losses, costs, damages, expenses and liabilities (collectively referred to hereinafter as "Losses") of whatsoever 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, arising out of or related to one or more Claims, as hereinafter defined, excluding any such Loss or Claim that arises out of an act of gross negligence or willful misconduct of any member, officer, director, agent, or employee of the Issuer, the Master Trustee and the Bond Trustee. The word "Claims" as used herein shall mean all claims, lawsuits, causes of action and other legal actions and proceedings of whatsoever nature, including but not limited to claims, lawsuits, causes of action and other legal actions and proceedings involving bodily or personal injury or death of any

person or damage to any property (including but not limited to persons employed by the Issuer, the Master Trustee, the Bond Trustee, the Obligated Group and any other person) brought against the Issuer, the Master Trustee or the Bond Trustee or to which the Issuer, the Master Trustee or the Bond Trustee is a party, that directly or indirectly result from, arise out of or relate to (i) the transfer, sale, operation, use, occupancy, maintenance or ownership of the Facility Property and Equipment or any part thereof or (ii) the execution, delivery or performance of this Agreement, the Bond Indenture, the Master Indenture, the Mortgages or any related instruments or documents. The obligations of the Obligated Group under this Section 8.01 shall apply to all Losses or Claims, or both, that result from, arise out of, or are related to any event, occurrence, condition or relationship prior to termination of this Agreement, whether such Losses or Claims, or both, are asserted prior to termination of this Agreement or thereafter. The Issuer, the Master Trustee or the Bond Trustee, as the case may be, shall reimburse the Obligated Group for payments made by the Obligated Group pursuant to this Section 8.01 to the extent of any proceeds, net of all expenses of collection, actually received by the Issuer, the Master Trustee or the Bond Trustee from any insurance covering such Claims with respect to the Losses sustained. The Issuer, the Master Trustee and the Bond Trustee shall have the duty to claim any such insurance proceeds and the Issuer, the Master Trustee and the Bond Trustee shall assign their respective rights to such proceeds, to the extent of such required reimbursement, to the Obligated Group.

In case any action shall be brought against the Issuer, the Master Trustee or the Bond Trustee in respect of which indemnity may be sought against the Obligated Group, then the Issuer, the Master Trustee or the Bond Trustee as the case may be, shall promptly notify the Corporation in writing. Failure to notify the Corporation shall not relieve it from any liability that it may have other than on account of this Agreement. The Obligated Group shall have the right to assume the investigation and defense thereof, including the employment of counsel, which counsel shall be satisfactory to the indemnified parties, and the payment of all expenses. The Issuer shall have the right to employ separate counsel in any such action and participate in the investigation and defense thereof, and the reasonable fees and expenses of such counsel shall be paid by the Obligated Group. The Master Trustee and the Bond Trustee shall have the right to employ separate counsel in any such action and participate in the investigation and defense thereof, but the fees and expenses of such counsel shall be paid by the Master Trustee and the Bond Trustee unless the employment of such counsel has been authorized by the Corporation or the Master Trustee and the Bond Trustee have reasonably objected to a joint defense by the Obligated Group on the ground that there may be legal defenses available to it that are different from or in addition to those available to the Obligated Group, in which case the Master Trustee or the Bond Trustee shall have the right to designate and retain separate counsel in such action and the reasonable fees and expenses of such counsel shall be paid by the Obligated Group. If no reasonable objection is made and the Obligated Group assumes the defense of such action, the Obligated Group shall not be liable for the fees and expenses of any counsel for the Master Trustee, or the Bond Trustee incurred thereafter in connection with such action. In no event shall the Obligated Group be liable for the fees and expenses of more than one counsel for the Master Trustee or the Bond Trustee in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, unless the retaining of additional counsel has been specifically authorized by the Corporation.

Notwithstanding anything in this Section 8.01 to the contrary, the Obligated Group shall not be liable for any Losses or Claims of the Master Trustee or the Bond Trustee resulting from the negligent act of, or negligent failure to take action by, the Master Trustee or the Bond Trustee.

SECTION 8.02 **Payment of Costs Upon Default**. The Obligated Group shall pay, and shall indemnify the Issuer and the Bond Trustee against, all costs and charges, including reasonable counsel fees, lawfully and reasonably incurred in enforcing any covenant or agreement of the Obligated Group contained in this Agreement.

ARTICLE IX.
TERMINATION OF AGREEMENT

SECTION 9.01 **Termination of Agreement**. When the Bond Trustee has released the Bond Indenture in accordance with the provisions of Section 1201 of the Bond Indenture, this Agreement, except for Sections 8.01 and 10.01, which shall remain in effect, shall terminate, and the Bond Trustee shall contemporaneously cancel Obligation No. 2 and shall deliver the same to the Corporation.

ARTICLE X.
MISCELLANEOUS

SECTION 10.01 **Members, Officers and Employees of the Issuer and the Obligated Group Issuer Not Liable**. Neither the members, officers and employees of the Issuer nor the members of the Governing Bodies or the officers and employees of the Obligated Group shall be personally liable for any costs, losses, damages or liabilities caused or subsequently incurred by the Obligated Group or any officer, director or agent thereof in connection with or as a result of this Agreement.

SECTION 10.02 **Amendment of Agreement**. This Agreement may be amended, from time to time, without the consent of or notice to any of the Holders, as shall be consistent with the terms of the Bond Indenture and hereof and, in the opinion of the Bond Trustee, who may rely upon a written Opinion of Counsel, shall not materially and adversely affect the Holders, to:

(a) cure any ambiguity or formal defect or omission in this Agreement or in any supplement thereto;

(b) correct or supplement any provisions herein which may be inconsistent with any other provisions herein or make any other amendments with respect to matters or questions arising hereunder;

(c) grant to or confer upon the Bond Trustee for the benefit of the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders or the Bond Trustee; or

(d) add conditions, limitations and restrictions on the Obligated Group to be observed thereafter.

Other than amendments referred to in the preceding paragraph of this Section and subject to the terms and provisions and limitations contained in Section 1102 of the Bond Indenture and not otherwise, the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained herein to the contrary notwithstanding, to consent to and approve the execution by the Obligated Group and the Issuer of such supplements and amendments hereto as shall be deemed necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein; *provided, however,* nothing in this Section shall permit or be construed as permitting a supplement or amendment which would:

(i) Extend the stated maturity of or time for paying interest on Obligation No. 2 or reduce the principal amount of or the redemption premium or rate of interest payable on Obligation No. 2 without the consent of the Holders of all Bonds then Outstanding affected thereby;

(ii) Except as expressly permitted by the Master Indenture, grant to the registered owner of any Indebtedness a security interest in Gross Revenues or Facility Property and Equipment or a lien under the Mortgages or any thereof superior to that of the holders of Obligations without the consent of the Holders of all Bonds then Outstanding; or

(iii) Reduce the aggregate principal amount of Bonds then Outstanding the consent of the Holders of which is required to authorize such supplement or amendment without the consent of the Holders of all Bonds then Outstanding.

SECTION 10.03 **Redemption of Bonds**. Upon the request of the Corporation made in accordance with this Agreement, the Issuer shall take all steps that may be proper and necessary under the applicable redemption provisions of the Bond Indenture to effect the redemption of all or part of the then Outstanding Bonds in such principal amount and on such redemption date as the Obligated Group Representative shall direct. All expenses of such redemption shall be paid from money in the hands of the Bond Trustee or by the Corporation and not from funds of the Issuer.

SECTION 10.04 **Surplus Funds**. When all Bonds shall have been redeemed or retired and Obligation No. 2 and all other obligations, fees and expenses incurred or to be incurred by the Issuer and the Bond Trustee under the Bond Indenture or this Agreement shall have been paid, or sufficient funds or Defeasance Obligations shall be held in trust pursuant to the Bond Indenture for the payment of all such obligations, any surplus funds remaining to the credit of any fund or account established under the Bond Indenture for the security of the Bonds shall be paid to the Corporation as an overpayment of the Total Required Payments.

SECTION 10.05 **Limitation on the Issuer's Liability**. All obligations of the Issuer under this Agreement shall be payable solely from the Total Required Payments and other revenues derived and to be derived from the Obligated Group. Neither the members, officers nor employees of the Issuer shall be personally liable for the payment of any sum or for the performance of any obligation under this Agreement.

SECTION 10.06 **Obligated Group's Remedies**. In the event the Issuer should fail to perform any of its obligations under this Agreement, the Obligated Group or the Corporation may institute such action against the Issuer as the Obligated Group may deem necessary to compel performance; provided, however, that no such action shall seek to impose, or impose, any pecuniary liability upon the Issuer, or any personal or pecuniary liability upon any member, officer or employee thereof, except in the case of willful misconduct.

SECTION 10.07 **Consents and Approvals**. Whenever the written consent or approval of the Issuer, the Obligated Group or the Bond Trustee shall be required under the provisions of this Agreement, such consent or approval shall not be unreasonably withheld or delayed. Unless otherwise specified herein, consents of the Issuer shall be executed and delivered on behalf of the Issuer by the Issuer Representative, consents of the Obligated Group shall be executed and delivered on behalf of the Obligated Group by the Obligated Group Representative.

SECTION 10.08 **Extent of Covenants; Obligated Group Bound by Bond Indenture**. All covenants, stipulations, obligations and agreements of the Issuer and the Obligated Group contained in this Agreement shall be effective to the extent authorized and permitted by applicable law.

The Obligated Group agrees to perform all duties and obligations imposed upon it by the Bond Indenture in the same manner as if the Obligated Group was a party to the Bond Indenture.

SECTION 10.09 **Notices; Demands; Requests**. All notices, demands and requests to be given to or made hereunder by the Obligated Group, the Issuer, the principal Underwriter or the Bond Trustee shall be given or made in writing and shall be deemed to be properly given or made if sent by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

As to the Obligated Group

Presbyterian Retirement Communities, Inc.
80 West Lucerne Circle
Orlando, Florida 32801
Attention: Chief Executive Officer

As to the Issuer

St. Johns County Industrial Development Authority
St. Johns County Administration Building
4020 Lewis Speedway
St. Augustine, Florida 32085
Attention: _____

As to the Bond Trustee

Wells Fargo Bank, N.A
7077 Bonneval Road, Suite 400

Jacksonville, Florida 32216
Attention: Corporate Trust Department

As to the Principal Underwriter

Herbert J. Sims & Co., Inc.
7575 Dr. Phillips Blvd.
State Road 235
Orlando, Florida 32819-2221
Attention: Walter A. Frey, Executive Vice President

Any such notice, demand or request may also be transmitted to the appropriate above-mentioned party by telegram or telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change sent by United States registered or certified mail, postage prepaid, to the other parties by the party effecting the change.

SECTION 10.10 **Attorney's Fees**. Anything contained herein to the contrary notwithstanding, the obligation of the Obligated Group to pay attorneys' fees shall mean fees reasonable in light of the circumstances, taking into account the amount of time expended, the services provided and other appropriate criteria.

SECTION 10.11 **Multiple Counterparts**. This Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original constituting but one and the same instrument.

SECTION 10.12 **Severability**. If any one or more of the covenants, agreements or provisions of this Agreement shall be determined by a court of competent jurisdiction to be invalid, the invalidity of such covenants, agreements and provisions shall in no way affect the validity or effectiveness of the remainder of this Agreement, and this Agreement shall continue in force to the fullest extent permitted by law.

SECTION 10.13 **State Law Controlling**. This Agreement shall be construed and enforced in accordance with the laws of the State.

IN WITNESS WHEREOF, the St. Johns County Industrial Development Authority has caused these presents to be signed in its name and on its behalf by its Chairman and its official seal to be hereunto affixed and attested by its Secretary, and the Obligated Group have caused these presents to be signed in their name and on their behalf by _____, all as of the 1st day of July, 2004.

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

[SEAL]

Attest:

By: _____
Chairman

_____
Secretary

PRESBYTERIAN RETIREMENT COMMUNITIES, INC.

PALM SHORES RETIREMENT COMMUNITY, INC.

SUNCOAST MANOR, INC.

WESLEY MANOR, INC.

WESTMINSTER RETIREMENT COMMUNITIES FOUNDATION, INC.

WESTMINSTER SERVICES, INC.

WESTMINSTER SHORES, INC.

By: _____
Henry T. Keith
Authorized Officer for each of the foregoing corporations

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Master Trustee

By: _____
Brian P. Clark
Vice President

BOND PURCHASE AGREEMENT

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

$__,___,000
FIRST MORTGAGE REVENUE BONDS
(PRESBYTERIAN RETIREMENT COMMUNITIES PROJECT)
SERIES 2004A

This **BOND PURCHASE AGREEMENT** dated _____, 2004 (the "Bond Purchase Agreement") by and among the **ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY** (the "Authority"), **HERBERT J. SIMS & CO., INC.** (the "Underwriter"), and **PRESBYTERIAN RETIREMENT COMMUNITIES, INC., PALM SHORES RETIREMENT COMMUNITY, INC., SUNCOAST MANOR, INC., WESLEY MANOR, INC., WESTMINSTER RETIREMENT COMMUNITIES FOUNDATION, INC., WESTMINSTER SERVICES, INC.** and **WESTMINSTER SHORES, INC.** (collectively, the "Obligated Group").

1. **Background**.

(a) The Authority is authorized and empowered under Chapter 159, Parts II and III, Florida Statutes, as amended (the "Act"), to issue bonds for the purpose of financing the costs of the Project (hereinafter defined).

The Authority, at the request of the Obligated Group, has authorized (a) the financing of a portion of the cost of capital improvements at nine communities owned by the Obligated Group, including the addition of 20 village units at Westminster Oaks in Tallahassee, Florida, and 23 garden apartments and 10 village units at Westminster Woods on Julington Creek in St. Johns County, Florida, all as more fully described in the Preliminary Official Statement (hereinafter defined) (collectively, the "Project"), (b) the funding of a Debt Service Reserve Fund for the Series A Bonds, and (c) the payment of costs incurred in connection with the issuance of the Series A Bonds. The Authority has complied with the provisions of the Act and has full power and authority pursuant to the Act to consummate all transactions contemplated by this Bond Purchase Agreement, the Series A Bonds, the Preliminary Official Statement, the Final Official Statement (hereinafter defined), the Indenture (hereinafter defined), the Loan Agreement (hereinafter defined), and any and all other agreements of the Authority relating thereto, and to issue, sell and deliver the Series A Bonds to the Underwriter as provided herein.

(b) The Authority has determined to issue $__,___,000 aggregate principal amount of its First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004A (the "Series A Bonds"). Concurrently with the issuance of the Series A Bonds, the Authority will issue $__,___,000 aggregate principal amount of its Taxable Variable Rate Demand First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004B (the "Series B Bonds," and together with the Series A Bonds, the "Bonds"). The Series B Bonds will be secured by an irrevocable direct pay letter of credit (the "Letter of Credit") issued

by Allied Irish Banks, p.l.c., through its New York Branch (the "Credit Bank") under a Letter of Credit Reimbursement Agreement dated as of July 1, 2004 (the "Reimbursement Agreement") between the Obligated Group and the Credit Bank.

(c) The Series A Bonds are to be issued pursuant to the Constitution and laws of the State of Florida (the "State"), including particularly the Act, a resolution of the Authority adopted June 8, 2004 (the "Resolution") and a Bond Indenture dated as of July 1, 2004 (the "Indenture") between the Authority and Wells Fargo Bank, N.A., Jacksonville, Florida, as trustee (the "Trustee").

(d) The proceeds of the Series A Bonds will be loaned by the Authority to the Obligated Group pursuant to Loan Agreement dated as of July 1, 2004 (the "Loan Agreement") between the Authority and the Obligated Group. Capitalized terms used and not otherwise defined herein shall have the same meanings as defined in the Indenture and the Loan Agreement.

(e) Pursuant to the terms of the Loan Agreement, the Authority will lend the proceeds of the Series A Bonds to the Obligated Group and the Obligated Group will agree to repay the loan in an amount sufficient to pay, when due, the principal amount, purchase price or redemption price of the Series A Bonds together with the interest thereon and any other amounts required to be paid by the Obligated Group thereunder. As evidence of the Obligated Group's obligation to repay the loan of the Series A Bonds, the Obligated Group will deliver its Obligation No. 1 to the Authority (which will then be assigned to the Trustee). Obligation No. 1 will be issued pursuant to a Master Trust Indenture, dated as of July 1, 2004 between the Obligated Group and Wells Fargo Bank, N.A., as trustee (the "Master Trustee"), and Supplemental Indenture for Obligation No. 1, dated as of July 1, 2004, between the Obligated Group and the Master Trustee (collectively, the "Master Indenture").

(f) To secure its obligations under Obligation No. 1, the Obligated Group will grant to the Master Trustee, pursuant to **[Mortgage and Security Agreements]** dated as of July 1, 2004 for several properties owned by the Obligated Group (collectively, the "Mortgages"), a first mortgage lien on the Obligated Group's interest in the Land and on its ownership interest in the facility, a security interest in the personal property, equipment and fixtures included in the facility and a first security interest in the Gross Revenues of the Obligated Group, including revenues derived from its ownership and operation of the facility, including entrance fees and accounts receivable; in each case, subject to certain permitted encumbrances (the "Mortgaged Property").

(g) The Bonds will be special, limited obligations of the Authority, payable solely out of the revenues or other receipts, funds or moneys of the Authority pledged under the Indenture and from any amounts otherwise available under the Indenture for the payment of the Bonds. Neither the Bonds nor any other obligations of or indebtedness incurred by the Authority shall constitute an indebtedness or obligation of St. Johns County, the State, or any municipal corporation, political subdivision or agency thereof, nor shall any act of the Authority in any manner constitute or result in the creation of an indebtedness of St. Johns County, the State, or any municipal corporation, political subdivision or agency thereof. The Bonds shall be payable

solely from the revenues pledged therefor pursuant to the Indenture, and no holder of the Bonds shall ever have the right to compel any exercise of the taxing power of St. Johns County, the State, or any municipal corporation, political subdivision or agency thereof nor to enforce the payment thereof against St. Johns County, the State, or any such municipal corporation, political subdivision or agency thereof. The Authority has no taxing power.

(h) The Authority proposes to sell the Series A Bonds to the Underwriter, who will in turn offer the Series A Bonds to the public at the price or prices, bearing interest at the rate or rates and maturing on the date or dates set forth in Schedule I, plus accrued interest to the date of delivery of the Series A Bonds.

(i) It is contemplated that the interest on the Series A Bonds will not be included in the gross income of the registered owners of the Series A Bonds for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). A Preliminary Official Statement relating to the Series A Bonds dated June __, 2004 (including all exhibits and appendices thereto) (the "Preliminary Official Statement") has been supplied to the parties hereto. A Final Official Statement relating to the Series A Bonds dated _____, 2004 (including all exhibits and appendices thereto) (the "Final Official Statement") prepared for use in such offering will be supplied to the parties hereto as soon as it is available, subject to Section 7 hereof.

(j) Pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"), the Obligated Group has undertaken to provide continuing disclosure of annual financial information and operating data and reports of certain events, pursuant to the Continuing Disclosure Certificate dated as of July 1, 2004 (the "Continuing Disclosure Certificate") between the Obligated Group and the Trustee, as dissemination agent.

(k) The proceeds of the Series A Bonds will be applied pursuant to the Indenture, together with an equity contribution from the Obligated Group and other available funds: (i) to construct and equip the Project; (ii) to fund a Debt Service Reserve Fund and other funds for the Series A Bonds; and (iii) to pay the Underwriter's fee for underwriting the Series A Bonds in the amount set forth in Section 2(b) hereof with respect to the Series A Bonds and the other costs of issuance of the Bonds. For this purpose, costs of issuance include the costs of preparing and reproducing the Loan Agreement, the Indenture, the Mortgages, the Bonds, the Preliminary Official Statement, the Final Official Statement, this Bond Purchase Agreement and the bond purchase agreement for the Series B Bonds; the fees of the Feasibility Consultant, if any; the fees of the Trustee; the administrative fees of the Authority and the Trustee; fees and disbursements of Bond Counsel, counsel to the Obligated Group, counsel to the Trustee, counsel to the Credit Bank and counsel to the Underwriter; and the cost of obtaining immediately available funds for payment for the Bonds at Closing. If the proceeds of the Bonds are insufficient to pay the amounts described above, the Obligated Group will pay such amounts. If for any reason the Bonds are not sold, any of the above issuance costs which are due and payable shall be paid by the Obligated Group.

(l) The Obligated Group acknowledges that the Authority will sell the Series A Bonds to the Underwriter and the Underwriter will make an offering thereof to the public in reliance on the representations, covenants and indemnity herein set forth.

(m) The professional advisors referred to in this Bond Purchase Agreement are:

Bond Counsel:	Rogers Towers, P.A. Jacksonville, Florida
Counsel to the Underwriter:	Greenberg Traurig, P.A. Orlando, Florida
Counsel to the Obligated Group:	Rogers Towers, P.A. Jacksonville, Florida

2. **Purchase, Sales and Closing**.

(a) On the terms and conditions set forth herein, and in Schedule I hereto, the Underwriter agrees to buy all, but not less than all, the Series A Bonds from the Authority, and the Authority shall sell the Series A Bonds to the Underwriter. The Authority and the Obligated Group understand that the Underwriter may change the initial offering prices or yields on the Series A Bonds. The Underwriter may offer and sell the Series A Bonds to certain dealers (including dealers depositing Series A Bonds into investment trusts) at prices lower than the public offering prices stated on the cover page of the Final Official Statement.

(b) The purchase price for the Series A Bonds shall be the amount set forth in Schedule I, as defined below, payable in immediately available funds to the order of the Trustee for the account of the Authority and the Obligated Group. The aggregate purchase price for the Series A Bonds shall be paid to the Authority net of an amount equal to $_____, representing an original issue discount of $_____ plus the payment of $_____ for the Underwriter's fees and expenses for underwriting the Series A Bonds plus accrued interest on the Series A Bonds. The Closing (the "Closing") will be at the offices of Bond Counsel in St. Augustine, Florida at 10:00 a.m. prevailing local time on _____, 2004, or at such other place or other date or time as may be agreed to by the parties hereto. The Series A Bonds will be delivered in book-entry form to the Trustee.

(c) Concurrently with the execution and delivery of this Bond Purchase Agreement, the Underwriter shall cause to be delivered to the Authority the letter attached hereto as Attachment I required by Chapter 218, Part III, Florida Statutes, as amended.

(d) Concurrently with the execution and delivery of this Bond Purchase Agreement, the Obligated Group shall cause to be delivered to the Underwriter a letter from _____, _____, Florida, its independent auditors in form and substance reasonably satisfactory to the Underwriter.

3. **Authority Representations**. The Authority hereby confirms to the Underwriter its representations made in the Loan Agreement. The Authority further represents as follows:

(a) The statements and information in the Preliminary Official Statement and the Final Official Statement relating to the Authority under the headings "THE AUTHORITY" and "LITIGATION – The Authority" are true, correct, and complete in all material respects, and the Preliminary Official Statement and the Final Official Statement do not make any untrue statement of a material fact relating to the Authority or omit to state a material fact relating to the Authority that is necessary to make the statements and information therein, in the light of the circumstances under which they were made, not misleading and the Authority consents to the use of such information by the Underwriter, it being understood that the Authority makes no representations with respect to the information contained in the Preliminary Official Statement or the Final Official Statement (including, without limitation, information related to the Obligated Group, the Project, the Mortgaged Property, the Credit Bank or the Letter of Credit) except for information specifically related to the Authority.

(b) The Authority is a public body corporate and politic and a public instrumentality and industrial development authority of the State with the power and authority set forth in the Act and with power and authority to execute and deliver this Bond Purchase Agreement, the Indenture and the Loan Agreement and to perform its obligations hereunder and thereunder and to issue and sell the Series A Bonds pursuant hereto and to the Indenture.

(c) The Authority has taken all necessary action and has complied with all provisions of the Constitution of the State and the Act required to make this Bond Purchase Agreement, the Indenture, the Loan Agreement and the Series A Bonds the valid obligations they purport to be; and when executed and delivered by the parties thereto and hereto, this Bond Purchase Agreement, the Indenture and the Loan Agreement will constitute valid and binding agreements of the Authority and be enforceable in accordance with their respective terms, except as enforceability may be subject to the exercise of judicial discretion in accordance with general equitable principles or public policy and to applicable bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors heretofore or hereafter enacted.

(d) When delivered to and paid for by the Underwriter in accordance with the terms of this Bond Purchase Agreement, the Bonds will constitute valid and binding special, limited obligations of the Authority enforceable in accordance with their terms, except as enforceability may be subject to the exercise of judicial discretion in accordance with general equitable principles or public policy and to applicable bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors heretofore or hereafter enacted and will be entitled to the benefits of the Indenture.

(e) The execution and delivery of, and compliance with the terms and conditions of the Indenture, the Loan Agreement, this Bond Purchase Agreement and the Bonds will not violate or conflict with any provision of the Constitution of the State or any applicable statute (including the Act), or, to the best knowledge of the Authority, any rule, order, regulation, judgment or decree of any court, agency or other governmental or administrative board or body to which the Authority is subject, or conflict with or constitute a breach of or a default under the

Authority's rules of procedure, or any indenture, mortgage, deed of trust, agreement or other instrument to which the Authority is a party or by which it or its properties are bound.

(f) No additional or further approval, consent or authorization of any governmental or public agency or authority not already obtained is required by the Authority in connection with the issuance or delivery of the Bonds to the Underwriter or entering into and performing its obligations under the Bonds or the Indenture, the Loan Agreement and this Bond Purchase Agreement or if it is needed it will be obtained prior to Closing, except that no representation is made concerning compliance with federal tax laws, state or federal securities or Blue Sky laws.

(g) Except as may be disclosed in the Final Official Statement, there is no action, suit, proceeding or investigation at law or in equity in or before any court, agency, or other governmental or administrative board or body, pending against the Authority or, to the best of the knowledge of appropriate officers of the Authority, threatening, challenging or contesting the existence or powers of the Authority, the authorization of any officers of the Authority to act in their respective capacities, or the issuance of the Bonds, or in which an unfavorable decision, ruling or finding would adversely affect the validity or enforceability of the Bonds or the Indenture, the Loan Agreement and this Bond Purchase Agreement, the performance by the Authority of any of its obligations thereunder or hereunder, or the issuance of the Bonds.

(h) The Authority has not created any adverse claims, mortgages, liens, charges or encumbrances affecting the Mortgaged Property other than Permitted Encumbrances. As of the date of Closing, the Authority will not have entered into or issued any instrument, contract or arrangement of any kind that might give rise to any lien or encumbrance on the Mortgaged Property other than the Permitted Encumbrances.

(i) The Authority has not been in default any time after December 31, 1975 as to principal and interest on any bonds, notes or other debt obligations.

4. **Obligated Group Representations**. Each member of the Obligated Group makes the following representations and warranties, all of which shall survive the Closing:

(a) Each member of the Obligated Group is a not-for-profit corporation duly organized, validly existing and in good standing under the laws of the State. The Obligated Group has full power and authority to execute and deliver the Loan Agreement, the Master Indenture, Obligation No. 1, the Mortgages, the Reimbursement Agreement, this Bond Purchase Agreement, the Continuing Disclosure Certificate and all other documents to which it is a party and relate to the Series A Bonds (collectively, the "Obligated Group Documents"), and to undertake and perform its obligations thereunder and hereunder.

(b) Each member of the Obligated Group is an organization described in Section 501(c)(3) of the Code and is exempt from federal income taxes under Section 501(a) of the Code and is not a "private foundation" as defined in Section 509(a) of the Code. Each member of the Obligated Group has received a determination letter or letters from the Internal Revenue Service to that effect. The Obligated Group is in compliance with all terms, conditions,

and limitations, if any, contained in such letters and the statements made in the request of the Obligated Group to the Internal Revenue Service for such letters were, to the knowledge of the Obligated Group, true and accurate when submitted and the facts presented in such requests, as modified by facts submitted to the Internal Revenue Service in subsequent transmissions, do not deviate in any material respect from the facts of the transactions contemplated by the Final Official Statement. Each member of the Obligated Group continues to meet the requirements of the Code necessary for the members of the Obligated Group not to be a "private foundation" under Section 509(a) of the Code. The income of the Obligated Group is not subject to any taxes pursuant to the laws of the State except unrelated business income. No member of the Obligated Group has received any indication or notice, written or oral, from representatives of the Internal Revenue Service to the effect that its exemption under Section 501(c)(3) of the Code has been revoked or modified or that the Internal Revenue Service is considering revoking or modifying such exemption.

(c) Each member of the Obligated Group is organized and operated exclusively for religious, educational, benevolent, fraternal, charitable, or reformatory purposes and not for pecuniary profit, and no part of the net earnings of which inures to the benefit of any person, private stockholder, or individual.

(d) No portion of the proceeds of the Series A Bonds or the income therefrom shall be used in any unrelated trade or business as determined pursuant to Section 513(a) of the Code.

(e) The execution and delivery of, and compliance with the terms and conditions of, the Obligated Group Documents, and the carrying out and consummation of the transactions contemplated thereby and by the Final Official Statement, will not violate or conflict with any provision of any statute, or any rule, order, regulation, judgment or decree of any court, agency, or other governmental or administrative board or body to which any member of the Obligated Group is subject, or conflict with or constitute a breach of or a default under any provision of any member of the Obligated Group's certificate of incorporation or bylaws, or any indenture, mortgage, deed of trust, agreement or other instrument to which any member of the Obligated Group is a party or by which the Obligated Group or its properties are bound.

(f) The representations and warranties of the Obligated Group contained in the Obligated Group Documents are true and correct, and do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained therein not misleading in the light of circumstances under which they were made.

(g) The information contained in the Preliminary Official Statement and the Final Official Statement under the headings entitled "ESTIMATED SOURCES AND USES OF FUNDS," "THE OBLIGATED GROUP," "THE PROJECT," "FLORIDA REGULATION OF CONTINUING CARE FACILITIES," and information relating to the same under the headings "SHORT STATEMENT," "INTRODUCTORY STATEMENT" and "LITIGATION – The Obligated Group," is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. To the best of its knowledge, the

information contained in the Preliminary Official Statement and the Final Official Statement relating to the Obligated Group and the Project under the heading entitled "BONDHOLDERS' RISKS" is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. The Obligated Group has approved and consents to the use of the Preliminary Official Statement and the Final Official Statement by the Underwriter.

(h) The execution and delivery by the Obligated Group of the Obligated Group Documents and all other documents delivered by the Obligated Group in connection with the acquisition, development and construction of the Project and the financing of the Project has been duly authorized by the Obligated Group, and on or prior to the date of Closing, each of such documents will have been duly executed and delivered by the Obligated Group, will not have been amended, modified or rescinded and will be in full force and effect as of the date of Closing.

(i) All licenses, consents, permits, approvals or authorizations, of any federal, state or local governmental issuer required on the part of the Obligated Group be obtained in connection with the acquisition, development, construction and operation of the Project for the purposes described in the Final Official Statement, the execution and delivery of the Obligated Group Documents, and the performance by the Obligated Group of its obligations thereunder and hereunder and the Obligated Group's consummation of the transactions contemplated thereby and by the Final Official Statement, have been duly obtained, or will have been duly obtained by the date of Closing, other than licenses or permits required for occupancy or operation of the Project upon its completion. The Obligated Group has complied, or by the date of Closing will have complied, with all applicable provisions of law requiring any designation, declaration, filing, registration or qualification with any governmental issuer in connection therewith, other than as may be required by state or federal securities laws.

(j) There is no action, suit, proceeding or investigation pending against the Obligated Group or, to the Obligated Group's knowledge, threatened which might materially adversely affect the business or properties or financial condition of any member of the Obligated Group, or in which an unfavorable decision, ruling or finding would adversely affect the validity, accuracy, completeness or enforceability of the Obligated Group Documents, or any other documents executed by the Obligated Group, the performance by the Obligated Group of any of its obligations thereunder, or the consummation of any of the transactions contemplated thereby or by the Final Official Statement. No member of the Obligated Group is in default in any material respect under any applicable statute, rule, order or regulation of any governmental body.

(k) The Obligated Group has created no other lien, encumbrance or security interest with respect to the Mortgaged Property or the Gross Revenues or Facility Property and Equipment other than those permitted by the Mortgages.

(l) Any certificate signed by any director or officer of the Obligated Group and delivered to the Authority or the Underwriter shall be deemed a representation and warranty

by the Obligated Group to the Authority or the Underwriter as to the truth of the statements made therein.

(m) No member of the Obligated Group has been in default with respect to the payment of principal or interest on any obligation evidencing an indebtedness at any time since its incorporation.

5. **Covenants of the Authority**. The Authority will:

(a) Cooperate in qualifying the Series A Bonds for offer and sale under the Blue Sky Laws of jurisdictions designated by the Underwriter, provided that the Authority shall not be required to qualify to do business or consent to service of process in any state or jurisdiction other than the State and the Authority's out-of-pocket costs and attorney's fees shall be paid out of the Bond proceeds or otherwise provided for; and

(b) Refrain from taking any action, or from voluntarily joining in any action to be taken with regard to which the Authority may exercise control, that results in the loss of the exclusion from gross income for federal income tax purposes of interest on the Series A Bonds.

6. **Covenants of the Obligated Group**. The Obligated Group agrees that it will perform the following:

(a) Promptly notify the Underwriter and the Authority of any material adverse change with respect to the Mortgaged Property or any of its businesses, properties or financial conditions occurring before Closing which would require a change in the Final Official Statement in order to make the information contained therein not misleading in connection with the offering of the Series A Bonds.

(b) Refrain from taking any action, or voluntarily permitting any action to be taken, with regard to which the Obligated Group may exercise control, that results in the loss of the exclusion from gross income of the interest on the Series A Bonds for federal income tax purposes.

(c) Take all action within its control to comply with the covenants contained in the Master Indenture and the Loan Agreement.

(d) Indemnify and hold harmless the Authority and the Underwriter and their respective directors, members, officers, agents, attorneys, officials and employees, past, present and future, and each person, if any, who controls (as such term is defined in Section 15 of the Securities Act of 1933, as amended) any of such parties (hereinafter collectively called the "Indemnified Parties"), against any and all losses, claims, damages, liabilities or expenses whatsoever arising solely out of either: (i) any breach by the Obligated Group of any of its representations and warranties as set forth in Section 4 hereof; (ii) any allegation that there is any untrue statement of a material fact contained in the Preliminary Official Statement or Final Official Statement under the headings described in Section 4(g) hereof, or that the Preliminary Official Statement or Final Official Statement omitted to state a material fact required to be stated in such sections or necessary to make the statements in such sections not misleading; or

(iii) the fact that the Series A Bonds and Obligation No. 1 are not registered under the Securities Act of 1933, as amended, or that the Indenture is not qualified under the Trust Indenture Act of 1939, as amended; provided that the Obligated Group shall not be obligated to indemnify: (A) the Authority with respect to information in or omissions from the Preliminary Official Statement or Final Official Statement under the heading "THE AUTHORITY" or "LITIGATION – The Authority" insofar as it relates to the Authority; or (B) the Underwriter with respect to information in or omissions from the Preliminary Official Statement or the Final Official Statement under the heading "UNDERWRITING" or on the cover page relating, to the principal amounts, interest rates, price or yield on the Series A Bonds.

In case any action shall be brought against one or more of the Indemnified Parties with respect to the matters subject to the indemnity provided by this subsection (d), the Indemnified Party or Parties shall promptly notify the Obligated Group in writing, and the Obligated Group shall promptly assume the defense thereof, including the employment of counsel, the payment of all reasonable expenses and the right to negotiate and consent to settlements. Failure to so notify the Obligated Group shall not relieve it from any liability that it may have otherwise than on account of this Bond Purchase Agreement. If the defendants in any action for which indemnity is required hereunder include both any of the Obligated Group and an Indemnified Party and such Indemnified Party shall have been advised in writing by its counsel that defenses are available to such Indemnified Party which are not available to the Obligated Group and that it would be inappropriate for the same counsel to represent both the Obligated Group and the Indemnified Party, such Indemnified Party shall have the right to employ its own counsel in such action, in which event the Obligated Group shall reimburse the Indemnified Party for any reasonable legal and other expenses incurred by the Indemnified Party arising out of or in connection with the defense thereof. The Obligated Group shall not be liable for any settlement of such action effected without its consent, but if settled with its consent, or if there be final judgment for the plaintiff in any such action with or without consent, the Obligated Group agrees to indemnify and hold harmless the Indemnified Party or Parties from and against any loss or liability by reason of settlement or judgment to the extent set forth in this subsection (d). Any one or more of the Indemnified Parties shall have the right to employ separate counsel in any such action, and to participate in the defense thereof, but the fees and expenses of such counsel shall, other than as provided above, be at the expense of such Indemnified Party or Parties, unless the employment of such counsel has been specifically authorized by the Obligated Group. The indemnity provided in this subsection (d) includes reimbursement for expenses reasonably incurred by the Indemnified Parties in investigating the claim and in defending it if the Obligated Group declines to assume the defense. The indemnity provided in this subsection (d) shall survive the Closing.

(e) Deliver to the Underwriter, concurrently with its delivery thereof to the Master Trustee or the Trustee:

(i) any report or certification with respect to reconstruction or replacement of the Mortgaged Property required pursuant to Section 3.04 or 3.14 of the Master Indenture;

(ii) any certificate, report or other documents required in connection with the incurrence of indebtedness pursuant to Section 3.06 of the Master Indenture;

(iii) any certificate, report, recommendation, resolution or forecast required in connection with failure to meet the required Long-Term Debt Service Coverage Ratio or Days' Cash on Hand pursuant to Sections 3.07 and 3.08, respectively, of the Master Indenture;

(iv) any certificate, resolution or report prepared relating to the addition or withdrawal from the Obligated Group pursuant to Section 3.12 and 3.13 of the Master Indenture;

(v) any budget of the Obligated Group required under Section 3.11 of the Master Indenture;

(vi) all financial statements, reports and certificates required under Section 5.04 of the Loan Agreement and Section 5.11 of the Master Indenture;

(vii) any certificates required in connection with a transfer of assets pursuant to Section 3.09 of the Master Indenture; and

(viii) any opinions, certificates or other documents required in connection with a merger, consolidation or transfer of assets pursuant to Section 3.10 of the Master Indenture.

(f) Whenever the Obligated Group is required to appoint a Management Consultant or a Marketing Agent or Management Agent pursuant to the Master Indenture, or proposes to appoint a new Management Agent or a new Marketing Agent (whether or not required pursuant to the Master Indenture), give prior notice to the Underwriter of the person or persons, or firm or firms, it is considering for such appointment, but shall not appoint any such person or firm which is unsatisfactory to the Underwriter.

(g) Comply with its obligations under the Continuing Disclosure Certificate.

7. **Official Statement; Public Offering.**

(a) In order to enable the Underwriter to comply with the Rule, (i) the Obligated Group has prepared or caused the preparation of the Preliminary Official Statement, which the Obligated Group deems final as of its date except for the omission of no more than the following information: the offering prices, interest rates, selling compensation, aggregate principal amount, aggregate principal amount per maturity, delivery dates and other terms of the Series A Bonds; provided that the Authority deems final the information therein with respect to the Authority under the headings "THE AUTHORITY" and "LITIGATION – The Authority"; (ii) the Obligated Group shall provide to the Underwriter sufficient copies of the Final Official Statement, which the Obligated Group deems complete as of its date in substantially the same form as the Preliminary Official Statement, subject to minor additions, deletions and revisions, within seven business days after the date of this Bond Purchase Agreement; and (iii) the

Obligated Group agrees to notify the Underwriter of any material developments with respect to the Obligated Group, the Project or the Series A Bonds during the period that the Final Official Statement is required to be delivered in connection with sales of the Series A Bonds and for a period thereafter as long as the Underwriter is obligated to deliver a Final Official Statement pursuant to the Rule. The Authority and the Obligated Group hereby confirm that the Underwriter was authorized to use the Preliminary Official Statement and authorize the use of the Final Official Statement by the Underwriter in connection with the offering of the Series A Bonds. The Authority has not confirmed, and assumes no responsibility for, the accuracy, completeness or fairness of any of the statements in the Preliminary Official Statement or the Final Official Statement (except with respect to the information therein under the headings "THE AUTHORITY" and "LITIGATION – The Authority") or any supplements thereto or in any reports, financial information, offering or disclosure documents or other information in any way relating to the Project, the Obligated Group, the Mortgaged Property, the Credit Bank, the Letter of Credit or the Underwriter.

(b) After the Closing, and until the Underwriter has informed the Authority and the Obligated Group that the Underwriter has sold all the Series A Bonds, the Authority and the Obligated Group will not adopt or distribute any amendment of or supplement to the Final Official Statement, except with the prior written consent of the Underwriter (which consent will not be unreasonably withheld); and if any event relating to or affecting the Authority, the Obligated Group, the Project, the Mortgaged Property or the Series A Bonds shall occur, the result of which shall make it necessary, in the reasonable opinion of the Underwriter, to amend or supplement the Final Official Statement in order to make it not misleading in light of the circumstances existing at that time, the Obligated Group shall forthwith prepare, and the Obligated Group shall approve for distribution, a reasonable number of copies of an amendment of or supplement to such Final Official Statement, in form and substance satisfactory to the Underwriter, so that such Final Official Statement then will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances existing at that time, not misleading. The Authority shall cooperate with the Obligated Group, at the sole expense of the Obligated Group, in the issuance and distribution of any such amendment or supplement.

8. **Conditions of Closing**. The Underwriter's obligation to pay for the Series A Bonds is subject to fulfillment of the following conditions at or before Closing:

(a) The Authority's and the Obligated Group's representations hereunder shall be true on and as of the Closing Date.

(b) Neither the Authority nor the Obligated Group shall have defaulted in any of their covenants hereunder.

(c) Issuance of the Series B Bonds concurrently with the issuance of the Series A Bonds, and satisfaction of all conditions to the Underwriter's obligations to purchase the Series B Bonds.

(d) The Underwriter shall have received the following:

(i) opinions of Bond Counsel dated the date of Closing addressed to the Authority, together with a reliance letter to the Obligated Group and the Underwriter (A) substantially in the forms set forth in Appendix D to the Final Official Statement, and (B) with respect to the matters set forth in Exhibit A hereto;

(ii) an opinion of counsel to the Authority dated the date of Closing addressed to the Underwriter, substantially in the form set forth in Exhibit B hereto;

(iii) an opinion of counsel to the Obligated Group dated the date of Closing addressed to the Authority and the Underwriter, substantially in the form set forth in Exhibit C hereto;

(iv) a certificate of the Authority dated the date of Closing to the effect that

(A) no litigation or proceedings of any kind are now pending or threatened against the Authority before any court or agency of the United States of America or the State *(1)* to restrain or enjoin the issuance or delivery of the Series A Bonds, the construction of the Project or the financing of the Project, the performance of the Indenture, the Loan Agreement or this Bond Purchase Agreement or affecting in any way the security for the Series A Bonds; or *(2)* in any manner questioning the proceedings or authority by and pursuant to which the Bonds are being issued and delivered, the financing of the Project, or affecting the validity thereof or of the Indenture, the Loan Agreement or this Bond Purchase Agreement, or contesting the existence and powers of the Authority or the titles of the directors and officers of the Authority to their respective offices;

(B) no legislation has been enacted affecting the powers or existence of the Authority, or the validity or enforceability of the Bonds or of the Indenture, the Loan Agreement or this Bond Purchase Agreement, or the title of the members and officers of the Authority to their respective offices;

(C) each of the representations and warranties of the Authority contained in the Indenture, the Loan Agreement or this Bond Purchase Agreement is true and correct as of the date hereof; each of the covenants and agreements of the Authority contained in the Indenture, the Loan Agreement or this Bond Purchase Agreement which are required to be performed on or before the date hereof have been duly performed; and no event or circumstance has occurred or exists which constitutes, or with the giving of notice or the passage of time would constitute, a default on the part of the Authority under the Indenture, the Loan Agreement or this Bond Purchase Agreement;

(D) the Resolution has not been modified, amended or repealed and the Bonds, the Indenture, the Loan Agreement and this Bond Purchase Agreement have been executed by the Authority and are in full force and effect; and

(E) as of the date of the Closing, the information and statements contained in the Final Official Statement under the headings "THE AUTHORITY" and "LITIGATION – The Authority" do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, it being understood that the Authority makes no representations with respect to the information contained in the Preliminary Official Statement or the Final Official Statement (including, without limitation, information related to the Obligated Group, the Project, the Mortgaged Property, the Credit Bank, the Letter of Credit or the Underwriter) except for information specifically related to the Authority;

(v) certificate of the Obligated Group dated the date of Closing to the effect that

(A) no litigation or proceedings of any kind are now pending or threatened against any member of the Obligated Group before any court or agency of the United States of America or the State; *(1)* to restrain or enjoin the issuance or delivery of the Bonds or the Obligations, the construction or the financing of the Project, or affecting in any way the security for the Bonds, or *(2)* which might materially adversely affect the business or properties or financial condition of the Obligated Group, or *(3)* in which an unfavorable decision, ruling or finding would adversely affect the validity or enforceability of the Obligated Group Documents, or any other documents executed by the Obligated Group, the performance by the Obligated Group of any of its obligations thereunder, or the consummation of any of the transactions contemplated thereby or by the Final Official Statement;

(B) each of the representations and warranties of the Obligated Group contained in the Obligated Group Documents is true and correct as of the date of Closing; each of the covenants and agreements of the Obligated Group contained in the Obligated Group Documents which are required to be performed on or before the date of Closing have been duly performed; and no event or circumstance has occurred or exists which constitutes, or with the giving of notice or the passage of time would constitute, a default on the part of the Obligated Group under the Obligated Group Documents;

(C) no event affecting the Obligated Group has occurred since the date of the Final Official Statement which should be disclosed in the Final Official Statement for the purpose for which it is to be used or which is necessary to disclose in the Final Official Statement in order to make the statements and information contained therein not misleading in any material respect as of the date of the Closing;

(D) the Obligated Group has no knowledge of any defect in title to the Land described in the Mortgages which is not mentioned in the title policy; and

(E) there has been no change or threatened change in the tax-exempt status of any member of the Obligated Group.

(vi) certificates of the Authority and the Obligated Group, dated the date of Closing (A) setting forth such facts, estimates and circumstances with respect to the uses of the proceeds of the Series A Bonds necessary to support the conclusion that the Series A Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Code and (B) evidencing compliance with the maturity limitation, public hearing and information reporting requirements of Sections 147(b), 147(f) and 149(e) of the Code with respect to the Series A Bonds;

(vii) original executed copies or conformed copies of the Indenture, the Loan Agreement, the Mortgages, the Obligated Group Documents, all other documents executed in connection therewith and the Assignments;

(viii) copies of the Resolution, together with a certification by the Authority that the Resolution has not been amended or supplemented in any respect or repealed subsequent to the date of adoption thereof and is in full force and effect on the date of Closing;

(ix) a copy of a mortgagee title insurance policy insuring the priority of the mortgage lien of the Mortgages, subject only to permitted encumbrances, in an amount not less than the aggregate principal amount of the Series A Bonds, together with (A) if applicable, reinsurance agreements in amounts and with companies reasonably acceptable to the Underwriter providing for direct access against the reinsurers, and (B) a land survey prepared and certified by a licensed land surveyor, which shall be referenced in said title insurance policy;

(x) certificates of insurance showing coverages of the types and amounts set forth in the Master Indenture [and a certificate of an Insurance Consultant (as defined in the Master Indenture), to the effect that the insurance coverage, with respect to type and amount, complies with the requirements of the Master Indenture];

(xi) evidence of deposit with the Trustee of an equity contribution from the Obligated Group in an amount not less than the amount necessary to fund costs of the financing and reserves not permitted to be funded with proceeds of the Bonds;

(xii) a letter from _____, _____, Florida, consenting to the inclusion of its report on the Obligated Group's financial statements in Appendix A to the Official Statement, and updating its letter delivered pursuant to Section 2(d) hereof;

(xiii) completion and delivery of the tax questionnaires relating to the Obligated Group required by Bond Counsel and/or counsel to the Underwriter;

(xiv) evidence that the Obligated Group has met all the requirements under the Loan Agreement relating to the issuance of the Series A Bonds; and

(xv) such other certificates, opinions and other documents as Bond Counsel, the Underwriter or their counsel may reasonably require.

(e) At Closing there shall not have been any adverse change in the Mortgaged Property or in the business, property or financial condition of the Obligated Group, except as set forth in or contemplated by the Final Official Statement, which, in the reasonable judgment of the Underwriter, is material and makes it inadvisable to proceed with the sale of the Series A Bonds; and the Underwriter shall have received certificates that no material adverse change has occurred or, if such a change has occurred, full information with respect thereto.

(f) The Underwriter shall receive such documentation as it may reasonably request to evidence that the Obligated Group has received all necessary state and local licenses and approvals from applicable state and local governmental authorities required on the part of the Obligated Group to be obtained in connection with the execution and delivery of the Obligated Group Documents, and, to the extent obtainable at Closing, the performance by the Obligated Group of its obligations thereunder and hereunder and the Obligated Group's consummation of the transactions contemplated thereby and by the Final Official Statement.

(g) The Underwriter shall receive such additional documentation as it may reasonably request to evidence compliance with applicable law, the validity of the Series A Bonds, the Indenture, the Obligated Group Documents or the Resolution, and to demonstrate the tax-exempt status of the interest on the Series A Bonds and the exempt status of the offering of the Series A Bonds under the Securities Act of 1933, as amended.

9. **Conditions of the Authority's Obligations**. The Authority's obligations hereunder are subject to the following conditions:

(a) The performance by the Underwriter of their obligations hereunder;

(b) The receipt by the Authority of the opinions referred to in Section 8(d)(i) and (ii) hereof;

(c) On or before the date of the Closing, the receipt by the Authority of a certificate of the Underwriter, acceptable to Bond Counsel, to the effect that the Underwriter has sold to the public (excluding bond houses and brokers) a substantial amount of each maturity of the Series A Bonds at initial prices no higher than, or yields no lower than, those shown on the cover page of the Final Official Statement and that the Authority and Bond Counsel may rely on such certification for purposes of determining compliance with Sections 148 and 149(d) of the Code;

(d) Such other certificates, opinions and other documents as the Authority or its counsel or Bond Counsel may reasonably require; and

(e) All certificates and other documents relating to the transactions contemplated by this Bond Purchase Agreement shall be satisfactory in form and substance to the Authority and Bond Counsel.

10. **Events Permitting Underwriter to Terminate**. The Underwriter may terminate its obligation to purchase the Series A Bonds at any time before Closing if any of the following occur:

(a) legislative, executive or regulatory action or a court decision which, in the reasonable judgment of the Underwriter, casts sufficient doubt on the legality of the Series A Bonds or the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series A Bonds so as to impair materially the marketability or to materially lower the market price thereof; or

(b) any action by the Securities and Exchange Commission or a court which would require registration of the Series A Bonds under the Securities Act of 1933, as amended, in connection with the public offering thereof, or qualification of the Indenture under the Trust Indenture Act of 1939, as amended; or

(c) any general suspension of trading in securities on the New York Stock Exchange or the establishment, by the New York Stock Exchange, by the Securities and Exchange Commission, by any federal or state agency, or by the decision of any court, of any limitation on prices for such trading, or any outbreak of hostilities or other national or international calamity or crisis, or any material escalation in any such hostilities, calamity or crisis, the effect of which on the financial markets of the United States shall be such as to make it impracticable for the Underwriter to enforce contracts for the sale of the Series A Bonds; or

(d) any event or condition which, in the reasonable judgment of the Underwriter, renders untrue or incorrect, in any material respect as of the time to which the same purports to relate, the information contained in the Final Official Statement, or which requires that information not reflected in such Final Official Statement or Appendices thereto should be reflected therein in order to make the statements and information contained therein not misleading in any material respect as of such time; provided that the Authority, the Obligated Group and the Underwriter will use their best efforts to amend or supplement the Final Official Statement to reflect, to the satisfaction of the Underwriter, such changes in or additions to the information contained in the Final Official Statement; or

(e) pending or threatened litigation affecting or arising out of the Project or the issuance of the Series A Bonds which in the reasonable judgment of the Underwriter would materially impair the marketability or materially lower the market price of the Series A Bonds; or

(f) sufficient quantities of the Final Official Statement are not delivered to the Underwriter in a timely manner as required by Section 7 hereof.

If the Underwriter terminate their obligations to purchase the Series A Bonds because any of the conditions specified in this Section 10 shall not have been fulfilled at or before the Closing, such termination shall not result in any liability on the part of the Authority, the Underwriter, or, except for the payment of such costs of issuance described in Section 1(l)

hereof (but not including the Underwriter's fee and such other fees as are contingent upon Closing), the Obligated Group.

11. **Notices and Other Actions**. All notices, demands and formal actions hereunder will be in writing mailed, telegraphed or delivered to:

The Authority:

St. Johns County Industrial Development Authority
Attention: _____
County Administration Building
4020 Lewis Speedway
St. Augustine, Florida 32085

The Obligated Group:

Presbyterian Retirement Communities, Inc.
Attention: Chief Executive Officer
84 West Luceme Circle
Orlando, Florida 32801

The Underwriter:

Herbert J. Sims & Co., Inc.
Attention: Walter A. Frey, III, Executive Vice President
7380 Sand Lake Road, Suite 507
Orlando, Florida 32819

12. **Governing Law**. This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State and may not be assigned by the Authority, the Obligated Group or the Underwriter.

13. **Successors**. This Bond Purchase Agreement is made solely for the benefit of the Authority, the Underwriter and the Obligated Group and their respective successors and, as to Section 6(d) hereof, the directors, members, officers, employees, attorneys, officials and agents of the Authority. No other person or entity shall acquire or have any right under or by virtue of this Bond Purchase Agreement. The representations, warranties and agreements herein shall survive the issuance, sale and purchase of the Series A Bonds.

14. **Counterparts**. This Bond Purchase Agreement may be executed in any number of counterparts, all of which taken together shall be one and the same instrument, and any parties hereto may execute this agreement by signing any such counterpart.

15. **Extent of Covenants; No Personal Liability**. No covenant, stipulation, obligation or agreement of the Authority contained in this Bond Purchase Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future director,

officer, employee or agent of the Authority in his or her individual capacity; and no such person (including any such person executing the Series A Bonds) shall be liable personally hereunder.

16. **Limitation on Authority Liability**. Neither the Series A Bonds nor any other obligations of or indebtedness incurred by the Authority shall constitute an indebtedness or obligation of St. Johns County, the State, or any municipal corporation or political subdivision thereof, nor shall any act of the Authority in any manner constitute or result in the creation of an indebtedness of St. Johns County, the State, or any municipal corporation, political subdivision or agency thereof. The Series A Bonds shall be payable solely from the revenues pledged therefor pursuant to the Indenture, and no holder of the Series A Bonds shall ever have the right to compel any exercise of the taxing power of St. Johns County, the State, or any municipal corporation, political subdivision or agency thereof nor to enforce the payment thereof against St. Johns County, the State, or any such municipal corporation, political subdivision or agency thereof. The Authority has no taxing power.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the Authority, the Obligated Group and the Underwriter have caused their duly authorized representatives to execute and deliver this Bond Purchase Agreement as of the date first written above.

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

By _____
Chairman

PRESBYTERIAN RETIREMENT COMMUNITIES, INC.

PALM SHORES RETIREMENT COMMUNITY, INC.

SUNCOAST MANOR, INC.

WESLEY MANOR, INC.

WESTMINSTER RETIREMENT COMMUNITIES FOUNDATION, INC.

WESTMINSTER SERVICES, INC.

WESTMINSTER SHORES, INC.

By _____
Henry T. Keith

Authorized Officer for each of the foregoing corporations

HERBERT J. SIMS & CO., INC.

By _____
Secretary/Treasurer

ATTACHMENT I

UNDERWRITER'S DISCLOSURE LETTER AND TRUTH IN BONDING STATEMENT

_____, 2004

St. Johns County Industrial
Development Authority
County Administration Building
4020 Lewis Speedway
St. Augustine, Florida 32085

Re: St. Johns County Industrial Development Authority First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004A (the "Bonds")

Ladies and Gentlemen:

Pursuant to Chapter 218.385, Florida Statutes, and in reference to the issuance of Bonds as set forth above, Herbert J. Sims & Co., Inc. (the "Underwriter") make the following disclosures to the St. Johns County Industrial Development Authority (the "Authority"). All capitalized terms not otherwise defined herein shall have the respective meanings specified in the Bond Purchase Agreement dated the date hereof among the Underwriter, the Authority and Presbyterian Retirement Communities, Inc., as representative of the Obligated Group (the "Bond Purchase Agreement").

The Underwriter is acting as underwriter to the Authority for the public offering or sale of the Bonds. The fees to be paid to the Underwriter in the Bond Purchase Agreement are equal to _____% of the total face amount of the Bonds.

(a) The expenses estimated to be incurred by the Underwriter in connection with the issuance of the Bonds are itemized on Schedule A hereto.

(b) Names, addresses and estimated amounts of compensation of any person who is not regularly employed by, or not a partner or officer of, the Underwriter and who enters into an understanding with either the Authority or the Underwriter, or both, for any paid or promised compensation or valuable consideration directly, expressly or impliedly, to act solely as an intermediary between the Authority and the Underwriter for the purpose of influencing any transaction in the purchase of the Bonds:

[None]

(c) The amount of underwriting spread expected to be realized is $_____ per $1,000 of Bonds and consists of the following components including the management fee indicated:

Management Fee	$____ per $1,000 Bond
Average Takedown	$____ per $1,000 Bond
Expenses	$____ per $1,000 Bond

An Original Issue Discount of $_____.

(d) No fee, bonus or other compensation is estimated to be paid by the Underwriter in connection with the issuance of the Bonds, to any persons not regularly employed or retained by the Underwriter, (including any "finder" as defined in Section 218.386(1)(a), Florida Statutes, as amended), except as specifically enumerated as expenses to be incurred and paid by the Underwriter, as set forth in Schedule A attached hereto.

(e) The names and addressees of the Underwriter connected with the Bonds are:

Herbert J. Sims & Co., Inc.
7380 Sand Lake Road, Suite 507
Orlando, Florida 32819
Attention: Walter A. Frey, III

(f) Truth in Bonding Statement. The Authority is proposing to issue $_____ of the Bonds for the purpose of financing a portion of the costs of capital improvements at nine communities owned by the Obligated Group, including the addition of 20 village units at Westminster Oaks in Tallahassee, Florida, and 23 garden apartments and 10 village units at Westminster Woods on Julington Creek in Jacksonville, Florida and other expenses related to the issuance of the Bonds. This debt or obligation is expected to be repaid over a period of _____ years. Total interest paid over the life of the debt or obligation will be $_____.

The source of repayment or security for this proposal to issue the Bonds is exclusively limited to certain revenues derived from the Obligated Group pursuant to the Loan Agreement. Because (a) such revenues may not be used by the Authority for any purpose other than the purposes set forth in the Indenture, (b) the Authority has no taxing power and the taxing power of the County of St. Johns is not pledged or involved in the Bonds, (c) the Bonds and the interest thereon do not constitute a debt of the Authority within the meaning of any constitutional or statutory provision, and (d) the faith and credit of the Authority are not pledged to the payment of the principal of or the interest on the Bonds, authorizing this debt or obligation will not result in any moneys not being available to the Authority to finance other transactions each year for the ____ year term of the Bonds.

We understand that you do not require any further disclosure from the Underwriter, pursuant to Section 218.385, Florida Statutes.

Very truly yours,

HERBERT J. SIMS & CO., INC.,

By _____
Walter A. Frey, III
Executive Vice President

SCHEDULE A
ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
First Mortgage Revenue Bonds
(Presbyterian Retirement Communities Project),
Series 2004A

Combined Estimated Expenses Component of Underwriting Spread

Clearance	$
Pershing Day Loan	
PSA	
DTC- Syndicate	
CUSIP	
Syndicate Comm. Fee	
Telephone	
Postage	
Federal Express	
Closing	
Travel	
Miscellaneous	
TOTAL	$

SCHEDULE I

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
$__,___,000
FIRST MORTGAGE REVENUE BONDS
(PRESBYTERIAN RETIREMENT COMMUNITIES PROJECT),
SERIES 2004A

BOND TERMS

Dated: July 1, 2004

$_,___,000 ____% Term Bonds due October 1, ____ @ _____% to Yield ____%
$_,___,000 ____% Term Bonds due October 1, ____ @ _____% to Yield ____%
$_,___,000 ____% Term Bonds due October 1, ____ @ _____% to Yield ____%

1. Purchase Price for the Series A Bonds: $.

(a) Underwriter's Discount for the Series A Bonds: $.

(b) Original Issue Discount for the Series A Bonds: $.

The initial offering prices set forth above are subject to adjustment as provided in Section 2 of the Bond Purchase Agreement.

2. Redemption of Series A Bonds Prior to Maturity:

EXHIBIT A

Points to be Covered in
Supplemental Opinion of Bond Counsel

(Terms defined in Bond Purchase Agreement
are used here with same meanings)

1. The Bond Purchase Agreement has been duly authorized, executed and delivered by the Authority and constitutes the valid and binding obligation of the Authority enforceable in accordance with its terms, subject only to applicable bankruptcy insolvency, moratorium, reorganization or other laws affecting creditors' rights heretofore or hereafter enacted and to general equity principles.

2. The Series A Bonds are exempt securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended and the Indenture is exempt from qualification under of the Trust Indenture Act of 1939, as amended.

3. The information contained in the Preliminary Official Statement and the Final Official Statement under the headings "THE BONDS" (except for the information contained therein relating to DTC and its book-entry only system of registration as to which no opinion is expressed), "SECURITY FOR THE BONDS," and "TAX EXEMPTION" and in Appendices B and C are fair and accurate summaries of the provisions of the Bonds, the Indenture, the Loan Agreement, the Master Indenture and the Mortgages and the laws and regulations of the State and the United States purported to be summarized therein.

EXHIBIT B

Points to be Covered in
Opinion of Counsel to the Authority

(Terms defined in Bond Purchase Agreement
are used here with same meanings)

1. The Authority is a public body politic and corporate of the State and is duly created and existing pursuant to the Act.

2. The Resolution has been duly adopted by the Authority, in accordance with the laws of the State and the procedural rules of the Authority and remains in full force and effect on the date hereof.

3. The officers of the Authority identified in the Authority's incumbency certificate delivered at Closing have been duly elected or appointed, and are qualified to serve as such.

4. The Authority has the power under the Act to issue the Bonds, to enter into the Loan Agreement, the Indenture and the Bond Purchase Agreement and to perform its obligations thereunder.

5. The Authority has by proper action duly authorized the execution and issuance of the Bonds, and the execution and delivery of the Loan Agreement, the Indenture and the Bond Purchase Agreement. The Bonds have been duly and validly issued by the Authority, and the Loan Agreement, the Indenture and the Bond Purchase Agreement have been duly and validly executed and delivered by the Authority.

6. The execution and issuance by the Authority of the Bonds, the execution and delivery by the Authority of the Loan Agreement, the Indenture and the Bond Purchase Agreement and performance by the Authority under the foregoing instruments and documents, do not conflict with or constitute on the part of the Authority a violation of, breach of or default under any existing constitutional provision or statute of the State, or, to our knowledge, any indenture, mortgage, deed of trust, resolution, note agreement or other agreement or instrument to which the Authority is a party or by which the Authority is bound, or, to our knowledge, any order, rule or regulation of any court, governmental agency or body of the State having jurisdiction over the Authority or any of its activities or property.

7. The Authority has approved the distribution of the Official Statement by the Underwriter in connection with the sale of the Bonds.

8. To our knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or threatened against the Authority, nor to our knowledge is there any basis therefor, wherein an

unfavorable decision, ruling or finding would materially and adversely affect the transactions contemplated by the Bonds, the Loan Agreement, the Indenture or the Bond Purchase Agreement, or which in any way would materially and adversely affect the validity of the Bonds, the Loan Agreement, the Indenture or the Bond Purchase Agreement.

EXHIBIT C

Points to be Covered in
Opinion of Counsel to the Obligated Group

(Terms defined in Bond Purchase Agreement
are used here with same meanings)

1. Each member of the Obligated Group is a not-for-profit corporation duly organized, validly existing and in good standing under the laws of the State. Each member of the Obligated Group has full power and authority to execute and deliver the Obligated Group Documents and to undertake and perform its obligations thereunder.

2. Based upon letters from the Internal Revenue Service, which letters have not been modified or withdrawn, each member of the Obligated Group is exempt from federal income taxation under Section 501(a) of the Code by virtue of being an organization described in Section 501(c)(3) of the Code and no member of the Obligated Group is a private foundation as defined in Section 509(a) of the Code. To the best of our knowledge after due inquiry, no member of the Obligated Group has taken action which would result in the loss of its tax-exempt status under the Code and each member of the Obligated Group continues to meet the requirements of the Code necessary for such member not to be a private foundation as defined in Section 509(a) of the Code. The income of the Obligated Group is not subject to any taxes pursuant to the Constitution and laws of the State.

3. The Obligated Group Documents have been duly authorized, executed and delivered by the Obligated Group, have not been amended, modified or rescinded, are in full force and effect, and, assuming due execution and delivery by the parties thereto, constitute legal, valid and binding obligations of the Obligated Group enforceable against the Obligated Group in accordance with their respective terms except as enforcement of remedies may be limited by bankruptcy, insolvency, or other similar laws or equitable principles affecting the enforcement of creditors' rights generally.

4. The execution and delivery of, and compliance with the terms and conditions of, the Obligated Group Documents, and the carrying out and consummation of the transactions contemplated thereby and by the Official Statement, will not violate or conflict with any provision of any statute, any rule, order or regulation, or, to the best of our knowledge after due inquiry, any judgment or decree of any court, agency, or other governmental or administrative board or body to which the Obligated Group is subject, or conflict with or constitute a breach of or a default under any provision of the Obligated Group's articles of incorporation or by-laws, or, to the best of our knowledge after due inquiry, any indenture, mortgage, deed of trust, agreement or other instrument to which the Obligated Group is a party or by which the Obligated Group or any of its properties are bound.

5. Each member of the Obligated Group has duly authorized the taking of any and all action necessary to carry out and give effect to the transactions contemplated to be performed by it under the Obligated Group Documents and the Final Official Statement.

6. Without having undertaken to independently verify the statements contained therein, nothing has come to our attention which would cause us to believe that the information in the Preliminary Official Statement as of its date or the Final Official Statement as of the date of Closing, under the headings entitled "ESTIMATED SOURCES AND USES OF FUNDS," "THE OBLIGATED GROUP," "THE PROJECT," and "BONDHOLDERS' RISKS" and information relating to the same under the headings "SHORT STATEMENT," "INTRODUCTORY STATEMENT" and "LITIGATION – The Obligated Group", is not true and correct or contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Without having undertaken to independently verify the statements in the other sections of the Official Statement, nothing has come to our attention which would cause us to believe that any portion of the Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

7. All licenses, consents, permits, approvals or authorizations, of any federal, state or local governmental authority required on the part of the Obligated Group to be obtained in connection with the development and construction of the Project, the execution and delivery of the Obligated Group Documents, and the performance by the Obligated Group of its obligations thereunder and its consummation of the transactions contemplated thereby and by the Official Statement have been duly obtained other than licenses or permits required for occupancy or operation of the Project upon its completion. The Obligated Group has complied with all applicable provisions of law requiring any designation, declaration, filing, registration or qualification with any governmental issuer in connection therewith, except that no opinion is expressed with respect to compliance with state securities laws.

8. To the best of our knowledge after due inquiry, there is no action, suit, proceeding or investigation pending or threatened against the Obligated Group which might materially adversely affect the business or properties or financial condition of the Obligated Group, or in which an unfavorable decision, ruling or finding would adversely affect (i) the validity or enforceability of any of the Obligated Group Documents, or any other documents executed by the Obligated Group, (ii) the performance by the Obligated Group of any of its obligations thereunder, or (iii) the consummation of any of the transactions contemplated thereby or by the Final Official Statement. To the best of our knowledge, no member of the Obligated Group is in default in any material respect under any applicable statute, rule, order or regulation of any governmental body.

9. The Mortgages have been delivered by the Obligated Group in recordable form for recording in all offices of the State in which recording is necessary for the validity thereof to serve as notice thereof.

10. We have examined the title insurance policy issued by _____ and know of no facts or circumstances not disclosed to the title insurer which would affect the insurance provided by such policy.

11. Based on examination of the Uniform Commercial Code Filing Search issued by the Secretary of the State of Florida dated _____, 2004, and in reliance on a certificate of the Obligated Group that no intervening filings have been or will be made to the date of filing the UCC-1 from the Obligated Group to the Authority, the Mortgages will create a perfected first security interest in the Obligated Group's Gross Revenues to the extent that a security interest can be perfected by filing and in the Mortgaged Property, in each case subject only to Permitted Encumbrances.

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CONTINUING DISCLOSURE CERTIFICATE

This **CONTINUING DISCLOSURE CERTIFICATE** (this "Disclosure Certificate") is executed and delivered as of July 1, 2004 by **PRESBYTERIAN RETIREMENT COMMUNITIES, INC., PALM SHORES RETIREMENT COMMUNITY, INC., SUNCOAST MANOR, INC., WESLEY MANOR, INC., WESTMINSTER RETIREMENT COMMUNITIES FOUNDATION, INC., WESTMINSTER SERVICES, INC.,** and **WESTMINSTER SHORES, INC.,** each a not-for-profit corporation duly incorporated and validly existing under and by virtue of the laws of the State of Florida (collectively, the "Obligated Group"), in connection with the sale of the St. Johns County Industrial Development Authority's (the "Issuer") $_____* First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004A (the "Series A Bonds") and its $_____* Taxable Variable Rate Demand First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004B (the "Series B Bonds" and together with the Series A Bonds, the "Bonds") to be issued pursuant to separate Bond Indentures for each series of Bonds (the "Indentures"). The proceeds of the Bonds are being loaned by the Issuer to the Obligated Group pursuant to separate Loan Agreements, each dated as of July 1, 2004, between the Issuer and the Obligated Group (the "Loan Agreements").

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Obligated Group for the benefit of owners and Beneficial Owners of the Bonds. The financial information and operating data forming the basis of the annual reporting requirements of Section 3 and 4 of this Disclosure Certificate are derived from the Official Statement (as defined herein).

Section 2. Definitions. In addition to the definitions set forth in the Indentures and Loan Agreements which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined herein, the following capitalized terms used in this Disclosure Certificate have the following meanings:

"Annual Financial Information" shall mean the information with respect to the Obligated Group described in Section 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any individual beneficial owner of the Bonds. Beneficial ownership is to be determined consistent with the definition thereof contained in Rule 13d-3 of the Securities and Exchange Act of 1934, as amended, or, in the event such provisions do not adequately address the situation at hand (in the opinion of nationally recognized bond counsel), beneficial ownership is to be determined based upon ownership for federal income tax purposes.

"Dissemination Agent" shall mean the Obligated Group or any Dissemination Agent designated by the Obligated Group pursuant to Section 7 hereof.

"Financial Statements" means consolidated financial statements of the Members of the Obligated Group, audited by an Accountant within 120 days of the close of each Fiscal Year, prepared in accordance with generally accepted accounting principles consistently applied and SOP

90-8, or any successor procedure adopted by the Financial Accounting Standards Board for calculation of unfunded health care obligations. "Financial Statements" shall include (1) a balance sheet, a statement of operations and cash flow statements setting forth actual cash flow for the most recent quarter and year-to-date for the current Fiscal Year, including consolidated financial results for each member of the Obligated Group; (2) a calculation of compliance with the Debt Service Coverage Ratio, Days' Cash on Hand and (3) the statement of such Accountant that in the course of its audit, nothing has come to the Accountant's attention to lead it to believe that any default exists under the Master Indenture, or if that is not the case, specifying such default.

"Fiscal Year" shall mean the fiscal year of the Obligated Group, which currently is the twelve month period beginning April 1 and ending on March 31 of the following year.

"GAAP" shall mean generally accepted accounting principles promulgated by the Governmental Accounting Standards Board as in effect from time to time in the United States.

"Listed Events" shall mean any of the events listed in Section 5(a) hereof.

"MSRB" shall mean the Municipal Securities Rulemaking Board, 1150 18th Street, N.W., Suite 400, Washington, DC 20036-2491.

"National Repository" shall mean any of the names and addresses of each National Repository and State Repository as of any date may currently be obtained by calling the SEC's Fax on Demand Service at 202/942 8088 and requesting document numbers 0206 and 0207, respectively, or by visiting the SEC's web site at http://www.sec.gov/info/municipal/nrmsir.htm.

"Obligated Person" shall mean the Obligated Group and any person who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

"Official Statement" shall mean the Official Statement of the Obligated Group, dated _____, 2004, delivered in connection with the offering of the Bonds and any amendment or supplement thereto.

"Repository" shall mean each National Repository and each State Repository, if any.

"Rule" shall mean Rule 15c2-12(b)(5) promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as such rule may be amended from time to time and any successor provisions thereto.

"SEC" shall mean the Securities and Exchange Commission.

"State" shall mean the State of Florida.

"**State Repository**" or "**SID**" shall mean any public or private repository or entity designated by the State as a state information depository for the purposes of the Rule and recognized as such by the SEC. As of the date of this Disclosure Certificate, there is no State Repository.

Section 3. Provision of Annual Financial Information. Except as otherwise provided herein, the Obligated Group shall, or shall cause the Dissemination Agent to provide each Repository with the Annual Financial Information for each Fiscal Year ending on or after March 31, 2005, not later than 120 days after the end of the Fiscal Year. The Annual Financial Information may be submitted as a single document or as separate documents comprising a package, and may include by cross-reference other information as provided in Section 4 hereof; provided however, that, if the financial statements of the Obligated Group are audited, then such audited financial statements must be submitted, but they may be submitted separately from the balance of the Annual Financial Information and later than the date required above for the filing of the Annual Financial Information if they are not available by such date. If the Fiscal Year changes, the Obligated Group shall give written notice of such change in the same manner as for a Listed Event in Section 5(c) hereof. If the financial statements of the Obligated Group specified in the manner described hereof are not available by the time the Annual Financial Information must be provided, unaudited Financial Statements of the Obligated Group shall be provided by the Obligated Group as part of the Annual Financial Information and such audited financial statements of the Obligated Group, when available, will be provided by the Obligated Group to each Repository within 15 days of such audited financial statements becoming available.

Any or all of the items above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Obligated Group is an "obligated person", which have been filed with each Repository or the SEC. If the document included by reference is a final official statement, it must be available from the MSRB. The Obligated Group shall clearly identify each such other document so included by reference.

Section 4. Content of Annual Financial Information. The Annual Financial Information of the Obligated Group shall consist of or cross reference the following:

(a) The Financial Statements.

(b) A calculation of the Obligated Group's compliance with the required Long-Term Debt Service Coverage Ratio and Days' Cash on Hand covenants pursuant to the Master Indenture.

(c) Annual, updated historical financial information and operating data for the Obligated Group of the type included in those sections of the Official Statement captioned "SHORT STATEMENT," **[TO COME]**.

If the Obligated Group has not filed the Annual Financial Information when due, then the Obligated Group or the Dissemination Agent, on behalf of the Obligated Group, shall file a notice with each Repository as required by the Rule.

Section 5. Reporting of Significant Events.

(a) The Obligated Group shall give, or cause to be given, on behalf of the Obligated Group and in a timely manner, notice of the occurrence of any of the following events with respect to the Bonds, if material, to each National Repository or the MSRB and to the SID, if any:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults;

(iii) Unscheduled draws on any debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on any credit enhancements reflecting financial difficulties;

(v) Substitutions of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions or events adversely affecting the tax-exempt status of the Series A Bonds;

(vii) Modifications to rights of holders of the Bonds;

(viii) Calls (excluding calls for sinking fund mandatory redemptions) on the Bonds;

(ix) Defeasances of the Bonds;

(x) Release, substitution or sale of property securing repayment of the Bonds;

(xi) Rating changes; and

(xii) Notice of any failure on the part of the Obligated Group or any other Obligated Person to meet the requirements of this Section 5.

(b) Whenever the Obligated Group obtains actual knowledge of the occurrence of a Listed Event, the Obligated Group shall determine promptly if such event would be material to holders of the Bonds or any series thereof, under applicable federal securities laws.

(c) If the Obligated Group has determined that knowledge of the occurrence of a Listed Event would be material to holders of the Bonds or any series thereof, under applicable federal securities laws, the Obligated Group shall timely give or cause to be given a notice of such occurrence (as required by Section 5(a) hereof) to each National Repository or the MSRB and to the SID, if any, provided, that any event under Section 5(a)(iii), (iv), (v), (vi) or (xi) above will always be deemed to be material.

(d) Each notice given pursuant to this Section 5 shall be captioned "Material Event Notice" and shall prominently state the date, title and CUSIP numbers of the affected Bonds.

Section 6. Termination of Reporting Obligation.

(a) The obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

(b) If in the opinion of nationally recognized bond counsel satisfactory to the Obligated Group, the Rule shall be amended, modified or changed so that all or any part of the information currently required to be provided thereunder shall no longer be required to be provided thereunder, then such information shall no longer be required to be provided hereunder; and if and to the extent in the opinion of nationally recognized bond counsel satisfactory to the Obligated Group, the Rule, or any provisions thereof, shall be declared by a federal court of competent and final, non-appealable jurisdiction to be, in whole or in part, invalid, unconstitutional, null and void, or otherwise inapplicable to the Bonds, then the information required to be provided hereunder, insofar as it was required to be provided by a provision of the Rule so declared, shall no longer be required to be provided hereunder.

(c) If a termination or cessation described in either Section 6(a) or (b) hereof occurs prior to the final maturity of the Bonds, the Obligated Group shall give or cause to be given notice of such event in the same manner as for a Listed Event under Section 5(c) hereof.

Section 7. Dissemination Agent. The Obligated Group may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Obligated Group may unilaterally amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3, 4, 5 or 10 hereof, it may only be made in connection with a change in circumstances that arises from a change in applicable legal requirements, change in law, any subsequent change in or applicable and binding interpretation of the Rule, or change in the identity, nature or status of the Obligated Group or any other Obligated Person or the type of business conducted;

(b) this Disclosure Certificate, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds on July ___, 2004 after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the amendment or waiver does not materially impair the interests of the owners or Beneficial Owners of the Bonds, as determined either by parties unaffiliated with the Obligated Group or any other Obligated Persons (i.e., nationally recognized bond counsel satisfactory to the Obligated Group).

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Obligated Group shall describe such amendment in the next Annual Financial Information relating to the Obligated Group, and shall include a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being provided by or in respect of the Obligated Group. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c) hereof, and (ii) the Annual Financial Information relating to the Obligated Group for the year in which the change is made shall present a comparison (in narrative form and also, if feasible in quantitative form) between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Obligated Group to meet its obligations. To the extent reasonably feasible, the comparison also shall be quantitative.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Obligated Group from disseminating any other information, using the means of dissemination set forth herein or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Obligated Group chooses to include any information in any Annual Financial Information or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Obligated Group shall have no obligation hereunder to update such information or include it in any future Annual Financial Information or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Obligated Group to comply with any provision of this Disclosure Certificate, the sole remedy available to any holder, owner or Beneficial Owner of Bonds shall be to seek specific performance by court order to cause the Obligated Group to comply with its obligations under this Disclosure Certificate, it being the Obligated Group's position that money damages would be inadequate recompense and/or difficult to ascertain. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Obligated Group, the Dissemination Agent, if any, all holders, owners and Beneficial Owners from time to time of the Bonds for the benefit of such holders, owners and Beneficial Owners, and shall create no rights in any other person or entity.

Section 12. No Liability. None of the members or employees of the Obligated Group shall be charged personally with any liability, or held liable under any term or provision of this Disclosure Certificate because of its execution or attempted execution, or because of any breach or attempted or alleged breach thereof.

SIGNATURE PAGE FOR
CONTINUING DISCLOSURE CERTIFICATE

IN WITNESS WHEREOF, the Obligated Group has executed this Disclosure Certificate to be executed on its behalf by its authorized representative as of the date first above written.

PRESBYTERIAN RETIREMENT COMMUNITIES, INC.

PALM SHORES RETIREMENT COMMUNITY, INC.

SUNCOAST MANOR, INC.

WESLEY MANOR, INC.

WESTMINSTER RETIREMENT COMMUNITIES FOUNDATION, INC.

WESTMINSTER SERVICES, INC.

WESTMINSTER SHORES, INC.

By _____
Henry T. Keith

Authorized Officer for each of the foregoing corporations

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Section 13. Obligated Persons. Any change in Obligated Persons shall be reported by the Obligated Group in connection with the Annual Financial Information. If any person, other than the Obligated Group, becomes an Obligated Person relating to the Bonds, the Obligated Group shall use its reasonable best efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person; provided, however, the Obligated Group takes no responsibility for the accuracy or completeness of any financial information or operating data or other filings by any future Obligated Person.

Section 14. Governing Law. This Disclosure Certificate shall be governed by and construed in accordance with the internal laws of the State of Florida (without regard to conflict of law principles thereof), provided that, to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Section 15. Severability. In case any part of this Disclosure Certificate is held to be illegal or invalid, such illegality or invalidity shall not affect the remainder or any other section of this Disclosure Certificate. This Disclosure Certificate shall be construed or enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application of this Disclosure Certificate affect any legal and valid application.

[SIGNATURE PAGE TO FOLLOW]

CONTINUING DISCLOSURE CERTIFICATE

This **CONTINUING DISCLOSURE CERTIFICATE** (this "Disclosure Certificate") is executed and delivered as of July 1, 2004 by **PRESBYTERIAN RETIREMENT COMMUNITIES, INC., PALM SHORES RETIREMENT COMMUNITY, INC., SUNCOAST MANOR, INC., WESLEY MANOR, INC., WESTMINSTER RETIREMENT COMMUNITIES FOUNDATION, INC., WESTMINSTER SERVICES, INC.,** and **WESTMINSTER SHORES, INC.,** each a not-for-profit corporation duly incorporated and validly existing under and by virtue of the laws of the State of Florida (collectively, the "Obligated Group"), in connection with the sale of the St. Johns County Industrial Development Authority's (the "Issuer") $_____* First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004A (the "Series A Bonds") and its $_____* Taxable Variable Rate Demand First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004B (the "Series B Bonds" and together with the Series A Bonds, the "Bonds") to be issued pursuant to separate Bond Indentures for each series of Bonds (the "Indentures"). The proceeds of the Bonds are being loaned by the Issuer to the Obligated Group pursuant to separate Loan Agreements, each dated as of July 1, 2004, between the Issuer and the Obligated Group (the "Loan Agreements").

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Obligated Group for the benefit of owners and Beneficial Owners of the Bonds. The financial information and operating data forming the basis of the annual reporting requirements of Section 3 and 4 of this Disclosure Certificate are derived from the Official Statement (as defined herein).

Section 2. Definitions. In addition to the definitions set forth in the Indentures and Loan Agreements which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined herein, the following capitalized terms used in this Disclosure Certificate have the following meanings:

"Annual Financial Information" shall mean the information with respect to the Obligated Group described in Section 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any individual beneficial owner of the Bonds. Beneficial ownership is to be determined consistent with the definition thereof contained in Rule 13d-3 of the Securities and Exchange Act of 1934, as amended, or, in the event such provisions do not adequately address the situation at hand (in the opinion of nationally recognized bond counsel), beneficial ownership is to be determined based upon ownership for federal income tax purposes.

"Dissemination Agent" shall mean the Obligated Group or any Dissemination Agent designated by the Obligated Group pursuant to Section 7 hereof.

"Financial Statements" means consolidated financial statements of the Members of the Obligated Group, audited by an Accountant within 120 days of the close of each Fiscal Year, prepared in accordance with generally accepted accounting principles consistently applied and SOP

90-8, or any successor procedure adopted by the Financial Accounting Standards Board for calculation of unfunded health care obligations. "Financial Statements" shall include (1) a balance sheet, a statement of operations and cash flow statements setting forth actual cash flow for the most recent quarter and year-to-date for the current Fiscal Year, including consolidated financial results for each member of the Obligated Group; (2) a calculation of compliance with the Debt Service Coverage Ratio, Days' Cash on Hand and (3) the statement of such Accountant that in the course of its audit, nothing has come to the Accountant's attention to lead it to believe that any default exists under the Master Indenture, or if that is not the case, specifying such default.

"Fiscal Year" shall mean the fiscal year of the Obligated Group, which currently is the twelve month period beginning April 1 and ending on March 31 of the following year.

"GAAP" shall mean generally accepted accounting principles promulgated by the Governmental Accounting Standards Board as in effect from time to time in the United States.

"Listed Events" shall mean any of the events listed in Section 5(a) hereof.

"MSRB" shall mean the Municipal Securities Rulemaking Board, 1150 18th Street, N.W., Suite 400, Washington, DC 20036-2491.

"National Repository" shall mean any of the names and addresses of each National Repository and State Repository as of any date may currently be obtained by calling the SEC's Fax on Demand Service at 202/942 8088 and requesting document numbers 0206 and 0207, respectively, or by visiting the SEC's web site at http://www.sec.gov/info/municipal/nrmsir.htm.

"Obligated Person" shall mean the Obligated Group and any person who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

"Official Statement" shall mean the Official Statement of the Obligated Group, dated _____, 2004, delivered in connection with the offering of the Bonds and any amendment or supplement thereto.

"Repository" shall mean each National Repository and each State Repository, if any.

"Rule" shall mean Rule 15c2-12(b)(5) promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as such rule may be amended from time to time and any successor provisions thereto.

"SEC" shall mean the Securities and Exchange Commission.

"State" shall mean the State of Florida.

"State Repository" or "SID" shall mean any public or private repository or entity designated by the State as a state information depository for the purposes of the Rule and recognized as such by the SEC. As of the date of this Disclosure Certificate, there is no State Repository.

Section 3. Provision of Annual Financial Information. Except as otherwise provided herein, the Obligated Group shall, or shall cause the Dissemination Agent to provide each Repository with the Annual Financial Information for each Fiscal Year ending on or after March 31, 2005, not later than 120 days after the end of the Fiscal Year. The Annual Financial Information may be submitted as a single document or as separate documents comprising a package, and may include by cross-reference other information as provided in Section 4 hereof; provided however, that, if the financial statements of the Obligated Group are audited, then such audited financial statements must be submitted, but they may be submitted separately from the balance of the Annual Financial Information and later than the date required above for the filing of the Annual Financial Information if they are not available by such date. If the Fiscal Year changes, the Obligated Group shall give written notice of such change in the same manner as for a Listed Event in Section 5(c) hereof. If the financial statements of the Obligated Group specified in the manner described hereof are not available by the time the Annual Financial Information must be provided, unaudited Financial Statements of the Obligated Group shall be provided by the Obligated Group as part of the Annual Financial Information and such audited financial statements of the Obligated Group, when available, will be provided by the Obligated Group to each Repository within 15 days of such audited financial statements becoming available.

Any or all of the items above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Obligated Group is an "obligated person", which have been filed with each Repository or the SEC. If the document included by reference is a final official statement, it must be available from the MSRB. The Obligated Group shall clearly identify each such other document so included by reference.

Section 4. Content of Annual Financial Information. The Annual Financial Information of the Obligated Group shall consist of or cross reference the following:

(a) The Financial Statements.

(b) A calculation of the Obligated Group's compliance with the required Long-Term Debt Service Coverage Ratio and Days' Cash on Hand covenants pursuant to the Master Indenture.

(c) Annual, updated historical financial information and operating data for the Obligated Group of the type included in those sections of the Official Statement captioned "SHORT STATEMENT," **[TO COME]**.

If the Obligated Group has not filed the Annual Financial Information when due, then the Obligated Group or the Dissemination Agent, on behalf of the Obligated Group, shall file a notice with each Repository as required by the Rule.

Section 5. Reporting of Significant Events.

(a) The Obligated Group shall give, or cause to be given, on behalf of the Obligated Group and in a timely manner, notice of the occurrence of any of the following events with respect to the Bonds, if material, to each National Repository or the MSRB and to the SID, if any:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults;

(iii) Unscheduled draws on any debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on any credit enhancements reflecting financial difficulties;

(v) Substitutions of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions or events adversely affecting the tax-exempt status of the Series A Bonds;

(vii) Modifications to rights of holders of the Bonds;

(viii) Calls (excluding calls for sinking fund mandatory redemptions) on the Bonds;

(ix) Defeasances of the Bonds;

(x) Release, substitution or sale of property securing repayment of the Bonds;

(xi) Rating changes; and

(xii) Notice of any failure on the part of the Obligated Group or any other Obligated Person to meet the requirements of this Section 5.

(b) Whenever the Obligated Group obtains actual knowledge of the occurrence of a Listed Event, the Obligated Group shall determine promptly if such event would be material to holders of the Bonds or any series thereof, under applicable federal securities laws.

(c) If the Obligated Group has determined that knowledge of the occurrence of a Listed Event would be material to holders of the Bonds or any series thereof, under applicable federal securities laws, the Obligated Group shall timely give or cause to be given a notice of such occurrence (as required by Section 5(a) hereof) to each National Repository or the MSRB and to the SID, if any, provided, that any event under Section 5(a)(iii), (iv), (v), (vi) or (xi) above will always be deemed to be material.

(d) Each notice given pursuant to this Section 5 shall be captioned "Material Event Notice" and shall prominently state the date, title and CUSIP numbers of the affected Bonds.

Section 6. Termination of Reporting Obligation.

(a) The obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

(b) If in the opinion of nationally recognized bond counsel satisfactory to the Obligated Group, the Rule shall be amended, modified or changed so that all or any part of the information currently required to be provided thereunder shall no longer be required to be provided thereunder, then such information shall no longer be required to be provided hereunder; and if and to the extent in the opinion of nationally recognized bond counsel satisfactory to the Obligated Group, the Rule, or any provisions thereof, shall be declared by a federal court of competent and final, non-appealable jurisdiction to be, in whole or in part, invalid, unconstitutional, null and void, or otherwise inapplicable to the Bonds, then the information required to be provided hereunder, insofar as it was required to be provided by a provision of the Rule so declared, shall no longer be required to be provided hereunder.

(c) If a termination or cessation described in either Section 6(a) or (b) hereof occurs prior to the final maturity of the Bonds, the Obligated Group shall give or cause to be given notice of such event in the same manner as for a Listed Event under Section 5(c) hereof.

Section 7. Dissemination Agent. The Obligated Group may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Obligated Group may unilaterally amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3, 4, 5 or 10 hereof, it may only be made in connection with a change in circumstances that arises from a change in applicable legal requirements, change in law, any subsequent change in or applicable and binding interpretation of the Rule, or change in the identity, nature or status of the Obligated Group or any other Obligated Person or the type of business conducted;

(b) this Disclosure Certificate, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds on July ___, 2004 after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the amendment or waiver does not materially impair the interests of the owners or Beneficial Owners of the Bonds, as determined either by parties unaffiliated with the Obligated Group or any other Obligated Persons (i.e., nationally recognized bond counsel satisfactory to the Obligated Group).

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Obligated Group shall describe such amendment in the next Annual Financial Information relating to the Obligated Group, and shall include a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being provided by or in respect of the Obligated Group. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c) hereof, and (ii) the Annual Financial Information relating to the Obligated Group for the year in which the change is made shall present a comparison (in narrative form and also, if feasible in quantitative form) between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Obligated Group to meet its obligations. To the extent reasonably feasible, the comparison also shall be quantitative.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Obligated Group from disseminating any other information, using the means of dissemination set forth herein or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Obligated Group chooses to include any information in any Annual Financial Information or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Obligated Group shall have no obligation hereunder to update such information or include it in any future Annual Financial Information or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Obligated Group to comply with any provision of this Disclosure Certificate, the sole remedy available to any holder, owner or Beneficial Owner of Bonds shall be to seek specific performance by court order to cause the Obligated Group to comply with its obligations under this Disclosure Certificate, it being the Obligated Group's position that money damages would be inadequate recompense and/or difficult to ascertain. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Obligated Group, the Dissemination Agent, if any, all holders, owners and Beneficial Owners from time to time of the Bonds for the benefit of such holders, owners and Beneficial Owners, and shall create no rights in any other person or entity.

Section 12. No Liability. None of the members or employees of the Obligated Group shall be charged personally with any liability, or held liable under any term or provision of this Disclosure Certificate because of its execution or attempted execution, or because of any breach or attempted or alleged breach thereof.

Section 13. Obligated Persons. Any change in Obligated Persons shall be reported by the Obligated Group in connection with the Annual Financial Information. If any person, other than the Obligated Group, becomes an Obligated Person relating to the Bonds, the Obligated Group shall use its reasonable best efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person; provided, however, the Obligated Group takes no responsibility for the accuracy or completeness of any financial information or operating data or other filings by any future Obligated Person.

Section 14. Governing Law. This Disclosure Certificate shall be governed by and construed in accordance with the internal laws of the State of Florida (without regard to conflict of law principles thereof), provided that, to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Section 15. Severability. In case any part of this Disclosure Certificate is held to be illegal or invalid, such illegality or invalidity shall not affect the remainder or any other section of this Disclosure Certificate. This Disclosure Certificate shall be construed or enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application of this Disclosure Certificate affect any legal and valid application.

[SIGNATURE PAGE TO FOLLOW]

EXHIBIT A

MASTER TRUSTEE FEES

Rogers Towers
Draft
6/08/04
Exhibit H

MASTER TRUST INDENTURE

by and among

PRESBYTERIAN RETIREMENT COMMUNITIES, INC.
PALM SHORES RETIREMENT COMMUNITY, INC.
SUNCOAST MANOR, INC.
WESLEY MANOR, INC.
WESTMINSTER RETIREMENT COMMUNITIES FOUNDATION, INC.
WESTMINSTER SERVICES, INC.
WESTMINTER SHORES, INC.

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,

as Master Trustee

Dated as of August 1, 2004

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THIS MASTER TRUST INDENTURE, made and entered into as of the 1st day of July, 2004 (this "Master Indenture"), by and among **PRESBYTERIAN RETIREMENT COMMUNITIES, INC.** (the "Corporation"), **PALM SHORES RETIREMENT COMMUNITY, INC.** ("Palm Shores"), **SUNCOAST MANOR, INC.** ("SunCoast") **WESLEY MANOR, INC.** ("Wesley") **WESTMINSTER RETIRMENT COMMUNITIES FOUNDATION, INC.** (the "Foundation"), **WESTMINSTER SERVICES, INC.** ("Westminster Services") and **WESTMINSTER SHORES, INC.** ("Westminster Shores")), each being a Florida not-for-profit corporation, as the Members of the Obligated Group hereinafter referred to and all other obligations as may hereafter join the Obligated Group and become Members of the Obligated Group, and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association duly established, existing and authorized to accept and execute trusts of the character herein set out (the "Master Trustee").

RECITALS:

The Corporation, Palm Shores, SunCoast, Wesley, the Foundation, Westminster Services and Westminster Shores, (collectively, the "Initial Obligated Group Members") are authorized by law and deem it necessary and desirable that the Initial Obligated Group Members and any other Members of the Obligated Group be able to issue promissory notes, guaranties and other evidences of indebtedness (collectively, the "Obligations") of several series in order to secure the financing or refinancing of the acquisition or betterment of continuing care retirement facilities or other facilities, or for other lawful and proper corporate purposes of the Members of the Obligated Group.

The Initial Obligated Group Members desire to provide in this Master Indenture for other entities in the future to become jointly and severally liable with the Initial Obligated Group Members for the payment of the Obligations and the performance of all covenants contained herein. The Initial Obligated Group Members and each entity incurring such joint and several liability in accordance with the terms hereof are referred to individually as a "Member" and collectively as the "Members" of the Obligated Group.

All acts and things necessary to constitute these presents a valid indenture and agreement according to its terms, have been done and performed and the execution of this Master Indenture has in all respects been duly authorized, and the Initial Obligated Group Members in the exercise of the legal right vested in them execute this Master Indenture and the Initial Obligated Group Members or any future Member may make, execute, issue and deliver one or more Obligations of various series.

In order to declare the terms and conditions upon which Obligations of each series are authenticated, issued and delivered, and in consideration of the premises, of the purchase and acceptance of Obligations of each series by the holders thereof in the sum of $1.00 duly paid by the Master Trustee at the execution of these presents, the receipt whereof is hereby acknowledged, the Initial Obligated Group Members and each future Member covenant and agree with the Master Trustee for the equal and proportionate benefit of the respective holders from time to time of Obligations of each series, as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS CONCERNING INTERPRETATION

SECTION 1.01. Definitions. For the purposes hereof unless the context otherwise indicates, the following words and phrases shall have the following meanings:

"Accountant" means a firm of independent certified public accountants that is a member of the American Institute of Certified Public Accountants.

"Accounts" means any right to payment of a monetary obligation, whether or not earned by performance, (i) for property that has been or is to be sold, leased, licensed, assigned or otherwise disposed of, (ii) for services rendered or to be rendered, or (iii) for a secondary obligation incurred or to be incurred. The term "Accounts" shall include healthcare insurance receivables. The term "Accounts" shall not include (i) rights to payment evidenced by chattel paper or an instrument, (ii) commercial tort claims, (iii) deposit accounts, (iv) investment property, (v) letter-of-credit rights or letters of credit, or (vi) rights to payment for money or funds advanced or sold.

"Affiliate" means a corporation, limited liability company, partnership, joint venture, association, business trust or similar entity organized under the laws of the United States of America or any state thereof which (i) is directly or indirectly controlled by any Member of the Obligated Group, or by any Person which directly or indirectly controls any Member of the Obligated Group or (ii) controls, directly or indirectly, any Member of the Obligated Group. For purposes of this definition, control means the power to direct the management and policies of a Person through the ownership of not less than a majority of its voting securities or the right to designate or elect not less than a majority of the members of its board of directors or other governing board or body by contract or otherwise. "Affiliate" also includes each Person who is an "affiliate" of a Member of the Obligated Group under generally accepted accounting principles.

"Authority" means the St. Johns County Industrial Development Authority, and any successor thereto.

"Balloon Long-Term Indebtedness" means Long-Term Indebtedness 25 percent or more of the principal payments of which are due in a single year, which portion of the principal is not required by the documents pursuant to which such Indebtedness is incurred to be amortized by payment or redemption prior to such year.

"Line of Credit Agreement" means the Line of Credit Agreement dated as of _____, 2004 between the Corporation and Bank of America, National Association

"Code" means the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder.

"Consultant" means a professional consulting, financial advisory, accounting, insurance, investment banking or commercial banking firm selected by the Corporation and not reasonably objected to by the Master Trustee, having the skill and experience necessary to render the

particular report or certificate required and having a favorable reputation for such skill and experience, which firm does not control any Member of the Obligated Group or any Affiliated thereof and is not controlled by or under control with any Member of the Obligated Group or an Affiliate thereof.

"Corporate Trust Office" means the designated office of the Master Trustee at which its corporate trust business is conducted for this transaction, which at the date hereof is located in Jacksonville, Florida.

"Corporation" means Presbyterian Retirement Communities, Inc., a not-for-profit corporation duly incorporated and validly existing under and by virtue of the laws of the State and any successor or successors thereof.

"Days' Cash on Hand" shall mean the quotient of (i)(A) the sum of the following assets of the Obligated Group, all determined in accordance with generally accepted accounting principles: cash and cash equivalents, investments and funds in the Operating Reserve Fund and Renewal and Replacement Fund and excluding any debt service reserve fund established for Related Bonds divided by (B) the cost of services provided (not including depreciation and amortization and other non-cash expenses, divided by (ii) 365.

"Defeasance Obligations" means (i) noncallable Government Obligations, (ii) evidences of ownership of a proportionate interest in specified noncallable Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, (iii) Defeased Municipal Obligations and (iv) evidences of ownership of a proportionate interest in specified Defeased Municipal Obligations, which Defeased Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian.

"Defeased Municipal Obligations" means obligations of state or local government municipal bond issuers which are rated in the highest rating category by S&P and Moody's, respectively, provision for the payment of the principal of and interest on which shall have been made by deposit with a trustee or escrow agent of (i) noncallable Government Obligations, (ii) evidences of ownership of a proportionate interest in specified noncallable Government Obligations, (iii) cash or (iv) any combination of such noncallable Government Obligations, evidences of ownership and cash, which Government Obligations or evidences of ownership, together with any cash, are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, the maturing principal of and interest on such Government Obligations or evidences of ownership, when due and payable, being sufficient, together with any cash, to provide money to pay the principal of, premium, if any, and interest on such obligations of such state or local government municipal bond issuers.

"Defeased Obligations" means Obligations issued under a Supplement that has been discharged, or provision for the discharge of which has been made, pursuant to its terms or the terms of such Supplement.

"Derivative Agreement" means, without limitation, (i) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (iii) any contract to exchange cash flows or payments or series of payments; (iv) any type of contract called, or designed to perform the function of, interest rate floors or caps, options, puts or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate or other financial risk; and (v) any other type of contract or arrangement that the Member of the Obligated Group entering into such contract or arrangement determines is to be used, or is intended to be used, to manage or reduce the cost of Indebtedness, to convert any element of Indebtedness from one form to another, to maximize or increase investment return, to minimize investment return risk or to protect against any type of financial risk or uncertainty.

"Derivative Indebtedness" means Indebtedness for which a Member of the Obligated Group shall have entered into a Derivative Agreement in respect of all or a portion of such Indebtedness.

"Derivative Period" means the period during which a Derivative Agreement is in effect.

"Entrance Fees" means the fees, or other monthly charges, including, Escrowed Entrance Fees, paid by residents of the Facilities to any Member of the Obligated Group pursuant to any agreement for the purpose of obtaining the right to reside in a Facility, including any refundable deposits in respect thereof.

"Equipment" means those items constituting equipment, as that term is defined in the Uniform Commercial Code of the State, used in connection with the Mortgaged Property, whether such equipment is now owned or hereafter acquired by any Member of the Obligated Group.

"Escrowed Entrance Fees" means all fees, other than monthly services fees or charges, paid by residents or prospective residents pursuant to any agreement for the purpose of obtaining the right to reside in any Facility, including any and all refundable deposits in respect thereof, held in escrow accounts. Such fees shall cease to be Escrowed Entrance Fees upon release thereof for transfer or payment to or for the account of any Member of the Obligated Group.

"Event of Default" means, with respect to this Master Indenture, any one or more of those events set forth in Section 4.01 hereof.

"Existing Facilities" means the health care facilities owned and operated by the Initial Obligated Group Members on the date of this Master Indenture and consisting of (i) a continuing care retirement community located in, (Fruit Cove), Jacksonville, Florida known as Westminster Woods on Julington Creek, (ii) a continuing care retirement community located in Bradenton, Florida known as Westminster Bradenton - The Manor, (iii) a continuing care retirement community located in Bradenton, Florida known as Westminster Bradenton - The Towers, (iv) a continuing care retirement community located in Bradenton, Florida known as Westminster Bradenton - The Shores, (v) a continuing care retirement community located in Tallahassee,

Florida known as Westminster Oaks, (vi) a continuing care retirement community located in St. Petersburg, Florida known as Westminster SunCoast, (vii) a continuing care retirement community located in St. Petersburg, Florida known as Westminster Palms, (viii) a continuing care retirement community located in St. Petersburg, Florida known as Westminster Shores, (ix) a continuing care retirement community located in Orlando, Florida known as Westminster Towers and (x) a continuing care retirement community located in located in Winter Park, Florida known as Winter Park Towers.

"Facilities" means the Existing Facilities and any other continuing care retirement facilities or health care delivery or residential facilities designed to provide services to the elderly hereafter owned by any Member of the Obligated Group and operated by or on behalf of any Member of the Obligated Group.

"Facility Property and Equipment" means all Property of the Members of the Obligated Group which is property and equipment under generally accepted accounting principles.

"Financial Statements" means consolidated financial statements of the Members of the Obligated Group, audited by an Accountant within 120 days of the close of each Fiscal Year, prepared in accordance with generally accepted accounting principles consistently applied and SOP 90-8, or any successor procedure adopted by the Financial Accounting Standards Board for calculation of unfunded health care obligations. "Financial Statements" shall include (1) a balance sheet, a statement of operations and cash flow statements setting forth actual cash flow for the most recent quarter and year-to-date for the current Fiscal Year, including consolidated financial results for each member of the Obligated Group; (2) a calculation of compliance with the Debt Service Coverage Ratio, Days' Cash on Hand and (3) the statement of such Accountant that in the course of its audit, nothing has come to the Accountant's attention to lead it to believe that any default exists under the Master Indenture, or if that is not the case, specifying such default.

"Fiscal Year" means the fiscal year of each Member of the Obligated Group, which period commences on April 1 of each year and ends on March 31 of the following year, unless the Master Trustee is notified in writing by the Obligated Group Representative of a change in such period for all of the Members of the Obligated Group, in which case the Fiscal Year shall be the period set forth in such notice.

"Governing Body" means, when used with respect to any Member of the Obligated Group, its board of directors, board of trustees or other board or group of individuals in which the powers of such Member of the Obligated Group are vested or any committee of the Governing Body to which such powers have been delegated.

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

"Gross Revenues" means all revenues, income, and money (other than proceeds of borrowing) received in any period by or on behalf of any Member of the Obligated Group, including, but without limiting the generality of the foregoing, (a) revenues derived from its

operations, (b) gifts, grants, bequests, donations and contributions and the income therefrom, exclusive of any gifts, grants, bequests, donations and contributions to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for the payment of Obligations, (c) proceeds derived from (i) insurance, except to the extent required by this Master Indenture to be applied in a manner inconsistent with their use as Gross Revenues, (ii) Accounts, (iii) securities and other investments, (iv) inventory and other tangible and intangible property, (v) medical or health care insurance, indemnity or reimbursement programs or agreements and (vi) contract rights and other rights and assets now or hereafter owned, held or possessed by each Member of the Obligated Group, and (d) rentals received from the leasing of real or tangible personal property, including Entrance Fees.

"Guaranty" means any obligation of any Member of the Obligated Group guaranteeing in any manner, directly or indirectly, any obligation of any Person that is not a Member of the Obligated Group which obligation of such other Person would, if such obligation were the obligation of a Member of the Obligated Group, constitute Indebtedness hereunder.

"Holder" means the owner of any Obligation issued in registered form.

"Income Available for Debt Service" means, with respect to the Obligated Group, as to any Fiscal Year, the change in unrestricted net assets, to which shall be added depreciation, amortization, interest expense (net) and all cash received from Entrance Fees, minus amortization of Entrance Fees and other non-cash expenses deducted from Total Revenues, all as determined in accordance with generally accepted accounting principles; *provided, however,* that no determination thereof shall take into account (1) any gain or loss resulting from either the extinguishment of Indebtedness or the sale, exchange or other disposition of capital assets constituting Facility Property and Equipment not made in the ordinary course of business; (2) any unrealized gains or losses on investments; (3) any nonrecurring items of an extraordinary nature which do not involve the receipt, expenditure or transfer of assets (including insurance proceeds or condemnation awards and any restricted gifts, grants or bequests); and (4) the change in value of any Derivative Agreement or any payments made by the counterparty to the Derivative Agreement in accordance with the terms of such Derivative Agreement; and *provided further, however,* that revenues shall not include income from investments of funds held in a Qualified Escrow.

"Indebtedness" means (i) all indebtedness of Members of the Obligated Group for borrowed money, (ii) all installment sales, conditional sales and capital lease obligations, incurred or assumed by any Member of the Obligated Group, and (iii) all Guaranties, whether constituting Long-Term Indebtedness or Short-Term Indebtedness. Indebtedness shall not include obligations of any Member of the Obligated Group to another Member of the Obligated Group, which will be by its terms, subordinate to Indebtedness evidenced by obligations issued hereunder. If a credit facility or liquidity facility is used or drawn upon to purchase, but not retire, Indebtedness, then the principal amount of such Indebtedness so purchased shall be excluded from Indebtedness.

"Insurance Consultant" means a Person which is not, and no member, stockholder, director, officer or employee of which is, an officer or employee of any Member of the Obligated

Group or an Affiliate, which is qualified to survey risks and to recommend insurance coverage for continuing care facilities and services and organizations engaged in such operations.

"Lien" means any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of such Property, whether such interest arises by contract, statute or common law, including but not limited to any mortgage, deed of trust or pledge of, security interest in or encumbrance on any Property which secures any Indebtedness or any other obligation of any Member of the Obligated Group or which secures any obligation of any Person. The term "Lien" shall include any easements, covenants, restrictions, conditions, encroachments, reservations, rights-of-way, leases and other title exceptions and encumbrances affecting real property.

"Long-Term Debt Service Coverage Ratio" means, for each twelve-month period for which it is computed, the quotient determined by dividing the Income Available for Debt Service for such twelve-month period for which it is computed by the Maximum Annual Debt Service.

"Long-Term Debt Service Requirement" means, for any Fiscal Year for which such determination is made, the aggregate of the payments to be made in respect of the principal of and interest on Outstanding Long-Term Indebtedness of the Obligated Group during such Fiscal Year, also taking into account:

(i) with respect to Balloon Long-Term Indebtedness, the amount of principal which would be payable in such Fiscal Year if the principal of such Balloon Long-Term Indebtedness to be amortized in succeeding Fiscal Years were amortized from the date of incurrence of such Balloon Long-Term Indebtedness over a period of 20 years (or, if the term thereof exceeds 20 years, over a period equal to such term, but in no event for a period more than 30 years from the date of calculation) on a level debt service basis at an interest rate set forth in an opinion of a banking institution or an investment banking institution knowledgeable in health care finance delivered to the Master Trustee as the interest rate at which the Obligated Group could reasonably expect to borrow the same by issuing an obligation with the same term and a fixed rate of interest as assumed above; provided, however, that if the date of calculation is within 12 months of the stated maturity of such Balloon Long-Term Indebtedness, the full amount of principal payable at maturity shall be included in such calculation unless there shall be in effect a binding commitment to refinance such Balloon Long-Term Indebtedness in which case the amortization schedule established by such commitment shall apply;

(ii) with respect to Variable Rate Indebtedness that is Long-Term Indebtedness, the interest on such Indebtedness shall be calculated at (A) in the case of Outstanding Variable Rate Indebtedness, the rate which is equal to the average of the actual interest rates which were in effect (weighted according to the length of the period during which each such interest rate was in effect) for the most recent 12-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a 12-month period) and (B) in the case of Variable Rate Indebtedness proposed to be incurred or which has been outstanding less than 12 months, the rate which is equal to the Revenue Bond Index most recently published by *The Bond Buyer* plus one percent;

(iii) with respect to any Guaranty, it shall be assumed that the indebtedness that is the subject of the Guaranty shall be repaid in accordance with its scheduled maturities and that the Guaranty shall have identical repayment terms; *provided, however,* that (A) if no payment shall have been made on such Guaranty and the long-term debt service coverage ratio (calculated in the same manner as the Long-Term Debt Service Coverage Ratio) achieved by the Person whose indebtedness is guaranteed is not less than 1.10, the amount of debt service with respect to the indebtedness guaranteed to be treated as Indebtedness of the Obligated Group shall be zero during the period for which the computation is being made for the purpose of determining compliance with any of the provisions of this Master Indenture other than Section 3.07 hereof, (B) if no payment shall have been made on such Guaranty and the long-term debt service coverage ratio (calculated in the same manner as the Long-Term Debt Service Coverage Ratio) achieved by the Person whose indebtedness is guaranteed is less than 1.10, 100 percent of the amount of principal and interest on the guaranteed indebtedness during the period for which the computation is being made shall be treated as Indebtedness of the Obligated Group for the purpose of determining compliance with any of the provisions of this Master Indenture other than Section 3.07 hereof and (C) if a payment shall have been made on such Guaranty, then, during the period commencing on the date of such payment and ending on the day which is two years after the last payment by such Member of the Obligated Group on such Guaranty, (1) 100 percent of the amount of principal of and interest on the guaranteed indebtedness during the period for which the computation is being made shall be taken into account for the purposes of determining compliance with any of the provisions of Section 3.06 hereof, and (2) 100 percent of the amount actually paid by such Member of the Obligated Group for principal of and interest on such guaranteed indebtedness during the period for which the computation is being made shall be taken into account for the purpose of determining compliance with any of the provisions of Section 3.07 hereof; and

(iv) with respect to Derivative Indebtedness, the interest on such Indebtedness during any Derivative Period, for so long as the provider of the Derivative Agreement has a long-term credit rating of at least "A" (without regard to any rating refinement or gradation by numerical modifier or otherwise) assigned to it by Moody's and S&P and has not defaulted on its payment obligations thereunder shall be calculated by adding (x) the amount of interest payable by a Member of the Obligated Group on such Derivative Indebtedness pursuant to its terms and (y) the amount of interest payable by such Member of the Obligated Group under the Derivative Agreement and subtracting (z) the amount of interest payable by the provider of the Derivative Agreement at the rate specified in the Derivative Agreement; *provided, however*, that to the extent that the provider of any Derivative Agreement does not have a long-term rating of at least "A" (without regard to any rating refinement or gradation by numerical modifier or otherwise) assigned to it by Moody's and S&P or is in default thereunder, the amount of interest payable by the Member of the Obligated Group shall be the interest calculated as if such Derivative Agreement had not been executed; *provided, however,* that the assumed interest rate for any forecast of variable interest payments shall be based on the average interest rate for the most recent 12-month period immediately preceding such date of calculation for the index or other rate-setting mechanism used in calculating such variable interest payments for which information is available (or shorter period if such

information is not available for such 12-month period), as certified by an investment banking firm experienced in health care facilities finance; *provided further, however*, that interest shall be excluded from the determination of Long-Term Debt Service Requirement to the extent the same is provided from the proceeds of the Long-Term Indebtedness; and *provided further, however*, that notwithstanding the foregoing, the aggregate of payments to be made with respect to principal of and interest on Outstanding Long-Term Indebtedness shall not include principal and interest payable from funds available (without reinvestment) in a Qualified Escrow (other than principal and interest so payable solely by reason of the Obligated Group's failure to make payments from other sources).

"Long-Term Indebtedness" means all obligations for borrowed money incurred or assumed by any Member of the Obligated Group, including (a) Guaranties, (b) Short-Term Indebtedness if there exists a commitment by an institutional lender whose long-term, unsecured debt obligations are rated not less than "A" (without regard to any rating refinement or gradation by numerical modifier or otherwise) by both Moody's and S&P to provide financing to retire such Short-Term Indebtedness and such commitment provides (i) terms and conditions that can be reasonably met by such Member of the Obligated Group to incur such Indebtedness, as certified in an Officer's Certificate filed with the Master Trustee and (ii) for the repayment of principal on terms which would, if such commitment were implemented, constitute Long-Term Indebtedness, and (c) the current portion of Long-Term Indebtedness (this shall not be read to exclude any portion of Long-Term Indebtedness not constituting the current portion), for any of the following:

(i) money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, longer than one year;

(ii) leases which are required to be capitalized in accordance with generally accepted accounting principles having an original term, or renewable at the option of the lessee for a period from the date originally incurred, longer than one year; and

(iii) installment sale or conditional sale contracts having an original term in excess of one year; *provided, however*, that any Guaranty by any Member of the Obligated Group of any obligation of any Person which obligation would, if it were a direct obligation of such Member of the Obligated Group, constitute Short-Term Indebtedness or Non-Recourse Indebtedness shall be excluded. If a credit facility or liquidity facility is used or drawn upon to purchase, but not retire, Long-Term Indebtedness, then the principal amount of such Long-Term Indebtedness so purchased shall be excluded from Long-Term Indebtedness.

"Management Consultant" means an independent management consulting firm of favorable repute for skill and experience in performing the duties imposed upon it by this Master Indenture and which is not unacceptable to the Master Trustee.

"Master Indenture" means this Master Indenture, dated as of August 1, 2004, including any amendments or supplements hereto.

"Master Trustee" means Wells Fargo Bank, National Association and its successors in the trusts created hereunder.

"Maximum Annual Debt Service" means the highest Long-Term Debt Service Requirement for the current or any succeeding Fiscal Year; *provided* that, for purposes of determining Maximum Annual Debt Service, debt service on the final maturity of any Long-Term Indebtedness shall be excluded to the extent such debt service is less than or equal to an amount on deposit in any debt service reserve fund related to such debt, *provided, further,* that for purposes of determining Maximum Annual Debt Service for variable rate debt for which a liquidity facility is provided, if the reimbursement agreement for such liquidity facility provides for scheduled redemptions of such variable rate debt, such scheduled redemptions shall be taken into account in determining principal due under such variable rate debt.

"Member of the Obligated Group" means, initially, the Initial Obligated Group Members and, thereafter, any Person which shall become a Member of the Obligated Group in accordance with Section 3.12 of this Master Indenture and not including any Person which shall have withdrawn from the Obligated Group in accordance with Section 3.13 of this Master Indenture.

"Mortgaged Property" means, collectively, Mortgaged Property as defined in the Mortgages and as provided in any other mortgage securing Obligations.

"Mortgages" means, collectively, the _____.

"Net Book Value" when used in connection with Facility Property and Equipment or other Property of any Person, means the value of such Facility Property and Equipment (or other Property) net of accumulated depreciation, as it is carried on the books of such Person in conformity with generally accepted accounting principles, and when used in connection with Facility Property and Equipment or other Property of the Obligated Group, means the aggregate of the values so determined with respect to such Facility Property and Equipment or other Property of the Obligated Group determined in such a manner that no portion of such value of Facility Property and Equipment or other Property is included more than once.

"New Management" means, either (i) an independent management firm, or (ii) a replacement of the most senior officer of the Obligated Group responsible for management, or (iii) if the Obligated Group has delivered to the Master Trustee a Consultant's report showing that the required Long Term Debt Service Coverage Ratio would have been met, but for the operations of a particular Facility or Facilities, a new chief operating officer of such Facility or Facilities.

"Non-Recourse Indebtedness" means any Indebtedness secured by a Lien, the liability for which is effectively limited to the Facility Property and Equipment the purchase, acquisition or improvement of which was financed with the proceeds of such Non-Recourse Indebtedness and which is subject to such Lien with no recourse, directly or indirectly, to any other Property of any Member of the Obligated Group.

"Obligated Group" means, collectively, the Members of the Obligated Group.

"Obligated Group Representative" means the Corporation or any other Person at the time designated to act on behalf of the Obligated Group in a written certificate furnished to the Master Trustee, which certificate shall contain a specimen signature of such Person and shall be signed on behalf of the Obligated Group by the President of the Corporation or by his designee.

"Obligation" means the evidence of particular Indebtedness issued hereunder.

"Officer's Certificate" means a certificate signed by (i) the chairman of the Governing Body, or the president or chief executive officer, or the chief financial officer, or the chairman of the executive or finance committee of the Governing Body of each Member of the Obligated Group or (ii) the Obligated Group Representative. Each Officer's Certificate presented under this Master Indenture shall state that it is being delivered pursuant to (and shall identify the section or subsection of) this Master Indenture and shall incorporate by reference and use in all appropriate instances all terms defined in Section 1.01 in this Master Indenture. Each Officer's Certificate shall state (i) that the terms thereof are in compliance with the requirements of the section or subsection pursuant to which such Officer's Certificate is delivered, or shall state in reasonable detail the nature of any non-compliance and the steps being taken to remedy such non-compliance, and (ii) that it is being delivered together with any opinions, schedules, statements or other documents required in connection therewith.

"Operating Reserve Fund" means the fund established pursuant to Section 3.15(a) of this Master Indenture.

"Opinion of Bond Counsel" means an opinion in writing signed by an attorney or firm of attorneys acceptable to the Master Trustee and experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

"Opinion of Counsel" means an opinion in writing signed by an attorney or firm of attorneys, acceptable to the Master Trustee, who may be counsel for any Member of the Obligated Group or other counsel acceptable to the Master Trustee.

"Outstanding," when used with reference to Indebtedness, means, as of any date of determination, all Indebtedness theretofore issued or incurred and not paid and discharged other than (i) Obligations theretofore cancelled by the Master Trustee or delivered to the Master Trustee for cancellation, (ii) Indebtedness deemed paid and no longer Outstanding under the documents pursuant to which such Indebtedness was incurred, and (iii) Obligations in lieu of which other Obligations have been authenticated and delivered or have been paid pursuant to the provisions of the Supplement regarding mutilated, destroyed, lost or stolen Obligations unless proof satisfactory to the Master Trustee has been received that any such Obligation is held by a bona fide purchaser.

"Permitted Liens" means those Liens described in Section 3.05(b) hereof.

"Person" means an individual, association, unincorporated organization, corporation, limited liability company, partnership, joint venture, business trust or a government or an agency or a political subdivision thereof, or any other entity.

"Property" means any and all rights, titles and interests in and to any and all property, whether real or personal, tangible or intangible and wherever situated.

"Put Indebtedness" means Long-Term Indebtedness 25 percent or more of the principal of which is required, at the option of the owner thereof, to be purchased or redeemed at one time, which portion of the principal is not required by the documents pursuant to which such Indebtedness is issued to be amortized by redemption prior to such date.

"Qualified Escrow" means a segregated escrow fund or other similar fund or account which (a) is irrevocably established as security for Long-Term Indebtedness previously incurred and then Outstanding (herein referred to as "Prior Indebtedness") or for Long-Term Indebtedness, if any, then to be incurred to refund Outstanding Prior Indebtedness (herein referred to as "Refunding Indebtedness"), (b) is held by the holder of the Prior Indebtedness or Refunding Indebtedness secured thereby or by a trustee or agent acting on behalf of such holder and is subject to a perfected security interest in favor of such holder, trustee or agent, (c) is held in cash or invested in Defeasance Obligations, as defined in the Related Bond Indenture that secures such Prior Indebtedness or Refunding Indebtedness, and (d) is required by the documents establishing such fund or account to be applied toward the Obligated Group's payment obligations in respect of the Prior Indebtedness, provided that, if the fund or account is funded in whole or in part with the proceeds of Refunding Indebtedness, the documents establishing the same may require specified payments of principal or interest (or both) in respect of the Refunding Indebtedness to be made from the fund or account prior to the date on which the Prior Indebtedness is repaid in full.

"Related Bond Indenture" means any indenture, bond resolution or other comparable instrument pursuant to which a series of Related Bonds is issued.

"Related Bond Issuer" means the issuer of any issue of Related Bonds.

"Related Bonds" means (a) revenue bonds or similar obligations issued by any state, territory or possession of the United States or any municipal corporation or political subdivision formed under the laws thereof or any constituted authority or agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof, and (b) any bonds issued by any other Person, in either case the proceeds of which are loaned or otherwise made available to a Member of the Obligated Group in consideration, whether in whole or part, of the execution, authentication and delivery of an Obligation to such governmental issuer or Person or in consideration of the execution and delivery of a Guaranty issued by a Member of the Obligated Group which Guaranty is represented by an Obligation.

"Related Bond Trustee" means the trustee and its successors in the trusts created under any Related Bond Indenture.

"Renewal and Replacement Fund" means the fund established pursuant to Section 3.15(b) of this Master Indenture.

"Series 2004A Bonds" means the Authority's $_____ First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004A.

"Series 2004B Bonds" means the Authority's $_____ Taxable Variable Rate Demand First Mortgage Revenue bonds (Presbyterian Retirement Communities Project), Series 2004B.

"Short-Term Indebtedness" means all obligations, other than the current portion of Long-Term Indebtedness, incurred or assumed by one or more Members of the Obligated Group, for any of the following:

(i) payments of principal and interest with respect to money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, of one year or less;

(ii) payments under leases which are capitalized in accordance with generally accepted accounting principles having an original term, or renewable at the option of the lessee for a period from the date originally incurred, of one year or less; and

(iii) payments under installment purchase or conditional sale contracts having an original term of one year or less.

If a credit facility or liquidity facility is used or drawn upon to purchase, but not retire, Short-Term Indebtedness, then the principal amount of such Short-Term Indebtedness so purchased shall be excluded from Short-Term Indebtedness.

"State" means the State of Florida.

"Supplement" means an indenture supplemental to, and authorized and executed pursuant to the terms of, this Master Indenture.

"Tax-Exempt Organization" means a Person organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code and exempt from federal income taxes under Section 501(a) of the Code, or corresponding provisions of federal income tax laws from time to time in effect.

"Total Revenues" means, with respect to the Obligated Group, as to any period of time, total revenues, as determined in accordance with generally accepted accounting principles consistently applied.

"Transfer" means any act or occurrence the result of which is to dispossess any Person of any asset or interest therein, including specifically, but without limitation, the forgiveness of any debt.

"Variable Rate Indebtedness" means any portion of Indebtedness the interest rate on which is not established at the time of incurrence at a fixed or constant rate.

SECTION 1.02. **Interpretation**. (a) Any reference herein to any officer or member of the Governing Body of a Member of the Obligated Group shall include those Persons succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

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

(c) Where the character or amount of any asset, liability or item of income or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purposes hereof or of any agreement, document or certificate executed and delivered in connection with or pursuant to this Master Indenture, the same shall be done in accordance with generally accepted accounting principles consistently applied.

(d) Headings of articles and sections herein and in 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.

(e) Provisions relating to the redemption of Obligations or the calling of Obligations for redemption do not mean or include the payment of Obligations at their stated maturity or maturities.

ARTICLE II
INDEBTEDNESS, AUTHORIZATION, ISSUANCE AND TERMS OF OBLIGATIONS

SECTION 2.01. **Amount of Indebtedness**. Each Member of the Obligated Group may incur Indebtedness by issuing Obligations hereunder or by creating Indebtedness under any other document. The principal amount of Indebtedness created under other documents and the number and principal amount of Obligations evidencing Indebtedness that may be created hereunder are not limited, except as limited by the provisions hereof, including Section 3.06, or of any Supplement. Except for Obligation Nos. 1, 2, 3, 4, 5 and 6 issued under Supplements of even date herewith, any Member of the Obligated Group proposing to incur Long-Term Indebtedness, whether evidenced by Obligations issued hereunder or Indebtedness created under any other documents, shall, at least seven days prior to the date of the incurrence of such Long-Term Indebtedness, give written notice of its intention to incur such Long-Term Indebtedness, including in such notice the amount of Indebtedness to be incurred, to the other Members of the Obligated Group and to the Master Trustee. The Master Trustee shall be under no obligation to verify that any such notice has been given to such other Members of the Obligated Group. Each Member of the Obligated Group is jointly and severally liable for each and every Obligation.

SECTION 2.02. **Designation of Obligations**. Obligations shall be issued in such forms as may from time to time be created by Supplements permitted hereunder. Each Obligation or series of Obligations shall be created by a different Supplement and shall be designated in such a manner as will differentiate such Obligation from any other Obligation.

SECTION 2.03. **Execution and Authentication of Obligations**. Each Obligation shall be executed for and on behalf of the issuers thereof, by their respective chairman, vice

chairman, president, chief executive officer, vice president or chief financial officer. The signature of any of such officers may be mechanically or photographically reproduced on the Obligation. If any officer whose signature appears on any Obligation ceases to be such officer before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such officer had remained in office until such delivery. Each Obligation shall be manually authenticated by an authorized officer of the Master Trustee, without which authentication no Obligation shall be entitled to the benefits hereof.

The Master Trustee's authentication certificate shall be substantially in the following form:

MASTER TRUSTEE'S AUTHENTICATION CERTIFICATE

The undersigned Master Trustee hereby certifies that this Obligation No. ___ is one of the Obligations contemplated by the within-mentioned Master Indenture.

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Master Trustee
By:_____
Authorized Signatory

SECTION 2.04. Supplement Creating Indebtedness Evidenced by Obligations. Any Member of the Obligated Group and the Master Trustee may from time to time enter into a Supplement in order to create an Obligation hereunder. Such Supplement shall set forth the date of such Obligation, the date or dates on which the principal of, redemption premium, if any, and interest on such Obligation shall be payable, the form of such Obligation and such other terms and provisions as shall conform with the provisions hereof.

SECTION 2.05. Conditions to Issuance of Obligations Hereunder. With respect to Obligations created hereunder, simultaneously with or prior to the execution, authentication and delivery of an Obligation pursuant to this Master Indenture:

(a) All requirements and conditions to the issuance of such Obligation, if any, set forth in this Master Indenture and the Supplement creating such Obligation shall have been complied with and satisfied, as provided in an Officer's Certificate, a copy of which Certificate shall be delivered to the Master Trustee;

(b) The issuer of such Obligation shall have delivered to the Master Trustee an Opinion of Counsel to the effect that (i) registration of such Obligation under the Securities Act of 1933, as amended, and qualification of this Master Indenture or the Supplement creating such Obligation under the Trust Indenture Act of 1939, as amended, is not required, or, if such registration or qualification is required, that all applicable registration and qualification provisions of said acts have been complied with, and (ii) the Master Indenture, the Supplement creating such Obligation and such Obligation have been duly executed and delivered by the Members of the Obligated Group, and are valid, binding and enforceable obligations of the Members of the Obligated Group in

accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance and other laws affecting creditors' rights generally and usual principles of equity; and

(c) Each Member of the Obligated Group shall have delivered to the Master Trustee an Officer's Certificate stating that, to the best of the knowledge of the signer thereof, the Person who is to be the Holder of such Obligation upon the original issuance thereof is not acquiring the interest represented by such Obligation directly or indirectly with the assets of, or in connection with any arrangement or understanding by it in any way involving, any employee benefit plan with respect to which (i) any employee of any Member of the Obligated Group or the Master Trustee, in its individual capacity, is a participant or (ii) any Member of the Obligated Group or the Master Trustee, in its individual capacity, or any of their affiliates is otherwise a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974, as amended.

SECTION 2.06. **Limitation of Liability of the Foundation**. Notwithstanding any other provision herein, the liability of the Foundation hereunder or under any Obligation issued hereunder shall in no case be payable from permanently restricted assets of the Foundation, as such assets are described in its audited financial statements.

ARTICLE III
PARTICULAR COVENANTS OF THE OBLIGATED GROUP

SECTION 3.01. **Security; Restrictions on Encumbering Gross Revenues and Facility Property and Equipment; Payment of Principal and Interest**. (a) Each Obligation issued pursuant to this Master Indenture shall be a general obligation of each Member of the Obligated Group.

To secure the prompt payment of the principal of, redemption premium, if any, and the interest on the Obligations and the performance by each Member of the Obligated Group of its other obligations hereunder and thereunder, each Member of the Obligated Group hereby grants to the Master Trustee a security interest in its Gross Revenues and, to the extent not granted in the Mortgages, in the Facility Property and Equipment. The respective Members of the Obligated Group have executed and delivered the Mortgages, thereby granting to the Master Trustee a security interest in the Mortgaged Property, and each Member of the Obligated Group covenants to execute and deliver a mortgage or modification agreement to the extent required under Section 3.14 of this Master Indenture. The Master Trustee shall, upon request of a Member of the Obligated Group, execute any document, instrument or agreement necessary to cause its security interest in the Gross Revenues, Facility Property and Equipment, and Mortgaged Property of such Member of the Obligated Group to be *pari passu* with Liens permitted under Section 3.05(b)(xvii) of this Master Indenture. Prior to its receipt of a request from the Master Trustee pursuant to Section 3.01(e) of this Master Indenture, any Member of the Obligated Group may Transfer all or any part of its Facility Property and Equipment and all or any portion of its Mortgaged Property, free of such security interest and free of the Lien of the Mortgage or any other mortgage encumbering such Mortgaged Property, respectively, subject to the provisions of Sections 3.09 and 3.10 of this Master Indenture and the Mortgage or such other mortgage. In the event of such Transfer of Mortgaged Property or Facility Property and

Equipment, the Master Trustee shall, upon request of a Member of the Obligated Group, execute a release of its Lien or security interest with respect to the Mortgaged Property, Property or Equipment so Transferred. Upon the request of any Member of the Obligated Group, the Master Trustee shall provide to such Member of the Obligated Group a written certification as to whether there is currently outstanding a request from the Master Trustee pursuant to Section 3.01(e) of this Master Indenture. No security interest is granted to the Master Trustee in amounts on deposit in the Operating Reserve Fund and the Renewal and Replacement Fund.

Upon the delivery of Obligation Nos. 1, 2, 3, 4, 5 and 6 hereunder, there shall be delivered to the Master Trustee a duly executed financing statement evidencing the security interest of the Master Trustee in the Gross Revenues and Facility Property and Equipment in the form required by the Uniform Commercial Code of the State for filing in the secured transaction registry of the Secretary of State of Florida.

Each Member of the Obligated Group shall also execute and deliver to the Master Trustee from time to time such amendments or supplements to this Master Indenture as may be necessary or appropriate to include as security hereunder its Gross Revenues and its Facility Property and Equipment. In addition, each Member of the Obligated Group covenants that it will prepare and file such financing statements or amendments to or terminations of existing financing statements which shall, in the Opinion of Counsel, be necessary to comply with applicable law or as required due to the occurrence of an event contemplated under Section 3.14 of this Master Indenture or changes in the membership of the Obligated Group, including, without limitation, (i) any Person becoming a Member of the Obligated Group pursuant to Section 3.12 of this Master Indenture, or (ii) any Member of the Obligated Group ceasing to be a Member of the Obligated Group pursuant to Section 3.13 of this Master Indenture. In particular, each Member of the Obligated Group covenants that it will, at least thirty days prior to the expiration of any financing statement, prepare and file such continuation statements of existing financing statements as shall, in the Opinion of Counsel, be necessary to comply with applicable law and shall provide to the Master Trustee written notice of such filing. If the Master Trustee shall not have received such notice at least 25 days prior to the expiration date of any such financing statement, the Master Trustee shall prepare and file or cause each Member of the Obligated Group to prepare and file such continuation statements in a timely manner to assure that the security interests in Gross Revenues and Facility Property and Equipment shall remain perfected.

(b) Each Member of the Obligated Group covenants that it will not pledge or grant a security interest in (except as provided in paragraph (a) above and as may be otherwise provided in this Master Indenture) any of its Gross Revenues or its Facility Property and Equipment.

(c) Each Obligation shall be a joint and several obligation of each Member of the Obligated Group. Each Member of the Obligated Group covenants promptly to pay or cause to be paid the principal of, redemption premium, if any, and interest on each Obligation issued hereunder at the place, on the dates and in the manner provided herein, in the Supplement and in said Obligation according to the terms thereof whether at maturity, upon proceedings for redemption, by acceleration or otherwise.

(d) If the Obligated Group contracts with an independent third party (other than Westminster Services) for management of any of the Facilities, the contract therefor shall provide that 50 percent of all management fees will be deferred unless all current payments on the Obligations issued hereunder have been made, the Debt Service Coverage Ratio and the Days' Cash on Hand target were met for the preceding semiannual calculation and all required reserves are maintained; *provided* that the foregoing shall not prevent the payment or reimbursement of salaries of key personnel working at the project site, or payment for the cost of services provided to the project by personnel at such manager's home office.

(e) If an Event of Default shall have occurred and be continuing, the Master Trustee may request that each Member of the Obligated Group deliver all Gross Revenues to it. Each Member of the Obligated Group covenants that, if an Event of Default shall have occurred and be continuing, it will, upon request of the Master Trustee, deliver or direct to be delivered to the Master Trustee all Gross Revenues then in the possession of, and thereafter received by, such Member of the Obligated Group until such Event of Default has been cured, such Gross Revenues to be applied in accordance with Section 4.04 of this Master Indenture.

SECTION 3.02. Covenants as to Corporate Existence, Maintenance of Properties, Etc. Each Member of the Obligated Group hereby covenants:

(a) Except as otherwise expressly provided herein, to preserve its corporate or other legal existence and all its rights and licenses to the extent necessary or desirable in the operation of its business and affairs and be qualified to do business in each jurisdiction where its ownership of Property or the conduct of its business requires such qualifications; *provided, however,* that nothing herein contained shall be construed to obligate it to retain or preserve any of its rights or licenses, no longer used or, in the judgment of its Governing Body, useful in the conduct of its business.

(b) At all times to cause its Facility Property and Equipment to be maintained, preserved and kept in good repair, working order and condition and all needed and proper repairs, renewals and replacements thereof to be made; *provided, however,* that nothing contained in this paragraph shall be construed to (i) prevent it from ceasing to operate any portion of its Facility Property and Equipment, if in its judgment (evidenced, in the case of such cessation other than in the ordinary course of business, by an opinion of a Management Consultant) it is advisable not to operate the same, or if it intends to sell or otherwise dispose of the same and within a reasonable time endeavors to effect such sale or other disposition, or (ii) to obligate it to retain, preserve, repair, renew or replace any Facility Property and Equipment, leases, rights, privileges or licenses no longer used or, in the judgment of its Governing Body, useful in the conduct of its business.

(c) To do all things reasonably necessary to conduct its affairs and carry on its business and operations in such manner as to comply with any and all applicable laws of the United States and the several states thereof and duly observe and conform to all valid orders, regulations or requirements of any governmental authority relative to the conduct of its business and the ownership of its Property; *provided, nevertheless*, that nothing

herein contained shall require it to comply with, observe and conform to any such law, order, regulation or requirement of any governmental authority so long as the validity thereof or the applicability thereof to it shall be contested in good faith.

(d) To pay promptly all lawful taxes, governmental charges and assessments at any time levied or assessed upon or against it or its Property; *provided, however,* that it shall have the right to contest in good faith any such taxes, charges or assessments or the collection of any such sums and pending such contest may delay or defer payment thereof.

(e) To pay promptly or otherwise satisfy and discharge all of its Indebtedness and all demands and claims against it as and when the same become due and payable, other than any thereof (exclusive of the Obligations issued and Outstanding hereunder or any Related Bonds) whose validity, amount or collectibility is being contested in good faith.

(f) At all times to comply with all terms, covenants and provisions of any Liens at such time existing upon its Property or any part thereof or securing any of its Indebtedness.

(g) To procure and maintain all necessary licenses and permits for the Facilities.

(h) So long as this Master Indenture shall remain in force and effect, each Member of the Obligated Group which is a Tax-Exempt Organization at the time it becomes a Member of the Obligated Group agrees, so long as all amounts due or to become due on any Related Bond have not been fully paid to the holder thereof, that it will not take any action or fail to take any action which action or failure to act (including any action or failure to act which would result in the alteration or loss of its status as a Tax-Exempt Organization), which would, in the Opinion of Bond Counsel, result in the interest on any tax-exempt Related Bond which is not includable in the gross income of the holder thereof for federal income tax purposes becoming included in the gross income of the holder thereof for federal income tax purposes.

SECTION 3.03. **Insurance**. (a) Each Member of the Obligated Group agrees that it will maintain, or cause to be maintained, the following types of insurance (including one or more self-insurance programs) in such amounts as indicated below or, in the absence of amounts, as, in its judgment, are adequate to protect it and its Facility Property and Equipment and operations: (i) Builder's risk insurance during the construction of any project costing more than $500,000, such insurance to be in the amount of 100 percent of the construction contract price, (ii) comprehensive general public liability insurance, including blanket contractual liability and automobile insurance including owned or hired automobiles (excluding collision and comprehensive coverage thereon) (in amounts not less than $1,000,000/$3,000,000 combined single limit primary coverage and $3,000,000 excess coverage), (iii) fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, damage from aircraft, smoke and uniform standard coverage and vandalism and malicious mischief endorsements and business interruption insurance (coverage to be in the amount 100 percent of the insurable value of the

building and contents, with business interruption insurance covering debt service on the Obligations and the salaries of the chief executive officer and the chief financial officer of the Corporation for at least a 12-month period), (iv) professional liability insurance in an amount deemed adequate by the Corporation, (v) workers' compensation insurance, (vi) fidelity insurance covering employees with access to revenues and receipts, and (vii) boiler and machinery insurance on a replacement cost basis.

(b) In lieu of obtaining third-party coverage for the foregoing risks, the Members of the Obligated Group may self-insure any of the required coverages (or a portion thereof) except for the coverages described in clauses (iii) and (v) of paragraph (a) above; *provided*, that the Obligated Group shall deliver to the Master Trustee a report of an Insurance Consultant on an annual basis stating that the Obligated Group has adequately funded reserves for such self-insurance. The Obligated Group may also arrange insurance coverage through a captive insurance company provided that an Insurance Consultant's report indicates that such insurance is consistent with proper management and insurance practices and that the capitalization of the captive insurance company is adequate in light of the risk insured against when compared to the Obligated Group's claims experience.

(c) The amounts of coverage required by paragraph (a) above may be reduced if the Obligated Group provides to the Master Trustee a certificate or report of an Insurance Consultant to the effect that insurance at the limits described above is not commercially available at reasonable rates.

(d) By August 1 of each year, commencing August 1, 2005, the Obligated Group shall provide to the Master Trustee a report of a Consultant as to whether the amounts of coverage for the insurance described in clauses (iii), (iv), (v), (vi) and (vii) of paragraph (a) above are appropriate to the risks to which the Obligated Group is subject when balanced against the cost of obtaining insurance coverage therefor.

SECTION 3.04. **Insurance and Condemnation Proceeds**. Proceeds received by any Member of the Obligated Group for casualty losses or condemnation awards may be used for such lawful corporate purposes as the recipient determines, including, but not limited to, the replacement or repair of the damaged or taken Facility Property and Equipment and the application of such proceeds to the payment or repayment of any Indebtedness in accordance with the terms thereof; *provided, however*, if the amount received exceeds $1,000,000, the Obligated Group Representative shall deliver to the Master Trustee (i) contracts showing that repair or replacement can be completed with funds available therefor (from such insurance and condemnation proceeds or otherwise) and (ii) a Consultant's forecast that no monetary default will occur prior to the completion of such repair or replacement. If the Obligated Group Representative fails to deliver such contracts and forecast within 120 days of the receipt of such insurance proceeds or condemnation awards, such proceeds or awards shall be applied *pro rata* to the prepayment of the Obligations (to the extent they are prepayable). Notwithstanding the foregoing, if the Master Trustee receives a Consultant's report that the relevant facility can continue to operate with less than full repair or replacement of the damage or loss caused by casualty or condemnation and the Obligated Group can continue to meet the Long-Term Debt Service Coverage Ratio, the Days' Cash on Hand and any other financial covenants (including

the maintenance of any debt service reserve fund established for Related Bonds and the Operating Reserve Fund) then insurance proceeds or the condemnation award to the extent not used to make partial repairs or replacements are to be used to redeem in part the Obligations, *pro rata* (to the extent they are redeemable).

SECTION 3.05. Limitations on Creation of Liens. (a) Each Member of the Obligated Group agrees that it will not create or suffer to be created or permit the existence of any Lien upon Gross Revenues, Facility Property and Equipment, Mortgaged Property or any other Property now owned or hereafter acquired by it other than Permitted Liens.

(b) Permitted Liens shall consist of the following:

(i) The Lien on the Gross Revenues and Equipment created by Section 3.01(a) of this Master Indenture;

(ii) The Lien on the Mortgaged Property created by each of the Mortgages and any Lien created by any other mortgage securing all Obligations on a *pari passu* basis;

(iii) Liens on real property comprising a part of the Facility Property and Equipment securing Indebtedness and not subject to the Lien described in clause (ii) of this paragraph; *provided* that the aggregate principal amount of Indebtedness so secured shall not exceed at the time of the incurrence thereof 5 percent of Total Revenue as shown on the Financial Statements for the most recent Fiscal Year for which Financial Statements have been reported upon by an Accountant;

(iv) Liens arising by reason of good faith deposits with any Member of the Obligated Group in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by any Member of the Obligated Group to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(v) Any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable any Member of the Obligated Group to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers' compensation, unemployment insurance, pension or profit sharing plans or other social security, or to share in the privileges or benefits required for companies participating in such arrangements;

(vi) Any judgment lien against any Member of the Obligated Group so long as such judgment is being contested in good faith and execution thereon is stayed;

(vii) (A) Rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any Property of any Member of the Obligated Group; (B) any liens on any Property of any Member of the Obligated Group for taxes, assessments, levies, fees, water and sewer rents, and other governmental and similar charges and any Liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with such Property, which are not due and payable or which are not delinquent or the amount or validity of which, are being contested and execution thereon is stayed or, with respect to liens of mechanics, materialmen, laborers, suppliers or vendors have been due for fewer than 90 days; (C) easements, rights-of-way, servitudes, restrictions, oil, gas or other mineral reservations and other minor defects, encumbrances, and irregularities in the title to any Property of any Member of the Obligated Group which, in the Opinion of Counsel to the Obligated Group, do not materially impair the use of such Property or materially and adversely affect the value thereof; (D) to the extent that it affects title to any Property of any Member of the Obligated Group, this Master Indenture; and (E) landlord's liens;

(viii) Any Lien which is existing on the date of authentication and delivery of Obligation Nos. 1, 2, 3, 4, 5 and 6 issued under this Master Indenture and is disclosed in the Mortgages or in writing to the Master Trustee; *provided, however*, that no such Lien may be increased, extended, renewed or modified to apply to any Property of any Member of the Obligated Group not subject to such Lien on such date or to secure Indebtedness not Outstanding as of the date hereof, unless such Lien as so extended, renewed or modified otherwise qualifies as a Permitted Lien;

(ix) Any Lien on pledges, gifts or grants to be received in the future, including any income derived from the investment thereof;

(x) Any Lien on the Mortgaged Property, Gross Revenues or Facility Property and Equipment now owned or hereafter acquired by any Member of the Obligated Group so long as such Lien is, by its terms, specifically junior to the security interest created pursuant to Section 3.01(a) hereof and to the lien of each of the Mortgages or any other mortgage securing Obligations, and *provided* that the documents creating such Lien contain prohibitions on the foreclosure of such Lien except upon the prior written consent of the Master Trustee;

(xi) Any Lien in favor of a trustee on the proceeds of Indebtedness prior to the application of such proceeds;

(xii) Any Lien securing all Obligations on a parity basis;

(xiii) Liens on moneys deposited by residents, patients or others with any Member of the Obligated Group as security for or as prepayment for the cost of care;

(xiv) Liens on Property received by any Member of the Obligated Group through gifts, grants or bequests, such Liens being due to restrictions on such gifts, grants or bequests of Property or the income thereon;

(xv) Liens on Property due to rights of third party payors for recoupment of amounts paid to any Member of the Obligated Group;

(xvi) Any Lien on all or any part of the Excluded Real Property securing Indebtedness incurred in compliance with the provisions of Section 3.06 hereof; and

(xvii) Any Lien securing the obligations of a Member of the Obligated Group under a Derivative Agreement which, if required by the provider of such Derivative Agreement, may be *pari passu* with the Liens on the Gross Revenues, Facility Property and Equipment, Mortgaged Property and any other Property securing the Obligations created under this Master Indenture and the Mortgages or any other mortgage securing all Obligations on a *pari passu* basis, so long as the notional amount of all Derivative Agreements secured by such *pari passu* Liens does not at any time exceed the aggregate amount of Obligations then Outstanding.

SECTION 3.06. Limitations on Incurrence of Indebtedness. Each Member of the Obligated Group covenants and agrees that, from and after the execution and delivery of Obligation Nos. 1, 2, 3, 4, 5 and 6 issued pursuant to Supplements of even date herewith, it will not incur any Indebtedness if, after giving effect to all other Indebtedness incurred by the Obligated Group, such Indebtedness could not be incurred pursuant to paragraphs (a) through (g), inclusive, of this Section 3.06. Any Indebtedness may be incurred only in the manner and pursuant to the terms set forth as follows:

(a) Long-Term Indebtedness may be incurred if, prior to incurrence thereof, one of the following conditions is met:

(i) there is delivered to the Master Trustee an Officer's Certificate certifying that (A) the Long-Term Debt Service Coverage Ratio, taking into account all Outstanding Long-Term Indebtedness and the Long-Term Indebtedness proposed to be incurred as if it had been incurred at the beginning of such Fiscal Year, for the most recent Fiscal Year preceding the date of delivery of the Officer's Certificate for which the Financial Statements are available is not less than 1.35 (accompanied by the certificate of the Accountant to the same effect) and (B) the Long-Term Debt Service Coverage Ratio for the most recent Fiscal Year was not less than 1.25, all required deposits into the Operating Reserve and Renewal and Replacement Fund have been made and a *proforma* Days' Cash on Hand of 90 days is forecasted to be met at the end of the three-year period following completion of any construction financed with such Long-Term Indebtedness after giving effect to the Long-Term Indebtedness proposed to be incurred; or

(ii) there is delivered to the Master Trustee (A) a report of a Management Consultant stating that (x) the forecasted Long-Term Debt Service Coverage Ratio, taking the proposed Long-Term Indebtedness into account for a three-year forecast period or three years following completion of any construction of revenue-producing Property the cost for which is in excess of $10,000,000 (or for a two-year period if such Management Consultant is professionally unable to issue a forecast for a three-year period), is 1.35 for each Fiscal Year during the forecast period and (y) the Days' Cash on Hand of 90 is forecasted for the end of the forecast period and (B) an Officer's Certificate stating that (x) the Long-Term Debt Service Coverage Ratio has been 1.25 for the preceding Fiscal year for which Financial Statements are available, and (y) all required deposits into the Operating Reserve and the Renewal and Replacement Fund have been made; or

(iii) there is delivered to the Master Trustee an Officer's Certificate demonstrating that the principal amount of additional Long-Term Indebtedness proposed to be incurred subsequent to Long-Term Indebtedness incurred in compliance with clause (i) and (ii) above, if any, does not exceed five percent of Total Revenue for the most recent Fiscal Year for which Financial Statements are available.

(b) Long-Term Indebtedness may be incurred to refund any Outstanding Long-Term Indebtedness if, prior to the incurrence thereof, (i) the Master Trustee receives an Officer's Certificate stating that, taking into account the Long-Term Indebtedness proposed to be incurred, the existing Long-Term Indebtedness to remain Outstanding after the refunding and the refunding of the existing Long-Term Indebtedness to be refunded, Maximum Annual Debt Service will not be increased by more than 10 percent and (ii) the Master Trustee receives an Opinion of Counsel stating that upon the incurrence of such proposed Long-Term Indebtedness and the application of the proceeds thereof, the Outstanding Long-Term Indebtedness to be refunded will no longer be Outstanding.

(c) Long-Term Indebtedness may be incurred to complete capital improvements, if prior to the incurrence thereof there is delivered to the Master Trustee (i) an Officer's Certificate to the effect (A) the scope of the capital improvements being financed with such Long-Term Indebtedness is not being changed, (B) Long-Term Indebtedness does not exceed 10 percent of the original principal amount of the obligations originally issued for such capital improvements or (ii) a report of a Management Consultant indicating that the Long-Term Debt Service Coverage Ratio calculated pursuant to the provisions of paragraph (a)(ii) above but for the two years following completion would not be reduced from what such ratio would have been without the issuance of such additional Long-Term Indebtedness.

(d) Short-Term Indebtedness including the Line of Credit Agreement may be incurred in the aggregate amount of 15 percent of Gross Revenues.

(e) Indebtedness between Members of the Obligated Group may be incurred without limit.

(f) Put Indebtedness may be incurred if, prior to the incurrence of such Put Indebtedness, (i) the conditions described in paragraph (a)(i) or (a)(ii) of this Section 3.06 are met and (ii) a binding commitment from a bank or other financial institution exists to provide financing sufficient to pay the purchase price of such Put Indebtedness on any date on which the owner of such Put Indebtedness may demand payment thereof pursuant to the terms of such Put Indebtedness.

(g) Indebtedness in any amount which is secured by (i) a lien on Property which is not Mortgaged Property or, (ii) a purchase money security interest on new or replacement equipment and fixtures.

SECTION 3.07. Long-Term Debt Service Coverage Ratio. (a) Commencing with the Fiscal Year ending March 31, 2005, each Member of the Obligated Group covenants to set rates and collect charges for its facilities, services and products such that the Long-Term Debt Service Coverage Ratio, calculated at the end of each September 30 and March 31, based upon unaudited financial information for the preceding 12-month period (in the case of September 30) and based upon the Financial Statements (for March 31), will not be less than 1.10; *provided, however*, that in any case where Long-Term Indebtedness has been incurred to acquire or construct capital improvements, the Long-Term Debt Service Requirement with respect thereto shall not be taken into account in making the foregoing calculation until the first full Fiscal Year commencing after the Fiscal Year in which substantially all of such capital improvements are placed in service (except that with respect to capital improvements consisting, in whole or in part, of living units or health care beds, the Long-Term Debt Service Requirement with respect thereto shall not be taken into account until the earlier to occur of (i) the first full Fiscal Year next succeeding the Fiscal Year in which the average occupancy of such living units or health care beds was forecasted to reach 90 percent or (ii) the first full Fiscal Year next succeeding the Fiscal Year in which occurs that date which is 18 months following the date upon which substantially all of such capital improvements are placed in service; in either case, the Obligated Group agrees that it will notify the Master Trustee of such event within 10 days following its occurrence).

(b) In the event the Long-Term Debt Service Coverage Ratio, calculated at the end of any semiannual period, commencing with the Fiscal Year ending March 31, 2005, is less than 1.10, a report shall be prepared by management of the Corporation and furnished to the Master Trustee within 30 days following the end of such period explaining in detail the reasons the Long-Term Debt Service Coverage Ratio was less than 1.10 and recommending corrective action.

(c) In the event management of the Corporation prepares the report required by paragraph (b) above and the Long-Term Debt Service Coverage Ratio is not 1.10 or greater within the fourth quarterly period after the end of the period in which such coverage ratio required such report, the Obligated Group shall retain a Management Consultant to analyze the reasons for the failure to achieve a Long-Term Debt Service Coverage Ratio of 1.10 and to make recommendations to increase the Long-Term Debt Service Coverage Ratio for the following Fiscal Year to such amount; such report of a Management Consultant shall be delivered to the Master Trustee within 30 days after the end of such period.

(d) In the event the Obligated Group fails to make a selection and give notice of such selection of a Management Consultant to the Master Trustee within 30 days after it shall have been required to do so pursuant to paragraph (c) of this Section, the Master Trustee shall select, on behalf of the Obligated Group, a Management Consultant, the costs of which shall be paid by the Obligated Group, to make the recommendations described above.

(e) The Obligated Group agrees that it will, to the extent permitted by law and consistent with the status of any Member of the Obligated Group as a Tax-Exempt Organization, follow any recommendations of the Management Consultant pursuant to paragraph (c) or paragraph (d) of this Section.

(f) Notwithstanding any other provisions of this Master Indenture, the failure of the Obligated Group to maintain the Long-Term Debt Service Coverage Ratio required by this Section 3.07 shall not be deemed to constitute an Event of Default hereunder, so long as the Obligated Group takes all action within its control to comply with the procedures set forth in this Section 3.07 in preparing, obtaining and implementing a report and a plan for correcting such failure; *provided* that failure to maintain a Long-Term Debt Service Coverage Ratio of at least 1.0 for four consecutive fiscal quarters after the retention of a Management Consultant required paragraph (c) or (d) of this Section, may be declared by the Master Trustee to be an Event of Default.

(g) In the event a Long-Term Debt Service Coverage Ratio of at least 1.0 for four consecutive quarterly periods is not met, New Management will be required. Notwithstanding the foregoing, the boards of the Obligated Group may disregard the requirement for New Management if they each (i) adopt a resolution stating the reasons for retaining the existing marketing agent or management and (ii) receive a Consultant's report that the failure to meet the required target or ratio was primarily due to factors beyond the current management's control, or that replacement of the current management is not likely to materially improve the Obligated Group's ability to meet the required target or ratio.

SECTION 3.08. Days' Cash on Hand. The Obligated Group covenants that it shall maintain a Days' Cash on Hand of at least 60. Compliance with the Days' Cash on Hand shall be tested semiannually commencing with the period ending September 30, 2004 and on each March 31 and September 30 thereafter. As to compliance testing for any period ending September 30, Days' Cash on Hand will be based on unaudited statements. The Days' Cash on Hand for each period ending March 31 will be based on the Financial Statements. If the Days' Cash on Hand is not met for any calculation date, management of the Corporation shall prepare a report to be delivered to the Master Trustee within 30 days following such calculation date explaining in detail the reasons for failing to meet the Days' Cash on Hand and recommending corrective action. If the Days' Cash on Hand is not met for two consecutive semiannual periods after the delivery of such report, such computation to be based on an annualized basis, a report of a Consultant will be required recommending actions to be implemented by the Obligated Group which recommendations will be adopted. If the Days' Cash on Hand is not met for the fourth fiscal quarter following the delivery of the report of the Consultant, New Management will be required. Notwithstanding the foregoing, the boards of the Obligated Group may disregard the

requirement for New Management if they each (i) adopt a resolution stating the reasons for retaining existing marketing agent or management and (ii) receive a Consultant's report that the failure to meet the required target or ratio was primarily due to factors beyond the current management's control, or that replacement of the current management is not likely to materially improve the Obligated Group's ability to meet the required target or ratio.

Notwithstanding any other provision of this Master Indenture, the failure of the Obligated Group to maintain the Days' Cash on Hand required by this Section 3.08 shall not be deemed to constitute a Default or Event of Default hereunder, so long as the Obligated Group takes all action within its control to comply with the procedures set forth in this Section 3.08 in preparing and implementing a report and plan for correcting such a failure, *provided* that failure to provide a Consultant's report as described above or to implement its recommendations shall constitute an Event of Default hereunder.

SECTION 3.09. Transfers of Facility Property and Equipment; Transfers of Cash and Investments. (a) The Obligated Group agrees that it will not Transfer in any Fiscal Year Facility Property and Equipment except for Transfers:

(i) to another Member of the Obligated Group, without limit;

(ii) to any Person of leases, rights, privileges or licenses no longer used or, in the judgment of the Obligated Group, useful in the conduct of its business;

(iii) to any Person of tangible Facility Property and Equipment in any Fiscal Year if the Net Book Value of such Facility Property and Equipment does not exceed (A) 5 percent of the net property and equipment as shown on the Financial Statements for the most recent Fiscal Year for which such Financial Statements are available and (B) 10 percent of the net property and equipment, as shown on the Financial Statements for the three most recent Fiscal Years for which such Financial Statements are available;

(iv) to any Person of tangible Facility Property and Equipment at any one time in excess of 5 percent of net property and equipment, as shown on the Financial Statements for the most recent Fiscal Year for which such Financial Statements are available; *provided*, that (A) the Long-Term Debt Service Coverage Ratio is at least 1.10 and the Days' Cash on Hand is at least 60 and all required deposits to the Renewal and Replacement Fund have been made, (B) a Consultant certifies the transfer will not adversely affect the use or operation of the Facility in question, and (C) either: (x) the Obligated Group provides an Officer's Certificate to the Master Trustee that if such transfer had been made at the beginning of the last Fiscal Year for which Financial Statements are available, the Long-Term Debt Service Coverage Ratio would have not been lower than 1.35 or (y) a Consultant forecasts that the Long-Term Debt Service Coverage Ratio for the two Fiscal Years following the transfer will not be less than 1.35; and

(v) in addition to the Transfers permitted by clauses (i) to (v), inclusive, of this paragraph, and subject to the terms of each of the Mortgages and the terms of any other mortgage securing an Obligation which permit the release of a parcel or interest in land constituting part of the Mortgaged Property from the lien and security of such deed of trust or mortgage, to any Person of real property or Equipment for the fair market value thereof, *provided* that (A) the proceeds of such Transfer are used to purchase additional real property which, if functionally related to, and operated on an integrated basis with, the facilities then constituting a part of the Mortgaged Property, shall be subjected to the Lien of the respective Mortgages or the Lien of any other mortgage securing Obligations, or to prepay, in whole or in part, *pro rata*, Outstanding Obligations and (B) ingress to and egress from the Mortgaged Property is not materially impaired.

(b) Each of the Members of the Obligate Group agree that it will not enter into any transaction, including, without limitation, the purchase, sale, lease, or exchange of Property and Equipment or the rendering of any service, with any Affiliate that is not a Member of the Obligated Group except in the ordinary course of business and pursuant to the reasonable requirements of the Member of the Obligated Group's business and upon terms found by the Governing Body of the Member of the Obligated Group to be fair and reasonable and no less favorable to the Member of the Obligated Group than would be obtained in a comparable arm's length transaction with a Person that is not an Affiliate.

(c) The Obligated Group may in any Fiscal Year Transfer cash and investments to any Member of the Obligated Group without limit. Otherwise, Transfers of cash and investments by any Member of the Obligated Group to Persons other than the Obligated Group shall be made only to the extent permitted herein.

(d) Notwithstanding the foregoing provisions, nothing in this Section shall be construed as limiting the ability of any Member of the Obligated Group to (i) pay its expenses of operation, including state and local taxes or payments in lieu of such taxes, (ii) purchase or sell Property (other than Property and Equipment used in the operation of the Facilities) in the ordinary course of business or (iii) Transfer cash, securities and other investment properties in connection with ordinary investment transactions and payment for goods and services provided where such purchases, sales and Transfers are for substantially equivalent value.

(e) Sale proceeds from any Transfer permitted by this Section shall be used by the Obligated Group to replace Property or Equipment, improve the Facilities, deposit to the Operating Reserve Fund or the Renewal and Replacement Fund or, if permitted, redeem Obligations.

SECTION 3.10. **Consolidation, Merger, Sale or Conveyance**. (a) Each Member of the Obligated Group covenants that it will not merge or consolidate with, or sell or convey all or substantially all of its assets to any Person that is not a Member of the Obligated Group unless:

(i) either a Member of the Obligated Group will be the successor corporation or, if the successor corporation is not a Member of the Obligated Group, such successor corporation shall execute and deliver to the Master Trustee an appropriate instrument, satisfactory to the Master Trustee, containing the agreement of such successor corporation (which successor corporation shall be an organization described under Section 501(c)(3) of the Code) (A) to become a Member of the Obligated Group and thereby become subject to compliance with all provisions of this Master Indenture pertaining to a Member of the Obligated Group, including the security interest provided for in Section 3.01(a) of this Master Indenture and the performance and observance of all covenants and obligations of a Member of the Obligated Group hereunder, and (B) unconditionally and irrevocably guaranteeing to the Master Trustee and each other Member of the Obligated Group that all Obligations issued and then Outstanding or to be issued and Outstanding hereunder will be paid in accordance with the terms thereof and of this Master Indenture when due;

(ii) the successor corporation has met all licensing requirements necessary for the operation of any Facilities and shall be qualified to do business in the State or shall consent to service of process in the State;

(iii) the Obligated Group Representative has delivered to the Master Trustee (A) an Officer's Certificate demonstrating and concluding that if such transaction had taken place on the first day of the last Fiscal Year for which Financial Statements are available, the Long-Term Debt Service Coverage Ratio for such Fiscal Year would have been at least 1.35 and the Days' Cash on Hand would have been at least 90 or (B) a report of a Consultant showing that for the next two Fiscal Years, the Long-Term Debt Service Coverage Ratio is forecasted to be at least 1.35 and the Days' Cash on Hand is forecasted to be at least 90; *provided, however*, a Member of the Obligated Group may enter into any such consolidation, merger, sale or conveyance, and a new Member of the Obligated Group may be admitted without delivering the documents referred to in clauses (A) and (B) above, if the Master Trustee receives an Officer's Certificate showing that if such transaction had taken place at the beginning of the last Fiscal Year for which Financial Statements are available, the Long-Term Debt Service Coverage Ratio for the surviving or transferee corporation in a merger or the like or for a new Member of the Obligated Group (calculated by assuming that (C) any new indebtedness which is proposed to be incurred in connection with the proposed transaction had been incurred and (D) any indebtedness which is proposed to be terminated or paid following such transaction had been paid and discharged) would have a Long-Term Debt Service Coverage Ratio of the Obligated Group of at least 1.35 and a Days' Cash on Hand of at least 90 for the Fiscal Year immediately preceding the proposed transaction; and

(iv) if all amounts due or to become due on any Related Bond, the interest on which is not includable in the gross income of the holder thereof for purposes of federal income taxation, have not been fully paid to the holder thereof, there shall have been delivered to the Master Trustee an Opinion of Bond Counsel, in

form and substance satisfactory to the Master Trustee, to the effect that under then existing law the consummation of such merger, consolidation, sale or conveyance would not adversely affect the exclusion from gross income for purposes of federal income taxation of interest payable on such Related Bond.

(b) In case of any such consolidation, merger, sale or conveyance and upon any such assumption by the successor corporation, such successor corporation shall succeed to and be substituted for its predecessor, with the same effect as if it had been named herein as such predecessor or had become a Member of the Obligated Group pursuant to Section 3.12 hereof, as the case may be. Such successor corporation thereupon may cause to be signed, and may issue in its own name Obligations issuable hereunder; and upon the order of such successor corporation and subject to all the terms, conditions and limitations in this Master Indenture prescribed, the Master Trustee shall authenticate and shall deliver Obligations that such successor corporation shall have caused to be signed and delivered to the Master Trustee. All Outstanding Obligations so issued by such successor corporation hereunder shall in all respects have the same security position and benefit under this Master Indenture as Outstanding Obligations theretofore or thereafter issued in accordance with the terms of this Master Indenture as though all of such Obligations had been issued hereunder without any such consolidation, merger, sale or conveyance having occurred.

(c) In case of any such consolidation, merger, sale or conveyance such changes in phraseology and form (but not in substance) may be made in Obligations thereafter to be issued as may be appropriate.

(d) The Master Trustee may accept an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale or conveyance, and any such assumption, complies with the provisions of this Section and that it is proper for the Master Trustee under the provisions of Article VI of this Master Indenture and of this Section to join in the execution of any instrument required to be executed and delivered by this Section.

SECTION 3.11. Filing of Financial Statements, Certificate of No Default and Other Information. The Obligated Group covenants that it will:

(a) Within 30 days after receipt of the audit report mentioned below but in no event later than 120 days after the end of each Fiscal Year, file with the Master Trustee, the underwriters for the Related Bonds and, each Holder and each beneficial owner of at least $1,000,000 of the principal amount of Related Bonds, a copy of the Financial Statements of the Obligated Group as of the end of such Fiscal Year accompanied by the opinion of an Accountant.

(b) Within 30 days after receipt of the audit report mentioned above but in no event later than 120 days after the end of each Fiscal Year, file with the Master Trustee and with each Holder who may have so requested or on whose behalf the Master Trustee may have so requested, an Officer's Certificate and a report of an Accountant stating the Long-Term Debt Service Coverage Ratio and the Days' Cash on Hand for such Fiscal

Year and stating whether, to the best of the knowledge of the signers of such Officer's Certificate and report, any Member of the Obligated Group is not in compliance with any covenant contained in this Master Indenture and, if so, specifying each such failure to comply of which the signers may have knowledge and the steps that are being taken by the Obligated Group to cure such non-compliance.

(c) Within 45 days after the close of each fiscal quarter, file with the Master Trustee, each Holder, each underwriter for Related Bonds and each beneficial owner of more than $1,000,000 principal amount of Related Bonds quarterly unaudited consolidated statements of the Obligated Group's operations including a balance sheet, (showing consolidated financial results for each member of the Obligated Group), statement of operations, statement of changes in net assets, and statement of cash flows for the most recent quarter ended in year-to-date for the current fiscal year, and comparing budgeted to actual operations, including consolidating statement showing the financial results for each member of the Obligated Group.

(d) The financial information provided in response to paragraphs (a) and (b) shall also be filed with each nationally recognized municipal securities information repository and the Obligated Group representative shall also provide the Obligated Group's operating information as required in the continuing disclosure agreement or other document executed in connection with the issuance of any Related Bonds.

(e) Within 30 days prior to the start of each Fiscal Year, the Obligated Group representative shall file or cause to be filed with the Master Trustee the annual budget for each Member of the Obligated Group. Material amendments thereto shall be filed within 45 days after the approval of the Governing Body.

(f) Within 45 days of the end of each fiscal quarter, the Obligated Group representative shall file or cause to be filed with the Master Trustee occupancy reports indicating the actual occupancy of the facilities of the Obligated Group as a percentage of capacity.

(g) Promptly upon the occurrence of any material event as to which notice is required to be reported pursuant to Securities and Exchange Commission Rule 15c2-12 to nationally recognized municipal securities information repositories shall be filed therewith and with the Master Trustee.

(h) Within 45 days of the end of each fiscal quarter, the Obligated Group Representative shall certify compliance by all Members of the Obligated Group with the covenants, agreements and obligations under this Master Indenture.

(i) If an Event of Default shall have occurred and be continuing, (i) file with the Master Trustee such other financial statements and information concerning its operations and financial affairs, including those of any Member of the Obligated Group, as the Master Trustee may from time to time reasonably request, excluding, specifically, donor records, patient records, personnel records and records subject to attorney-client privilege and (ii) provide access to the Facilities, Gross Revenues, Facility Property and

Equipment, and the Mortgaged Property for the purpose of inspection by the Master Trustee during regular business hours or at such other times as the Master Trustee may reasonably request.

(j) Unless required to be delivered at an earlier time, within 30 days after its receipt thereof, file with the Master Trustee a copy of each report which any provision of this Master Indenture requires to be prepared by a Management Consultant or an Insurance Consultant.

(k) Within 30 days after the beginning of each Fiscal Year, file with the Master Trustee an Opinion of Counsel which shall state whether there are required to be filed in any office within the period of 12 full consecutive calendar months following the date of such Opinion of Counsel financing statements, including continuation statements, in order to continue the perfection of the security interests granted hereunder. In giving this Opinion of Counsel, counsel may rely on an Officer's Certificate of an Obligated Group Representative stating whether any transaction contemplated under this Article has occurred within the period of 12 full consecutive calendar months preceding the date of such Officer's Certificate or is expected to occur within the period of 12 full consecutive calendar months following the date of such Officer's Certificate.

SECTION 3.12. Parties Becoming Members of the Obligated Group. Persons which are not Members of the Obligated Group may, with the prior written consent of the current Members of the Obligated Group, become Members of the Obligated Group, if:

(a) The Person which is becoming a Member of the Obligated Group shall execute and deliver to the Master Trustee an appropriate instrument, satisfactory to the Master Trustee containing the agreement of such Person (i) to become a Member of the Obligated Group and thereby become subject to compliance with all provisions of this Master Indenture pertaining to a Member of the Obligated Group, including the security interest provided for in Section 3.01(a) of this Master Indenture and the performance and observance of all covenants and obligations of a Member of the Obligated Group hereunder, and (ii) unconditionally and irrevocably guaranteeing to the Master Trustee and each other Member of the Obligated Group that all Obligations issued and then Outstanding or to be issued and Outstanding hereunder will be paid in accordance with the terms thereof and of this Master Indenture when due.

(b) Each instrument executed and delivered to the Master Trustee in accordance with subsection (a) of this Section, shall be accompanied by an Opinion of Counsel, addressed to and satisfactory to the Master Trustee, to the effect that such instrument has been duly authorized, executed and delivered by such Person and constitutes a valid and binding obligation enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy laws, insolvency laws, other laws affecting creditors' rights generally, equity principles and laws dealing with fraudulent conveyances.

(c) There shall be filed with the Master Trustee either (i) an Officer's Certificate demonstrating and concluding that if such transaction had taken place on the

first day of the last Fiscal Year for which audited Financial Statements are available, the Debt Service Coverage Ratio for each of such Fiscal Years would have been at least 1.35 and the Days' Cash on Hand would have been at least 90 or (ii) a report of a Management Consultant to the effect that the forecasted Long-Term Debt Service Coverage Ratio for each of the two Fiscal Years immediately succeeding the date of such action will be at least 1.35 and the Days' Cash on Hand will be at least 90; *provided, however*, that a Member of the Obligated Group may enter into any such merger, consolidation or transfer, and a new member of the Obligated Group may be admitted without delivering the documents referred to in clauses (i) and (ii) above, if the Master Trustee receives an Officer's Certificate showing that if such transaction had taken place at the beginning of the last fiscal year for which audited Financial Statements are available, the Debt Service Coverage Ratio for the Obligated Group, including the surviving or transferee corporation in a merger (but excluding the transferor corporation in a merger) or for such new member of the Obligated Group (calculated by assuming that (x) any new indebtedness which is proposed to be incurred in connection with the proposed transaction had been incurred and (y) any indebtedness which is proposed to be terminated or paid following such transaction had been discharged), would have a Debt Service Coverage Ratio of 1.35 and Days' Cash on Hand of at least 90 for the fiscal year immediately preceding the proposed transaction.

(d) If all amounts due or to become due on any Related Bond, the interest on which is not includable in the gross income of the holder thereof for purposes of federal income taxation, have not been fully paid to the holder thereof, there shall be filed with the Master Trustee, an Opinion of Bond Counsel, in form and substance satisfactory to the Master Trustee, to the effect that the admission of such Person to the Obligated Group would not adversely affect the exclusion from gross income for purposes of federal income taxation of the interest on any such tax-exempt Related Bond.

SECTION 3.13. Withdrawal from the Obligated Group. (a) No Member of the Obligated Group may withdraw from the Obligated Group unless, prior to the taking of such action, there is delivered to the Master Trustee:

(i) (A) An Officer's Certificate demonstrating and concluding that if such withdrawal had taken place on the first day of the last Fiscal Year for which Financial Statements were available, the Long-Term Debt Service Coverage Ratio for each of such Fiscal Years would have been at least 1.35 and the Days' Cash on Hand would have been at least 90; or

(ii) The report of a Management Consultant to the effect that the forecasted Long-Term Debt Service Coverage Ratio for each of the two Fiscal Years immediately succeeding the date of such action is forecasted to be greater than 1.35 and the Days' Cash on Hand will be at least 90.

Notwithstanding the provisions of subparagraphs (i) and (ii) above, a Member of the Obligated Group may withdraw therefrom without delivering the documentation referred to therein if the Master Trustee receives an Officer's Certificate showing that either (x) the Long-Term Debt Service Coverage Ratio for such Member of the Obligated Group (calculated by

eliminating all financial transactions with other Members of the Obligated Group) would have been less than 1.00, or (y) if the proposed withdrawal had been made on the first day of the last Fiscal Year for which Financial Statements are available, and after giving effect to the prepayment of any Indebtedness to be retired in connection with the proposed withdrawal, the Long-Term Debt Service Coverage Ratio and Days' Cash on Hand for the Obligated Group for such Fiscal Year (calculated as described above) would have been at least equal to the actual Long-Term Debt Service Coverage Ratio and the Days' Cash on Hand for the Obligated Group for such Fiscal Year.

(b) Upon the withdrawal of any Member from the Obligated Group pursuant to subsection (a) of this Section, all liability of such Member of the Obligated Group with respect to all Obligations Outstanding under this Master Indenture shall cease, any guaranty by such Member of the Obligated Group pursuant to Section 3.12 of this Master Indenture shall be released and discharged in full, the Master Trustee and the mortgagee shall execute and deliver to such Member of the Obligated Group a release of any Mortgages given by such Member of the Obligated Group, and the Master Trustee shall execute and deliver to such Member of the Obligated Group all UCC-3 termination statements necessary to terminate the security interest in the Gross Revenues or Facility Property and Equipment of such Member of the Obligated Group pursuant to Section 3.01 of this Master Indenture.

SECTION 3.14. <u>After Acquired, Replacement or Substituted Real Property</u>. In the event any Obligation is issued pursuant to this Master Indenture to acquire or finance real property or improvements to real property, the Member of the Obligated Group acquiring or financing such real property or improvements covenants and agrees that it shall cause to be recorded in the real property records of the county in which such real property is located either a mortgage, for the benefit of the Master Trustee, containing a description of the real property or improvements being acquired or financed and securing all Obligations on a *pari passu* basis.

Any Member of the Obligated Group executing and delivering such mortgage pursuant to this Section shall (A) cause a mortgagee title insurance policy to be issued and delivered to the Master Trustee in an amount equal to the principal amount of any Obligation to be issued in connection with acquiring or financing the real property or improvements to the real property described in such mortgage (less any amount required to be deposited initially into a debt service reserve fund for such Obligation or any Related Bonds related to such Obligation), insuring that such mortgage is a first priority Lien, subject to Permitted Liens, on the Mortgaged Property described therein, or (B) cause an endorsement to a mortgagee title insurance policy previously issued to the Master Trustee under the terms of this Master Indenture to be issued to the Master Trustee, that (I) amends the effective date and time of such policy to be the date and time of the recording of such mortgage, (II) amends the description of the land insured by such policy to include the real property described in such mortgage, (III) increases the amount of such policy by an amount equal to the amount of any Obligation (less any amount to be deposited into a debt service reserve fund for such Obligation or any Related Bonds related to such Obligation) issued to acquire or finance the real property or improvements to the real property described in such deed of trust, and (IV) continues to insure that the mortgage initially secured by such policy and the new mortgage are a first priority Lien on the Mortgaged Property described therein, subject to Permitted Liens.

SECTION 3.15. Establishment of Funds. The Members of the Obligated Group hereby establish with the Master Trustee following funds:

(a) The Operating Reserve Fund, in which there may be established at the request of the Obligated Group Representative separate accounts for Members of the Obligated Group; and

(b) The Renewal and Replacement Fund, in which there may be established at the request of the Obligated Group Representative separate accounts for Members of the Obligated Group.

The assets in each of said funds and accounts shall be held in trust by the Master Trustee and applied as hereinafter provided. In no case shall the assets in any of said funds and accounts be subject to any lien and charge in favor of the Holders for the security of such Holders.

The amounts required to be on deposit in the Operating Reserve Fund and the Renewal and Replacement Fund shall be in the amount required by Florida Statutes Sections 651.035(2)(c) and (d), as amended. Amounts on deposit in the Operating Reserve Fund and the Renewal and Replacement Fund may be used by the Obligated Group as provided in such statutory sections and as further provided in the rules and regulations of the Department of Financial Services of the State.

ARTICLE IV
EVENTS OF DEFAULT AND REMEDIES

SECTION 4.01. Events of Default. Event of Default, as used herein, shall mean any of the following events:

(a) The Members of the Obligated Group shall fail to make any payment of the principal of, the redemption premium, if any, or interest on any Obligation issued and Outstanding hereunder 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, of this Master Indenture or of any Supplement;

(b) Any Member of the Obligated Group shall fail duly to perform, observe or comply with any covenant or agreement on its part under this Master Indenture, other than as described in Section 4.01(a) hereof, for a period of 30 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Members of the Obligated Group by the Master Trustee, or to the Members of the Obligated Group and the Master Trustee by the Holders of at least 25 percent in aggregate principal amount of Obligations then Outstanding; provided, however, that if said failure be such that it cannot be corrected within 30 days after the receipt of such notice, it shall not constitute an Event of Default if corrective action is instituted within such 30-day period and diligently pursued until the Event of Default is corrected;

(c) An event of default shall occur under the Mortgages, any other mortgage securing Obligations, or a Related Bond Indenture or upon a Related Bond;

(d) Any Member of the Obligated Group shall fail to make any required payment with respect to any Indebtedness (other than Obligations issued and Outstanding hereunder), whether such Indebtedness now exists or shall hereafter be incurred, and any period of grace with respect thereto shall have expired, or an event of default as defined in any mortgage, indenture or instrument under which there may be issued, or by which there may be secured or evidenced, any Indebtedness, whether such Indebtedness now exists or shall hereafter be incurred, shall occur, which event of default shall not have been waived by the holder of such mortgage, indenture or instrument, and as a result of such failure to pay or other event of default such Indebtedness shall have been accelerated; *provided, however*, that such default shall not constitute an Event of Default within the meaning of this Section if within 30 days (i) written notice is delivered to the Master Trustee, signed by the Obligated Group Representative, that a Member of the Obligated Group is contesting the payment of such Indebtedness and the principal amount of such Indebtedness is less than one-half of one percent (1/2%) of Income Available for Debt Service for the immediately preceding Fiscal Year, or (ii) if such Indebtedness is equal to or greater than one-half of one percent (1/2%) of Income Available for Debt Service for the immediately preceding Fiscal Year, within the time allowed for service of a responsive pleading if any proceeding to enforce payment of the Indebtedness is commenced, any Member of the Obligated Group in good faith shall commence proceedings to contest the obligation to pay or the existence or payment of such Indebtedness;

(e) The entry of a decree or order by a court having jurisdiction in the premises for an order for relief against any Member of the Obligated Group, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of such Member under the United States Bankruptcy Code or any other applicable federal or state law, or appointing a receiver, liquidator, custodian, assignee, or sequestrator (or other similar official) of such Member or of any substantial part of its Property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days; and

(f) The institution by any Member of the Obligated Group of proceedings for an order for relief, or the consent by it to an order for relief against it, or the filing by it of a petition or answer or consent seeking reorganization, arrangement, adjustment, composition or relief under the United States Bankruptcy Code or any other similar applicable federal or state law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, custodian, assignee, trustee or sequestrator (or other similar official) of such Member of the Obligated Group or of any substantial part of its Property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by any Member of the Obligated Group in furtherance of any such action.

SECTION 4.02. **Acceleration; Annulment of Acceleration.** (a) Upon the occurrence and during the continuation of an Event of Default hereunder, the Master Trustee may and, upon the written request of (i) the Holders of not less than 51 percent in aggregate

principal amount of Obligations Outstanding or (ii) any Person properly exercising the right given to such Person under any Supplement to require acceleration of the Obligations issued pursuant to such Supplement, shall, by notice to the Members of the Obligated Group, declare the principal of all Obligations Outstanding immediately due and payable, whereupon such Obligations shall become and be immediately due and payable, anything in the Obligations or in any other section of this Master Indenture to the contrary notwithstanding; *provided, however*, that if the terms of any Supplement give a Person the right to consent to acceleration of the Obligations issued pursuant to said Supplement, the Obligations issued pursuant to such Supplement may not be accelerated by the Master Trustee unless such consent is properly obtained pursuant to the terms of such Supplement. In the event Obligations are accelerated there shall be due and payable on such Obligations an amount equal to the total principal amount of all such Obligations, plus all interest accrued thereon to the date of acceleration and, to the extent permitted by applicable law, interest which accrues thereon to the date of payment.

(b) At any time after the principal of the Obligations shall have been so declared to be immediately due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such Event of Default, if (i) the Obligated Group has paid or caused to be paid or deposited with the Master Trustee moneys sufficient to pay all matured installments of interest and all principal or redemption prices then due (other than the principal then due only because of such declaration) of all Obligations Outstanding; (ii) the Obligated Group has paid or caused to be paid or deposited with the Master Trustee money sufficient to pay the charges, compensation, expenses, disbursements, advances, fees and liabilities of the Master Trustee; (iii) all other amounts then payable by the Obligated Group hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Master Trustee; and (iv) every Event of Default (other than a default in the payment of the principal of such Obligations then due only because of such declaration) shall have been remedied, then the Master Trustee may, and upon the written request of Holders of not less than a majority in aggregate principal amount of the Obligations Outstanding shall, annul such declaration and its consequences with respect to any Obligations or portions thereof not then due by their terms. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

SECTION 4.03. Additional Remedies and Enforcement of Remedies. (a) Upon the occurrence and continuance of any Event of Default, the Master Trustee may, and upon the written request of the Holders of not less than 51 percent in aggregate principal amount of the Obligations Outstanding, together with indemnification of the Master Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Holders hereunder by such suits, actions or proceedings as the Master Trustee, being advised by counsel, shall deem expedient, including but not limited to:

(i) Enforcement of the right of the Holders to collect and enforce the payment of amounts due or becoming due under the Obligations;

(ii) Suit upon all or any part of the Obligations;

(iii) Civil action to require any Person holding moneys, documents or other property pledged to secure payment of amounts due or to become due on the Obligations to account as if it were the trustee of an express trust for the Holders;

(iv) Civil action to enjoin any acts or things, which may be unlawful or in violation of the rights of the Holders;

(v) Enforcement of its rights as a secured party under the Uniform Commercial Code of the State;

(vi) Enforcement of any other right of the Holders conferred by law or hereby; and

(vii) Enforcement of any of its rights as beneficiary under the Mortgages or any other mortgage securing Obligations.

(b) Regardless of the happening of an Event of Default, the Master Trustee, if requested in writing by the Holders of not less than 51 percent in aggregate principal amount of the Obligations then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security hereunder by any acts which may be unlawful or in violation hereof, or (ii) to preserve or protect the interests of the Holders, provided that such request and the action to be taken by the Master Trustee are not in conflict with any applicable law or the provisions hereof and, in the sole judgment of the Master Trustee, is not unduly prejudicial to the interest of the Holders not making such request.

SECTION 4.04. Application of Gross Revenues and Other Moneys after Default. During the continuance of an Event of Default, all Gross Revenues and other moneys received by the Master Trustee pursuant to any right given or action taken under the provisions of this Article or Section 3.01(e) herein, after payment of (i) the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses and advances incurred or made by the Master Trustee with respect thereto and all other fees and expenses of the Master Trustee under this Master Indenture and (ii) in the sole discretion of the Master Trustee, the payment of the expenses of operating any Member of the Obligated Group, shall be applied as follows:

(a) Unless the principal of all Outstanding Obligations shall have become or have been declared due and payable:

First: To the payment to the Persons entitled thereto of all installments of interest then due on Obligations in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the Persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the Persons entitled thereto of the unpaid principal installments of any Obligations which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to

pay in full all Obligations due on any date, then to the payment thereof ratably, according to the amounts of principal installments due on such date, to the Persons entitled thereto, without any discrimination or preference.

(b) If the principal of all Outstanding Obligations shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon Obligations without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Obligation over any other Obligation, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

(c) If the principal of all Outstanding Obligations shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all Outstanding Obligations shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever moneys are to be applied by the Master Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Master Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Master Trustee shall apply such moneys, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Master Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any unpaid Obligation until such Obligation shall be presented to the Master Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

Whenever all Obligations and interest thereon have been paid under the provisions of this Section and all expenses and charges of the Master Trustee have been paid or provided for, any balance remaining shall be paid to the Person entitled to receive the same; if no other Person shall be entitled thereto, then the balance shall be paid to the Members of the Obligated Group, their respective successors, or as a court of competent jurisdiction may direct.

SECTION 4.05. Remedies Not Exclusive. No remedy by the terms hereof conferred upon or reserved to the Master Trustee or the Holders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or existing at law or in equity or by statute on or after the date hereof.

SECTION 4.06. Remedies Vested in the Master Trustee. All rights of action (including the right to file proof of claims) hereunder or under any of the Obligations may be enforced by the Master Trustee without the possession of any of the Obligations or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding

instituted by the Master Trustee may be brought in its name as the Master Trustee without the necessity of joining as plaintiffs or defendants any Holders. Subject to the provisions of Section 4.04 hereof, any recovery or judgment shall be for the equal benefit of the Holders.

SECTION 4.07. Holders' Control of Proceedings. If an Event of Default shall have occurred and be continuing, notwithstanding anything herein to the contrary, the Holders of not less than a majority in aggregate principal amount of Obligations then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Master Trustee and accompanied by indemnity satisfactory to the Master Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions hereof or for the appointment of a receiver or any other proceedings hereunder, provided that such direction is not in conflict with any applicable law or the provisions hereof, and provided further, that the Master Trustee shall have the right to decline to follow any such direction if the Master Trustee in good faith shall determine that the proceeding so directed would involve it in personal liability, and, in the sole judgment of the Master Trustee, is not unduly prejudicial to the interest of any Holders not joining in such direction and provided further that nothing in this Section shall impair the right of the Master Trustee in its discretion to take any other action hereunder which it may deem proper and which is not inconsistent with such direction by Holders.

SECTION 4.08. Termination of Proceedings. In case any proceeding taken by the Master Trustee on account of an Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Master Trustee or to the Holders, then the Members of the Obligated Group, the Master Trustee and the Holders shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Master Trustee, the Members of the Obligated Group and the Holders shall continue as if no such proceeding had been taken.

SECTION 4.09. Waiver of Event of Default. (a) No delay or omission of the Master Trustee or of any Holder to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article to the Master Trustee and the Holders, respectively, may be exercised from time to time and as often as may be deemed expedient by them.

(b) The Master Trustee may waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions hereof, or before the completion of the enforcement of any other remedy hereunder.

(c) Notwithstanding anything contained herein to the contrary, the Master Trustee, upon the written request of the Holders of not less than a majority of the aggregate principal amount of Obligations then Outstanding, shall waive any Event of Default hereunder and its consequences; provided, however, that, except under the circumstances set forth in subsection (b) of Section 4.02 hereof, a default in the payment of the principal of, premium, if any, or interest on any Obligation, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be

waived without the written consent of the Holders of all Obligations (with respect to which such payment default exists) at the time Outstanding.

(d) In case of any waiver by the Master Trustee of an Event of Default hereunder, the Members of the Obligated Group, the Master Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

SECTION 4.10. Appointment of Receiver. Upon the occurrence of any Event of Default, unless the same shall have been waived as herein provided, the Master Trustee shall be entitled as a matter of right if it shall so elect, (i) forthwith and without declaring the Obligations to be due and payable, (ii) after declaring the same to be due and payable, or (iii) upon the commencement of an action to enforce the specific performance hereof or in aid thereof or upon the commencement of any other judicial proceeding to enforce any right of the Master Trustee or the Holders, to the appointment of a receiver or receivers of any or all of the Property of the Obligated Group with such powers as the court making such appointment shall confer. Upon the occurrence of an Event of Default, each Member of the Obligated Group, respectively, hereby consents and agrees, and will if requested by the Master Trustee consent and agree at the time of application by the Master Trustee for appointment of a receiver of its Property, to the appointment of such receiver of its Property 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 the Member of the Obligated Group could do so, and to borrow money and issue evidences of indebtedness as such receiver.

SECTION 4.11. Remedies Subject to Provisions of Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling and to be limited to the extent necessary so that they will not render this instrument or the provisions hereof invalid or unenforceable under the provisions of any applicable law.

SECTION 4.12. Notice of Default. Promptly after obtaining knowledge of any Event of Default, each Member of the Obligated Group shall deliver to the Master Trustee, a written notice specifying the nature and period of existence of such Event of Default and the action the Obligated Group is taking and proposes to take with respect thereto.

The Master Trustee shall, within 30 days after it has knowledge of the occurrence of an Event of Default, mail to all Holders as the names and addresses of such Holders appear upon the books of the Master Trustee, notice of such Event of Default known to the Master Trustee, unless such Event of Default shall have been cured before the giving of such notice; provided that, except in the case of default in the payment of the principal of, redemption premium, if any, or interest on any of the Obligations and the Events of Default specified in subsections (e) and (f) of Section 4.01, the Master Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or any

responsible officer of the Master Trustee in good faith determines that the withholding of such notice is in the interests of the Holders.

For purposes of this Article IV, the Master Trustee shall not be deemed to have knowledge of an Event of Default hereunder unless an officer of the Master Trustee has actual knowledge thereof or unless written notice of any event which is an Event of Default is received by the Master Trustee and such notice references this Master Indenture.

ARTICLE V
THE MASTER TRUSTEE

SECTION 5.01. Certain Duties and Responsibilities. (a) Except during the continuance of an Event of Default the Master Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Master Indenture, and no implied covenants or obligations shall be read into this Master Indenture against the Master Trustee.

(b) In the absence of bad faith on its part, the Master Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Master Trustee and conforming to the requirements of this Master Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Master Trustee, the Master Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Master Indenture.

(c) In case an Event of Default has occurred and is continuing, the Master Trustee shall exercise such of the rights and powers vested in it by this Master Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the management of his own affairs.

(d) No provision of this Master Indenture shall be construed to relieve the Master Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this subsection shall not be construed to limit the effect of subsection (a) of this Section;

(ii) the Master Trustee shall not be liable for any error of judgment made in good faith by the president, any vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, any trust officer or assistant trust officer, controller or any other officer or employee of the Master Trustee customarily performing functions similar to those performed by any of the above designated officers or with respect to a particular matter, any other officer or employee to whom such matter is referred because of his knowledge of and familiarity with the particular subject, unless it shall be proved that the Master Trustee was negligent in ascertaining the pertinent facts;

(iii) the Master Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a

majority in principal amount of the Outstanding Obligations relating to the time, method and place of conducting any proceeding for any remedy available to the Master Trustee, or exercising any trust or power conferred upon the Master Trustee, under this Master Indenture, except under the circumstances set forth in subsection (c) of Section 4.09 hereof requiring the consent of the Holders of all the Obligations at the time Outstanding; and

(iv) no provision of this Master Indenture shall require the Master Trustee to expend or risk its own funds or otherwise incur any financial or other liability, directly or indirectly, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(e) Whether or not therein expressly so provided, every provision of this Master Indenture relating to the conduct or affecting the liability of or affording protection to the Master Trustee shall be subject to the provisions of this Section.

SECTION 5.02. **Certain Rights of Master Trustee**. Except as otherwise provided in Section 5.01:

(a) The Master Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Any request, direction or statement of any Member of the Obligated Group mentioned herein shall be sufficiently evidenced by an Officer's Certificate and any action of the Governing Body may be sufficiently evidenced by a copy of a resolution certified by the secretary or an assistant secretary of the Member of the Obligated Group to have been duly adopted by the Governing Body and to be in full force and effect on the date of such certification and delivered to the Master Trustee.

(c) Whenever in the administration of this Master Indenture the Master Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Master Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate.

(d) The Master Trustee may consult with counsel or independent auditor and the written advice of such counsel or independent auditor or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(e) The Master Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Master Indenture whether on its own motion or at the request or direction of any of the Holders pursuant to this Master Indenture which shall be in the opinion of the Master Trustee likely to involve expense or liability not otherwise

provided for herein, unless one or more Holders or such Holders making such request shall have offered and furnished to the Master Trustee reasonable security or indemnity satisfactory to the Master Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction or otherwise in connection herewith.

(f) The Master Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document, but the Master Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Master Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of any Member of the Obligated Group, personally or by agent or attorney.

(g) The Master Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys.

No permissive right of the Master Trustee hereunder, including the authority to enter into Supplements or take other actions, shall be construed as a duty, and the Master Trustee shall be under no obligations to take any such action or exercise any such right.

SECTION 5.03. Right to Deal in Obligations and Related Bonds. The Master Trustee may in good faith buy, sell or hold and deal in any Obligations and Related Bonds with like effect as if it were not such Master Trustee and may commence or join in any action which a Holder or holder of a Related Bond is entitled to take with like effect as if the Master Trustee were not the Master Trustee.

SECTION 5.04. Removal and Resignation of the Master Trustee. The Master Trustee may resign on its motion or may be removed at any time by an instrument or instruments in writing signed by the Holders of not less than a majority of the principal amount of Obligations then Outstanding or, if no Event of Default shall have occurred and be continuing, by an instrument in writing signed by the Obligated Group Representative. No such resignation or removal shall become effective unless and until a successor Master Trustee (or temporary successor trustee as provided below) has been appointed and has assumed the trusts created hereby. Written notice of such resignation or removal shall be given to the Members of the Obligated Group and to each Holder at the address then reflected on the books of the Master Trustee and such resignation or removal shall take effect upon the appointment and qualification of a successor Master Trustee. A successor Master Trustee may be appointed by the Obligated Group Representative or the Holders at the direction of the Holders of not less than a majority in aggregate principal amount of Obligations Outstanding. In the event a successor Master Trustee has not been appointed and qualified within 60 days of the date notice of resignation is given, the Master Trustee, any Member of the Obligated Group or any Holder may apply to any court of competent jurisdiction for the appointment of a temporary successor Master Trustee to act until such time as a successor is appointed as above provided.

Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Master Trustee shall be a trust company or bank having the powers of a trust company as to trusts, qualified to do and doing trust business in one or more states of the United States of America and having an officially reported combined capital, surplus, undivided profits and reserves aggregating at least One Hundred Million Dollars ($100,000,000), if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Every successor Master Trustee howsoever appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to each Member of the Obligated Group an instrument in writing, accepting such appointment hereunder, and thereupon such successor Master Trustee, without further action, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor, and such predecessor shall execute and deliver an instrument transferring to such successor Master Trustee all the rights, powers and trusts of such predecessor. The predecessor Master Trustee shall execute any and all documents necessary or appropriate to convey all interest it may have to the successor Master Trustee. The predecessor Master Trustee shall promptly deliver all material records relating to the trust or copies thereof and, on request, communicate all material information it may have obtained concerning the trust to the successor Master Trustee.

Each successor Master Trustee, not later than 10 days after its assumption of the duties hereunder, shall mail a notice of such assumption to each Holder.

SECTION 5.05. Compensation and Reimbursement. Each Member of the Obligated Group agrees:

(a) To pay the Master Trustee reasonable compensation for all services rendered by it hereunder as set forth on Exhibit A attached hereto.

(b) Except as otherwise expressly provided herein, to reimburse the Master Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Master Trustee, including fees on collection and enforcement, in accordance with any provision of this Master Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and its agents), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith.

(c) To indemnify the Master Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust or its duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

SECTION 5.06. Recitals and Representations. The recitals, statements and representations contained herein, or in any Obligation (excluding the Master Trustee's authentication on the Obligations) shall be taken and construed as made by and on the part of the

Members of the Obligated Group, respectively, and not by the Master Trustee, and the Master Trustee neither assumes nor shall be under any responsibility for the correctness of the same.

The Master Trustee makes no representation as to, and is not responsible for, the validity or sufficiency hereof, of the Obligations. The Master Trustee shall be deemed not to have made representations as to the security afforded hereby or hereunder or as to the validity or sufficiency of such document. The Master Trustee shall not be concerned with or accountable to anyone for the use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof. The Master Trustee shall have no duty of inquiry with respect to any default or Events of Default described herein without actual knowledge of or receipt by the Master Trustee of written notice of a default or an Event of Default from a Member of the Obligated Group or any Holder.

SECTION 5.07. **Separate or Co-Master Trustee**. At any time or times, for the purpose of meeting any legal requirements of any jurisdiction, the Master Trustee shall have power to appoint, and, upon the request of the Holders of at least 51 percent in aggregate principal amount of Obligations Outstanding, shall appoint, one or more Persons approved by the Master Trustee either to act as co-trustee or co-trustees, jointly with the Master Trustee, or to act as separate trustee or separate trustees, and to vest in such person or persons, in such capacity, such rights, powers, duties, trusts or obligations as the Master Trustee may consider necessary or desirable, subject to the remaining provisions of this Section. If no Event of Default shall have occurred and be continuing, any co-trustee or separate trustee appointed pursuant to this Section shall be subject to the written approval of the Obligated Group, evidenced by an instrument in writing signed by the Obligated Group Representative.

Every co-trustee or separate trustee shall, to the extent permitted by law but to such extent only, be appointed subject to the following terms, namely:

(a) The Obligations shall be authenticated and delivered solely by the Master Trustee.

(b) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Master Trustee, or by the Master Trustee and such co-trustee or co-trustees or separate trustee or separate trustees jointly, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Master Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.

(c) Any request in writing by the Master Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee.

(d) Any co-trustee or separate trustee may, to the extent permitted by law, delegate to the Master Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(e) The Master Trustee at any time, by any instrument in writing, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section. Upon the request of the Master Trustee, the Members of the Obligated Group shall join with the Master Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal.

(f) No trustee or any paying agent hereunder shall be personally liable by reason of any act or omission of any other trustee or paying agent hereunder, nor will the act or omission of any trustee or paying agent hereunder be imputed to any other trustee or paying agent.

(g) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Master Trustee shall be deemed to have been delivered to each such co-trustee or separate trustee.

(h) Any moneys, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Master Trustee.

Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it shall be vested with such rights, powers, duties or obligations, as shall be specified in the instrument of appointment jointly with the Master Trustee (except insofar as local law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms hereof. Every such acceptance shall be filed with the Master Trustee. To the extent permitted by law, any co-trustee or separate trustee may, at any time by an instrument in writing, constitute the Master Trustee its or his attorney-in-fact and agent, with full power and authority to perform all acts and things and to exercise all discretion on its or his behalf and in its or his name.

In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Master Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

ARTICLE VI
SUPPLEMENTS AND AMENDMENTS

SECTION 6.01. **Supplements Not Requiring Consent of Holders**. Each Member of the Obligated Group, when authorized by resolution or other action of equal formality by its Governing Body, and the Master Trustee may, without the consent of or notice to any of the Holders, enter into one or more Supplements for one or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission herein which shall not materially and adversely affect the interests of the Holders.

(b) To correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising hereunder and which shall not materially and adversely affect the interests of the Holders.

(c) To grant or confer ratably upon all of the Holders any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon them subject to the provisions of Section 6.02(a) hereof.

(d) To qualify this Master Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect.

(e) To create and provide for the issuance of Obligations as permitted hereunder.

(f) To obligate a successor to any Member of the Obligated Group as provided in Section 3.10 hereof.

(g) To comply with the provisions of any federal or state securities law.

SECTION 6.02. Supplements Requiring Consent of Holders. (a) Other than Supplements referred to in Section 6.01 hereof and subject to the terms and provisions and limitations contained in this Article and not otherwise, the Holders of not less than a majority in aggregate principal amount of Obligations then Outstanding shall have the right, from time to time, anything contained herein to the contrary notwithstanding, to consent to and approve the execution by each Member of the Obligated Group, when authorized by resolution or other action of equal formality by its Governing Body, and the Master Trustee of such Supplements as shall be deemed necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein; provided, however, nothing in this Section shall permit or be construed as permitting a Supplement which would:

(i) Effect a change in the times, amounts or currency of payment of the principal of, redemption premium, if any, and interest on any Obligation or a reduction in the principal amount or redemption price of any Obligation or the rate of interest thereon, without the consent of the Holder of such Obligation;

(ii) Permit the preference or priority of any Obligation over any other Obligation, without the consent of the Holders of all Obligations then Outstanding; or

(iii) Reduce the aggregate principal amount of Obligations then Outstanding the consent of the Holders of which is required to authorize such Supplement without the consent of the Holders of all Obligations then Outstanding.

(b) If at any time each Member of the Obligated Group shall request the Master Trustee to enter into a Supplement pursuant to this Section, which request is accompanied by a copy of the resolution or other action of its Governing Body certified by its secretary or if it has no secretary, its comparable officer, and the proposed Supplement, the Master Trustee shall, at

the expense of the Obligated Group, cause notice of the proposed execution of such Supplement to be mailed, postage prepaid, to all Holders. Such notice shall briefly set forth the nature of the proposed Supplement and shall state that copies thereof are on file at the principal corporate trust office of the Master Trustee for inspection by all Holders. The Master Trustee shall not, however, be subject to any liability to any Holder by reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of such Supplement when approved and consented to as provided in this Section. If, following such notice, the Master Trustee shall receive an instrument or instruments purporting to be executed by the Holders of not less than the aggregate principal amount or number of Obligations specified in subsection (a) for the Supplement in question which instrument or instruments shall refer to the proposed Supplement and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof as on file with the Master Trustee, thereupon, but not otherwise, the Master Trustee may execute such Supplement in substantially such form, without liability or responsibility to any Holder, whether or not such Holder shall have consented thereto.

(c) Any such consent shall be binding upon the Holder giving such consent and upon any subsequent Holder of such Obligation and of any Obligation issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Obligation giving such consent or by a subsequent Holder thereof by filing with the Master Trustee, prior to the execution by the Master Trustee of such Supplement, such revocation and, if such Obligation is transferable by delivery, proof that such Obligation is held by the signer of such revocation in the manner permitted by Section 8.01 of this Master Indenture. At any time after the Holders of the required principal amount or number of Obligations shall have filed their consents to the Supplement, the Master Trustee shall make and file with each Member of the Obligated Group a written statement to that effect. Such written statement shall be conclusive that such consents have been so filed.

(d) If the Holders of the required principal amount of the Obligations Outstanding shall have consented to and approved the execution of such Supplement as herein provided, no Holder shall have any right to object to the execution thereof, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Master Trustee or any Member of the Obligated Group from executing the same or from taking any action pursuant to the provisions thereof.

SECTION 6.03. Execution and Effect of Supplements. (a) In executing any Supplement permitted by this Article, the Master Trustee shall be entitled to receive and to rely upon an Opinion of Counsel to the effect that the execution of such Supplement is authorized or permitted hereby and that all conditions precedent thereto have been satisfied. The Master Trustee may, but shall not be obligated to, enter into any such Supplement which affects the Master Trustee's own rights, duties or immunities.

(b) Upon the execution and delivery of any Supplement in accordance with this Article, the provisions hereof shall be modified in accordance therewith and such Supplement shall form a part hereof for all purposes and every Holder of an Obligation theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

(c) Any Obligation authenticated and delivered after the execution and delivery of any Supplement in accordance with this Article may, and if required by the issuer of such Obligation or the Master Trustee shall, bear a notation in form approved by the Master Trustee as to any matter provided for in such Supplement. If the issuer of any Obligations then Outstanding or the Master Trustee shall so determine, new Obligations so modified as to conform in the opinion of the Master Trustee and the Governing Body of such issuer to any such Supplement may be prepared and executed by the issuer and authenticated and delivered by the Master Trustee in exchange for and upon surrender of Obligations then Outstanding.

ARTICLE VII
SATISFACTION AND DISCHARGE OF INDENTURE

SECTION 7.01. **Satisfaction and Discharge of Indenture**. If (a) the Obligated Group Representative shall deliver to the Master Trustee for cancellation all Obligations theretofore authenticated (other than any Obligations which shall have been mutilated, destroyed, lost or stolen and which shall have been replaced or paid as provided in the Supplement) and not theretofore cancelled, or (b) all Obligations not theretofore cancelled or delivered to the Master Trustee for cancellation shall have become due and payable and money sufficient to pay the same shall have been deposited with the Master Trustee, or (c) all Obligations that have not become due and payable and have not been cancelled or delivered to the Master Trustee for cancellation shall be Defeased Obligations, and if in all cases the Members of the Obligated Group shall also pay or cause to be paid all other sums payable hereunder by the Members of the Obligated Group or any thereof, then this Master Indenture shall cease to be of further effect, and the Master Trustee, on demand of the Members of the Obligated Group, and at the cost and expense of the Members of the Obligated Group, shall execute proper instruments acknowledging satisfaction of and discharging this Master Indenture. Each Member of the Obligated Group, respectively, hereby agrees to reimburse the Master Trustee for any costs or expenses theretofore and thereafter properly incurred by the Master Trustee in connection with this Master Indenture or such Obligations.

SECTION 7.02. **Payment of Obligations after Discharge of Lien**. Notwithstanding the discharge of the lien hereof as in this Article provided, the Master Trustee shall nevertheless retain such rights, powers and duties hereunder as may be necessary and convenient for the payment of amounts due or to become due on the Obligations and the registration, transfer, exchange and replacement of Obligations as provided herein.

ARTICLE VIII
CONCERNING THE HOLDERS

SECTION 8.01. **Evidence of Acts of Holders**. (a) In the event that any request, direction or consent is requested or permitted hereunder of the Holders, the registered owners of Related Bonds then outstanding shall be deemed to be such Holders for the purpose of any such request, direction or consent in the proportion that the aggregate principal amount of Related Bonds then outstanding held by each such owner of Related Bonds bears to the aggregate principal amount of all Related Bonds then outstanding.

(b) As to any request, direction, consent or other instrument provided hereby to be signed and executed by the Holders, such action may be in any number of concurrent writings, shall be of similar tenor, and may be signed or executed by such Holders in person or by agent appointed in writing.

(c) Proof of the execution of any such request, direction, consent or other instrument or of the writing appointing any such agent and of the ownership of Obligations, if made in the following manner, shall be sufficient for any of the purposes hereof and shall be conclusive in favor of the Master Trustee and the Members of the Obligated Group, with regard to any action taken by them, or either of them, under such request, direction or consent or other instrument, namely:

(i) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments in such jurisdiction, that the person signing such writing acknowledged before him the execution thereof, or by the affidavit of a witness of such execution; and

(ii) The ownership of Related Bonds may be proved by the registration books for such Related Bonds maintained pursuant to the Related Bond Indenture.

(d) Nothing in this Section shall be construed as limiting the Master Trustee to the proof herein specified, it being intended that the Master Trustee may accept any other evidence of the matters herein stated which it may deem sufficient.

(e) Any action taken or suffered by the Master Trustee pursuant to any provision hereof upon the request or with the assent of any person who at the time is the Holder of any Obligation, shall be conclusive and binding upon all future Holders of the same Obligation.

SECTION 8.02. Obligations or Related Bonds Owned by Members of Obligated Group. In determining whether the Holders of the requisite aggregate principal amount of Obligations have concurred in any demand, direction, request, notice, consent, waiver or other action under this Master Indenture, Obligations or Related Bonds that are owned by any Member of the Obligated Group or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with such Member shall be disregarded and deemed not to be Outstanding or outstanding under the Related Bond Indenture, as the case may be, for the purpose of any such determination, provided that for the purposes of determining whether the Master Trustee shall be protected in relying on any such direction, consent or waiver, only such Obligations or Related Bonds which the Trustee has actual notice or knowledge are so owned shall be so disregarded. Obligations or Related Bonds so owned that have been pledged in good faith may be regarded as Outstanding or outstanding under the Related Bond Indenture, as the case may be, for purposes of this Section, if the pledgee shall establish to the satisfaction of the Master Trustee the pledgee's right to vote such Obligations or Related Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by or under direct or indirect common control with any Member of the Obligated Group. In case of a dispute as to such right, any decision by the Master Trustee taken upon the advice of counsel shall be full protection to the Master Trustee.

SECTION 8.03. **Instruments Executed by Holders Bind Future Holders**. At any time prior to (but not after) the Master Trustee takes action in reliance upon evidence, as provided in Section 8.01 hereof, of the taking of any action by the Holders of the percentage in aggregate principal amount of Obligations specified herein in connection with such action, any Holder of such an Obligation or Related Bond that is shown by such evidence to be included in Obligations the Holders of which have consented to such action may, by filing written notice with the Master Trustee and upon proof of holding as provided in Section 8.01, revoke such action so far as concerns such Obligation or Related Bond. Except upon such revocation any such action taken by the Holder of an Obligation or Related Bond in any direction, demand, request, waiver, consent, vote or other action of the Holder of such Obligation or Related Bond which by any provision hereof is required or permitted to be given shall be conclusive and binding upon such Holder and upon all future Holders and owners of such Obligation or Related Bond, and of any Obligation or Related Bond issued in lieu thereof, whether or not any notation in regard thereto is made upon such Obligation or Related Bond. Any action taken by the Holders of the percentage in aggregate principal amount of Obligations specified herein in connection with such action shall be conclusively binding upon each Member of the Obligated Group, the Master Trustee and the Holders of all of such Obligations or Related Bonds.

ARTICLE IX
MISCELLANEOUS PROVISIONS

SECTION 9.01. **Limitation of Rights**. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Master Indenture or the Obligations issued hereunder is intended or shall be construed to give to any Person other than each Member of the Obligated Group, the Master Trustee, and the Holders hereunder any legal or equitable right, remedy or claim under or in respect to this Master Indenture or any covenants, conditions and provisions herein contained; this Master Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties mentioned in this Section.

SECTION 9.02. **Severability**. If any one or more sections, clauses, sentences or parts hereof shall for any reason be questioned in any court of competent jurisdiction and shall be adjudged invalid or unenforceable, such judgment shall not affect, impair or invalidate the remaining provisions hereof, or the Obligations issued pursuant hereto, but shall be confined to the specific sections, clauses, sentences and parts so adjudged.

SECTION 9.03. **Holidays**. Except to the extent a Supplement or an Obligation provides otherwise:

(a) Subject to subsection (b), when any action is provided herein to be done on a day or within a time period named, and the day or the last day of the period falls on a day on which banking institutions in the jurisdiction where the Corporate Trust Office is located are authorized by law to remain closed, the action may be done on the next ensuing day not a day on which banking institutions in such jurisdiction are authorized by law to remain closed with effect as though done on the day or within the time period named.

(b) When the date on which principal of or interest or premium on any Obligation is due and payable is a day on which banking institutions at the place of payment are authorized by law to remain closed, payment may be made on the next ensuing day on which banking institutions at such place are not authorized by law to remain closed with the same effect as though payment were made on the due date, and, if such payment is made, no interest shall accrue from and after such due date.

SECTION 9.04. **Governing Law**. This Master Indenture is a contract made under the laws of the State and shall be governed by and construed in accordance with such laws.

SECTION 9.05. **Counterparts**. This Master Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

SECTION 9.06. **Immunity of Individuals**. No recourse shall be had for the payment of the principal of, premium, if any, or interest on any Obligations issued hereunder or for any claim based thereon or upon any obligation, covenant or agreement herein against any past, present or future officer, director, trustee, member, employee or agent of any Member of the Obligated Group, and all such liability of any such individual as such is hereby expressly waived and released as a condition of and in consideration for the execution hereof and the issuance of Obligations issued hereunder.

SECTION 9.07. **Binding Effect**. This instrument shall inure to the benefit of and shall be binding upon each Member of the Obligated Group, the Master Trustee and their respective successors and assigns subject to the limitations contained herein.

SECTION 9.08. **Notices**. (a) 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 United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

(i) If to any Member of the Obligated Group, addressed to such Member, c/o Presbyterian Retirement Communities, Inc., at its principal place of business, which on the date hereof is: 84 West Lucerne Circle, Orlando, Florida 32801, Attention: Chief Executive Officer.

(ii) If to the Master Trustee, addressed to it at Wells Fargo Bank, National Association, 7077 Bonneval Road, Jacksonville, Florida 32216, Attention: Corporate Trust Department.

(iii) If to any Holder, addressed to such Holder at the address shown on the books of the Master Trustee kept pursuant hereto.

(b) Any Member of the Obligated Group, or the Master Trustee may from time to time by notice in writing to the other and to the Holders designate a different address or addresses for notice hereunder.

(c) The Master Trustee shall promptly furnish to all Holders any notices or reports it receives from any Member of the Obligated Group.

IN WITNESS WHEREOF, the Members of the Obligated Group have caused these presents to be signed in their respective names and on their behalf by their duly authorized officers and to evidence their acceptance of the trusts hereby created, the Master Trustee has caused these presents to be signed in its name and on its behalf by its duly authorized officers, all of as of the day and year first above written.

PRESBYTERIAN RETIREMENT COMMUNITIES, INC.
PALM SHORES RETIREMENT COMMUNITY, INC.
SUNCOAST MANOR, INC.
WESLEY MANOR, INC.
WRC FOUNDATION, INC.
WESTMINSTER SERVICES, INC.
WESTMINSTER SHORES, INC.

By:_____
Henry T. Keith
Authorized Officer for each of the foregoing corporations

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Master Trustee
By:_____
Brian P. Clark
Vice President

CITY OF ST. PETERSBURG HEALTH FACILITIES AUTHORITY

DATE:_____

By:_____
Its:

Attest: _____

STATE OF FLORIDA

COUNTY OF PINELLAS

The foregoing instrument was acknowledged before me this ___ day of _____, 2004, by _____ , who is personally known to me or who has produced _____ as identification.

_____
Notary Public, State of Florida
Name:_____

My Commission Expires:_____
My Commission Number is:_____

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CITY OF BRADENTON, FLORIDA

Date:_____

By:_____
Wayne H. Poston,
Mayor

Attest:_____
Carl A. Callahan,
City Clerk

STATE OF FLORIDA

COUNTY OF MANATEE

The foregoing instrument was acknowledged before me this ___ day of _____, 2004, by Wayne H. Poston, who is personally known to me or who has produced _____ as identification.

_____
Notary Public, State of Florida
Name:_____

My Commission Expires:_____
My Commission Number is:_____

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

Date:_____

By:_____
Its: Chairman

Attest:_____
Secretary

STATE OF FLORIDA

COUNTY OF ST. JOHNS

The foregoing instrument was acknowledged before me this ___ day of _____, 2004, by _____, who is personally known to me or who has produced _____ as identification.

_____
Notary Public, State of Florida
Name:_____

My Commission Expires:_____
My Commission Number is:_____

3. It is recognized that the capital improvements financed, refinanced and reimbursed are for facilities which have been or will be acquired, constructed, improved and equipped and are located within the jurisdiction of the parties hereto.

4. The Bonds shall be limited obligations of the Issuer payable solely from the revenues received from the Obligated Group and as otherwise provided in the financing documents. The Bonds shall not constitute a debt, liability or obligation of St. Johns County, Leon County, the City of St. Petersburg, the Authority, the City of Bradenton, Florida or the State of Florida or any political subdivision thereof, and St. Johns County, Leon County, the City of St. Petersburg, the Authority, the City and the State of Florida and any other political subdivision thereof shall not be liable thereon nor in any event shall the Bonds or the interest thereon be payable out of the funds or property other than those of the Issuer received from the Obligated Group and as otherwise described in the financing documents. The Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation of the laws of the State of Florida. The Bonds shall not, directly or indirectly, obligate St. Johns County, Leon County, the City of St. Petersburg, the Authority, the City or the State of Florida or any political subdivision thereof to levy any form of taxation therefor or to make any appropriations for their payment; and the Bonds shall not constitute a charge against the general credit or taxing powers of St. Johns County, Leon County, the City of St. Petersburg, the City, the Authority or the State of Florida or any political subdivision thereof.

5. This Agreement shall be construed and governed by the laws of the State of Florida.

6. This Agreement shall be effective from the date last executed by a party hereto, and shall expire upon the refunding or redemption of the Bonds or upon subsequent actions of the Issuer prior to the issuance of the Bonds.

7. This Agreement may be executed in counterparts which, when combined with executed counterparts signed by each of the parties hereto, shall be deemed an original executed Agreement.

8. This Agreement shall be filed with the Clerks of the Circuit Courts of St. Johns, Manatee, Pinellas and Leon Counties.

IN WITNESS WHEREOF, this Interlocal Agreement has been executed and delivered by and on behalf of the authorized officers and representatives of the parties hereto.

[Signature pages to follow.]

EXHIBIT D

Points to be Covered in
Opinion of Counsel to the Credit Bank

(Terms defined in the Bond Purchase Agreement
are used herein with the same meanings)

The Letter of Credit and the Reimbursement Agreement constitute valid and binding obligations of the Credit Bank enforceable against the Credit Bank in accordance with their terms, except as limited by applicable bankruptcy, insolvency, reorganization, liquidation, readjustment of debt, receivership, moratorium or other laws affecting the enforcement of creditors' rights as such laws may be applied in the event of a bankruptcy, insolvency, reorganization, liquidation, readjustment of debt, receivership or other similar proceeding with respect to the Credit Bank or in the event of any moratorium or similar occurrence affecting the Credit Bank and by equitable principles (regardless of whether such enforceability is considered in a proceeding at law or in equity).

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6. Without having undertaken to independently verify the statements contained therein, nothing has come to our attention which would cause us to believe that the information in the Preliminary Official Statement as of its date or the Final Official Statement as of the date of Closing, under the headings entitled "ESTIMATED SOURCES AND USES OF FUNDS," "THE OBLIGATED GROUP," "THE PROJECT," and "BONDHOLDERS' RISKS" and information relating to the same under the headings "SHORT STATEMENT," "INTRODUCTORY STATEMENT" and "LITIGATION – The Obligated Group", is not true and correct or contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Without having undertaken to independently verify the statements in the other sections of the Official Statement, nothing has come to our attention which would cause us to believe that any portion of the Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

7. All licenses, consents, permits, approvals or authorizations, of any federal, state or local governmental authority required on the part of the Obligated Group to be obtained in connection with the development and construction of the Project, the execution and delivery of the Obligated Group Documents, and the performance by the Obligated Group of its obligations thereunder and its consummation of the transactions contemplated thereby and by the Official Statement have been duly obtained other than licenses or permits required for occupancy or operation of the Project upon its completion. The Obligated Group has complied with all applicable provisions of law requiring any designation, declaration, filing, registration or qualification with any governmental issuer in connection therewith, except that no opinion is expressed with respect to compliance with state securities laws.

8. To the best of our knowledge after due inquiry, there is no action, suit, proceeding or investigation pending or threatened against the Obligated Group which might materially adversely affect the business or properties or financial condition of the Obligated Group, or in which an unfavorable decision, ruling or finding would adversely affect (i) the validity or enforceability of any of the Obligated Group Documents, or any other documents executed by the Obligated Group, (ii) the performance by the Obligated Group of any of its obligations thereunder, or (iii) the consummation of any of the transactions contemplated thereby or by the Final Official Statement. To the best of our knowledge, no member of the Obligated Group is in default in any material respect under any applicable statute, rule, order or regulation of any governmental body.

9. The Mortgages have been delivered by the Obligated Group in recordable form for recording in all offices of the State in which recording is necessary for the validity thereof to serve as notice thereof.

10. We have examined the title insurance policy issued by _____ and know of no facts or circumstances not disclosed to the title insurer which would affect the insurance provided by such policy.

EXHIBIT C

Points to be Covered in
Opinion of Counsel to the Obligated Group

(Terms defined in Bond Purchase Agreement
are used here with same meanings)

1. Each member of the Obligated Group is a not-for-profit corporation duly organized, validly existing and in good standing under the laws of the State. Each member of the Obligated Group has full power and authority to execute and deliver the Obligated Group Documents and to undertake and perform its obligations thereunder.

2. Based upon letters from the Internal Revenue Service, which letters have not been modified or withdrawn, each member of the Obligated Group is exempt from federal income taxation under Section 501(a) of the Code by virtue of being an organization described in Section 501(c)(3) of the Code and no member of the Obligated Group is a private foundation as defined in Section 509(a) of the Code. To the best of our knowledge after due inquiry, no member of the Obligated Group has taken action which would result in the loss of its tax-exempt status under the Code and each member of the Obligated Group continues to meet the requirements of the Code necessary for such member not to be a private foundation as defined in Section 509(a) of the Code. The income of the Obligated Group is not subject to any taxes pursuant to the Constitution and laws of the State.

3. The Obligated Group Documents have been duly authorized, executed and delivered by the Obligated Group, have not been amended, modified or rescinded, are in full force and effect, and, assuming due execution and delivery by the parties thereto, constitute legal, valid and binding obligations of the Obligated Group enforceable against the Obligated Group in accordance with their respective terms except as enforcement of remedies may be limited by bankruptcy, insolvency, or other similar laws or equitable principles affecting the enforcement of creditors' rights generally.

4. The execution and delivery of, and compliance with the terms and conditions of, the Obligated Group Documents, and the carrying out and consummation of the transactions contemplated thereby and by the Official Statement, will not violate or conflict with any provision of any statute, any rule, order or regulation, or, to the best of our knowledge after due inquiry, any judgment or decree of any court, agency, or other governmental or administrative board or body to which the Obligated Group is subject, or conflict with or constitute a breach of or a default under any provision of the Obligated Group's articles of incorporation or by-laws, or, to the best of our knowledge after due inquiry, any indenture, mortgage, deed of trust, agreement or other instrument to which the Obligated Group is a party or by which the Obligated Group or any of its properties are bound.

5. Each member of the Obligated Group has duly authorized the taking of any and all action necessary to carry out and give effect to the transactions contemplated to be performed by it under the Obligated Group Documents and the Final Official Statement.

contemplated by the Bonds, the Loan Agreement, the Indenture or the Bond Purchase Agreement, or which in any way would materially and adversely affect the validity of the Bonds, the Loan Agreement, the Indenture or the Bond Purchase Agreement.

EXHIBIT B

Points to be Covered in
Opinion of Counsel to the Authority

(Terms defined in Bond Purchase Agreement
are used here with same meanings)

1. The Authority is a public body politic and corporate of the State and is duly created and existing pursuant to the Act.

2. The Resolution has been duly adopted by the Authority, in accordance with the laws of the State and the procedural rules of the Authority and remains in full force and effect on the date hereof.

3. The officers of the Authority identified in the Authority's incumbency certificate delivered at Closing have been duly elected or appointed, and are qualified to serve as such.

4. The Authority has the power under the Act to issue the Bonds, to enter into the Loan Agreement, the Indenture and the Bond Purchase Agreement and to perform its obligations thereunder.

5. The Authority has by proper action duly authorized the execution and issuance of the Bonds, and the execution and delivery of the Loan Agreement, the Indenture and the Bond Purchase Agreement. The Bonds have been duly and validly issued by the Authority, and the Loan Agreement, the Indenture and the Bond Purchase Agreement have been duly and validly executed and delivered by the Authority.

6. The execution and issuance by the Authority of the Bonds, the execution and delivery by the Authority of the Loan Agreement, the Indenture and the Bond Purchase Agreement and performance by the Authority under the foregoing instruments and documents, do not conflict with or constitute on the part of the Authority a violation of, breach of or default under any existing constitutional provision or statute of the State, or, to our knowledge, any indenture, mortgage, deed of trust, resolution, note agreement or other agreement or instrument to which the Authority is a party or by which the Authority is bound, or, to our knowledge, any order, rule or regulation of any court, governmental agency or body of the State having jurisdiction over the Authority or any of its activities or property.

7. The Authority has approved the distribution of the Official Statement by the Underwriter in connection with the sale of the Bonds.

8. To our knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or threatened against the Authority, nor to our knowledge is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially and adversely affect the transactions

EXHIBIT A

Points to be Covered in
Supplemental Opinion of Bond Counsel

(Terms defined in Bond Purchase Agreement
are used here with same meanings)

1. The Bond Purchase Agreement has been duly authorized, executed and delivered by the Authority and constitutes the valid and binding obligation of the Authority enforceable in accordance with its terms, subject only to applicable bankruptcy insolvency, moratorium, reorganization or other laws affecting creditors' rights heretofore or hereafter enacted and to general equity principles.

2. The Series B Bonds are exempt securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended and the Indenture is exempt from qualification under of the Trust Indenture Act of 1939, as amended.

3. The information contained in the Preliminary Official Statement and the Final Official Statement under the headings "THE BONDS" (except for the information contained therein relating to DTC and its book-entry only system of registration as to which no opinion is expressed), "SECURITY FOR THE BONDS," and "TAX EXEMPTION" and in Appendices B and C are fair and accurate summaries of the provisions of the Bonds, the Indenture, the Loan Agreement, the Master Indenture and the Mortgages and the laws and regulations of the State and the United States purported to be summarized therein.

SCHEDULE I

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
$__,___,000
TAXABLE VARIABLE RATE DEMAND FIRST MORTGAGE REVENUE BONDS
(PRESBYTERIAN RETIREMENT COMMUNITIES PROJECT),
SERIES 2004B

BOND TERMS

Dated: July 1, 2004

$_,___,000 Weekly Rate Term Bonds due October 1, _____ @ 100%

1. Purchase Price for the Series B Bonds: $.

   (a) Underwriter's Discount for the Series B Bonds: $.

   (b) Original Issue Discount for the Series B Bonds: $.

The initial offering prices set forth above are subject to adjustment as provided in Section 2 of the Bond Purchase Agreement.

2. Redemption of Series B Bonds Prior to Maturity:

SCHEDULE A

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

Taxable Variable Rate Demand First Mortgage Revenue Bonds
(Presbyterian Retirement Communities Project),
Series 2004B

Combined Estimated Expenses Component of Underwriting Spread

Clearance	$
Pershing Day Loan	
PSA	
DTC- Syndicate	
CUSIP	
Syndicate Comm. Fee	
Telephone	
Postage	
Federal Express	
Closing	
Travel	
Miscellaneous	
TOTAL	$

h

Very truly yours,

HERBERT J. SIMS & CO., INC.,

By _____
Walter A. Frey, III
Executive Vice President

(c) The amount of underwriting spread expected to be realized is $_____ per $1,000 of Bonds and consists of the following components including the management fee indicated:

Management Fee	$____ per $1,000 Bond
Average Takedown	$____ per $1,000 Bond
Expenses	$____ per $1,000 Bond

An Original Issue Discount of $_____.

(d) No fee, bonus or other compensation is estimated to be paid by the Underwriter in connection with the issuance of the Bonds, to any persons not regularly employed or retained by the Underwriter, (including any "finder" as defined in Section 218.386(1)(a), Florida Statutes, as amended), except as specifically enumerated as expenses to be incurred and paid by the Underwriter, as set forth in Schedule A attached hereto.

(e) The names and addressees of the Underwriter connected with the Bonds are:

Herbert J. Sims & Co., Inc.
7380 Sand Lake Road, Suite 507
Orlando, Florida 32819
Attention: Walter A. Frey, III

(f) Truth in Bonding Statement. The Authority is proposing to issue $_____ of the Bonds for the purpose of financing a portion of the costs of capital improvements at nine communities owned by the Obligated Group, including the addition of 20 village units at Westminster Oaks in Tallahassee, Florida, and 23 garden apartments and 10 village units at Westminster Woods on Julington Creek in Jacksonville, Florida and other expenses related to the issuance of the Bonds. This debt or obligation is expected to be repaid over a period of _____ years. Total interest paid over the life of the debt or obligation will be $_____ assuming the Bonds bear interest at ____% per annum and are retired at maturity.

The source of repayment or security for this proposal to issue the Bonds is exclusively limited to certain revenues derived from the Obligated Group pursuant to the Loan Agreement. Because (a) such revenues may not be used by the Authority for any purpose other than the purposes set forth in the Indenture, (b) the Authority has no taxing power and the taxing power of the County of St. Johns is not pledged or involved in the Bonds, (c) the Bonds and the interest thereon do not constitute a debt of the Authority within the meaning of any constitutional or statutory provision, and (d) the faith and credit of the Authority are not pledged to the payment of the principal of or the interest on the Bonds, authorizing this debt or obligation will not result in any moneys not being available to the Authority to finance other transactions each year for the ____ year term of the Bonds.

We understand that you do not require any further disclosure from the Underwriter, pursuant to Section 218.385, Florida Statutes.

ATTACHMENT I

UNDERWRITER'S DISCLOSURE LETTER AND TRUTH IN BONDING STATEMENT

_____, 2004

St. Johns County Industrial
Development Authority
County Administration Building
4020 Lewis Speedway
St. Augustine, Florida 32085

Re: St. Johns County Industrial Development Authority Taxable Variable Rate Demand First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004B (the "Bonds")

Ladies and Gentlemen:

Pursuant to Chapter 218.385, Florida Statutes, and in reference to the issuance of Bonds as set forth above, Herbert J. Sims & Co., Inc. (the "Underwriter") make the following disclosures to the St. Johns County Industrial Development Authority (the "Authority"). All capitalized terms not otherwise defined herein shall have the respective meanings specified in the Bond Purchase Agreement dated the date hereof among the Underwriter, the Authority and Presbyterian Retirement Communities, Inc., as representative of the Obligated Group (the "Bond Purchase Agreement").

The Underwriter is acting as underwriter to the Authority for the public offering or sale of the Bonds. The fees to be paid to the Underwriter in the Bond Purchase Agreement are equal to _____% of the total face amount of the Bonds.

(a) The expenses estimated to be incurred by the Underwriter in connection with the issuance of the Bonds are itemized on Schedule A hereto.

(b) Names, addresses and estimated amounts of compensation of any person who is not regularly employed by, or not a partner or officer of, the Underwriter and who enters into an understanding with either the Authority or the Underwriter, or both, for any paid or promised compensation or valuable consideration directly, expressly or impliedly, to act solely as an intermediary between the Authority and the Underwriter for the purpose of influencing any transaction in the purchase of the Bonds:

[None]

IN WITNESS WHEREOF, the Authority, the Obligated Group and the Underwriter have caused their duly authorized representatives to execute and deliver this Bond Purchase Agreement as of the date first written above.

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

By _____
Chairman

PRESBYTERIAN RETIREMENT COMMUNITIES, INC.

PALM SHORES RETIREMENT COMMUNITY, INC.

SUNCOAST MANOR, INC.

WESLEY MANOR, INC.

WESTMINSTER RETIREMENT COMMUNITIES FOUNDATION, INC.

WESTMINSTER SERVICES, INC.

WESTMINSTER SHORES, INC.

By _____
Henry T. Keith

Authorized Officer for each of the foregoing corporations

HERBERT J. SIMS & CO., INC.

By _____
Secretary/Treasurer

indebtedness of St. Johns County, the State, or any municipal corporation, political subdivision or agency thereof. The Series B Bonds shall be payable solely from the revenues pledged therefor pursuant to the Indenture and the funds drawn under the Letter of Credit, and no holder of the Series B Bonds shall ever have the right to compel any exercise of the taxing power of St. Johns County, the State, or any municipal corporation, political subdivision or agency thereof nor to enforce the payment thereof against St. Johns County, the State, or any such municipal corporation, political subdivision or agency thereof. The Authority has no taxing power.

[SIGNATURE PAGES TO FOLLOW]

The Authority:

St. Johns County Industrial Development Authority
Attention: _____
County Administration Building
4020 Lewis Speedway
St. Augustine, Florida 32085

The Obligated Group:

Presbyterian Retirement Communities, Inc.
Attention: Chief Executive Officer
84 West Lucerne Circle
Orlando, Florida 32801

The Underwriter:

Herbert J. Sims & Co., Inc.
Attention: Walter A. Frey, III, Executive Vice President
7380 Sand Lake Road, Suite 507
Orlando, Florida 32819

12. **Governing Law**. This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State and may not be assigned by the Authority, the Obligated Group or the Underwriter.

13. **Successors**. This Bond Purchase Agreement is made solely for the benefit of the Authority, the Underwriter and the Obligated Group and their respective successors and, as to Section 6(d) hereof, the directors, members, officers, employees, attorneys, officials and agents of the Authority. No other person or entity shall acquire or have any right under or by virtue of this Bond Purchase Agreement. The representations, warranties and agreements herein shall survive the issuance, sale and purchase of the Series B Bonds.

14. **Counterparts**. This Bond Purchase Agreement may be executed in any number of counterparts, all of which taken together shall be one and the same instrument, and any parties hereto may execute this agreement by signing any such counterpart.

15. **Extent of Covenants; No Personal Liability**. No covenant, stipulation, obligation or agreement of the Authority contained in this Bond Purchase Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future director, officer, employee or agent of the Authority in his or her individual capacity; and no such person (including any such person executing the Series B Bonds) shall be liable personally hereunder.

16. **Limitation on Authority Liability**. Neither the Series B Bonds nor any other obligations of or indebtedness incurred by the Authority shall constitute an indebtedness or obligation of St. Johns County, the State, or any municipal corporation or political subdivision thereof, nor shall any act of the Authority in any manner constitute or result in the creation of an

(c) any general suspension of trading in securities on the New York Stock Exchange or the establishment, by the New York Stock Exchange, by the Securities and Exchange Commission, by any federal or state agency, or by the decision of any court, of any limitation on prices for such trading, or any outbreak of hostilities or other national or international calamity or crisis, or any material escalation in any such hostilities, calamity or crisis, the effect of which on the financial markets of the United States shall be such as to make it impracticable for the Underwriter to enforce contracts for the sale of the Series B Bonds; or

(d) any event or condition which, in the reasonable judgment of the Underwriter, renders untrue or incorrect, in any material respect as of the time to which the same purports to relate, the information contained in the Final Official Statement, or which requires that information not reflected in such Final Official Statement or Appendices thereto should be reflected therein in order to make the statements and information contained therein not misleading in any material respect as of such time; provided that the Authority, the Obligated Group and the Underwriter will use their best efforts to amend or supplement the Final Official Statement to reflect, to the satisfaction of the Underwriter, such changes in or additions to the information contained in the Final Official Statement; or

(e) pending or threatened litigation affecting or arising out of the Project or the issuance of the Series B Bonds which in the reasonable judgment of the Underwriter would materially impair the marketability or materially lower the market price of the Series B Bonds; or

(f) sufficient quantities of the Final Official Statement are not delivered to the Underwriter in a timely manner as required by Section 7 hereof.

If the Underwriter terminate their obligations to purchase the Series B Bonds because any of the conditions specified in this Section 10 shall not have been fulfilled at or before the Closing, such termination shall not result in any liability on the part of the Authority, the Underwriter, or, except for the payment of such costs of issuance described in Section 1(l) hereof (but not including the Underwriter's fee and such other fees as are contingent upon Closing), the Obligated Group.

11. **Notices and Other Actions**. All notices, demands and formal actions hereunder will be in writing mailed, telegraphed or delivered to:

(e) At Closing there shall not have been any adverse change in the Mortgaged Property or in the business, property or financial condition of the Obligated Group, except as set forth in or contemplated by the Final Official Statement, which, in the reasonable judgment of the Underwriter, is material and makes it inadvisable to proceed with the sale of the Series B Bonds; and the Underwriter shall have received certificates that no material adverse change has occurred or, if such a change has occurred, full information with respect thereto.

(f) The Underwriter shall receive such documentation as it may reasonably request to evidence that the Obligated Group has received all necessary state and local licenses and approvals from applicable state and local governmental authorities required on the part of the Obligated Group to be obtained in connection with the execution and delivery of the Obligated Group Documents, and, to the extent obtainable at Closing, the performance by the Obligated Group of its obligations thereunder and hereunder and the Obligated Group's consummation of the transactions contemplated thereby and by the Final Official Statement.

(g) The Underwriter shall receive such additional documentation as it may reasonably request to evidence compliance with applicable law, the validity of the Series B Bonds, the Indenture, the Obligated Group Documents or the Resolution.

9. **Conditions of the Authority's Obligations**. The Authority's obligations hereunder are subject to the following conditions:

(a) The performance by the Underwriter of their obligations hereunder;

(b) The receipt by the Authority of the opinions referred to in Section 8(d)(i) and (ii) hereof;

(c) Such other certificates, opinions and other documents as the Authority or its counsel or Bond Counsel may reasonably require; and

(d) All certificates and other documents relating to the transactions contemplated by this Bond Purchase Agreement shall be satisfactory in form and substance to the Authority and Bond Counsel.

10. **Events Permitting Underwriter to Terminate**. The Underwriter may terminate its obligation to purchase the Series B Bonds at any time before Closing if any of the following occur:

(a) legislative, executive or regulatory action or a court decision which, in the reasonable judgment of the Underwriter, casts sufficient doubt on the legality of the Series B Bonds; or

(b) any action by the Securities and Exchange Commission or a court which would require registration of the Series B Bonds under the Securities Act of 1933, as amended, in connection with the public offering thereof, or qualification of the Indenture under the Trust Indenture Act of 1939, as amended; or

(viii) original executed copies or conformed copies of the Indenture, the Loan Agreement, the Mortgages, the Obligated Group Documents, all other documents executed in connection therewith and the Assignments;

(ix) evidence of delivery of the Letter of Credit to the Trustee, a copy of the Letter of Credit and an executed copy of the Reimbursement Agreement;

(x) a certificate of the Credit Bank to the effect that the information under the heading "CREDIT BANK" in the Official Statement is accurate;

(xi) copies of the Resolution, together with a certification by the Authority that the Resolution has not been amended or supplemented in any respect or repealed subsequent to the date of adoption thereof and is in full force and effect on the date of Closing;

(xii) a copy of a mortgagee title insurance policy insuring the priority of the mortgage lien of the Mortgages, subject only to permitted encumbrances, in an amount not less than the aggregate principal amount of the Series B Bonds plus the stated amount of the Letter of Credit, together with (A) if applicable, reinsurance agreements in amounts and with companies reasonably acceptable to the Underwriter providing for direct access against the reinsurers, and (B) a land survey prepared and certified by a licensed land surveyor, which shall be referenced in said title insurance policy;

(xiii) certificates of insurance showing coverages of the types and amounts set forth in the Master Indenture [and a certificate of an Insurance Consultant (as defined in the Master Indenture), to the effect that the insurance coverage, with respect to type and amount, complies with the requirements of the Master Indenture];

(xiv) evidence of deposit with the Trustee of an equity contribution from the Obligated Group in an amount not less than the amount necessary to fund costs of the financing and reserves not permitted to be funded with proceeds of the Bonds;

(xv) a letter from _____, _____, Florida, consenting to the inclusion of its report on the Obligated Group's financial statements in Appendix A to the Official Statement, and updating its letter delivered pursuant to Section 2(d) hereof;

(xvi) completion and delivery of the tax questionnaires related to the Obligated Group required by Bond Counsel and/or counsel to the Underwriter;

(xvii) evidence that the Obligated Group has met all the requirements under the Loan Agreement relating to the issuance of the Series B Bonds; and

(xviii) such other certificates, opinions and other documents as Bond Counsel, the Underwriter or their counsel may reasonably require.

statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, it being understood that the Authority makes no representations with respect to the information contained in the Preliminary Official Statement or the Final Official Statement (including, without limitation, information related to the Obligated Group, the Project, the Mortgaged Property, the Credit Bank, the Letter of Credit or the Underwriter) except for information specifically related to the Authority;

(vi) certificate of the Obligated Group dated the date of Closing to the effect that

(A) no litigation or proceedings of any kind are now pending or threatened against any member of the Obligated Group before any court or agency of the United States of America or the State; *(1)* to restrain or enjoin the issuance or delivery of the Bonds or the Obligations, the construction or the financing of the Project, or affecting in any way the security for the Bonds, or *(2)* which might materially adversely affect the business or properties or financial condition of the Obligated Group, or *(3)* in which an unfavorable decision, ruling or finding would adversely affect the validity or enforceability of the Obligated Group Documents, or any other documents executed by the Obligated Group, the performance by the Obligated Group of any of its obligations thereunder, or the consummation of any of the transactions contemplated thereby or by the Final Official Statement;

(B) each of the representations and warranties of the Obligated Group contained in the Obligated Group Documents is true and correct as of the date of Closing; each of the covenants and agreements of the Obligated Group contained in the Obligated Group Documents which are required to be performed on or before the date of Closing have been duly performed; and no event or circumstance has occurred or exists which constitutes, or with the giving of notice or the passage of time would constitute, a default on the part of the Obligated Group under the Obligated Group Documents;

(C) no event affecting the Obligated Group has occurred since the date of the Final Official Statement which should be disclosed in the Final Official Statement for the purpose for which it is to be used or which is necessary to disclose in the Final Official Statement in order to make the statements and information contained therein not misleading in any material respect as of the date of the Closing;

(D) the Obligated Group has no knowledge of any defect in title to the Land described in the Mortgages which is not mentioned in the title policy; and

(vii) there has been no change or threatened change in the tax- exempt status of any member of the Obligated Group.

(iii) an opinion of counsel to the Obligated Group dated the date of Closing addressed to the Authority and the Underwriter, substantially in the form set forth in Exhibit C hereto;

(iv) an opinion of counsel to the Credit Bank addressed to the Authority, the Trustee and the Underwriters dated the date of Closing with respect to the matters set forth in Appendix D hereto;

(v) a certificate of the Authority dated the date of Closing to the effect that

(A) no litigation or proceedings of any kind are now pending or threatened against the Authority before any court or agency of the United States of America or the State *(1)* to restrain or enjoin the issuance or delivery of the Series B Bonds, the construction of the Project or the financing of the Project, the performance of the Indenture, the Loan Agreement or this Bond Purchase Agreement or affecting in any way the security for the Series B Bonds; or *(2)* in any manner questioning the proceedings or authority by and pursuant to which the Bonds are being issued and delivered, the financing of the Project, or affecting the validity thereof or of the Indenture, the Loan Agreement or this Bond Purchase Agreement, or contesting the existence and powers of the Authority or the titles of the directors and officers of the Authority to their respective offices;

(B) no legislation has been enacted affecting the powers or existence of the Authority, or the validity or enforceability of the Bonds or of the Indenture, the Loan Agreement or this Bond Purchase Agreement, or the title of the members and officers of the Authority to their respective offices;

(C) each of the representations and warranties of the Authority contained in the Indenture, the Loan Agreement or this Bond Purchase Agreement is true and correct as of the date hereof; each of the covenants and agreements of the Authority contained in the Indenture, the Loan Agreement or this Bond Purchase Agreement which are required to be performed on or before the date hereof have been duly performed; and no event or circumstance has occurred or exists which constitutes, or with the giving of notice or the passage of time would constitute, a default on the part of the Authority under the Indenture, the Loan Agreement or this Bond Purchase Agreement;

(D) the Resolution has not been modified, amended or repealed and the Bonds, the Indenture, the Loan Agreement and this Bond Purchase Agreement have been executed by the Authority and are in full force and effect; and

(E) as of the date of the Closing, the information and statements contained in the Final Official Statement under the headings "THE AUTHORITY" and "LITIGATION – The Authority" do not contain any untrue

completeness or fairness of any of the statements in the Preliminary Official Statement or the Final Official Statement (except with respect to the information therein under the headings "THE AUTHORITY" and "LITIGATION – The Authority") or any supplements thereto or in any reports, financial information, offering or disclosure documents or other information in any way relating to the Project, the Obligated Group, the Mortgaged Property, the Credit Bank, the Letter of Credit or the Underwriter.

(b) After the Closing, and until the Underwriter has informed the Authority and the Obligated Group that the Underwriter has sold all the Series B Bonds, the Authority and the Obligated Group will not adopt or distribute any amendment of or supplement to the Final Official Statement, except with the prior written consent of the Underwriter (which consent will not be unreasonably withheld); and if any event relating to or affecting the Authority, the Obligated Group, the Project, the Mortgaged Property or the Series B Bonds shall occur, the result of which shall make it necessary, in the reasonable opinion of the Underwriter, to amend or supplement the Final Official Statement in order to make it not misleading in light of the circumstances existing at that time, the Obligated Group shall forthwith prepare, and the Obligated Group shall approve for distribution, a reasonable number of copies of an amendment of or supplement to such Final Official Statement, in form and substance satisfactory to the Underwriter, so that such Final Official Statement then will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances existing at that time, not misleading. The Authority shall cooperate with the Obligated Group, at the sole expense of the Obligated Group, in the issuance and distribution of any such amendment or supplement.

8. **Conditions of Closing**. The Underwriter's obligation to pay for the Series B Bonds is subject to fulfillment of the following conditions at or before Closing:

(a) The Authority's and the Obligated Group's representations hereunder shall be true on and as of the Closing Date.

(b) Neither the Authority nor the Obligated Group shall have defaulted in any of their covenants hereunder.

(c) Issuance of the Series A Bonds concurrently with the issuance of the Series B Bonds, and satisfaction of all conditions to the Underwriter's obligations to purchase the Series A Bonds.

(d) The Underwriter shall have received the following:

(i) opinions of Bond Counsel dated the date of Closing addressed to the Authority, together with a reliance letter to the Obligated Group and the Underwriter (A) substantially in the forms set forth in Appendix E to the Final Official Statement, and (B) with respect to the matters set forth in Exhibit A hereto;

(ii) an opinion of counsel to the Authority dated the date of Closing addressed to the Underwriter, substantially in the form set forth in Exhibit B hereto;

(iv) any certificate, resolution or report prepared relating to the addition or withdrawal from the Obligated Group pursuant to Section 3.12 and 3.13 of the Master Indenture;

(v) any budget of the Obligated Group required under Section 3.11 of the Master Indenture;

(vi) all financial statements, reports and certificates required under Section 5.04 of the Loan Agreement and Section 5.11 of the Master Indenture;

(vii) any certificates required in connection with a transfer of assets pursuant to Section 3.09 of the Master Indenture; and

(viii) any opinions, certificates or other documents required in connection with a merger, consolidation or transfer of assets pursuant to Section 3.10 of the Master Indenture.

(e) Whenever the Obligated Group is required to appoint a Management Consultant or a Marketing Agent or Management Agent pursuant to the Master Indenture, or proposes to appoint a new Management Agent or a new Marketing Agent (whether or not required pursuant to the Master Indenture), give prior notice to the Underwriter of the person or persons, or firm or firms, it is considering for such appointment, but shall not appoint any such person or firm which is unsatisfactory to the Underwriter.

(f) Comply with its obligations under the Continuing Disclosure Certificate.

7. **Official Statement; Public Offering.**

(a) In order to enable the Underwriter to comply with the Rule, (i) the Obligated Group has prepared or caused the preparation of the Preliminary Official Statement, which the Obligated Group deems final as of its date except for the omission of no more than the following information: the offering prices, interest rates, selling compensation, aggregate principal amount, aggregate principal amount per maturity, delivery dates and other terms of the Series B Bonds; provided that the Authority deems final the information therein with respect to the Authority under the headings "THE AUTHORITY" and "LITIGATION – The Authority"; (ii) the Obligated Group shall provide to the Underwriter sufficient copies of the Final Official Statement, which the Obligated Group deems complete as of its date in substantially the same form as the Preliminary Official Statement, subject to minor additions, deletions and revisions, within seven business days after the date of this Bond Purchase Agreement; and (iii) the Obligated Group agrees to notify the Underwriter of any material developments with respect to the Obligated Group, the Project or the Series B Bonds during the period that the Final Official Statement is required to be delivered in connection with sales of the Series B Bonds and for a period thereafter as long as the Underwriter is obligated to deliver a Final Official Statement pursuant to the Rule. The Authority and the Obligated Group hereby confirm that the Underwriter was authorized to use the Preliminary Official Statement and authorize the use of the Final Official Statement by the Underwriter in connection with the offering of the Series B Bonds. The Authority has not confirmed, and assumes no responsibility for, the accuracy,

Official Statement under the heading "UNDERWRITING" or on the cover page relating, to the principal amounts, interest rates, price or yield on the Series B Bonds.

In case any action shall be brought against one or more of the Indemnified Parties with respect to the matters subject to the indemnity provided by this subsection (d), the Indemnified Party or Parties shall promptly notify the Obligated Group in writing, and the Obligated Group shall promptly assume the defense thereof, including the employment of counsel, the payment of all reasonable expenses and the right to negotiate and consent to settlements. Failure to so notify the Obligated Group shall not relieve it from any liability that it may have otherwise than on account of this Bond Purchase Agreement. If the defendants in any action for which indemnity is required hereunder include both any of the Obligated Group and an Indemnified Party and such Indemnified Party shall have been advised in writing by its counsel that defenses are available to such Indemnified Party which are not available to the Obligated Group and that it would be inappropriate for the same counsel to represent both the Obligated Group and the Indemnified Party, such Indemnified Party shall have the right to employ its own counsel in such action, in which event the Obligated Group shall reimburse the Indemnified Party for any reasonable legal and other expenses incurred by the Indemnified Party arising out of or in connection with the defense thereof. The Obligated Group shall not be liable for any settlement of such action effected without its consent, but if settled with its consent, or if there be final judgment for the plaintiff in any such action with or without consent, the Obligated Group agrees to indemnify and hold harmless the Indemnified Party or Parties from and against any loss or liability by reason of settlement or judgment to the extent set forth in this subsection (d). Any one or more of the Indemnified Parties shall have the right to employ separate counsel in any such action, and to participate in the defense thereof, but the fees and expenses of such counsel shall, other than as provided above, be at the expense of such Indemnified Party or Parties, unless the employment of such counsel has been specifically authorized by the Obligated Group. The indemnity provided in this subsection (d) includes reimbursement for expenses reasonably incurred by the Indemnified Parties in investigating the claim and in defending it if the Obligated Group declines to assume the defense. The indemnity provided in this subsection (d) shall survive the Closing.

(d) Deliver to the Underwriter, concurrently with its delivery thereof to the Master Trustee or the Trustee:

(i) any report or certification with respect to reconstruction or replacement of the Mortgaged Property required pursuant to Section 3.04 or 3.14 of the Master Indenture;

(ii) any certificate, report or other documents required in connection with the incurrence of indebtedness pursuant to Section 3.06 of the Master Indenture;

(iii) any certificate, report, recommendation, resolution or forecast required in connection with failure to meet the required Long-Term Debt Service Coverage Ratio or Days' Cash on Hand pursuant to Sections 3.07 and 3.08, respectively, of the Master Indenture;

(l) Any certificate signed by any director or officer of the Obligated Group and delivered to the Authority or the Underwriter shall be deemed a representation and warranty by the Obligated Group to the Authority or the Underwriter as to the truth of the statements made therein.

(m) No member of the Obligated Group has been in default with respect to the payment of principal or interest on any obligation evidencing an indebtedness at any time since its incorporation.

5. **Covenants of the Authority**. The Authority will cooperate in qualifying the Series B Bonds for offer and sale under the Blue Sky Laws of jurisdictions designated by the Underwriter, provided that the Authority shall not be required to qualify to do business or consent to service of process in any state or jurisdiction other than the State and the Authority's out-of-pocket costs and attorney's fees shall be paid out of the Bond proceeds or otherwise provided for.

6. **Covenants of the Obligated Group**. The Obligated Group agrees that it will perform the following:

(a) Promptly notify the Underwriter and the Authority of any material adverse change with respect to the Mortgaged Property or any of its businesses, properties or financial conditions occurring before Closing which would require a change in the Final Official Statement in order to make the information contained therein not misleading in connection with the offering of the Series B Bonds.

(b) Take all action within its control to comply with the covenants contained in the Master Indenture and the Loan Agreement.

(c) Indemnify and hold harmless the Authority and the Underwriter and their respective directors, members, officers, agents, attorneys, officials and employees, past, present and future, and each person, if any, who controls (as such term is defined in Section 15 of the Securities Act of 1933, as amended) any of such parties (hereinafter collectively called the "Indemnified Parties"), against any and all losses, claims, damages, liabilities or expenses whatsoever arising solely out of either: (i) any breach by the Obligated Group of any of its representations and warranties as set forth in Section 4 hereof; (ii) any allegation that there is any untrue statement of a material fact contained in the Preliminary Official Statement or Final Official Statement under the headings described in Section 4(g) hereof, or that the Preliminary Official Statement or Final Official Statement omitted to state a material fact required to be stated in such sections or necessary to make the statements in such sections not misleading; or (iii) the fact that the Series B Bonds and Obligation No. 2 are not registered under the Securities Act of 1933, as amended, or that the Indenture is not qualified under the Trust Indenture Act of 1939, as amended; provided that the Obligated Group shall not be obligated to indemnify: (A) the Authority with respect to information in or omissions from the Preliminary Official Statement or Final Official Statement under the heading "THE AUTHORITY" or "LITIGATION – The Authority" insofar as it relates to the Authority; or (B) the Underwriter with respect to information in or omissions from the Preliminary Official Statement or the Final

Obligated Group," is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. To the best of its knowledge, the information contained in the Preliminary Official Statement and the Final Official Statement relating to the Obligated Group and the Project under the heading entitled "BONDHOLDERS' RISKS" is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. The Obligated Group has approved and consents to the use of the Preliminary Official Statement and the Final Official Statement by the Underwriter.

(h) The execution and delivery by the Obligated Group of the Obligated Group Documents and all other documents delivered by the Obligated Group in connection with the acquisition, development and construction of the Project and the financing of the Project has been duly authorized by the Obligated Group, and on or prior to the date of Closing, each of such documents will have been duly executed and delivered by the Obligated Group, will not have been amended, modified or rescinded and will be in full force and effect as of the date of Closing.

(i) All licenses, consents, permits, approvals or authorizations, of any federal, state or local governmental issuer required on the part of the Obligated Group be obtained in connection with the acquisition, development, construction and operation of the Project for the purposes described in the Final Official Statement, the execution and delivery of the Obligated Group Documents, and the performance by the Obligated Group of its obligations thereunder and hereunder and the Obligated Group's consummation of the transactions contemplated thereby and by the Final Official Statement, have been duly obtained, or will have been duly obtained by the date of Closing, other than licenses or permits required for occupancy or operation of the Project upon its completion. The Obligated Group has complied, or by the date of Closing will have complied, with all applicable provisions of law requiring any designation, declaration, filing, registration or qualification with any governmental issuer in connection therewith, other than as may be required by state or federal securities laws.

(j) There is no action, suit, proceeding or investigation pending against the Obligated Group or, to the Obligated Group's knowledge, threatened which might materially adversely affect the business or properties or financial condition of any member of the Obligated Group, or in which an unfavorable decision, ruling or finding would adversely affect the validity, accuracy, completeness or enforceability of the Obligated Group Documents, or any other documents executed by the Obligated Group, the performance by the Obligated Group of any of its obligations thereunder, or the consummation of any of the transactions contemplated thereby or by the Final Official Statement. No member of the Obligated Group is in default in any material respect under any applicable statute, rule, order or regulation of any governmental body.

(k) The Obligated Group has created no other lien, encumbrance or security interest with respect to the Mortgaged Property or the Gross Revenues or Facility Property and Equipment other than those permitted by the Mortgages.

the Code and is not a "private foundation" as defined in Section 509(a) of the Code. Each member of the Obligated Group has received a determination letter or letters from the Internal Revenue Service to that effect. The Obligated Group is in compliance with all terms, conditions, and limitations, if any, contained in such letters and the statements made in the request of the Obligated Group to the Internal Revenue Service for such letters were, to the knowledge of the Obligated Group, true and accurate when submitted and the facts presented in such requests, as modified by facts submitted to the Internal Revenue Service in subsequent transmissions, do not deviate in any material respect from the facts of the transactions contemplated by the Final Official Statement. Each member of the Obligated Group continues to meet the requirements of the Code necessary for the members of the Obligated Group not to be a "private foundation" under Section 509(a) of the Code. The income of the Obligated Group is not subject to any taxes pursuant to the laws of the State except unrelated business income. No member of the Obligated Group has received any indication or notice, written or oral, from representatives of the Internal Revenue Service to the effect that its exemption under Section 501(c)(3) of the Code has been revoked or modified or that the Internal Revenue Service is considering revoking or modifying such exemption.

(c) Each member of the Obligated Group is organized and operated exclusively for religious, educational, benevolent, fraternal, charitable, or reformatory purposes and not for pecuniary profit, and no part of the net earnings of which inures to the benefit of any person, private stockholder, or individual.

(d) No portion of the proceeds of the Series B Bonds or the income therefrom shall be used in any unrelated trade or business as determined pursuant to Section 513(a) of the Code.

(e) The execution and delivery of, and compliance with the terms and conditions of, the Obligated Group Documents, and the carrying out and consummation of the transactions contemplated thereby and by the Final Official Statement, will not violate or conflict with any provision of any statute, or any rule, order, regulation, judgment or decree of any court, agency, or other governmental or administrative board or body to which any member of the Obligated Group is subject, or conflict with or constitute a breach of or a default under any provision of any member of the Obligated Group's certificate of incorporation or bylaws, or any indenture, mortgage, deed of trust, agreement or other instrument to which any member of the Obligated Group is a party or by which the Obligated Group or its properties are bound.

(f) The representations and warranties of the Obligated Group contained in the Obligated Group Documents are true and correct, and do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained therein not misleading in the light of circumstances under which they were made.

(g) The information contained in the Preliminary Official Statement and the Final Official Statement under the headings entitled "ESTIMATED SOURCES AND USES OF FUNDS," "THE OBLIGATED GROUP," "THE PROJECT," "FLORIDA REGULATION OF CONTINUING CARE FACILITIES," and information relating to the same under the headings "SHORT STATEMENT," "INTRODUCTORY STATEMENT" and "LITIGATION – The

statute (including the Act), or, to the best knowledge of the Authority, any rule, order, regulation, judgment or decree of any court, agency or other governmental or administrative board or body to which the Authority is subject, or conflict with or constitute a breach of or a default under the Authority's rules of procedure, or any indenture, mortgage, deed of trust, agreement or other instrument to which the Authority is a party or by which it or its properties are bound.

(f) No additional or further approval, consent or authorization of any governmental or public agency or authority not already obtained is required by the Authority in connection with the issuance or delivery of the Bonds to the Underwriter or entering into and performing its obligations under the Bonds or the Indenture, the Loan Agreement and this Bond Purchase Agreement or if it is needed it will be obtained prior to Closing, except that no representation is made concerning compliance with federal tax laws, state or federal securities or Blue Sky laws.

(g) Except as may be disclosed in the Final Official Statement, there is no action, suit, proceeding or investigation at law or in equity in or before any court, agency, or other governmental or administrative board or body, pending against the Authority or, to the best of the knowledge of appropriate officers of the Authority, threatening, challenging or contesting the existence or powers of the Authority, the authorization of any officers of the Authority to act in their respective capacities, or the issuance of the Bonds, or in which an unfavorable decision, ruling or finding would adversely affect the validity or enforceability of the Bonds or the Indenture, the Loan Agreement and this Bond Purchase Agreement, the performance by the Authority of any of its obligations thereunder or hereunder, or the issuance of the Bonds.

(h) The Authority has not created any adverse claims, mortgages, liens, charges or encumbrances affecting the Mortgaged Property other than Permitted Encumbrances. As of the date of Closing, the Authority will not have entered into or issued any instrument, contract or arrangement of any kind that might give rise to any lien or encumbrance on the Mortgaged Property other than the Permitted Encumbrances.

(i) The Authority has not been in default any time after December 31, 1975 as to principal and interest on any bonds, notes or other debt obligations.

4. **Obligated Group Representations**. Each member of the Obligated Group makes the following representations and warranties, all of which shall survive the Closing:

(a) Each member of the Obligated Group is a not-for-profit corporation duly organized, validly existing and in good standing under the laws of the State. The Obligated Group has full power and authority to execute and deliver the Loan Agreement, the Master Indenture, Obligation No. 2, the Mortgages, the Reimbursement Agreement, this Bond Purchase Agreement, the Continuing Disclosure Certificate, and all other documents to which it is a party and relate to the Series B Bonds (collectively, the "Obligated Group Documents"), and to undertake and perform its obligations thereunder and hereunder.

(b) Each member of the Obligated Group is an organization described in Section 501(c)(3) of the Code and is exempt from federal income taxes under Section 501(a) of

_____, _____, Florida, its independent auditors in form and substance reasonably satisfactory to the Underwriter.

3. **Authority Representations**. The Authority hereby confirms to the Underwriter its representations made in the Loan Agreement. The Authority further represents as follows:

(a) The statements and information in the Preliminary Official Statement and the Final Official Statement relating to the Authority under the headings "THE AUTHORITY" and "LITIGATION – The Authority" are true, correct, and complete in all material respects, and the Preliminary Official Statement and the Final Official Statement do not make any untrue statement of a material fact relating to the Authority or omit to state a material fact relating to the Authority that is necessary to make the statements and information therein, in the light of the circumstances under which they were made, not misleading and the Authority consents to the use of such information by the Underwriter, it being understood that the Authority makes no representations with respect to the information contained in the Preliminary Official Statement or the Final Official Statement (including, without limitation, information related to the Obligated Group, the Project, the Mortgaged Property, the Credit Bank or the Letter of Credit) except for information specifically related to the Authority.

(b) The Authority is a public body corporate and politic and a public instrumentality and industrial development authority of the State, with the power and authority set forth in the Act and with power and authority to execute and deliver this Bond Purchase Agreement, the Indenture and the Loan Agreement and to perform its obligations hereunder and thereunder and to issue and sell the Series B Bonds pursuant hereto and to the Indenture.

(c) The Authority has taken all necessary action and has complied with all provisions of the Constitution of the State and the Act required to make this Bond Purchase Agreement, the Indenture, the Loan Agreement and the Series B Bonds the valid obligations they purport to be; and when executed and delivered by the parties thereto and hereto, this Bond Purchase Agreement, the Indenture and the Loan Agreement will constitute valid and binding agreements of the Authority and be enforceable in accordance with their respective terms, except as enforceability may be subject to the exercise of judicial discretion in accordance with general equitable principles or public policy and to applicable bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors heretofore or hereafter enacted.

(d) When delivered to and paid for by the Underwriter in accordance with the terms of this Bond Purchase Agreement, the Bonds will constitute valid and binding special, limited obligations of the Authority enforceable in accordance with their terms, except as enforceability may be subject to the exercise of judicial discretion in accordance with general equitable principles or public policy and to applicable bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors heretofore or hereafter enacted and will be entitled to the benefits of the Indenture.

(e) The execution and delivery of, and compliance with the terms and conditions of the Indenture, the Loan Agreement, this Bond Purchase Agreement and the Bonds will not violate or conflict with any provision of the Constitution of the State or any applicable

(l) The Obligated Group acknowledges that the Authority will sell the Series B Bonds to the Underwriter and the Underwriter will make an offering thereof to the public in reliance on the representations, covenants and indemnity herein set forth.

(m) The professional advisors referred to in this Bond Purchase Agreement are:

Bond Counsel:	Rogers Towers, P.A. Jacksonville, Florida
Counsel to the Underwriter:	Greenberg Traurig, P.A. Orlando, Florida
Counsel to the Obligated Group:	Rogers Towers, P.A. Jacksonville, Florida
Counsel to the Credit Bank:	Peck, Shaffer & Williams LLP Atlanta, Georgia

2. **Purchase, Sales and Closing.**

(a) On the terms and conditions set forth herein, and in Schedule I hereto, the Underwriter agrees to buy all, but not less than all, the Series B Bonds from the Authority, and the Authority shall sell the Series B Bonds to the Underwriter. The Authority and the Obligated Group understand that the Underwriter may change the initial offering prices or yields on the Series B Bonds. The Underwriter may offer and sell the Series B Bonds to certain dealers (including dealers depositing Series B Bonds into investment trusts) at prices lower than the public offering prices stated on the cover page of the Final Official Statement.

(b) The purchase price for the Series B Bonds shall be the amount set forth in Schedule I, payable in immediately available funds to the order of the Trustee for the account of the Authority and the Obligated Group. The aggregate purchase price for the Series B Bonds shall be paid to the Authority net of an amount equal to $_____, representing an original issue discount of $_____ plus the payment of $_____ for the Underwriter's fees and expenses for underwriting the Series B Bonds plus accrued interest on the Series B Bonds. The Closing (the "Closing") will be at the offices of Bond Counsel in St. Augustine, Florida at 10:00 a.m. prevailing local time on _____, 2004, or at such other place or other date or time as may be agreed to by the parties hereto. The Series B Bonds will be delivered in book-entry form to the Trustee.

(c) Concurrently with the execution and delivery of this Bond Purchase Agreement, the Underwriter shall cause to be delivered to the Authority the letter attached hereto as Attachment I required by Chapter 218, Part III, Florida Statutes, as amended.

(d) Concurrently with the execution and delivery of this Bond Purchase Agreement, the Obligated Group shall cause to be delivered to the Underwriter a letter from

shall constitute an indebtedness or obligation of St. Johns County, the State, or any municipal corporation, political subdivision or agency thereof, nor shall any act of the Authority in any manner constitute or result in the creation of an indebtedness of St. Johns County, the State, or any municipal corporation, political subdivision or agency thereof. The Bonds shall be payable solely from the revenues pledged therefor pursuant to the Indenture, and no holder of the Bonds shall ever have the right to compel any exercise of the taxing power of St. Johns County, the State, or any municipal corporation, political subdivision or agency thereof nor to enforce the payment thereof against St. Johns County, the State, or any such municipal corporation, political subdivision or agency thereof. The Authority has no taxing power.

(h) The Authority proposes to sell the Series B Bonds to the Underwriter, who will in turn offer the Series B Bonds to the public at the price or prices, bearing interest at the rate or rates and maturing on the date or dates set forth in Schedule I, plus accrued interest to the date of delivery of the Series B Bonds.

(i) It is contemplated that the interest on the Series B Bonds will be included in the gross income of the registered owners of the Series B Bonds for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). A Preliminary Official Statement relating to the Bonds dated June __, 2004 (including all exhibits and appendices thereto) (the "Preliminary Official Statement") has been supplied to the parties hereto. A Final Official Statement relating to the Bonds dated _____, 2004 (including all exhibits and appendices thereto) (the "Final Official Statement") prepared for use in such offering will be supplied to the parties hereto as soon as it is available, subject to Section 7 hereof.

(j) Pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"), the Obligated Group has undertaken to provide continuing disclosure of annual financial information and operating data and reports of certain events, pursuant to the Continuing Disclosure Certificate dated as of July 1, 2004 (the "Continuing Disclosure Certificate") between the Obligated Group and the Trustee, as dissemination agent.

(k) The proceeds of the Series B Bonds will be applied pursuant to the Indenture, together with an equity contribution from the Obligated Group and other available funds: (i) to construct and equip the Project; and (ii) to pay the Underwriter's fee for underwriting the Series B Bonds in the amount set forth in Section 2(b) hereof with respect to the Series B Bonds and the other costs of issuance of the Bonds. For this purpose, costs of issuance include the costs of preparing and reproducing the Loan Agreement, the Indenture, the Mortgages, the Bonds, the Preliminary Official Statement, the Final Official Statement, this Bond Purchase Agreement and the bond purchase agreement for the Series A Bonds; the fees of the Feasibility Consultant, if any; the fees of the Trustee; the administrative fees of the Authority and the Trustee; fees and disbursements of Bond Counsel, counsel to the Obligated Group, counsel to the Trustee, counsel to the Credit Bank and counsel to the Underwriter; and the cost of obtaining immediately available funds for payment for the Bonds at Closing. If the proceeds of the Bonds are insufficient to pay the amounts described above, the Obligated Group will pay such amounts. If for any reason the Bonds are not sold, any of the above issuance costs which are due and payable shall be paid by the Obligated Group.

by Allied Irish Banks, p.l.c., through its New York Branch (the "Credit Bank") under a Letter of Credit Reimbursement Agreement dated as of July 1, 2004 (the "Reimbursement Agreement") between the Obligated Group and the Credit Bank. The Series B Bonds will be subject to tender for purchase at the option of the holders thereof. Series B Bonds which are tendered for purchase are to be remarketed by Raymond James & Associates, Inc. (the "Remarketing Agent") pursuant to a Remarketing Agreement dated as of July 1, 2004 between the Remarketing Agent and the Obligated Group.

(c) The Series B Bonds are to be issued pursuant to the Constitution and laws of the State of Florida (the "State"), including particularly the Act, a resolution of the Authority adopted June 8, 2004 (the "Resolution") and a Bond Indenture dated as of July 1, 2004 (the "Indenture") between the Authority and Wells Fargo Bank, N.A., Jacksonville, Florida, as trustee (the "Trustee").

(d) The proceeds of the Series B Bonds will be loaned by the Authority to the Obligated Group pursuant to Loan Agreement dated as of July 1, 2004 (the "Loan Agreement") between the Authority and the Obligated Group. Capitalized terms used and not otherwise defined herein shall have the same meanings as defined in the Indenture and the Loan Agreement.

(e) Pursuant to the terms of the Loan Agreement, the Authority will lend the proceeds of the Series B Bonds to the Obligated Group and the Obligated Group will agree to repay the loan in an amount sufficient to pay, when due, the principal amount, purchase price or redemption price of the Series B Bonds together with the interest thereon and any other amounts required to be paid by the Obligated Group thereunder. As evidence of the Obligated Group's obligation to repay the loan of the Series B Bonds, the Obligated Group will deliver its Obligation No. 2 to the Authority (which will then be assigned to the Trustee). Obligation No. 2 will be issued pursuant to a Master Trust Indenture, dated as of July 1, 2004 between the Obligated Group and Wells Fargo Bank, N.A., as trustee (the "Master Trustee"), and Supplemental Indenture for Obligation No. 2, dated as of July 1, 2004, between the Obligated Group and the Master Trustee (collectively, the "Master Indenture").

(f) To secure its obligations under Obligation No. 2, the Obligated Group will grant to the Master Trustee, pursuant to **[Mortgage and Security Agreements]** dated as of July 1, 2004 for several properties owned by the Obligated Group (collectively, the "Mortgages"), a first mortgage lien on the Obligated Group's interest in the Land and on its ownership interest in the facility, a security interest in the personal property, equipment and fixtures included in the facility and a first security interest in the Gross Revenues of the Obligated Group, including revenues derived from its ownership and operation of the facility, including entrance fees and accounts receivable; in each case, subject to certain permitted encumbrances (the "Mortgaged Property").

(g) The Bonds will be special, limited obligations of the Authority, payable solely out of the revenues or other receipts, funds or moneys of the Authority pledged under the Indenture and from any amounts otherwise available under the Indenture for the payment of the Bonds. Neither the Bonds nor any other obligations of or indebtedness incurred by the Authority

Exhibit F

BOND PURCHASE AGREEMENT

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

$__,___,000
TAXABLE VARIABLE RATE DEMAND FIRST MORTGAGE REVENUE BONDS
(PRESBYTERIAN RETIREMENT COMMUNITIES PROJECT)
SERIES 2004B

This **BOND PURCHASE AGREEMENT** dated _____, 2004 (the "Bond Purchase Agreement") by and among the **ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY** (the "Authority"), **HERBERT J. SIMS & CO., INC.** (the "Underwriter") and **PRESBYTERIAN RETIREMENT COMMUNITIES, INC., PALM SHORES RETIREMENT COMMUNITY, INC., SUNCOAST MANOR, INC., WESLEY MANOR, INC., WESTMINSTER RETIREMENT COMMUNITIES FOUNDATION, INC., WESTMINSTER SERVICES, INC.** and **WESTMINSTER SHORES, INC.** (collectively, the "Obligated Group").

1. **Background.**

(a) The Authority is authorized and empowered under Chapter 159, Parts II and III, Florida Statutes, as amended (the "Act"), to issue bonds for the purpose of financing the costs of the Project (hereinafter defined).

The Authority, at the request of the Obligated Group, has authorized (a) the financing of a portion of the cost of capital improvements at nine communities owned by the Obligated Group, including the addition of 20 village units at Westminster Oaks in Tallahassee, Florida, and 23 garden apartments and 10 village units at Westminster Woods on Julington Creek in St. Johns County, Florida, all as more fully described in the Preliminary Official Statement (hereinafter defined) (collectively, the "Project"), (b) the funding of a Debt Service Reserve Fund, and (c) the payment of costs incurred in connection with the issuance of the Bonds. The Authority has complied with the provisions of the Act and has full power and authority pursuant to the Act to consummate all transactions contemplated by this Bond Purchase Agreement, the Series B Bonds, the Preliminary Official Statement, the Final Official Statement (hereinafter defined), the Indenture (hereinafter defined), the Loan Agreement (hereinafter defined), and any and all other agreements of the Authority relating thereto, and to issue, sell and deliver the Series B Bonds to the Underwriter as provided herein.

(b) The Authority has determined to issue $__,___,000 aggregate principal amount of its Taxable Variable Rate Demand First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004B (the "Series B Bonds"). Concurrently with the issuance of the Series B Bonds, the Authority will issue $__,___,000 aggregate principal amount of its First Mortgage Revenue Bonds (Presbyterian Retirement Communities Project), Series 2004A (the "Series A Bonds," and together with the Series B Bonds, the "Bonds"). The Series B Bonds will be secured by an irrevocable direct pay letter of credit (the "Letter of Credit") issued

Section 13. Obligated Persons. Any change in Obligated Persons shall be reported by the Obligated Group in connection with the Annual Financial Information. If any person, other than the Obligated Group, becomes an Obligated Person relating to the Bonds, the Obligated Group shall use its reasonable best efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person; provided, however, the Obligated Group takes no responsibility for the accuracy or completeness of any financial information or operating data or other filings by any future Obligated Person.

Section 14. Governing Law. This Disclosure Certificate shall be governed by and construed in accordance with the internal laws of the State of Florida (without regard to conflict of law principles thereof), provided that, to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Section 15. Severability. In case any part of this Disclosure Certificate is held to be illegal or invalid, such illegality or invalidity shall not affect the remainder or any other section of this Disclosure Certificate. This Disclosure Certificate shall be construed or enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application of this Disclosure Certificate affect any legal and valid application.

[SIGNATURE PAGE TO FOLLOW]

SIGNATURE PAGE FOR
CONTINUING DISCLOSURE CERTIFICATE

IN WITNESS WHEREOF, the Obligated Group has executed this Disclosure Certificate to be executed on its behalf by its authorized representative as of the date first above written.

PRESBYTERIAN RETIREMENT COMMUNITIES, INC.

PALM SHORES RETIREMENT COMMUNITY, INC.

SUNCOAST MANOR, INC.

WESLEY MANOR, INC.

WESTMINSTER RETIREMENT COMMUNITIES FOUNDATION, INC.

WESTMINSTER SERVICES, INC.

WESTMINSTER SHORES, INC.

By _____
Henry T. Keith

Authorized Officer for each of the foregoing corporations

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APPLICATION OF PRESBYTERIAN RETIREMENT COMMUNITIES, INC.

FOR INDUSTRIAL DEVELOPMENT BONDS OF

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

The applicant is Presbyterian Retirement Communities, Inc. ("PRC"), a Florida not-for-profit corporation described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), which was originally formed December 31, 1954 as Presbyterian Homes of the Synod of Florida. PRC owns and operates seven continuing care retirement communities (six of which are accredited by the Continuing Care Accreditation Commission) in Orlando, Winter Park, Bradenton, St. Petersburg and Tallahassee. It opened its first continuing care retirement community in 1961. Through its parent sponsor, Westminster Retirement Communities, Inc. ("WRC"), PRC is also affiliated with Westminster Woods on Julington Creek (owned by Wesley Manor, Inc.), Westminster Palms (owned by Palm Shores Retirement Community, Inc.) in St. Petersburg, Westminster Sun Coast (owned by Suncoast Manor, Inc.) in St. Petersburg. All of the foregoing CCRCs are managed by Westminster Services, Inc., a Florida not-for-profit corporation related to PRC and WRC. The proposed financing would be issued by the Authority in conjunction with an interlocal agreement among the Authority and governmental entities in the other Florida locations in which bond proceeds would be spent. The structure of the financing will be a master trust indenture with PRC, Wesley Manor, Inc., Suncoast Manor, Inc. and Palms Shores Retirement Community, Inc. as members of the obligated group. Westminster Services, Inc. and Westminster Retirement Communities Foundation, Inc. (a foundation established to assist the foregoing entities) will provide limited guaranties. All of the corporations mentioned above are Florida not-for-profit corporations described in Section 501(c)(3) of the Code.

The "Project" includes financing, refinancing and reimbursement of the following facilities owned by PRC:

Westminster Woods on Julington Creek is located on an approximately 84-acre tract whose address is 25 State Road 13, Fruit Cove, Florida. Westminster Woods on Julington Creek is a 322-unit continuing care retirement community which has been in operation since 1961. Bond proceeds would be spent on the construction of five duplexes and an apartment building as well as general capital improvements.

Westminster Bradenton - The Manor is located on an approximately 15-acre tract whose address is 1700 21st Avenue, West, Bradenton, Florida. Westminster Bradenton - The Manor is a 255-unit continuing care retirement community which has been in operation since 1962. Bond proceeds would be spent on general capital improvements. The owner of this facility is PRC.

Westminster Bradenton - The Towers, is located on an approximately 13-acre tract whose address is 1533 Fourth Avenue West, Bradenton, Florida. Westminster Bradenton - The Towers is a 285-unit continuing care retirement community which has been in operation since 1971. Bond proceeds would be spent on general capital improvements. The owner of this facility is PRC.

Westminster Bradenton - The Shores is located on an approximately 5-acre tract whose address is 1700 Third Avenue West, Bradenton, Florida. Westminster Bradenton - The Shores is a 221-unit continuing care retirement community which has been in operation since 1972. Bond proceeds would be spent to refinance the acquisition costs of independent living and assisted living facilities and general capital improvements. The owner of this facility is PRC.

Westminster Oaks is located on an approximately 96-acre tract whose address is 4449 Meandering Way, Tallahassee, Florida. Westminster Oaks is a 452-unit continuing care

retirement community which has been in operation since 1983. Bond proceeds would be spent on University Village construction (phases 5 and 6) and general capital improvements. The owner of this facility is PRC.

Westminster SunCoast is located on an approximately 30-acre tract whose address is 6909 MLK Jr. Street South, St. Petersburg, Florida. Westminster Suncoast is a 331-unit continuing care retirement community which has been in operation since 1962. Bond proceeds would be spent on general capital improvements

Westminster Palms is located on an approximately 3-acre tract whose address is 830 North Shore Drive, NE, St. Petersburg, Florida. Westminster Palms is a 198-unit continuing care retirement community which has been in operation since 1966. Bond proceeds would be spent on refinancing of acquisition costs of independent living and assisted living facilities as well as general capital improvements.

Westminster Shores is located on an approximately 32-acre tract whose address is 125 56th Avenue S, St. Petersburg, Florida. Westminster Shores is a 222-unit continuing care retirement community which has been in operation since 1954. Bond proceeds would be spent on general capital improvements.

In addition to the foregoing projects, approximately $36,000,000 would be used to refinance the existing line of credit used for capital improvements at Westminster Woods on Julington Creek, acquisition cost of Palm Shores Retirement Community, Inc, and Westminster Bradenton - Shores and to reimburse PRC for expenditures made with respect to the foregoing locations.

The Project is appropriate to the needs and circumstances of the economic growth of St. Johns County. That portion of the Project which is located outside of the County will be the

subject of an interlocal agreement among the St. Johns County Industrial Development Authority, Leon County, Manatee County, Pinellas County Health Facilities Authority, and the City of Bradenton, Florida and any other appropriate governmental body. Similar findings will be made by those governmental bodies.

The Project will make a significant contribution to the economic growth of St. Johns County for the reasons detailed below. Westminster Woods currently employs approximately 150 people. The capital improvements to be undertaken at such location will both increase employment to approximately 170 as well as attract new residents to the facility who, in turn, will spend money in St. Johns County.

The obligated group's financial responsibility in terms of being of capable and willing to fulfill its obligations in repaying the Bonds is evidenced by the audited financial statements of PRC, Wesley Manor, Inc., Suncoast Manor, Inc. and Westminster Retirement Communities Foundation, Inc. which are included with this application. Audited financial statements for Westminster Shores, Inc. are not available because this entity has recently become a part of the PRC affiliated corporations.

Part III of Chapter 159, Florida Statutes, incorporates by reference the definitions of the Florida Industrial Development Financing Act. Section 159.44(6), Florida Statutes. "Cost" is defined to include, among other things, the cost of construction, as well as consultant and legal services. Section 159.27(2), Florida Statutes. The definition of "project" includes, among other things, a health care facility, Section 159.27(5), Florida Statutes. A health care facility "means property operated in the private sector, whether operated for profit or not, useful in connection with the...housing, or care of or for aged, sick...persons...including, but not limited to, facilities for the elderly such as assisted living facilities [and]...nursing homes." Section 159.27(16),

Florida Statutes. The costs to be paid from the proceeds of the bonds are therefore the "costs of a project" within the meaning of Part III of Chapter 159, Florida Statutes.

JEA provides water, sewer and electric service to the Wesley Woods facility. The other locations all have water, sewer, electric and telephone service currently provided.

The financing documents will contain provisions requiring that PRC and other members of the obligated group operate, repair and maintain the facilities at its expense and pay principal and interest on the Bonds.

The names of principal operating officers of PRC are:

James F. Emerson	Chief Executive Officer
Henry T. Keith	Chief Financial Officer

The business address of the applicant is:

Presbyterian Retirement Communities, Inc.
80 West Lucerne Circle
Orlando, Florida 32801

The telephone number of the applicant is: (407) 839-5050

It is requested that the Industrial Development Authority issue not to exceed $44,000,000 of its industrial development revenue bonds for the Project.

The proceeds of the bond issue will be used to finance the projects described above.

Enclosed with this application is our check for $44,000 payable to the Authority for this application and the issuance of the bonds. PRC acknowledges the fact that Rogers Towers, P.A. will be serving as bond counsel to the Authority and that PRC will be responsible for paying its fee, the fee of the Authority's financial advisor, and the reasonable fee of the Authority's counsel.

PRESBYTERIAN RETIREMENT COMMUNITIES, INC.

By: /s/ Henry T. Keith
Henry T. Keith
Chief Financial Officer

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